



AXIATA GROUP BERHAD (242188-H)

The Board of Directors of Axiata Group Berhad is pleased to announce the following unaudited interim results of the Group for the financial period ended 30 September 2017.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
	3rd Quarter Ended		Financial Period Ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Operating revenue	6,201,768	5,457,032	18,141,306	15,775,970
Operating costs				
- depreciation, impairment and amortisation	(1,498,493)	(1,302,627)	(4,460,121)	(3,858,203)
- foreign exchange (losses)/gains	(47,472)	40,937	(137,368)	(219,258)
- domestic interconnect and international outpayment	(686,153)	(515,495)	(1,996,499)	(1,525,805)
- marketing, advertising and promotion	(529,314)	(472,696)	(1,555,311)	(1,286,243)
- other operating costs	(2,115,180)	(2,003,428)	(6,408,459)	(5,797,187)
- staff costs	(394,094)	(373,409)	(1,276,150)	(1,133,643)
- other losses - net	(42,398)	(43,541)	(60,886)	(94,771)
Other operating income - net	(21,596)	34,460	112,486	242,076
Operating profit before finance cost	867,068	821,233	2,358,998	2,102,936
Finance income	84,422	63,571	178,801	128,109
Finance cost excluding net foreign exchange gains/(losses) on financing activities	(289,408)	(307,517)	(946,028)	(857,766)
Net foreign exchange gains/(losses) on financing activities	41,749	(122,154)	211,590	(43,027)
	(247,659)	(429,671)	(734,438)	(900,793)
Joint ventures				
- share of results (net of tax)	(10,528)	(23,921)	(46,995)	(64,385)
Associates				
- share of results (net of tax)	(133,351)	20,336	(222,997)	149,089
- gain/(loss) on dilution of equity interests	2,101	-	(7,715)	(1,732)
Profit before taxation	562,053	451,548	1,525,654	1,413,224
Taxation	(242,981)	(155,798)	(465,472)	(484,002)
Profit for the financial period	319,072	295,750	1,060,182	929,222
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
- actuarial gains/(losses) on defined benefits plan, net of tax	5,964	(4,209)	8,826	(6,815)
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	(599,273)	702,562	(1,228,957)	181,220
- net cash flow hedge	(14)	1,164	(28,503)	(281)
- net investment hedge	1,271	(24,433)	(39,996)	(38,961)
- available-for-sale reserve	-	564	(1,358)	(1,193)
Other comprehensive income for the financial period, net of tax	(592,052)	675,648	(1,289,988)	133,970
Total comprehensive income for the financial period	(272,980)	971,398	(229,806)	1,063,192
Profit for the financial period attributable to:				
- owners of the company	238,534	256,558	884,755	813,752
- non-controlling interests	80,538	39,192	175,427	115,470
	319,072	295,750	1,060,182	929,222
Total comprehensive income for the financial period attributable to:				
- owners of the company	(197,266)	809,863	(59,966)	861,137
- non-controlling interests	(75,714)	161,535	(169,840)	202,055
	(272,980)	971,398	(229,806)	1,063,192
Earnings Per Share (sen) (Part B, Note 13)				
- basic	2.7	2.9	9.9	9.2
- diluted	2.6	2.9	9.8	9.2

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016)



AXIATA GROUP BERHAD (242188-H)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
	<u>30/9/2017</u> RM'000 Unaudited	<u>31/12/2016</u> RM'000 Audited
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	13,176,972	8,971,415
Share premium	-	4,081,106
Reserves	11,890,434	10,528,131
Total equity attributable to owners of the Company	25,067,406	23,580,652
Non-controlling interests	6,059,525	5,039,552
Total equity	31,126,931	28,620,204
NON-CURRENT LIABILITIES		
Borrowings	15,006,768	15,135,472
Derivative financial instruments	1,325,640	1,165,857
Deferred income	212,083	245,894
Deferred gain on sale and lease back assets	891,290	1,053,855
Other payables	1,548,583	1,581,353
Provision for liabilities	514,488	499,720
Deferred tax liabilities	1,882,943	2,241,506
Total non-current liabilities	21,381,795	21,923,657
	52,508,726	50,543,861
NON-CURRENT ASSETS		
Intangible assets	22,818,299	23,153,033
Property, plant and equipment	26,721,645	27,466,131
Joint ventures	38,118	109,254
Associates	8,185,580	8,400,152
Available-for-sale financial assets	62,057	63,925
Derivative financial instruments	134,077	398,318
Long term receivables	116,754	117,684
Deferred tax assets	252,159	291,633
Total non-current assets	58,328,689	60,000,130
CURRENT ASSETS		
Inventories	112,496	174,747
Trade and other receivables	4,449,417	4,779,575
Derivatives financial instruments	58,856	2,735
Financial assets at fair value through profit or loss	66	18
Tax recoverable	176,740	199,111
Deposits, cash and bank balances	6,872,815	5,332,414
	11,670,390	10,488,600
LESS: CURRENT LIABILITIES		
Trade and other payables	11,783,210	12,027,136
Deferred gain on sale and lease back assets	132,360	140,817
Borrowings	4,332,193	7,124,409
Derivative financial instruments	155,875	162,650
Current tax liabilities	636,796	489,857
Dividend payable	449,919	-
Total current liabilities	17,490,353	19,944,869
Net current liabilities	(5,819,963)	(9,456,269)
	52,508,726	50,543,861
Net assets per share attributable to owners of the Company (sen)	279	263

