



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

The Board of Directors of Axiata Group Berhad is pleased to announce the following results of the Group for the financial year ended 31 December 2020.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
	4th Quarter Ended		Financial Year Ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Restated¹	Unaudited	Restated¹
Operating revenue	6,262,516	6,267,007	24,203,171	24,583,312
Operating costs				
- depreciation, impairment and amortisation	(3,032,155)	(1,888,389)	(8,484,994)	(7,084,236)
- foreign exchange (losses)/gains	(139,029)	(21,179)	(196,083)	5,421
- domestic interconnect, international outpayment and other direct costs	(527,052)	(500,238)	(1,822,171)	(1,980,257)
- marketing, advertising and promotion	(542,478)	(520,272)	(1,892,272)	(2,001,470)
- other operating costs	(1,828,694)	(1,826,928)	(7,305,590)	(7,406,798)
- staff costs	(544,288)	(539,716)	(2,227,532)	(2,220,200)
- impairment on receivables, net	(90,410)	(154,675)	(298,731)	(355,437)
- other gains/(losses) - net	739	319	2,693	(22,601)
Other operating income - net	65,180	126,764	516,393	714,392
(Loss)/Profit before finance cost	(375,671)	942,693	2,494,884	4,232,126
Finance income	40,029	53,179	177,183	230,468
Finance cost excluding net foreign exchange gains on financing activities	(410,296)	(429,676)	(1,693,067)	(1,738,473)
Net foreign exchange gains on financing activities	209,383	47,454	173,395	59,085
Joint ventures				
- share of results (net of tax)	576	-	(1,039)	(2,819)
Associates				
- share of results (net of tax)	2,120	8	19,761	(647)
(Loss)/Profit before taxation	(533,859)	613,658	1,171,117	2,779,740
Taxation	135,452	(209,515)	(547,072)	(964,644)
(Loss)/Profit for the financial period/year	(398,407)	404,143	624,045	1,815,096

¹ The comparative corresponding quarter and financial year to date have been restated to reflect the reclassification 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)

The Board of Directors of Axiata Group Berhad is pleased to announce the following results of the Group for the financial year ended 31 December 2020.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)				
	4th Quarter Ended		Financial Year Ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Restated¹	Unaudited	Restated¹
Other comprehensive (expense)/income:				
Items that will not be reclassified to profit or loss:				
- actuarial (losses)/gains on defined benefits plan, net of	(23,046)	2,781	(34,909)	3,570
- fair value through other comprehensive income	(76,188)	(271,574)	(117,815)	(1,598,067)
Items that may be reclassified subsequently to profit or				
- currency translation differences	(219,581)	(398,130)	(572,984)	(271,745)
- net cash flow hedge	(45,059)	(49,400)	28,640	61,158
- net cost of hedging	36,079	(6,297)	7,025	(6,632)
Other comprehensive expense for the financial period/year, net of tax	(327,795)	(722,620)	(690,043)	(1,811,716)
Total comprehensive (expense)/income for the financial period/year	(726,202)	(318,477)	(65,998)	3,380
(Loss)/Profit for the financial year attributable to:				
- owners of the Company	(255,959)	332,558	365,155	1,457,550
- non-controlling interests	(142,448)	71,585	258,890	357,546
	(398,407)	404,143	624,045	1,815,096
Total comprehensive (expense)/income for the financial period/year attributable to:				
- owners of the Company	(533,584)	(295,447)	(184,658)	(325,276)
- non-controlling interests	(192,618)	(23,030)	118,660	328,656
	(726,202)	(318,477)	(65,998)	3,380
Earnings Per Share (sen) (Part B, Note 13)				
- basic	(2.8)	3.6	4.0	16.0
- diluted	(2.8)	3.6	4.0	16.0

¹ The comparative corresponding quarter and financial year to date have been restated to reflect the reclassification 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)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
	31/12/2020	31/12/2019
	RM'000	RM'000
	Unaudited	Audited
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	13,883,028	13,857,268
Reserves	3,758,111	2,323,525
Total equity attributable to owners of the Company	17,641,139	16,180,793
Non-controlling interests	6,238,290	6,039,230
Total equity	23,879,429	22,220,023
NON-CURRENT LIABILITIES		
Borrowings	14,773,895	9,194,490
Derivative financial instruments	121,784	110,818
Deferred income	445,237	383,337
Deferred gain on sale and lease back assets	422,817	559,351
Trade and other payables	1,303,042	607,967
Lease liabilities	7,894,276	7,397,617
Provision for liabilities	640,507	517,288
Deferred taxation	1,086,780	1,205,422
Total non-current liabilities	26,688,338	19,976,290
	50,567,767	42,196,313

(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)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)		
	31/12/2020	31/12/2019
	RM'000	RM'000
	Unaudited	Audited
NON-CURRENT ASSETS		
Intangible assets	20,634,399	20,724,361
Contract cost assets	179,801	182,908
Property, plant and equipment	24,495,647	25,633,223
Right-of-use assets	8,518,895	8,937,706
Joint ventures	33,737	21,709
Associates	274,635	207,357
Financial assets at fair value through other comprehensive income	220,978	301,347
Financial assets at fair value through profit or loss	4,467	3,459
Derivative financial instruments	8,343	15,256
Trade and other receivables	1,315,895	656,639
Deferred taxation	310,324	324,187
Total non-current assets	55,997,121	57,008,152
CURRENT ASSETS		
Inventories	141,663	154,328
Trade and other receivables	4,362,394	4,721,973
Derivative financial instruments	-	9,247
Financial assets at fair value through profit or loss	138,113	60,417
Tax recoverable	97,610	70,944
Deposits, cash and bank balances	7,194,254	4,231,099
Assets classified as held-for-sale	30,593	277,643
	11,964,627	9,525,651
LESS: CURRENT LIABILITIES		
Trade and other payables	12,005,768	12,178,262
Deferred gain on sale and lease back assets	121,365	124,748
Lease liabilities	1,734,320	1,442,700
Borrowings	2,971,544	7,631,753
Derivative financial instruments	10,881	2,041,199
Current tax liabilities	532,947	899,811
Liability classified as held-for-sale	17,156	19,017
Total current liabilities	17,393,981	24,337,490
Net current liabilities	(5,429,354)	(14,811,839)
	50,567,767	42,196,313
Net assets per share attributable to owners of the Company (sen)	192	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 YEAR ENDED 31 DECEMBER 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
	At 1 January 2020		9,163,573	13,857,268	(561,180)	(3,762,267)	6,646,972	16,180,793	6,039,230
Profit for the financial year		-	-	-	-	365,155	365,155	258,890	624,045
Other comprehensive (expense)/income:									
-Currency translation differences of subsidiaries		-	-	(443,840)	-	-	(443,840)	(129,144)	(572,984)
-Net cash flow hedge		-	-	-	28,640	-	28,640	-	28,640
-Net cost of hedging		-	-	-	7,025	-	7,025	-	7,025
-Actuarial losses, net of tax		-	-	-	(24,278)	-	(24,278)	(10,631)	(34,909)
-Revaluation of financial assets at FVTOCI		-	-	-	(117,360)	-	(117,360)	(455)	(117,815)
Total comprehensive (expense)/income		-	-	(443,840)	(105,973)	365,155	(184,658)	118,660	(65,998)
Transactions with owners:									
-Dilution of equity interest in subsidiaries		-	-	3,637	(6,851)	217,145	213,931	97,415	311,346
-Additional of investment in a subsidiary		-	-	-	-	-	-	7,584	7,584
-Right issue by a subsidiary		-	-	-	-	-	-	9,596	9,596
-Revaluation of put option		-	-	-	(222,982)	-	(222,982)	-	(222,982)
-Derecognition of put option		-	-	-	2,250,479	-	2,250,479	-	2,250,479
-Share buyback by a subsidiary	Part A, 12(e)	-	-	(3,287)	109	(2,554)	(5,732)	(34,737)	(40,469)
-IPO of a subsidiary	Part A, 12(m)	-	-	2,687	946	(47,941)	(44,308)	292,995	248,687
-Dividends declared to shareholders		-	-	-	-	(595,993)	(595,993)	-	(595,993)
-Dividends declared to NCI		-	-	-	-	-	-	(300,530)	(300,530)
-Share-based payment expense		-	-	-	49,609	-	49,609	8,077	57,686
-Transferred from share-based payment reserve upon vest		5,968	25,760	-	(25,760)	-	-	-	-
Total transactions with owners		5,968	25,760	3,037	2,045,550	(429,343)	1,645,004	80,400	1,725,404
At 31 December 2020		9,169,541	13,883,028	(1,001,983)	(1,822,690)	6,582,784	17,641,139	6,238,290	23,879,429

