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

The Board of Directors of Axiata Group Berhad is pleased to announce the following unaudited interim results of the Group for the financial period ended 30 June 2021.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2nd Quarter Ended		Financial Period Ended	
	30/6/2021 RM'000	**30/6/2020 RM'000 Restated[1]**	**30/6/2021 RM'000**	**30/6/2020 RM'000 Restated[1]**
Revenue	**6,390,064**	5,792,414	**12,454,083**	11,828,998
Operating costs				
- depreciation, impairment and amortisation	**(1,903,392)**	(1,842,228)	**(3,878,365)**	(3,690,697)
- foreign exchange gains/(losses)	**11**	(6,237)	**72,210**	59,357
- domestic interconnect, international outpayment and other direct costs	**(528,876)**	(417,555)	**(946,050)**	(834,119)
- marketing, advertising and promotion	**(567,573)**	(412,348)	**(1,050,329)**	(909,710)
- other operating costs	**(1,930,334)**	(1,788,190)	**(3,854,665)**	(3,680,750)
- staff costs	**(520,293)**	(508,519)	**(1,039,958)**	(1,158,732)
- impairment on receivables, net	**(32,120)**	(82,052)	**(60,358)**	(158,044)
- other gains - net	**6,495**	610	**22,697**	1,176
Other income/(expense) - net	**34,565**	(7,013)	**104,130**	407,543
Profit before finance cost	**948,547**	728,882	**1,823,395**	1,865,022
Finance income	**37,003**	48,100	**71,472**	90,237
Finance cost	**(376,835)**	(427,087)	**(739,144)**	(853,322)
Foreign exchange (losses)/gains on financing activities	**(4,752)**	35,004	**(191,488)**	(130,309)
	(381,587)	(392,083)	**(930,632)**	(983,631)
Joint ventures				
- share of results (net of tax)	**(1,529)**	(2,037)	**(1,718)**	(3,973)
Associates				
- share of results (net of tax)	**2,161**	4,946	**4,045**	12,849
Profit before taxation	**604,595**	387,808	**966,562**	980,504
Taxation	**(189,727)**	(231,324)	**(364,305)**	(425,720)
Profit for the financial period	**414,868**	156,484	**602,257**	554,784

[1] The comparative corresponding quarter and financial period 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 2020)

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

The Board of Directors of Axiata Group Berhad is pleased to announce the following unaudited interim results of the Group for the financial period ended 30 June 2021.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	2nd Quarter Ended		Financial Period Ended	
	30/6/2021	**30/6/2020**	**30/6/2021**	**30/6/2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other comprehensive income/(expense) (net of tax):				
Items that will not be reclassified to profit or loss:				
- actuarial gains/(losses) on defined benefits plan, net of tax	**251**	(16,342)	**7,537**	(10,367)
- fair value through other comprehensive income	**8,922**	5,611	**15,047**	(17,097)
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	**(78,584)**	619,677	**214,109**	376,259
- net cash flow hedge	**49,093**	19,787	**26,739**	110,796
- net cost of hedging	**(50,304)**	45,978	**(94,306)**	(53,357)
Other comprehensive (expense)/income for the financial period, net of tax	**(70,622)**	674,711	**169,126**	406,234
Total comprehensive income for the financial period	**344,246**	831,195	**771,383**	961,018
Profit for the financial period attributable to:				
- owners of the Company	**277,756**	80,018	**353,315**	268,124
- non-controlling interests	**137,112**	76,466	**248,942**	286,660
	414,868	156,484	**602,257**	554,784
Total comprehensive income for the financial period attributable to:				
- owners of the Company	**218,790**	536,889	**443,017**	527,285
- non-controlling interests	**125,456**	294,306	**328,366**	433,733
	344,246	831,195	**771,383**	961,018
Earnings Per Share (sen) (Part B, Note 12)				
- basic	**3.0**	0.9	**3.9**	2.9
- diluted	**3.0**	0.9	**3.8**	2.9

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30/6/2021 RM'000 Unaudited	31/12/2020 RM'000 Audited
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	13,897,238	13,883,028
Reserves	3,844,745	3,758,114
Total equity attributable to owners of the Company	17,741,983	17,641,142
Non-controlling interests	6,589,634	6,238,288
Total equity	24,331,617	23,879,430
NON-CURRENT LIABILITIES		
Borrowings	15,403,530	14,773,895
Derivative financial instruments	106,638	121,784
Deferred income	411,052	445,237
Deferred gain on sale and leaseback assets	362,135	422,817
Trade and other payables	1,543,937	1,303,042
Lease liabilities	7,559,099	7,894,276
Provision for liabilities	679,948	640,507
Deferred taxation	1,161,445	1,086,780
Total non-current liabilities	27,227,784	26,688,338
	51,559,401	**50,567,768**

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	30/6/2021 RM'000 Unaudited	31/12/2020 RM'000 Audited
NON-CURRENT ASSETS		
Intangible assets	20,992,939	20,634,399
Contract cost assets	201,198	179,801
Property, plant and equipment	24,946,702	24,495,647
Right-of-use assets	8,495,423	8,518,895
Joint ventures	31,638	33,737
Associates	251,093	274,635
Financial assets at fair value through other comprehensive income	243,231	220,978
Financial assets at fair value through profit or loss	2,651	4,467
Derivative financial instruments	28,537	8,343
Trade and other receivables	1,319,538	1,315,895
Deferred taxation	242,150	310,324
Total non-current assets	56,755,100	55,997,121
CURRENT ASSETS		
Inventories	227,093	141,663
Trade and other receivables	4,296,281	4,362,395
Derivative financial instruments	8,343	-
Financial assets at fair value through profit or loss	46	138,113
Tax recoverable	118,125	97,610
Deposits, cash and bank balances	7,001,796	7,194,254
Assets classified as held-for-sale	7,613	30,593
	11,659,297	11,964,628
LESS: CURRENT LIABILITIES		
Trade and other payables	11,870,698	12,001,948
Deferred gain on sale and leaseback assets	121,365	121,365
Deferred income	3,444	3,820
Lease liabilities	1,790,875	1,734,320
Borrowings	2,568,645	2,971,544
Derivative financial instruments	20,387	10,881
Current tax liabilities	476,100	532,947
Liability classified as held-for-sale	3,482	17,156
Total current liabilities	16,854,996	17,393,981
Net current liabilities	(5,195,699)	(5,429,353)
	51,559,401	**50,567,768**
Net assets per share attributable to owners of the Company (sen)	193	192

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020)

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

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

	Attributable to equity holders of the Company							
	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 2021	9,169,541	13,883,028	(1,002,020)	(1,822,687)	6,582,821	17,641,142	6,238,288	23,879,430
Profit for the financial period	-	-	-	-	353,315	353,315	248,942	602,257
Other comprehensive income/(expense):								
-Currency translation differences of subsidiaries	-	-	137,211	-	-	137,211	76,898	214,109
-Net cash flow hedge	-	-	-	26,739	-	26,739		26,739
-Net cost of hedging	-	-	-	(94,306)	-	(94,306)		(94,306)
-Actuarial gains, net of tax	-	-	-	5,011	-	5,011	2,526	7,537
-Revaluation of financial assets at FVTOCI	-	-	-	15,047	-	15,047	-	15,047
Total comprehensive income/(expense)	**-**	**-**	**137,211**	**(47,509)**	**353,315**	**443,017**	**328,366**	**771,383**
Transactions with owners:								
-Dilution of equity interest in subsidiaries	-	-	3,490	(14,938)	114,137	102,689	143,582	246,271
-New/Additional investment in subsidiaries	-	-	-	-	(244)	(244)	582	338
-Dividends declared to shareholders	-	-	-	-	(458,631)	(458,631)	-	(458,631)
-Dividends declared to NCI	-	-	-	-	-	-	(115,571)	(115,571)
-Share-based payment expense	-	-	-	14,010	-	14,010	(5,613)	8,397
-Transferred from share-based payment reserve upon vesting	3,170	14,210	-	(14,210)	-	-	-	-
Total transactions with owners	3,170	14,210	3,490	(15,138)	(344,738)	(342,176)	22,980	(319,196)
At 30 June 2021	**9,172,711**	**13,897,238**	**(861,319)**	**(1,885,334)**	**6,591,398**	**17,741,983**	**6,589,634**	**24,331,617**

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

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020)

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

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (CONTINUED)