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016)



AXIATA GROUP BERHAD (242188-H)
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

Attributable to equity holders of the Company															
	Share capital	Share capital	Share premium	Currency translation differences	Capital contribution reserve	Merger reserve	Hedging reserve	ESOS and RSA reserve	Actuarial reserve	AFS reserve	Other reserve	Retained earnings	Total	NCI	Total equity
Note	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017	8,971,415	8,971,415	4,081,106	2,288,800	16,598	346,774	(325,702)	135,647	11,107	35,998	(1,316,116)	9,335,025	23,580,652	5,039,552	28,620,204
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	884,755	884,755	175,427	1,060,182
Other comprehensive income:															
-Currency translation differences arising during the financial period:															
-subsidiaries	-	-	-	(843,698)	-	-	-	-	-	-	-	-	(843,698)	(348,418)	(1,192,116)
-joint venture	-	-	-	(1,226)	-	-	-	-	-	-	-	-	(1,226)	-	(1,226)
-associates	-	-	-	(35,615)	-	-	-	-	-	-	-	-	(35,615)	-	(35,615)
	-	-	-	(880,539)	-	-	-	-	-	-	-	-	(880,539)	(348,418)	(1,228,957)
-Net cash flow hedge	-	-	-	-	-	-	(28,685)	-	-	-	-	-	(28,685)	182	(28,503)
-Net investment hedge	-	-	-	-	-	-	(39,996)	-	-	-	-	-	(39,996)	-	(39,996)
-Actuarial gain, net of tax	-	-	-	-	-	-	-	-	5,857	-	-	-	5,857	2,969	8,826
-Revaluation of AFS	-	-	-	-	-	-	-	-	-	(1,358)	-	-	(1,358)	-	(1,358)
Total comprehensive income	-	-	-	(880,539)	-	-	(68,681)	-	5,857	(1,358)	-	884,755	(59,966)	(169,840)	(229,806)
Transactions with owners:															
-Issuance of new ordinary shares	2,816	4,558	165	-	-	-	-	-	-	-	-	-	4,723	-	4,723
-Transition to no par value regime	A(2)(i)	-	4,081,271	(4,081,271)	-	-	-	-	-	-	-	-	-	-	-
-Reversal of reserve	-	-	-	-	-	-	-	-	-	-	81	-	81	-	81
-Dilution of equity interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	90,955	90,955	(90,955)	-
-Private placement of a subsidiary	A12(c)	-	-	724	-	-	-	-	-	-	40,087	1,229,286	1,270,097	908,889	2,178,986
-Partial disposal of subsidiaries	A12(c),(i)	-	-	(12,879)	-	-	-	-	-	-	18,884	766,797	772,802	390,647	1,163,449
-Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	11,270	11,270
-Dividends paid to shareholders by:															
-issuance of new shares pursuant to Dividend Reinvestment Scheme	24,088	113,213	-	-	-	-	-	-	-	-	-	(113,213)	-	-	-
-cash	-	-	-	-	-	-	-	-	-	-	-	(156,008)	(156,008)	-	(156,008)
-Dividends payable to shareholders	-	-	-	-	-	-	-	-	-	-	-	(449,919)	(449,919)	-	(449,919)
-Dividends paid to NCI	-	-	-	-	-	-	-	-	-	-	-	-	-	(30,038)	(30,038)
-Axiata Share Scheme:															
-value of employees' services	-	-	-	-	-	-	-	13,989	-	-	-	-	13,989	-	13,989
-transferred from ESOS and RSA reserve upon exercise/vest	-	6,515	-	-	-	-	-	(6,515)	-	-	-	-	-	-	-
Total transaction with owners	26,904	4,205,557	(4,081,106)	(12,155)	-	-	-	7,474	-	-	59,052	1,367,898	1,546,720	1,189,813	2,736,533
At 30 September 2017	8,998,319	13,176,972	-	1,396,106	16,598	346,774	(394,383)	143,121	16,964	34,640	(1,257,064)	11,587,678	25,067,406	6,059,525	31,126,931
Employees Share Option Scheme ("ESOS")															
Restricted Share Awards ("RSA")															
Available-for-sale ("AFS")															
Non-controlling interests ("NCI")															

