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 September 2018.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3rd Quarter Ended		Financial Period Ended	
	30/9/2018 RM'000	30/9/2017 RM'000	30/9/2018 RM'000	30/9/2017 RM'000
Operating revenue	**6,003,472**	6,201,768	**17,618,786**	18,141,306
Operating costs				
- depreciation, impairment and amortisation	**(1,511,446)**	(1,498,493)	**(4,393,695)**	(4,460,121)
- foreign exchange gains/(losses)	**38,593**	(47,472)	**19,876**	(137,368)
- domestic interconnect and international outpayment	**(600,128)**	(686,153)	**(1,813,743)**	(1,996,499)
- marketing, advertising and promotion	**(506,784)**	(529,314)	**(1,623,511)**	(1,555,311)
- other operating costs	**(2,200,231)**	(2,115,180)	**(6,464,441)**	(6,408,459)
- staff costs	**(525,312)**	(394,094)	**(1,466,496)**	(1,276,150)
- other gains/(losses) - net	**13,852**	(42,398)	**56,859**	(60,886)
Other income/(expense) - net	**103,168**	(21,596)	**(3,112,897)**	112,486
Profit/(Loss) before finance cost	**815,184**	867,068	**(1,179,262)**	2,358,998
Finance income	**50,768**	84,422	**165,478**	178,801
Finance cost excluding net foreign exchange (losses)/gains on financing activities	**(323,633)**	(289,408)	**(941,106)**	(946,028)
Net foreign exchange (losses)/gains on financing activities	**(164,841)**	41,749	**(241,832)**	211,590
	(488,474)	(247,659)	**(1,182,938)**	(734,438)
Joint ventures				
- share of results (net of tax)	**1,082**	(10,528)	**1,252**	(46,995)
Associates				
- share of results (net of tax)	**3,069**	(133,351)	**(36,436)**	(222,997)
- gain/(loss) on dilution of equity interests	**-**	2,101	**(402,988)**	(7,715)
Profit/(Loss) before taxation	**381,629**	562,053	**(2,634,894)**	1,525,654
Taxation	**(196,104)**	(242,981)	**(591,613)**	(465,472)
Profit/(Loss) for the financial period	**185,525**	319,072	**(3,226,507)**	1,060,182
Other comprehensive (expense)/income:				
Items that will not be reclassified to profit or loss:				
- actuarial losses on defined benefits plan, net of tax	**3,428**	5,964	**3,428**	8,826
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	**(228,811)**	(599,273)	**(1,307,549)**	(1,228,957)
- net cash flow hedge	**(7,314)**	(14)	**(113,470)**	(28,503)
- net investment hedge	**(28,663)**	1,271	**(4,187)**	(39,996)
- available-for-sale/fair value reserve	**(604,105)**	-	**(605,705)**	(1,358)
Other comprehensive expense for the financial period, net of tax	**(865,465)**	(592,052)	**(2,027,483)**	(1,289,988)
Total comprehensive expense for the financial period	**(679,940)**	(272,980)	**(5,253,990)**	(229,806)
Profit/(Loss) for the financial period attributable to:				
- owners of the company	**132,065**	238,534	**(3,372,650)**	884,755
- non-controlling interests	**53,460**	80,538	**146,143**	175,427
	185,525	319,072	**(3,226,507)**	1,060,182
Total comprehensive (expenses)/income for the financial period attributable to:				
- owners of the company	**(710,557)**	(197,266)	**(5,141,551)**	(59,966)
- non-controlling interests	**30,617**	(75,714)	**(112,439)**	(169,840)
	(679,940)	(272,980)	**(5,253,990)**	(229,806)
Earnings Per Share (sen) (Part B, Note 12)				
- basic	**1.5**	2.7	**(37.2)**	9.9
- diluted	**1.5**	2.6	**(37.1)**	9.8

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017)

AXIATA GROUP BERHAD (242188-H)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30/9/2018 RM'000 Unaudited	31/12/2017 RM'000 Audited
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	13,497,290	13,407,253
Reserves	5,624,036	11,323,883
Total equity attributable to owners of the Company	19,121,326	24,731,136
Non-controlling interests	5,643,333	5,773,447
Total equity	24,764,659	30,504,583
NON-CURRENT LIABILITIES		
Borrowings	14,503,375	14,796,319
Derivative financial instruments	1,519,720	1,441,161
Deferred income	385,386	270,915
Deferred gain on sale and lease back assets	674,066	817,073
Trade and other payables	2,214,120	1,644,197
Provision for liabilities	483,458	468,920
Deferred taxation	1,677,063	1,672,496
Total non-current liabilities	21,457,188	21,111,081
	46,221,847	**51,615,664**
NON-CURRENT ASSETS		
Intangible assets	21,247,739	22,176,286
Property, plant and equipment	27,449,634	26,909,970
Joint ventures	27,273	26,022
Associates	1,841,229	7,985,974
Financial assets at fair value through OCI /Available-for-sale financial assets	1,628,599	62,030
Derivative financial instruments	-	143,777
Long term receivables	437,959	535,157
Deferred taxation	447,782	270,046
Total non-current assets	53,080,215	58,109,262
CURRENT ASSETS		
Inventories	181,099	174,279
Trade and other receivables	4,474,542	4,496,637
Contract asset	480,820	-
Derivatives financial instruments	223,383	53,109
Financial assets at fair value through profit or loss	41	64
Tax recoverable	66,085	41,615
Deposits, cash and bank balances	6,018,626	6,812,868
Assets classified as held for sale	213,135	223,162
	11,657,731	11,801,734
LESS: CURRENT LIABILITIES		
Trade and other payables	10,812,664	12,616,963
Contract liabilities	1,223,865	-
Deferred gain on sale and lease back assets	117,559	126,017
Borrowings	4,966,502	4,387,670
Derivative financial instruments	156,663	152,621
Current tax liabilities	538,003	754,511
Dividend payable	453,486	-
Liabilities classified as held for sale	247,357	257,550
Total current liabilities	18,516,099	18,295,332
Net current liabilities	(6,858,368)	(6,493,598)
	46,221,847	**51,615,664**
Net assets per share attributable to owners of the Company (sen)	211	273

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017)

AXIATA GROUP BERHAD (242188-H)
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018

Attributable to equity holders of the Company

	Note	Share capital '000	Share capital RM'000	Currency translation differences RM'000	Capital contribution reserve RM'000	Merger reserve RM'000	Hedging reserve RM'000	Actuarial reserve RM'000	Share-based payment reserve RM'000	AFS/FV reserve RM'000	Others reserve RM'000	Retained earnings RM'000	Total RM'000	NCI RM'000	Total equity RM'000
At 1 January 2018		9,047,951	13,407,253	783,362	16,598	346,774	(341,409)	23,996	133,367	34,640	(1,258,051)	11,584,606	24,731,136	5,773,447	30,504,583
First time adoption adjustments	Part A, 2(c)	-	-	-	-	-	-	-	-	-	-	(98,585)	(98,585)	4,604	(93,981)
Loss for the financial period		-	-	-	-	-	-	-	-	-	-	(3,372,650)	(3,372,650)	146,143	(3,226,507)
Other comprehensive expense:															
-Currency translation differences arising during the financial period:															
-subsidiaries		-	-	(924,458)	-	-	-	-	-	-	-	-	(924,458)	(259,641)	(1,184,099)
-associates		-	-	(185,016)	-	-	-	-	-	-	-	-	(185,016)	-	(185,016)
-derecognition of an associate		-	-	61,566	-	-	-	-	-	-	-	-	61,566	-	61,566
		-	-	(1,047,908)	-	-	-	-	-	-	-	-	(1,047,908)	(259,641)	(1,307,549)
-Net cash flow hedge		-	-	-	-	-	(113,376)	-	-	-	-	-	(113,376)	(94)	(113,470)
-Net investment hedge		-	-	-	-	-	(4,187)	-	-	-	-	-	(4,187)	-	(4,187)
-Actuarial gain, net of tax		-	-	-	-	-	-	2,275	-	-	-	-	2,275	1,153	3,428
-Revaluation of fair value		-	-	-	-	-	-	-	-	(605,705)	-	-	(605,705)	-	(605,705)
Total comprehensive expense		**-**	**-**	**(1,047,908)**	**-**	**-**	**(117,563)**	**2,275**	**-**	**(605,705)**	**-**	**(3,372,650)**	**(5,141,551)**	**(112,439)**	**(5,253,990)**
Transactions with owners:															
-Issuance of new ordinary shares		1,458	6,678	-	-	-	-	-	-	-	-	-	6,678	-	6,678
-Partial disposal of a subsidiary	Part A,12	-	-	(6,351)	-	-	-	-	-	-	-	265,690	259,339	108,094	367,433
-Dilution of equity interest in subsidiaries		-	-	-	-	-	-	-	-	-	-	45,985	45,985	33,204	79,189
-Acquisition of a subsidiary		-	-	-	-	-	-	-	-	-	-		-	754	754
-Dividends paid to shareholders by:													-		
-DRS		19,928	79,113	-	-	-	-	-	-	-	-	(79,113)	-	-	-
-cash settlement		-	-	-	-	-	-	-	-	-	-	(237,627)	(237,627)	-	(237,627)
-Dividends payable to shareholders		-	-	-	-	-	-	-	-	-	-	(453,486)	(453,486)	-	(453,486)
-Dividends paid to NCI		-	-	-	-	-	-	-	-	-	-	-	-	(164,331)	(164,331)
-Share-based payment expenses		-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Transferred from share-based payment reserve upon exercise/vest		384	4,246	-	-	-	-	-	5,191	-	-	-	9,437	-	9,437
Total transaction with owners		21,770	90,037	(6,351)	-	-	-	-	5,191	-	-	(458,551)	(369,674)	(22,279)	(391,953)
At 30 September 2018		**9,069,721**	**13,497,290**	**(270,897)**	**16,598**	**346,774**	**(458,972)**	**26,271**	**138,558**	**(571,065)**	**(1,258,051)**	**7,654,820**	**19,121,326**	**5,643,333**	**24,764,659**