Non-controlling interests ("NCI") Fair value through other comprehensive income ("FVTOCI") Initial Public Offerings ("IPO")

(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 YEAR ENDED 31 DECEMBER 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
At 1 January 2019:								
- 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 year	-	-	-	-	1,457,550	1,457,550	357,546	1,815,096
Other comprehensive (expense)/income:								
-Currency translation differences of:								
-subsidiaries	-	-	(180,834)	-	-	(180,834)	(31,286)	(212,120)
-derecognition of an associate	-	-	(59,625)	-	-	(59,625)	-	(59,625)
	-	-	(240,459)	-	-	(240,459)	(31,286)	(271,745)
-Net cash flow hedge	-	-	-	61,158	-	61,158	-	61,158
-Net cost of hedging	-	-	-	(6,632)	-	(6,632)	-	(6,632)
-Actuarial gains, net of tax	-	-	-	1,530	-	1,530	2,040	3,570
-Revaluation of financial assets at FVTOCI	-	-	-	(1,598,423)	-	(1,598,423)	356	(1,598,067)
Total comprehensive (expense)/income	-	-	(240,459)	(1,542,367)	1,457,550	(325,276)	328,656	3,380
Transactions with owners:								
-Issuance of new ordinary shares	5,751	16,389	-	-	-	16,389	-	16,389
-Dilution of equity interest in subsidiaries	-	-	8,476	-	59,697	68,173	8,692	76,865
-Additional investment in subsidiaries	-	-	-	-	(56,145)	(56,145)	(12,499)	(68,644)
-Termination of put option	-	-	-	98,729	(6,372)	92,357	54,241	146,598
-Revaluation of put option	-	-	-	(499,665)	-	(499,665)	-	(499,665)
-Dividends paid to shareholders by:								
- Dividend reinvestment scheme	85,221	326,673	-	-	(326,673)	-	-	-
- Cash settlement	-	-	-	-	(538,283)	(538,283)	-	(538,283)
-Dividends declared to NCI	-	-	-	-	-	-	(75,386)	(75,386)
-Share-based payment expense	-	-	-	11,956	-	11,956	-	11,956
-Transferred from share-based payment reserve upon:								
- exercise/vest	1,583	11,838	-	(11,838)	-	-	-	-
- lapsed	-	-	-	(111,419)	111,419	-	-	-
Total transactions with owners	92,555	354,900	8,476	(512,237)	(756,357)	(905,218)	(24,952)	(930,170)
At 31 December 2019 (Audited)	9,163,573	13,857,268	(561,180)	(3,762,267)	6,646,972	16,180,793	6,039,230	22,220,023



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

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 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
At 1 January 2020	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	-	-	28,640	-	-	-	-	-	28,640
-Net cost of hedging	-	-	-	7,025	-	-	-	-	7,025
-Actuarial losses, net of tax	-	-	-	-	(24,278)	-	-	-	(24,278)
-Revaluation of financial assets at FVTOCI	-	-	-	-	-	-	(117,360)	-	(117,360)
Total comprehensive income/(expense)	-	-	28,640	7,025	(24,278)	-	(117,360)	-	(105,973)
Transactions with owners:									
-Dilution of equity interest in subsidiaries	-	-	-	-	(60)	(6,787)	(4)	-	(6,851)
-Additional of investment in a subsidiary	-	-	-	-	-	-	-	-	-
-Revaluation of put option	-	-	-	-	-	-	-	(222,982)	(222,982)
-Derecognition of put option	-	-	-	-	-	-	-	2,250,479	2,250,479
-Share buyback by a subsidiary	-	-	-	-	109	-	-	-	109
-IPO of a subsidiary	-	-	-	-	946	-	-	-	946
-Share-based payment expense	-	-	-	-	-	49,609	-	-	49,609
-Transferred from share-based payment reserve upon vest	-	-	-	-	-	(25,760)	-	-	(25,760)
Total transactions with owners	-	-	-	-	995	17,062	(4)	2,027,497	2,045,550
At 31 December 2020 (Unaudited)	16,598	346,774	18,935	1,163	5,229	44,413	(2,255,802)	-	(1,822,690)
At 1 January 2019									
- 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	-	-	-	-	-	-	-	(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	-	-	61,158	-	-	-	-	-	61,158
-Net cost of hedging	-	-	-	(6,632)	-	-	-	-	(6,632)
-Actuarial gains, net of tax	-	-	-	-	1,530	-	-	-	1,530
-Revaluation of financial assets at FVTOCI	-	-	-	-	-	-	(1,598,423)	-	(1,598,423)
Total comprehensive income/(expense)	-	-	61,158	(6,632)	1,530	-	(1,598,423)	-	(1,542,367)
Transactions with owners:									
-Termination of put option	-	-	-	-	-	-	-	98,729	98,729
-Revaluation of put option	-	-	-	-	-	-	-	(499,665)	(499,665)
-Share-based payment expense	-	-	-	-	-	11,956	-	-	11,956
-Transferred from share-based payment reserve upon:									
- exercise/vest	-	-	-	-	-	(11,838)	-	-	(11,838)
- lapsed	-	-	-	-	-	(111,419)	-	-	(111,419)
Total transactions with owners	-	-	-	-	-	(111,301)	-	(400,936)	(512,237)
At 31 December 2019 (Audited)	16,598	346,774	(9,705)	(5,862)	28,512	27,351	(2,138,438)	(2,027,497)	(3,762,267)



