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 31 March 2019.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1st Quarter Ended		Financial Period Ended	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	RM'000	RM'000	RM'000	RM'000
Operating revenue	**5,949,437**	5,748,249	**5,949,437**	5,748,249
Operating costs				
- depreciation, impairment and amortisation	**(1,643,040)**	(1,393,211)	**(1,643,040)**	(1,393,211)
- foreign exchange gains/(losses)	**14,577**	(106,444)	**14,577**	(106,444)
- domestic interconnect and international outpayment	**(530,672)**	(602,404)	**(530,672)**	(602,404)
- marketing, advertising and promotion	**(488,979)**	(550,880)	**(488,979)**	(550,880)
- other operating costs	**(2,005,522)**	(2,143,009)	**(2,005,522)**	(2,143,009)
- staff costs	**(502,496)**	(415,546)	**(502,496)**	(415,546)
- other (losses)/gains - net	**(38,821)**	7,024	**(38,821)**	7,024
Other operating income - net	**460,570**	57,774	**460,570**	57,774
Operating profit before finance cost	**1,215,054**	601,553	**1,215,054**	601,553
Finance income	**56,381**	61,299	**56,381**	61,299
Finance cost excluding net foreign exchange gains on financing activities	**(408,922)**	(302,522)	**(408,922)**	(302,522)
Net foreign exchange gains on financing activities	**115,433**	125,023	**115,433**	125,023
	(293,489)	(177,499)	**(293,489)**	(177,499)
Joint ventures				
- share of results (net of tax)	**(2,236)**	-	**(2,236)**	-
Associates				
- share of results (net of tax)	**1,082**	(86,074)	**1,082**	(86,074)
- loss on dilution of equity interest	**-**	(357,604)	**-**	(357,604)
Profit before taxation	**976,792**	41,675	**976,792**	41,675
Taxation	**(193,078)**	(136,032)	**(193,078)**	(136,032)
Profit/(Loss) for the financial period	**783,714**	(94,357)	**783,714**	(94,357)
Other comprehensive (expense)/income:				
Items that will not be reclassified to profit or loss:				
- actuarial gain on defined benefits plan, net of tax	**1,026**	-	**1,026**	-
- fair value through other comprehensive income	**(827,129)**	-	**(827,129)**	-
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	**(149,969)**	(1,403,660)	**(149,969)**	(1,403,660)
- net cash flow hedge	**23,370**	(78,961)	**23,370**	(78,961)
- net cost of hedging	**9,178**	-	**9,178**	-
- net investment hedge	**-**	29,441	**-**	29,441
Other comprehensive expense for the financial period, net of tax	**(943,524)**	(1,453,180)	**(943,524)**	(1,453,180)
Total comprehensive expense for the financial period	**(159,810)**	(1,547,537)	**(159,810)**	(1,547,537)
Profit/(Loss) for the financial period attributable to:				
- owners of the company	**709,053**	(147,408)	**709,053**	(147,408)
- non-controlling interests	**74,661**	53,051	**74,661**	53,051
	783,714	(94,357)	**783,714**	(94,357)
Total comprehensive (expenses)/income for the financial period attributable to:				
- owners of the company	**(201,221)**	(1,295,323)	**(201,221)**	(1,295,323)
- non-controlling interests	**41,411**	(252,214)	**41,411**	(252,214)
	(159,810)	(1,547,537)	**(159,810)**	(1,547,537)
Earnings Per Share (sen) (Part B, Note 13)				
- basic	**7.8**	(1.6)	**7.8**	(1.6)
- diluted	**7.8**	(1.6)	**7.8**	(1.6)

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018)

AXIATA GROUP BERHAD (242188-H)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31/3/2019 RM'000 Unaudited	31/12/2018 RM'000 Audited
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	13,508,666	13,502,368
Reserves	3,353,602	3,974,431
Total equity attributable to owners of the Company	16,862,268	17,476,799
Non-controlling interests	5,801,685	5,737,907
Total equity	22,663,953	23,214,706
NON-CURRENT LIABILITIES		
Borrowings	14,721,240	14,646,553
Derivative financial instruments	1,685,376	1,698,722
Deferred income	345,297	363,196
Deferred gain on sale and lease back assets	635,206	663,228
Trade and other payables	377,900	2,987,844
Lease liabilities	6,420,788	-
Provision for liabilities	504,576	487,394
Deferred taxation	1,368,715	1,391,214
Total non-current liabilities	26,059,098	22,238,151
	48,723,051	**45,452,857**

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018)

AXIATA GROUP BERHAD (242188-H)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31/3/2019 RM'000 Unaudited	31/12/2018 RM'000 Audited
NON-CURRENT ASSETS		
Intangible assets	20,630,873	20,926,703
Contract acquisition costs	136,502	108,503
Property, plant and equipment	24,376,800	27,290,458
Right-of-use assets	7,982,727	-
Joint ventures	25,464	27,699
Associates	159,153	266,475
Financial assets at fair value through other comprehensive income	1,127,094	1,659,412
Financial assets at fair value through profit or loss	4,100	-
Trade and other receivables	620,211	686,804
Deferred taxation	602,539	586,961
Total non-current assets	55,665,463	51,553,015
CURRENT ASSETS		
Inventories	208,026	219,130
Trade and other receivables	4,573,377	5,115,230
Derivative financial instruments	8,343	238,506
Financial assets at fair value through profit or loss	36	38
Tax recoverable	55,722	54,860
Deposits, cash and bank balances	6,750,178	5,071,448
Assets classified as held for sale	142,507	1,602,800
	11,738,189	12,302,012
LESS: CURRENT LIABILITIES		
Trade and other payables	11,696,522	12,484,444
Deferred gain on sale and lease back assets	121,365	120,942
Lease liabilities	810,094	-
Borrowings	4,480,209	4,483,197
Derivative financial instruments	151,186	155,901
Current tax liabilities	1,013,029	1,157,686
Dividend payable	408,196	-
Total current liabilities	18,680,601	18,402,170
Net current liabilities	(6,942,412)	(6,100,158)
	48,723,051	**45,452,857**
Net assets per share attributable to owners of the Company (sen)	186	193

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018)

AXIATA GROUP BERHAD (242188-H)
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