Available-for-sale (“AFS”) Non-controlling interests (‘NCI’) Dividend Reinvestment Scheme (‘DRS’) Fair Value (“FV”)

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017)

AXIATA GROUP BERHAD (242188-H)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2018 (CONTINUED)

	Attributable to equity holders of the Company														
	Share capital	Share capital	Share premium	Currency translation differences	Capital contribution reserve	Merger reserve	Hedging reserve	Actuarial reserve	Share-based payment reserve	AFS reserve	Other reserve	Retained earnings	Total	NCI	Total equity
	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)	11,107	135,647	35,998	(1,316,116)	9,335,025	23,580,652	5,039,552	28,620,204
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	884,755	884,755	175,427	1,060,182
Other comprehensive income:															
-Currency translation differences arising during the financial period:															
-subsidiaries	-	-	-	(843,698)	-	-	-	-	-	-	-	-	(843,698)	(348,418)	(1,192,116)
-joint venture	-	-	-	(1,226)	-	-	-	-	-	-	-	-	(1,226)	-	(1,226)
-associates	-	-	-	(35,615)	-	-	-	-	-	-	-	-	(35,615)	-	(35,615)
	-	-	-	(880,539)	-	-	-	-	-	-	-	-	(880,539)	(348,418)	(1,228,957)
-Net cash flow hedge	-	-	-	-	-	-	(28,685)	-	-	-	-	-	(28,685)	182	(28,503)
-Net investment hedge	-	-	-	-	-	-	(39,996)	-	-	-	-	-	(39,996)	-	(39,996)
-Actuarial gain, net of tax	-	-	-	-	-	-	-	5,857	-	-	-	-	5,857	2,969	8,826
-Revaluation of AFS	-	-	-	-	-	-	-	-	-	(1,358)	-	-	(1,358)	-	(1,358)
Total comprehensive expense	-	-	-	(880,539)	-	-	(68,681)	5,857	-	(1,358)	-	884,755	(59,966)	(169,840)	(229,806)
Transaction with owners:															
-Issuance of new ordinary shares	2,816	4,558	165	-	-	-	-	-	-	-	-	-	4,723	-	4,723
-Transition to no par value regime	-	4,081,271	(4,081,271)	-	-	-	-	-	-	-	-	-	-	-	-
-Reversal of reserve	-	-	-	-	-	-	-	-	-	-	81	-	81	-	81
-Dilution of equity interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	90,955	90,955	(90,955)	-
-Private placement of a subsidiary	-	-	-	724	-	-	-	-	-	-	40,087	1,229,286	1,270,097	908,889	2,178,986
-Partial disposal of subsidiaries	-	-	-	(12,879)	-	-	-	-	-	-	18,884	766,797	772,802	390,647	1,163,449
-Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	11,270	11,270
-Dividends paid to shareholders by:															
-DRS	24,088	113,213	-	-	-	-	-	-	-	-	-	(113,213)	-	-	-
-Cash settlement	-	-	-	-	-	-	-	-	-	-	-	(156,008)	(156,008)	-	(156,008)
-Dividends payable to shareholders	-	-	-	-	-	-	-	-	-	-	-	(449,919)	(449,919)	-	(449,919)
-Dividends paid to NCI	-	-	-	-	-	-	-	-	-	-	-	-	-	(30,038)	(30,038)
-Share-based payment expenses	-	-	-	-	-	-	-	-	13,989	-	-	-	13,989	-	13,989
-Transferred from share-based payment reserve upon exercise/vest	-	6,515	-	-	-	-	-	-	(6,515)	-	-	-	-	-	-
Total transactions with owners	26,904	4,205,557	(4,081,106)	(12,155)	-	-	-	-	7,474	-	59,052	1,367,898	1,546,720	1,189,813	2,736,533
At 30 September 2017	**8,998,319**	**13,176,972**	**-**	**1,396,106**	**16,598**	**346,774**	**(394,383)**	**16,964**	**143,121**	**34,640**	**(1,257,064)**	**11,587,678**	**25,067,406**	**6,059,525**	**31,126,931**

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017)

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AXIATA GROUP BERHAD (242188-H)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE FINANCIAL PERIOD ENDED	
	30/9/2018	30/9/2017
	RM'000	RM'000
Receipt from customers	16,960,672	17,626,047
Payment to suppliers and employees	(10,418,513)	(11,611,382)
Payment of finance costs	(957,485)	(948,000)
Payment of income taxes (net of refunds)	(881,492)	(552,475)
CASH FLOWS FROM OPERATING ACTIVITIES	**4,703,182**	**4,514,190**
Proceeds from disposal of property, plant and equipment	24,272	29,451
Purchase of property, plant and equipment	(4,992,259)	(3,495,073)
Acquisition of intangible assets	(622,209)	(104,742)
Investments in deposits maturing more than three (3) months	36,394	165,645
Investment in subsidiaries (net of cash acquired)	(20,710)	(361,897)
Investment in associates	-	(102,682)
Additional investment in associates	(49,328)	(20,149)
Capital injection in a joint venture	-	(34,426)
Settlement of deferred purchase consideration of investment in subsidiaries	-	(40,299)
Other investment	-	(700)
Dividends received from associates	90,187	92,587
Repayment from employees	64	250
Interests received	168,292	171,157
CASH FLOWS USED IN INVESTING ACTIVITIES	**(5,365,297)**	**(3,700,878)**
Proceeds from issuance of shares under Axiata Share Scheme	6,678	4,723
Proceeds from borrowings	5,237,339	4,155,694
Repayments of borrowings	(4,960,409)	(6,800,540)
Proceeds from Sukuks	-	1,712,860
Repayment of Sukuks	-	(1,000,000)
Net proceed from private placement of a subsidiary	-	2,178,986
Net proceed from partial disposal of subsidiaries	367,434	1,163,448
Repayment of finance lease creditors	(109,443)	(140,398)
Capital injection by NCI	82,262	-
Dividends paid to shareholders	(237,627)	(156,008)
Dividends paid to non-controlling interests	(267,116)	(115,136)
CASH FLOWS FROM FINANCING ACTIVITIES	**119,118**	**1,003,629**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(542,997)	1,816,941
DISCONTINUED CASH FLOW	5,329	-
NET DECREASE IN RESTRICTED CASH AND CASH EQUIVALENT	147,971	223,538
EFFECT OF EXCHANGE RATE CHANGES	(230,606)	(130,975)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	6,471,658	4,649,422
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**5,851,355**	**6,558,926**

(The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017)

AXIATA GROUP BERHAD (242188-H)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	FOR THE FINANCIAL PERIOD ENDED	
	30/9/2018	30/9/2017
	RM'000	RM'000
Total deposits, cash and bank balances	6,018,626	6,872,815
Less:		
- Deposit pledged and escrow account	(24,692)	(94,305)
- Deposit on investment in subsidiaries	-	(96,370)
- Deposits maturing more than three (3) months	(30,251)	(41,067)
- Bank overdrafts	(112,328)	(82,147)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**5,851,355**	**6,558,926**

(The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017)

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 2018 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 2017 ("2017 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 2017 Audited Financial Statements except for the adoption of new standards/IC Interpretation and amendments to existing standards that are applicable to the Group for the financial period beginning 1 January 2018 as set out below:

- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"
- Amendment to MFRS 2 "Share-based Payment" on Classification and Measurement of Share-based Payment Transactions.
- Amendments to MFRS 128 "Investments in Associates and Joint Ventures".

The above adoptions did not have a material impact to the Group during the current quarter and financial period to date.

- MFRS 9 "Financial Instruments"
- MFRS 15 "Revenue from Contracts with Customers"

The impacts of adoption of MFRS 9 and MFRS 5 are as follows:

(a) MFRS 9

(i) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

✓ Those to be measured subsequently at fair value [either through other comprehensive income ("OCI"), or through profit or loss],
✓ and those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

2. Accounting Policies (continued)

(a) MFRS 9 (continued)

(ii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Where the Group has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment assessment on financial assets

The Group adopted expected credit loss model ("ECL") instead of the current incurred loss model on its financial assets. The ECL model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

(iv) Transition

The Group adopted the standard by using the cumulative catch-up transition method. Hence, the cumulative effect of the initially applied the standard was recognised as an adjustment to the opening balances of retained earnings as at 1 January 2018 as stated in Part A, Note 2(c) to the announcement and comparative was not restated.