	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 2020	9,163,573	13,857,268	(561,180)	(3,762,267)	6,646,972	16,180,793	6,039,230	22,220,023
Profit for the financial period	-	-	-	-	268,124	268,124	286,660	554,784
Other comprehensive income/(expense):								
-Currency translation differences of subsidiaries	-	-	226,011	-	-	226,011	150,248	376,259
-Net cash flow hedge	-	-	-	110,796	-	110,796	-	110,796
-Net cost of hedging	-	-	-	(53,357)	-	(53,357)	-	(53,357)
-Actuarial losses, net of tax	-	-	-	(7,193)	-	(7,193)	(3,174)	(10,367)
-Revaluation of financial assets at FVTOCI	-	-	-	(17,096)	-	(17,096)	(1)	(17,097)
Total comprehensive income	**-**	**-**	**226,011**	**33,150**	**268,124**	**527,285**	**433,733**	**961,018**
Transactions with owners:								
-Dilution of equity interest in subsidiaries	-	-	(1,834)	36	7,524	5,726	15,540	21,266
-Additional investment in a subsidiary	-	-	-	-	-	-	100	100
-Revaluation of put option	-	-	-	(162,552)	-	(162,552)	-	(162,552)
-Share buyback by a subsidiary	-	-	(3,284)	107	(3,688)	(6,865)	(33,603)	(40,468)
-Dividends declared to shareholders	-	-	-	-	(412,603)	(412,603)	-	(412,603)
-Dividends declared to NCI	-	-	-	-	-	-	(217,245)	(217,245)
-Share-based payment expense	-	-	-	15,201	-	15,201	-	15,201
-Transferred from share-based payment reserve upon vesting	5,468	23,524		(23,524)	-	-	-	-
Total transactions with owners	5,468	23,524	(5,118)	(170,732)	(408,767)	(561,093)	(235,208)	(796,301)
At 30 June 2020	**9,169,041**	**13,880,792**	**(340,287)**	**(3,899,849)**	**6,506,329**	**16,146,985**	**6,237,755**	**22,384,740**

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

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021 (CONTINUED)

	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 2021	16,598	346,774	18,935	1,163	5,232	44,413	(2,255,802)	-	(1,822,687)
Other comprehensive income/(expense):									
-Net cash flow hedge	-	-	26,739	-	-	-	-	-	26,739
-Net cost of hedging	-	-	-	(94,306)	-	-	-	-	(94,306)
-Actuarial gains, net of tax	-	-	-	-	5,011	-	-	-	5,011
-Revaluation of financial assets at FVTOCI	-	-	-	-	-	-	15,047	-	15,047
Total comprehensive income/(expense)	**-**	**-**	**26,739**	**(94,306)**	**5,011**	**-**	**15,047**	**-**	**(47,509)**
Transactions with owners:									
-Dilution of equity interest in subsidiaries	-	-	-	-	(33)	(14,907)	2		(14,938)
-Share-based payment expense	-	-	-	-	-	14,010	-	-	14,010
-Transferred from share-based payment reserve upon vesting	-	-	-	-	-	(14,210)	-	-	(14,210)
Total transactions with owners	-	-	-	-	(33)	(15,107)	2	-	(15,138)
At 30 June 2021	**16,598**	**346,774**	**45,674**	**(93,143)**	**10,210**	**29,306**	**(2,240,753)**	**-**	**(1,885,334)**
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	-	-	110,796	-	-	-	-	-	110,796
-Net cost of hedging	-	-	-	(53,357)	-	-	-	-	(53,357)
-Actuarial losses, net of tax	-	-	-	-	(7,193)	-	-	-	(7,193)
-Revaluation of financial assets at FVTOCI	-	-	-	-	-	-	(17,096)	-	(17,096)
Total comprehensive income/(expense)	**-**	**-**	**110,796**	**(53,357)**	**(7,193)**	**-**	**(17,096)**	**-**	**33,150**
Transactions with owners:									
-Dilution of equity interest in subsidiaries	-	-	-	-	36	-	-	-	36
-Revaluation of put option	-	-	-	-	-	-	-	(162,552)	(162,552)
-Share buyback by a subsidiary	-	-	-	-	107	-	-		107
-Share-based payment expense	-	-	-	-	-	15,201	-	-	15,201
-Transferred from share-based payment reserve upon vesting	-	-	-	-	-	(23,524)	-	-	(23,524)
Total transactions with owners	-	-	-	-	143	(8,323)	-	(162,552)	(170,732)
At 30 June 2020	**16,598**	**346,774**	**101,091**	**(59,219)**	**21,462**	**19,028**	**(2,155,534)**	**(2,190,049)**	**(3,899,849)**

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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE FINANCIAL PERIOD ENDED	
	30/6/2021 RM'000	30/6/2020 RM'000
Receipt from customers	12,151,134	11,043,202
Payment to suppliers and employees	(6,739,762)	(5,262,221)
Payment of finance costs	(738,536)	(1,278,070)
Payment of income taxes (net of refunds)	(321,681)	(746,768)
CASH FLOWS FROM OPERATING ACTIVITIES	**4,351,155**	**3,756,143**
Proceeds from disposal of property, plant and equipment ("PPE")	83,018	26,490
Purchase of PPE	(3,265,852)	(2,465,631)
Proceed from disposal of intangible assets ("IA")	3,027	-
Acquisition of IA	(174,804)	(65,490)
Net proceeds from sale of towers	-	577,709
Investments in deposits maturing more than three (3) months	(366,386)	310,388
Investment in subsidiaries (net of cash acquired)	(29,511)	-
Investment in associates	-	(1,542)
Additional investment in associates	(381)	(1,182)
Purchase of other investments	(7,970)	(9,235)
Disposal of other investments	515	149,850
Payments for right-of-use ("ROU") assets	(14,822)	-
Repayment from employees	65	662
Dividend received from associates	5,262	-
Interests received	69,329	90,247
CASH FLOWS USED IN INVESTING ACTIVITIES	**(3,698,510)**	**(1,387,734)**
Proceeds from borrowings	2,097,224	3,740,531
Repayment of borrowings	(2,251,299)	(2,897,986)
Repayment of Sukuk	-	(220,470)
Repayment of lease liabilities	(944,455)	(1,030,442)
Net proceeds from sale and leaseback transactions	-	558,652
Capital injection by NCI of subsidiaries	246,591	3,760
Redemption of preference shares by NCI of a subsidiary	(319)	(40,468)
Dividend paid to shareholders	(458,631)	(412,603)
Dividends paid to NCI	(107,294)	(78,423)
CASH FLOWS USED IN FINANCING ACTIVITIES	**(1,418,183)**	**(377,449)**

(The above Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020)

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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	FOR THE FINANCIAL PERIOD ENDED	
	30/6/2021	**30/6/2020**
	RM'000	**RM'000**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(765,538)	1,990,960
NET INCREASE IN RESTRICTED CASH AND CASH EQUIVALENT	(16,126)	(25,462)
EFFECT OF EXCHANGE RATE CHANGES	17,972	28,105
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	6,722,163	3,015,105
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**5,958,471**	**5,008,708**
Deposits, cash and bank balances	7,001,796	5,906,815
Financial assets at fair value through profit or loss (“FVTPL”)	-	76,561
Less:		
Deposits pledged and restricted cash	(208,472)	(264,333)
Deposits maturing more than three (3) months	(667,640)	(592,668)
Bank overdraft	(167,213)	(117,667)
Total cash and cash equivalents	**5,958,471**	**5,008,708**

(The above Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020)

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

1. Basis of Preparation

The unaudited financial statements for the financial period ended 30 June 2021 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 2020 ("2020 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 2020 Audited Financial Statements except for the following:

- Amendments to MFRS 16 "Leases" – COVID-19-Related Rent Concessions

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

(b) In the previous financial year, the Group had assessed the minimum tax based on overall gross receipts under Section 82C of the Bangladesh Finance Act, 2020 for mobile phone operators of a subsidiary to be out of scope under MFRS 112 "Income Taxes". As a result, the Group had reclassified the minimum tax from "Taxation" to "Other income – net" in the consolidated statement of comprehensive income. The comparative corresponding quarter and financial period to date had been restated accordingly.