		Attributable to equity holders of the Company							
	Note	Share capital '000	Share capital RM'000	Currency translation differences RM'000	Reserves RM'000	Retained earnings RM'000	Total RM'000	NCI RM'000	Total equity RM'000
At 1 January 2019		9,071,018	13,502,368	(329,197)	(1,339,153)	5,642,781	17,476,799	5,737,907	23,214,706
First time adoption adjustments	2(a)	-	-	-	-	(5,836)	(5,836)	18,057	12,221
Profit for the financial period		-	-	-	-	709,053	709,053	74,661	783,714
Other comprehensive expense:									
-Currency translation differences arising during the financial period:									
-subsidiaries		-	-	(52,052)	-	-	(52,052)	(33,595)	(85,647)
-derecognition of an associates		-	-	(64,322)	-	-	(64,322)	-	(64,322)
		-	-	(116,374)	-	-	(116,374)	(33,595)	(149,969)
-Net cash flow hedge		-	-	-	23,370	-	23,370	-	23,370
-Net cost of hedging		-	-	-	9,178	-	9,178	-	9,178
-Actuarial gain, net of tax		-	-	-	681	-	681	345	1,026
-Revaluation of financial assets at FVTOCI		-	-	-	(827,129)	-	(827,129)	-	(827,129)
Total comprehensive (expense) /income		**-**	**-**	**(116,374)**	**(793,900)**	**709,053**	**(201,221)**	**41,411**	**(159,810)**
Transactions with owners:									
-Issuance of new ordinary shares		1,560	4,158	-	-	-	4,158	-	4,158
-Dilution of equity interest in subsidiaries		-	-	8,246	-	(8,158)	88	140	228
-Additional investment in a subsidiary		-	-	-	-	(6,186)	(6,186)	4,170	(2,016)
-Dividends payable to shareholders			-	-	-	(408,196)	(408,196)	-	(408,196)
-Share-based payment expenses		-	-	-	2,662	-	2,662	-	2,662
-Transferred from share-based payment reserve upon exercise/vest		163	2,140	-	(2,140)	-	-	-	-
Total transaction with owners		1,723	6,298	8,246	522	(422,540)	(407,474)	4,310	(403,164)
At 31 March 2019		**9,072,741**	**13,508,666**	**(437,325)**	**(2,132,531)**	**5,923,458**	**16,862,268**	**5,801,685**	**22,663,953**

Non-controlling interests (“NCI”) Dividend reinvestment scheme (“DRS”) Fair value through other comprehensive income (“FVTOCI”)

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018)

AXIATA GROUP BERHAD (242188-H)
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	Attributable to equity holders of the Company							
	Share capital	**Share capital**	**Currency translation differences**	**Reserves**	**Retained earnings**	**Total**	**NCI**	**Total equity**
	'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2018	9,047,951	13,407,253	783,362	(1,044,085)	11,584,606	24,731,136	5,773,447	30,504,583
First time adoption adjustments	-	-	-	-	(63,537)	(63,537)	20,579	(42,958)
Loss for the financial period	-	-	-	-	(147,408)	(147,408)	53,051	(94,357)
Other comprehensive expense:								
-Currency translation differences arising during the financial period:								
-subsidiaries	-	-	(935,577)	-	-	(935,577)	(305,259)	(1,240,836)
-associates	-	-	(162,824)	-	-	(162,824)	-	(162,824)
	-	-	(1,098,401)	-	-	(1,098,401)	(305,259)	(1,403,660)
-Net cash flow hedge	-	-	-	(78,955)	-	(78,955)	(6)	(78,961)
-Net investment hedge	-	-	-	29,441	-	29,441	-	29,441
Total comprehensive income	**-**	**-**	**(1,098,401)**	**(49,514)**	**(147,408)**	**(1,295,323)**	**(252,214)**	**(1,547,537)**
Transactions with owners:								
-Issuance of new ordinary shares	697	3,306	-	-	-	3,306	-	3,306
-Acquisition of a subsidiary	-	-	-	-	-	-	734	734
-Dividends paid to NCI	-	-	-	-	-	-	(5,605)	(5,605)
-Share-based payment expenses	-	-	-	4,282	-	4,282	-	4,282
-Transferred from share-based payment reserve upon exercise/vest	384	2,917	-	(2,917)	-	-	-	-
Total transaction with owners	1,081	6,223	-	1,365	-	7,588	(4,871)	2,717
At 31 March 2018	**9,049,032**	**13,413,476**	**(315,039)**	**(1,092,234)**	**11,373,661**	**23,379,864**	**5,536,941**	**28,916,805**

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018)

AXIATA GROUP BERHAD (242188-H)
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2019

	Reserves								
	Capital contribution RM'000	Merger RM'000	Hedging RM'000	Cost of hedging RM'000	Actuarial RM'000	Share-based payment RM'000	FVTOCI RM'000	Other RM'000	Total RM'000
At 1 January 2019	16,598	346,774	(70,863)	770	26,982	138,652	(540,015)	(1,258,051)	(1,339,153)
Other comprehensive									
-Net cash flow hedge	-	-	23,370	-	-	-	-	-	23,370
-Net cost of hedging	-	-	-	9,178	-	-	-	-	9,178
-Actuarial gain, net of tax	-	-	-	-	681	-	-	-	681
-Revaluation of financial assets at FVTOCI	-	-	-	-	-	-	(827,129)	-	(827,129)
Total comprehensive expense	**-**	**-**	**23,370**	**9,178**	**681**	**-**	**(827,129)**	**-**	**(793,900)**
Transactions with owners:									
-Share-based payment expenses	-	-	-	-	-	2,662	-	-	2,662
-Transferred from share-based payment reserve upon exercise/vest	-	-	-	-	-	(2,140)	-	-	(2,140)
Total transaction with owners	-	-	-	-	-	522	-	-	522
At 31 March 2019	**16,598**	**346,774**	**(47,493)**	**9,948**	**27,663**	**139,174**	**(1,367,144)**	**(1,258,051)**	**(2,132,531)**
At 1 January 2018	16,598	346,774	(341,409)	-	23,996	133,367	34,640	(1,258,051)	(1,044,085)
Other comprehensive									
-Net cash flow hedge	-	-	(78,955)	-	-	-	-	-	(78,955)
-Net investment hedge	-	-	29,441	-	-	-	-	-	29,441
Total comprehensive expense	**-**	**-**	**(49,514)**	**-**	**-**	**-**	**-**	**-**	**(49,514)**
Transaction with owners:									
-Share-based payment	-	-	-	-	-	4,282	-	-	4,282
-Transferred from share-based payment reserve upon exercise/vest	-	-	-	-	-	(2,917)	-	-	(2,917)
Total transactions with	-	-	-	-	-	1,365	-	-	1,365
At 31 March 2018	**16,598**	**346,774**	**(390,923)**	**-**	**23,996**	**134,732**	**34,640**	**(1,258,051)**	**(1,092,234)**