(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 2016)



AXIATA GROUP BERHAD (242188-H)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017 (CONTINUED)

	Attributable to equity holders of the Company													Total equity
	Share capital	Share premium	Currency translation differences	Capital contribution reserve	Merger reserve	Hedging reserve	Actuarial reserve	ESOS and RSA reserve	AFS reserve	Other reserve	Retained earnings	Total	NCI	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2016	8,816,858	3,485,891	931,111	16,598	346,774	(255,992)	(92)	130,229	3,367	(172,753)	10,223,278	23,525,269	2,199,075	25,724,344
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	813,752	813,752	115,470	929,222
Other comprehensive income:														
-Currency translation differences arising during the financial period:														
-subsidiaries	-	-	212,996	-	-	-	-	-	-	-	-	212,996	88,923	301,919
-joint venture	-	-	(1,771)	-	-	-	-	-	-	-	-	(1,771)	-	(1,771)
-associates	-	-	(118,928)	-	-	-	-	-	-	-	-	(118,928)	-	(118,928)
	-	-	92,297	-	-	-	-	-	-	-	-	92,297	88,923	181,220
-Net cash flow hedge	-	-	-	-	-	(234)	-	-	-	-	-	(234)	(47)	(281)
-Net investment hedge	-	-	-	-	-	(38,961)	-	-	-	-	-	(38,961)	-	(38,961)
-Actuarial reverse	-	-	-	-	-	-	(4,524)	-	-	-	-	(4,524)	(2,291)	(6,815)
-Revaluation of AFS	-	-	-	-	-	-	-	-	(1,193)	-	-	(1,193)	-	(1,193)
Total comprehensive income	-	-	92,297	-	-	(39,195)	(4,524)	-	(1,193)	-	813,752	861,137	202,055	1,063,192
Transaction with owners:														
-Issuance of new ordinary shares	2,351	6,838	-	-	-	-	-	-	-	-	-	9,189	-	9,189
-Share issue expense	-	(171)	-	-	-	-	-	-	-	-	-	(171)	-	(171)
-Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	847,239	847,239
-Dilution of equity interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	(5,248)	(5,248)	34,841	29,593
-Rights issue by a subsidiary	-	-	-	-	-	-	-	-	-	-	(16,492)	(16,492)	678,151	661,659
-Dividends paid to shareholders by:														
-issuance of new shares pursuant to Dividend Reinvestment Scheme	102,034	394,873	-	-	-	-	-	-	-	-	(496,907)	-	-	-
-Cash	-	-	-	-	-	-	-	-	-	-	(561,899)	(561,899)	-	(561,899)
-Dividends paid to NCI	-	-	-	-	-	-	-	-	-	-	-	-	(15,810)	(15,810)
-Dividends payable to shareholders	-	-	-	-	-	-	-	-	-	-	(446,310)	(446,310)	-	(446,310)
-Axiata Share Scheme:														
-value of employees' services	-	-	-	-	-	-	-	30,068	-	-	-	30,068	-	30,068
-transferred from ESOS and RSA reserve upon exercise/vest	4,962	19,555	-	-	-	-	-	(24,517)	-	-	-	-	-	-
Total transactions with owners	109,347	421,095	-	-	-	-	-	5,551	-	-	(1,526,856)	(990,863)	1,544,421	553,558
At 30 September 2016	8,926,205	3,906,986	1,023,408	16,598	346,774	(295,187)	(4,616)	135,780	2,174	(172,753)	9,510,174	23,395,543	3,945,551	27,341,094

(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 2016)