The Group will continue to refine the estimate and judgement applied in the adoption of MFRS 9 as facts and circumstances evolved.

(b) MFRS 15

(i) Revenue from bundled contracts (multiple-element arrangements)

Some revenue is recognised earlier, as a larger portion of the total consideration received in a bundled contract is attributable to the component delivered at contract inception (i.e. typically a subsidised handset). Therefore, this produces a shift from service revenue (which decrease) to the benefit of handset revenue. This results in the recognition of a contract asset on the statement of financial position as more revenue is recognised upfront while the cash is received along the subscription period.

(ii) Cost of acquisition of contract

Certain incremental costs incurred in acquiring a contract with a customer are capitalised on the consolidated statement of financial position and amortised over either the average customer retention period or the contract term, depending on the circumstances.

When the amortisation period is one year or less, incremental costs are expensed when incurred.

2. Accounting Policies (continued)

(b) MFRS 15 (continued)

(iii) Transition

The Group has elected modified retrospective approach for the initial adoption of MFRS 15. The Group applied MFRS 15 retrospectively only for those contracts which have not been fulfilled as of 1 January 2018. The resultant impact of conversion was recognised in equity as of 1 January 2018 as disclosed in Part A, Note 2(c) to the announcement and comparative will not be restated.

The Group will continue to refine the estimate and judgement of applied in the adoption of MFRS 15 as facts and circumstances evolved.

(c) First time adoption adjustments of MFRS 9 and MFRS 15 to the consolidated statement of financial position as at 1 January 2018 are as below:

	As at 1 January 2018			
		First time adoption adjustments		
	As reported	MFRS 15	MFRS 9	As adjusted
	RM'000	RM'000	RM'000	RM'000
Total equity:				
- Reserves	11,323,883	(39,847)	(58,738)	11,225,298
- Non-controlling interests	5,773,447	5,505	(901)	5,778,051
Total net assets:				
- Intangible assets	22,176,286	(88,257)	-	22,088,029
- Trade and other receivables	4,496,637	(182,229)	(74,270)	4,240,138
- Trade and other payables	(12,616,963)	1,035,228	-	(11,581,735)
- Contract assets	-	262,946	-	262,946
- Contract liabilities	-	(1,090,128)	-	(1,090,128)
- Deferred taxation	(1,672,496)	28,098	14,631	(1,629,767)

2. Accounting Policies (continued)

(d) Adjustments of MFRS 9 and MFRS 15 to the consolidated profit or loss during the current quarter and financial period to date are as below:

	Financial period to date			
		Adoption impacts		
	Before	MFRS 15	MFRS 9	After
	RM'000	RM'000	RM'000	RM'000
Revenue	17,229,296	389,490	-	17,618,786
Costs	(10,862,776)	(462,119)	(43,296)	(11,368,191)
Depreciation, impairment and amortisation	(4,475,561)	81,866	-	(4,393,695)
Finance income	153,726	11,752	-	165,478
Taxation	(600,295)	(2,000)	10,682	(591,613)
Loss for the financial period attributable to:				
- owners of the company	(3,356,554)	16,497	(32,593)	(3,372,650)
- non-controlling interests	143,672	2,492	(21)	146,143
	(3,212,882)	18,989	(32,614)	(3,226,507)

Disaggregation of revenue for financial period to date under MFRS15 is as below:

	Before	MFRS 15	After
	RM'000	RM'000	RM'000
Goods or services transferred:			
-at a point in time	779,421	485,311	1,264,732
-over time	16,449,875	(95,821)	16,354,054
	17,229,296	389,490	17,618,786

2. Accounting Policies (continued)

(d) Adjustments of MFRS 9 and MFRS 15 to the consolidated profit or loss during the current quarter and financial period to date are as below: (continued)

	Current Quarter			
		Adoption impacts		
	Before	MFRS 15	MFRS 9	After
	RM'000	RM'000	RM'000	RM'000
Revenue	5,878,668	124,804	-	6,003,472
Costs	(3,670,585)	(142,767)	(19,103)	(3,832,455)
Depreciation, impairment and amortisation	(1,539,683)	28,237	-	(1,511,446)
Finance income	47,946	2,822	-	50,768
Taxation	(199,626)	(1,271)	4,793	(196,104)
Loss for the financial period attributable to:				
- owners of the company	136,108	10,278	(14,321)	132,065
- non-controlling interests	51,902	1,547	11	53,460
	188,010	11,825	(14,310)	185,525

Disaggregation of revenue for current quarter under MFRS15 is as below:

	Before	MFRS 15	After
	RM'000	RM'000	RM'000
Goods or services transferred:			
-at a point in time	329,388	161,140	490,528
-over time	5,549,280	(36,336)	5,512,944
	5,878,668	124,804	6,003,472

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) Celcom Axiata Berhad ("Celcom") had on 31 October 2016 received the letter from the Malaysian Communications and Multimedia Commission on the reissuance of the existing Spectrum Assignment in 1950 Mhz to 1965 Mhz and 2140 Mhz to 2155 Mhz for a period of 16 years effective from 2 April 2018, subject to price component payment of RM118.4 million being made in one lump sum before 1 February 2018 and annual fixed fee payment of RM50.0 million payable before 15 December throughout the assignment period. Celcom has submitted the price component fee of RM118.4 million on 30 January 2018.

(b) Following the allotment of equity shares by Idea Cellular Limited ("Idea") as disclosed in Part A, Note 12(b) of this announcement, the Group recognised a loss of dilution amounting to RM357.6 million during the financial period to date.

(c) On 4 February 2018, Robi Axiata Limited applied for tech neutrality in the two bands for a total fee of RM185.2 million (BDT4.0 billion) for the concession upgrade.

(d) On 17 May 2018, the Group entered into a success fee arrangement with a shareholder of a subsidiary amounting to RM199.0 million or USD50.2 million relating to an investment opportunity in the subsidiary which is payable in 2018 and 2019.

(e) On 20 March 2017, the Group had announced that Idea and Vodafone India Limited ("VIL") are to merge under a scheme of amalgamation. The scheme provided for the amalgamation of Idea with VIL and Vodafone Mobile Services Limited ("VMSL"), a wholly-owned subsidiary of VIL. Idea being the resultant entity was to issue an allotment of fully paid-up equity shares of Idea to the equity shareholders of VIL and VMSL. As a result, the Group's shareholding in Idea was expected to be diluted from 16.33% to 8.88% as at 30 June 2018.

The Group had reclassified the portion to be diluted as non-current assets held for sale in accordance with MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" as the amalgamation was highly probable to be completed within the next 12 months from 30 June 2018. In addition, the Group had also recognised a provision of loss amounting to RM3,379.9 million based on fair value less cost to sell of the investment in Idea as at 30 June 2018. The retained interest of RM1,186.7 million continued to be classified as an investment in associate until the merger was completed.

On 16 August 2018, the Group had announced that it had relinquished some of its rights under the Subscription Agreement dated 25 June 2008 between the Group and Idea in relation to the subscription of Idea's shares by the Group. Amongst others, the Group had relinquished its rights to appoint an Axiata representative as a Board member and anti-dilution rights. Accordingly, the Group ceased to have significant influence over Idea and had:

- recognised a gain on derecognition of associate amounting to RM51.1 million to profit or loss; and
- reclassified its entire investment in Idea from non-current assets held for sale and investment in associate to a financial asset measured at fair value through other comprehensive income effective 16 August 2018. The fair value of the investment was re-measured based on the fair value on 16 August 2018.

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)

(f) During the current quarter and financial period to date, the Group recognised net foreign exchange losses of RM 126.2 million and RM 222.0 million mainly arising from the revaluation of USD borrowings and payables.

Other than the above and as disclosed in Part A, Note 12 to 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 September 2018.

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 2017 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 and Dividend Reinvestment Scheme ("DRS") as below:

Description	Total ordinary shares of the Company issued	
	'000	RM'000
● Performance-Based Employee Share Option Scheme ("ESOS") at an exercise price of either RM1.81, RM3.45, RM5.07 and RM5.45	1,458	8,731
● Restricted Share Awards ("RSA") at an issuance price from RM5.45 to RM6.29 being the fair value of RSA issued.	384	2,193
● DRS at a conversion price of RM3.97 per ordinary share respectively.	19,928	79,113
Total	21,770	90,037

6. Issues, Repurchases and Repayments of Debt and Equity Securities (continued)

(b) The Company had undertaken new loans as below:

- On 13 March 2018, a loan with Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad amounting to RM976.1 million (USD250.0 million) with tenure of three (3) years from the date of first drawdown and carry contractual interest rate of LIBOR + applicable interest.
- On 14 September 2018, a loan with Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad amounting to RM207.3 million (USD50.0 million) with tenure of six (6) months from the date of first drawdown and carry contractual interest rate of LIBOR + applicable interest.

