



AXIATA GROUP BERHAD (242188-H)

The Board of Directors of Axiata Group Berhad is pleased to announce the following unaudited interim results of the Group for the financial period ended 30 June 2017.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
	2nd Quarter Ended		Financial Period Ended	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
Operating revenue	6,058,566	5,310,097	11,939,538	10,318,938
Operating costs				
- depreciation, impairment and amortisation	(1,443,646)	(1,390,518)	(2,961,628)	(2,555,576)
- foreign exchange (losses)/gains	(36,615)	6,385	(89,896)	(260,195)
- domestic interconnect and international outpayment	(668,921)	(513,478)	(1,310,346)	(1,010,310)
- marketing, advertising and promotion	(537,972)	(403,584)	(1,025,997)	(813,547)
- other operating costs	(2,124,313)	(1,953,186)	(4,293,279)	(3,793,761)
- staff costs	(453,498)	(374,145)	(882,056)	(760,234)
- other losses - net	(7,658)	(7,091)	(18,488)	(51,230)
Other operating income - net	69,120	183,292	134,082	207,614
Operating profit before finance cost	855,063	857,772	1,491,930	1,281,699
Finance income	53,569	13,188	94,379	64,538
Finance cost excluding net foreign exchange gains/(losses) on financing activities	(337,854)	(294,733)	(656,620)	(550,249)
Net foreign exchange gains/(losses) on financing activities	105,886	(185,754)	169,841	79,127
	(231,968)	(480,487)	(486,779)	(471,122)
Joint ventures				
- share of results (net of tax)	(17,322)	(18,050)	(36,467)	(40,464)
Associates				
- share of results (net of tax)	(78,255)	37,153	(89,646)	128,753
- loss on dilution of equity interests	(9,816)	-	(9,816)	(1,732)
Profit before taxation	571,271	409,576	963,601	961,672
Taxation	(92,194)	(177,308)	(222,491)	(328,204)
Profit for the financial period	479,077	232,268	741,110	633,468
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
- actuarial gains/(losses) on defined benefits plan, net of tax	4,423	(2,606)	2,862	(2,606)
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	(839,311)	480,281	(629,684)	(521,342)
- net cash flow hedge	(23,802)	15	(28,489)	(1,445)
- net investment hedge	7,692	(28,529)	(41,267)	(14,528)
- available-for-sale reserve	-	693	(1,358)	(1,757)
Other comprehensive income for the financial period, net of tax	(850,998)	449,854	(697,936)	(541,678)
Total comprehensive income for the financial period	(371,921)	682,122	43,174	91,790
Profit for the financial period attributable to:				
- owners of the company	407,205	188,934	646,221	557,190
- non-controlling interests	71,872	43,334	94,889	76,278
	479,077	232,268	741,110	633,468
Total comprehensive income for the financial period attributable to:				
- owners of the company	(278,141)	546,136	137,300	51,272
- non-controlling interests	(93,780)	135,986	(94,126)	40,518
	(371,921)	682,122	43,174	91,790
Earnings Per Share (sen) (Part B, Note 13)				
- basic	4.5	2.1	7.2	6.3
- diluted	4.5	2.1	7.2	6.3

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016)



AXIATA GROUP BERHAD (242188-H)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
	<u>30/6/2017</u>	<u>31/12/2016</u>
	RM'000	RM'000
	Unaudited	Audited
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE		
Share capital	13,063,008	8,971,415
Share premium	-	4,081,106
Reserves	12,530,570	10,528,131
Total equity attributable to owners of the Company	25,593,578	23,580,652
Non-controlling interests	6,129,845	5,039,552
Total equity	31,723,423	28,620,204
NON-CURRENT LIABILITIES		
Borrowings	14,292,233	15,135,472
Derivative financial instruments	1,212,201	1,165,857
Deferred income	222,359	245,894
Deferred gain on sale and lease back assets	950,960	1,053,855
Other payables	1,595,821	1,581,353
Provision for liabilities	478,679	499,720
Deferred tax liabilities	1,791,431	2,241,506
Total non-current liabilities	20,543,684	21,923,657
	52,267,107	50,543,861
NON-CURRENT ASSETS		
Intangible assets	22,843,969	23,153,033
Property, plant and equipment	26,899,110	27,466,131
Joint ventures	70,263	109,254
Associates	8,425,563	8,400,152
Available-for-sale financial assets	62,067	63,925
Derivative financial instruments	127,719	398,318
Long term receivables	102,519	117,684
Deferred tax assets	244,968	291,633
Total non-current assets	58,776,178	60,000,130
CURRENT ASSETS		
Inventories	153,191	174,747
Trade and other receivables	4,775,392	4,779,575
Derivatives financial instruments	57,459	2,735
Financial assets at fair value through profit or loss	15	18
Tax recoverable	185,023	199,111
Deposits, cash and bank balances	7,373,615	5,332,414
	12,544,695	10,488,600
LESS: CURRENT LIABILITIES		
Trade and other payables	12,057,749	12,027,136
Deferred gain on sale and lease back assets	136,166	140,817
Borrowings	5,806,718	7,124,409
Derivative financial instruments	160,351	162,650
Current tax liabilities	623,561	489,857
Dividend payable	269,221	-
Total current liabilities	19,053,766	19,944,869
Net current liabilities	(6,509,071)	(9,456,269)
	52,267,107	50,543,861
Net assets per share attributable to owners of the Company (sen)	285	263

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016)



AXIATA GROUP BERHAD (242188-H)
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017

Attributable to equity holders of the Company															
	Share capital	Share capital	Share premium	Currency translation differences	Capital contribution reserve	Merger reserve	Hedging reserve	ESOS and RSA reserve	Actuarial reserve	AFS reserve	Other reserve	Retained earnings	Total	NCI	Total equity
Note	'000	RM'000	RM'000	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 2017	8,971,415	8,971,415	4,081,106	2,288,800	16,598	346,774	(325,702)	135,647	11,107	35,998	(1,316,116)	9,335,025	23,580,652	5,039,552	28,620,204
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	646,221	646,221	94,889	741,110
Other comprehensive income:															
-Currency translation differences arising during the financial period:															
-subsidiaries	-	-	-	(470,439)	-	-	-	-	-	-	-	-	(470,439)	(190,177)	(660,616)
-joint venture	-	-	-	(1,070)	-	-	-	-	-	-	-	-	(1,070)	-	(1,070)
-associates	-	-	-	32,002	-	-	-	-	-	-	-	-	32,002	-	32,002
	-	-	-	(439,507)	-	-	-	-	-	-	-	-	(439,507)	(190,177)	(629,684)
-Net cash flow hedge	-	-	-	-	-	-	(28,688)	-	-	-	-	-	(28,688)	199	(28,489)
-Net investment hedge	-	-	-	-	-	-	(41,267)	-	-	-	-	-	(41,267)	-	(41,267)
-Actuarial gain, net of tax	-	-	-	-	-	-	-	-	1,899	-	-	-	1,899	963	2,862
-Revaluation of AFS	-	-	-	-	-	-	-	-	-	(1,358)	-	-	(1,358)	-	(1,358)
Total comprehensive income	-	-	-	(439,507)	-	-	(69,955)	-	1,899	(1,358)	-	646,221	137,300	(94,126)	43,174
Transactions with owners:															
-Issuance of new ordinary shares	2,613	4,039	165	-	-	-	-	-	-	-	-	-	4,204	-	4,204
-Transition to no par value regime	A(2)(i)	-	4,081,271	(4,081,271)	-	-	-	-	-	-	-	-	-	-	-
-Reversal of reserve	-	-	-	-	-	-	-	-	-	-	81	-	81	-	81
-Dilution of equity interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	91,175	91,175	(94,925)	(3,750)
-Private placement of a subsidiary	A12(c)	-	-	724	-	-	-	-	-	-	40,087	1,229,275	1,270,086	908,883	2,178,969
-Partial disposal of subsidiaries	A12(c),(h)	-	-	-	(12,879)	-	-	-	-	-	18,884	766,797	772,802	390,647	1,163,449
-Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,123)	(2,123)
-Dividends payable to shareholders	-	-	-	-	-	-	-	-	-	-	-	(269,221)	(269,221)	-	(269,221)
-Dividends paid to NCI	-	-	-	-	-	-	-	-	-	-	-	-	-	(18,063)	(18,063)
-Axiata Share Scheme:															
-value of employees' services	-	-	-	-	-	-	-	6,499	-	-	-	-	6,499	-	6,499
-transferred from ESOS and RSA reserve upon exercise/vest	-	6,283	-	-	-	-	-	(6,283)	-	-	-	-	-	-	-
Total transaction with owners	2,613	4,091,593	(4,081,106)	(12,155)	-	-	-	216	-	-	59,052	1,818,026	1,875,626	1,184,419	3,060,045
At 30 June 2017	8,974,028	13,063,008	-	1,837,138	16,598	346,774	(395,657)	135,863	13,006	34,640	(1,257,064)	11,799,272	25,593,578	6,129,845	31,723,423