AXIATA GROUP BERHAD (242188-H)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS		
	FOR THE FINANCIAL PERIOD ENDED	
	<u>30/9/2017</u>	<u>30/9/2016</u>
	RM'000	RM'000
Receipt from customers	17,626,047	15,851,793
Payment to suppliers and employees	(11,611,382)	(10,082,095)
Payment of finance costs	(948,000)	(969,749)
Payment of income taxes (net of refunds)	(552,475)	(347,555)
Zakat	-	(110,000)
CASH FLOWS FROM OPERATING ACTIVITIES	<u>4,514,190</u>	<u>4,342,394</u>
Proceeds from disposal of property, plant and equipment	29,451	185,780
Purchase of property, plant & equipment	(3,495,073)	(3,605,391)
Acquisition of intangible assets	(104,742)	(78,962)
Proceed from sale and lease back transactions of a subsidiary	-	564,141
Investments in subsidiaries (net of cash acquired)	(361,897)	(4,928,240)
Investments in deposits maturing more than three (3) months	165,645	550,519
Investment in associates	(102,682)	(52,243)
Additional investment in associates	(20,149)	(80,798)
Investment in a joint venture	-	(384)
Capital injection in a joint venture	(34,426)	(96,162)
Net proceed from partial disposal of subsidiaries	1,163,448	-
Settlement of deferred purchase consideration of investment in subsidiaries	(40,299)	(54,794)
Other investment	(700)	-
Dividends received from associates	92,587	118,229
Net repayments from/(advance) to employees	250	(343)
Interests received	171,157	126,410
CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(2,537,430)</u>	<u>(7,352,238)</u>
Proceeds from issuance of shares under Axiata Share Scheme	4,723	9,189
Share issue expense	-	(171)
Proceeds from borrowings	4,155,694	5,085,175
Repayments of borrowings	(6,800,540)	(3,396,052)
Proceeds from Sukuks	1,712,860	1,989,687
Repayment of Sukuks	(1,000,000)	-
Net proceed from private placement of a subsidiary	2,178,986	-
Net proceed from rights issue of a subsidiary	-	661,659
Proceed from sale and lease back transactions of a subsidiary	-	531,235
Repayment of finance lease creditors	(140,398)	(85,709)
Additional investment in a subsidiary by non-controlling interest	-	843
Pre-acquisition dividend of a subsidiary paid to non-controlling interest	-	(79,835)
Dividends paid to shareholders	(156,008)	(561,899)
Dividends paid to non-controlling interests	(115,136)	(15,810)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES	<u>(159,819)</u>	<u>4,138,312</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,816,941	1,128,468
NET DECREASE/(INCREASE) IN RESTRICTED CASH AND CASH EQUIVALENT	223,538	(188,619)
EFFECT OF EXCHANGE RATE CHANGES	(130,975)	(8,175)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	4,649,422	4,560,665
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>6,558,926</u>	<u>5,492,339</u>

(The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016)



AXIATA GROUP BERHAD (242188-H)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)		
	FOR THE FINANCIAL PERIOD ENDED	
	<u>30/9/2017</u>	<u>30/9/2016</u>
	RM'000	RM'000
Total deposits, cash and bank balances	6,872,815	6,033,572
Less:		
- Deposit pledged and escrow account	(94,305)	(45,038)
- Deposit on investment in subsidiaries	(96,370)	(317,650)
- Deposits maturing more than three (3) months	(41,067)	(135,531)
- Bank overdrafts	(82,147)	(43,014)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>6,558,926</u>	<u>5,492,339</u>

(The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2016)



AXIATA GROUP BERHAD (242188-H)

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

1. Basis of Preparation

The unaudited interim financial statements for the financial period ended 30 September 2017 of the Group have been prepared in accordance with the International Financial Reporting Standards compliant framework, Malaysian Financial Reporting Standards (“MFRS”), MFRS 134 “Interim Financial Reporting”, Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Main LR”), and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2016 (“2016 Audited Financial Statements”).

2. Accounting Policies

The accounting policies and method of computation applied in the unaudited interim financial statements are consistent with those used in the preparation of the 2016 Audited Financial Statements except for the following:

(i) Companies Act 2016

The Companies Act 2016 (“New Act”) was enacted to replace the Companies Act 1965 becomes effective on 31 January 2017. Amongst the key changes introduced in the New Act which affecting the unaudited interim financial statements of the Company during the current quarter and financial period to date is as below:

- (a) removal of the authorised share capital;
- (b) shares of the Company will cease to have par or nominal value; and
- (c) the Company’s share premium account had become part of the Company’s share capital.

Consequently, the Company reclassified the share premium reserve as at 31 January 2017 to the share capital pursuant to the transitional provision set out in Section 618(2) of the New Act. Notwithstanding this provision, the Company may within twenty four (24) months from the commencement of the New Act, use this amount for the purposes as set out in Section 618(2) of the New Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition. The above mentioned financial impact to the Company as at 31 January 2017 is as below:

	As at 1 January 2017	New issues	As at 31 January 2017	Changes in Companies Act 2016	As at 31 January 2017
	RM’000	RM’000	RM’000	RM’000	RM’000
Share capital	8,971,415	65	8,971,480	4,081,271	13,052,751
Share premium	4,081,106	165	4,081,271	(4,081,271)	-



AXIATA GROUP BERHAD (242188-H)

2. Accounting Policies (continued)

(ii) Adoption of amendments to MFRS (continued)

The adoption of amendments to existing standards that are applicable to the Group for the financial period beginning 1 January 2017 as set out below.

