



**AXIATA GROUP BERHAD**  
Company No. 199201010685 (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 2020.*

<b>UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>				
	<b>3<sup>rd</sup> Quarter Ended</b>		<b>Financial Period Ended</b>	
	<b><u>30/9/2020</u></b>	<b><u>30/9/2019</u></b>	<b><u>30/9/2020</u></b>	<b><u>30/9/2019</u></b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated<sup>1</sup></b>		<b>Restated<sup>1</sup></b>
Operating revenue	<b>6,111,657</b>	6,213,254	<b>17,940,655</b>	18,316,305
Operating costs				
- depreciation, impairment and amortisation	<b>(1,762,142)</b>	(1,846,046)	<b>(5,452,839)</b>	(5,195,847)
- foreign exchange (losses)/gains	<b>(116,412)</b>	6,295	<b>(57,055)</b>	26,600
- domestic interconnect, international outpayment and other direct costs	<b>(460,999)</b>	(447,204)	<b>(1,295,118)</b>	(1,480,019)
- marketing, advertising and promotion	<b>(440,084)</b>	(475,962)	<b>(1,349,794)</b>	(1,481,198)
- other operating costs	<b>(1,846,424)</b>	(1,942,820)	<b>(5,685,218)</b>	(5,780,632)
- staff costs	<b>(524,512)</b>	(545,591)	<b>(1,683,244)</b>	(1,680,484)
- other gains/(losses) - net	<b>778</b>	(122)	<b>1,954</b>	(22,920)
Other operating income - net	<b>43,671</b>	36,168	<b>451,214</b>	587,628
Profit before finance cost	<b>1,005,533</b>	997,972	<b>2,870,555</b>	3,289,433
Finance income	<b>46,917</b>	65,886	<b>137,154</b>	177,289
Finance cost excluding net foreign exchange gains/(losses) on financing activities	<b>(429,448)</b>	(435,309)	<b>(1,282,770)</b>	(1,308,797)
Net foreign exchange gains/(losses) on financing activities	<b>94,321</b>	(55,538)	<b>(35,988)</b>	11,631
	<b>(335,127)</b>	(490,847)	<b>(1,318,758)</b>	(1,297,166)
Joint ventures				
- share of results (net of tax)	<b>2,358</b>	-	<b>(1,615)</b>	(2,819)
Associates				
- share of results (net of tax)	<b>4,792</b>	778	<b>17,641</b>	(655)
Profit before taxation	<b>724,473</b>	573,789	<b>1,704,977</b>	2,166,082
Taxation	<b>(256,804)</b>	(266,624)	<b>(682,524)</b>	(755,129)
Profit for the financial period	<b>467,669</b>	307,165	<b>1,022,453</b>	1,410,953

<sup>1</sup> The comparative corresponding quarter and financial period to date have been restated to reflect the change in accounting policy as disclosed in Part A, Note 2(b) and reclassification as disclosed in Part A, Note 2(c) of this announcement.

***(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019)***



**AXIATA GROUP BERHAD**  
**Company No. 199201010685 (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 2020.*

<b>UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)</b>				
	<b>3<sup>rd</sup> Quarter Ended</b>		<b>Financial Period Ended</b>	
	<b><u>30/9/2020</u></b>	<b><u>30/9/2019</u></b>	<b><u>30/9/2020</u></b>	<b><u>30/9/2019</u></b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated<sup>1</sup></b>		<b>Restated<sup>1</sup></b>
Other comprehensive (expense)/income:				
Items that will not be reclassified to profit or loss:				
- actuarial (losses)/gains on defined benefits plan, net of tax	<b>(1,497)</b>	1,010	<b>(11,864)</b>	789
- fair value through other comprehensive income	<b>(24,528)</b>	(249,861)	<b>(41,625)</b>	(1,326,493)
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	<b>(729,663)</b>	39,945	<b>(353,404)</b>	126,385
- net cash flow hedge	<b>(37,097)</b>	102,186	<b>73,699</b>	110,558
- net cost of hedging	<b>24,303</b>	(78,279)	<b>(29,054)</b>	(335)
Other comprehensive expense for the financial period, net of tax	<b>(768,482)</b>	(184,999)	<b>(362,248)</b>	(1,089,096)
Total comprehensive (expense)/income for the financial period	<b>(300,813)</b>	122,166	<b>660,205</b>	321,857
Profit for the financial period attributable to:				
- owners of the Company	<b>352,991</b>	179,270	<b>621,115</b>	1,124,992
- non-controlling interests	<b>114,678</b>	127,895	<b>401,338</b>	285,961
	<b>467,669</b>	307,165	<b>1,022,453</b>	1,410,953
Total comprehensive (expense)/income for the financial period attributable to:				
- owners of the Company	<b>(178,358)</b>	(43,113)	<b>348,927</b>	(29,829)
- non-controlling interests	<b>(122,455)</b>	165,279	<b>311,278</b>	351,686
	<b>(300,813)</b>	122,166	<b>660,205</b>	321,857
Earnings Per Share (sen) (Part B, Note 13)				
- basic	<b>3.8</b>	2.0	<b>6.8</b>	12.4
- diluted	<b>3.8</b>	2.0	<b>6.8</b>	12.3

<sup>1</sup> The comparative corresponding quarter and financial period to date have been restated to reflect the change in accounting policy as disclosed in Part A, Note 2(b) of this announcement.

***(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019)***



**AXIATA GROUP BERHAD**  
Company No. 199201010685 (242188-H)

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
	<b>30/9/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	13,882,919	13,857,268
Reserves	1,897,385	2,323,525
Total equity attributable to owners of the Company	15,780,304	16,180,793
Non-controlling interests	6,108,718	6,039,230
Total equity	21,889,022	22,220,023
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	16,194,683	9,194,490
Derivative financial instruments	72,971	110,818
Deferred income	340,298	383,337
Deferred gain on sale and lease back assets	440,527	559,351
Trade and other payables	670,421	607,967
Lease liabilities	7,515,282	7,397,617
Provision for liabilities	609,684	517,288
Deferred taxation	1,284,743	1,205,422
Total non-current liabilities	27,128,609	19,976,290
	<b>49,017,631</b>	<b>42,196,313</b>

*(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019)*



**AXIATA GROUP BERHAD**  
Company No. 199201010685 (242188-H)

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)</b>		
	<b>30/9/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>NON-CURRENT ASSETS</b>		
Intangible assets	19,968,992	20,724,361
Contract cost assets	168,464	182,908
Property, plant and equipment	25,390,808	25,633,223
Right-of-use assets	8,294,771	8,937,706
Joint ventures	21,993	21,709
Associates	248,218	207,357
Financial assets at fair value through other comprehensive income	297,972	301,347
Financial assets at fair value through profit or loss	4,568	3,459
Derivative financial instruments	36,558	15,256
Trade and other receivables	1,248,069	656,639
Deferred taxation	197,827	324,187
Total non-current assets	<b>55,878,240</b>	<b>57,008,152</b>
<b>CURRENT ASSETS</b>		
Inventories	151,121	154,328
Trade and other receivables	3,811,239	4,721,973
Derivative financial instruments	27,617	9,247
Financial assets at fair value through profit or loss	162,370	60,417
Tax recoverable	60,343	70,944
Deposits, cash and bank balances	10,713,360	4,231,099
Assets classified as held-for-sale	39,973	277,643
	<b>14,966,023</b>	<b>9,525,651</b>
<b>LESS: CURRENT LIABILITIES</b>		
Trade and other payables	11,983,599	12,178,262
Deferred gain on sale and lease back assets	117,982	124,748
Lease liabilities	1,660,852	1,442,700
Borrowings	5,215,780	7,631,753
Derivative financial instruments	2,224,278	2,041,199
Current tax liabilities	417,896	899,811
Dividend payable	183,390	-
Liability classified as held-for-sale	22,855	19,017
Total current liabilities	<b>21,826,632</b>	<b>24,337,490</b>
Net current liabilities	<b>(6,860,609)</b>	<b>(14,811,839)</b>
	<b>49,017,631</b>	<b>42,196,313</b>
Net assets per share attributable to owners of the Company (sen)	172	177

*(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019)*



**AXIATA GROUP BERHAD**  
Company No. 199201010685 (242188-H)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD  
ENDED 30 SEPTEMBER 2020**

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
<b>At 1 January 2020</b>	9,163,573	13,857,268	(561,180)	(3,762,267)	6,646,972	16,180,793	6,039,230	22,220,023
Profit for the financial period	-	-	-	-	621,115	621,115	401,338	1,022,453
Other comprehensive (expense)/income:								
-Currency translation differences of subsidiaries	-	-	(266,897)	-	-	(266,897)	(86,507)	(353,404)
-Net cash flow hedge	-	-	-	73,699	-	73,699	-	73,699
-Net cost of hedging	-	-	-	(29,054)	-	(29,054)	-	(29,054)
-Actuarial losses, net of tax	-	-	-	(8,311)	-	(8,311)	(3,553)	(11,864)
-Revaluation of financial assets at FVTOCI	-	-	-	(41,625)	-	(41,625)	-	(41,625)
<b>Total comprehensive (expense)/income</b>	<b>-</b>	<b>-</b>	<b>(266,897)</b>	<b>(5,291)</b>	<b>621,115</b>	<b>348,927</b>	<b>311,278</b>	<b>660,205</b>
Transactions with owners:								
-Dilution of equity interest in subsidiaries	-	-	3,638	(64)	3,122	6,696	18,825	25,521
-Additional of investment in a subsidiary	-	-	-	(3)	-	(3)	7,684	7,681
-Right issue by a subsidiary	-	-	-	-	-	-	8,864	8,864
-Revaluation of put option	-	-	-	(170,581)	-	(170,581)	-	(170,581)
-Share buyback by a subsidiary	-	-	(3,287)	109	(2,506)	(5,684)	(34,785)	(40,469)
-Dividends declared to shareholders	-	-	-	-	(595,993)	(595,993)	-	(595,993)
-Dividends declared to NCI	-	-	-	-	-	-	(242,378)	(242,378)
-Share-based payment expense	-	-	-	16,149	-	16,149	-	16,149
-Transferred from share-based payment reserve upon vest	5,937	25,651	-	(25,651)	-	-	-	-
Total transactions with owners	5,937	25,651	351	(180,041)	(595,377)	(749,416)	(241,790)	(991,206)
<b>At 30 September 2020</b>	<b>9,169,510</b>	<b>13,882,919</b>	<b>(827,726)</b>	<b>(3,947,599)</b>	<b>6,672,710</b>	<b>15,780,304</b>	<b>6,108,718</b>	<b>21,889,022</b>

Non-controlling interests ("NCI") Fair value through other comprehensive income ("FVTOCI")

**(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019)**



**AXIATA GROUP BERHAD**  
Company No. 199201010685 (242188-H)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD  
ENDED 30 SEPTEMBER 2020 (CONTINUED)**