AXIATA GROUP BERHAD (242188-H)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE FINANCIAL PERIOD ENDED	
	31/3/2019	31/3/2018
	RM'000	RM'000
Receipt from customers	5,905,106	5,831,317
Payment to suppliers and employees	(3,548,173)	(4,373,928)
Payment of finance costs	(297,380)	(348,107)
Payment of income taxes (net of refunds)	(289,278)	(394,527)
CASH FLOWS FROM OPERATING ACTIVITIES	**1,770,275**	**714,755**
Proceeds from disposal of property, plant and equipment	5,206	998
Purchase of property, plant & equipment	(1,688,239)	(1,317,153)
Acquisition of intangible assets	(689)	(389,556)
Investments in deposits maturing more than three (3) months	(4,080)	31,252
Proceed from disposal of an associate	1,649,256	-
Investment in an associate	(2,706)	-
Additional investment in an associate	(3,233)	(3,731)
Other investments	(21,933)	-
Repayment from/(net advances to) employees	(522)	209
Interests received	55,239	65,802
CASH FLOWS USED IN INVESTING ACTIVITIES	**(11,701)**	**(1,612,179)**
Proceeds from issuance of shares under Axiata Share Scheme	4,158	3,306
Proceeds from borrowings	1,181,515	2,294,018
Repayments of borrowings	(736,436)	(2,692,489)
Repayment of hire purchase creditors	(64)	-
Repayment of finance lease creditors	(561,298)	(57,630)
Capital injection by NCI of a subsidiary	228	-
Additional investment in subsidiaries	(2,016)	620
Dividends paid to non-controlling interests	-	(5,605)
CASH FLOWS USED IN FINANCING ACTIVITIES	**(113,913)**	**(457,780)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,644,661	(1,355,204)
NET DECREASE IN RESTRICTED CASH AND CASH EQUIVALENT	43,038	62,564
EFFECT OF EXCHANGE RATE CHANGES	64,148	199,937
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	3,787,748	6,471,658
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**5,539,595**	**5,378,955**

(The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	FOR THE FINANCIAL PERIOD ENDED	
	31/3/2019	31/3/2018
	RM'000	RM'000
Cash and cash equivalent in banks	5,539,595	5,378,955
Deposits pledged	100,687	42,619
Deposit on investment in a subsidiary of the Group	-	67,481
Deposits maturing more than three (3) months	1,040,754	35,393
Bank overdrafts	69,142	190,409
Total deposits, cash and bank balances	**6,750,178**	**5,714,857**

(The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018)

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 31 March 2019 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 2018 ("2018 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 2018 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 2019 as set out below:

- MFRS 16 "Leases"
- IC Interpretation 23 "Uncertainty over Income Tax Treatments"
- Amendments to MFRS 9 "Prepayment Features With Negative Compensation"
- Amendments to MFRS 119 "Plan Amendment, Curtailment or Settlement"
- Amendments to MFRS 128 "Long-term Interests In Associates and Joint Ventures"
- Annual Improvements to MFRS 2015 – 2017 Cycle

  - ✓ Amendments to MFRS 3 "Business Combinations"
  - ✓ Amendments to MFRS 11 "Joint Arrangements"
  - ✓ Amendments to MFRS 112 "Income Taxes"
  - ✓ Amendments to MFRS 123 "Borrowing Costs"

The above adoptions did not have a material impact to the Group during the current quarter and financial period to date except for MFRS 16.

The Group applied MFRS 16 by using the simplified retrospective approach, therefore the comparative information was not restated.

The Group applied the grandfathering approach in assessing whether a contract is or contains a lease. The Group applied MFRS 16 to existing contracts that were previously identified as leases under MFRS 117 and IC Interpretation 4 "Determining whether an Arrangement contains a Lease". Contracts that were not previously identified as containing a lease applying MFRS 117 and IC Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under MFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

The purchases and sales of rights to access and rights to use licenses of intellectual property were excluded from the scope of MFRS 16.

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

2. Accounting Policies (continued)

The Group used the following practical expedients at the date of initial application and certain applicable practical expedients post adoption.

- ✓ Lease liabilities were measured at the present value of the remaining lease payments, discounted at incremental borrowing rate as at 1 January 2019.
- ✓ Applied a single discount rate to a portfolio of leases with similar characteristics.
- ✓ Applied the exemption not to apply MFRS 16 to account for short-term leases in which the term ends within twelve (12) months.
- ✓ Applied the exemption not to apply MFRS 16 on leases of low-value assets.
- ✓ Excluded initial direct costs from measuring the right-of-use asset.
- ✓ Applied hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Group used the practical expedient whenever applicable, that a distinction is not to be made in leases that contain both lease components and non-lease components. Each lease component will be accounted for as a lease, in conjunction with other related performance components.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in the profit or loss.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group will continue to refine the estimate and judgment applied in the adoption of MFRS 16 as facts and circumstances evolved in the current year. The impact of adoption of MFRS 16 to the Group is as below:

(a) Consolidated statement of financial position

	As at 1 January 2019			
		First time adoption adjustments		
	As reported	Reclassification	Measurements	As adjusted
	RM'000	RM'000	RM'000	RM'000
Total equity:				
- Reserves	3,974,431	-	(5,836)	3,968,595
- Non-controlling interests	5,737,907	-	18,057	5,755,964
		-	12,221	
Total net assets:				
- Property, plant and equipment	27,290,458	(3,290,567)	-	23,999,891
- Right-of-use ("ROU") assets	-	3,290,567	4,825,219	8,115,786
- Lease liabilities	-	(3,030,322)	(4,520,818)	(7,551,140)
- Trade and other receivables	5,802,034	-	(384,910)	5,417,124
- Trade and other payables	(15,472,288)	3,030,322	16,473	(12,425,493)
- Deferred taxation	(804,253)	-	76,257	(727,996)
		-	12,221	

2. Accounting Policies (continued)

(a) Consolidated statement of financial position (continued)

Movements of ROU assets and lease liabilities during the financial period to date:

	ROU assets* RM'000	Lease liabilities RM'000
Balance as at 1 January 2019	-	-
First time adoption adjustments	8,115,786	7,551,140
As adjusted	8,115,786	7,551,140
Additions	187,192	171,457
Depreciation	(368,948)	-
Accrued interest	-	151,302
Repayment	-	(687,913)
Net foreign exchange translation	48,697	44,896
Balance as at 31 March 2019	7,982,727	7,230,882

* Mainly consist of land and telecommunication networks and transmission facilities.

(b) Consolidated statement of profit or loss:

	Current and Cumulative Quarter		
	Pre-adoption RM'000	Operating lease MFRS 16 RM'000	Post-adoption RM'000
EBITDA	2,170,094	251,674	2,421,768
Depreciation, impairment and amortisation	(1,407,835)	(235,205)	(1,643,040)
Finance cost	(359,187)	(49,735)	(408,922)
Profit before taxation	1,010,058	(33,266)	976,792

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) On 15 February 2019, the Group recognised a gain on disposal of M1 Limited ("M1") amounting to RM113.4 million. The detail of the disposal is disclosed in Part A, Note 12 (b) of this announcement.