- Amendments to MFRS 107 Disclosure Initiative
- Amendments to MFRS 112 Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to MFRSs 2014-2016 Cycle

The adoption of the amendments to existing standards did not have any significant impact to the Group during the financial period to date.

3. Seasonal or Cyclical Factors

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

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

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

- (a) The Group recognised additional goodwill of RM263.4 million (NPR7.2 billion) in conjunction with the finalisation of purchase price allocation exercise of a subsidiary;
- (b) Robi Axiata Limited ("Robi"), a subsidiary of the Group recognised a total tax credit related to a subsidiary acquired in 2016 amounting to RM102.5 million (BDT1.9 billion); and
- (c) The Group recognised net foreign exchange losses of RM5.7 million and gains of RM74.2 million respectively mainly arising from the revaluation of USD borrowings and payables during the current quarter and financial period to date respectively.

Other than the above and as disclosed in Part A, 12 of this announcement, there were no other unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 30 September 2017.

5. Estimates

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

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

In preparing the unaudited interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the sources of estimates uncertainty were consistent as those applied to 2016 Audited Financial Statements.

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

- (a) During the financial period to date, the Company issued new ordinary shares under the Axiata Share Scheme and Dividend Reinvestment Scheme (“DRS”) as below:

Description	Total ordinary shares of the Company issued	
	'000	RM'000
• Performance-Based Employee Share Option Scheme (“ESOS”) at an exercise price of either RM1.81, RM3.15, RM3.45 and RM5.07	1,429	6,094
• Restricted Share Awards at an issuance price from RM3.45 to RM6.09 being the fair value of RSA issued.	1,387	5,144
• DRS at a conversion price of RM4.70 per ordinary share.	24,088	113,213
Total	26,904	124,451

- (b) On 15 February 2017, the Company has early settled a total amount of RM800.9 million (USD180.0 million) under its loan undertaken with Bank of Tokyo Mitsubishi in 2016.

Subsequently the Company refinanced its existing loan balance of RM2,143.9 million (USD482.0 million) which was due for settlement on 15 March 2017 with Hong Kong and Shanghai Banking Corporation (“HSBC”) and Oversea-Chinese Banking Corporation at respective amount of RM1,112.0 million (USD250.0 million) and RM1,031.9 million (USD232.0 million). Both loans have tenure of twelve (12) months from the date of the Facility Agreement and carry contractual interest rate of LIBOR + applicable interest.

On 14 June 2017, the Company early settled a total amount of RM281.2 million (USD66.0 million) under its loan undertaken with HSBC above.

- (c) On 28 April 2017, PT XL Axiata Tbk (“XL”) issued Sukuk Ijarah namely Shelf Sukuk Ijarah I XL Axiata Tranche II Year 2017 amounting to RM712.9 million (IDR 2.18 trillion) with maturity period of 370 days up to 10 (ten) years and was registered in Indonesia Stock Exchange on 2 May 2017.
- (d) On 29 August 2017, Celcom Networks Sdn Bhd, a wholly-owned subsidiary of Celcom Axiata Berhad (“Celcom”) completed the issuance of RM1,000.0 million nominal value of rated Sukuks (“Sukuk Issuance”) under a private offering as below:
- i) RM200.0 million with the tenure of five (5) years carries a profit rate of 4.85% per annum (payable semi-annually in arrears);
 - ii) RM350.0 million with the tenure of seven (7) years carries a profit rate of 5.05% per annum (payable semi-annually in arrears); and
 - iii) RM450.0 million with the tenure of ten (10) years carries a profit rate of 5.20% per annum (payable semi-annually in arrears).

Aside from the above, there were no other significant unusual issues, repurchases and repayments of debt and equity securities during the financial period ended 30 September 2017.



AXIATA GROUP BERHAD (242188-H)

7. Dividend paid

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

Date of payment	Description	Per ordinary share	Total
		Sen	RM'000
11 July 2017	Final tax exempt dividend under single tier in respect of financial year ended 31 December 2016 ¹	3	269,221

¹ Out of the total dividend distribution, a total RM113.2 million was converted into 24.1 million new ordinary shares of the Company as disclosed in Part A, Note 6(a) of this announcement.

(b) On 30 August 2017, the Board of Directors declared an interim tax exempt dividend under single tier system of 5 sen per each ordinary share of the Company for the financial year ending 31 December 2017. The Company has accrued a total dividend of RM449.9 million during the current quarter and financial period to date. The dividend was subsequently paid by the Company on 9 November 2017. Out of the cash distribution, a total of RM226.7 million was converted into 49.0 million new ordinary shares of the company under the DRS of the Company.