Note	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
<b>At 1 January 2019:</b>								
- as previously reported	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	-	-	-	-	(65,512)	(65,512)	(2,381)	(67,893)
- change in accounting policy	-	-	-	(368,510)	368,510	-	-	-
- as restated	9,071,018	13,502,368	(329,197)	(1,707,663)	5,945,779	17,411,287	5,735,526	23,146,813
Profit for the financial period	-	-	-	-	1,124,992	1,124,992	285,961	1,410,953
Other comprehensive income/(expense):								
-Currency translation differences of:								
-subsidiaries	-	-	124,021	-	-	124,021	66,686	190,707
-derecognition of an associate	-	-	(64,322)	-	-	(64,322)	-	(64,322)
	-	-	59,699	-	-	59,699	66,686	126,385
-Net cash flow hedge	-	-	-	110,558	-	110,558	-	110,558
-Net cost of hedging	-	-	-	(335)	-	(335)	-	(335)
-Actuarial gains, net of tax	-	-	-	527	-	527	262	789
-Revaluation of financial assets at FVTOCI	-	-	-	(1,325,270)	-	(1,325,270)	(1,223)	(1,326,493)
<b>Total comprehensive income/(expense)</b>	<b>-</b>	<b>-</b>	<b>59,699</b>	<b>(1,214,520)</b>	<b>1,124,992</b>	<b>(29,829)</b>	<b>351,686</b>	<b>321,857</b>
Transactions with owners:								
-Issuance of new ordinary shares	5,751	16,389	-	-	-	16,389	-	16,389
-Dilution of equity interest in subsidiaries	-	-	8,284	-	59,170	67,454	9,172	76,626
-Additional investment in a subsidiary	-	-	-	-	(56,145)	(56,145)	(33,147)	(89,292)
-Revaluation of put option	-	-	-	(92,143)	-	(92,143)	-	(92,143)
-Dividends paid to shareholders by:								
- Dividend reinvestment scheme	50,322	190,216	-	-	(190,216)	-	-	-
- Cash settlement	-	-	-	-	(218,307)	(218,307)	-	(218,307)
-Dividends declared to shareholders	-	-	-	-	(456,434)	(456,434)	-	(456,434)
-Dividends declared to NCI	-	-	-	-	-	-	(74,410)	(74,410)
-Share-based payment expense	-	-	-	11,171	-	11,171	-	11,171
-Transferred from share-based payment reserve upon:								
- exercise/vest	1,582	11,837	-	(11,837)	-	-	-	-
- lapsed	-	-	-	(113,564)	113,564	-	-	-
<b>Total transactions with owners</b>	<b>57,655</b>	<b>218,442</b>	<b>8,284</b>	<b>(206,373)</b>	<b>(748,368)</b>	<b>(728,015)</b>	<b>(98,385)</b>	<b>(826,400)</b>
<b>At 30 September 2019 (restated<sup>1</sup>)</b>	<b>9,128,673</b>	<b>13,720,810</b>	<b>(261,214)</b>	<b>(3,128,556)</b>	<b>6,322,403</b>	<b>16,653,443</b>	<b>5,988,827</b>	<b>22,642,270</b>

<sup>1</sup> Restated to reflect the change in accounting policy as disclosed in Part A, Note 2(b) of this announcement.

**(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019)**



**AXIATA GROUP BERHAD**  
Company No. 199201010685 (242188-H)

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD  
ENDED 30 SEPTEMBER 2020 (CONTINUED)**

Note	Reserves								
	Capital contribution	Merger	Hedging	Cost of hedging	Actuarial	Share-based payment	FVTOCI	Other	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2020</b>	16,598	346,774	(9,705)	(5,862)	28,512	27,351	(2,138,438)	(2,027,497)	(3,762,267)
Other comprehensive income/(expense):									
-Net cash flow hedge	-	-	73,699	-	-	-	-	-	73,699
-Net cost of hedging	-	-	-	(29,054)	-	-	-	-	(29,054)
-Actuarial losses, net of tax	-	-	-	-	(8,311)	-	-	-	(8,311)
-Revaluation of financial assets at FVTOCI	-	-	-	-	-	-	(41,625)	-	(41,625)
<b>Total comprehensive income/(expense)</b>	-	-	<b>73,699</b>	<b>(29,054)</b>	<b>(8,311)</b>	-	<b>(41,625)</b>	-	<b>(5,291)</b>
Transactions with owners:									
-Dilution of equity interest in subsidiaries	-	-	-	-	(60)	-	(4)	-	(64)
-Additional of investment in a subsidiary	-	-	-	-	1	-	(4)	-	(3)
-Revaluation of put option	-	-	-	-	-	-	-	(170,581)	(170,581)
-Share buyback by a subsidiary	-	-	-	-	109	-	-	-	109
-Share-based payment expense	-	-	-	-	-	16,149	-	-	16,149
-Transferred from share-based payment reserve upon vest	-	-	-	-	-	(25,651)	-	-	(25,651)
Total transactions with owners	-	-	-	-	50	(9,502)	(8)	(170,581)	(180,041)
<b>At 30 September 2020</b>	<b>16,598</b>	<b>346,774</b>	<b>63,994</b>	<b>(34,916)</b>	<b>20,251</b>	<b>17,849</b>	<b>(2,180,071)</b>	<b>(2,198,078)</b>	<b>(3,947,599)</b>
<b>At 1 January 2019</b>									
- as previously reported	16,598	346,774	(70,863)	770	26,982	138,652	(540,015)	(1,258,051)	(1,339,153)
- change in accounting policy Part A, 2(b)	-	-	-	-	-	-	-	(368,510)	(368,510)
- as restated	16,598	346,774	(70,863)	770	26,982	138,652	(540,015)	(1,626,561)	(1,707,663)
Other comprehensive income/(expense):									
-Net cash flow hedge	-	-	110,558	-	-	-	-	-	110,558
-Net cost of hedging	-	-	-	(335)	-	-	-	-	(335)
-Actuarial gains, net of tax	-	-	-	-	527	-	-	-	527
-Revaluation of financial assets at FVTOCI	-	-	-	-	-	-	(1,325,270)	-	(1,325,270)
<b>Total comprehensive income/(expense)</b>	-	-	<b>110,558</b>	<b>(335)</b>	<b>527</b>	-	<b>(1,325,270)</b>	-	<b>(1,214,520)</b>
Transactions with owners:									
-Revaluation of put option Part A, 2(b)	-	-	-	-	-	-	-	(92,143)	(92,143)
-Share-based payment expense	-	-	-	-	-	11,171	-	-	11,171
-Transferred from share-based payment reserve upon:									
- exercise/vest	-	-	-	-	-	(11,837)	-	-	(11,837)
- lapsed	-	-	-	-	-	(113,564)	-	-	(113,564)
Total transactions with owners	-	-	-	-	-	(114,230)	-	(92,143)	(206,373)
<b>At 30 September 2019 (restated<sup>1</sup>)</b>	<b>16,598</b>	<b>346,774</b>	<b>39,695</b>	<b>435</b>	<b>27,509</b>	<b>24,422</b>	<b>(1,865,285)</b>	<b>(1,718,704)</b>	<b>(3,128,556)</b>

<sup>1</sup> Restated to reflect the change in accounting policy as disclosed in Part A, Note 2(b) of this announcement.



**AXIATA GROUP BERHAD**  
Company No. 199201010685 (242188-H)

<b>UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS</b>		
	<b>FOR THE FINANCIAL PERIOD ENDED</b>	
	<b><u>30/9/2020</u></b>	<b><u>30/9/2019</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Receipt from customers	18,092,279	18,633,972
Payment to suppliers and employees	(10,347,167)	(10,442,320)
Payment of finance costs <sup>1</sup>	(1,183,179)	(1,315,472)
Payment of income taxes (net of refunds)	(809,824)	(807,900)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>5,752,109</u></b>	<b><u>6,068,280</u></b>
Proceeds from disposal of property, plant and equipment	15,215	16,053
Purchase of property, plant & equipment	(3,496,469)	(4,546,958)
Acquisition of intangible assets	(243,385)	(331,006)
Net proceeds from sale of towers	580,790	-
Investments in deposits maturing more than three (3) months	383,407	(96,888)
Proceeds from disposal of an associate	-	1,649,256
Investment in associates	(14,131)	(6,690)
Additional investment in associates	(5,489)	(8,792)
Additional investment in joint venture	(1,899)	-
Purchase of other investments	(2,025)	(12,450)
Disposal of other investments	150,506	-
Disposal of rights on right issue of a financial asset at FVTOCI	-	96,149
Payments for acquisition of ROU assets <sup>1</sup>	-	(45,726)
Repayment from employees	27	139
Dividend received from associate and other investment	6,783	-
Interests received	130,304	173,529
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b><u>(2,496,366)</u></b>	<b><u>(3,113,384)</u></b>
Proceeds from issuance of shares under Axiata Share Scheme	-	16,389
Proceeds from borrowings	9,826,895	3,772,259
Proceeds from Sukuk	2,056,933	-
Repayment of borrowings	(5,575,704)	(5,692,689)
Repayment of Sukuk	(1,410,087)	-
Repayment of lease liabilities <sup>1</sup>	(1,113,622)	(1,048,551)
Net proceed from sale and leaseback transactions	561,908	-
Net proceed from right issue of a subsidiary	8,864	-
Capital injection by NCI of subsidiaries	33,200	82,153
Share buyback by a subsidiary	(40,469)	-
Additional investment in subsidiaries	-	(90,674)
Dividend paid to shareholders	(412,603)	(218,307)
Dividends paid to NCI	(144,888)	(74,410)
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>	<b><u>3,790,427</u></b>	<b><u>(3,253,830)</u></b>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	7,046,170	(298,934)
NET (INCREASE)/DECREASE IN RESTRICTED CASH AND CASH EQUIVALENT	(13,348)	39,168
EFFECT OF EXCHANGE RATE CHANGES	(36,197)	82,179
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	3,015,105	3,787,748
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b><u>10,011,730</u></b>	<b><u>3,610,161</u></b>

<sup>1</sup> Comparative has been restated to conform with current year presentation.

*(The above Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019)*





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<b>UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)</b>		
	<b>FOR THE FINANCIAL PERIOD ENDED</b>	
	<b><u>30/9/2020</u></b>	<b><u>30/9/2019</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Deposits, cash and bank balances	10,713,360	4,981,758
Financial asset at FVTPL	162,333	-
Less:		
Deposits pledged and restricted cash	(252,222)	(104,554)
Deposits maturing more than three (3) months	(519,649)	(1,133,562)
Bank overdraft	(92,092)	(133,481)
Total cash and cash equivalents	<b>10,011,730</b>	<b>3,610,161</b>

*(The above Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019)*



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

**1. Basis of Preparation**

The unaudited financial statements for the financial period ended 30 September 2020 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", International Accounting Standards 34 "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 2019 ("2019 Audited Financial Statements").

**2. Accounting Policies**

(a) The accounting policies and method of computation applied in the unaudited financial statements are consistent with those used in the preparation of the 2019 Audited Financial Statements except for the following:

- (i) The International Financial Reporting Standards Interpretation Committee published its November 2019 Agenda Decision in December 2019 in respect of the interaction between the useful life of non-removable leasehold improvements under MFRS 116 and the lease term of the underlying asset under MFRS 16.

The impact of adoption of agenda decision above is still being assessed by the Group.

- (ii) Adoption of amendments to existing standards that are applicable to the Group for the financial year beginning 1 January 2020 as set out below:

- Amendments to MFRS 3 "Definition of a Business"

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

- Amendments to MFRS 9, MFRS 139 and MFRS 7 on interest rate benchmark reform.

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



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**2. Accounting Policies (continued)**

(b) In 2019, the Group had changed its accounting policy for the subsequent re-measurement of put options over non-controlling interest to better reflect the substance of the transaction with shareholders. Consequently, subsequent re-measurement changes previously recognised in the profit or loss are now recognised directly to other reserve.