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

	2nd Quarter Ended			Financial Period Ended		
	As reported	Reclas-sification	As restated	As reported	Reclas-sification	As restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
30 June 2020:						
Statement of comprehensive income:						
Other income - net	10,989	(18,002)	(7,013)	444,735	(37,192)	407,543
Taxation	(249,326)	18,002	(231,324)	(462,912)	37,192	(425,720)

3. Seasonal or Cyclical Factors

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

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

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

(a) During the current quarter and financial period to date, certain subsidiaries of the Group recognised accelerated depreciation on its telecommunication network equipment mainly due to revision of useful life of the assets under modernisation plans of RM46.9 million and RM240.5 million with related deferred tax impact of RM13.5 million and RM61.2 million respectively; and

(b) During the current quarter and financial period to date, the Group recognised net foreign exchange losses of RM4.7 million and RM119.3 million respectively, mainly arising from the revaluation of USD borrowings and working capital.

Other than the above, there was no other unusual item affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 30 June 2021.

5. Estimates

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

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

In preparing the unaudited financial statements, the significant judgements made by the management in applying the Group's accounting policies and the sources of estimates uncertainty were consistent as those applied to 2020 Audited Financial Statements.

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

(a) During the financial period to date, the Company issued new ordinary shares under the Performance Based Long Term Incentive Plan as below:

Description	Total ordinary shares of the Company issued	
	'000	RM'000
• Restrictive Share Awards ("RSA") at an issuance price of RM3.44 to RM4.82 being the fair value of RSA issued	3,170	14,210
Total	3,170	14,210

(b) During the current quarter and financial period to date, the Company had on 7 May 2021, drawdown its syndicated multi-currency Shariah-compliant sustainability-linked financing facilities (“Syndicated Financing”) of USD107.0 million (RM440.8 million) and settled a maturity of the same amount under the Syndicated Financing.

Aside from the above, there was no other significant issues, repurchases and repayments of debt and equity securities during the financial period ended 30 June 2021.

7. Dividends Paid

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

Date of payment	Description	Per ordinary share	Total
		Sen	RM'000
8 April 2021	Tax exempt dividend under single tier in respect of financial year ended 31 December 2020	5.0	458,631

8. Segmental Information

For the financial period ended 30 June 2021

Segment	Mobile									
	Malaysia	**Indonesia**	**Bangladesh**	**Sri Lanka**	**Nepal**	**Cambodia**	**Infrastructure**	**Others**	**Consolidation adjustments/ eliminations**	**Total**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	3,274,038	3,723,595	1,934,585	1,414,560	728,344	688,006	953,576	516,563	-	13,233,267
Inter-segment[1]	(13,140)	(8,300)	(41,053)	(25,511)	(5,744)	(12,342)	(579,659)	(93,435)	-	(779,184)
External operating revenue	3,260,898	3,715,295	1,893,532	1,389,049	722,600	675,664	373,917	423,128	-	12,454,083
Earnings before interest, tax, depreciation and amortisation ("EBITDA")[2]	1,323,618	1,873,133	795,964	580,289	427,919	370,823	619,233	(199,975)	(288,281)	5,502,723
Finance income	34,179	10,203	2,694	3,483	6,155	4,341	11,551	52,079	(53,213)	71,472
Finance cost	(172,683)	(342,460)	(96,445)	(19,647)	(49,947)	(13,495)	(51,950)	(185,081)	192,564	(739,144)
Depreciation of PPE	(675,911)	(837,962)	(347,389)	(236,369)	(134,289)	(124,059)	(189,646)	(7,040)	10,575	(2,542,090)
Depreciation of ROU assets	(200,983)	(568,316)	(72,060)	(21,798)	(8,846)	(28,205)	(113,390)	(8,024)	211,028	(810,594)
Amortisation of IA	(30,925)	-	(135,988)	(39,517)	(64,442)	(6,458)	(16,103)	(16,588)	(116,664)	(426,685)
Joint ventures:										
- share of results (net of tax)	(712)	-	-	-	-	-	-	(1,006)	-	(1,718)
Associates:										
- share of results (net of tax)	3,531	2,471	-	(123)	-	(733)	-	(1,101)	-	4,045
Impairment of PPE, net of reversal	(13,112)	222	(196)	4,972	-	-	4,592	-	-	(3,522)
Other income/(expense)	35,015	117,712	(35,809)	(103,458)	1,856	(32,320)	13,237	(103,642)	19,484	(87,925)
Taxation	(63,432)	(39,174)	(71,746)	(21,121)	(55,248)	(36,064)	(85,838)	(11,792)	20,110	(364,305)
Segment profit/(loss) for the financial period	**238,585**	**215,829**	**39,025**	**146,711**	**123,158**	**133,830**	**191,686**	**(482,170)**	**(4,397)**	**602,257**

[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] EBITDA consolidation adjustments/elimination mainly due to inter-segment elimination for leases under MFRS 16.

8. Segmental Information (continued)

For the financial period ended 30 June 2020

Segment	Mobile									
Restated	**Malaysia**	**Indonesia**	**Bangladesh**	**Sri Lanka**	**Nepal**	**Cambodia**	**Infrastructure**	**Others**	**Consolidation adjustments/ eliminations**	**Total**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	3,014,316	3,817,551	1,856,226	1,314,599	761,265	650,869	924,380	300,108	-	12,639,314
Inter-segment[1]	(39,502)	(53,236)	(7,889)	(6,726)	(3,026)	(23,173)	(561,422)	(115,342)	-	(810,316)
External operating revenue	2,974,814	3,764,315	1,848,337	1,307,873	758,239	627,696	362,958	184,766	-	11,828,998
EBITDA[2]	1,085,357	1,900,180	826,741	523,491	414,858	367,094	577,223	(179,836)	(427,465)	5,087,643
Finance income	30,620	23,540	1,849	2,899	4,011	4,363	29,716	7,515	(14,276)	90,237
Finance cost	(199,294)	(379,355)	(137,353)	(30,153)	(35,609)	(14,129)	(56,727)	(160,261)	159,559	(853,322)
Depreciation of PPE	(414,056)	(950,125)	(342,126)	(250,053)	(157,372)	(123,839)	(197,102)	(7,072)	10,853	(2,430,892)
Depreciation of ROU assets	(195,969)	(533,344)	(70,531)	(20,465)	(10,838)	(28,062)	(109,443)	(7,159)	205,534	(770,277)
Amortisation of IA	(30,925)	(4,783)	(108,406)	(32,046)	(65,734)	(6,728)	(16,220)	(14,496)	(119,505)	(398,843)
Joint venture:										
- share of results (net of tax)	(3,973)	-	-	-	-	-	-	-	-	(3,973)
Associates:										
- share of results (net of tax)	12,614	705	-	(52)	-	985	-	(1,403)	-	12,849
Impairment of PPE, net of reversal	-	152	(4,384)	1,581	(43)	-	(7,737)	(2,839)	-	(13,270)
Other income/(expenses)[3]	36,571	478,860	(34,883)	(86,388)	5,735	(3,308)	(15,878)	(132,159)	11,802	260,352
Taxation[3]	(68,687)	(57,937)	(92,311)	(22,124)	(81,175)	(39,943)	(90,676)	(11,547)	38,680	(425,720)
Segment profit/(loss) for the financial period	252,258	477,893	38,596	86,690	73,833	156,433	113,156	(509,257)	(134,818)	554,784

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

9. Valuation of PPE

The Group does not adopt a revaluation policy on its PPE.

10. Acquisitions of PPE

During the financial period to date, the Group acquired additional PPE amounting to RM2,874.5 million mainly for its telecommunication network equipment and capital work in progress.

11. Events after the Interim Period

There was no significant event after interim period that requires disclosure and/or adjustment as at 20 August 2021.

12. Effects of Changes in the Composition of the Group

(a) Acquisition of equity interest in H One (Private) Limited ("H One")

Dialog Broadband Networks (Private) Limited, a subsidiary of Dialog Axiata PLC ("Dialog"), had on 23 December 2020, entered into a Share Sale and Purchase Agreement with Hirdaramani Investment Holdings Private Limited and W K A S A Fernando for the acquisition of 1,111,111 ordinary shares representing 100.0% of the issued share capital of H One for a total cash consideration of SLR325.0 million (RM6.9 million). The acquisition of H One was completed on 7 January 2021.

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

(b) Acquisition of equity interest in My Health Solutions (Private) Limited ("My Health Solutions")

Digital Health (Private) Limited ("DH"), an indirect subsidiary of Dialog, had on 20 February 2021, acquired 100% of the issued share capital of My Health Solutions from its existing shareholders, Dialog Axiata Digital Innovation Fund (Private) Limited ("DADIF") and Aartiz Technologies (Private) Limited ("Aartiz") via the issuance of DH's ordinary shares to DADIF and Aartiz, representing 20.45% and 9.55% respectively.