Employees Share Option Scheme ("ESOS") Restricted Share Awards ("RSA") Available-for-sale ("AFS") Non-controlling interests ("NCI")

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016)



AXIATA GROUP BERHAD (242188-H)
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017 (CONTINUED)

	Attributable to equity holders of the Company													
	Share capital	Share premium	Currency translation differences	Capital contribution reserve	Merger reserve	Hedging reserve	Actuarial reserve	ESOS and RSA reserve	AFS reserve	Other reserve	Retained earnings	Total	NCI	Total equity
	RM'000	RM'000	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	-	-	-	-	-	-	-	-	-	-	557,190	557,190	76,278	633,468
Other comprehensive income:														
-Currency translation differences arising during the financial period:														
-subsidiaries	-	-	(283,945)	-	-	-	-	-	-	-	-	(283,945)	(34,644)	(318,589)
-joint venture	-	-	(2,334)	-	-	-	-	-	-	-	-	(2,334)	-	(2,334)
-associates	-	-	(200,419)	-	-	-	-	-	-	-	-	(200,419)	-	(200,419)
			(486,698)									(486,698)	(34,644)	(521,342)
-Net cash flow hedge	-	-	-	-	-	(1,204)	-	-	-	-	-	(1,204)	(241)	(1,445)
-Net investment hedge	-	-	-	-	-	(14,528)	-	-	-	-	-	(14,528)	-	(14,528)
-Actuarial reverse	-	-	-	-	-	-	(1,731)	-	-	-	-	(1,731)	(875)	(2,606)
-Revaluation of AFS	-	-	-	-	-	-	-	-	(1,757)	-	-	(1,757)	-	(1,757)
Total comprehensive income	-	-	(486,698)	-	-	(15,732)	(1,731)	-	(1,757)	-	557,190	51,272	40,518	91,790
Transaction with owners:														
-Issuance of new ordinary shares	1,624	4,855	-	-	-	-	-	-	-	-	-	6,479	-	6,479
-Share issue expense	-	(171)	-	-	-	-	-	-	-	-	-	(171)	-	(171)
-Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	847,239	847,239
-Dilution of equity interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	(5,248)	(5,248)	32,202	26,954
-Rights issue by a subsidiary	-	-	-	-	-	-	-	-	-	-	(16,036)	(16,036)	678,383	662,347
-Dividends paid to NCI	-	-	-	-	-	-	-	-	-	-	-	-	(15,810)	(15,810)
-Dividends payable to shareholders	-	-	-	-	-	-	-	-	-	-	(1,058,806)	(1,058,806)	-	(1,058,806)
-Axiata Share Scheme:														
-value of employees' services	-	-	-	-	-	-	-	44,720	-	-	-	44,720	-	44,720
-transferred from ESOS and RSA reserve upon exercise/vest	4,962	18,866	-	-	-	-	-	(23,828)	-	-	-	-	-	-
Total transactions with owners	6,586	23,550	-	-	-	-	-	20,892	-	-	(1,080,090)	(1,029,062)	1,542,014	512,952
At 30 June 2016	8,823,444	3,509,441	444,413	16,598	346,774	(271,724)	(1,823)	151,121	1,610	(172,753)	9,700,378	22,547,479	3,781,607	26,329,086

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016)



AXIATA GROUP BERHAD (242188-H)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS		
	FOR THE FINANCIAL PERIOD ENDED	
	<u>30/6/2017</u>	<u>30/6/2016</u>
	RM'000	RM'000
Receipt from customers	11,380,713	10,341,322
Payment to suppliers and employees	(6,964,585)	(7,007,385)
Payment of finance costs	(665,341)	(521,701)
Payment of income taxes (net of refunds)	(320,741)	(388,456)
CASH FLOWS FROM OPERATING ACTIVITIES	<u>3,430,046</u>	<u>2,423,780</u>
Proceeds from disposal of property, plant and equipment	12,818	7,463
Proceeds from disposal of intangible assets	-	767
Purchase of property, plant & equipment	(2,969,087)	(2,043,292)
Acquisition of intangible assets	(64,615)	(52,357)
Proceed from sale and lease back transactions of a subsidiary	-	564,140
Investments in subsidiaries (net of cash acquired)	-	(4,905,618)
Investments in deposits maturing more than three (3) months	140,990	579,376
Investment in associates	(100,371)	(51,584)
Additional investment in associates	(20,149)	(41,103)
Investment in a joint venture	-	(384)
Capital injection in a joint venture	-	(96,162)
Net proceed from partial disposal of subsidiaries	1,163,449	-
Settlement of deferred purchase consideration of investment in subsidiaries	(19,295)	(54,794)
Other investment	(700)	-
Dividends received from associates	49,409	63,756
Net advance to employees	(346)	(407)
Interests received	91,939	66,950
CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(1,715,958)</u>	<u>(5,963,249)</u>
Proceeds from issuance of shares under Axiata Share Scheme	4,204	6,479
Share issue expense	-	(171)
Proceeds from borrowings	3,715,163	4,930,915
Repayments of borrowings	(5,890,397)	(1,243,113)
Proceeds from Sukuks	712,860	1,989,687
Net proceed from private placement of a subsidiary	2,178,969	-
Net proceed from rights issue of a subsidiary	-	662,347
Proceed from sale and lease back transactions of a subsidiary	-	531,236
Repayment of finance lease creditors	(94,115)	(47,416)
Dividends paid to non-controlling interests	(103,161)	(15,810)
CASH FLOWS FROM FINANCING ACTIVITIES	<u>523,523</u>	<u>6,814,154</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,237,611	3,274,685
NET DECREASE/(INCREASE) IN RESTRICTED CASH AND CASH EQUIVALENT	352,814	(585,787)
EFFECT OF EXCHANGE RATE CHANGES	(62,882)	(60,933)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	4,649,422	4,560,665
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>7,176,965</u>	<u>7,188,630</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 2016)



AXIATA GROUP BERHAD (242188-H)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)		
	FOR THE FINANCIAL PERIOD ENDED	
	<u>30/6/2017</u>	<u>30/6/2016</u>
	RM'000	RM'000
Total deposits, cash and bank balances	7,373,615	8,100,628
Less:		
- Deposit pledged and escrow account	(45,650)	(44,270)
- Deposit on investment in subsidiaries	(15,749)	(715,585)
- Deposits maturing more than three (3) months	(65,722)	(106,676)
- Bank overdrafts	(69,529)	(45,467)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>7,176,965</u>	<u>7,188,630</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 2016)