The impact of the change in accounting policy to the consolidated statement of comprehensive income of the Group for the quarter and financial period to date 30 September 2019 are as follows:

	3 <sup>rd</sup> Quarter Ended			Financial period ended		
	As		As	As		As
	previously reported RM'000	Adjustment RM'000	restated RM'000	previously reported RM'000	Adjustment RM'000	restated RM'000
Profit or loss:						
Operating costs:						
- Other (losses)/gains (net)	(59,690)	59,568	(122)	(115,063)	92,143	(22,920)
Profit for the financial period	247,597	59,568	307,165	1,318,810	92,143	1,410,953
Profit for the financial period attributable to:						
- owners of the Company	119,702	59,568	179,270	1,032,849	92,143	1,124,992
Total comprehensive income/ (expenses) for the financial period attributable to:						
- owners of the Company	(102,681)	59,568	(43,113)	(121,972)	92,143	(29,829)
Earnings per share (sen):						
-basic	1.3	0.7	2.0	11.3	1.1	12.4
-diluted	1.3	0.7	2.0	11.3	1.0	12.3



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**2. Accounting Policies (continued)**

(b) In 2019, the Group had changed its accounting policy for the subsequent re-measurement of put options over non-controlling interest to better reflect the substance of the transaction with shareholders. Consequently, subsequent re-measurement changes previously recognised in the profit or loss are now recognised directly to other reserve. (continued)

The impact of the change in accounting policy to the consolidated statements of changes in equity of the Group for the financial period/year ended 30 September 2019 and 31 December 2018 are as follows:

	<u>As previously reported</u> RM'000	<u>Reclassification</u> RM'000	<u>As restated</u> RM'000
31 December 2018:			
Retained earnings	5,642,781	368,510	6,011,291
Total reserves	(1,339,153)	(368,510)	(1,707,663)
- other reserve	(1,258,051)	(368,510)	(1,626,561)
	<u>Before the change in accounting policy</u> RM'000	<u>Adjustment</u> RM'000	<u>After the change in accounting policy</u> RM'000
30 September 2019:			
Retained earnings	5,861,750	460,653	6,322,403
Total reserves	(2,667,903)	(460,653)	(3,128,556)
- other reserve	(1,258,051)	(460,653)	(1,718,704)



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**2. Accounting Policies (continued)**

(c) The Group assessed the Bangladesh's minimum tax on mobile phone operators under the Bangladesh Finance Act, 2020 to be out of scope under MFRS 112 "Income Taxes". As a result, the Group has reclassified the minimum tax from taxation to other operating expense line in Statement of Comprehensive Income for the quarter and financial period to date. Comparatives have been restated for the quarter and financial period to date of 2019 to conform with current year presentation.

The impact of the reclassification to the consolidated comprehensive income are shown below:

	3 <sup>rd</sup> Quarter Ended			Financial Period Ended		
	<u>Before reclassification</u> RM'000	<u>Reclassification</u> RM'000	<u>After reclassification</u> RM'000	<u>Before reclassification</u> RM'000	<u>Reclassification</u> RM'000	<u>After reclassification</u> RM'000
30 September 2020:						
Profit or loss						
Other operating income - net	62,840	(19,169)	43,671	507,575	(56,361)	451,214
Taxation	(275,973)	19,169	(256,804)	(738,885)	56,361	(682,524)
	<u>As previously reported</u> RM'000	<u>Reclassification</u> RM'000	<u>As restated</u> RM'000	<u>As previously reported</u> RM'000	<u>Reclassification</u> RM'000	<u>As restated</u> RM'000
30 September 2019:						
Profit or loss						
Other operating income - net	55,464	(19,296)	36,168	661,469	(73,841)	587,628
Taxation	(285,920)	19,296	(266,624)	(828,970)	73,841	(755,129)

**3. Seasonal or Cyclical Factors**

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



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

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

- (a) The COVID-19 pandemic has impacted Axiata's performance in the nine months of financial year ending 31 December 2020, especially in the second quarter ended 30 June 2020 due to lockdown or movement restriction measures across our footprint markets. Overall, operating companies ("OpCos") that operate in countries with more stringent lockdown measures being Malaysia, Sri Lanka, Bangladesh and Nepal, experienced greater revenue impact during the lockdown period. For instance, the impact on the Group's sales and service activities at retail outlets, including its prepaid reload business and SIM activation and device sales, has been more significant in the countries in which the Group operates where the lockdown measures have been more stringent such as Malaysia, Bangladesh, Sri Lanka and Nepal. In addition, the Group's revenue has also been affected by government regulations during the lockdown period, such as the foregone revenue due to free data and bonus recharge by some of the OpCos in countries such as Malaysia, Nepal, Indonesia and Sri Lanka.

However, in the third quarter ended 30 September 2020, the easing in lockdown or movement restriction measures has contributed to improvement in the Group's revenue and profits from the preceding quarter. By the month of September 2020, revenue for all OpCos except for Nepal, is above 'pre-lockdown' levels. This is attributed to the change in consumer behavior during the pandemic, that has led to significant increase of the Group's data subscriber base, as well as data usage by its subscribers. Earnings Before Interest and Tax ("EBITDA") remains stable due to lower spend on direct costs from lower business activities and our cost excellence programme.

Whilst new wave of pandemic in certain markets and consequent movement restrictions continue to keep environment uncertain, overall, we do not expect material impact to the financial position of the Group. We will continue to monitor and perform periodic assessment on potential impairment of assets including customer receivables. With the strengthened liquidity position from the completion of the recent issuances of a dual-tranche offering comprising 10-year USD500.0 million Sukuk and a 30-year USD1.0 billion Euro Medium Term Notes in August 2020, we do not foresee a risk in the Group's ability to continue as going concern.



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

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

- (b) On 7 February 2020, PT XL Axiata Tbk ("XL") entered into an Asset Purchase Agreement with PT Profesional Telekomunikasi Indonesia Tbk. ("Protelindo") and PT Centratama Menara Indonesia ("CMI") for the sale of 2,782 telecommunication towers with a total transaction value of IDR4,050.3 billion (RM1,073.3 million) and agreed to leaseback some of such assets with maximum tenure of ten (10) years.

XL has completed the sale of 16 and 2,688 telecommunication towers to Protelindo and CMI and leaseback specific tower spaces on some towers with a transaction value of IDR21.8 billion (RM6.4 million) and IDR3,806.8 billion (RM1,104.0 million), respectively during the current quarter and financial period to date. Accordingly, the Group recorded a gain of IDR9.4 billion (loss of RM0.3 million due to forex translation) and IDR1,554.0 billion (RM450.7 million) during the current quarter and financial period to date.

During the financial period to date, Protelindo and CMI also entered into land lease agreements to lease 538 plots of lands owned by XL with a total consideration of IDR182.3 billion (RM52.8 million) for a lease term of 10 years.

- (c) On 6 March 2020, Celcom Axiata Berhad introduced an employee restructuring programme to provide an offer of benefits to eligible permanent employees in exchange for termination of employment. As at 31 March 2020, applications were approved and termination benefits have been recognised in accordance with MFRS 119 with a provision of RM76.9 million net of tax recognised during the financial period to date.
- (d) On 13 March 2020, the Group completed the disposal of its remaining 1.05% equity interest in Vodafone Idea Limited via multiple sale transactions. The shares were sold for a consideration of INR1,346.8 million (RM77.3 million).
- (e) During the current quarter and financial period to date, the Group recognised net foreign exchange losses of RM22.1 million and RM93.0 million, respectively mainly arising from the revaluation of USD borrowings and working capital.

Other than the above, there was no other unusual item affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 30 September 2020.



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**5. Estimates**

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

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

In preparing the unaudited 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 2019 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 Performance Based Long Term Incentive Plan as below:

Description	Total ordinary shares of the Company issued	
	'000	RM'000
• Restrictive Share Awards ("RSA") at an issuance price of RM4.11 to RM4.56 being the fair value of RSA issued	5,937	25,651
Total	5,937	25,651

- (b) During the financial period to date, the Company had,
- (i) on 23 March 2020, drawdown its revolving credit facilities ("RC") with MUFG Bank (Malaysia) Bhd ("MUFG") Berhad and Oversea-Chinese Banking Corporation Ltd ("OCBC") amounting to USD100.0 million (RM433.5 million) and USD200.0 million (RM867.0 million) respectively with a contractual interest rate of LIBOR + applicable interest rate.
  - (ii) on 8 May 2020 to 23 June 2020, drawdown its syndicated multi-currency Shariah-compliant sustainability-linked financing facilities ("Syndicated Financing") of RM667.0 million and USD100.0 million (RM427.8 million);
  - (iii) on 23 June 2020, settled its USD100.0 million (RM427.8 million) RC facility with MUFG upon maturity; and
  - (iv) on 15 July 2020, the Company has further drawdown USD250.0 million (RM1.1 billion) from its Syndicated Financing and settled its RC facilities with OCBC of USD250.0 million (RM1.1 billion) upon maturity.





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

- (c) In April 2020, Ncell Axiata Limited (formerly known as Ncell Private Limited) ("Ncell"), a subsidiary of the Group has drawdown term loan at contractual interest rate of average base rate + applicable interest rate with Nepal Investment Bank Ltd, Global IME Bank Ltd, Nabil Bank Ltd, Himalayan Bank Ltd and Sanima Bank Ltd amounting to NPR15.0 billion (RM531.9 million).

On 13 July 2020, Ncell completed drawdown its remaining credit facilities at contractual interest rate of average base rate + applicable interest rate with Nepal Bank Ltd and Everest Bank Ltd amounting to NPR5.0 billion (RM177.3 million).

- (d) Axiata SPV1 (Labuan) Limited, a wholly-owned subsidiary of the Company fully repaid its USD300.0 million (RM1.3 billion) Guaranteed Notes ("Notes") which matured on 28 April 2020. The Notes carried a coupon rate of 5.375% per annum (payable semi-annually in arrears) and had a tenure of 10 years from the date of issuance.

The Notes subsequently was delisted from The Stock Exchange of Hong Kong Limited and the Labuan International Financial Exchange Inc. effective 28 April 2020.

- (e) Axiata SPV2 Berhad, a wholly-owned subsidiary of the Company had on 12 August 2020, priced its USD500.0 million (RM2.1 billion) Sukuk and issued on 19 August 2020, pursuant to its multi-currency sukuk programme established on 17 July 2012 ("Series Four Sukuk") at par, with a coupon rate of 2.163% p.a. (payable semi-annually) and has tenure of ten (10) years from the date of issuance.

The Series Four Sukuk was listed on 21 August 2020, but not quoted for trading, on Bursa Malaysia Securities Berhad (under the Exempt Regime) and listed and quoted on the Singapore Exchange Securities Trading Limited ("SGX-ST").

- (f) Axiata SPV5 (Labuan) Limited ("SPV5"), a wholly-owned subsidiary of the Company, established a Euro medium-term note programme involving issuance of up to USD1.5 billion or its equivalent in other currencies ("EMTN Programme") on 10 August 2020.

On 12 August 2020, SPV5 successfully priced its USD1.0 billion (RM4.2 billion) Notes and issued on 19 August 2020, pursuant to the EMTN Programme ("Series One Notes") at par, with a coupon rate of 3.064% p.a. (payable semi-annually) and has tenure of thirty (30) years from the date of issuance.

On 21 August 2020, the Series One Notes was listed and quoted on the SGX-ST.

Aside from the above, there were no other significant issues, repurchases and repayments of debt and equity securities during the financial period ended 30 September 2020.



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**7. Dividends Paid**

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

<b>Date of payment</b>	<b>Description</b>	<b>Per ordinary share</b>	<b>Total</b>
14 May 2020	Tax exempt dividend under single tier in respect of financial year ended 31 December 2019	<b>Sen</b> 4.0	<b>RM'000</b> 412,603

(b) On 27 August 2020, the Board of Directors declared a tax exempt dividend under single tier system of 2 sen per each ordinary share of the Company for the financial year ending 31 December 2020. The Company has accrued a total dividend of RM183.4 million during the current quarter and financial period to date. The dividend was subsequently paid by the Company on 13 October 2020.