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

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

(c) 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 was dissolved with effect from 5 March 2021.

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

(d) Dilution of Equity Interest in PT XL Axiata Tbk ("XL")

On 9 March 2021, the Group's equity interest in XL decreased from 66.60% to 66.48% following to the issuance of new ordinary shares by XL to its eligible employees under XL's Long Term Incentive Program.

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

(e) Dilution of Equity Interest in Dialog

On 19 April 2021, the Group's equity interest in Dialog decreased from 83.01% to 82.74% following to the issuance of new ordinary shares by Dialog to its eligible employees under Dialog's performance based Long Term Incentive Plan.

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

(f) Acquisition of PT Creative Mobile Adventure ("CMA")

Boost Holdings Sdn Bhd, a subsidiary of the Company held via Axiata Digital Services Sdn. Bhd. ("ADS") completed its acquisition of 68.75% interest in CMA via the:

(i) purchase of Series A secondary shares of 2,250 Series A shares in CMA at a total consideration of USD2.25 million (RM9.3 million) from existing shareholders. The said purchase of secondary shares was completed on 19 April 2021; and

(ii) subscription of Series B primary shares of 2,700 newly issued Series B shares in CMA at a total consideration of approximately USD3.0 million (RM12.3 million). The said subscription of the primary shares was completed on 21 April 2021.

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

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

(g) Dilution of Equity Interest in Axiata Digital Advertising Sdn Bhd ("ADA")

On 17 May 2021, SoftBank Corp. ("SoftBank") invested in ADA, a subsidiary of the Company held via ADS for the subscription of 6,622,517 ordinary shares at the consideration of USD60.0 million (RM246.5 million) representing 23.07% of the total issued and paid-up share capital of ADA. Subsequent to the said investment, the shareholdings of ADA held by ADS, SoftBank and Sumitomo Corporation are 63.47%, 23.07% and 13.46% respectively.

The Group recognised an increase of RM113.9 million in the consolidated retained earnings and non-controlling interest amounting to RM132.6 million respectively.

(h) Acquisition of equity interests in AAD Holdings Pte Ltd ("AADH")

ADA Digital Singapore Pte Ltd ("ADADS"), an indirect subsidiary of ADS held via Axiata Digital Advertising Sdn Bhd, had on 31 May 2021, completed its acquisition of 2,000,000 ordinary shares representing 100% interest in AADH held by TheScaleGroup Pte. Ltd. at a purchase consideration of USD20.1 million (RM83.1 million). Effectively, AADH became a wholly-owned subsidiary of ADADS. AADH owns 5 direct subsidiaries namely AAD Indochina Pte Ltd ("AADI"), AADistribution Phils Inc, Awake Asia Distribution Sdn Bhd, Awake Asia Distribution Pte Ltd and PT Awake Asia Distribution Indonesia, and an indirect subsidiary held via AADI, namely Thien An Investment Co Ltd. The principal activity of AADH is that of an investment holding company.

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

Other than the above, there was no other change in the composition of the Group for the financial period ended 30 June 2021.

13. Significant Changes in Contingent Assets or Contingent Liabilities

Other than as disclosed in Part B, Note 10 of this announcement, there was no significant change in contingent assets or contingent liabilities of subsidiaries from that disclosed in the 2020 Audited Financial Statements.

14. Capital Commitments

	Group	
As at	**30 June 2021**	31 December 2020
	RM'000	RM'000
Commitments in respect of expenditure approved and contracted for	**3,116,787**	1,851,862

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 period ended 30 June are as follows:

	30 June 2021	30 June 2020
	RM'000	RM'000
Sale of telecommunication services to joint ventures	**142,293**	108,323
Purchase of network related services from associates	**61,132**	61,122
Revenue sharing with a joint venture	**660**	1,098

16. Financial Instruments at Fair Value Measurements

The Group's financial instruments that were measured at fair value as at reporting date were as follow:

- Derivative financial instruments (assets and liabilities); and
- Securities

The Group measured the financial instruments based on:

- Level 1 (traded in active markets): Quoted market prices
- Level 2 (not traded in active markets): Valuation techniques such as quoted market prices or dealer quotes for similar instruments, present value of the estimated future cash flows based on observable market curves and forward exchange rates at reporting date with the resulting value discounted back to present value
- Level 3: Unobservable inputs

The Group's financial instruments were grouped as below:

Financial instruments	**30 June 2021**				31 December 2020			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Financial assets at FVTPL:								
-Trading securities	46	-	-	46	138,113	-	-	138,113
-Unquoted securities	-	-	2,651	2,651	-	-	4,467	4,467
-Non-hedging derivatives	-	8,343	-	8,343	-	8,343	-	8,343
-Derivative used for hedging	-	28,537	-	28,537	-	-	-	-
Financial assets at FVTOCI:								
-Equity securities	-	-	243,231	243,231	-	-	220,978	220,978
Liabilities								
Financial liabilities at FVTPL:								
-Derivatives used for hedging	-	(127,025)	-	(127,025)	-	(132,665)	-	(132,665)
Total	**46**	**(90,145)**	**245,882**	**155,783**	138,113	(124,322)	225,445	239,236

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

1. Review of Performance

(a) Quarter-on-Quarter (Q2'21 vs Q2'20)

	Current Year Quarter	Preceding Year Corresponding Quarter	Variance	
	30/06/2021	30/06/2020		
	RM'million	RM'million	RM'million	%
Revenue	6,390.1	5,792.4	597.7	10.3
EBITDA	2,810.9	2,583.8	227.1	8.8
PAT[1]	414.9	156.5	258.4	>100
PATAMI[2]	277.8	80.0	197.8	>100

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

Group Performance

Compared to the preceding year's corresponding quarter (Q2'21 vs Q2'20), Group revenue grew by 10.3% to RM6,390.1 million. Consequently, EBITDA grew by 8.8% to RM2,810.9 million. At constant currency of Q2'20, revenue and EBITDA would have increased by 13.2% and 11.7% respectively.

Group PAT and PATAMI improved significantly, recording >100% increases to RM414.9 million and RM277.8 million respectively mainly due to higher top lines, lower finance costs at the back of lower borrowings and lower taxes incurred during the quarter.

Geographical Highlights

- **Malaysia**: Revenue grew by 12.1% to RM1,628.4 million mainly driven by growth in the prepaid business and higher device sales. EBITDA registered an increase of 18.6% to RM677.7 million, mainly attributed to higher revenue coupled with cost optimisation. PAT growth of 12.1% is slightly damped by the accelerated depreciation of 3G assets amounting to RM51.5 million (net of tax) recorded in the current quarter.

- **Indonesia**: Revenue increased slightly by 1.1% to RM1,930.6 million for the quarter. EBITDA grew marginally by 0.5% to RM972.1 million. PAT registered an improvement of 87.1% to RM122.8 million, due to lower depreciation and amortisation and taxes.

1. Review of Performance (continued)

(a) Quarter-on-Quarter (Q2'21 vs Q2'20) (continued)

Geographical Highlights (continued)

- **Bangladesh**: Revenue rose by 9.8% to RM986.6 million, mainly driven by the increased number of active subscribers and the growth of its prepaid business. However, EBITDA declined by 7.3% to RM411.0 million due to higher operating costs. PAT declined by 23.0% to RM22.6 million, which includes the accelerated depreciation of 3G assets amounting to RM6.1 million, net of tax.

- **Sri Lanka**: Revenue grew by 13.0% to RM729.4 million. EBITDA increased by 20.5% to RM295.5 million, driven by higher top lines and lower operating costs. Consequently, PAT registered a growth of 81.4%, partly offset by higher foreign exchange losses.

- **Nepal**: Revenue increased by 10.7% to RM350.5 million, mainly due to the growth in active subscriber base. EBITDA registered an increase of 32.5% to RM203.8 million, mainly due to lower operating costs and lower impairment of receivables. PAT increased by >100% to RM56.6 million, driven by higher top lines and lower depreciation and amortisation.

- **Cambodia**: Revenue grew by 7.4% to RM349.9 million. EBITDA grew by 2.7% to RM189.5 million, attributed to growth in prepaid business. PAT increased by 4.7% to RM79.5 million, partially offset by higher taxes in line with higher profits registered in the quarter.