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

CONSOLIDATED STATEMENT OF CASH FLOWS		
	FOR THE FINANCIAL YEAR ENDED	
	<u>31/12/2020</u>	<u>31/12/2019</u>
	RM'000	RM'000
	Unaudited	Audited
Receipt from customers	24,152,677	24,875,636
Payment to suppliers and employees	(14,483,569)	(13,413,645)
Payment of finance costs	(1,400,405)	(1,689,589)
Payment of income taxes (net of refunds)	(916,403)	(1,233,788)
CASH FLOWS FROM OPERATING ACTIVITIES	<u>7,352,300</u>	<u>8,538,614</u>
Proceeds from disposal of property, plant and equipment	64,773	28,485
Purchase of property, plant & equipment ("PPE")	(4,765,543)	(6,799,221)
Acquisition of intangible assets	(596,723)	(429,628)
Net proceeds from sale of towers	580,790	-
Investments in deposits maturing more than three (3) months	601,802	133,618
Investment in subsidiaries (net of cash acquired)	-	21,451
Proceeds from disposal of an associate	-	1,649,256
Investment in associates	(15,922)	(8,570)
Investment in a joint venture	(11,169)	-
Additional investment in associates	(10,743)	(6,094)
Additional investment in joint venture	(1,899)	-
Purchase of other investments	(1,953)	(33,030)
Disposal of other investments	150,582	97,500
Disposal of rights on right issue of a financial asset at FVTOCI	-	96,149
Payments for right-of-use ("ROU") assets	(22,495)	(41,336)
Settlement of derivative financial instrument	-	(38,712)
(Advances to)/repayment from employees	(647)	241
Dividend received from associate and other investment	6,783	-
Interests received	192,101	230,232
CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(3,830,263)</u>	<u>(5,099,659)</u>
Proceeds from issuance of shares under Axiata Share Scheme	-	16,389
Proceeds from borrowings	11,282,317	3,513,881
Proceeds from Sukuk	2,091,250	188,800
Repayment of borrowings	(8,398,077)	(4,448,260)
Repayment of Sukuk	(3,582,091)	(1,606,684)
Repayment of lease liabilities	(1,327,894)	(1,207,992)
Net proceed from sale and leaseback transactions	561,908	-
Net proceed from right issue of a subsidiary	9,596	-
Capital injection by NCI of subsidiaries	301,860	82,444
Proceeds from IPO of a subsidiary	184,092	-
Share buyback by a subsidiary	(40,468)	-
Additional investment in subsidiaries	-	(90,704)
Dividend paid to shareholders	(595,993)	(538,283)
Dividends paid to NCI	(281,126)	(75,386)
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES	<u>205,374</u>	<u>(4,165,795)</u>

(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)



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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)		
	FOR THE FINANCIAL YEAR ENDED	
	<u>31/12/2020</u>	<u>31/12/2019</u>
	RM'000 Unaudited	RM'000 Audited
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	3,727,411	(726,840)
NET DECREASE/(INCREASE) IN RESTRICTED CASH AND CASH EQUIVALENT	29,775	(95,146)
EFFECT OF EXCHANGE RATE CHANGES	(66,881)	49,343
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	3,015,105	3,787,748
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	<u>6,705,410</u>	<u>3,015,105</u>
Deposits, cash and bank balances	7,194,254	4,231,099
Financial asset at FVTPL	138,063	60,376
Less:		
Deposits pledged and restricted cash	(209,098)	(238,872)
Deposits maturing more than three (3) months	(301,254)	(903,056)
Bank overdraft	(116,555)	(134,442)
Total cash and cash equivalents	<u>6,705,410</u>	<u>3,015,105</u>

(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)



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

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

1. Basis of Preparation

The unaudited financial statements for the financial year ended 31 December 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.
 - (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 year 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 year to date.



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2. Accounting Policies (continued)

(b) The Group assessed 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 income – net” in the Consolidated Statement of Comprehensive Income for the quarter and financial year to date. The comparative corresponding quarter and financial year to date have been restated to conform with current year presentation.

The impacts of the reclassification to the Consolidated Statement of Comprehensive Income are shown below:

	4 th Quarter Ended			Financial Year 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
31 December 2020:						
Profit or loss:						
Other operating income - net	84,738	(19,558)	65,180	592,312	(75,919)	516,393
Taxation	115,894	19,558	135,452	(622,991)	75,919	(547,072)
	<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
31 December 2019:						
Profit or loss:						
Other operating income - net	145,384	(18,620)	126,764	806,853	(92,461)	714,392
Taxation	(228,135)	18,620	(209,515)	(1,057,105)	92,461	(964,644)

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 year to date has taken into account the following:

- (a) The COVID-19 pandemic has impacted Axiata's performance in the financial year ended 31 December 2020, especially in the second quarter ended 30 June 2020 and fourth quarter ended 31 December 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. In addition, the Group's revenue has also been affected by government regulations and initiatives 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.

Overall, there is no material impact to the financial position of the Group, other than impairment of assets mainly on customer receivables. The Group's balance sheet and liquidity position is strong as at year end, hence we do not foresee a risk in the Group's ability to continue as going concern.

- (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 2,688 telecommunication towers to Protelindo and CMI and leaseback specific tower spaces on some towers with a transaction value of IDR3,806.8 billion (RM1,100.2 million). Accordingly, the Group recorded a gain of IDR1,537.0 billion (RM444.2 million) during the financial year to date.

During the financial year 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 (RM52.7 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 year to date.



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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 year to date has taken into account of the following: (continued)

- (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) On 24 December 2020, the Group completed the IPO of Robi as disclosed in Part A, Note 12(m). Accordingly, put option liability arising from a transaction with non-controlling interest of RM2,250.5 million has been extinguished.
- (f) During the current quarter and financial year to date, the Group has adjusted for accelerated depreciation and write-off on property, plant and equipment ("PPE") of RM1,065.3 million with related deferred tax impact of RM244.1 million mainly due to 3G asset useful life review.
- (g) During the current quarter and financial year to date, the Group recognised net foreign exchange gains of RM70.4 million and losses of RM22.7 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 year ended 31 December 2020.

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 year 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.



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

- (a) During the financial year 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
<ul style="list-style-type: none"> • Restrictive Share Awards ("RSA") at an issuance price of RM4.11 to RM4.56 being the fair value of RSA issued 	5,968	25,760
Total	5,968	25,760

- (b) During the current quarter and financial year 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.
- On 23 June 2020, settled its USD100.0 million (RM427.8 million) RC facility with MUFG upon maturity; and
- (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). 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.
- On 30 October 2020, settled part of its Syndicated Financing amounting to USD200.0 million (RM831.2 million).
- (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.



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

- (e) Axiata SPV2 Berhad (“SPV2”), 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.

- (g) SPV2 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.

Aside from the above, there were no other significant issues, repurchases and repayments of debt and equity securities during the financial year ended 31 December 2020.

7. Dividends Paid

The Company declared and paid the dividends during the current quarter and financial year to date as below:

Date of payment	Description	Per ordinary share	Total
		Sen	RM'000
14 May 2020	Tax exempt dividend under single tier in respect of financial year ended 31 December 2019		
	– Final	4.0	366,758
	– Special	0.5	45,845
13 October 2020	Tax exempt dividend under single tier in respect of financial year ended 31 December 2020	2.0	183,390
		6.5	595,993



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8. Segmental Information

For the financial year ended 31 December 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	6,218,831	7,514,215	3,744,616	2,721,085	1,479,397	1,372,696	1,881,176	785,952	-	25,717,968
Inter-segment ¹	(44,784)	(24,022)	(32,713)	(21,339)	(2,872)	(10,856)	(1,119,989)	(258,222)	-	(1,514,797)
External operating revenue	6,174,047	7,490,193	3,711,903	2,699,746	1,476,525	1,361,840	761,187	527,730	-	24,203,171
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	2,589,948	3,776,653	1,580,705	1,153,679	850,210	751,947	1,087,192	(553,282)	(580,177)	10,656,875
Finance income	59,739	52,933	3,460	7,556	5,840	8,196	49,855	37,579	(47,975)	177,183
Finance cost	(380,497)	(761,506)	(245,477)	(54,194)	(94,879)	(27,952)	(106,552)	(358,019)	336,009	(1,693,067)
Depreciation of PPE	(1,051,920)	(2,468,198)	(708,144)	(522,623)	(305,086)	(256,740)	(383,501)	(14,088)	5,581	(5,704,719)
Depreciation of ROU assets	(394,689)	(1,106,964)	(139,138)	(42,827)	(19,843)	(54,453)	(226,461)	(14,915)	410,219	(1,589,071)
Amortisation of intangible assets	(61,850)	(6,312)	(218,011)	(78,526)	(131,076)	(13,276)	(32,467)	(31,855)	(236,579)	(809,952)
Joint ventures:										
- share of results (net of tax)	(1,039)	-	-	-	-	-	-	-	-	(1,039)
Associates:										
- share of results (net of tax)	22,897	(176)	-	(96)	-	(4,720)	-	1,856	-	19,761
Impairment of PPE, net of reversal	-	102	(7,992)	1,116	-	-	(24,901)	(8,825)	-	(40,500)
Other income/(expense)	83,090	543,990	(68,623)	(152,486)	(107,694)	(40,276)	(44,894)	(59,732)	2,271	155,646
Taxation ²	(167,360)	57,609	(119,884)	(40,446)	(100,089)	(68,446)	(162,877)	(13,445)	67,866	(547,072)
Segment profit/(loss) for the financial year	698,319	88,131	76,896	271,153	97,383	294,280	155,394	(1,014,726)	(42,785)	624,045

¹ Inter-segment operating revenue has been eliminated at the respective segment operating revenue. The inter-segment operating revenue was entered into in the normal course of business and at prices available to third parties or at negotiated terms.