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 June 2017 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 2016 (“2016 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 2016 Audited Financial Statements except for the following:

(i) Companies Act 2016

The Companies Act 2016 (“New Act”) was enacted to replace the Companies Act 1965 becomes effective on 31 January 2017. Amongst the key changes introduced in the New Act which affecting the unaudited interim financial statements of the Company during the current quarter and financial period to date is as below:

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

Consequently, the Company reclassified the share premium reserve as at 31 January 2017 to the share capital pursuant to the transitional provision set out in Section 618(2) of the New Act. Notwithstanding this provision, the Company may within twenty four (24) months from the commencement of the New Act, use this amount for the purposes as 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. The above mentioned financial impact to the Company as at 31 January 2017 is as below:

	As at 1 January 2017	New issues	As at 31 January 2017	Changes in Companies Act 2016	As at 31 January 2017
	RM’000	RM’000	RM’000	RM’000	RM’000
Share capital	8,971,415	65	8,971,480	4,081,271	13,052,751
Share premium	4,081,106	165	4,081,271	(4,081,271)	-

2. Accounting Policies (continued)**(ii) Adoption of amendments to MFRS (continued)**

The adoption of amendments to existing standards that are applicable to the Group for the financial period beginning 1 January 2017 as set out below.

- Amendments to MFRS 107 Disclosure Initiative
- Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to MFRSs 2014-2016 Cycle

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

3. Seasonal or Cyclical Factors

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

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) During the current quarter, the Group recognised additional goodwill of RM263.4 million (NPR7.2 billion) in conjunction with the finalisation of purchase price allocation exercise;
- (b) Robi Axiata Limited ("Robi"), a subsidiary of the Group recognised a total tax credit related to a subsidiary acquired in 2016 amounting to RM102.5 million (BDT1.9 billion); and
- (c) During the current quarter and financial period to date, the Group recognised net foreign exchange gains of RM69.3 million and RM 79.9 million respectively mainly arising from the revaluation of USD borrowings and payables.

Other than the above and as disclosed in Part A, 12 of this announcement, 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 June 2017.

5. Estimates

The preparation of unaudited interim 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 2016 Audited Financial Statements.

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 as below:

Description	Total ordinary shares of the Company issued	
	'000	RM'000
<ul style="list-style-type: none"> Performance-Based Employee Share Option Scheme ("ESOS") at an exercise price of either RM1.81, RM3.15, RM3.45 and RM5.07 	1,239	5,412
<ul style="list-style-type: none"> Restricted Share Awards at an issuance price from RM3.45 to RM6.09 being the fair value of RSA issued. 	1,374	5,075
Total	2,613	10,487

- (b) On 15 February 2017, the Company has early settled a total amount of RM800.9 million (USD180.0 million) under its loan undertaken with Bank of Tokyo Mitsubishi in 2016.

Subsequently the Company refinanced its existing loan balance of RM2,143.9 million (USD482.0 million) which was due for settlement on 15 March 2017 with Hong Kong and Shanghai Banking Corporation ("HSBC") and Oversea-Chinese Banking Corporation at respective amount of RM1,112.0 million (USD250.0 million) and RM1,031.9 million (USD232.0 million). Both loans have tenure of twelve (12) months from the date of the Facility Agreement and carry contractual interest rate of LIBOR + applicable interest.

On 14 June 2017, the Company early settled a total amount of RM281.2 million (USD66.0 million) under its loan undertaken with HSBC above.

- (c) On 28 April 2017, XL issued Sukuk Ijarah namely Shelf Sukuk Ijarah I XL Axiata Tranche II Year 2017 amounting to RM712.9 million (IDR 2.18 trillion) with maturity period of 370 (three hundred 7ty) days up to 10 (ten) years and was registered in Indonesia Stock Exchange on 2 May 2017.

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 June 2017.

7. Dividend paid

There is no dividend paid by the Company during the financial period to date except for the dividend paid by the Company after the interim period as disclosed in part A, Note 11(b) of this announcement.



AXIATA GROUP BERHAD (242188-H)

8. Segmental Information

For the financial period ended 30 June 2017

	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	3,225,669	3,597,139	1,775,848	1,307,243	1,175,049	615,390	967,434	-	12,663,772
Inter-segment*	(5,350)	(26,148)	(15)	(9,545)	(10,451)	(4,773)	(667,952)	-	(724,234)
External operating revenue	3,220,319	3,570,991	1,775,833	1,297,698	1,164,598	610,617	299,482	-	11,939,538
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	1,102,440	1,339,442	296,957	444,001	784,515	310,546	143,602	6,357	4,427,860
Interest income	31,389	26,946	3,127	3,314	12,821	3,941	54,948	(42,107)	94,379
Interest expense	(108,825)	(271,704)	(36,301)	(29,173)	(27,819)	(1,562)	(223,548)	42,312	(656,620)
Depreciation of property, plant & equipment ("PPE")	(416,295)	(1,121,114)	(322,915)	(249,795)	(178,042)	(91,503)	(146,839)	11,692	(2,514,811)
Amortisation of intangible assets	(57,413)	(31,844)	(129,869)	(17,798)	(47,120)	(2,535)	(12,502)	(152,612)	(451,693)
Joint ventures:									
- share of results (net of tax)	(1,516)	(30,964)	-	-	-	-	(3,987)	-	(36,467)
Associates:									
- share of results (net of tax)	(11,899)	-	8,547	(559)	-	-	(85,735)	-	(89,646)
- loss on dilution of equity interests	-	-	-	-	-	-	(9,816)	-	(9,816)
Impairment of PPE, net of reversal	-	17,589	-	7,734	-	-	-	-	25,323
Other non-cash income/(expense)	151,050	78,056	(29,226)	(21,520)	(36,358)	2,004	285,814	(254,728)	175,092
Taxation	(136,947)	38,641	153,229	(23,922)	(142,745)	(44,265)	(69,970)	3,488	(222,491)
Segment profit/(loss) for the financial period	551,984	45,048	(56,451)	112,282	365,252	176,626	(68,033)	(385,598)	741,110

¹ Share of results of associates are mainly contributed by Idea Cellular Limited (-RM134.6 million) and M1 Limited (RM60.3 million).



AXIATA GROUP BERHAD (242188-H)

8. Segmental Information (continued)

For the financial period ended 30 June 2016

	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Others ²	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	3,340,767	3,321,214	1,268,400	1,191,104	484,225	513,328	501,213	-	10,620,251
Inter-segment*	(3,126)	(16,620)	(31)	(18,483)	(6,405)	(12)	(256,636)	-	(301,313)
External operating revenue	3,337,641	3,304,594	1,268,369	1,172,621	477,820	513,316	244,577	-	10,318,938
EBITDA	1,202,322	1,367,911	417,319	397,091	310,404	258,662	(13,079)	456	3,941,086
Interest income	43,504	(3,900)	2,912	6,001	-	4,421	70,409	(58,809)	64,538
Interest expense	(91,742)	(298,803)	(22,412)	(16,860)	-	(3,524)	(171,573)	54,665	(550,249)
Depreciation of PPE	(378,394)	(1,226,086)	(303,167)	(201,959)	(58,316)	(74,196)	(47,726)	334	(2,289,510)
Amortisation of intangible assets	(32,141)	(37,110)	(62,174)	(14,656)	(27,679)	(2,132)	(10,219)	(56,645)	(242,756)
Joint venture:									
- share of results (net of tax)	(593)	(33,103)	-	-	-	-	(6,768)	-	(40,464)
Associates:									
- share of results (net of tax)	(21,551)	-	-	(30)	-	-	150,334	-	128,753
- loss on dilution of equity interests	-	-	-	-	-	-	(1,732)	-	(1,732)
Impairment of PPE, net of reversal	-	(23,815)	(548)	5,409	-	-	1,168	-	(17,786)
Other non-cash income/(expenses)	19,193	318,920	(1,249)	(13,489)	10,421	(249)	(244,957)	(118,798)	(30,208)
Taxation	(186,063)	2,862	(11,726)	(21,887)	(78,785)	(34,966)	(11,190)	13,551	(328,204)
Segment profit/(loss) for the financial period	554,535	66,876	18,955	139,620	156,045	148,016	(285,333)	(165,246)	633,468

² Share of results of associates are mainly contributed by Idea Cellular Limited (RM79.9 million) and M1 Limited (RM71.0 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.