- **Infrastructure**: Revenue increased by 2.4% to RM480.4 million. EBITDA grew by 4.4% to RM316.1 million, resulting from higher revenue coupled with lower operating costs. PAT increased by 56.3% to RM89.9 million, mainly attributed to higher top lines, lower depreciation and amortisation, and foreign exchange gains.

1. Review of Performance (continued)

(b) Year-on-Year (YTD'21 vs YTD'20)

	Current Year to Date	Preceding Year Corresponding Period	Variance	
	30/06/2021	30/06/2020		
	RM'million	RM'million	RM'million	%
Revenue	12,454.1	11,829.0	625.1	5.3
EBITDA	5,502.7	5,087.6	415.1	8.2
PAT	602.3	554.8	47.5	8.6
PATAMI	353.3	268.1	85.2	31.8

Group Performance

The Group recorded a total revenue of RM12,454.1 million for YTD'21, representing a 5.3% increase compared to the preceding year's corresponding period despite lockdowns in various forms across some of our markets. Group EBITDA grew by 8.2% to RM5,502.7 million with significant improvements from all OpCos except mobile operations in Indonesia and Bangladesh.

Group PAT improved by 8.6% to RM602.3 million, partly offset by accelerated depreciation recorded for 3G assets in several markets and lower one-off gains. In YTD'21, Indonesia recognised a gain on sale of indoor telecommunication infrastructure assets amounting to RM57.1 million (PATAMI: RM29.6 million) as opposed to YTD'20, in which Indonesia had recognised a gain on sale and leaseback of telecommunication towers of RM451.0 million (PATAMI: RM299.3 million). Group PATAMI increased by 31.8% to RM353.3 million.

Geographical Highlights

- **Malaysia**: Revenue increased by 8.6% to RM3,274.0 million, mainly driven by growth in the prepaid business and sale of devices. EBITDA improved by RM238.3 million, representing a 22.0% increase mainly due to lower operating costs. In addition, there was one-off costs incurred for employee restructuring programme of RM101.2 million in YTD'20. PAT declined by 5.4% to RM238.6 million, attributed to accelerated depreciation for 3G assets amounting to RM174.2 million, net of tax.

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

(b) **Year-on-Year (YTD'21 vs YTD'20) (continued)**

Geographical Highlights (continued)

- **Indonesia**: Revenue declined by 2.5% to RM3,723.6 million, as a result of stiff competition faced in the country. Consequently, EBITDA fell by 1.4% to RM1,873.1 million. PAT decreased by 54.8% to RM215.8 million, mainly due to a one-off gain on sale and leaseback of telecommunication towers of RM451.0 million (PAT: RM 299.3 million) recognised in the preceding year's corresponding period. The decrease in PAT is partially cushioned by lower depreciation and amortisation, finance costs and taxes.

- **Bangladesh**: Revenue rose 4.2% to RM1,934.6 million, mainly driven by the increased number of active subscribers and the growth of its prepaid business. EBITDA fell by 3.7% to RM796.0 million, primarily due to higher operating costs. Despite the decrease in EBITDA, PAT was cushioned by lower finance costs and grew by 1.1% to RM39.0 million.

- **Sri Lanka**: Revenue increased by 7.6% to RM1,414.6 million, due to growth in all revenue segments. EBITDA grew by 10.8% to RM580.3 million from lower operating costs. PAT increased by 69.2% to RM146.7 million, attributed to lower depreciation and amortisation and finance costs, partly offset by higher foreign exchange losses.

- **Nepal**: Revenue declined by 4.3% to RM728.3 million mainly due to adverse impact from the COVID-19 pandemic and existing business challenges. Despite a decrease in revenue, EBITDA grew by 3.1% to RM427.9 million as a result of lower operating costs and lower impairment of receivables. PAT increased by 66.8% to RM123.2 million, due to lower taxes as there was a one-off adjustment for prior year taxes in the preceding year's corresponding period.

- **Cambodia**: Revenue grew by 5.7% to RM688.0 million, notably due to growth in prepaid and broadband businesses. EBITDA grew by 1.0% as the growth in revenue was partially offset by higher operating costs. PAT fell by 14.4% to RM133.8 million mainly due to one-off provision for impairment of investment amounting to RM22.0 million (net of tax).

- **Infrastructure**: Revenue increased by 3.2% to RM953.6 million. As a result of higher revenue coupled with lower direct costs, EBITDA grew by 7.3% to RM619.2 million. PAT increased by 69.4% to RM191.7 million mainly attributed to higher top lines and foreign exchange gains.

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

(c) Comparison with Preceding Quarter's Result (Q2'21 vs Q1'21)

	Current Quarter	Immediate Preceding Quarter	Variance	
	30/06/2021	31/03/2021		
	RM'million	RM'million	RM'million	%
Revenue	6,390.1	6,064.0	326.1	5.4
EBITDA	2,810.9	2,691.9	119.0	4.4
PAT	414.9	187.4	227.5	>100
PATAMI	277.8	75.6	202.2	>100

Group Performance

Compared to the preceding quarter (Q2'21 vs Q1'21), Group revenue grew by 5.4% to RM6,390.1 million. With higher revenue partially offset by higher operating costs, Group EBITDA improved by 4.4% to RM2,810.9 million for the quarter.

PAT and PATAMI both increased by >100% to RM414.9 million and RM277.8 million respectively, underpinned by lower foreign exchange losses and lower accelerated depreciation related to 3G assets. In Q2'21, the Group had recorded accelerated depreciation for 3G assets amounting to RM33.4 million (net of tax), as compared to the RM145.9 million (net of tax) recorded in the preceding quarter.

Geographical Highlights

- **Malaysia**: Revenue decreased by 1.0% to RM1,628.4 million mainly from lower device sales as compared to the preceding quarter. Despite the decrease in revenue, EBITDA grew by 4.9% to RM677.7 million, attributed to lower operating costs and device costs in line with lower device revenue. PAT increased significantly by >100% to RM167.8 million, primarily due to lower accelerated depreciation charged for 3G assets in Q2'21 of RM51.5 million (net of tax) as compared to the preceding quarter of RM122.7 million (net of tax).

- **Indonesia**: Revenue grew by 7.7% to RM1,930.6 million, driven by higher prepaid revenue. EBITDA increased by 7.9% to RM972.1 million while PAT improved by 32.0% to RM122.8 million as a result of higher top lines and contained operating costs.

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

(c) Comparison with Preceding Quarter's Result (Q2'21 vs Q1'21) (continued)

Geographical Highlights (continued)

- **Bangladesh**: Revenue grew by 4.1% to RM986.6 million, mainly due to growth in prepaid business. EBITDA grew by 6.8% to RM411.0 million, flow through from revenue and contained operating costs. PAT increased by 37.8% to RM22.6 million.

- **Sri Lanka**: Revenue rose by 6.4% to RM729.4 million as a result of growth in prepaid and postpaid business and interconnect hubbing. EBITDA grew by 3.7% to RM295.5 million. PAT surged by 88.4% to RM95.8 million, mainly due to higher top lines and lower foreign exchange losses as compared to the preceding quarter.

- **Nepal**: Revenue dropped by 7.2% to RM350.5 million mainly due to adverse impact from the COVID-19 pandemic and existing business challenges. Consequently, EBITDA and PAT were also impacted, with EBITDA declining by 9.1% to RM203.8 million and PAT dropping by 14.9% to RM56.6 million respectively.

- **Cambodia**: Revenue increased by 3.5% to RM349.9 million, whilst EBITDA grew by 4.6% to RM189.5 million, both driven by an overall increase in prepaid revenue. PAT grew by 46.4% to RM79.5 million, mainly due to a one-off provision for impairment of investment amounting to RM22.0 million (net of tax) in the preceding quarter. Excluding this, PAT would have grown by 4.2%.

- **Infrastructure**: Revenue increased by 1.5% to RM480.4 million. As a result of higher revenue coupled with lower direct costs, EBITDA grew by 4.2% to RM316.1 million. Despite the increase in revenue and EBITDA, PAT declined by 11.7% to RM89.9 million, largely due to lower foreign exchange gains recorded in the quarter.

  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. Since then, the United States, United Kingdom and European Union continue to expand sanctions for companies and individuals with ties to the military. To-date, none of the expanded list include or cause our operation in Myanmar to be included, as part of the sanction list. The Group is consistently communicating with all stakeholders including its employees, customers and vendors in Myanmar and will continue to closely monitor and assess the business, operational, financial and regulatory compliance risks to mitigate against any potential impact arising from this challenging environment.