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 2018.

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**
19 July 2018	Final tax exempt dividend under single tier in respect of financial year ended 31 December 2017[1]	3.5	316,740

[1] Out of the total dividend distribution, a total RM79.1 million was converted into 19.9 million new ordinary shares of the Company as disclosed in Part A, Note 6(a) of this announcement.

(b) On 23 August 2018, the Board of Directors declared an interim tax exempt dividend under single tier system of 5 sen per each ordinary share of the Company for the financial year ending 31 December 2018. The Company has accrued a total dividend of RM453.5 million during the current quarter and financial period to date. The dividend was subsequently paid by the Company on 12 November 2018.

8. Segmental Information

For the financial period ended 30 September 2018

Segment	Mobile						Infrastructure			
	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Malaysia	Others	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	5,423,902	4,797,388	2,398,064	2,037,057	1,601,993	837,546	1,125,752	280,702	-	18,502,404
Inter-segment[1]	(35,073)	(63,853)	(29)	(14,008)	(15,288)	(8,817)	(716,633)	(29,917)	-	(883,618)
External operating revenue	5,388,829	4,733,535	2,398,035	2,023,049	1,586,705	828,729	409,119	250,785	-	17,618,786
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	1,439,753	1,844,170	547,611	808,339	1,015,917	390,125	515,453	(385,509)	74,736	6,250,595
Interest income	72,552	27,721	3,655	4,761	25,366	4,303	22,857	49,220	(44,957)	165,478
Interest expense	(150,497)	(362,659)	(120,219)	(41,639)	(14,685)	(311)	(25,801)	(284,382)	59,087	(941,106)
Depreciation of property, plant & equipment ("PPE")	(641,925)	(1,621,605)	(396,791)	(392,115)	(211,550)	(140,278)	(226,531)	(24,046)	16,887	(3,637,954)
Amortisation of intangible assets	(45,548)	(31,462)	(186,090)	(85,779)	(98,058)	(6,838)	(20,348)	(8,481)	(203,167)	(685,771)
Joint ventures:										
- share of results (net of tax)	1,252	-	-	-	-	-	-	-	-	1,252
Associates:										
- share of results (net of tax)[2]	9,576	-	11,672	18	-	3,303	-	(49,333)	(11,672)	(36,436)
- loss on dilution of equity interests	-	-	-	-	-	-	-	(402,988)	-	(402,988)
Impairment of PPE, net of reversal	-	1,560	-	(182)	-	-	-	-	-	1,378
Other non-cash income/(expense)[3]	33,341	61,849	293,979	(71,455)	21,252	(902)	4,988	249,330	(3,941,724)	(3,349,342)
Taxation	(191,382)	36,660	(5,676)	(35,700)	(189,578)	(52,363)	(89,547)	11,030	(75,057)	(591,613)
Segment profit/(loss) for the financial period	**527,122**	**(43,766)**	**148,141**	**186,248**	**548,664**	**197,039**	**181,071**	**(845,159)**	**(4,125,867)**	**(3,226,507)**

[1] 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.

[2] Share of results of associates are mainly contributed by Idea (-RM176.1 million) and M1 Limited (RM144.9 million).

[3] Included in other non-cash income/(expenses) are loss on derecognition of an associate of RM3,328.8 million, elimination of intra-group restructuring gain on a subsidiary recorded by respective segment of RM300.5 million and gains arising from partial disposal of a subsidiary of RM274.7 million.

8. Segmental Information (continued)

For the financial period ended 30 September 2017

Segment (restated)	Mobile						Infrastructure			
	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Malaysia	Others	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	4,878,745	5,510,471	2,696,582	1,981,907	1,773,308	910,807	1,031,770	233,015	-	19,016,605
Inter-segment[1]	(10,095)	(56,621)	(25)	(10,569)	(26,275)	(7,686)	(763,394)	(634)	-	(875,299)
External operating revenue	4,868,650	5,453,850	2,696,557	1,971,338	1,747,033	903,121	268,376	232,381	-	18,141,306
EBITDA	1,722,406	2,090,519	502,973	706,884	1,149,265	456,276	457,622	144,635	(325,693)	6,904,887
Interest income	52,059	37,719	4,014	5,177	21,424	5,848	12,951	70,034	(30,425)	178,801
Interest expense	(164,601)	(396,299)	(55,193)	(38,870)	(20,641)	(2,148)	(26,597)	(304,647)	62,968	(946,028)
Depreciation of PPE	(626,993)	(1,670,552)	(451,410)	(381,043)	(216,366)	(138,306)	(199,805)	(31,023)	17,969	(3,697,529)
Amortisation of intangible assets	(108,132)	(47,330)	(193,470)	(27,532)	(142,877)	(3,850)	(19,416)	(1,188)	(229,007)	(772,802)
Joint venture:										
- share of results (net of tax)	(506)	(33,548)	-	-	-	-	-	(12,941)	-	(46,995)
Associates:										
- share of results (net of tax)[4]	(8,823)	-	12,187	(641)	-	-	8,358	(209,704)	(24,374)	(222,997)
- loss on dilution of equity interests	-	-	-	-	-	-	-	(7,715)	-	(7,715)
Impairment of PPE, net of reversal	-	22,690	228	9,481	-	-	-	-	-	32,399
Other non-cash income/(expenses)[5]	154,695	56,544	(30,263)	(20,466)	(61,787)	1,705	(26,249)	1,036,876	(1,007,422)	103,633
Taxation	(226,847)	14,837	129,933	(35,909)	(205,862)	(64,203)	(68,573)	(29,581)	20,733	(465,472)
Segment profit/(loss) for the financial period	793,258	74,580	(81,001)	217,081	523,156	255,322	138,291	654,746	(1,515,251)	1,060,182

[4] Share of results of associates are mainly contributed by Idea (-RM291.0 million) and M1 Limited (RM90.3 million).

[5] Included in other non-cash income/(expenses) is elimination of gains arising from partial disposal of subsidiaries (RM797.5 million) and intra-group restructuring gain on associate and subsidiaries recorded by respective segments (RM131.1 million)

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 RM5,181.3 million mainly for its telecommunication network equipment and capital work in progress. Included in the additional PPE is a finance lease arrangement of a subsidiary amounting to RM931.9 million.

11. Events after the Interim Period

(a) Issuance of Shelf Bond and Sukuk Ijarah Programme amounting to IDR1.0 trillion each in nominal value by PT XL AXIATA TBK ("XL").

XL, a subsidiary of the Company had on 11 October 2018 had early repayment of long-term loan with DBS amounting to USD100.0 million (RM415.8 million).

Subsequently on 16 October 2018 the Company issued Bond namely Shelf Bond I XL Axiata Tranche I Year 2018 amounting to IDR1.0 trillion (RM27.3 million) and Sukuk Ijarah namely Shelf Sukuk Ijarah II XL Axiata Tranche I Year 2018 amounting to IDR1.0 trillion (RM27.3 million) with maturity period of 370 (three hundred and seventy) calendar days up to 10 (ten) years, respectively and was registered in Indonesian Stock Exchange on 17 October 2018.

(b) Divestment of Multinet Pakistan (Private) Limited ("Multinet")

Axiata Investment (Labuan) Limited ("AIL"), a wholly owned subsidiary of the Company had on 8 November 2018 completed the divestment of its entire 89.0% in Multinet for a total cash consideration of USD1.0 on a cash free and debt free basis.

There was no other significant event after interim period that requires disclosure and/or adjustment as at 16 November 2018.

12. Effects of Changes in the Composition of the Group

(a) Additional investment in Headstart Private Limited ("Headstart")

Digital Holdings Lanka (Private) Limited ('DHL'), a wholly owned subsidiary of the Company proceeded with the conversion to equity the 'Bond type D' in Headstart (Private) Limited ('Headstart'), consisting of 258 Ordinary Shares on 1 January 2018. Subsequent to the said conversion, the total shareholding of DHL in Headstart increased from 43.37% to 50.59% consisting of a total of 1,024 Ordinary Shares. Thereby, Headstart is consolidated as a subsidiary of the Group for the period ended 30 September 2018.

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

(b) Allotment of shares by Idea on preferential basis and under qualified institutional placement

Idea had on:

(i) 12 February 2018 allotted 326,633,165 equity shares with face value of INR10 each ("Idea Shares") at an issue price of INR99.50 per Idea Share aggregating to INR32.5 billion on preferential basis to several entities to the National Stock Exchange of India Limited; and

(ii) 23 February 2018 further allotted 424,242,424 Idea Shares at an issue price of INR82.50 per Idea Share aggregating to INR35.0 billion to eligible qualified institutional buyers under qualified institutional placement.

Following the non-participation by the Group on the allotment of Idea Shares above, the Group's equity interest in Idea decreased from 19.74% to 16.33%. The impact of the dilution above is disclosed in Part A, Note 4(b) of this announcement.

(c) Members' Voluntary Winding-up of Digital Milestone Sdn Bhd ("Digital Milestone")

Pursuant to Section 459 (5) of the Companies Act 2016, Digital Milestone was dissolved effective from 23 April 2018.