**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 RM2,897.8 million mainly for its telecommunication network equipment and capital work in progress.

11. Events after the Interim Period

(a) Incorporation of Adknowledge Asia Philippines Inc

Adknowledge Asia Pacific Pte Ltd, a subsidiary of the Group had on 10 July 2017 completed the incorporation of Adknowledge Asia Philippines Inc. ("AAP") (Registration No. CS201722696), a private company limited by shares, in the Republic of the Philippines, under Batas Pambansa Blg. No. 68 otherwise known as the Corporation Code of the Philippines.

AAP was incorporated with an authorised share capital of PHP40.0 million divided into 320,000 ordinary shares of PHP125 each. The issued and paid-up share capital of AAP is PHP10.0 million and its intended principal activity is to engage in the business of providing technology and software solutions.

(b) Dividend paid by the Company

On 12 July 2017, the Company paid a total final tax exempt dividend of 3 sen under single tier in respect of financial year ended 31 December 2016 per ordinary share of the Company amounting to RM269.2 million. Out of the total cash distribution, a total of RM113.2 million was converted into 24,087,706 new ordinary shares of the Company at the conversion price of RM4.70 per ordinary share under the Dividend Reinvestment Scheme of the Company.

(c) Acquisition of Tanzanite Tower Private Limited ("TTPL")

On 3 August 2017, edotco Pakistan Limited, a wholly-owned subsidiary of edotco Group Sdn Bhd ("edotco Group") completed the acquisition of 100% equity interest in TTPL for a purchase consideration of USD88.9 million (equivalent to RM381.0 million) after adjustments provided under the terms of the Sale and Purchase Agreement.

In accordance with the terms of the Share and Purchase Agreement ("SPA"), TTPL had on the Completion Date entered into a Share Pledge Agreement ("PA") with HB Offshore Investments Limited ("HBOIL"), the owner of wi-tribe Pakistan Limited ("wi-tribe"), provider of wireless broadband services in Islamabad, Rawalpindi, Lahore, Karachi, and Faisalabad. Under the PA, TTPL shall be the beneficiary (by way of security) for all the wi-tribe shares held by HBOIL, being the only issued capital of wi-tribe, as security for wi-tribe's indebtedness and obligations to TTPL under the Amended and Restated Tower Space Master License Agreement dated 28 June 2016 (as amended) for a limited period of time between TS PK and wi-tribe.



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

11. Events after the Interim Period (continued)

(d) Acquisition of Suvitech Co. Ltd (“Suvitech”)

On 15 May 2017, Axiata Business Services Sdn Bhd (“ABS”), a wholly-owned subsidiary of the Company entered into a Share Sale and Purchase Agreement for the acquisition of 65.00% of the issued share capital of Suvitech Co. Ltd at a consideration of USD11.1 million (equivalent to RM47.9 million). The acquisition was completed by ABS through its wholly-owned subsidiary, Xpand Investments (Labuan) Limited (“Xpand Labuan”) on 16 August 2017.

There was no other significant event after interim period that requires disclosure and/or adjustment as at 23 August 2017.

12. Effects of Changes in the Composition of the Group

(a) Incorporation of Axiata Digital Ecode Sdn Bhd (“ADE”)

Axiata Digital Services Sdn Bhd (“ADS”), a wholly-owned subsidiary of the Company, had on 9 January 2017 completed the incorporation of ADE (Company No. 1214970-T), a private company limited by shares, under the Companies Act, 1965.

The issued and paid-up share capital of ADE is RM2 and its intended principal activities are to carry out the business of researching and developing internet services and mobile applications.

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

(b) Acquisition of 31.01% equity interest in edotco Bangladesh Co. Ltd (“edotco BD”) by edotco Group from Robi

On 18 January 2017, the call option exercise to acquire 31.01% of the issued and paid up capital of edotco BD pursuant to the sale and purchase agreement dated 5 November 2014 was completed by edotco Group. Accordingly, the Group’s effective interest in edotco BD increased from 84.03% to 93.74%.

The Group recorded an increase of RM90.2 million in the consolidated retained earnings and a decrease in non-controlling interests amounting to RM90.2 million 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)

(c) Private placement of edotco Group and share divestment on edotco Group

On 27 January 2017, the private placement of edotco Group and the share divestment on edotco Group by the Company were completed with:

- (i) 409,904,436 edotco Group's ordinary shares were issued to Innovation Network Corporation of Japan ("INCJ"), at a cash consideration of USD300.0 million (RM1,329.1 million); and
- (ii) 273,269,624 edotco Group's ordinary shares were disposed to Mount Bintang Ventures Sdn Bhd at a gross purchase consideration of USD200.0 million (RM888.7 million).

In conjunction with the private placement above, edotco Group had further issued the following:

- (i) On 18 April 2017, a total 136,634,813 ordinary shares were issued to INCJ for a cash consideration of USD100.0 million (RM435.0 million); and
- (ii) On 28 April 2017, a total 136,634,813 ordinary shares were issued to Kumpulan Wang Persaraan (Diperbadankan) for a cash consideration of USD100.0 million (RM441.0 million).

With the completion of the transactions above, the Group's effective shareholding in edotco Group decreased from 100.00% to 62.37%. The Group recorded the following in the consolidated statement of changes in equity during the financial period to date as below:

Consolidated statements of changes in equity

	<u>Forex exchange reserves</u> RM'000	<u>Other reserves</u> RM'000	<u>Retained earnings</u> RM'000	<u>Non- controlling interests</u> RM'000	<u>Total</u> RM'000
Private placement	724	40,087	1,229,275	908,883	2,178,969
Divestment	(1,592)	18,884	590,316	278,586	886,194

(d) Acquisition of 12.28% equity interest in Milvik AB

ADS, had on 3 March 2017 entered into a Subscription Agreement with Kinnivek New Ventures AB, Milicom Holding 100 B.V., Leapfrog Financial Inclusion (Luxembourg) S.a r.l, Future Holdings Limited, Anders Olsson and the Pensioneer Trustee Company (Guernsey) Limited, Gustaf Agartson and Mathilda Strom for the acquisition of 12.28% or 1,523,116 ordinary shares of Milvik Ab at a consideration of USD16.8 million (equivalent to RM74.2 million). The above transaction was completed on 23 March 2017 and effectively Milvik AB became an associate of the Group.

The investment above did not have 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)

(e) Acquisition of 9.60% equity interest in Unlockd Media Pty Ltd (“Unlockd”)

ADS, had on 6 March 2017 entered into a Share Subscription Agreement (“SSA”) with Unlockd for the acquisition of the following equity interests:

- (i) Tranche 1: 127,258 ordinary shares at a consideration of USD5.0 million (equivalent to RM21.6 million). In addition, 151,370 ordinary shares at a consideration of USD5.9 million (equivalent to RM25.74 million) in exchange for assets held by ADS. Total acquisition represents 9.6% or 278,628 ordinary shares; and
- (ii) Tranche 2: 76,355 ordinary shares at a consideration of USD3.0 million. ADS shall further subscribe for Tranche 2 subject to ADS achieving the additional conditions precedent as per the SSA.