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**8. Segmental Information**

For the financial period ended 30 September 2020

Segment	Mobile						Infrastructure	Others	Consolidation adjustments/eliminations	Total
	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	4,595,505	5,697,861	2,814,156	2,005,395	1,108,444	984,695	1,393,410	513,407	-	19,112,873
Inter-segment <sup>1</sup>	(48,999)	(20,452)	(18,668)	(8,671)	(1,497)	(31,383)	(846,191)	(196,357)	-	(1,172,218)
External operating revenue	4,546,506	5,677,409	2,795,488	1,996,724	1,106,947	953,312	547,219	317,050	-	17,940,655
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	1,795,099	2,877,807	1,212,671	832,958	632,423	559,688	860,935	(452,876)	(391,424)	7,927,281
Finance income	45,528	40,771	2,580	5,311	4,673	6,105	41,976	16,779	(26,569)	137,154
Finance cost	(298,329)	(567,281)	(193,435)	(42,180)	(68,225)	(21,332)	(80,051)	(253,584)	241,647	(1,282,770)
Depreciation of PPE	(638,155)	(1,347,753)	(502,704)	(376,006)	(234,986)	(190,391)	(285,922)	(10,465)	16,203	(3,570,179)
Depreciation of ROU assets	(295,515)	(794,897)	(104,415)	(31,033)	(15,445)	(42,190)	(166,122)	(10,624)	308,202	(1,152,039)
Amortisation of intangible assets	(46,388)	(6,334)	(162,423)	(51,717)	(99,435)	(10,038)	(24,554)	(22,790)	(178,734)	(602,413)
Joint ventures:										
- share of results (net of tax)	(1,615)	-	-	-	-	-	-	-	-	(1,615)
Associates:										
- share of results (net of tax)	18,316	618	-	(56)	-	(1,560)	-	-	323	17,641
Impairment of PPE, net of reversal	-	103	(2,578)	2,208	-	-	(7,594)	(2,840)	-	(10,701)
Other income/(expense)	62,726	489,050	(53,896)	(111,852)	(5,823)	2,684	(33,860)	(113,958)	7,547	242,618
Taxation <sup>2</sup>	(145,660)	(117,790)	(137,946)	(31,990)	(96,601)	(61,494)	(127,511)	(11,518)	47,986	(682,524)
<b>Segment profit/(loss) for the financial period</b>	<b>496,007</b>	<b>574,294</b>	<b>57,854</b>	<b>195,643</b>	<b>116,581</b>	<b>241,472</b>	<b>177,297</b>	<b>(861,876)</b>	<b>25,181</b>	<b>1,022,453</b>

<sup>1</sup> 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.

<sup>2</sup> Taxation excludes minimum tax as disclosed in Part A, Note 2(c) of this announcement.



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**8. Segmental Information (continued)**

For the financial period ended 30 September 2019

Segment	Mobile						Infrastructure	Others	Consolidation adjustments/ eliminations	Total
	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia				
Restated	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	4,988,443	5,466,393	2,744,305	2,026,096	1,510,361	967,628	1,341,402	428,655	-	19,473,283
Inter-segment <sup>1</sup>	(63,607)	(73,672)	(11,330)	(15,949)	(3,893)	(17,871)	(859,391)	(111,265)	-	(1,156,978)
External operating revenue	4,924,836	5,392,721	2,732,975	2,010,147	1,506,468	949,757	482,011	317,390	-	18,316,305
EBITDA	1,920,977	2,738,370	1,111,057	814,639	908,381	515,105	836,033	(548,777)	(401,813)	7,893,972
Finance income	69,158	25,441	2,621	4,955	29,087	5,423	40,799	25,380	(25,575)	177,289
Finance cost	(314,054)	(606,472)	(191,759)	(61,113)	(16,801)	(21,604)	(80,140)	(260,090)	243,236	(1,308,797)
Depreciation of PPE	(632,537)	(1,251,312)	(443,401)	(408,066)	(197,271)	(164,770)	(284,748)	(8,765)	16,740	(3,374,130)
Depreciation of ROU assets	(306,180)	(817,364)	(105,232)	(31,543)	(14,003)	(39,097)	(142,824)	(5,105)	302,921	(1,158,427)
Amortisation of intangible assets	(46,388)	(7,175)	(178,831)	(22,761)	(97,822)	(8,813)	(23,877)	(11,520)	(189,066)	(586,253)
Joint venture:										
- share of results (net of tax)	(2,819)	-	-	-	-	-	-	-	-	(2,819)
Associates:										
- share of results (net of tax)	(1,386)	-	-	-	-	1,608	-	(877)	-	(655)
Impairment of PPE, net of reversal	-	(2,267)	(5,156)	529	-	-	(2,790)	-	-	(9,684)
Other income/(expenses) <sup>3&amp;4</sup>	52,210	91,028	(50,240)	(69,719)	14,279	(1,828)	(9,396)	680,746	(171,494)	535,586
Taxation <sup>3</sup>	(196,564)	(63,027)	(83,164)	(34,035)	(183,402)	(61,012)	(135,310)	(25,045)	26,430	(755,129)
Segment profit/(loss) for the financial period	542,417	107,222	55,895	192,886	442,448	225,012	197,747	(154,053)	(198,621)	1,410,953

<sup>3</sup> Restated to reflect the change in accounting policy as disclosed in Part A, Note 2(b) and reclassification as disclosed in Part A, Note 2(c) of this announcement.

<sup>4</sup> Included in other income/(expense) are gain on disposal of certain investments of RM302.0 million and gain on disposal of an associate of RM113.4 million.



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**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 RM3,749.2 million mainly for its telecommunication network equipment and capital work in progress.

**11. Events after the Interim Period**

**(a) Incorporation of Trust Axiata Digital Limited (“Trust Axiata Digital”)**

Axiata Digital Services Sdn Bhd (“ADS”), a wholly owned subsidiary of the Company, had on 4 October 2020 completed the incorporation of Trust Axiata Digital (Registration No C-164124/2020), a private company limited by shares, under the Bangladesh Companies Act, 1994.

Trust Axiata Digital was incorporated with an issued and paid-up share capital of BDT450.0 million (RM22.0 million). The principal activities of Trust Axiata Digital is providing mobile financial services and related products and services in the Bangladesh market.

The incorporation above did not have material impact to the Group.

**(b) Repayment of Axiata SPV2 Berhad (“SPV2”) Multi-currency Sukuk (“Sukuk”)**

SPV2, a wholly-owned subsidiary of the Company fully repaid its USD500.0 million (RM2,068.0 million) Sukuk which matured on 19 November 2020. The Sukuk carried a coupon rate of 3.466% per annum (payable semi-annually in arrears) and had a tenure of 5 years from the date of issuance.

Other than the above and as disclosed in Part B, Note 10 of this announcement, there was no other significant event after interim period that requires disclosure and/or adjustment as at 20 November 2020.



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**12. Effects of Changes in the Composition of the Group**

**(a) Deregistration of Hello Axiata Company Limited (“HACL”)**

HACL, a wholly-owned subsidiary of the Group has been deregistered with effect from 29 January 2020 following the notification issued by Ministry of Commerce. The notification of deregistration of HACL was received by Smart, a subsidiary of the Group held through ACH on 7 February 2020.

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

**(b) Dilution of Equity Interest in XL**

On 31 March 2020, the Group’s equity interest in XL decreased from 66.36% to 66.25% following the issuance of new ordinary shares by XL to its eligible employees under XL’s Long Term Incentive Program.

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

**(c) Voluntary Liquidation by DeeXpand Company Limited (“DeeXpand”)**

DeeXpand, a wholly-owned subsidiary of the Company held through Axiata Business Services Sdn Bhd and Xpand Investments (Labuan) Limited pursuant to an application for the voluntary dissolution by DeeXpand registered with the Department of Business Development (“DBD”) on 17 May 2019, has registered the completion of the voluntary liquidation process with the DBD with effect from 12 May 2020. The notification of the completion of the voluntary liquidation of DeeXpand was received by DeeXpand on 13 May 2020.

The voluntary liquidation above did not have material impact to the Group during the financial period to date.

**(d) Incorporation of Boost Holdings Sdn. Bhd. (“Boost Holdings”)**

ADS, a wholly owned subsidiary of the Company, had on 11 June 2020 completed the incorporation of Boost Holdings (Registration No 202001013946 (1370266-W)), a private company limited by shares, under the Malaysian Companies Act 2016.

Boost Holdings was incorporated with an issued and paid-up share capital of RM10. The principal activities of Boost Holdings is investment holding.

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

**(e) Share Buyback by XL**

During the financial period to date, XL has repurchased 56,487,800 shares which is equivalent to 0.53% of its issued and fully paid shares for a total consideration of IDR134.4 billion (RM40.5 million). Accordingly, the Group’s equity shareholding in XL increased from 66.25% to 66.6%.

The Group recognised a decrease of RM3.2 million in consolidated currency translation differences, RM2.5 million in the consolidated retained earnings and non-controlling interest amounting to RM34.8 million.



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

**(f) Cessation of Smartluy PLC (“Smartluy”)**

Smartluy, a subsidiary of the Company held through Smart Axiata Co. Limited and Axiata (Cambodia) Holdings Limited has made an application for a proposed merger transaction (“Proposed Merger”) with Pi Pay PLC (“Pi Pay”) a leading cashless payment platform in Cambodia.

The application for the Proposed Merger has been made with the National Bank of Cambodia (“NBC”) and the Ministry of Commerce of Cambodia (“MOC”), for the cessation of the legal existence of SmartLuy and for the governing structure of SmartLuy to be merged with and into Pi Pay.

The notification of the successful application for the Proposed Merger was received from the NBC/MOC on 14 July 2020 on which date the legal existence of Smartluy would cease with the continuance of Smartluy and Pi Pay as one entity.

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

**(g) Incorporation of edotco Urban Infrashare Ltd (“edotco Urban Infrashare”)**

edotco Group Sdn Bhd (“edotco”), a subsidiary of the Company, had on 22 July 2020 completed the incorporation of edotco Urban Infrashare (Registration No 126570724), a private company limited by shares, under the Myanmar Company Law 2017.

edotco Urban Infrashare was incorporated with an issued and paid-up share capital of USD0.6 million (RM2.6 million). The principal activities of edotco Urban Infrashare is telecommunications infrastructure and related services.

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

**(h) Incorporation of SPV5**

The Company had on 24 July 2020, completed the incorporation of SPV5 (Company No LL16934), a private company limited by shares, under the Labuan Companies Act 1990.

SPV5 was incorporated with an issued and paid-up share capital of RM1. The principal activity of SPV5 is investment holding and issuance of financial instruments.

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

**(i) Dilution of Equity Interest in Dialog Axiata Plc. (“Dialog”)**

On 18 September 2020, the Group’s equity interest in Dialog decreased from 83.32% to 83.01% following the issuance of new ordinary shares by Dialog to its eligible employees under Dialog’s Performance-Based Long-Term Incentive Share Scheme.

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

Other than the above, there was no other change in the composition of the Group for the financial period ended 30 September 2020.



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**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 2019 Audited Financial Statements.