² Taxation excludes minimum tax in Bangladesh as disclosed in Part A, Note 2(b) of this announcement.



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8. Segmental Information (continued)

For the financial year ended 31 December 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	6,706,135	7,363,860	3,672,883	2,708,642	1,979,427	1,306,241	1,809,225	616,474	-	26,162,887
Inter-segment ¹	(54,765)	(102,492)	(20,157)	(9,651)	(4,952)	(23,796)	(1,146,168)	(217,594)	-	(1,579,575)
External operating revenue	6,651,370	7,261,368	3,652,726	2,698,991	1,974,475	1,282,445	663,057	398,880	-	24,583,312
EBITDA	2,618,458	3,721,054	1,404,249	1,082,800	1,193,287	695,179	1,112,584	(670,471)	(537,990)	10,619,150
Finance income	88,493	32,550	4,044	6,331	38,503	7,038	56,819	29,038	(32,348)	230,468
Finance cost	(416,296)	(809,214)	(251,599)	(78,938)	(29,733)	(29,945)	(106,716)	(339,559)	323,527	(1,738,473)
Depreciation of PPE	(838,903)	(1,671,212)	(614,759)	(546,098)	(273,691)	(220,461)	(382,866)	(13,919)	22,274	(4,539,635)
Depreciation of ROU assets	(407,834)	(1,148,453)	(140,464)	(40,715)	(16,859)	(52,721)	(215,647)	(9,677)	405,881	(1,626,489)
Amortisation of intangible assets	(61,850)	(9,599)	(233,562)	(30,386)	(131,056)	(11,141)	(31,861)	(19,416)	(255,351)	(784,222)
Joint venture:										
- share of results (net of tax)	(2,819)	-	-	-	-	-	-	-	-	(2,819)
Associates:										
- share of results (net of tax)	(1,386)	305	-	(6)	-	3,128	-	(2,688)	-	(647)
Impairment of PPE, net of reversal	-	(2,274)	(5,990)	1,619	-	-	(2,761)	-	-	(9,406)
Other income/(expenses) ^{3&4}	73,987	136,261	(68,358)	(100,580)	8,213	(11,097)	(19,498)	615,135	(2,250)	631,813
Taxation ³	(262,790)	(105,722)	(85,259)	(45,333)	(231,096)	(71,765)	(158,184)	(31,350)	26,855	(964,644)
Segment profit/(loss) for the financial year	789,060	143,696	8,302	248,694	557,568	308,215	251,870	(442,907)	(49,402)	1,815,096

³ Restated to reflect the reclassification of minimum tax in Bangladesh as disclosed in Part A, Note 2(b) of this announcement.

⁴ Included in other income/(expense) are gain on digital venture investments of RM367.1 million, gain on disposal of an associate of RM113.4 million and disposal of Idea rights of RM96.1 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 year to date, the Group acquired additional PPE amounting to RM5,330.4 million mainly for its telecommunication network equipment and capital work in progress.

11. Events after the Interim Period

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 18 February 2021.

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 year 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 year 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 year to date.



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

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

Axiata Digital Services Sdn Bhd (“ADS”), a 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 year to date.

(e) Share Buyback by XL

During the financial year 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 66.60%.

The Group recognised an increase of RM0.1 million in actuarial reserves and decrease of RM3.3 million in consolidated currency translation differences, RM2.6 million in the consolidated retained earnings and non-controlling interest amounting to RM34.7 million.

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

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

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 Cambodia as one entity.

Following the completion of the merger, Smart holds an equity interest in Pi Pay International Co. Limited of 26.42% and indirect holding of Pi Pay Cambodia of 25.10% for a total consideration of USD8.7 million (RM35.1 million).



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

(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 Companies 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 are telecommunications infrastructure and related services.

The incorporation above did not have material impact to the Group during the financial year 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 activities of SPV5 are investment holding and issuance of financial instruments.

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

(j) Incorporation of Trust Axiata Digital Limited (“TADL”)

ADS, a subsidiary of the Company, had on 29 May 2020 entered into a joint venture agreement with Trust Bank Limited (“TBL”) to incorporate a new company. The incorporation of TADL (Registration No C-164124/2020), a private company limited by shares, under the Bangladesh Companies Act, 1994 was completed on 4 October 2020.

TADL was incorporated with an issued and paid-up share capital of BDT450.0 million (approximately RM22.0 million) with TBL and ADS holding 51.00% and 49.00% of total TADL shares respectively. The principal activities of TADL are providing mobile financial services and related products and services in the Bangladesh market.

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



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

(k) Voluntary Winding Up by PLDT Malaysia Sdn Bhd (“PLDT”)

PLDT commenced Members’ Voluntary Winding Up on 14 August 2019. The Liquidator has lodged the required return with the Registrar of Companies and Official Receiver on 4 December 2020. Pursuant to Section 459 (5) of the Companies Act 2016, PLDT shall be dissolved on the expiration of 3 months after the lodgement of such return.

The above winding up did not have material impact to the Group during the current quarter and financial year to date.

(l) Restructuring of Digital Financial Services Businesses and Dilution of Equity Interest in Boost Holdings

On 4 December 2020, ADS completed the transfer of its entire shareholdings in Axiata Digital Capital Sdn Bhd, Axiata Digital eCode Sdn Bhd, Apigate Sdn Bhd and PT Axiata Digital Services Indonesia to Boost Holdings.

On 15 December 2020, Great Eastern Digital Private Limited (“GE”) invested in Boost Holdings for the subscription of 29,400,000 ordinary shares at the consideration of RM294.0 million representing 21.88% of the total issued and paid-up share capital of Boost Holdings. Subsequent to the said investment, the shareholding of Boost Holdings held by ADS and GE is 78.12% and 21.88% respectively. Following the said investment, the Group’s effective equity interest in Boost Holdings decreased from 96.47% to 75.36%.

Accordingly, the Group recorded increase in consolidated retained earnings of RM214.0 million and non-controlling interest of RM80.0 million.

(m) Dilution of Equity Interest in Robi Axiata Limited (“Robi”)

On 24 December 2020, the Group’s equity interest in Robi decreased from 68.69% to 61.82% following the IPO of Robi on the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited in Bangladesh.

The Group recognised a decrease of RM47.9 million in the consolidated retained earnings and increase of RM2.7 million in consolidated currency translation differences, actuarial reserves of RM0.9 million and non-controlling interest amounting to RM293.0 million.



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

(n) Voluntary Liquidation and Dissolution of Subsidiaries of ADA Digital Singapore Pte Ltd ("ADAS")

ADAS, a subsidiary of the Group held via ADS, had on 31 October 2019 commenced the voluntary liquidation and dissolution of its subsidiaries as follows:

- i) Adknowledge Asia Singapore Pte Ltd ("AAS") pursuant to the Singapore Companies Act Chapter 50.
- ii) Adknowledge Asia Hong Kong Limited ("ADK HK") pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32).
- iii) Komli Asia Holdings Pte Ltd ("KAH") pursuant to the Singapore Companies Act Chapter 50.
- iv) Komli Network Philippines Inc ("KNPI") pursuant to the Corporation Code of the Philippines R.A 112321.