The acquisition of Tranche 1 was completed by ADS on 19 May 2017 and effectively Unlockd became an associate of the Group.

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

(f) Additional investment in Headstart (Private) Limited (“Headstart”)

Digital Holdings Lanka (Private) Limited (“DHL”), a subsidiary of Dialog Axiata Plc, proceeded with the conversion to equity the ‘Bond type B’ and ‘Bond type C’ in Headstart, consisting of 414 ordinary shares on 15 March 2017. Subsequent to the said conversion, the total shareholding of DHL in Headstart increased from 26.00% to 43.37%.

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

(g) Additional investment in Localcube Commerce Private Limited (“Localcube”)

The Group via Axiata Investments (Mauritius) Limited (“AIM”), a wholly-owned subsidiary of ADS had on 12 May 2017, further subscribed the remaining 1,559 Compulsorily Convertible Preference Shares of Localcube at par value of INR10 per share resulting in AIM’s total shareholding of 29.65% of issued and paid up capital of Localcube for a total consideration of RM13.9 million (USD 3.2 million).

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



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

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

(h) Disposal of 10.00% equity interest in Axiata (Cambodia) Holdings Limited (formerly known as Glasswool Holdings Limited) (“ACH”)

On 19 May 2017, the Company and its wholly owned subsidiary, Axiata Investments (Cambodia) Limited (“AIC”) entered into a SPA with M&Y Asia Telecom Holdings Pte. Ltd. (“MY Asia”) and Mitsui & Co., Ltd. (“Mitsui”) for the disposal by AIC of 226 ordinary shares of USD1 each in ACH, the holding company of Smart Axiata Co., Ltd, representing 10.00% of the total issued and paid-up share capital of ACH, for a total cash consideration of USD66.0 million (RM283.0 million) (“Initial Sale”). Mitsui and the Company are the guarantors for MY Asia’s and AIC’s obligations, respectively under the SPA.

Pursuant to the Initial Sale, AIC also entered into an Amended and Restated Shareholders Agreement with MY Asia and Southern Coast Ventures Inc. (“SCV”) to govern their relationship as shareholders of ACH which includes inter-alia, a call option to MY Asia for further 10.00% stake in ACH.

On 1 June 2017, the initial sale was completed. AIC and MY Asia now respectively holds 82.48% and 10.00% interest in ACH, with the balance 7.50% held by SCV.

The Group recognised an increase of RM176.5 million in the consolidated retained earnings and non-controlling interests amounting to RM112.1 million with the decrease in consolidated foreign exchange reserve of RM11.3 million.

(i) Incorporation of Xpand Labuan

ABS, a wholly-owned subsidiary of the Company had on 6 June 2017 completed the incorporation of Xpand Labuan (Company No. LL13757), a private company limited by shares, in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act, 1990.

Xpand Labuan was incorporated with an issued and paid-up share capital of USD2. The intended principal activity of Xpand Labuan is an investment holding company.

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

(j) Dilution on equity interest in Idea Cellular Limited (“Idea”)

During the current quarter and financial period to date, the Group’s equity interest in Idea, decreased from 19.77% to 19.74% following the issuance of new ordinary shares under Idea’s ESOS.

The dilution above has no significant impact to the Group during the current quarter and financial period to date.

Other than above, there were no other changes in the composition of the Group for the financial period ended 30 June 2017.



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

13. Significant Changes in Contingent Assets or Contingent Liabilities

Other than as disclosed in Note Part B,10 of this announcement, there has been no significant change in contingent assets or contingent liabilities of subsidiaries and associates from that disclosed in the 2016 Audited Financial Statements.

14. Capital Commitments

As at	Group	
	30/6/2017	30/6/2016
	RM'000	RM'000
Commitments in respect of expenditure approved and contracted for	2,845,286	1,730,702
Commitments in respect of expenditure approved but not contracted for	2,017,809	2,195,241



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

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

The Group's derivative financial instruments as at 30 June 2017 were grouped as below:

Derivatives Financial Instruments	2017				2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>								
Financial assets at fair value through profit or loss:								
-Trading security	15	-	-	15	20	-	-	20
Financial assets at AFS:								
-Equity securities	-	-	62,067	62,067	-	-	29,433	29,433
Non-hedging derivatives	-	182,045	-	182,045	-	135,404	-	135,404
Derivative used for hedging	-	3,133	-	3,133	-	11,323	-	11,323
<u>Liabilities</u>								
Non-hedging derivatives	-	(1,340,612)	-	(1,340,612)	-	(203,292)	-	(203,292)
Derivatives used for hedging	-	(31,940)	-	(31,940)	-	(2,163)	-	(2,163)
Total	15	(1,187,374)	62,067	(1,125,292)	20	(58,728)	29,433	(29,275)



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 (Q2'17 vs Q2'16)

	Current Year Quarter	Preceding Year Corresponding Quarter	Variance	
	30/6/2017	30/6/2016		
	RM'million	RM'million	RM'million	%
Revenue	6,058.6	5,310.1	748.5	14.1
EBITDA	2,273.9	2,065.7	208.2	10.1
PAT	479.1	232.3	246.8	106.3
PATAMI	407.2	188.9	218.3	115.5

¹ PAT : Profit after tax

² PATAMI : Profit after tax and minority interest

Group Performance

Revenue increased by 14.1% to RM6,058.6 million in the current quarter from RM5,310.1 million in the second quarter 2016, as a result of an increase in revenue contribution from all its major operating companies except for the operation in Malaysia. Strong performance in revenue was fuelled by data growth with data revenue now contributing 44.1% of service revenue as compared to 32.3% in Q2'16. EBITDA increased by 10.1% quarter-on-quarter driven by revenue growth as well as the Group's internal cost optimisation drive.

PAT was up by more than 100% to RM479.1 million for the period largely attributed to improved profit contribution from almost all operating countries. In 2016, profit was dampened by forex translation loss arising from the weakened MYR in 2016 against the US Dollar as compared to the same period in 2017. Share of results of associates and joint ventures however decreased by more than 100% recording a loss of RM95.6 million. The decline was mainly a result of loss in India amounting to RM109.4 million as compared to a profit of RM14.9 million in Q2'16 as the overall India market continues to be impacted by the new entrant's aggressive price competition and service. PATAMI increased by more than 100% to RM407.2 million on the back of contribution by all operating companies.

Geographical Highlights

- Malaysia: Revenue declined by 3.5% to RM1,619.6 million mainly due to the decline in legacy voice and SMS revenue. As a result, EBITDA decreased by 2.3%. PAT increased by 37.6% to RM357.5 million, mainly from a one-off intergroup gain from disposal of one of its associates eliminated at Group.
- Indonesia: Revenue grew 16.7% to RM1,843.6 million on the back of solid performance in data – growing 92.2%. EBITDA increased by 7.2% to RM707.3 million. PAT in current quarter increased by 99.1% mainly attributable to lower depreciation and amortisation charges.



AXIATA GROUP BERHAD (242188-H)

1. Review of Performance (continued)

(a) Quarter-on-Quarter (Q2'17 vs Q2'16) (continued)

Geographical Highlights (continued)

- Bangladesh: Revenue grew by 42.3% from the merged Robi-Airtel entity driven by larger subscriber base and strong performance in data which registered more than 100% growth as compared to prior year. EBITDA decreased by 30.2% to RM142.9 million due to the deconsolidation of edotco Bangladesh. PAT increased by more than 100% as compared to a loss position in Q2'16, contributed by deferred tax credit adjustment of RM102.5 million.
- Sri Lanka: Total revenue grew by 13.4% backed by data revenue growth of 51.4%. EBITDA grew 19.6% to RM231.5 million. PAT for the quarter increased by 7.5% to RM66.9 million from higher revenue and EBITDA.
- Nepal: Increase in revenue, EBITDA and PAT recorded following a full quarter consolidation as compared to preceding year corresponding quarter with the consolidation effective from 11 April 2016.
- Cambodia: Revenue increased by 15.8% to RM297.7 million for Q2'17 mainly derived from strong performance in the data segment which saw a jump of 40.5% as compared to Q2'16. EBITDA grew 15.1% while PAT increased by 8.6% to RM82.3 million.