The above winding-up has no material impact to the Group during the financial period to date.

(d) Disposal of 10.00% equity interest in Axiata (Cambodia) Holdings Limited ("ACH")

On 12 June 2018, the Group via Axiata Investments (Cambodia) Limited ("AIC") disposed of 10.00% equity interest in ACH to M&Y Asia Telecom Holdings Pte Ltd ("MY Asia") for a cash consideration of RM368.5 million or USD92.4 million in conjunction with the Call Option exercised by MY Asia in accordance with the terms of the Amended and Restated Shareholders' Agreement. Accordingly, AIC and MY Asia respectively holds 72.48% and 20.00% in ACH with the balance 7.52% held by Southern Coast Ventures Inc.

The Group recognised an increase of RM265.7 million in the consolidated retained earnings and non-controlling interests amounting to RM108.1 million with the decrease in consolidated foreign exchange gain reserve of RM6.4 million.

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

(e) Acquisition of Tanjung Digital Sdn Bhd ("TDSB")

edotco Malaysia Sdn Bhd, a wholly owned subsidiary of edotco Group Sdn Bhd, which in turn is a 63.00% subsidiary of the Company, had on 4 May 2018 entered into a Sale and Purchase of Shares Agreement with Utara Jernih Sdn Bhd and Mohd Azam bin Saad for the acquisition of 80,002 ordinary shares representing 80.0% of the issued share capital of TDSB for a total cash consideration of RM140.0 million. The acquisition of TDSB was completed on 27 July 2018.

(f) Incorporation of Axiata Digital Labs (Private) Limited ("ADL")

Axiata Investments (Labuan) Limited, a wholly-owned subsidiary of the Group, had on 10 July 2018 completed the incorporation of ADL (Company No. PV00201847), a private company limited by shares, in Sri Lanka, under the Companies Act, No. 7 of 2007 of Sri Lanka.

ADL was incorporated with a stated capital of LKR10 comprising of 1 ordinary share of LKR10 each. The principal activity of ADL is to function as Software Development and IT Enabled Services venture of the Group.

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

(g) Dilution of equity interest in Axiata Digital Advertising Sdn Bhd ("ADA")

Sumitomo Corporation ("Sumitomo") had on 20 July 2018 invested in ADA, a subsidiary of the Company held via Axiata Digital Services Sdn Bhd, for the subscription of 3,334,017 shares at a consideration of RM81.2 million (USD20.0 million) representing 18.31% of total issued and paid-up share capital of ADA.

The Group recognised an increase of RM52.5 million in the consolidated retained earnings and non-controlling interests amounting to RM28.7 million accordingly.

Other than the above, there were no other changes in the composition of the Group for the financial period ended 30 September 2018.

13. Significant Changes in Contingent Assets or Contingent Liabilities

(a) Other than as disclosed in Part B, Note 9 of this announcement, there has been no significant change in contingent assets or contingent liabilities of subsidiaries from that as disclosed in the 2017 Audited Financial Statements.

(b) Subsequent to the cessation of Idea as an associate of the Group as disclosed in Part A, Note 4(e) of this announcement, the contingent liabilities relating to Idea as disclosed in the 2017 Audited Financial Statements is no longer required to be updated.

14. Capital Commitments

	Group	
As at	**30/9/2018**	30/9/2017
	RM'000	RM'000
Commitments in respect of expenditure approved and contracted for	**2,587,858**	2,532,781

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

15. Financial Instruments At Fair Value Measurements (continued)

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

Derivatives Financial Instruments	2018				2017			
	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
Assets								
Financial assets at fair value through:								
- profit or loss	41	-	-	41	66	-	-	66
- OIC	-	61,327	1,567,272	1,628,599	-	-	-	-
Available for sale financial assets	-	-	-	-	-	-	62,057	62,057
Non-hedging derivatives	-	223,383	-	223,383	-	187,894	-	187,894
Derivative used for hedging	-	-	-	-	-	5,039	-	5,039
Liabilities								
Non-hedging derivatives	-	(1,440,647)	-	(1,440,647)	-	(1,389,666)	-	(1,389,666)
Derivatives used for hedging	-	(235,736)	-	(235,736)	-	(91,849)	-	(91,849)
Total	**41**	**(1,391,673)**	**1,567,272**	**175,640**	66	(1,288,582)	62,057	(1,226,459)

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

1. Review of Performance

(a) Quarter-on-Quarter (Q3'18 vs Q3'17)

	Current Year Quarter	Preceding Year Corresponding Quarter	Variance	
	30/09/2018	30/09/2017		
	RM'million	RM'million	RM'million	%
Revenue	6,003.5	6,201.8	(198.3)	-3.2
EBITDA	2,171.0	2,477.0	(306.0)	-12.4
PAT[1]	185.5	319.1	(133.6)	-41.9
PATAMI[2]	132.1	238.5	(106.4)	-44.6

[1] PAT : Profit after tax
[2] PATAMI : Profit after tax and minority interest

Group Performance

During the financial period of quarter-on-quarter (Q3'18 and Q3'17, QoQ), the Malaysian Ringgit (MYR) strengthened against all regional currencies leading to an adverse forex translation impact on the Group's headline performance. For the period, Group revenue and EBITDA decreased by 3.2% and 12.4% to RM6,003.5 million and RM2,171.0 million respectively. At constant currency of Q3'17, revenue grew 4.6% while EBITDA declined by 4.3%.

PAT declined by 41.9% to RM185.5 million mainly due to lower EBITDA, higher unrealised forex loss from translation of USD denominated loan as well as higher finance cost. In view of this, PATAMI has declined 44.6% to RM132.1 million.

Geographical Highlights

- Malaysia: Revenue increased 9.6% to RM1,812.5 million driven by growth in prepaid revenue. EBITDA dropped by 21.3% to RM488.2 million mainly due to the impact from the adoption of MFRS 15 and provision for Employee Life Plan (voluntary separation scheme). PAT decreased by 19.1% to RM195.2 million from RM241.3 million quarter-on-quarter as a result of lower EBITDA.

1. Review of Performance (continued)

(a) Quarter-on-Quarter (Q3'18 vs Q3'17) (continued)

Geographical Highlights (continued)

- Indonesia: Revenue and EBITDA declined by 14.4% and 16.1% to RM1,638.2 million and RM630.0 million respectively. At constant currency of Q3'17, revenue and EBITDA registered a decline of 2.1% and 4.1% respectively, compared to previous year corresponding quarter. PAT for the period recorded a net loss of RM18.6 million due to lower top line coupled with foreign exchange loss.

- Bangladesh: Bangladesh recorded revenue decline of 7.5% to RM851.9 million. Despite the decline in revenue, EBITDA increased 5.6% to RM217.6 million driven by lower operating cost. At constant currency of Q3'17, revenue remained stable whilst EBITDA registered a growth of 14.0%. PAT improved significantly to record a net profit of RM235.6 million as compared to RM24.6 million net loss in Q3'17 primary driven by a one-off intragroup gain on disposal of an associate amounting to RM246.5 million which was eliminated at Group level.

- Sri Lanka: Total revenue grew by 5.0% to recorded RM708.2 million. EBITDA increased by 7.8% to RM283.8 million driven by strong growth in revenue as well as controlled spending. PAT however, declined by 58.7% due to higher depreciation charges and foreign exchange loss.

- Nepal: Revenue declined by 16.9% to RM497.2 million on the back of implementation of Telecommunication Services Charges in Nepal. EBITDA dropped by 11.2% to RM324.0 million due to unfavourable forex translation. At constant currency of Q3'17, EBITDA registered a marginal increase of 0.8%. Despite the lower top line, PAT increased by 14.4% to RM180.6 million as a result of lower depreciation and foreign exchange gain.

- Cambodia: Revenue increased by 1.9% whilst EBITDA declined by 1.7%. At constant currency of Q3'17, revenue and EBITDA registered a growth of 6.1% and 2.4% respectively underpinned by growth in data revenue. PAT however, decline by 7.1% to RM73.1 million due to higher depreciation charges.

- Malaysia (Infrastructure): Revenue and EBITDA registered a strong growth of 10.3% and 27.3% to record at RM402.4 million and RM195.1 million respectively. PAT doubled compared to Q3'17, to a net profit of RM83.0 million benefitting from a higher top line coupled with foreign exchange gains that were partly offset with higher depreciation charges.

1. **Review of Performance (continued)**

(b) Year-on-Year (YTD'18 vs YTD'17)

	Current Year To Date	Preceding Year Corresponding Period	Variance	
	30/09/2018	30/09/2017		
	RM'million	RM'million	RM'million	%
Revenue	17,618.8	18,141.3	(522.5)	-2.9
EBITDA	6,250.6	6,904.9	(654.3)	-9.5
PAT	(3,226.5)	1,060.2	(4,286.7)	> -100
PATAMI	(3,372.6)	884.8	(4,257.4)	> -100

Group Performance

For the financial period to date 2018 ("YTD'18"), the Malaysian Ringgit (MYR) strengthened against all regional currencies leading to an adverse forex translation impact for the Group. Group revenue and EBITDA decreased by 2.9% and 9.5% to RM17,618.8 million and RM6,250.6 million respectively due to the impact from forex translation. At constant currency of YTD'17, revenue grew 6.4% driven by better performance from all major operating companies, while EBITDA remained stable.