The voluntary liquidation and dissolution of subsidiaries of ADAS are expected to be completed between six (6) to twenty-four (24) months from the date of appointment of the liquidators. AAS, ADK HK and KAH have completed its dissolution and liquidation in December 2020 while similar process for KNPI is still on-going.

The voluntary liquidation and dissolution above did not have material impact to the Group during current quarter and financial year to date.

Other than the above, there was no other change in the composition of the Group for the financial year ended 31 December 2020.



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13. Significant Changes in Contingent Assets or Contingent Liabilities

The following is the material change in the Group's contingent liabilities since the last disclosed in the 2019 Audited Financial Statements and other than as disclosed in Part B, Note 10:

(a) Robi vs Commissioner of Large Taxpayer Unit – Value Added Tax (“LTU-VAT”) of National Board of Revenue (“NBR”) (VAT Audit)

On 6 February 2018, LTU-VAT of NBR issued five (5) show cause cum demand notices under section 55(3) of the Bangladesh VAT Act, 1991 to Robi for a total amount of BDT9,245.0 million (RM438.9 million) (“the Original Demand”). Robi filed Writ Petitions (Judicial Review) on 3 May 2018 to challenge the Original Demand. The NBR referred the matter to the Directorate General of Audit Intelligence and Investigation (“DGAI”) to re-examine the claims and as such, Robi did not pursue those Writ Petitions.

Pursuant to re-examinations of the above by the DGAI, the LTU-VAT of NBR issued four (4) new show cause notices dated 22 March 2020 to Robi on the cumulative amount of BDT7,459.5 million (RM354.2 million) for the period of January 2013 to December 2016 (“the Revised Show Cause Notices”). Robi has filed Writ Petitions (Judicial Review) on 27 June 2020 to the High Court to challenge the Revised Show Cause Notices.

The NBR, exercising power under section 43 of the Bangladesh VAT Act, 1991; examined the Original Demand of LTU-VAT of NBR on two occasions (by forming two review committees). The invocation of section 43 of the Bangladesh VAT Act, 1991 rendered the Original Demand under section 55 (3) of the Bangladesh VAT Act, 1991 dated 6 February 2018 ineffective and unenforceable based on external legal opinion.

With regard to the Revised Show Cause Notices, all four (4) show cause notices have not matured to demand notices under section 55 (3) of the Bangladesh VAT Act, 1991. Based on the legal opinion received, the Board of Directors are of the view that the Revised Show Cause Notices have yet to become enforceable.

14. Capital Commitments

As at	Group	
	31 December 2020	31 December 2019
	RM'000	RM'000
Commitments in respect of expenditure approved and contracted for	1,852,531	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 that the Group entered into with identified related parties for the respective financial year ended 31 December are as follows:

	2020	2019
	RM'000	RM'000
Sale of telecommunication services to joint ventures	249,460	136,777
Purchase of network related services from associates	114,757	79,811
Revenue sharing with a joint venture	1,116	4,352



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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	31 December 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	138,113	-	-	138,113	63,876	-	-	63,876
-Unquoted securities	-	-	4,467	4,467	-	-	-	-
-Non-hedging derivatives	-	8,343	-	8,343	-	8,343	-	8,343
-Derivative used for hedging	-	-	-	-	-	16,160	-	16,160
Financial assets at FVTOCI:								
-Equity securities	-	-	220,978	220,978	-	-	301,347	301,347
<u>Liabilities</u>								
Financial liabilities at FVTPL:								
-Derivatives used for hedging	-	(132,665)	-	(132,665)	-	(124,520)	-	(124,520)
Total	138,113	(124,322)	225,445	239,236	63,876	(100,017)	301,347	265,206



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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 (Q4'20 vs Q4'19)

	Current Year Quarter	Preceding Year Corresponding Quarter	Variance	
	31/12/2020	31/12/2019		
	RM'million	RM'million	RM'million	%
Revenue	6,262.5	6,267.0	(4.5)	-0.1
EBITDA	2,729.6	2,725.2	4.4	0.2
PAT ¹	(398.4)	404.1	(802.5)	- >100
PATAMI ²	(256.0)	332.6	(588.6)	- >100

¹ PAT : Profit after tax

² PATAMI : Profit after tax and minority interest

Group Performance

Compared to the preceding year's corresponding quarter (Q4'20 vs Q4'19), Group revenue and EBITDA remained stable at RM6,262.5 million and RM2,729.6 million respectively. At constant currency of Q4'19, revenue and EBITDA grew by 2.0% and 2.5% respectively.

Q4'20 profit was impacted by accelerated depreciation and write-off of assets, mainly for 3G assets amounting to RM1,065.3 million (PAT: RM821.2 million; PATAMI: RM604.3 million). As a result, Group PAT and PATAMI decreased significantly to record a net loss of RM398.4 million and RM256.0 million respectively.

Geographical Highlights

- Malaysia:** Revenue dropped by 5.5% to RM1,623.3 million as impacted by the COVID-19 outbreak and its containment measures. However, EBITDA registered a growth of 14.0% to RM794.8 million due to lower operating cost. PAT declined by 18.0% to RM202.3 million due to accelerated depreciation of 3G assets amounting to RM126.4 million. Excluding accelerated depreciation of assets, PAT would have increased by 33.3%.



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1. Review of Performance (continued)

(a) Quarter-on-Quarter (Q4'20 vs Q4'19) (continued)

Geographical Highlights (continued)

- **Indonesia:** Revenue dropped by 4.3% to RM1,816.4 million for the quarter. With lower revenue and flat operating cost, EBITDA dropped by 8.5% to RM898.8 million. PAT for the quarter recorded a net loss of RM486.2 million as compared to a net profit of RM36.5 million in Q4'19 due to accelerated depreciation of assets mainly for 3G assets amounting to RM558.9 million during the quarter. Excluding accelerated depreciation of assets, PAT would be positive.
- **Bangladesh:** Revenue remained stable at RM930.5 million for the quarter. EBITDA increased by 25.5% to RM368.0 million attributed to lower operating cost. Q4'19 suffered a net loss of RM47.6 million due to higher depreciation and amortisation and finance cost offsetting higher EBITDA. As compared to a net loss in Q4'19, PAT for the quarter increased to RM19.0 million driven by higher EBITDA and lower tax partly being offset by higher depreciation and amortisation which included accelerated depreciation of 3G assets of RM11.5 million.
- **Sri Lanka:** Revenue increased by 4.9% to RM715.7 million. Driven by higher revenue coupled with lower operating cost, EBITDA improved by 19.6% to RM320.7 million. PAT grew by 35.3% to RM75.5 million attributed to higher top lines, whilst being partly offset by higher depreciation and amortisation which included accelerated depreciation of 3G assets of RM20.7 million and foreign exchange loss as opposed foreign exchange gain in Q4'19.
- **Nepal:** Revenue dropped by 20.9% to RM371.0 million from all revenue segments due to adverse impacted from the COVID-19 pandemic and existing business challenges. EBITDA dropped by 23.6% to RM217.8 million. As compared to PAT of RM115.1 million in Q4'19, the Operating Company (OpCo) registered a net loss of RM19.2 million for the quarter impacted by assets written off totalling RM72.2 million and higher finance cost.
- **Cambodia:** Revenue increased by 14.6% to RM388.0 million. With higher revenue partly offset by higher operating cost, EBITDA grew by 6.8% to RM192.3 million. However, PAT decreased by 36.5% to RM52.8 million impacted by write-off of specific 3G assets totalling RM31.6 million in the current quarter.
- **Infrastructure:** Revenue increased by 4.3% to RM487.8 million. However, EBITDA declined by 18.2% to RM226.3 million mainly due to higher provision for impairment on receivables. Lower EBITDA was further impacted by lower other income, higher finance cost and tax, PAT for the quarter recording a net loss of RM21.9 million.