AXIATA GROUP BERHAD (242188-H)

8. Segmental Information

For the financial period ended 30 September 2017

	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Others ¹	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	4,878,745	5,510,471	2,696,582	1,981,907	1,773,308	910,807	1,809,542	-	19,561,362
Inter-segment*	(10,095)	(56,621)	(25)	(10,569)	(26,275)	(7,686)	(1,308,785)	-	(1,420,056)
External operating revenue	4,868,650	5,453,850	2,696,557	1,971,338	1,747,033	903,121	500,757	-	18,141,306
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	1,722,406	2,090,519	502,973	706,884	1,149,265	456,276	278,045	(1,481)	6,904,887
Interest income	52,059	37,719	4,014	5,177	21,424	5,848	82,985	(30,425)	178,801
Interest expense	(164,601)	(396,299)	(55,193)	(38,870)	(20,641)	(2,148)	(331,244)	62,968	(946,028)
Depreciation of property, plant & equipment ("PPE")	(626,993)	(1,670,552)	(451,410)	(381,043)	(216,366)	(138,306)	(230,828)	17,969	(3,697,529)
Amortisation of intangible assets	(108,132)	(47,330)	(193,470)	(27,532)	(142,877)	(3,850)	(20,604)	(229,007)	(772,802)
Joint ventures:									
- share of results (net of tax)	(506)	(33,548)	-	-	-	-	(12,941)	-	(46,995)
Associates:									
- share of results (net of tax) ²	(8,823)	-	12,187	(641)	-	-	(225,720)	-	(222,997)
- loss on dilution of equity interests	-	-	-	-	-	-	(7,715)	-	(7,715)
Impairment of PPE, net of reversal	-	22,690	228	9,481	-	-	-	-	32,399
Other non-cash income/(expense)	154,695	56,544	(30,263)	(20,466)	(61,787)	1,705	209,084	(205,879)	103,633
Taxation	(226,847)	14,837	129,933	(35,909)	(205,862)	(64,203)	(98,154)	20,733	(465,472)
Segment profit/(loss) for the financial period	793,258	74,580	(81,001)	217,081	523,156	255,322	(357,092)	(365,122)	1,060,182

¹ Others include consolidated edotco Group ("e.co Group")

² Share of results of associates in "Others" are mainly contributed by Idea Cellular Limited (-RM291.0 million) and M1 Limited (RM90.3 million).



AXIATA GROUP BERHAD (242188-H)

8. Segmental Information (continued)

For the financial period ended 30 September 2016

	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Others ¹	Consolidation adjustments/eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	4,969,460	4,937,506	1,985,709	1,795,968	1,034,747	782,752	750,564	-	16,256,706
Inter-segment*	(5,125)	(25,695)	(35)	(29,175)	(7,357)	(19)	(413,330)	-	(480,736)
External operating revenue	4,964,335	4,911,811	1,985,674	1,766,793	1,027,390	782,733	337,234	-	15,775,970
EBITDA	1,719,233	1,999,932	649,580	611,643	622,885	391,710	23,399	14,710	6,033,092
Interest income	58,895	45,986	4,021	7,593	2,227	6,437	95,215	(92,265)	128,109
Interest expense	(138,351)	(463,954)	(35,706)	(28,077)	(6,064)	(5,038)	(268,351)	87,775	(857,766)
Depreciation of PPE	(552,131)	(1,788,289)	(477,643)	(311,479)	(113,795)	(112,400)	(80,005)	334	(3,435,408)
Amortisation of intangible assets	(50,273)	(52,089)	(92,801)	(22,049)	(57,527)	(3,141)	(14,622)	(120,349)	(412,851)
Joint venture:									
- share of results (net of tax)	(2,271)	(51,785)	-	-	-	-	(10,329)	-	(64,385)
Associates:									
- share of results (net of tax) ³	(29,298)	-	-	(31)	-	-	178,418	-	149,089
- loss on dilution of equity interests	-	-	-	-	-	-	(1,732)	-	(1,732)
Impairment of PPE, net of reversal	-	(12,974)	(1,064)	8,342	-	-	1,169	-	(4,527)
Other non-cash income/(expenses)	23,133	358,619	(1,951)	(15,708)	12,218	(6,090)	(436,708)	(53,910)	(120,397)
Taxation	(258,923)	10,732	(24,627)	(31,864)	(126,646)	(51,468)	(20,392)	19,186	(484,002)
Segment profit/(loss) for the financial period	770,014	46,178	19,809	218,370	333,298	220,010	(533,938)	(144,519)	929,222

³ Share of results of associates in "Others" are mainly contributed by Idea Cellular Limited (RM79.7 million) and M1 Limited (RM100.3 million).