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

(d) Economic Profit ("EP") Statement

	2nd Quarter Ended		Financial Period Ended	
	30/6/2021	30/6/2020	**30/6/2021**	30/6/2020
	RM'000	RM'000	**RM'000**	RM'000
EBIT	907,476	741,524	1,624,358	1,396,945
Adjusted tax 24%	(217,794)	(177,966)	(389,846)	(335,267)
Share of results in associates and joint ventures	632	2,909	2,327	8,876
NOPLAT	**690,314**	566,467	**1,236,839**	1,070,554
AIC	44,355,591	43,485,673	44,355,591	43,485,673
WACC	7.61%	8.26%	7.61%	8.26%
Economic Charge (AIC*WACC)	843,865	897,979	1,687,730	1,795,958
Economic Profit	**(153,551)**	(331,512)	**(450,891)**	(725,404)

EP is a yardstick to measure shareholder value as it provides a more accurate picture of underlying economic performance of the Group vis-à-vis its financial accounting reports, i.e. it explains how much return a business generates over its cost of capital. This can be measured from the difference of NOPLAT and Economic Charge.

The Group recorded:

(i) a lower WACC during the current quarter and financial period to date mainly resulted from lower cost of debt; and

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

2. Headline Key Performance Indicators ("KPIs") for the Financial Year Ending 31 December 2021

On 25 February 2021, the Group announced its Headline KPIs guidance for the financial year ending 31 December 2021. The Group's 2021 Headline KPIs announced were as below:

	FY 2021 **Headline KPIs** @ Constant rate[1]
Revenue Growth[2]	Low single digit
EBITDA Growth	Low single digit

Notes:
[1] Constant rate is based on FY20 Average Forex Rate (e.g. 1 USD = RM4.202)
[2] Revenue is based on revenue excluding device

The Group recorded strong overall performance in the first half of financial year ending 31 December 2021 on the back of improved contribution across most OpCos including digital business. EBITDA growth continued to outpace revenue growth driven by cost excellence. Bottomline was lifted by lower net finance cost and taxation, moderated by accelerated depreciation of 3G assets in the first half of this year.

Year on year (YTD'21 vs YTD'20), Celcom in Malaysia recorded higher revenue driven by enlarged subscriber base especially for the prepaid segment, while EBITDA benefited from cost optimisation initiatives coupled with impact of employee restructuring programme in the same period last year. XL in Indonesia maintained healthy EBITDA margin on execution of operational excellence while Smart in Cambodia continued with its steady pace backed by higher data revenue. Robi in Bangladesh posted strong revenue growth on the back of higher 4G subscribers while Dialog in Sri Lanka sustained its solid performance with double-digit growth across all metrics. Ncell in Nepal registered improved EBITDA margin despite revenue pressures, supported by disciplined cost management.

Based on performance of the Group to date, barring any unforeseen circumstances, regulatory developments, external disruptions, lockdowns and economic impact to the ecosystem due to pandemic, the Board of Directors expect the Group's performance for the financial year ending 31 December 2021 to be broadly in line with headline KPIs.

3. Variance of Actual Profit from Forecast Profit / Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in a public document in respect of the financial period ended 30 June 2021.

4. Revenue

	2nd Quarter Ended		Financial Period Ended	
	30/6/2021	30/6/2020	**30/6/2021**	30/6/2020
	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	494,048	215,039	789,974	436,025
-over time	5,739,262	5,392,146	11,355,479	11,009,432
<u>Revenue under other MFRS:</u>				
Lease and services of passive infrastructure	152,431	185,140	300,382	380,900
Financial institution interest income	4,323	89	8,248	2,641
	6,390,064	5,792,414	**12,454,083**	11,828,998

Comparatives have been reclassified to conform with current quarter and current financial period presentation.

5. Taxation

The taxation charge for the Group comprises:

	2nd Quarter Ended		Financial Period Ended	
	30/6/2021	30/6/2020	**30/6/2021**	30/6/2020
	RM'000	RM'000 Restated[1]	**RM'000**	RM'000 Restated[1]
Income tax	135,409	128,434	236,456	275,077
Deferred tax	54,318	102,890	127,849	150,643
Total taxation	**189,727**	231,324	**364,305**	425,720

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

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

6. Status of Corporate Proposals

(a) Proposed Merger of Celcom Axiata Berhad ("Celcom") and Digi.com Berhad ("Digi")

On 8 April 2021, the Group announced that the Group and Telenor Asia Pte Ltd ("Telenor Asia") (collectively, the "Parties") are in advanced discussions to undertake a merger of the telco operations of Celcom and Digi (a company listed on the Main Market of Bursa Malaysia Securities Berhad), ("MergeCo").

On 21 June 2021, the Group announced that the Parties have successfully concluded the due-diligence exercise and signed the following agreements for the Proposed Merger:

(i) conditional share purchase agreement with Digi ("SPA"); and
(ii) master transaction agreement with Telenor Asia and Telenor ASA ("Telenor") ("MTA").

On the closing of the SPA, the Group intends to enter into a shareholders' agreement with Telenor Asia and Telenor to establish the respective rights and obligations of the parties with respect to the activities and governance of MergeCo as well as ownership and disposition of the securities in MergeCo ("SHA").

(The SPA, MTA and the agreed form of the SHA are collectively referred to as the "Transaction Agreements").

At completion, the merger of Celcom and Digi will result in the Group receiving newly issued ordinary shares in Digi, representing 33.10% of the enlarged issued share capital of Digi, cash consideration of RM2.0 billion adjusted with movement in net debt and working capital of which RM1.7 billion from Digi as new debt and RM297.9 million from Telenor Asia for the purpose of ownership equalisation under the terms of the Transaction Agreements.

Completion of the transaction will be subject to the approval of both Axiata and Digi shareholders, regulatory approvals and other customary terms and conditions. Barring unforeseen circumstances, the Proposed Merger is expected to be completed by the second quarter of 2022.

(b) Proposed Joint Submission for a Digital Banking License to Bank Negara Malaysia ("BNM")

The Group and RHB Bank Berhad ("RHB Bank") have agreed to collaborate and to jointly apply to BNM for a digital bank license, and the proposed Group entity selected to collaborate with RHB Bank for the joint application for the digital bank license is Boost Holdings Sdn Bhd ("Boost Holdings"), a subsidiary of Axiata Digital Sdn Bhd.

In relation to the foregoing, Boost Holdings and RHB Bank (collectively the "Parties") had on 2 June 2021 entered into a heads of agreement ("HOA") setting out the terms of the proposed application to BNM for a digital banking license.

The Parties have agreed to enter into the HOA to set out the proposed terms of the application of the digital banking license and agree to be legally bound to undertake the formation and funding of the digital bank based on the terms of the HOA.

6. Status of Corporate Proposals (continued)

(c) Proposed Acquisition of 66.03% Equity Interest in PT Link Net TBK ("Link Net")

The Company and its 66.48% subsidiary, PT XL Axiata Tbk ("XL") (XL together with the Company collectively referred to as the "Purchasers") had on 30 July 2021 entered into a non-binding term sheet with Asia Link Dewa Pte. Ltd. and PT First Media Tbk (collectively, referred to as the "Sellers") ("Non-Binding Term Sheet") to facilitate discussions and negotiations for a potential acquisition of 1,816,735,484 shares representing approximately 66.03% of the entire issued and paid-up capital of Link Net owned by the Sellers.

Pursuant to the Non-Binding Term Sheet, the Purchasers and Sellers shall use their best endeavours to negotiate in good faith and execute a definitive agreement, subject to the fulfilment of conditions to signing.

Other than the above, there was no other corporate proposal announced but not completed as at 20 August 2021.

7. Group's Borrowings and Debt Securities

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

	30 June 2021		31 December 2020	
	Current	**Non-current**	Current	Non-current
	RM'000	**RM'000**	RM'000	RM'000
Secured	214,662	875,011	278,391	1,031,905
Unsecured	2,353,983	14,528,519	2,693,153	13,741,990
Total	**2,568,645**	**15,403,530**	2,971,544	14,773,895

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

Foreign Currencies	**30 June 2021**	31 December 2020
	RM'000	RM'000
USD	10,300,917	10,281,357
IDR	3,037,903	2,707,443
BDT	391,732	617,301
SLR	304,670	202,965
NPR	704,496	690,862
Others	213,442	208,426
Total	**14,953,160**	14,708,354

8. Outstanding Derivatives

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

Type of derivative financial instruments	30 June 2021 Notional value	30 June 2021 Fair value favourable/ (unfavourable)	31 December 2020 Notional value	31 December 2020 Fair value favourable/ (unfavourable)
	RM'000	RM'000	RM'000	RM'000
Cross currency interest rate swaps:				
- < 1 year	-	(20,387)	-	(10,881)
- > 3 years	4,150,500	(78,101)	2,018,000	(121,784)
Convertible warrants in an associate:				
- < 1 year	19,251	8,343		
- 1 - 3 years			19,251	8,343
Total		**(90,145)**		(124,322)

(b) The risks associated with the derivative financial instrument and the policies in place for mitigating such risks were disclosed in 2020 Audited Financial Statements.