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1. Review of Performance (continued)

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

	Current Year to Date	Immediate Preceding Year	Variance	
	31/12/2020	31/12/2019		
	RM'million	RM'million	RM'million	%
Revenue	24,203.2	24,583.3	(380.1)	-1.5
EBITDA	10,656.9	10,619.1	37.8	0.4
PAT	624.0	1,815.1	(1,191.1)	-65.6
PATAMI	365.2	1,457.5	(1,092.3)	-74.9

Group Performance

Group revenue declined by 1.5% to RM24,203.2 million for FY'20, mainly due to the COVID-19 pandemic and lockdown measures across operating companies' markets during the financial year. Despite drop in revenue, Group EBITDA was flat at RM10,656.9 million with improvement from all OpCos, except mobile operations in Malaysia and Nepal and the Infrastructure segment.

Group PAT decreased by 65.6% to RM624.0 million impacted by accelerated depreciation and write-off of assets mainly for 3G assets amounting to RM821.2 million (PATAMI: RM604.3 million), as well as lower one-off gains. In FY'20, Indonesia recognised a one-off gain on sale and leaseback of telecommunication towers of RM444.2 million (PATAMI: RM294.8 million) as opposed to FY'19, in 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 RM576.7 million. Group PATAMI decreased by 74.9% to RM365.2 million.

Geographical Highlights

- Malaysia:** Revenue decreased by 7.3% to RM6,218.8 million as impacted by the COVID-19 outbreak and its containment measures. EBITDA dropped by 1.1% to RM2,589.9 million cushioned by lower operating cost. PAT declined by 11.5% to RM698.3 million due to accelerated depreciation of 3G assets amounting to RM126.4 million. Excluding accelerated depreciation of assets, PAT would have increased by 4.5%.



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1. Review of Performance (continued)

(b) Year-on-Year (FY'20 vs FY'19) (continued)

Geographical Highlights (continued)

- **Indonesia:** Revenue increased by 2.0% to RM7,514.2 million underpinned by strong data growth, while EBITDA improved by 1.5% to RM3,776.7 million. During FY'20, the OpCo recognised a one-off gain on sale and leaseback of telecommunication towers of RM444.2 million. However, PAT decreased by 38.7% to RM88.1 million due to accelerated depreciation of assets mainly for 3G assets at RM558.9 million.
- **Bangladesh:** Revenue grew by 2.0% to RM3,744.6 million mainly driven by data growth. EBITDA grew faster than revenue at 12.6% to RM1,580.7 million benefitting from lower operating cost. As a result of better performance partly being offset by higher depreciation and amortisation and tax, PAT increased significantly to RM76.9 million in FY'20 compared to RM8.3 million in FY'19.
- **Sri Lanka:** Revenue increased slightly by 0.5% to RM2,721.1 million despite the COVID-19 outbreak and its containment measures as well as foregone revenue from free credit given. EBITDA improved by 6.5% to RM1,153.7 million attributed to controlled spending. PAT increased by 9.0% to RM271.2 million further driven by lower finance cost partly offset by higher depreciation and amortisation and foreign exchange loss in FY'20 as opposed to foreign exchange gain in FY'19.
- **Nepal:** Revenue dropped by 25.3% to RM1,479.4 million mainly due to existing business challenges coupled with adverse impact of the COVID-19 pandemic and its containment measures/lockdowns. Consequently, EBITDA dropped by 28.8% to RM850.2 million. PAT decreased by 82.5% to RM97.4 million as further impacted by higher depreciation and amortisation which included assets written off totalling RM72.2 million, higher finance cost, partly offset by lower tax.
- **Cambodia:** Revenue and EBITDA grew by 5.1% and 8.2% to RM1,372.7 million and RM751.9 million respectively. However, PAT decreased by 4.5% to RM294.3 million due to higher top lines partly being offset by higher depreciation and amortisation which included write-off of specific 3G assets totalling RM31.6 million.
- **Infrastructure:** Revenue increased by 4.0% to RM1,881.2 million, however EBITDA decreased by 2.3% to RM1,087.2 million mainly due to higher provision for impairment on receivables. PAT decreased by 38.3% to RM155.4 million further impacted by higher depreciation and amortisation, foreign exchange loss, and other operating expense.



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1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q4'20 vs Q3'20)

	Current Quarter	Immediate Preceding Quarter	Variance	
	31/12/2020	30/09/2020		
	RM'million	RM'million	RM'million	%
Revenue	6,262.5	6,111.7	150.8	2.5
EBITDA	2,729.6	2,839.6	(110.0)	-3.9
PAT	(398.4)	467.7	(866.1)	>100
PATAMI	(256.0)	353.0	(609.0)	>100

Group Performance

Compared to the preceding quarter (Q4'20 vs Q3'20), the Group revenue grew by 2.5% to RM6,262.5 million driven by all OpCos except mobile operation in Indonesia and Bangladesh. However, EBITDA declined by 3.9% to RM2,729.6 million due to higher operating cost.

PAT and PATAMI for the quarter declined to a net loss of RM398.4 million and RM256.0 million respectively as impacted by accelerated depreciation and write-off of assets mainly for 3G assets amounting to RM821.2 million (PATAMI: RM604.3 million).

Geographical Highlights

- Malaysia:** Revenue increased by 2.7% to RM1,623.3 million. Driven by higher revenue coupled with lower operating cost, EBITDA grew by 12.0% to RM794.8 million. However, PAT declined by 17.0% to RM202.3 million due to accelerated depreciation of 3G assets amounting to RM126.4 million. Excluding accelerated depreciation of assets, PAT would have increased by 34.8%.
- Indonesia:** Revenue and EBITDA dropped by 3.4% and 8.1% to RM1,816.4 million and RM898.8 million respectively. PAT for the quarter recorded a net loss of RM486.2 million compared to a net profit of RM96.4 million in Q3'20 due to accelerated depreciation of assets mainly for 3G assets amounting to RM558.9 million. Excluding accelerated depreciation of assets, PAT would be positive.



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1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q4'20 vs Q3'20) (continued)

Geographical Highlights (continued)

- **Bangladesh:** Revenue and EBITDA decreased by 2.9% and 4.6% to RM930.5 million and RM368.0 million respectively. PAT for the quarter remained flat at RM19.0 million as a result of lower EBITDA and higher depreciation and amortisation which included accelerated depreciation of 3G assets amounting to RM11.5 million, offset by lower tax.
- **Sri Lanka:** Both revenue and EBITDA registered growth of 3.6% to RM715.7 million and RM320.7 million respectively. However, PAT decreased by 30.7% to RM75.5 million for the quarter due to higher depreciation and amortisation which included accelerated depreciation of 3G assets amounting to RM20.7 million, as well as foreign exchange loss in Q4'20 as opposed foreign exchange gain in Q3'20.
- **Nepal:** Revenue grew by 6.8% to RM371.0 million, however EBITDA remained flat at RM217.8 million due to higher operating cost. As compared to PAT of RM42.7 million in Q3'20, the OpCo registered a net loss of RM19.2 million for the quarter impacted by assets written off totaling RM72.2 million. Excluding assets write-off, PAT would be positive.
- **Cambodia:** Revenue increased by 16.2% to RM388.0 million, however EBITDA remained flat at RM192.3 million due to reclassification of revenue and operating cost. PAT decreased by 37.9% to RM52.8 million as impacted by write-off of specific 3G assets totaling RM31.6 million in the current quarter.
- **Infrastructure:** Revenue increased by 4.0% to RM487.8 million. However, EBITDA dropped by 20.3% to RM226.3 million mainly due to higher provision for impairment on receivables and other direct cost. With lower EBITDA further impacted by higher depreciation and amortisation, PAT for the quarter recorded a net loss of RM21.9 million.