* 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.



AXIATA GROUP BERHAD (242188-H)
(Incorporated in Malaysia)

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 RM4,315.8 million mainly for its telecommunication network equipment and capital work in progress.

11. Events after the Interim Period

(a) Incorporation of Axiata Digital Bangladesh (Private) Limited (“ADB”)

Axiata Digital Services Sdn Bhd (“ADS”), a wholly-owned subsidiary of the Company had on 11 October 2017 completed the incorporation of ADB (Company No. C-140384/2017), a private company limited by shares, in People’s Republic of Bangladesh, under the Companies Act (Bangladesh) 1994.

ADB was incorporated with an authorised share capital of BDT10.0 million divided into 100,000 ordinary shares of BDT100 each. The issued and paid-up share capital of ADB is BDT1.6 million divided into 16,000 ordinary shares of BDT100 each and its intended principal activity is to carry out an online ticketing business in Bangladesh.

(b) Incorporation of PT Axiata Digital Analytics Indonesia (“PTADAI”)

Axiata Digital Advertising Sdn Bhd (“ADASB”), a wholly-owned subsidiary of ADS, had on 23 October 2017 incorporated a new subsidiary, PTADAI, a limited liability company under Indonesian Law No. 40 of 2007. The incorporation of PTADAI was completed following receipt by ADASB on 25 October 2017 of the registration certificate (registration no. 4017102331103978) from the Ministry of Law and Human Rights, Republic of Indonesia.

PTADAI was incorporated with an approved share capital of USD250,000. The intended principal activity of the Company is to carry out the business of digital advertising and consumer analytics of ADASB in Indonesia.

(c) Incorporation of PT Axiata Digital Services Indonesia (“PTADSI”)

ADS had on 14 November 2017 incorporated a new subsidiary, PTADSI, a limited liability company under Indonesian Law No. 40 of 2007. The incorporation of PTADSI was completed following receipt by ADS on 16 November 2017 of the registration certificate (registration no. 4017111431102497) from the Ministry of Law and Human Rights, Republic of Indonesia.

PTADSI was incorporated with an approved share capital of USD250,000. The intended principal activity of the Company is to carry out the business of digital financial services of ADS in Indonesia.

There was no other significant event after interim period that requires disclosure and/or adjustment as at 16 November 2017.



**AXIATA GROUP BERHAD (242188-H)
(Incorporated in Malaysia)**

12. Effects of Changes in the Composition of the Group

(a) Incorporation of Axiata Digital Ecode Sdn Bhd (“ADE”)

ADS, had on 9 January 2017 completed the incorporation of ADE (Company No. 1214970-T), a private company limited by shares, under the Companies Act, 1965.

The issued and paid-up share capital of ADE is RM2 and its intended principal activities are to carry out the business of researching and developing internet services and mobile applications.

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

(b) Acquisition of 31.01% equity interest in edotco Bangladesh Co. Ltd (“edotco BD”) by edotco Group from Robi

On 18 January 2017, the call option exercise to acquire 31.01% of the issued and paid up capital of edotco BD pursuant to the sale and purchase agreement dated 5 November 2014 was completed by edotco Group. Accordingly, the Group’s effective interest in edotco BD increased from 84.03% to 93.74%.

The Group recorded an increase of RM90.2 million in the consolidated retained earnings and a decrease in non-controlling interests amounting to RM90.2 million during the financial period to date.

(c) Private placement of edotco Group and share divestment on edotco Group

On 27 January 2017, the private placement of edotco Group and the share divestment on edotco Group by the Company were completed with:

- (i) 409,904,436 edotco Group’s ordinary shares were issued to Innovation Network Corporation of Japan (“INCJ”), at a cash consideration of USD300.0 million (RM1,329.1 million); and
- (ii) 273,269,624 edotco Group’s ordinary shares were disposed to Mount Bintang Ventures Sdn Bhd at a gross purchase consideration of USD200.0 million (RM888.7 million).

In conjunction with the private placement above, edotco Group had further issued the following:

- (i) On 18 April 2017, a total 136,634,813 ordinary shares were issued to INCJ for a cash consideration of USD100.0 million (RM435.0 million); and
- (ii) On 28 April 2017, a total 136,634,813 ordinary shares were issued to Kumpulan Wang Persaraan (Diperbadankan) for a cash consideration of USD100.0 million (RM441.0 million).