**14. Capital Commitments**

As at	Group	
	30 September 2020	31 December 2019
	RM'000	RM'000
Commitments in respect of expenditure approved and contracted for	<b>2,046,671</b>	2,541,573





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**15. Related Party Transactions**

All related party transactions are entered into in the normal course of business and at prices available at negotiated terms. The names of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of MFRS 124: "Related Party Disclosure".

The Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are related parties of the Group. The Government of Malaysia has significant influence over the Group. The Group enters into transactions with many of these bodies, which includes but is not limited to:

- receiving telecommunications services, including interconnection revenue/charges
- purchasing of goods, including use of public utilities and amenities, and
- placing of bank deposits

The Group has established its procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

The Group provides telecommunications services as part of its ordinary operations. The Group has collectively, but not individually significant transactions with Government-related entities. These telecommunication services are carried out on commercial terms that are negotiated and agreed upon between the parties.

Total amount of individually significant transactions that the Group entered into with identified related parties for the respective financial period ended 30 September are as follows:

	<b>2020</b>	2019
	<b>RM'000</b>	RM'000
Sale of telecommunication services to a joint venture	<b>177,244</b>	93,134
Purchase of network related services from associates	<b>87,258</b>	59,682



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**16. 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
- 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 financial instruments were grouped as below:

Financial instruments	30 September 2020				31 December 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>								
Financial assets at fair value through profit or loss ("FVTPL"):								
-Trading securities	162,370	-	-	162,370	63,876	-	-	63,876
-Unquoted securities	-	-	4,568	4,568	-	-	-	-
-Non-hedging derivatives	-	8,343	-	8,343	-	8,343	-	8,343
-Derivative used for hedging	-	55,832	-	55,832	-	16,160	-	16,160
Financial assets at FVTOCI:								
-Equity securities	-	-	297,972	297,972	-	-	301,347	301,347
<u>Liabilities</u>								
Financial liabilities at FVTPL:								
-Derivatives used for hedging	-	(99,171)	-	(99,171)	-	(124,520)	-	(124,520)
<b>Total</b>	<b>162,370</b>	<b>(34,996)</b>	<b>302,540</b>	<b>429,914</b>	<b>63,876</b>	<b>(100,017)</b>	<b>301,347</b>	<b>265,206</b>



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

**1. Review of Performance**

**(a) Quarter-on-Quarter (Q3'20 vs Q3'19)**

	Current Year Quarter	Preceding Year Corresponding Quarter	Variance	
	30/09/2020	30/09/2019		
	RM'million	RM'million	RM'million	%
		Restated <sup>3</sup>		
Revenue	6,111.7	6,213.3	(101.6)	-1.6
EBITDA	2,839.6	2,801.7	37.9	1.4
PAT <sup>1</sup>	467.7	307.2	160.5	52.3
PATAMI <sup>2</sup>	353.0	179.3	173.7	96.9

<sup>1</sup> PAT : Profit after tax

<sup>2</sup> PATAMI : Profit after tax and minority interest

<sup>3</sup> The comparative corresponding period has been restated to reflect the change in accounting policy as disclosed in Part A, Note 2(b) of this announcement.

**Group Performance**

Group revenue declined quarter-on-quarter by 1.6% to RM6,111.7 million due to decline in all operating companies (OpCos) excepts mobile operations in Bangladesh, Sri Lanka and Infrastructure segment. Despite decline in revenue, Group EBITDA grew by 1.4% to RM2,8439.6 million attributed to lower operating cost.

Group PAT and PATAMI registered a solid growth of 52.3% and 96.9% to RM467.7 million and RM353.0 million respectively attributed to higher EBITDA, lower depreciation and amortisation, foreign exchange loss and tax.

**Geographical Highlights**

- **Malaysia:** Revenue dropped by 4.8% to RM1,581.2 million as impacted by Covid-19 outbreak and its containment measures. However, EBITDA registered a growth of 10.8% to RM709.7 million attributed to lower operating cost. With EBITDA growth partly offset by higher tax, PAT for the quarter grew by 27.7% to RM243.8 million.



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

**(a) Quarter-on-Quarter (Q3'20 vs Q3'19) (continued)**

**Geographical Highlights (continued)**

- **Indonesia:** Revenue dropped by 1.7% to RM1,880.3 million due to unfavourable foreign exchange translation. At constant currency of Q3'19, XL would have registered a revenue growth of 1.4%. EBITDA grew by 1.1% to RM977.6 million attributed to lower operating cost. PAT grew by 43.0% to RM96.4 million as a result of lower depreciation and amortisation, finance cost partly offset by lower other operating income and higher tax.
- **Bangladesh:** Revenue increased by 2.2% to RM957.9 million underpinned by data growth. With higher revenue coupled with lower operating cost, EBITDA grew by 11.0% to RM385.9 million. However, PAT dropped by 77.0% to RM19.3 million due to higher depreciation and amortisation, finance cost and lower other operating income.
- **Sri Lanka:** Revenue increased by 1.8% to RM690.8 million. With higher revenue coupled with lower operating cost, EBITDA improved by 11.1% to RM309.5 million. PAT grew significantly from RM34.3 million to RM109.0 million attributed to higher top lines, foreign exchange gain in Q3'20 as opposed to foreign exchange loss in Q3'19, and lower finance cost.
- **Nepal:** Revenue dropped by 29.4% to RM347.2 million from all revenue segments as adverse impacted Covid-19 pandemic and existing business challenges. EBITDA dropped by 27.1% to RM217.6 million. PAT decreased by 62.2% to RM42.7 million for the quarter due to lower top lines, foreign exchange loss in Q3'20 as opposed to foreign exchange gain in Q3'19, higher finance cost partly being offset by lower depreciation and amortisation and tax.
- **Cambodia:** Revenue decreased by 0.8% to RM333.8 million. Despite drop in revenue, EBITDA grew by 4.2% to RM192.6 million uplifted by lower operating cost. PAT increased by 1.8% to RM85.0 million partly being offset by higher depreciation and amortisation.
- **Infrastructure:** Revenue increased by 0.6% to RM469.0 million. However, EBITDA declined by 21.2% to RM283.7 million due to higher operating cost. PAT decreased by 37.9% to RM64.1 million as further impacted by foreign exchange loss in Q3'20 as compared to foreign exchange gain in Q3'19 partly offset by lower depreciation and amortisation and tax.



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1. Review of Performance (continued)

(b) Year-on-Year (YTD'20 vs YTD'19)

	Current Year to Date	Preceding Year Corresponding Period	Variance	
	30/09/2020	30/09/2019		
	RM'million	RM'million	RM'million	%
		Restated <sup>3</sup>		
Revenue	17,940.7	18,316.3	(375.6)	-2.1
EBITDA	7,927.3	7,894.0	33.3	0.4
PAT	1,022.5	1,411.0	(388.5)	-27.5
PATAMI	621.1	1,125.0	(503.9)	-44.8

**Group Performance**

Group total revenue declined by 2.1% to stood at RM17,940.7 million for YTD'20 as adversely impacted by Covid-19 pandemic and lockdowns measures across the operating companies' markets during the financial period. Despite drop in revenue, Group EBITDA grew by 0.4% to RM7,927.3 million with improvement from all OpCos, except mobile operations in Malaysia and Nepal.

Group PAT decreased by 27.5% to RM1,022.5 million mainly due to higher depreciation and amortisation, foreign exchange loss in YTD'20 as opposed to foreign exchange gain in YTD'19, lower one-off gains partly offset with lower tax. In YTD'20, Indonesia recognised a one-off gain on sale and leaseback of telecommunication towers of RM450.7 million (PATAMI: RM299.0 million) as opposed to YTD'19, of which the Group had recognised a one-off gain on disposal of non-strategic investments and disposal of rights of investment in India for a total of RM511.5 million. Group PATAMI decreased by 44.8% to RM621.1 million.

**Geographical Highlights**

- Malaysia:** Revenue decreased by 7.9% to RM4,595.5 million as impacted by Covid-19 outbreak and its containment measures as well as foregone revenue from free daily 1Gb data during this period. EBITDA dropped by 6.6% to RM1,795.1 million cushioned by lower operating cost. PAT declined by 8.6% to RM496.0 million due to lower top lines partly offset by higher share of result of associate and lower tax.



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

**(b) Year-on-Year (YTD'20 vs YTD'19) (continued)**

**Geographical Highlights (continued)**

- **Indonesia:** Revenue increased by 4.2% to RM5,697.9 million underpinned by strong data growth, while EBITDA improved by 5.1% to RM2,877.8 million. The OpCo recognised a one-off gain on sale and leaseback of telecommunication towers of RM450.7 million in YTD'20. As a result of higher top lines and one-off gain partly being offset by higher depreciation and amortisation and tax, PAT significantly increased to RM574.3 million in YTD'20 against RM107.2 million in YTD'19.
- **Bangladesh:** Revenue grew by 2.5% to RM2,814.2 million mainly driven by data growth. EBITDA grew faster than revenue at 9.1% to RM1,212.7 million as benefitted from lower operating cost. PAT grew by 3.5% to RM57.9 million as a result of better performance partly offset by higher depreciation and amortisation, and tax.
- **Sri Lanka:** Revenue decreased by 1.0% to RM2,005.4 million. At constant currency of YTD'19, revenue grew by 0.8% despite Covid-19 outbreak and its containment measures as well as foregone revenue from free credit given. EBITDA improved by 2.2% to RM833.0 million attributed to controlled spending. PAT increased by 1.4% to RM195.6 million further driven by lower finance cost partly offset by higher depreciation and amortisation and foreign exchange loss in YTD'20 as opposed to foreign exchange gain in YTD'19.
- **Nepal:** Revenue dropped by 26.6% to RM1,108.4 million mainly due to existing business challenges coupled with adverse impact of Covid-19 pandemic and its containment measures/lockdown. Consequently, EBITDA dropped by 30.4% to RM632.4 million. PAT decreased by 73.7% to RM116.6 million as further impacted by higher depreciation and amortisation, finance cost and other operating loss, partly offset by lower tax.
- **Cambodia:** Revenue grew by 1.8% to RM984.7 million. Revenue growth coupled with lower operating cost, EBITDA grew by 8.7% to RM559.7 million. PAT increased by 7.3% to RM241.5 million as higher top lines partly offset by higher depreciation and amortisation.
- **Infrastructure:** Revenue and EBITDA increased by 3.9% and 3.0% to RM1,393.4 million and RM860.9 million respectively. However, PAT decreased by 10.3% to RM177.3 million due to higher depreciation and amortisation, and foreign exchange loss.



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1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q3'20 vs Q2'20)

	Current Quarter	Immediate Preceding Quarter	Variance	
	30/09/2020	30/06/2020		
	RM'million	RM'million	RM'million	%
Revenue	6,111.7	5,792.4	319.3	5.5
EBITDA	2,839.6	2,583.8	255.8	9.9
PAT	467.7	156.5	311.2	>100
PATAMI	353.0	80.0	273.0	>100

**Group Performance**

Compared to the preceding quarter (Q3'20 vs Q2'20), Group revenue grew by 5.5% to RM6,111.7 million driven by all OpCos except mobile operation in Indonesia. EBITDA improved by 9.9% to RM2,839.6 million.

Group PAT and PATAMI grew by more than 100% to RM467.7 million and RM353.0 million respectively underpinned by higher top lines, lower depreciation and amortisation, higher other operating income, partly offset by foreign exchange loss in Q3'20 as opposed to foreign exchange gain in Q2'20, and higher tax.