(b) Year-on-Year (YTD'17 vs YTD'16)

	Current Year To Date	Preceding Year Corresponding Period	Variance	
	30/6/2017	30/6/2016		
	RM'million	RM'million	RM'million	%
Revenue	11,939.5	10,318.9	1,620.6	15.7
EBITDA	4,427.9	3,941.1	486.8	12.4
PAT	741.1	633.5	107.6	17.0
PATAMI	646.2	557.2	89.0	16.0

Group Performance

For the financial period to date 2017 ("YTD'17"), Group's revenue increased by 15.7% to RM11,939.5 million from RM10,318.9 million as recorded in the same period last year. The rise in revenue was a result of contributions from all major operating companies with the exception of Malaysia. Strong performance in revenue was driven by data growth with data revenue contributing 42.6% of service revenue as compared to 31.7% in YTD'16. EBITDA increased by 12.4% attributable mainly to Nepal, Cambodia and Sri Lanka.



AXIATA GROUP BERHAD (242188-H)

1. Review of Performance (continued)

(b) Year-on-Year (YTD'17 vs YTD'16) (continued)

PAT grew 17.0% to RM741.1 million as a result of improved EBITDA and forex translation gains. Share of results from associates and joint ventures declined by more than 100% mainly as a result of higher share of loss from investment in India. India operation continues to struggle in face of the aggressive price competition from the new entrant, resulting in a loss of RM134.6 million for YTD'17 as compared to a profit of RM79.9 million in YTD'16. PATAMI increased by 16.0% to RM646.2 million contributed by Nepal and Cambodia. In 2016, profit was negatively affected by forex translation loss arising from borrowings for the acquisition of Ncell.

Geographical Highlights

- Malaysia: Revenue contracted by 3.4% to RM3,225.7 million as a result of the drop in legacy voice and SMS revenue. EBITDA decreased by 8.3% from lower revenue. PAT slightly dipped by 0.5% to RM552.0 million at entity level as compared to RM554.5 million in prior year benefitting from a one-off intergroup gain from disposal of one of its associates eliminated at Group.
- Indonesia: Revenue gained 8.3% on the back of strong data revenue growth of 75.7%. EBITDA for the year fell slightly by 2.1% to RM1,339.4 million. PAT for Indonesia's operations declined to record at RM45.0 million, a decrease of 32.6% compared to RM66.9 million in the same period last year due to disposal gain from sale of towers.
- Bangladesh: Revenue grew by 40.0% from larger subscriber base of the merged Robi-Airtel entity underpinned by strong performance in data which grew over 100%. EBITDA recorded a net drop of 28.8% due to deconsolidation of edotco Bangladesh as well as the inclusion of low margins from the Airtel business. Integration of Airtel with Robi is moving as planned. Bangladesh's operations reported a loss of RM56.5 million in YTD'17, impacted mainly by higher depreciation and amortisation charges.
- Sri Lanka: Revenue grew by 9.8% for the year to RM1,307.2 million with growth momentum fuelled by data revenue. EBITDA for the year grew by 11.8% mainly from higher revenue. PAT declined by 19.6% to RM112.3 million as a result of higher depreciation and amortisation charges from new assets acquired.
- Nepal: Increase in revenue, EBITDA and PAT recorded following YTD'17 consolidation as compared to YTD'16 with the consolidation effective from 11 April 2016.
- Cambodia: Revenue grew 19.9%, driven by strong performance from its data revenue improving by 52.5% as compared to prior year while EBITDA is up by 20.1%. Higher EBITDA resulted in PAT increased by 19.3% to RM176.6 million.

1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q2'17 vs Q1'17)

	Current Quarter	Immediate Preceding Quarter	Variance	
	30/6/2017	31/3/2017		
	RM'million	RM'million	RM'million	%
Revenue	6,058.6	5,881.0	177.6	3.0
EBITDA	2,273.9	2,154.0	119.9	5.6
PAT	479.1	262.0	217.1	82.8
PATAMI	407.2	239.0	168.2	70.4

Group Performance

Revenue increased by 3.0% to RM6,058.6 million in Q2'17 from RM5,881.0 million as compared to the preceding quarter driven by improved performance in all major operating companies with the exception of the Cambodian operation. Improved revenue and effective cost management resulted in EBITDA growth by 5.6%. For the quarter, share of results from associates and joint ventures declined by more than 100% mainly as a result of the investment in India. India continues to face intense market aggression arising from the new entrant in the Indian market. PAT improved by 82.8% and PATAMI increased by 70.4% to RM407.2 million contributed mainly by the improved quarter performance by all major operations.

Geographical Highlights

- Malaysia: Revenue registered a slight increase of 0.8% compared to the previous quarter reflecting stability in operations. EBITDA increased by 7.8% due to higher revenue with lower costs as a result of internal cost optimisation initiatives. PAT for the period increased by 83.8% to RM357.5 million from RM194.5 million recorded in the preceding quarter mainly attributed to a one-off intergroup gain from disposal one of its associates eliminated at Group.
- Indonesia: Revenue improved by 5.1% on the back of 16.7% growth in data revenue. Data revenue accounted for over 50% of total revenue in Q2'17 while EBITDA increased by 11.9% from higher revenue. As a result, PAT increased by more than 100% for the period to record at RM30.6 million.
- Bangladesh: Revenue grew by 4.0% as compared to the preceding quarter primarily due to higher device sales from festivity-led campaigns as well as data revenue growth, which was up by 10.1%. EBITDA for the quarter decreased by 7.2% as compared to previous quarter with higher customer acquisition leading to higher loss. PAT for the quarter improved by over 100% from lower depreciation and amortisation charges, coupled with a one-time deferred tax credit adjustment.



AXIATA GROUP BERHAD (242188-H)

1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q2'17 vs Q1'17) (continued)

Geographical Highlights (continued)

- Sri Lanka: Revenue for the quarter increased marginally by 0.3% as a result of the rise in data revenue. EBITDA for the quarter grew by 8.9% to RM231.5 million mainly due to lower marketing costs as well as other direct costs resultant from cost optimisation initiatives. Strong focus in cost rescaling contributed to improved margins. PAT registered an increase of 47.6% to RM66.9 million flowing from higher EBITDA and lower depreciation and amortisation charges.
- Nepal: Nepal recorded revenue growth of 3.9% against preceding quarter driven by data growth of 11.5% from the launch of 4G services on 1 June 2017 and enhanced product offerings. EBITDA grew 3.5%, coupled with lower depreciation and amortisation charges resulted in Nepal's PAT increased 35.0% to RM209.8 million.
- Cambodia: Revenue recorded a decrease by 6.3% to RM297.7 million as compared to preceding quarter of RM317.7 million mainly arising from lower mobile and interconnect revenue reflecting intense price competition in the market. As a result, EBITDA and PAT decreased by 7.6% and 12.8% respectively.