(b) On 21 February 2019, the Company and its wholly-owned subsidiary, Axiata Digital Services Sdn Bhd ("ADS") entered into an application for shares with Pegasus 7 Ventures Pte. Ltd ("Pegasus 7") for the disposal of the:

(i) Investment in a subsidiary, Axiata Investments (Mauritius) Limited (AIML) which was holding Localcube Commerce Pvt Ltd and Localcube Commerce Asia Sdn Bhd;
(ii) Investment in associates in Milvik AB and Etobee Holding Pte Ltd;
(iii) Redeemable Convertible Preference Shares in Celcom Planet Sdn Bhd, and
(iv) Financial asset at FVTOIC in STS Media Inc.

for a non-cash consideration of RM570.9 million or USD140.0 million via the issuance of Class A Redeemable Preference Shares by Pegasus 7 to the Company or the Company's nominee.

During the current quarter and financial period to date, the Group has recorded a gain on disposal on investment stated in (i) of RM302.0 million. The completion of disposal of investments stated in (ii), (iii) and (iv) are subject to the administrative and regulatory requirements/procedures of the respective territories.

(c) During the current quarter and financial period to date, the Group recognised net foreign exchange gains of RM130.0 million mainly arising from the revaluation of USD borrowings and payables.

Other than the above, there were no other unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 31 March 2019.

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 2018 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**
● Performance-Based Employee Share Option Scheme ("ESOS") at an exercise price of either RM1.81, RM3.15 and RM3.45.	1,560	5,448
● Restrictive Share Awards ("RSA") at an issuance price of RM5.22 being the fair value of RSA issued.	163	850
Total	1,723	6,298

(b) On 14 March 2019, the Company undertook a loan with Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad amounting to RM204.0 million (USD50.0 million) with tenure of six (6) months from the date of first drawdown and with a contractual interest rate of LIBOR + applicable interest rate.

Aside from the above, there were no other significant unusual issues, repurchases and repayments of debt and equity securities during the financial period ended 31 March 2019.

7. Dividend paid

There is no dividend paid by the Company during the financial period to date except for as disclosed in Part A, Note 11 of this announcement.

8. Segmental Information

For the financial period ended 31 March 2019

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	1,663,850	1,730,495	892,447	660,784	497,819	304,671	438,875	111,701	-	6,300,642
Inter-segment[1]	(12,342)	(11,247)	(3)	(760)	(224)	(2,539)	(282,504)	(41,586)	-	(351,205)
External operating revenue	1,651,508	1,719,248	892,444	660,024	497,595	302,132	156,371	70,115	-	5,949,437
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	570,377	829,586	348,608	274,600	315,196	159,387	228,826	(148,262)	(156,550)	2,421,768
Interest income	25,390	6,199	881	1,004	8,827	1,738	13,356	18,703	(19,717)	56,381
Interest expense	(103,584)	(173,703)	(83,332)	(19,740)	(3,988)	(6,830)	(23,743)	(104,812)	110,810	(408,922)
Depreciation of property, plant & equipment ("PPE")	(300,381)	(688,059)	(203,651)	(139,598)	(42,121)	(65,585)	(115,659)	(4,431)	135,251	(1,424,234)
Amortisation of intangible assets	(15,463)	(2,423)	(62,984)	(30,351)	(30,877)	(2,799)	(7,915)	(3,081)	(66,146)	(222,039)
Joint ventures:										
- share of results (net of tax)	(2,236)	-	-	-	-	-	-	-	-	(2,236)
Associates:										
- share of results (net of tax)	1,369	-	-	12	-	505	-	(804)	-	1,082
Impairment of PPE, net of reversal	-	-	-	376	2,856	(543)	-	-	544	3,233
Other non-cash income/(expense)[2]	13,741	26,642	(802)	35,391	(9)	13	(9,216)	650,898	(164,899)	551,759
Taxation	(55,881)	(1,443)	(10,712)	(10,984)	(74,618)	(18,274)	(38,880)	(145)	17,859	(193,078)
Segment profit/(loss) for the financial period	**133,332**	**(3,201)**	**(11,992)**	**110,710**	**175,266**	**67,612**	**46,769**	**408,066**	**(142,848)**	**783,714**

[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] Included in other non-cash expense of consolidation adjustments are disposal of an associate of RM168.2 million.

8. Segmental Information (continued)

For the financial period ended 31 March 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	1,797,696	1,589,895	769,017	661,470	550,185	252,994	350,244	79,003	-	6,050,504
Inter-segment[1]	(7,719)	(20,109)	(6)	(9,258)	(9,181)	(1,769)	(254,081)	(132)	-	(302,255)
External operating revenue	1,789,977	1,569,786	769,011	652,212	541,004	251,225	96,163	78,871	-	5,748,249
EBITDA	456,629	603,034	182,503	252,537	342,609	118,450	156,842	(131,502)	55,308	2,036,410
Interest income	22,295	10,200	1,074	1,775	4,289	1,618	8,337	16,642	(4,931)	61,299
Interest expense	(54,164)	(113,463)	(32,028)	(13,564)	(5,263)	(162)	(5,695)	(97,613)	19,430	(302,522)
Depreciation of PPE	(199,645)	(542,788)	(124,614)	(124,429)	(70,759)	(44,119)	(71,333)	(9,301)	16,122	(1,170,866)
Amortisation of intangible assets	(14,623)	(10,672)	(74,979)	(19,567)	(32,466)	(1,741)	(6,453)	(2,152)	(60,853)	(223,506)
Joint venture:										
Associates:										
- share of results (net of tax)[3]	3,371	-	3,333	26	-	860	-	(93,664)	-	(86,074)
- loss on dilution of equity interests	-	-	-	-	-	-	-	(357,604)	-	(357,604)
Impairment of PPE, net of reversal	-	1,732	(10)	(397)	-	-	-	-	-	1,325
Other non-cash income/(expenses)	19,454	30,514	(4,210)	(12,216)	5,357	(542)	(31,635)	(91,044)	167,535	83,213
Taxation	(58,315)	25,007	(914)	(12,283)	(64,337)	(15,628)	(25,206)	287	15,357	(136,032)
Segment profit/(loss) for the financial period	175,002	3,564	(49,845)	71,882	179,430	58,736	24,857	(765,951)	207,968	(94,357)

[3] Share of results of associates are mainly contributed by Idea (-RM114.4 million) and M1 Limited (RM29.2 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 RM1,441.9 million mainly for its telecommunication network equipment and capital work in progress.