PAT and PATAMI declined significantly to a loss position of RM3,226.5 million and RM3,372.6 million respectively as a result of a one-off loss on derecognition of the Group's investment in India amounting to RM3.3 billion.

Geographical Highlights

- Malaysia: Revenue grew by 11.2% to RM5,423.9 million on the back of strong growth in prepaid revenue and device revenue. EBITDA however, declined by 16.4% to RM1,439.8 million mainly impacted by the adoption of MFRS 15 and provision for Employee Life Plan. PAT decreased 33.5% to RM527.1 million compared to RM793.3 million in the prior year, mainly attributed to a one-off intergroup gain from the disposal of one associate recorded in YTD'17 which was eliminated at the Group level.

- Indonesia: Revenue and EBITDA dropped 12.9% and 11.8% to RM4,797.4 million and RM1,844.2 million respectively mainly due to unfavourable forex translation impact. At YTD'17 constant currency, revenue remained stable and EBITDA registered a marginal growth of 1.3%. PAT however, decreased more than 100% resulting in a net loss of RM44mn due to higher depreciation on the back of network rollout over the past year, and foreign exchange loss.

1. Review of Performance (continued)

(b) Year-on-Year (YTD'18 vs YTD'17) (continued)

Geographical Highlights

- Bangladesh: Revenue declined by 11.1% to RM2,696.6 million mainly due to unfavourable forex translation. At constant currency of YTD'17, revenue registered a growth of 1.2% contributed by data revenue growth on the back of strong hold in 4G data business, partly offset with change in revenue recognition of device. EBITDA improved by 8.9% to RM547.6 million from lower operating cost. PAT registered strong growth to RM148.1 million mainly due to one-off intragroup gain on the disposal of an associate amounting to RM246.5 million.

- Sri Lanka: Total revenue improved by 2.8% for the period to RM2,037.1 million. Higher revenue coupled with controlled spending, EBITDA grew by 14.4% to RM808.3 million. Despite better top line, PAT however dropped by 14.3% to RM186.2 million due to higher depreciation charges and foreign exchange loss.

- Nepal: Revenue and EBITDA declined by 9.7% and 11.6% to RM1,602.0 million and RM1,015.9 million respectively due to unfavourable forex translation. At YTD'17 constant currency, revenue and EBITDA remained consistent with the preceding year. PAT increased by 4.9% to RM548.7 million benefitting from foreign exchange gain.

- Cambodia: Revenue declined by 8% to RM837.5 million due to unfavorable forex translation. At YTD'17 constant currency, revenue remained relatively stable. EBITDA declined by 14.5% to RM390.1 million due to higher operating cost. PAT decreased by 22.8% to RM197.0 million due to lower EBITDA coupled with higher depreciation charges.

- Malaysia (Infrastructure): Revenue and EBITDA registered a strong growth of 9.1% and 12.6% to record at RM1,125.8 million and RM515.5 million. PAT increased by 30.9% to RM181.1 million benefitting from higher top line as well as foreign exchange gain partly offset with higher depreciation charges.

1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q3'18 vs Q2'18)

	Current Quarter	Immediate Preceding Quarter	Variance	
	30/9/2018	30/6/2018		
	RM'million	RM'million	RM'million	%
Revenue	6,003.5	5,867.1	136.4	2.3
EBITDA	2,171.0	2,043.2	127.8	6.3
PAT	185.5	(3,317.7)	3,503.2	> +100
PATAMI	132.1	(3,357.3)	3,489.4	> +100

Group Performance

Group revenue increased by 2.3% to RM6,003.5 million from RM5,867.1 million recorded in the preceding quarter (Q3'18 vs Q2'18) from better performance by all mobile operating companies in their respective markets. EBITDA grew by 6.3% to RM2,171.0 million as a result of higher revenue partly offset with higher operational costs.

PAT and PATAMI improved significantly to record a net profit of RM185.5 million and PATAMI of RM132.1 respectively, attributed to credit adjustment to loss on derecognition of an associate amounting to RM51.1 million.

Geographical Highlights

- Malaysia: Revenue remained stable while EBITDA declined 1.4% to RM488.2 million compared to the preceding quarter due to higher operating costs. Despite the decline in top line, PAT improved by 24.4% mainly due to higher income from the USP grant and lower finance cost.

- Indonesia: Revenue and EBITDA increased by 4.4% and 3.1% to RM1.638.2 million and RM630.0 million respectively. PAT improved by 35.2% attributed to higher EBITDA partly offset with higher depreciation.

- Bangladesh: Revenue for the quarter registered a strong growth of 9.6% to RM851.9million. Consequently, EBITDA improved by 47.6% to RM217.6 million compared to preceding quarter. PAT for the quarter registered a strong growth to RM235.6 million mainly driven by a one-off intragroup gain on disposal of associate amounting to RM246.5 million which was eliminated at the group level.

1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q3'18 vs Q2'18) (continued)

Geographical Highlights (continued)

- Sri Lanka: Total revenue for the current quarter increased by 6.1% to RM708.2 million contributed by all revenue streams except digital services. EBITDA improved by 4.0% to RM283.3 million as a result of strong revenue growth. PAT however, declined by 39.0% to RM43.3 million due to foreign exchange loss.

- Nepal: Compared to the preceding quarter, Revenue and EBITDA recorded a decline of 9.3% and 7.2% respectively to RM497.2 million and RM324.1 million impacted by implementation of Telecommunication Services Charges in Nepal. Consequently, PAT declined by 4.2% to record a lower profit of RM180.6 million.

- Cambodia: Despite the price war and regulatory impact, operation in Cambodia delivered a strong revenue growth of 6.1% against the preceding quarter underpinned by higher data revenue. As a result, EBITDA and PAT increased 11.6% and 12.2%.

- Malaysia (Infrastructure): Revenue and EBITDA continued to show growth registering 7.9% and 19.3% at RM402.4 million and RM195.1 million respectively. PAT increased by 13.3% to RM83.0 million benefitting from higher top line partly offset with higher depreciation charges and lower foreign exchange gain.

1. **Review of Performance (continued)**

(d) Economic Profit ("EP") Statement

	3rd Quarter Ended		Financial Period Ended	
	30/9/2018	30/9/2017	**30/9/2018**	30/9/2017
			RM'000	RM'000
EBIT	659,570	978,529	1,856,900	2,444,766
Adjusted Tax 24%	(158,297)	(234,847)	(445,656)	(586,744)
Share of results and loss on dilutions of associates	4,151	(141,778)	(80,568)	(277,707)
NOPLAT	505,424	601,904	1,330,676	1,580,315
AIC *	40,545,807	44,570,374	40,545,807	44,570,374
WACC	8.59%	7.93%	8.59%	7.93%
Economic Charge (AIC*WACC)	870,721	883,608	2,612,164	2,650,823
Economic Profit	**(365,297)**	(281,704)	**(1,281,488)**	(1,070,508)

* Includes loss on derecognition of Idea adjusted by the Group during the financial period to date.

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 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.

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 debt and equity taking into account proportion of debt position and market capitalisation at end of the period.

2. Headline Key Performance Indicators ("KPIs") for the financial year ending 31 December 2018

On 22 February 2018, the Group announced its Headline KPIs guidance for the financial year ending 31 December 2018. The Group's 2018 Headline KPIs announced were as below:

Headline KPIs	**FY2018 Headline KPIs @ Bloomberg rate**	**FY2018 Headline KPIs @ constant currency**
Revenue Growth (%)	Flat	6.3%
EBITDA Growth (%)	Flat	5.8%
Return on Invested Capital ("ROIC") (%)	4.8% - 5.2%	5.0% - 5.5%
Return on Capital Employed ("ROCE") (%)	4.1% - 4.6%	4.5% - 5.0%

Note: Constant rate is based on the FY17 Average Rate (e.g. 1 USD = RM4.30), Bloomberg rate is based on 2018 Forex Forecast as at 24th January 2018 (e.g. 1 USD = RM3.90).

The Group's performance in the first nine months of the financial year ending 31 December 2018 was impacted by unfavourable forex translation for all operating companies ("OpCos"), compounded by start-up investments in new core digital businesses, first time adoption of MFRS 15 and MFRS 9 accounting policies and associate losses in India. Underlying (constant currency and pre-MFRS basis) Group performance in YTD18 was positive as all OpCos' revenue growth was better than their respective markets.

Based on performance of the Group to date and barring any unforeseen circumstances, the Board of Directors expect the Group's performance to be generally in line with the adjusted headline KPIs (constant currency, pre-MFRS basis; excluding Deodar and Idea).

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 2018.