1. Review of Performance (continued)

(d) Economic Profit ("EP") Statement

	2 nd Quarter Ended		Financial Period Ended	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
		Restated ¹		Restated ¹
EBIT	830,216	675,185	1,466,237	1,385,509
Adjusted Tax at 24%	(199,252)	(162,044)	(351,897)	(332,522)
Share of results and loss on dilutions of associates	(105,393)	19,103	(135,929)	86,557
NOPLAT	525,571	532,244	978,411	1,139,544
AIC	44,998,216	38,166,421	44,998,216	38,166,421
WACC	7.92%	7.50%	7.92%	7.50%
Economic Charge (AIC*WACC)	890,965	715,620	1,781,929	1,431,241
Economic Profit	(365,394)	(183,376)	(803,518)	(291,697)

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 Group recorded a higher:

- (i) WACC during the current quarter and financial period to date mainly resulted from higher cost of equity as a result of higher market risk premium.
- (ii) The Group achieved high average invested capital during the current quarter and financial period to date mainly due to high CAPEX investment.

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 2017

On 23 February 2017, the Group announced its Headline KPIs guidance for the financial year ending 31 December 2017. The Group’s 2017 Headline KPIs announced were as below:

Headline KPIs	FY2017	FY2017
	Headline KPIs @ Bloomberg ¹ rate	Headline KPIs @ constant currency ²
Revenue Growth (%)	9% - 11%	8% - 10%
EBITDA Growth (%)	7% - 9%	6% - 8%
Return on Invested Capital ("ROIC") (%)	4.5% - 5.0%	4.5% - 5.0%
Return on Capital Employed ("ROCE") (%)	4.0% - 4.5%	4.0% - 4.5%

¹ 1 USD = RM4.55

² 1 USD = RM4.14

Assumed no material fluctuations of regional currencies against Ringgit Malaysia

The Group posted a stronger quarter in Q2’17 driven by improved performance in all controlled major footprints save for the operations in Cambodia. The Malaysia operations continues to show signs of stabilisation and improved profit margins, while the Indonesia operations recorded its strongest sequential gross revenue growth since it’s announced the Transformation Agenda in 2015. In Nepal, whilst the decline in International Long Distance (ILD) revenues continues to impact operations, the launch of 4G services on 1 June 2017 and enhanced product offerings delivered positive growth for the quarter. Both the Sri Lanka and Bangladesh operations continued to deliver an overall stronger quarterly performance. However, the Group’s associate in India, continues to face intense market aggression arising from the new entrant into the Indian market.

Based on performance of the Group to date, barring any unforeseen circumstances, competitive pressures and adverse foreign currency fluctuations, the Board of Directors expect the Group’s performance for the financial period ending 31 December 2017 to be in line with headline KPIs.

The Group will continue to face challenges and remains cautious in executing its business strategies. Amongst the key risks facing operating companies include regulatory challenges, political risks, intense competition and foreign currency fluctuations. Moving forward, the Group will continue to focus on its long-term transformation strategy which includes operational excellence, cost optimisation including forex mitigation strategies, 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 optimise pricing, smart investments and efficient network capacity utilisation.

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 June 2017.

4. Taxation

The taxation charge for the Group comprises:

	2 nd Quarter Ended		Financial Period Ended	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
<u>Income tax:</u>				
<u>Malaysia</u>				
Current year	181,356	107,700	233,405	193,977
Prior year	(2,490)	(16,739)	(11,446)	(16,739)
	178,866	90,961	221,959	177,238
<u>Overseas</u>				
Current year	132,806	139,845	269,853	190,437
	132,806	139,845	269,853	190,437
<u>Deferred tax (net):</u>				
Originating and reversal of temporary differences	(219,478)	(53,498)	(269,321)	(39,471)
Total taxation	92,194	177,308	222,491	328,204

The current quarter and financial period to date's effective tax rate of the Group is lower than the statutory tax rate is mainly due to deferred tax asset recognised by a subsidiary as disclosed in Part A, Note 4(b) of this announcement.

5. Status of Corporate Proposals

There is no other corporate proposal announced but not completed as at 23 August 2017.



AXIATA GROUP BERHAD (242188-H)

6. Group's Borrowings and Debt Securities

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

	2017		2016	
	Current	Non-current	Current	Non-current
	RM'000	RM'000	RM'000	RM'000
Secured	210,261	799,723	470,762	722,798
Unsecured	5,596,457	13,492,510	6,051,520	14,253,267
Total	5,806,718	14,292,233	6,522,282	14,976,065

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

Foreign Currencies	2017	2016
	RM'000	RM'000
USD	10,405,749	11,973,507
IDR	3,248,322	4,126,932
BDT	1,009,737	444,156
SLR	338,656	305,042
PKR	57,023	43,296
Total	15,059,487	16,892,933

7. Outstanding derivatives

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

Type of derivatives financial instruments	2017		2016	
	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	2,735	(7,273)	-	-
- 1 - 3 years	214,775	54,437	202,050	55,966
- > 3 years	3,818,700	(21,932)	1,212,300	11,323
<u>Interest rate swaps contracts:</u>				
- < 1 year	155,202	287	136,532	(868)
- 1 - 3 years	145,425	111	282,816	(1,295)
<u>Call spread contracts:</u>				
- 1 - 3 years	1,288,650	119,266	1,212,300	71,094
<u>Put option liabilities shares held by a non-controlling interests:</u>				
- < 1 year	(150,343)	(150,343)	(203,291)	(203,291)
- > 3 years	(1,190,270)	(1,190,270)	-	-
<u>Convertible warrants in an associate:</u>				
- < 3 years	19,251	8,343	19,251	8,343
Total		(1,187,374)		(58,728)

(b) The risks associated with the derivative financial instrument and the policies in place for mitigating such risks were disclosed in 2016 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:

	2 nd Quarter Ended		Financial Period Ended	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
	RM'000	RM'000	RM'000	RM'000
Total net losses	(12,558)	(14,458)	(24,848)	(43,166)

9. Realised and Unrealised Profits or Losses Disclosure

	As at	
	30/6/2017	30/6/2016
	RM'000	RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	13,598,170	12,972,933
- Unrealised	(803,500)	(1,243,019)
	12,794,670	11,729,914
Total retained profits/(accumulated losses) from associated companies:		
- Realised	1,831,123	2,069,928
- Unrealised	(77,662)	(215,709)
	1,753,461	1,854,219
Total accumulated losses from joint ventures:		
- Realised	(192,135)	(100,290)
	(192,135)	(100,290)
Less : Consolidation adjustments	(2,556,724)	(3,783,465)
Total Consolidated Retained Profits	11,799,272	9,700,378

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”)

On 30 November 2004, Celcom Trading instituted a claim against Aras Capital and TSDTR for amounts due to Celcom Trading of RM261.8 million (subsequently amended to RM264.5 million) together with interest and costs for breach of an investment agreement and a supplemental agreement by Aras Capital and an indemnity letter given by TSDTR (“Main Suit 1”).

On 13 May 2005, TSDTR filed its defence and instituted a counterclaim against Celcom Trading, Celcom Resources Berhad (“Celcom Resources”) and its directors for, inter alia, RM100.0 million and a declaration that the investment agreement, the supplemental agreement and the indemnity letter are void or to be rescinded (“TSDTR’s Counterclaim”).

On 20 June 2016, after full trial, the High Court allowed Celcom Trading’s claim under the Main Suit 1 of RM264.5 million with interest at 5% per annum from 13 May 2013 until full settlement and dismissed TSDTR’s Counterclaim with costs of RM100,000.00 (“Judgment”). TSDTR’s applications to the High Court and thereafter, to the Court of Appeal for stay of execution of the Judgment were dismissed and thereafter upheld with costs of RM5,000.00 and RM10,000.00 respectively.

On 1 July 2016, TSDTR appealed against the Judgment to the Court of Appeal. The hearing has been fixed on 24 August 2017.