11. Events after the Interim Period

(i) Voluntary Liquidation and Dissolution on Deexpand Company ("Deexpand")

Xpand Investments (Labuan) Limited, a wholly-owned subsidiary of Axiata Business Services Sdn Bhd, had on 7 May 2019 commenced the voluntary liquidation and dissolution of DeeXpand pursuant to the Thailand Civil and Commercial Code.

The voluntary liquidation and dissolution of DeeXpand is expected to be completed approximately between six (6) to twenty-four (24) months from the date of appointment of the Liquidator.

(ii) Capital injection in ADS

Mitsui Co., Ltd. ("Mitsui") had on 5 April March 2019 invested in ADS, for the subscription of 193,050 ordinary shares in ADS at a consideration of USD20.0 million representing 3.53% of total issued and paid-up share capital of ADS. Subsequent to the said investment, the shareholding of ADS is held by the Company and Mitsui at 96.47% and 3.53% respectively.

(iii) Dividend paid by the Company

On 17 May 2019, the Company paid a tax exempt dividend of 4.5 sen under single tier in respect of financial year ended 31 December 2018 per ordinary share of the Company amounting to RM408.5 million. Out of the total cash distribution, a total of RM190.2 million was converted into 50.3 million new ordinary shares of the Company at the conversion price of RM3.78 per ordinary share under the Dividend Reinvestment Scheme of the Company.

Other than the above, there was no other significant event after interim period that requires disclosure and/or adjustment as at 21 May 2019.

12. Effects of Changes in the Composition of the Group

(a) Incorporation of Apigate India Services Private Limited ("Apigate India")

Apigate Sdn Bhd, a wholly-owned subsidiary of ADS had on 5 February 2019 completed the incorporation of Apigate India, a private company limited by shares, under the Companies Act 2013.

Apigate India was incorporated with an issued and paid-up share capital of INR100,000. The intended principal activities of Apigate India are to carry out the Application Programming Interface business in the State of Maharashtra, India.

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

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

(b) Disposal of entire equity interest in M1

On 15 February 2019, the Group via its wholly-owned subsidiary, Axiata Investments (Singapore) Limited accepted the Voluntary Conditional General Offer made by Konnectivity Pte. Ltd. in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers on 27 September 2018 to acquire entire equity interest in M1 comprising 265,410,150 ordinary shares at the offer price of SGD2.06 for a total consideration of RM1,649.3 million. The disposal was completed on 27 February 2019.

The impact of the disposal above is disclosed in Part A, Note 4(a) of this announcement.

(c) Incorporation of Smartluy Plc ("Smartluy")

Smart, had on 8 February 2019 completed the incorporation of Smartluy, a public limited company, under the laws of the Kingdom of Cambodia. Notification of completion of the incorporation process in accordance with the local laws was received on 27 February 2019.

The intended principal operating activity of SmartLuy is to conduct business in relation to payment services.

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

Other than above and as disclosed in Part A, Note 4 (b) of this announcement , there were no other changes in the composition of the Group for the financial period ended 31 March 2019.

13. Significant Changes in Contingent Assets or Contingent Liabilities

Other than as disclosed in Part B, Note 10 of this announcement, there has been no significant change in contingent assets or contingent liabilities of subsidiaries from that disclosed in the 2018 Audited Financial Statements.

14. Capital Commitments

	Group	
As at	**31/3/2019**	31/3/2018
	RM'000	RM'000
Commitments in respect of expenditure approved and contracted for	**2,998,417**	2,825,783

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 31 March were grouped as below:

Derivatives Financial Instruments	**2019**				2018			
	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:								
-Trading security	36	-	-	36	54	-	-	54
Financial assets at AFS:								
- Equity securities	767,556	359,480	58	1,127,094	-	61,317	50	61,367
Non-hedging derivatives	-	8,343	-	8,343	-	207,024	-	207,024
Derivative used for hedging	-	-	-	-	-	332	-	332
Liabilities								
Derivatives used for hedging	-	(149,643)	-	(149,643)	-	(410,747)	-	(410,747)
Total	**767,592**	**218,180**	**58**	**985,830**	54	(142,074)	50	(141,970)

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

1. Review of Performance

(a) Quarter-on-Quarter (Q1'19 vs Q1'18)

	Current Year Quarter	Preceding Year Corresponding Quarter	Variance	
	31/03/2019	31/03/2018		
	RM'million	RM'million	RM'million	%
Revenue	5,949.4	5,748.2	201.2	3.5
EBITDA	2,421.8	2,036.4	385.4	18.9
PAT[1]	783.7	(94.4)	878.1	> 100
PATAMI[2]	709.1	(147.4)	856.5	> 100

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

Group Performance

Group revenue registered a decent growth of 3.5% driven by better performance from all operating companies apart from mobile operations in Malaysia and Nepal. At constant currency of Q1'18, revenue grew 4.3% on the back of strong growth of data revenue. EBITDA for the Group increased 18.9% to RM2,421.8 million quarter-on-quarter attributed to higher revenue and adoption of MFRS 16. At constant currency of Q1'18 and excluding MFRS 16 impact, Group EBITDA grew 7.7%.

PAT and PATAMI improved significantly from a loss position to net profit of RM783.7 million and RM709.1 million respectively, driven by better toplines, gain on disposal of non-strategic investments, and the discontinuation related losses from investment in India.

Geographical Highlights

- **Malaysia**: Revenue dropped 7.4% to RM1,663.9 million due to lower device sales, and downward revision of domestic interconnect rate and domestic roaming rate. EBITDA grew 24.9% to RM570.4 million due to adoption of MFRS 16. Excluding MFRS 16 impact, EBITDA dropped 4.4% due to lower revenue partly offset by lower operating cost. Lower toplines coupled with higher depreciation and amortisation resulted in a 23.8% drop in PAT to RM133.3 million.

- **Indonesia**: Revenue grew by 8.8% to RM1,730.5 million underpinned by strong data growth which contributed 73% of total revenue as compared to 63% in the corresponding quarter last year. EBITDA grew by 37.6% to RM829.6 million. Excluding MFRS 16 impact, EBITDA grew 13.4% driven by higher revenue and well managed spending. PAT, however declined to a net loss of RM3.2 million due to adoption of MFRS 16. Excluding MFRS 16 impact, the operating company would have registered a net profit of RM15.7 million.