**Geographical Highlights**

- Malaysia:** Revenue increased by 8.8% to RM1,581.2 million at the back of recovery in both prepaid and postpaid revenue. Higher revenue coupled with lower operating cost, EBITDA grew by 24.2% to RM709.7 million. PAT increased by 62.9% to RM243.8 million driven by higher top lines partly being offset by higher depreciation and amortisation, and tax.
- Indonesia:** Revenue decreased by 1.5% to RM1,880.3 million. At constant currency of Q2'20, the OpCo revenue slightly decreased by 0.2%. EBITDA increased by 1.0% to RM977.6 million benefitted from lower operating cost. The OpCo recognised a one-off gain on sale and leaseback of telecommunication towers of RM30.7 million in Q2'20. Despite lower other gain in this quarter, PAT for the quarter increased by 46.9% to RM96.4 million benefitted from lower depreciation and amortisation.



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1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q3'20 vs Q2'20) (continued)

**Geographical Highlights (continued)**

- **Bangladesh:** Revenue increased by 6.6% to RM957.9million. However, EBITDA decreased by 13.0% to RM385.9 million due to higher operating cost. With lower EBITDA partly offset by lower depreciation and amortisation and finance cost, PAT decreased by 34.4% to RM19.3 million for the quarter.
- **Sri Lanka:** Revenue increased by 7.0% to RM690.8 million. Higher revenue coupled with lower operating cost, EBITDA improved by 26.2% to RM309.5 million. As a result of higher top lines partly offset by lower foreign exchange gain, PAT increased from RM52.8 million to RM109.0 million a quarter.
- **Nepal:** Revenue grew by 9.6% to RM347.2 million as previous quarter was significantly impacted by lockdown. EBITDA improved by 41.4% to RM217.6 million uplifted by lower operating cost. With higher top lines partly being offset by higher foreign exchange loss and finance cost, PAT increased to RM42.7 million for the quarter as compared to RM10.4 million in Q2'20.
- **Cambodia:** Revenue and EBITDA increased by 2.5% and 4.4% to RM333.8 million and RM192.6 million respectively. PAT increased by 12.0% to RM85.0 million for the quarter as compared to RM76.0 million in Q2'20.
- **Infrastructure:** Revenue remained flat at RM469.0 million as previous quarter. However, EBITDA dropped by 6.2% to RM283.7 million due to higher operating cost. PAT increased by 11.5% to RM64.1 million driven by lower depreciation and amortisation and other operating expenses partly offset by higher foreign exchange loss.





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1. Review of Performance (continued)

(d) Economic Profit (“EP”) Statement

	3 <sup>rd</sup> Quarter Ended		Financial Period Ended	
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
	RM'000	RM'000 Restated <sup>1</sup>	RM'000	RM'000
EBIT	1,077,496	955,633	2,474,441	2,698,124
Adjusted tax 24%	(258,599)	(229,352)	(593,866)	(647,550)
Share of results in associates and joint ventures	7,150	778	16,026	(3,474)
<b>NOPLAT</b>	<b>826,047</b>	<b>727,059</b>	<b>1,896,601</b>	<b>2,047,100</b>
AIC	42,661,275	40,256,713	42,661,275	40,256,713
WACC	7.03%	8.21%	7.03%	8.21%
Economic Charge (AIC*WACC)	749,772	826,269	2,249,316	2,478,807
<b>Economic Profit</b>	<b>76,275</b>	<b>(99,210)</b>	<b>(352,715)</b>	<b>(431,707)</b>

<sup>1</sup> Restated to conform with current year presentation.

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 Group recorded:

- (i) a lower WACC during the current quarter and financial period to date is mainly resulted from higher debt; and
- (ii) higher NOPLAT during the current quarter is mainly contributed by higher EBIT achieved by the Group as disclosed in Part B, Note 1(a) and (b) of this announcement.

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



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**2. Headline Key Performance Indicators (“KPIs”) for the Financial Year Ending 31 December 2020**

On 21 February 2020, the Group announced its Headline KPIs guidance for the financial year ending 31 December 2020. The Group’s 2020 Headline KPIs announced were as below:

	<b>FY 2020 Headline KPIs @ Constant rate<sup>1</sup></b>
Revenue Growth <sup>2</sup>	3.5 - 4.5%
EBITDA Growth	4.0 - 5.5%
Return on Invested Capital <sup>3</sup> ("ROIC")	5.5 - 6.0%

Notes:

<sup>1</sup> Constant rate is based on the FY19 Average Forex Rate (e.g. 1 USD = RM4.142)

<sup>2</sup> Revenue is based on Revenue excluding device

<sup>3</sup> ROIC is defined as EBIT - Tax + Share of Assoc / Average Invested Capital (excluding cash)

The COVID-19 pandemic has impacted Axiata’s performance in the first nine months of financial year ending 31 December 2020, especially in the second quarter ended 30 June 2020 due to lockdown measures across our operating companies (OpCos) markets. Overall, OpCos that operate in countries with more stringent lockdown measures, being Malaysia, Sri Lanka, Bangladesh and Nepal, experienced greater revenue impact during the lockdown period.

Positively, the Group recorded a strong performance in the third quarter ended 30 September 2020 compared to the preceding quarter on the back of easing of lockdown measures across the OpCos markets, strong execution and cost control. Most of the OpCos saw improvement in ARPU and subscriber trend sequentially due to enhanced accessibility to sales and services with the re-opening of retail outlets and customer contact centers. In September 2020, most markets’ monthly revenue except Nepal have recovered back to pre-lockdown levels.

The Group diligently monitors the ongoing financial and operational impact of COVID-19 to its businesses across the region. Given the continued uncertainty surrounding the depth and duration of this pandemic, and the difficulty in predicting the pace of recovery due to new waves on pandemic and consequent implementation of new lockdowns, movement controls in our selected footprints. Added overall deterioration of economic environment and job losses, the Group maintains the withdrawal of 2020 Headline KPIs. Directionally we expect decline in revenue and EBITDA by low single digit percentage in 2020 compared to 2019.

Notwithstanding these uncertainties, Axiata strengthened its liquidity position with the completion of the recent issuances of USD500.0 million Multi-Currency Sukuk and USD1.0 billion Euro Medium-Term Note on 19 August 2020, which are utilised for refinancing and corporate purposes. The Group’s key focus in 2020 is to conserve cash via disciplined cost management and capex efficiency during this challenging period, whilst also building a war chest for opportunities in the ‘new norm’.



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**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 2020.

**4. Operating Revenue**

	3 <sup>rd</sup> Quarter Ended		Financial Period Ended	
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
	RM'000	RM'000	RM'000	RM'000
<u>Disaggregation of revenue from contracts with customers under MFRS 15:</u>				
Goods or services transferred:				
-at a point in time	354,028	267,697	832,503	867,454
-over time	5,667,131	5,840,962	16,812,307	17,184,860
<u>Revenue under other MFRS:</u>				
Lease and services of passive infrastructure	90,498	104,595	295,845	263,991
	<b>6,111,657</b>	6,213,254	<b>17,940,655</b>	18,316,305

Preceding quarters and comparatives have been reclassified to conform with current quarter and current financial period presentation.

**5. Taxation**

The taxation charge for the Group comprises:

	3 <sup>rd</sup> Quarter Ended		Financial Period Ended	
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
	RM'000	RM'000 Restated <sup>1</sup>	RM'000	RM'000 Restated <sup>1</sup>
Income tax	172,096	212,404	447,173	667,138
Deferred tax	84,708	54,220	235,351	87,991
<b>Total taxation</b>	<b>256,804</b>	266,624	<b>682,524</b>	755,129

<sup>1</sup> The comparative corresponding quarter and financial period to date have been restated to reflect the reclassification as disclosed in Part A, Note 2(c) of this announcement.

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



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**6. Status of Corporate Proposals**

**Proposed Listing of Robi Axiata Limited (“Robi”)**

On 21 February 2020, the Group has announced the proposal to list Robi, a 68.69% owned subsidiary of the Group on Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited in Bangladesh.

Robi will undertake the following:

- a) proposed offering of 387,742,400 new ordinary shares of BDT10 each in Robi at an offer price of BDT10 per Robi share to the public retail and institutional investors in Bangladesh;
- b) proposed offering of 136,050,934 new ordinary shares of BDT10 each in Robi at an offer price of BDT10 per Robi share to the eligible director and employees of Robi under the Employee Share Purchase Plan in conjunction with the Proposed Listing (as defined herein);

(collectively, (a) and (b) are referred to as the “Proposed Initial Public Offering (“IPO”)”); and

- c) proposed listing of and quotation for the entire enlarged issued and paid-up share capital of Robi on the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited in Bangladesh (“Proposed Listing”) (collectively, the Proposed IPO and Proposed Listing are referred to as the “Proposals”).

On 2 March 2020, Robi submitted an application in relation to the Proposals to the Bangladesh Securities and Exchange Commission (“BSEC”). Accordingly, on 24 September 2020, BSEC had approved the Proposed IPO and Proposed Listing of Robi.

BSEC has, vide its letter dated 14 October 2020, approved the Proposed IPO and Proposed Listing of Robi under section 2A, Sub-sections (2)(a) and (2)(b), read with section 2B of the Securities and Exchange Ordinance, 1969 (“Ordinance”) and the Bangladesh Securities and Exchange Commission (Public Issue) Rules, 2015 subject to certain conditions imposed under section-2CC of the said Ordinance.

Other than the above, there was no other corporate proposal announced but not completed as at 20 November 2020.



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**7. Group's Borrowings and Debt Securities**

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

	30 September 2020		31 December 2019	
	Current	Non-current	Current	Non-current
	RM'000	RM'000	RM'000	RM'000
Secured	132,669	1,102,723	79,204	391,241
Unsecured	5,083,111	15,091,960	7,552,549	8,803,249
<b>Total</b>	<b>5,215,780</b>	<b>16,194,683</b>	<b>7,631,753</b>	<b>9,194,490</b>

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

Foreign Currencies	30 September 2020	31 December 2019
	RM'000	RM'000
USD	13,189,172	6,938,098
IDR	2,323,267	3,903,883
BDT	707,081	778,295
SLR	153,542	332,021
NPR	709,739	-
Others	133,778	107,478
<b>Total</b>	<b>17,216,579</b>	<b>12,059,775</b>



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**8. Outstanding Derivatives**

(a) The details of the Group's outstanding net derivatives financial instruments set out as follow:

Type of derivative financial instruments	30 September 2020		31 December 2019	
	Notional value	Fair value favourable/ (unfavourable)	Notional value	Fair value favourable/ (unfavourable)
	RM'000	RM'000	RM'000	RM'000
<b>Cross currency interest</b>				
<u>rate swaps:</u>				
- < 1 year	1,185,743	27,018	1,171,350	(4,454)
- >3 years	2,080,250	(44,757)	2,055,000	(103,905)
<b>Put option liabilities over shares held by a non-controlling interests:</b>				
- < 1 year	(2,198,078)	(2,198,078)	(2,027,498)	(2,027,498)
<b>Convertible warrants in an associate:</b>				
- 1 - 3 years	19,251	8,343	19,251	8,343
<b>Forward foreign currency contracts:</b>				
- < 1 year	894,508	(25,600)	-	-
<b>Total</b>		<b>(2,233,074)</b>		<b>(2,127,514)</b>

(b) The risks associated with the derivative financial instrument and the policies in place for mitigating such risks were disclosed in 2019 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	
	30/9/2020	30/9/2019
	RM'000	RM'000
Total net losses	-	(4,601)



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## **10. Material Litigations**

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

**(a) Celcom Axiata Berhad (formerly known as Celcom (Malaysia) Berhad) (“Celcom”) and Celcom Resources Berhad (formerly known as Technology Resources Industries Berhad) (“Celcom Resources”) vs Tan Sri Dato’ Tajudin bin Ramli (“TSDTR”) & 6 Others**

On 24 October 2008, Celcom and Celcom Resources (also known as “the Plaintiffs”) 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. (“BM”) (collectively with the German Directors referred to as “the 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 1”).