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

On 24 October 2008, Celcom and Celcom Resources filed a claim against 5 former directors of Celcom and Celcom Resources (namely (i) TSDTR, (ii) Bistaman Ramli (“BR”), (iii) Dato’ Lim Kheng Yew (“DLKY”), (iv) Axel Hass (“AH”), and (v) Oliver Tim Axmann (“OTA”), DeTeAsia Holding GmbH (“DeTeAsia”) and Beringin Murni Sdn. Bhd. (“BM”) (collectively, the “Defendants”), for conspiring with each other to injure Celcom and Celcom Resources by causing and/or committing Celcom and Celcom Resources 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 dated 4 April 2002 (“ARSA”) in consideration for the renunciation by DeTeAsia of certain rights issue shares in Celcom Resources in favour of TSDTR and BR (“Main Suit 2”).

TSDTR and BR, and each of AH, OTA and DeTeAsia filed their respective applications to strike out the Main Suit 2 but all the applications were dismissed by the High Court and thereafter, upheld by the Court of Appeal after appeals were filed against the High Court decision. A further application for leave to appeal on the striking out applications to the Federal Court was filed by TSDTR, BR, AH, OTA and DeTeAsia respectively and was also dismissed by the Federal Court on 31 March 2016.

10. Material Litigation (continued)

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

(b) Celcom & Another vs TSDTR & 6 Others (continued)

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, TSDTR and BR filed a counterclaim against Celcom and Celcom Resources for inter alia, RM6,246,492,000.00 or the alternative sum of RM7,214,909,224.01 pursuant to a global settlement in another suit (“TSDTR and BR’s Counterclaim”). The High Court allowed Celcom and Celcom Resources’ application to strike out the TSDTR and BR’s Counterclaim. An appeal to the Court of Appeal was filed against this decision (“Striking Out Appeal”).

On 4 May 2017, the Court of Appeal allowed TSDTR and BR’s Striking Out Appeal and reinstated the Counterclaim.

In view of the reinstatement of the Counterclaim and the Court of Appeal decision allowing Telekom Malaysia Berhad (“TM”) to intervene in the Main Suit 2, TSDTR and BR had filed an application to amend their Defence and Counterclaim (“Application to Amend”) and to add TM and Telekom Enterprise Sdn Bhd as parties to the proceeding. The Application to Amend and joinder of Telekom Enterprise Sdn Bhd was however dismissed on 29 June 2017. On 24 July 2017, TSDTR and BR had filed an appeal against the said decision and the appeal is now fixed for case management on 28 August 2017 (“Appeal”).

In the meantime, the following applications have been filed and pending disposal:

- i. TSDTR and BR motion for stay of the Main Suit 2 pending disposal of the Appeal has been fixed for hearing on 22 August 2017 and stay of proceedings was allowed for the period of 2 months (“Stay of Proceedings”);
- ii. Application to set aside subpoena filed by TSDTR and BR’s subpoenaed witness respectively is fixed for clarification/decision on 21 September 2017;
- iii. Discussion between experts, appointed by Celcom and Celcom Resources and DeteAsia respectively to narrow down issues for trial has been fixed on 28 August 2017.

In view of the Stay of Proceedings, the trial dates in September and October are vacated. Hence, the full trial for the Main Suit 2 and the Counterclaim will start on 22 January 2018.

(c) Celcom & Another vs TSDTR & 8 Others

On 28 April 2006, Celcom and Celcom Resources instituted a claim (i) against 9 of its former directors, alleging that they had breached their fiduciary duties by causing Celcom Resources to enter into a Subscription Agreement dated 25 June 1996 with Deutsche Telekom AG (“Subscription Agreement”), and Celcom and Celcom Resources to enter into the ARSA with TR International Ltd and DeTeAsia; and (ii) against TSDTR only, for alleged unauthorised profits made by him in connection with the abovementioned agreements (“Main Suit 3”). 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.

10. Material Litigation (continued)

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

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

Six of the defendants filed applications to strike out the Main Suit 3 but all the applications were dismissed by the High Court and thereafter, by the Court of Appeal after appeals were filed against the High Court decisions. Further applications for leave to appeal on the striking out applications to the Federal Court were filed by the 7 defendants and were also dismissed by the Federal Court on 31 March 2016.

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, TSDTR and BR filed the TSDTR and BR's Counterclaim against Celcom and Celcom Resources. The High Court allowed Celcom and Celcom Resources' application to strike out the TSDTR and BR's Counterclaim. The same Striking Out Appeal to the Court of Appeal was also filed against the High Court's decision.

On 4 May 2017 the Court of Appeal allowed TSDTR and BR's Striking Out Appeal and reinstated the Counterclaim.

In view of the reinstatement of the Counterclaim and the Court of Appeal decision allowing Telekom Malaysia Berhad ("TM") to intervene in the Main Suit 3, TSDTR and BR had filed an application to amend their Defence and Counterclaim ("Application to Amend") and to add TM and Telekom Enterprise Sdn Bhd as parties to the proceeding. The Application to Amend and joinder of Telekom Enterprise Sdn Bhd was however dismissed on 29 June 2017. On 24 July 2017, TSDTR and BR had filed an appeal against the said decision and the appeal is now fixed for case management on 28 August 2017 ("Appeal").

In the meantime, the following applications have been filed and pending disposal:

- i. TSDTR and BR motion for stay of the Main Suit 3 proceeding pending disposal of the Appeal has been fixed for hearing on 22 August 2017 and stay of proceedings was allowed for the period of 2 months ("Stay of Proceedings");
- ii. Application to set aside subpoena filed by TSDTR and BR's subpoenaed witness respectively is fixed for clarification/decision on 21 September 2017;
- iii. Discussion between experts, appointed by Celcom and Celcom Resources and DeteAsia to narrow down issues for trial has been fixed on 28 August 2017.

In view of the Stay of Proceedings, the trial dates in September and October are vacated. Hence, the full trial for the Main Suit 3 and the Counterclaim will start on 22 January 2018.

11. Update on Memorandum of Understanding ("MOU") pursuant to paragraph 9.29, Chapter 9 of the Main LR

There is no MOU entered by the Group during the current quarter and financial period to date.

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

	2 nd Quarter Ended		Financial Period Ended	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
Profit attributable to owners of the Company (RM'000)	407,205	188,934	646,221	557,190
Adjusted weighted average number of shares ('000)	8,973,937	8,818,335	8,973,055	8,820,405
Basic EPS (sen)	4.5	2.1	7.2	6.3

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.

(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.

	2 nd Quarter Ended		Financial Period Ended	
	30/6/2017	30/6/2016	30/6/2017	30/6/2016
Profit attributable to owners of the Company (RM'000)	407,205	188,934	646,221	557,190
Weighted average number of ordinary shares in issue ('000)	8,973,937	8,818,335	8,973,055	8,820,405
Adjusted for ESOS and RSA ('000)	31,067	38,720	29,980	37,295
Weighted average number of ordinary shares for the purpose of computing diluted EPS ('000)	9,005,004	8,857,055	9,003,035	8,857,700
Diluted EPS (sen)	4.5	2.1	7.2	6.3



AXIATA GROUP BERHAD (242188-H)

14. Qualification of Preceding Audited Financial Statements

The 2016 Audited Financial Statements were not subject to any qualification.

15. Dividend Proposed

The Board of Directors has declared an interim tax exempt dividend under single tier system of 5 sen per ordinary share each of the Company for the financial year ending 31 December 2017 ("Interim Dividend") (30 June 2016: 5 sen).

The Board of Directors also determined that the Company's Dividend Reinvestment Scheme ("DRS") will apply to the Interim Dividend, whereby shareholders will be given the option to elect to reinvest the whole or part of the dividend into new ordinary shares of the Company. This will be subject to the approval of Bursa Securities for the listing of and quotation for the new ordinary shares of the Company to be issued pursuant to the DRS, an application for which will be submitted in due course.

The decision of Bursa Securities as well as the Book Closure Date will be announced by the Company at a later date.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
30 August 2017