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

(a) Quarter-on-Quarter (Q1'19 vs Q1'18) (continued)

Geographical Highlights (continued)

- **Bangladesh**: Revenue registered strong growth of 16.1% to RM892.4 million contributed by strong growth in all segments. EBITDA grew significantly to RM348.6 million quarter-on-quarter attributed to higher revenue coupled with lower operating expenses. With improved toplines being offset by higher depreciation and amortisation, net loss for the quarter narrowed down from RM49.8 million to RM12.0 million.

- **Sri Lanka**: Revenue remained stable at RM660.8 million. At constant currency of Q1'18, revenue registered a growth of 11.2% on the back of strong growth in data revenue. Flowing through, EBITDA improved by 8.7% to RM274.6 million. As a result of better toplines coupled with foreign exchange gain, PAT for the quarter increased 54.0% to RM110.7 million.

- **Nepal**: Revenue dropped by 9.5% to RM497.8 million due to decline in almost all revenue segments as impacted by implementation of Telecommunication Services Charges in Nepal from mid of July 2018. Consequently, EBITDA dropped by 8.0% to RM315.2 million. At constant currency of Q1'18, revenue and EBITDA dropped by 4.9% and 3.3% respectively. With lower EBITDA being offset by lower depreciation and amortisation, PAT decreased by 2.3% to RM175.3 million.

- **Cambodia**: Revenue registered strong growth of 20.4% to RM304.7 million underpinned by data which continues to be the main growth driver, contributing 66% of total revenue. Consequently, EBITDA and PAT grew by 34.6% and 15.1% respectively to RM159.4 million and RM67.6 million.

- **Malaysia (Infrastructure)**: Revenue and EBITDA registered strong growth of 25.3% and 45.9% respectively to RM438.9 million and RM228.8 million. The higher toplines were partly offset by higher depreciation and amortisation and finance cost, and this led to an 88.2% increase in PAT for the quarter to RM46.8 million as compared to RM24.9 million in the corresponding quarter last year.

1. Review of Performance (continued)

(b) Comparison with Preceding Quarter's Result (Q1'19 vs Q4'18)

	Current Quarter	Immediate Preceding Quarter	Variance	
	31/03/2019	31/12/2018		
	RM'million	RM'million	RM'million	%
Revenue	5,949.4	6,267.0	(317.6)	-5.1
EBITDA	2,421.8	2,083.5	338.3	16.2
PAT	783.7	(2,020.7)	2,804.4	> 100
PATAMI	709.1	(1,661.9)	2,371.0	> 100

Group Performance

Compared to the preceding quarter (Q1'19 vs Q4'18), Group revenue decreased by 5.1% to RM5,949.4 million as a result of a drop in performance from all mobile operating companies other than operating companies in Indonesia and Cambodia. EBITDA grew 16.2% compared to the preceding quarter primarily attributed to adoption of MFRS 16 and lower operating cost.

The Group's PAT increased by more than 100% on the back of RM783.7 million profit for the quarter. The increase was mainly due to one-off assets write-off, impairment and accelerated depreciation of RM1,816.6 million in the preceding quarter. Higher PAT was also driven by higher EBITDA, gain on disposal of non-strategic investments, and lower depreciation and amortisation benefitting from the 2018 asset write-off.

Geographical Highlights

- **Malaysia**: Revenue dropped 13.1% to RM1,663.9 million, primarily driven by lower devices revenue following the "100,000 free smartphones" special campaign in Q4'18. EBITDA increased 22.3% to RM570.4 million due to adoption of MFRS 16. PAT improved from a net loss of RM216.7 million to net profit of RM133.3 million with Q4'18 recording a one-off assets write-off, impairment and accelerated depreciation.

- **Indonesia**: Revenue grew by 0.8% to RM1,730.5 million. EBITDA increased by 21.5% to RM829.6 million driven by adoption of MFRS 16. Excluding MFRS 16 impact, EBITDA remained flat. Compared to the preceding quarter, net loss narrowed from RM896.1 million to RM3.2 million as Q4'18 recorded one-off assets write-off, impairment and accelerated depreciation.

- **Bangladesh**: Revenue registered a decent growth of 2.1% to RM892.4 million. EBITDA grew 41.1% to RM348.6 million mainly due to adoption of MFRS 16. Excluding MFRS 16 impact and at constant currency of Q4'18, EBITDA improved by 6.7% as a result of higher revenue partly offset by higher operating expenses. Compared to the preceding quarter, net loss narrowed from RM44.8 million to RM12.0 million. Excluding MFRS 16 impact, the operating company would have registered a net profit of RM5.6 million.

1. Review of Performance (continued)

(b) Comparison with Preceding Quarter's Result (Q1'19 vs Q4'18) (continued)

Geographical Highlights (continued)

- **Sri Lanka**: Revenue dropped by 2.6% to RM660.8 million due to unfavourable forex translation. EBITDA remained flat at RM274.6 million. At constant currency of Q4'18, revenue and EBITDA grew by 1.4% and 4.5% respectively. PAT increased significantly from a net loss of RM0.9 million to a net profit of RM110.7 million due to lower depreciation and amortisation and forex gain.

- **Nepal**: Revenue declined by 2.7% to RM497.8 million. EBITDA, however registered a growth of 10.5% to RM315.2 million driven by cost efficiencies. As a result, PAT increased by 20.4% to RM175.3 million.

- **Cambodia**: Revenue dropped by 5.4% to RM304.7 million due to decline in prepaid revenue and interconnect revenue, whilst EBITDA grew 3.7% to RM159.4 million against the preceding quarter. Excluding MFRS 16 impact and at constant currency of Q4'18, EBITDA dropped by 5.4% due to lower revenue. PAT dropped by 10.2% to RM67.6 million.

- **Malaysia (Infrastructure)**: Revenue continued to register a growth of 8.4% to RM438.9 million. Consequently, EBITDA grew 35.6% to RM228.8 million. With higher EBITDA partly being offset by higher depreciation and amortisation and finance cost, PAT increased 71.0% to RM46.8 million as compared to RM27.3 million in the previous quarter.

1. Review of Performance (continued)

(c) Economic Profit ("EP") Statement

	Current and Cumulative Quarter	
	31/3/2019	31/3/2018
	RM'000	RM'000
EBIT	1,106,915	643,199
Adjusted Tax 24%	(265,660)	(154,368)
Share of result and loss on dilution in associates and joint ventures	(1,154)	(86,074)
NOPLAT	840,101	402,757
AIC	36,194,476	42,116,235
WACC	8.41%	7.98%
Economic Charge (AIC*WACC)	760,989	840,219
Economic Profit	**79,112**	(437,462)

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

The Group recorded a higher WACC during the current quarter and financial period to date mainly resulted from higher cost of debt and cost of equity as a result of higher market risk premium.