Myanmar is one of the infrastructure segment's operating footprint and it represents approximately 5% of Group's net assets. On 1 February 2021, Myanmar announced one-year state of emergency. On 11 February 2021, United States imposed targeted sanctions followed by European Union on 22 February 2021. The Group is consistently communicating with all stakeholders including its employees and customers in Myanmar and will continue to closely monitor and assess the business and operational risks to mitigate against any potential impact arising from this situation.



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1. Review of Performance (continued)

(d) Economic Profit (“EP”) Statement

	4 th Quarter Ended		Financial Year Ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
EBIT	(302,560)	836,789	2,171,881	3,534,913
Adjusted tax 24%	72,614	(200,829)	(521,251)	(848,379)
Share of results in associates and joint ventures	2,696	8	18,722	(3,466)
NOPLAT	(227,250)	635,968	1,669,352	2,683,068
AIC	43,857,348	40,476,278	43,857,348	40,476,278
WACC	8.78%	8.15%	8.78%	8.15%
Economic Charge (AIC*WACC)	962,669	824,704	3,850,675	3,298,817
Economic Profit	(1,189,919)	(188,736)	(2,181,323)	(615,749)

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 higher WACC during the current quarter and financial year to date mainly resulted from higher cost of equity; and
- (ii) lower NOPLAT during the current quarter and financial year to date are mainly contributed by lower 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 Ended 31 December 2020

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

	FY 2020 Headline KPIs @ Constant rate¹
Revenue Growth ²	3.5 - 4.5%
EBITDA Growth	4.0 - 5.5%
Return on Invested Capital ³ ("ROIC")	5.5 - 6.0%

Notes:

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

² Revenue is based on Revenue excluding device

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

In the wake of the COVID-19 pandemic, given the uncertainty surrounding the depth and duration of this pandemic and the difficulty in predicting the pace of recovery, the Group has withdrawn its guidance on the above Headline KPIs on 21 May 2020.

The Group nonetheless recorded a resilient performance amidst the challenging year with results achieved better than expectations. Revenue declined by low single digit percentage whilst EBITDA remained flat on the back of cost measures implemented Group-wide. ROIC stood at 3.7%, (5.7% based on adjusted for Celcom’s employee restructuring programme and accelerated depreciation/write-off mainly on 3G assets).

Axiata as part of its corporate social responsibility, continued to support its customers via free data and connectivity to healthcare, education, entertainment, enterprise, and government website web providing aid to the community across our markets.

During this challenging year, the Group’s key focus was to conserve cash via disciplined cost management and capex efficiency, whilst also building a war chest for opportunities in the ‘new norm’. It ended the year with RM3.3 billion operating free cash flow and cash in hand of RM7.2 billion.

The Group strengthened its liquidity position with the completion of the issuances of USD500.0 million Multi-Currency Sukuk and USD1.0 billion Euro Medium-Term Note on 19 August 2020, which were utilised for refinancing and corporate purposes. In addition, on 24 December 2020, Robi was successfully listed on the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited in Bangladesh.

Overall, Axiata has achieved a relatively balanced result with strong cash generation.



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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 year ended 31 December 2020.

4. Operating Revenue

	4 th Quarter Ended		Financial Year Ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	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	262,113	131,961	1,094,616	999,415
-over time	5,892,505	5,877,286	22,436,172	22,789,124
<u>Revenue under other MFRS:</u>				
Lease and services of passive infrastructure	107,898	257,760	672,383	794,773
	6,262,516	6,267,007	24,203,171	24,583,312

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

5. Taxation

The taxation charge for the Group comprises:

	4 th Quarter Ended		Financial Year Ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
		Restated ¹		Restated ¹
Income tax	159,696	186,533	606,869	856,651
Deferred tax	(295,148)	22,982	(59,797)	107,993
Total taxation	(135,452)	209,515	547,072	964,644

¹ The comparative corresponding quarter and financial year to date have been restated to reflect the reclassification as disclosed in Part A, Note 2(b) of this announcement.

The current quarter effective tax rate of the Group is slightly higher than the statutory tax rate mainly due to deferred tax credit as a result of accelerated depreciation and write-off on PPE as disclosed in Part A, Note 4(f) of this announcement.

Financial year to date effective tax rate of the Group is higher than the statutory tax rate mainly due to non-deductible expenses, varying tax regimes and blended statutory tax rates.

6. Status of Corporate Proposals

There was no corporate proposal announced but not completed as at 18 February 2021.



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7. Group's Borrowings and Debt Securities

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

	31 December 2020		31 December 2019	
	Current	Non-current	Current	Non-current
	RM'000	RM'000	RM'000	RM'000
Secured	276,250	1,031,905	79,204	391,241
Unsecured	2,695,294	13,741,990	7,552,549	8,803,249
Total	2,971,544	14,773,895	7,631,753	9,194,490

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

Foreign Currencies	31 December 2020	31 December 2019
	RM'000	RM'000
USD	10,281,354	6,938,098
IDR	2,707,443	3,903,883
BDT	617,301	778,295
SLR	202,965	332,021
NPR	690,862	-
Others	208,426	107,478
Total	14,708,351	12,059,775



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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	31 December 2020		31 December 2019	
	Notional value	Fair value favourable/ (unfavourable)	Notional value	Fair value favourable/ (unfavourable)
	RM'000	RM'000	RM'000	RM'000
<u>Cross currency interest rate swaps:</u>				
- < 1 year	-	(10,881)	1,171,350	(4,455)
- >3 years	2,018,000	(121,784)	2,055,000	(103,905)
<u>Put option liabilities over shares held by a non-controlling interests:</u>				
- < 1 year	-	-	(2,027,497)	(2,027,497)
<u>Convertible warrants in an associate:</u>				
- 1 - 3 years	19,251	8,343	19,251	8,343
Total		(124,322)		(2,127,514)

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

	Current and Cumulative Quarter	
	31/12/2020	31/12/2019
	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:

2021
March : 15-18, 22-25, 29-31

Due to the current traveling restrictions, the trial dates in January 2021 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 27 February 2021.

(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 (RM715.4 million) being the principal sum plus USD16.3 million (RM65.6 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 (RM3.3 million); and
 - (cc) The sum of USD1.8 million (RM7.3 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:

2021
March : 15-18, 22-25, 29-31

Due to the current traveling restrictions, the trial dates in January 2021 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 27 February 2021.

(c) Robi Axiata Limited (“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 (RM196.8 million) [the earlier demand letter dated 23 February 2012 for BDT6,549.9 million (RM311.0 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 No.1”). 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 Axiata Limited (“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 BDT2,852.0 million (RM135.4 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 of Bangladesh against the Customs, Excise and VAT Appellate Tribunal’s decision (“VAT Appeal No.2”) and it is now pending for hearing.

On 23 November 2020, both VAT Appeal No.1 and VAT Appeal No.2 pending in the High Court of Bangladesh were fixed for hearing whereupon the High Court of Bangladesh ordered parties to file the remaining Paper Book and fixed both VAT Appeal No. 1 and VAT Appeal No.2 for continued hearing on 20 January 2021 onwards.