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 i.e. the First and Second Defendants, filed a statement of defence (“Defence for Main Suit 1”) and counterclaim against Celcom, Celcom Resources and Telekom Malaysia Berhad (“TM”) seeking among others payment of the sum of RM6,246.5 million or alternatively the sum of RM7,214.9 million 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 1”). The German Directors filed their respective defence on 30 June 2017.

TM filed an application to intervene in the Main Suit 1 in light of the allegations made against TM in TSDTR and BR’s Counterclaim for Main Suit 1.

The trial and TSDTR and BR’s Counterclaim for Main Suit 1 commenced on 22 January 2018 and Celcom and Celcom Resources case was closed on 21 November 2018. TSDTR and BR commenced their case on 28 November 2018.



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**10. Material Litigations (continued)**

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

**(a) Celcom Axiata Berhad (formerly known as Celcom (Malaysia) Berhad) (“Celcom”) and Celcom Resources Berhad (formerly known as Technology Resources Industries Berhad) (“Celcom Resources”) vs Tan Sri Dato’ Tajudin bin Ramli (“TSDTR”) & 6 Others (continued)**

In view of the Receiving Order and Adjudication Order (“ROAO”) obtained against TSDTR and BR on 8 May 2018, Celcom and Celcom Resources obtained leave to continue action against TSDTR and BR and likewise TSDTR and BR were granted sanction to defend their case and continue with the TSDTR and BR’s Counterclaim for Main Suit 1.

TSDTR and BR as well as TM had closed their case and the German Directors are now in the midst of giving their evidence. The Court has fixed the following dates for continued trial:

2020

November : 17

2021

January : 11-14, 21

March : 15-18, 22-25, 29-31

Due to the current traveling restrictions, the trial dates in September are vacated and the Court proposed for parties to consider continuing the trial via video conference. The Court will give further direction during case management on 28 November 2020.

**(b) Celcom & Another vs TSDTR & 8 Others**

On 28 April 2006, Celcom and Celcom Resources (also known as “the Plaintiffs”) instituted a claim (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) to (ix) collectively referred to as “the German Directors”) (collectively referred to as “the 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.

In addition, Celcom and Celcom Resources have also made a claim (ii) 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 2”).





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**10. Material Litigations (continued)**

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

**(b) Celcom & Another vs TSDTR & 8 Others (continued)**

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

- (i) 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:
  - (aa) The sum of USD177.2 million (RM737.4 million) being the principal sum plus USD16.3 million (RM67.6 million) representing interest at the rate of 8% for the period from 16 October 2002 to 27 June 2003;
  - (bb) The cost of arbitration amounting to USD0.8 million (RM3.4 million); and
  - (cc) The sum of USD1.8 million (RM7.5 million) representing the legal costs.
- (ii) Damages for various breaches of fiduciary duties committed by them in relation to the entry into the Subscription Agreement and the ARSA.
- (iii) The unauthorised profits claimed to have been made by TSDTR, amounting to RM446.0 million.

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 i.e. the First and Second Defendants, filed statement of defence ("Defence for Main Suit 2") and counterclaim against Celcom and Celcom Resources for amongst others, RM6,246.5 million or the alternative sum of RM7,214.9 million together with interest, being the amount claimed by TSDTR in his counterclaim in the 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.

The trial and TSDTR and BR's Counterclaim for Main Suit 2 commenced on 22 January 2018 and the Celcom and Celcom Resources case was closed on 21 November 2018. TSDTR and BR commenced their case on 28 November 2018.

In view of the ROAO obtained against TSDTR and BR on 8 May 2018, Celcom and Celcom Resources obtained leave to continue action against TSDTR and BR and likewise TSDTR and BR were granted sanction to defend their case and continue with the TSDTR and BR's Counterclaim for Main Suit 2.



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**10. Material Litigations (continued)**

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

**(b) Celcom & Another vs TSDTR & 8 Others (continued)**

TSDTR and BR had closed their case and the German Directors are now in the midst of giving their evidence. The Court has fixed the following dates for continued trial:

2020

November : 17

2021

January : 11-14, 21

March : 15-18, 22-25, 29-31

Due to the current traveling restrictions, the trial dates in September are vacated and the Court proposed for parties to consider continuing the trial via video conference. The Court will give further direction during case management on 28 November 2020.

**(c) Robi vs Commissioner of Large Taxpayer Unit (“LTU-VAT”) (SIM Replacement Tax)**

**Robi SIM Replacement Dispute 2007-2011**

On 17 May 2015, the LTU-VAT of the National Board of Revenue (“NBR”) issued a revised demand letter for BDT4,145.5 million (RM203.1 million) [the earlier demand letter dated 23 February 2012 for BDT6,549.9 million (RM320.9 million)] (“2007 to 2011 Revised Claim”) to Robi alleging that Robi had evaded payment of Supplementary Duty and VAT levied on the issuance of a certain number of SIM cards to new customers of Robi during the years 2007 to 2011 when such SIM cards were issued as replacement cards to the existing subscribers of Robi.

In August 2015, Robi filed an appeal against the 2007 to 2011 Revised Claim to the Customs, Excise and VAT Appellate Tribunal. This appeal was first heard on 28 September 2016 by the Customs, Excise and VAT Appellate Tribunal and later reheard on 11 April 2017 by a reconstituted bench of the Customs, Excise and VAT Appellate Tribunal. The Customs, Excise and VAT Appellate Tribunal dismissed Robi’s appeal. Robi deposited 10% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on provisions of the Value Added Tax Act 1991.

In September 2017, Robi filed an appeal to the High Court of Bangladesh against the Customs, Excise and VAT Appellate Tribunal’s decision (“VAT Appeal”). This VAT Appeal is currently pending for hearing before the High Court of Bangladesh.



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**10. Material Litigations (continued)**

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

**(c) Robi vs Commissioner of Large Taxpayer Unit (“LTU-VAT”) (SIM Replacement Tax) (continued)**

**Robi SIM Replacement Dispute July 2012 to July 2015**

On 20 November 2017, the LTU-VAT of the NBR issued a demand letter for BDT2,852.1 million (RM139.7 million) (“2012 to 2015 Claim”) to Robi alleging that Robi had evaded payment of supplementary duty and VAT levied on the issuance of certain number of SIM cards to new customers of Robi for the duration from July 2012 to June 2015 when such SIM cards were issued as replacement cards to the existing subscribers of Robi.

On 18 February 2018, Robi filed an appeal against the 2012 to 2015 claim to the Customs, Excise and VAT Appellate Tribunal on the basis that replacement cards do not establish new connections and do not change existing subscribers’ numbers. This appeal was dismissed by the Customs, Excise and VAT Appellate Tribunal. Robi deposited 10% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on provisions of the Value Added Tax Act 1991.

Robi has filed an appeal to the High Court against the Customs, Excise and VAT Appellate Tribunal’s decision and it is now pending for hearing.

**(d) Robi vs Commissioner of LTU-VAT (VAT Audit)**

NBR issued 5 show cause cum demand notices to Robi for a total amount of BDT9,245.0 million (RM453.0 million). Robi filed Writ Petitions (Judicial Review) 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 (“DGAI”) to re-examine the claims and as such, Robi is not pursuing the Writ Petitions.

- (i) The first show-cause cum demand notice for BDT7,118.2 million (RM348.8 million) 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.
- (ii) The second show-cause cum demand notice for BDT910.5 million (RM44.6 million) alleges unpaid VAT on merger and spectrum fee. NBR has collected merger fee/spectrum information from Bangladesh Telecommunication Regulatory Commission (“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 (i) nevertheless NBR still arbitrarily made the same claim separately.



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**10. Material Litigations (continued)**

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

**(d) Robi vs Commissioner of LTU-VAT (VAT Audit) (continued)**

- (iii) The third show-cause cum demand notice for BDT16.5 million (RM0.8 million) 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 did 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 (i) nonetheless NBR still arbitrarily made the same claim separately.
- (iv) The fourth show-cause cum demand notice for BDT35.7 million (RM1.7 million) is to claim that VAT is payable on interconnection charge from BTCL for 2013 to 2016 (the issue is same as item (iii) of this case but relating to different period (2013-2016)).
- (v) The fifth show-cause cum demand notice for BDT1,164.1 million (RM57.0 million) 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.

Pursuant to re-examinations of the above by the DGAI, the LTU-VAT of the NBR issued 4 new show cause notices dated 22 March 2020 to Robi on the cumulative amount of BDT7,459.5 million (RM365.5 million) for the period of January 2013 to December 2016. The details are as below. Robi has filed Writ Petitions (Judicial Review) on 27 June 2020 to the High Court to challenge these show cause notices.

- (i) The first show cause notice is on BDT3,676.0 million (RM180.1 million) in relation to VAT deducted at source on grounds of i) withholding VAT on sale of handsets, (ii) withholding VAT on dealer's commission; (iii) withholding VAT not paid on revenue sharing on the basis of audited financial statements; (iv) less withholding VAT paid on the basis of audited accounts etc.
- (ii) The second show cause notice is on BDT394.3 million (RM19.3 million) in relation to VAT of BDT368.6 million (RM18.1 million) and supplementary duty payment of BDT25.7 million (RM1.3 million) based on Robi's audited financial statements.
- (iii) The third show cause notice is on BDT1,308.1 million (RM64.1 million) in relation to VAT on revenue sharing.
- (iv) The fourth show cause notice is on BDT2,081.2 million (RM102.0 million) in relation to VAT rebate cancellation.

The High Court issued a rule nisi in favour of Robi on 31 August 2020 with three (3) weeks for the LTU-VAT of the NBR to provide its response. The rule is pending for hearing.



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**10. Material Litigations (continued)**

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

**(e) Robi vs BTRC**

The BTRC conducted an Information System Audit on Robi for the years between 1997 to 2014 and issued a claim of BDT8,672.0 million (RM424.9 million) against Robi on 31 July 2018 ("Information System Audit Claim"). This Information System Audit Claim is disputed by Robi and a Notice of Arbitration was served on BTRC on 20 May 2019.

On 13 June 2019, notwithstanding Robi's Notice of Arbitration, the BTRC directed Robi to make payment for the Information System Audit Claim within 10 days. Challenging the demand, Robi filed a suit on 25 August 2019 before the Joint District Judge, Dhaka seeking a declaration and permanent injunction against BTRC's Information System Audit Claim. The District Court admitted the suit.

Additionally, Robi filed an application seeking an ad interim relief in relation to the following: (i) temporary injunction restraining BTRC from demanding payment of the Information System Audit Claim; (ii) temporary injunction restraining BTRC from causing any interference with the operation of Robi's mobile telecommunication services; and (iii) direction from the court to the effect that BTRC shall issue all relevant No Objection Certificate(s) for the importation of telecommunication equipment and software, and grant all relevant approvals for tariff, service, package, etc. as and when required by Robi from time to time.

The abovementioned application for ad interim relief was dismissed on 1 September 2019 by the Joint District Judge, Dhaka. Robi preferred an appeal before the High Court Division in respect of the rejection of temporary injunction application on 5 September 2019.

On 5 January 2020, the High Court issued an injunction upon BTRC on condition that Robi deposit BDT1,380 million (RM69.0 million) in five instalments. Robi has deposited these five equal instalments up to 31 May 2020. This matter is currently pending for hearing before the Joint District Judge, Dhaka.