Note:

EBIT	=	Earnings Before Interest and Tax
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 2019

On 22 February 2019, the Group announced its Headline KPIs guidance for the financial year ending 31 December 2019. The Group's 2019 Headline KPIs announced were as below:

Headline KPIs	**FY2019 Headline KPIs Pre MFRS16 @ Constant rate**
Revenue Growth	3 - 4%
EBITDA Growth	5 - 8%
Return on Invested Capital ("ROIC")	5.2 – 5.6%

Note: Constant rate is based on the FY18 Average Forex Rate (e.g. 1 USD = RM4.034)
ROIC is defined as EBIT - tax + Share of Assoc / Average Invested Capital (excluding cash)

The Group recorded strong Q1'19 results compared to the same period a year ago with EBITDA growth higher than revenue growth. Cost optimisation programme has kept operating cost flat year-on-year. Bottomline was lifted by one-off gain on disposal of associate M1 and divestment of non-core digital businesses.

Amidst a muted performance in Malaysian market where interconnection rates are lower and domestic roaming revenue falling, Celcom kept core mobile revenues steady. XL in Indonesia saw a strong start to the year from data monetisation and acceleration. Dialog in Sri Lanka and Smart in Cambodia continued to deliver solid performance while Robi in Bangladesh posted strong double-digit expansion across all metrics year-on-year driven by data upsurge. Ncell in Nepal sustained its EBITDA margin despite International Long Distance revenue pressures.

Based on performance of the Group to date, barring any unforeseen circumstances, regulatory and externalities disruptions, the Board of Directors expect the Group's performance for the financial year ending 31 December 2019 to be broadly in line with headline KPIs.

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 31 March 2019.

4. Disaggregation of revenue from contracts with customers

	Current and Cumulative Quarter	
	31/3/2019	31/3/2018
	RM'000	RM'000
Goods or services transferred:		
-at a point in time	380,087	584,395
-over time	5,569,350	5,163,854
	5,949,437	5,748,249

5. Taxation

The taxation charge for the Group comprises:

	Current and Cumulative Quarter	
	31/3/2019	31/3/2018
	RM'000	RM'000
Income tax	155,560	172,790
Deferred tax	37,518	(36,758)
Total taxation	**193,078**	136,032

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 non-taxable income.

6. Status of Corporate Proposals

There is no other corporate proposal announced but not completed as at 21 May 2019.

7. Group's Borrowings and Debt Securities

(a) Breakdown of the Group's borrowings and debt securities as at 31 March were as follows:

	2019		2018	
	Current	**Non-current**	Current	Non-current
	RM'000	**RM'000**	RM'000	RM'000
Secured	960,399	1,054,890	99,419	340,190
Unsecured	3,519,810	13,666,350	3,407,412	14,307,796
Total	**4,480,209**	**14,721,240**	3,506,831	14,647,986

(b) Foreign currency borrowings and debt securities in RM equivalent as at 31 March were as follows:

Foreign Currencies	**2019**	2018
	RM'000	RM'000
USD	8,739,814	8,634,894
IDR	4,050,158	2,851,456
BDT	986,053	1,245,412
SLR	365,017	329,418
Others	59,668	13,258
Total	**14,200,710**	13,074,438

8. Outstanding derivatives

(a) The detail of the Group's outstanding net derivatives financial instruments as at 31 March are set out as follow:

Type of derivatives financial instruments	**2019** Notional value	**2019** Fair value favorable/ (unfavorable)	2018 Notional value	2018 Fair value favorable/ (unfavorable)
	RM'000	**RM'000**	RM'000	RM'000
Cross currency interest rate swaps:				
- < 1 year	-	(8,211)	193,150	41,559
- 1 - 3 years	1,164,225	(9,133)	2,259,855	(166,795)
- > 3 years	2,042,500	(132,299)	1,174,352	(232,586)
Interest rate swaps contracts:				
- < 1 year	-	-	130,518	332
Call spread contracts:				
- 1 - 3 years	-	-	1,158,900	145,754
Put option liabilities over shares held by a non-controlling interests:				
- < 1 year	(142,975)	(142,975)	(135,205)	(135,205)
- 1 - 3 years	(1,543,944)	(1,543,944)	(1,268,521)	(1,268,521)
Convertible warrants in an associate:				
- < 1 years	-	-	19,251	8,343
- 1 - 3 years	19,251	8,343	-	-
Total		**(1,828,219)**		(1,607,119)

(b) The risks associated with the derivative financial instrument and the policies in place for mitigating such risks were disclosed in 2018 Audited Financial Statements.

9. 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:

	Current and Cumulative Quarter	
	31/3/2019	31/3/2018
	RM'000	RM'000
Total net losses	**(4,601)**	(13,238)

10. Material Litigation

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

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

In 2005, Celcom Trading, a wholly-owned subsidiary of Celcom 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 Counter claim").

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 ("ROAO") was obtained against TSDTR which adjudged him as a bankrupt in the execution proceedings against him. Following the ROAO, a proof of debt for TSDTR was filed on 25 July 2018.

On 8 November 2018, a new proof of debt was filed in relation to the Main Suit 1 amounting to RM322,882,853.94. TSDTR's assets and affairs now vest in the Director General of Insolvency.

10. Material Litigation (continued)

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

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

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) are 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").

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") for amongst others, 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 for Main Suit 2"). The German Directors filed their respective defence on 30 June 2016.

TM filed an application to intervene in the Main Suit 2 ("TM Intervening Application") 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) was called as a witness to give evidence on behalf of Celcom and Celcom Resources. The Plaintiffs' case was closed on 21 November 2018.

In view of the ROAO obtained against TSDTR and BR in execution of the judgment obtained in another suit, hearing of the trial in Main Suit 3 was 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 TSDTR and BR's Counterclaim for Main Suit 2 ("Sanction"). To date, the Leave and Sanction were granted and obtained by the respective parties.

10. Material Litigation (continued)

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

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

The Court has fixed the following dates for continued trial:

November 2018	: 12-14, 21 and 28
December 2018	: 4-5, 10 and 13
January 2019	: 4 and 24
March 2019	: 18-21
April 2019	: 25 and 29-30
May 2019	: 13-16
June 2019	: 18-20 and 25-28
July 2019	: 30-31
August 2019	: 7, 13-15
September 2019	: 11-13

The First and Second Defendants had commenced their case on 28 November 2018 whereby Datuk Bazlan Osman was subpoenaed to give evidence. The trial then continued on 18 March 2019 to 14 May 2019 whereby Tan Sri Dato' Sri Zamzamzairani Mohd Isa, Dato' Lim Kheng Yew, Dato Seri Mohamed Nazri Bin Abdul Aziz and TSDTR gave evidence. TSDTR will continue to give evidence on the next trial date of 18 June 2019.