4. Taxation

The taxation charge for the Group comprises:

	3rd Quarter Ended		**Financial Period Ended**	
	30/9/2018	30/9/2017	**30/9/2018**	30/9/2017
			RM'000	RM'000
Income tax	235,346	138,812	642,692	630,624
Deferred tax	(39,242)	104,169	(51,079)	(165,152)
Total taxation	**196,104**	242,981	**591,613**	465,472

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

The financial period to date's effective tax rate of the Group is lower than the statutory tax rate is mainly due to provision of loss on its investment in an associate.

5. Status of Corporate Proposals

(a) Subscription Agreement for shares in edotco Pakistan (Private) Limited

On 30 August 2017, edotco Investments (Labuan) Limited ("edotco Labuan"), a wholly owned subsidiary of edotco Group, had entered into a Subscription Agreement ("SA") with Dawood Hercules Corporation Limited ("DH Corp") for the subscription of shares in edotco Pakistan (Private) Limited ("edotco PK"), a wholly owned subsidiary of edotco.

Under the SA, edotco Labuan and DH Corp will respectively subscribe to 955,260,813 and 1,743,000,000 of edotco PK shares of PKR10 each ("Proposed Subscription") at consideration of USD154.7 million (equivalent to RM660.6 million) and USD166.0 million (equivalent to RM708.7 million) respectively ("Subscription Monies"). The Subscription Monies including the initial equity injection by edotco Labuan of USD19.2 million (equivalent to RM82.2 million) shall be used to partially fund the acquisition of Deodar (Private) Limited ("Deodar") which owns and operates approximately 13,000 of Pakistan Mobile Communications Limited ("PMCL") tower portfolio, the largest in Pakistan. Upon closing of the Proposed Subscription, edotco Labuan and DH Corp will respectively hold 55% and 45% interest in edotco PK.

On 4 May 2018, Pakistan Telecommunication Authority approved the Proposed Subscription.

(b) Acquisition of Sabay Digital Plus Co. Ltd ("SDP")

Smart Axiata Co., Ltd ("Smart"), had on 9 October 2017 entered into the following agreements in relation to its investments in SDP:

(a) Convertible Loan Agreement with SDP under which Smart will make available a loan facility of USD1.5 million to SDP which is convertible to ordinary shares in SDP; and

(b) Call Option Agreement with SDP and Sabay Digital Pte. Ltd ("SDG") for the acquisition of additional SDP shares from SDG as follows:

   (i) Such number of SDP Shares ("Top Up Shares") resulting with the aggregate number of SDP Shares held by Smart is equivalent to 30% of the issued and paid up capital of SDP; and

   (ii) All or part of the remaining issued and paid up capital of SDP ("Balance Shares") from SDG at a price to be agreed by the parties.

Other than the above, there is no other corporate proposal announced but not completed as at 16 November 2018.

6. Group's Borrowings and Debt Securities

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

	2018		2017	
	Current	**Non-current**	Current	Non-current
	RM'000	**RM'000**	RM'000	RM'000
Secured	667,139	333,643	213,152	715,779
Unsecured	4,299,363	14,169,732	4,119,041	14,290,989
Total	**4,966,502**	**14,503,375**	4,332,193	15,006,768

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

Foreign Currencies	**2018**	2017
	RM'000	RM'000
USD	9,893,546	10,177,800
IDR	2,964,904	2,782,013
BDT	1,166,930	967,009
SLR	392,201	350,515
Others	41,497	53,812
Total	**14,459,078**	14,331,149

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	**2018** Notional value	Fair value favorable/ (unfavorable)	2017 Notional value	Fair value favorable/ (unfavorable)
	RM'000	**RM'000**	RM'000	RM'000
Cross currency interest rate swaps:				
- < 1 year	-	(11,886)	215,737	50,349
- 1 - 3 years	2,419,853	(46,221)	1,266,600	(29,172)
- > 3 years	1,257,496	(177,630)	2,486,758	(54,575)
Interest rate swaps contracts:				
- < 1 year	-	-	152,547	402
Call spread contracts:				
- < 1 year	1,240,950	215,042	-	-
- 1 - 3 years	-	-	1,266,600	125,736
Put option liabilities over shares held by a non-controlling interests:				
- < 1 year	(144,778)	(144,778)	(147,770)	(147,770)
- 1 - 3 years	(1,295,870)	(1,295,870)	-	-
- > 3 years	-	-	(1,241,895)	(1,241,895)
Convertible warrants in an associate:				
- < 1 years	19,251	8,343	-	-
- < 3 years	-	-	19,251	8,343
Total		**(1,453,000)**		(1,288,582)

(b) The risks associated with the derivative financial instrument and the policies in place for mitigating such risks were disclosed in 2017 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:

	3rd Quarter Ended		**Financial Period Ended**	
	30/9/2018	30/9/2017	**30/9/2018**	30/9/2017
	RM'000	RM'000	**RM'000**	RM'000
Total net losses	**(13,822)**	(51,627)	**(40,586)**	(76,475)

9. 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 Resources (formerly known as Technology Resources Industries Berhad), commenced proceedings against Aras Capital and TSDTR for amounts due to Celcom Trading of RM261.8 million as at 30 November 2004 (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").

Aras Capital was wound up by order of Court on 27 May 2005 vide Kuala Lumpur High Court Winding Up Petition No: D7-28-145-2005. In view of the winding up order against Aras Capital, Celcom Trading decided to pursue the matter only against TSDTR. On 13 May 2005, TSDTR filed his defence and instituted a counterclaim against Celcom Trading, Celcom Resources Berhad (formerly known as Technology Resources Industries Berhad) ("Celcom Resources") and its directors for, amongst others, 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, the 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 after full trial ("Judgment").

TSDTR appeals to the Court of Appeal and thereafter leave to appeal to the Federal Court against the Judgment were dismissed. With the dismissal, TSDTR has no other avenue to appeal further and the case is concluded.

On 8 May 2018, a Receiving Order and Adjudication Order ("AORO") was obtained against TSDTR which adjudged him as a bankrupt in the execution proceedings against him. Following the AORO, a proof of debt for TSDTR was filed on 25 July 2018. The Insolvency Department is now addressing the outstanding debts and will follow thru the necessary process in realizing his assets towards repayment of the outstanding debts.

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

On 24 October 2008, Celcom and Celcom Resources commenced proceedings against five (5) of its former directors, namely (i) TSDTR, (ii) Dato' Bistaman bin Ramli ("BR"), (iii) Dato' Lim Kheng Yew ("DLKY"), (iv) Axel Hass ("AH"), and (v) Oliver Tim Axmann ("OTA") (the Defendants named in items (iv) and (v) collectively referred to as the "German Directors"), as well as (vi) DeTeAsia Holding GmbH ("DeTeAsia") and (vii) Beringin Murni Sdn. Bhd. (collectively with the German Directors referred to as "Defendants").

9. 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 for 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 Celcom and Celcom Resources to enter into the Supplemental Agreement to the Subscription Agreement and the Management Agreement dated 7 February 2002 ("the 2002 Supplemental Agreement") and the Amended and Restated Supplemental Agreement dated 4 April 2002 with DeTeAsia ("the 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").

Separately, Celcom and Celcom Resources reached an amicable settlement with DLKY and the said companies 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 statement of defence ("Defence for Main Suit 2") and counterclaim against Celcom, Celcom Resources and Telekom Malaysia Berhad ("TM") seeking inter alia payment of the sum of RM6,246,492,000.00 or alternatively the sum of RM7,214,909,224.01 together with interest, being the amount claim by TSDTR in his counterclaim in Kuala Lumpur High Court Suit No. D2-22-673-2006 ("Danaharta Suit") which was withdrawn pursuant to a purported global settlement and damages ("TSDTR and BR's Counterclaim for Main Suit 2"). The German Directors filed their respective defence on 30 June 2016.

Subsequently TM application to intervene in Main Suit 2 ("TM Intervening Application") was allowed in light of the allegations made against TM in TSDTR and BR's Counterclaim for Main Suit 2.

The trial and TSDTR and BR's Counterclaim for Main Suit 2 commenced on 22 January 2018 whereby Datuk Azzat Kamaludin, Tan Sri Abdul Rahman, Encik Shamsudin Rasom, Puan Suryani, Puan Zunika and Dr. Jim Lai of Messrs. Grant Thornton (expert witness) were called as witnesses to give evidence on behalf of Celcom and Celcom Resources.

In view of the AORO obtained against TSDTR and BR in execution of the judgment obtained in the Kuala Lumpur High Court Civil Suit No. S3-22-370-2004 the Kuala Lumpur High Court Civil Suit No. S3-22-370-2004 ("the Golden Handshake Suit"), hearing of the trial were adjourned pending Celcom and Celcom Resources application for leave to continue action against TSDTR and BR ("Leave") and filing of application for sanction by TSDTR and BR to defend the case and continue with the Counterclaim ("Sanction"). To date, the Leave and Sanction were granted and obtained by the respective parties. The Court has fixed the following dates for continued trial:

November 2018	: 12-14, 19 and 26-28
December 2018	: 4-7 and 10
March 2019	: 18-21
May 2019	: 13-16

9. Material Litigation (continued)

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

(c) Celcom & Another vs TSDTR & 8 Others

On 28 April 2006, Celcom and Celcom Resources commenced proceedings (i) against nine (9) of its former directors, namely (i) TSDTR, (ii) BR, (iii) DLKY, (iv) Dieter Sieber ("DS"), (v) Frank-Reinhard Bartsch ("FRB"), (vi) Joachim Gronau ("JG"), (vii) Joerg Andreas Boy ("JAB"), (viii) AH, and (ix) OTA (the Defendants named in items (iv) and (v) collectively referred to as the "German Directors") (collectively referred to as "Defendants").