9. Fair Value Changes of Financial Liabilities

There was no derivative financial instrument which is marked to market as at the date of financial statement position that requires the recognition of fair value changes to the consolidated profit or loss for the current quarter and financial period to date.

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

Celcom and Celcom Resources are seeking for damages for conspiracy against the Defendants. Celcom and Celcom Resources claim that the Defendants wrongfully and unlawfully conspired with each other to injure Celcom and Celcom Resources by causing and/or committing Celcom and Celcom Resources to enter into the Supplemental Agreement to the Subscription Agreement and the Management Agreement dated 7 February 2002 ("the 2002 Supplemental Agreement") and the Amended and Restated Supplemental Agreement dated 4 April 2002 with DeTeAsia ("the ARSA") in consideration for the renunciation by DeTeAsia of certain rights issue shares in Celcom Resources in favour of TSDTR and BR ("Main Suit 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 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 claimed by TSDTR and BR in their counterclaims filed in the Kuala Lumpur High Court, Suit No. D2-22-673-2006 ("Danaharta Suit") which was subsequently withdrawn pursuant to a purported global settlement which did not include Main Suit 1 ("TSDTR and BR's Counterclaim for Main Suit 1"). The German Directors filed their respective defences 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 against Main Suit 1.

The trial and TSDTR and BR's Counterclaim for Main Suit 1 commenced on 22 January 2018. Celcom and Celcom Resources obtained leave to continue proceedings against TSDTR and BR in light of a Receiving Order and Adjudication Order ("ROAO") obtained against TSDTR and BR on 8 May 2018. TSDTR and BR were also granted leave to defend their case and continue with the TSDTR and BR Counterclaim against Main Suit 1.

The Kuala Lumpur High Court has presently fixed 20 to 21 August 2021, and 27 to 28 August 2021 for continuation of the trial. Due to the current travel restrictions, the trial will be conducted remotely via video conference. The trial proceedings will be governed by a set of protocol agreed by all parties to Main Suit 1.

10. Material Litigations (continued)

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

(b) Celcom & Another vs TSDTR & 8 Others

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

Celcom and Celcom Resources are seeking an indemnity from the Defendants, for the sums paid by Celcom to DeTeAsia in satisfaction of the award granted in August 2005 ("Award") handed down by the Tribunal of the International Court of Arbitration of the International Chamber of Commerce in Paris ("ICC") alleging that they had breached their fiduciary duties by causing Celcom Resources to enter into a Subscription Agreement dated 25 June 1996 with Deutsche Telekom AG ("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 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").

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 (RM735.6 million) being the principal sum plus USD16.3 million (RM67.5 million) representing interest at the rate of 8.0% for the period from 16 October 2002 to 27 June 2003;
- (bb) The cost of arbitration amounting to USD0.8 million (RM3.4 million); and
- (cc) The sum of USD1.8 million (RM7.5 million) representing the legal costs.

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

(iii) The unauthorised profits claimed to have been made by TSDTR, amounting to RM446.0 million.

The Kuala Lumpur High Court has ruled that the claim against the nine directors as well as Main Suit 2 will be jointly heard with the claims as set out in 10(a) above.

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") and Ors. (SIM Replacement Tax)

Robi SIM Replacement Dispute 2007-2011

On 17 May 2015, the LTU-VAT of the National Board of Revenue ("LTU-VAT of the NBR") issued a revised demand letter for BDT4,145.5 million (RM202.5 million) [the earlier show cause letter dated 23 February 2012 for BDT6,549.9 million (RM320.0 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 for the duration from March 2007 to June 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. Robi deposited 10.0% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on provisions of the VAT Act 1991. 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.

In September 2017, Robi filed an appeal to the High Court Division against the Customs, Excise and VAT Appellate Tribunal's decision ("VAT Appeal No.1"). This VAT Appeal No. 1 is currently pending for hearing before the High Court Division.

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 (RM139.3 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. Robi deposited 10.0% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on provisions of the VAT Act 1991. This appeal was dismissed by the Customs, Excise and VAT Appellate Tribunal.

Robi then filed an appeal to the High Court Division against the Customs, Excise and VAT Appellate Tribunal's decision ("VAT Appeal No.2").

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") and Ors. (SIM Replacement Tax) (continued)

<u>Robi SIM Replacement Dispute July 2012 to July 2015</u> (continued)

On 23 November 2020, both VAT Appeal No.1 and VAT Appeal No.2 pending in the High Court Division were fixed for hearing whereupon the High Court Division ordered parties to file the remaining paper books.

On 3 December 2020, the High Court Division took the view that Robi needed to file a revision application for the VAT Appeal No. 2 under the new VAT and Supplementary Duty Act 2012 which became effective on 1 July 2019, and pursuant thereto, to deposit a further 10.0% of the sum set out in the respective demand notices with the LTU-VAT of the NBR.

Robi has filed written arguments against such views on the basis that the new VAT and Supplementary Duty Act 2012 is not applicable. This legal point was heard on 2 March 2021 in which the High Court Division dismissed Robi's argument and advised Robi to file a revision application under the new VAT and Supplementary Duty Act 2012, to which Robi had on 23 March 2021 filed the Civil Miscellaneous Petition for Leave to Appeal ("CMP") before the Appellate Division contending the dismissal. The CMP is presently pending hearing before the Appellate Division.

(d) Robi vs LTU-VAT of the NBR (VAT Audit)

The LTU-VAT of the NBR issued 5 show cause cum demand notices to Robi for a total amount of BDT9,245.0 million (RM451.7 million). Robi filed writ petitions for judicial review) on 3 May 2018 to challenge these claims. The details are as below. The LTU-VAT of the NBR referred the matter to the Directorate General of Audit Intelligence and Investigation ("DGAI") to re-examine the claims and as such, Robi is not pursuing the Writ Petitions.

(i) The first show cause cum demand notice for BDT7,118.2 million (RM347.8 million) was issued based on the credit balance of VAT payable General Ledger ("GL") and VAT Return and VAT payable for the period from 2013 to 2016. While conducting its audit, the LTU-VAT of the 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 LTU-VAT of 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.

10. Material Litigations (continued)

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

(d) Robi vs LTU-VAT of the NBR (VAT Audit) (continued)

(ii) The second show cause cum demand notice for BDT910.5 million (RM44.5 million) alleges unpaid VAT on merger and spectrum fee. The LTU-VAT of the NBR which collected merger fee/spectrum information from the 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 the LTU-VAT of the 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 charges from Bangladesh Telecommunications Limited ("BTCL") for 2012. The output VAT for BTCL service to customer is centrally collected by the LTU-VAT of the NBR and that BTCL cannot adjust input VAT on interconnection charges payable to Robi. Therefore, BTCL did not pay the VAT on same to Robi. This issue has already been covered in item (i), nonetheless the LTU-VAT of the 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 charges 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 (RM56.9 million) is for VAT rebate cancellation on imported telecom items. The LTU-VAT of the NBR directly collected imports information from Customs Authority, then cancelled few imported items such as battery, switch, cable, router, system, etc. on arbitrary basis. These are the integral parts of machineries and spare parts.

Pursuant to re-examinations of the aforementioned demand notices 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 (RM364.5 million) for the period of January 2013 to December 2016, details of which are set out as follows:

(i) The first show cause notice is on BDT3,676.0 million (RM179.6 million) in relation to VAT deducted at source on grounds of (I) withholding VAT on 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 is on BDT394.3 million (RM19.3 million) in relation to VAT of BDT368.6 million (RM18.0 million) and supplementary duty payment of BDT25.7 million (RM1.3 million) based on Robi's audited financial statements.

10. Material Litigations (continued)

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

(d) Robi vs LTU-VAT of the NBR (VAT Audit) (continued)

(iii) The third show cause notice is on BDT1,308.0 million (RM63.9 million) in relation to VAT on revenue sharing.