(c) Celcom & Another vs TSDTR & 8 Others

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

Celcom and Celcom Resources are seeking an indemnity from the Defendants, for the sums paid by Celcom 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") 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 ("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.

Additionally, Celcom and Celcom Resources have also made a claim against TSDTR only, for return of the alleged unauthorised profits made by him, all monies received by the directors arising out of such breaches, losses and damages in connection with the abovementioned agreements ("Main Suit 3").

10. Material Litigation (continued)

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

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

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.

On 23 June 2016, TSDTR and BR filed statement of defence ("Defence for Main Suit 3") and counterclaim against Celcom and Celcom Resources for amongst others, 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 for Main Suit 3"). The German Directors filed their respective defence on 30 June 2016.The trial and TSDTR and BR's Counterclaim for Main Suit 3 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) was called as a witness to give evidence on behalf of Celcom and Celcom Resources. The Plaintiffs' case was closed on 21 November 2018.

In view of the ROAO obtained against TSDTR and BR in execution of the judgment obtained in another suit, hearing of the trial in Main Suit 3 was 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 TSDTR and BR's Counterclaim for Main Suit 3 ("Sanction"). To date, the Leave and Sanction were granted and obtained by the respective parties.

10. Material Litigation (continued)

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

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

The Court has fixed the following dates for continued trial:

November 2018	: 12-14, 21 and 28
December 2018	: 4-5, 10 and 13
January 2019	: 4 and 24
March 2019	: 18-21
April 2019	: 25 and 29-30
May 2019	: 13-16
June 2019	: 18-20 and 25-28
July 2019	: 30-31
August 2019	: 7, 13-15
September 2019	: 11-13

The First and Second Defendants had commenced their case on 28 November 2018 whereby Datuk Bazlan Osman was subpoenaed to give evidence. The trial then continued on 18 March 2019 to 14 May 2019 whereby Tan Sri Dato' Sri Zamzamzairani Mohd Isa, Dato' Lim Kheng Yew, Dato Seri Mohamed Nazri Bin Abdul Aziz and TSDTR gave evidence. TSDTR will continue to give evidence on the next trial date of 18 June 2019.

(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") was filed at the Supreme Court of Nepal ("SC") seeking various orders from the SC including that tax to be collected from Ncell Private Limited ("Ncell") and Axiata Investments UK Limited ("Axiata UK") in relation to the indirect transfer to Axiata UK of an 80% stake in Ncell through the sale of Reynolds Holdings Limited ("Reynolds") by Ncell's previous foreign investor, TeliaSonera Norway Nepal Holdings AS ("TeliaSonera") to Axiata UK ("Transaction").

The Supreme Court issued its full written order on 9 April 2019 ("Order") in relation to its oral order dated 6 February 2019 that the Large Taxpayers Office ("LTPO") should determine the outstanding tax to be paid in relation to the Transaction within three months from the date of receipt of the Order by the LTPO and that the responsibility to pay tax lies with Ncell and Axiata Group Berhad, the latter who is not a party to the PIL. The SC also indicated that distribution of dividends and any sale of Ncell shares by anyone should not be granted until the tax obligation is satisfied.

Ncell received a letter issued by the LTPO on 16 April 2019 stating that its assessment order in relation to the Transaction initially issued to TeliaSonera ("Telia Assessment") is now transferred to Ncell and that the further balance amount of the Capital Gains Tax ("CGT") arising from the Transaction is NPR 39.06 billion. Ncell is ordered to deposit the said amount within 7 days, or by 22 April 2019 ("LTPO Direction").

10. Material Litigation (continued)

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

(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 (continued)

Ncell had on 21 April 2019 filed a Writ Petition for Certiorari, Prohibition and Mandamus to the SC against the LTPO, Inland Revenue Department of Nepal and the Ministry of Finance of Nepal ("Ncell Application") for an annulment of the LTPO Direction and to challenge the legality of the LTPO Direction on grounds, including but is not limited to: (a) that the LTPO Direction in transferring the Telia Assessment unto Ncell is not incompliance with the procedures as required under the Income Tax Act, 2058 (2002) ("ITA"); (b) that the LTPO is obliged to undertake a tax assessment on Ncell and not, as demanded in the LTPO Direction, merely a tax collection; (c) that in issuing the LTPO Direction, the LTPO has (i) failed in providing or affording Ncell the opportunity in making any submission or representation in relation to the imposed tax liability; and (ii) failed in providing Ncell with the option to file or submit an application for administrative review over the LTPO Direction.

Following the Ncell Application, the SC on 25 April 2019 issued a show cause order against the LTPO, Inland Revenue Department of Nepal and the Ministry of Finance of Nepal (collectively, the "Respondents") to appear before a Division Bench on 6 May 2019 ("Hearing Date") and that a temporary stay order is granted until the Hearing Date, in the period of which the Respondents are refrained from taking any steps against Ncell.

The Division Bench on 7 May 2019 ordered that a full bench of the SC to be convened to hear and decide on the Ncell Application and that the temporary stay order granted on 25 April 2019 be continued, in the period of which the Respondents are refrained from taking any steps against Ncell. The Ncell Application is now listed before a full bench of the SC on 4 June 2019 for final hearing.

(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 pursuing the writ petitions.

(i) The 1st show-cause cum demand notice for USD88,977,649 (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 or explanation submitted by Robi. The solicitors are of the opinion that the claims of NBR is without basis.

10. 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)

(ii) The 2nd show-cause cum demand notice for USD11,381,250 (BDT910,500,000) 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 USD206,448 (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 USD446,330 (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 USD14,550,639 (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.

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

	Current and Cumulative Quarter	
	31/3/2019	31/3/2018
Profit/(Loss) attributable to owners of the Company (RM'000)	709,053	(147,408)
Adjusted weighted average number of ordinary shares ('000) in issue	9,071,748	9,048,441
Basic EPS (sen)	**7.8**	(1.6)

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.

	Current and Cumulative Quarter	
	31/3/2019	31/3/2018
Profit/(Loss) attributable to owners of the Company (RM'000)	709,053	(147,408)
Weighted average number of ordinary shares in issue ('000)	9,071,748	9,048,441
Adjusted for share-based payment ('000)	26,264	33,556
Weighted average number of ordinary shares for the purpose of computing diluted EPS ('000)	9,098,012	9,081,997
Diluted EPS (sen)	**7.8**	(1.6)

14. Qualification of Preceding Audited Financial Statements

The 2018 Audited Financial Statements were not subject to any qualification.

15. Dividend Proposed

There is no dividend proposed for this current quarter and financial period to date.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
28 May 2019