**(f) Robi vs Commissioner of LTU-VAT (VAT Rebate Cancellation)**

For the period of 2010 to 2016, Robi claimed rebate for input VAT payable on certain goods and services related to capital machineries (i.e. antenna, cable, media gateway switch, battery, modem, telephone and telegraphic switch, power system, optical multi service systems, universal service router, printed service board, racks, etc.). The LTU-VAT of the NBR issued 5 show causes cum demand notices to Robi to cancel such rebate for input VAT and demanded for a total amount of BDT2,805.5 million (RM137.5 million).

- (i) The demand notice for the period of July 2013 to June 2014 is for BDT596.8 million (RM29.2 million).
- (ii) The demand notice for the period of July 2014 to January 2016 is for BDT993.2 million (RM48.7 million).
- (iii) The demand notice for the period of February 2016 to April 2016 for BDT41.0 million (RM2.0 million).



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**10. Material Litigations (continued)**

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

**(f) Robi vs Commissioner of LTU-VAT (VAT Rebate Cancellation) (continued)**

- (iv) The demand notice for the period of May 2016 to December 2016 is for BDT707.7 million (RM34.7 million).
- (v) The demand notice for the financial years of 2010 to 2012 is for BDT466.9 million (RM22.9 million). On 11 March 2018, Robi filed an appeal to the Customs, Excise and VAT Appellate Tribunal.

Pursuant to each demand notice in items (i) to (v), Robi deposited 10% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on the provisions of the Value Added Tax Act 1991. For items (i) to (iv), Robi filed four separate VAT appeals to the High Court, Dhaka on 21 January 2019 to challenge the said demand notices. For item (v), the earlier appeal to the Customs, Excise and VAT Appellate Tribunal was dismissed and Robi thereafter filed a VAT appeal to the High Court, Dhaka on 1 June 2020 to challenge the said demand notice. All VAT appeals are currently pending for hearing before the High Court, Dhaka.

**(g) Robi vs The Commissioner of Taxes**

The Commissioner of Taxes assessed the income tax return of Robi and disallowed certain losses and expenses (i.e. subsidy on acquisition expenses/promotional expense (SIM tax subsidy), foreign exchange losses, non-adjustment of depreciation allowances, etc.) and further determined the income tax payable as follows:

- (i) for the assessment year 2013-2014, BDT2,273.6 million (RM111.4 million) and interest of BDT378.2 million (RM18.5 million);
- (ii) for the assessment year 2014-2015, BDT2,246.3 million (RM110.1 million) and interest of BDT414.4 million (RM20.3 million); and
- (iii) for the assessment year 2015-2016, BDT2,263.2 million (RM110.9 million) and interest of BDT295.3 million (RM14.5 million).

Robi has preferred its appeals to the Supreme Court of Bangladesh, High Court Division against the Commissioner of Taxes' respective determination above and such appeals are pending hearing.



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**10. Material Litigations (continued)**

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

**(h) Dialog Broadband Networks (Private) Limited (Amalgamated with Suntel Limited) (“DBN”) vs Electroteks Network Services (Private) Limited (“Electroteks”)**

On 20 November 2001, DBN initiated a claim against Electroteks for LKR68.8 million (RM1.5 million) to recover an outstanding amount due for the provision of telecommunication facilities. This claim has concluded and is currently at execution stage.

On 30 May 2002, Electroteks filed a counterclaim for LKR4,200.0 million (RM94.5 million) together with the interest thereon and it was allowed by the court (“Counterclaim Judgment”). DBN filed an appeal against the Counterclaim Judgment to the Supreme Court of Sri Lanka.

Pending disposal of the aforesaid appeal, Dialog Axiata Plc., the holding company of DBN, has provided a bank guarantee for LKR1,000.0 million (RM22.5 million) and a corporate guarantee for LKR3,200.0 million (RM72.0 million) to stay execution of the Counterclaim Judgment.

Parties filed written submissions on 30 November 2016. The Judgment was delivered by the Supreme Court of Sri Lanka on 14 December 2018 allowing the appeal of DBN and setting aside the Judgment of the Commercial High Court. Principal sum with the legal interest as at 14 December 2018 is LKR11,608.9 million (RM261.2 million).

Electroteks has filed a revision application in the Supreme Court of Sri Lanka under Case Number SC/MISC/3/2019 against the Judgment delivered by the Supreme Court of Sri Lanka and the matter came up for support on 17 May 2019. On that date, the Presiding Judge of the Supreme Court bench referred the matter to be mentioned on 12 June 2019 before a bench comprising the judges who delivered the Judgment. However, when the matter came up on 12 June 2019, no direction was made by the Supreme Court. The matter was supported on 14 September 2020. The order was reserved by the Supreme Court.



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**10. Material Litigations (continued)**

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

- (i) **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") seeking various orders from the SC including that tax to be collected from Ncell and 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. 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 NPR39,060.7 million (RM1,375.2 million). Ncell is ordered to deposit the said amount within 7 days, or by 22 April 2019 ("LTPO Direction").

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 in compliance 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, during which period the Respondents were refrained from taking any steps to enforce the LTPO Direction 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. Hearing of the Ncell Application before a full bench of the SC was concluded on 7 July 2019.





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## **10. Material Litigations (continued)**

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

- (i) **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)**

On 26 August 2019, the SC issued a short-form judgment on the Ncell Application ("Short Form Order") in which the SC partially upheld the Ncell Application. The full written judgment of the SC's decision was issued on 21 November 2019 ("SC Judgment"). The SC Judgment states that the prior tax amount assessed by the LTPO is to be reduced to the extent of fees purportedly levied under section 120(a) of the Nepalese Income Tax Act which were found to be unlawful. The SC has held that Ncell remains liable to pay NPR21,104.0 million (RM743.0 million) in allegedly outstanding CGT (including fees pursuant to sections 117(1)(a) and (c) and interest pursuant to sections 118 and 119 until the date of deposit) in relation to the Transaction.

Following this SC Judgment, on 6 December 2019, the LTPO demanded that Ncell pay NPR22,445.1 million (RM790.2 million) in allegedly outstanding CGT (including interest and penalties) ("Demand Amount"). On 22 December 2019, the LTPO issued a second demand letter, repeating the demand from 6 December 2019 for Ncell to deposit the sums demanded within 15 days (collectively, the "LTPO Demand Letters"). On 12 April 2020, Ncell settled the Demand Amount and an additional sum of NPR990.3 million (RM35.0 million) as interest (collectively, the "Total Amount"). Ncell's payment of the Total Amount was made under protest and expressly without prejudice to Ncell and Axiata UK's position in the international arbitration proceedings commenced by Ncell and Axiata UK against the Federal Democratic Republic of Nepal (detailed below).

The LTPO Demand Letters represent a clear violation of the terms of the Provisional Measures Order (defined below) issued by the Tribunal on 19 December 2019 in the arbitration proceedings commenced by Ncell and Axiata UK which ordered Federal Democratic Republic of Nepal ("Nepal"), its agencies and officials to refrain from, amongst other things, taking any steps to enforce or otherwise give effect to the LTPO Demand Letters. The Provisional Measures Order is legally binding on Nepal and its agencies under international law.

### **Arbitration of Axiata UK and Ncell v Nepal**

Following the LTPO Demand Letters, Axiata UK and Ncell have filed a Request for Arbitration ("Request") with the International Centre for the Settlement of Investment Disputes ("ICSID") pursuant to the Agreement dated 2 March 1993 between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Nepal for the Promotion and Protection of Investments ("Bilateral Investment Treaty"). Nepal was notified of the Request on 26 April 2019.



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**10. Material Litigations (continued)**

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

- (i) **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)**

**Arbitration of Axiata UK and Ncell v Nepal (continued)**

Axiata UK and Ncell's claims as set out in the Request relate to Nepal's conduct in contravention of its international law obligations under the Bilateral Investment Treaty. In particular, the claims relate to Nepal's conduct in imposing capital gains tax in connection with Axiata UK's acquisition of 100% of the shares of Reynolds, which owns 80% of the shares of Ncell.

Pursuant to the ICSID, Axiata UK and Ncell appointed Albert Jan van den Berg (Dutch) on 23 July 2019 as their chosen arbitrator. The arbitration tribunal ("Tribunal") was fully constituted on 18 October 2019, the other members being Paul Friedland (American) and Professor Joongi Kim (Korean, presiding arbitrator).

On 19 December 2019, the Tribunal granted Axiata UK and Ncell's application for provisional measures in large part and ordered that Nepal, its organs, agencies and officials, including the LTPO and the Inland Revenue Department ("IRD"), immediately be restrained from:

- (i) any steps to enforce or otherwise give effect to the demand letter served by the LTPO against Ncell dated 6 December 2019 in which the LTPO demanded that Ncell pay NPR22,445.1 million (RM790.2 million) in allegedly outstanding CGT (including interest and penalties) in connection with the Transaction; and
- (ii) taking any steps which would alter the status quo between Axiata UK, Ncell and Nepal or aggravate the present dispute (together, the "Provisional Measures Order").

Axiata UK and Ncell have submitted their memorial on 12 May 2020. Nepal's Counter Memorial is due on 11 January 2021 (following a request for an extension to the deadline). A two-week merits hearing is scheduled for 2 August 2021 to 13 August 2021 (having been deferred around a month from the previous hearing date of 21 June 2021 to 2 July 2021 as a result of the extension of time for Nepal's Counter-Memorial).

**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.



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**13. Earnings Per Share (“EPS”)**

**(a) Basic EPS**

	3 <sup>rd</sup> Quarter Ended		Financial Period Ended	
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
		Restated <sup>1</sup>		Restated <sup>1</sup>
Profit attributable to owners of the Company (RM'000)	352,991	179,270	621,115	1,124,992
Adjusted weighted average number of ordinary shares ('000) in issue	9,169,313	9,128,656	9,166,934	9,100,894
<b>Basic EPS (sen)</b>	<b>3.8</b>	<b>2.0</b>	<b>6.8</b>	<b>12.4</b>

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.

	3 <sup>rd</sup> Quarter Ended		Financial Period Ended	
	30/9/2020	30/9/2019	30/9/2020	30/9/2019
		Restated <sup>1</sup>		Restated <sup>1</sup>
Profit attributable to owners of the Company (RM'000)	352,991	179,270	621,115	1,124,992
Weighted average number of ordinary shares in issue ('000)	9,169,313	9,128,656	9,166,934	9,100,894
Adjusted for share-based payment ('000)	6,873	10,678	7,864	8,783
Weighted average number of ordinary shares for the purpose of computing diluted EPS ('000)	9,176,186	9,139,334	9,174,798	9,109,677
<b>Diluted EPS (sen)</b>	<b>3.8</b>	<b>2.0</b>	<b>6.8</b>	<b>12.3</b>

<sup>1</sup> The comparative corresponding quarter and financial period to date have been restated to reflect the change in accounting policy as disclosed in Part A, Note 2(b) of this announcement.



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**14. Qualification of Preceding Audited Financial Statements**

The 2019 Audited Financial Statements were not subject to any qualification.

**15. Dividends Proposed**

- (a) On 27 August 2020, the Board of Directors declared a tax exempt dividend under single tier system of 2 sen per each ordinary share of the Company for the financial year ending 31 December 2020. The dividend was subsequently paid by the Company on 13 October 2020.
- (b) No dividend is declared for the current quarter ended 30 September 2020.

**By Order of the Board**

Suryani Hussein (LS0009277)  
Secretary

Kuala Lumpur  
27 November 2020