With the new VAT and Supplementary Duty Act 2012 which became effective on 1 July 2019, the High Court of Bangladesh is of the view that Robi needs to file a Revision Application for the VAT Appeal No. 2 and pursuant thereto, to deposit a further 10% of the sum set out in the respective demand notices with the LTU-VAT of the NBR. Robi has filed written arguments against such view on the basis that the new VAT and Supplementary Duty Act 2012 is not applicable and this legal point is scheduled to be heard on 10 February 2021. However on 10 February 2021, the VAT Appeal No. 2 was not listed and it is now pending a hearing date being fixed by 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)

(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 (RM438.9 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 did not pursue the Writ Petitions.

- (i) The first show-cause cum demand notice for BDT7,118.2 million (RM338.0 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 (RM43.2 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.
- (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 (RM55.3 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.



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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)

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 (RM354.2 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 (RM174.5 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 (RM18.7 million) in relation to VAT of BDT368.6 million (RM17.5 million) and supplementary duty payment of BDT25.7 million (RM1.2 million) based on Robi's audited financial statements.
- (iii) The third show cause notice is on BDT1,308.1 million (RM62.1 million) in relation to VAT on revenue sharing.
- (iv) The fourth show cause notice is on BDT2,081.2 million (RM98.8 million) in relation to VAT rebate cancellation.

The High Court issued rules 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 rules are pending for hearing.

(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 (RM411.7 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.



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10. Material Litigations (continued)

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

(e) Robi vs BTRC (continued)

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 (RM133.2 million).

- (i) The demand notice for the period of July 2013 to June 2014 is for BDT596.8 million (RM28.3 million).
- (ii) The demand notice for the period of July 2014 to January 2016 is for BDT993.2 million (RM47.2 million).
- (iii) The demand notice for the period of February 2016 to April 2016 for BDT41.0 million (RM1.9 million).
- (iv) The demand notice for the period of May 2016 to December 2016 is for BDT707.7 million (RM33.6 million).
- (v) The demand notice for the financial years of 2010 to 2012 is for BDT466.9 million (RM22.2 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.



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10. Material Litigations (continued)

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

(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 (RM107.9 million) and interest of BDT378.2 million (RM18.0 million);
- (ii) for the assessment year 2014-2015, BDT2,246.3 million (RM106.7 million) and interest of BDT414.4 million (RM19.7 million); and
- (iii) for the assessment year 2015-2016, BDT2,263.2 million (RM107.5 million) and interest of BDT295.3 million (RM14.0 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 (RM91.1 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 (RM21.7 million) and a corporate guarantee for LKR3,200.0 million (RM69.4 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 (RM251.9 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 (“Ncell”), Reynolds Holdings Limited (“Reynolds”), Axiata Investments (UK) Limited (“Axiata UK”), 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 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 (RM1,343.8 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 (“Ncell”), Reynolds Holdings Limited (“Reynolds”), Axiata Investments (UK) Limited (“Axiata UK”), 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 (RM726.0 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 (RM772.2 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 vs 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 (“Ncell”), Reynolds Holdings Limited (“Reynolds”), Axiata Investments (UK) Limited (“Axiata UK”), 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 vs 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) taking 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 (RM772.2 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 has submitted the Counter-Memorial on 25 January 2021. A reply to Nepal's Counter-Memorial by Axiata UK and Ncell is due on 14 May 2021. A two-week merits hearing scheduled from 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) remains unchanged.

Amended Assessment Notice by the LTPO

Notwithstanding letters dated 12 April 2020 and 15 April 2020 by the LTPO to confirm that Ncell has fully discharged all of its tax obligations under the ITA arising from the Transaction, the LTPO issued a notice dated 25 December 2020 (“Reassessment Notice”) under section 101(6) of the ITA to amend its earlier tax assessment of the income tax return filed by Ncell for the fiscal year of 2015 to 2016, being the fiscal year when the Transaction took place.



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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 (“Ncell”), Reynolds Holdings Limited (“Reynolds”), Axiata Investments (UK) Limited (“Axiata UK”), 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)**

Amended Assessment Notice by the LTPO (continued)

The LTPO had reassessed Ncell’s income tax return for the fiscal year of 2015 to 2016 and determined that based on section 57 of the ITA, Ncell’s taxable income for such fiscal year is now NPR127,827.6 million (RM4,397.5 million). Ncell responded to the Reassessment Notice on 12 January 2021 disagreeing amongst other things, with the applicability of the assessment and the method used by LTPO to make the assessment.

Ncell has filed a Writ Petition (“First Writ”) against LTPO and related government agencies (being the Government of Nepal, Large Taxpayers Office, Chief Tax Administrator - Large Taxpayers Office, Tax Officer - Large Taxpayers Office, Inland Revenue Department (“IRD”), and Ministry of Finance) for a Writ of Certiorari and Prohibition to impugn the Reassessment Notice. On 13 January 2021, Ncell obtained an order from the Supreme Court that all decisions and proceedings in relation to the Reassessment Notice be stayed until the matter is heard by the Supreme Court. On 14 January 2021 the Tribunal also issued its procedural order recording the undertaking given by Nepal that its organs and agencies of Nepal (including the LTPO, the IRD, Nepal Telecommunication Authority, Nepal Rastra Bank, and the Ministries and Departments of the Government of Nepal) will not take any measures against Ncell in relation to the section 57 demand and the Transaction.

Notwithstanding the order from the Supreme Court, the LTPO had on the same day issued a further notice (“Demand Notice”) under section 102 of the ITA for additional tax liability of NPR57,852.3 million (RM1,990.2 million) (which includes fees chargeable under section 117 of ITA, interests under sections 118 and 119 of the ITA, and 50% penalty on the total additional tax liability under section 120(a) of the ITA. Ncell has filed another Writ Petition (“Second Writ”) to dispute the Demand Notice as the remedies sought in the First Writ has been rendered inapplicable by the Demand Notice. On 7 February 2021, the Supreme Court issued an interim order directing the respondents in the Second Writ not to execute the Demand Notice and not to withhold any benefits or facilities that Ncell is legally entitled to.

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 year 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 year to date.



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13. Earnings Per Share (“EPS”)

(a) Basic EPS

	4 th Quarter Ended		Financial Year Ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Profit attributable to owners of the Company (RM'000)	(255,959)	332,558	365,155	1,457,550
Adjusted weighted average number of ordinary shares ('000) in issue	9,169,522	9,146,882	9,167,584	9,112,486
Basic EPS (sen)	(2.8)	3.6	4.0	16.0

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 year 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.

	4 th Quarter Ended		Financial Year Ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
Profit attributable to owners of the Company (RM'000)	(255,959)	332,558	365,155	1,457,550
Weighted average number of ordinary shares in issue ('000)	9,169,522	9,146,882	9,167,584	9,112,486
Adjusted for share-based payment ('000)	7,597	9,324	8,136	8,221
Weighted average number of ordinary shares for the purpose of computing diluted EPS ('000)	9,177,119	9,156,206	9,175,720	9,120,707
Diluted EPS (sen)	(2.8)	3.6	4.0	16.0



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14. Qualification of Preceding Audited Financial Statements

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

15. Dividends

- (a) On 27 August 2020, the Board of Directors declared a tax exempt dividend under single tier system of 2.0 sen per each ordinary share of the Company for the financial year ending 31 December 2020. The dividend was paid by the Company on 13 October 2020.
- (b) The Board of Directors have resolved a tax exempt dividend under single tier system of 5.0 sen per ordinary share of the Company for the current financial quarter under review (Q419: 4.0 sen and a special dividend of 0.5 sen). The details of entitlement and payment date of the dividend will be determined and announced in due course.

Full year dividend declared for the financial year ended 2020 is 7.0 sen (2019: 9.0 sen and a special dividend of 0.5 sen).

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
25 February 2021