(iv) The fourth show cause notice is on BDT2,081.2 million (RM101.7 million) in relation to VAT rebate cancellation.

Robi has filed writ petitions for judicial review on 27 June 2020 to the High Court Division against these 4 new show-cause notices. The High Court Division subsequently issued a rule nisi in favour of Robi on 31 August 2020 and the rule nisi is pending for hearing.

(e) Robi vs BTRC

The BTRC conducted an audit on Robi's information system for the years between 1997 to 2014 and issued a claim of BDT8,672.4 million (RM423.7 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 30 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: (i) temporary injunction restraining BTRC from demanding payment of the Information System Audit Claim; (ii) temporary injunction restraining BTRC from causing any interference with the operation of Robi's mobile telecommunication services; and (iii) direction from the court to the effect that BTRC shall issue all relevant No Objection Certificate(s) for the importation of telecommunication equipment and software, and grant all relevant approvals for tariff, service, package, etc. as and when required by Robi from time to time.

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

On 5 January 2020, the High Court Division issued an injunction upon BTRC on condition that Robi deposit BDT1,380.0 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 in Dhaka.

10. Material Litigations (continued)

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

(f) Robi vs LTU-VAT of the NBR (VAT Rebate Cancellation)

For the period of 2010 to 2016, Robi claimed rebate for input VAT payable on certain services and goods 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 cancelled the rebates and issued the following demand notices cumulatively for BDT3,636.2 million (RM177.7 million) to which Robi is challenging:

(i) The demand notice for the period of March 2012 to April 2013 is for BDT830.6 million (RM40.6 million).

(ii) The demand notice for the period of July 2013 to June 2014 is for BDT596.8 million (RM29.2 million).

(iii) The demand notice for the period of July 2014 to January 2016 is for BDT993.2 million (RM48.5 million).

(iv) The demand notice for the period of February 2016 to April 2016 for BDT41.0 million (RM2.0 million).

(v) The demand notice for the period of May 2016 to December 2016 is for BDT707.7 million (RM34.6 million).

(vi) The demand notice for the financial years of 2010 to 2012 is for BDT466.9 million (RM22.8 million).

Robi filed VAT appeals to the High Court Division on 26 August 2013 for item (i), 21 January 2019 for items (ii) to (v), and on 1 June 2020 for item (vi). For item (i), Robi paid the amount in full. For items (ii) to (vi), Robi deposited 10.0% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on the provisions of the VAT Act 1991.

All the cases are currently pending for hearing before the High Court Division.

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 (RM111.1 million) and interest of BDT378.2 million (RM18.5 million);

(ii) for the assessment year 2014-2015, BDT2,246.3 million (RM109.8 million) and interest of BDT414.4 million (RM20.2 million); and

(iii) for the assessment year 2015-2016, BDT2,263.2 million (RM110.6 million) and interest of BDT295.3 million (RM14.4 million).

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

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 SLR68.8 million (RM1.4 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 SLR4,200.0 million (RM87.4 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 SLR1,000.0 million (RM20.8 million) and a corporate guarantee for SLR3,200.0 million (RM66.6 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 SLR11,608.9 million (RM241.5 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.

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 of Nepal ("LTPO"), Inland Revenue Department of Nepal ("IRD"), 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 80.0% 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 SC issued its full written order on 9 April 2019 ("Order") in relation to its oral order dated 6 February 2019 that the 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 (RM1,364.6 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, IRD and the Ministry of Finance of Nepal ("Ncell Application") for an annulment of the LTPO Direction and to challenge the legality of the LTPO Direction on grounds, including but is not limited to: (a) that the LTPO Direction in transferring the Telia Assessment unto Ncell is not incompliance with the procedures as required under the Income Tax Act, 2058 (2002) ("ITA"); (b) that the LTPO is obliged to undertake a tax assessment on Ncell and not, as demanded in the LTPO Direction, merely a tax collection; (c) that in issuing the LTPO Direction, the LTPO has: (i) failed in providing or affording Ncell the opportunity in making any submission or representation in relation to the imposed tax liability; and (ii) failed in providing Ncell with the option to file or submit an application for administrative review over the LTPO Direction.

Following the Ncell Application, the SC on 25 April 2019 issued a show cause order against the LTPO, IRD 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.

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 of Nepal ("LTPO"), Inland Revenue Department of Nepal ("IRD"), 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 (RM737.3 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 (RM784.1 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 18 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").

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 of Nepal ("LTPO"), Inland Revenue Department of Nepal ("IRD"), 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 100.0% of the shares of Reynolds, which owns 80.0% of the shares of Ncell.

Axiata UK and Ncell dispute the entirety of the CGT allegedly payable by Ncell in connection with the Transaction and will argue, among other things, that the imposition of CGT by Nepal in relation to the Transaction is unlawful. AIUK and Ncell will seek remedies including restitution of sums already paid, a permanent injunction against further attempts to collect CGT from Ncell in connection with the Transaction and damages for all losses suffered in consequence of Nepal's unlawful conduct. Ncell has paid a total of NPR47,009.9 million (RM1,642.3 million) in alleged outstanding CGT.

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 18 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 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 (RM784.1 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").

A two-week merits hearing was originally scheduled to take place from 2 August 2021 to 13 August 2021 (having been deferred from the previous hearing dates of 21 June 2021 to 2 July 2021 as a result of the extension of time for Nepal's Counter-Memorial). However, by a decision of 14 July 2021, the Tribunal postponed the hearing due to the ongoing lockdown measures in Malaysia. By a Procedural Order No. 6 dated 9 August 2021, the Tribunal decided that the hearing be split over three sessions to take place on 29 November - 3 December 2021, 11-16 April 2022, with 4-5 July 2022 in reserve.

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 of Nepal ("LTPO"), Inland Revenue Department of Nepal ("IRD"), 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

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.

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 (RM4,465.7 million). Ncell responded to the Reassessment Notice on 12 January 2021 disagreeing, among 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. On 13 January 2021, Ncell obtained an order from the SC that all decisions and proceedings in relation to the Reassessment Notice be stayed until the matter is heard by the SC. On 14 January 2021, the Tribunal also issued its procedural order recording the undertaking given by Nepal and its organs and agencies will not take any measures against Ncell in relation to the section 57 demand and the Transaction.

Notwithstanding the order from the SC, 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 (RM2,021.1 million). Ncell has filed another writ petition ("Second Writ") to dispute the Demand Notice as the remedies sought in the First Writ have been rendered inapplicable by the Demand Notice. On 7 February 2021, the SC 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. Other Disclosure Requirements under Appendix 9B of the Main LR

Other than those items disclosed in the statements of comprehensive income and notes in Part A of this announcement, there are no material impairment of receivables, inventories, gains/loss on disposal of investments, properties and assets during the current quarter and financial period to date.

12. Earnings Per Share ("EPS")

(a) Basic EPS

	2nd Quarter Ended		Financial Period Ended	
	30/6/2021	30/6/2020	**30/6/2021**	30/6/2020
Profit attributable to owners of the Company (RM'000)	277,756	80,018	353,315	268,124
Adjusted weighted average number of ordinary shares ('000) in issue	9,172,697	9,167,160	9,171,263	9,165,731
Basic EPS (sen)	**3.0**	0.9	**3.9**	2.9

Basic EPS of the Group was calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares during the current quarter and financial period to date.

(b) Diluted EPS

For the diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

	2nd Quarter Ended		Financial Period Ended	
	30/6/2021	30/6/2020	**30/6/2021**	30/6/2020
Profit attributable to owners of the Company (RM'000)	277,756	80,018	353,315	268,124
Weighted average number of ordinary shares in issue ('000)	9,172,697	9,167,160	9,171,263	9,165,731
Adjusted for diluted effect of Axiata PBLTIP ('000)	6,261	7,532	6,865	8,456
Adjusted weighted average number of ordinary shares ('000)	9,178,958	9,174,692	9,178,128	9,174,187
Diluted EPS (sen)	**3.0**	**0.9**	**3.8**	2.9

13. Qualification of Preceding Audited Financial Statements

The 2020 Audited Financial Statements were not subject to any qualification.

14. Dividend Proposed

The Board of Directors have resolved a tax exempt interim dividend under single tier system of 4.0 sen per ordinary share of the Company for the current quarter under review in respect of financial year ending 31 December 2021 (30 June 2020: 2.0 sen).

The details of entitlement and payment date of the interim dividend will be determined and announced in due course.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
27 August 2021