The claim is to indemnify Celcom and Celcom Resources for the sums paid to DeTeAsia in satisfaction of the award granted in August 2005 ("Award") handed down by the Tribunal of the International Court of Arbitration of the International Chamber of Commerce in Paris ("ICC") and the Defendants breach of their fiduciary duties by causing Celcom Resources to enter into a Subscription Agreement dated 25 June 1996 with Deutsche Telekom AG ("the Subscription Agreement"), and Celcom and Celcom Resources to enter into the ARSA with TR International Ltd and DeTeAsia whilst they were directors of Celcom and Celcom Resources.

In addition, Celcom and Celcom Resources have also made a claim (ii) against TSDTR only, for alleged unauthorised profits made by him in connection with the execution of the abovementioned agreements ("Main Suit 3").

In brief, Celcom and Celcom Resources are seeking for the following:

(a) A declaration that the Defendants have acted in breach of their fiduciary duties and are liable to indemnify Celcom in relation to the sums paid out to DeTeAsia pursuant to the Award where the ICC found Celcom to be liable for the following:
   i. The sum of USD177,243,609 being the principal sum plus USD16,252,139 representing interest at the rate of 8% for the period from 16.10.2002 to 27.6.2003;
   ii. The cost of arbitration amounting to USD820,000; and
   iii. The sum of USD1,800,000 representing the legal costs.

(b) Damages for various breaches of fiduciary duties committed by them in relation to the entry into the Subscription Agreement and the ARSA.

(c) The unauthorized profits claimed to have been made by TSDTR, amounting to RM446,038,141.09.

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.

Subsequently TM application to intervene in Main Suit 2 ("TM Intervening Application") was allowed in light of the allegations made against TM in TSDTR and BR's Counterclaim for Main Suit 2.

The trial and TSDTR and BR's Counterclaim for Main Suit 2 commenced on 22 January 2018 whereby Datuk Azzat Kamaludin, Tan Sri Abdul Rahman, Encik Shamsudin Rasom, Puan Suryani, Puan Zunika and Dr. Jim Lai of Messrs. Grant Thornton (expert witness) were called as witnesses to give evidence on behalf of Celcom and Celcom Resources.

9. Material Litigation (continued)

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

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

In view of the AORO obtained against TSDTR and BR in execution of the judgment obtained in the Kuala Lumpur High Court Civil Suit No. S3-22-370-2004 the Kuala Lumpur High Court Civil Suit No. S3-22-370-2004 ("the Golden Handshake Suit"), hearing of the trial were adjourned pending Celcom and Celcom Resources application for leave to continue action against TSDTR and BR ("Leave") and filing of application for sanction by TSDTR and BR to defend the case and continue with the Counterclaim ("Sanction"). To date, the Leave and Sanction were granted and obtained by the respective parties. The Court has fixed the following dates for continued trial:

November 2018	: 12-14, 19 and 26-28
December 2018	: 4-7 and 10
March 2019	: 18-21
May 2019	: 13-16

(d) Writ petition filed by 6 individuals against Ncell Private Limited, Reynolds Holdings Limited, Axiata Investments (UK) Limited, Large Tax Payers' Office, Inland Revenue Department, Nepal Rastra Bank, Department of Industry, Industry and Investment Promotion Board, Nepal Telecommunications Authority, Sunivera Capital Ventures Pvt. Ltd. and the Office of Company Registrar

A public interest litigation ("PIL") has been filed at the Supreme Court of Nepal ("SC") alleging that Ncell Private Limited ("Ncell") and its holding companies, namely Reynolds Holdings Limited ("Reynolds") and Axiata Investments (UK) Limited ("AIL"), have evaded their tax liabilities and that the tax authority of the Government of Nepal has been complicit in this matter.

The petitioners have demanded various prayers, including demanding an order mandating collection of Capital Gains Tax ("CGT") from Ncell. The Writ petition has been filed on 28 January 2018 by 6 individuals, which includes a retired Secretary of the Government of Nepal and a former acting Auditor General. The petitioners have requested that an order be issued attaching transfer or repatriation of dividend and other amounts from Ncell to its shareholder or in the name of any other foreign person/company until the outstanding CGT in the amount of approximately NPR 39,000,000,000 is collected.

After an initial hearing, the SC issued a show-cause order to Ncell, Reynolds and AIL, amongst others, on 31 January 2018. A written response has been submitted to the SC and is pending continued hearing on 29 November 2018.

(e) Robi vs NBR (Judicial Review against NBR's demand amounting to BDT 9,244,985,130 on 3 May 2018)

NBR issued 5 show cause cum demand notices to Robi. Robi filed writ petitions on 3 May 2018 to challenge these claims. The details are as below. The NBR referred the matter to the Directorate General of Audit Intelligence and Investigation to re-examine the claims and as such, Robi is not pursing the writ petitions.

9. Material Litigation (continued)

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

(e) Robi vs NBR (Judicial Review against NBR's demand amounting to BDT 9,244,985,130 on 3 May 2018) (continued)

(i) The 1st show-cause cum demand notice for USD 88,977,649/ BDT7,118,211,917 was issued based on the credit balance of VAT payable GL (General Ledger) and VAT Return and VAT payable for the period from 2013 to 2016. While conducting its audit, NBR asked for month on month movement of output and withholding GL from Systems, Applications and Products i.e., SAP (Opening, debit balance during the month, credit balance during the month and closing balance). Robi had submitted the required documents. The NBR just considered the total credit balance of SAP GL as payable and compared it with VAT return without considering the documents / explanation submitted by Robi.

(ii) The 2nd show-cause cum demand notice for USD 11,381,250/ BDT910,500,0000 alleges unpaid VAT on merger and spectrum fee. NBR has collected merger fee/spectrum information from BTRC in relation to merger directly, thereafter arbitrarily calculated VAT without considering Robi's documents and information regarding actual payment to BTRC. This issue has already been covered in item A nevertheless NBR still arbitrarily made the same claim separately.

(iii) The 3rd show-cause cum demand notice for USD 206,448/ BDT16,515,802 is to claim that VAT is payable on Interconnection charge from Bangladesh Telecommunications Limited (BTCL) for 2012. The output VAT for BTCL service to customer is centrally collected by NBR and that BTCL cannot adjust input VAT on interconnection charge payable to Robi/Multinational Organizations (MNOs). Therefore, BTCL does not pay the VAT on same to Robi/MNOs. BTCL & MNOs are pursuing to NBR for resolving the issue but the issue is still long pending. This issue has already been covered in item A nonetheless NBR still arbitrarily made the same claim separately.

(iv) The 4th show-cause cum demand notice for USD 446,330/ BDT35,706,349 is to claim that VAT is payable on Interconnection charge from BTCL for 2013 to 2016 - Issue is same as item 3 above but relating to different period (2013-2016).

(v) The 5th show-cause cum demand notice for USD 14,550,639/ BDT1,164,051,062 is for VAT Rebate cancellation on imported telecom items. NBR directly collected imports information from Customs Authority, then cancelled few imported items such as battery, switch, cable, router, system, etc. on arbitrary basis. These are the integral parts of machineries and spare parts.

Re-examination of the claims by Directorate General of Audit Intelligence and Investigation are still ongoing.

10. 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.

11. 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.

12. Earnings Per Share ("EPS")

(a) Basic EPS

	3rd Quarter Ended		Financial Period Ended	
	30/9/2018	30/9/2017	**30/9/2018**	30/9/2017
Profit attributable to owners of the Company (RM'000)	132,065	238,534	(3,372,650)	884,755
Adjusted weighted average number of shares ('000)	9,065,579	8,995,279	9,054,601	8,980,544
Basic EPS (sen)	**1.5**	2.7	**(37.2)**	9.9

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.

	3rd Quarter Ended		Financial Period Ended	
	30/9/2018	30/9/2017	**30/9/2018**	30/9/2017
Profit attributable to owners of the Company (RM'000)	132,065	238,534	(3,372,650)	884,755
Weighted average number of ordinary shares in issue ('000)	9,065,579	8,995,279	9,054,601	8,980,544
Adjusted for ESOS and RSA ('000)	29,865	30,666	31,718	29,896
Weighted average number of ordinary shares for the purpose of computing diluted EPS ('000)	9,095,444	9,025,945	9,086,319	9,010,440
Diluted EPS (sen)	**1.5**	2.6	**(37.1)**	9.8

13. Qualification of Preceding Audited Financial Statements

The 2017 Audited Financial Statements were not subject to any qualification.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
23 November 2018