AXIATA GROUP BERHAD (242188-H)
(Incorporated in Malaysia)

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

(c) Private placement of edotco Group and share divestment on edotco Group (continued)

With the completion of the transactions above, the Group's effective shareholding in edotco Group decreased from 100.00% to 62.37%. The Group recorded the following in the consolidated statement of changes in equity during the financial period to date as below:

Consolidated statements of changes in equity

	Currency translation <u>differences</u> RM'000	Other <u>reserve</u> RM'000	Retained <u>earnings</u> RM'000	Non- controlling <u>interests</u> RM'000	<u>Total</u> RM'000
Private placement	724	40,087	1,229,286	908,889	2,178,986
Divestment	(1,592)	18,884	590,316	278,586	886,194

(d) Acquisition of 12.28% equity interest in Milvik AB

ADS, had on 3 March 2017 entered into a Subscription Agreement with Kinnivek New Ventures AB, Milicom Holding 100 B.V., Leapfrog Financial Inclusion (Luxembourg) S.a r.l, Future Holdings Limited, Anders Olsson and the Pensioneer Trustee Company (Guernsey) Limited, Gustaf Agartson and Mathilda Strom for the acquisition of 12.28% or 1,523,116 ordinary shares of Milvik AB at a consideration of USD16.8 million (equivalent to RM74.2 million). The above transaction was completed on 23 March 2017 and effectively Milvik AB became an associate of the Group.

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

(e) Acquisition of 9.60% equity interest in Unlockd Media Pty Ltd ("Unlockd")

ADS, had on 6 March 2017 entered into a Share Subscription Agreement ("SSA") with Unlockd for the acquisition of the following equity interests:

- (i) Tranche 1: 127,258 ordinary shares at a consideration of USD5.0 million (equivalent to RM21.6 million). In addition, 151,370 ordinary shares at a consideration of USD5.9 million (equivalent to RM25.7 million) in exchange for assets held by ADS. Total acquisition represents 9.6% or 278,628 ordinary shares; and
- (ii) Tranche 2: 76,355 ordinary shares at a consideration of USD3.0 million. ADS shall further subscribe for Tranche 2 subject to ADS achieving the additional conditions precedent as per the SSA.

The acquisition of Tranche 1 was completed by ADS on 19 May 2017 and effectively Unlockd became an associate of the Group.

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



AXIATA GROUP BERHAD (242188-H)
(Incorporated in Malaysia)

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

(f) Additional investment in Headstart (Private) Limited (“Headstart”)

Digital Holdings Lanka (Private) Limited, a subsidiary of Dialog Axiata Plc, proceeded with the conversion to equity the ‘Bond type B’ and ‘Bond type C’ in Headstart, consisting of 414 ordinary shares on 15 March 2017. Subsequent to the said conversion, the total shareholding of DHL in Headstart increased from 26.00% to 43.37%.

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

(g) Investment in Etobee Holding Pte Ltd (“Etobee”)

ADS, had on 15 March 2017 entered into a Subscription Agreement (“SA”) with the Investors, Kejora Investment Partners Pte Ltd, Gobi Partners, the Founders, namely Sven Milder and Iman Kusnadi and the existing shareholders, namely PT Kejora Digital Venturanusa, Bang Bang Venture Pte Ltd, Jimmy Setiadi Wibowo and PT Skystar Kapital Indonesia and Etobee Holding Pte Ltd for the acquisition of 18.75% or 300 Series A Preference Share of Etobee Holding Pte Ltd which will be split into 2 tranches as below:

- i) Tranche 1 – 14.81% or 200 Series A Preference Share at a consideration of USD1.0 million (equivalent to RM4.31 million); and
- ii) Tranche 2 – additional 3.94% or 100 Series A Preference Share at a consideration of USD500,000.

ADS shall further subscribe for Tranche 2 subject to ADS achieving the additional conditions precedent as per the SA.

The acquisition of Tranche 1 was completed by ADS on 22 May 2017 and effectively Etobee became an associate of the Group.

The investment above did not have any significant impact to the Group during the financial period to date.

(h) Additional investment in Localcube Commerce Private Limited (“Localcube”)

The Group via Axiata Investments (Mauritius) Limited (“AIM”), a wholly-owned subsidiary of ADS had on 12 May 2017, further subscribed the remaining 1,559 Compulsorily Convertible Preference Shares of Localcube at par value of INR10 per share resulting in AIM’s total shareholding of 29.65% of issued and paid up capital of Localcube for a total consideration of RM14.2 million (USD 3.2 million).

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



AXIATA GROUP BERHAD (242188-H)
(Incorporated in Malaysia)

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

(i) Disposal of 10.00% equity interest in Axiata (Cambodia) Holdings Limited (formerly known as Glasswool Holdings Limited) (“ACH”)

On 19 May 2017, the Company and its wholly owned subsidiary, Axiata Investments (Cambodia) Limited (“AIC”) entered into a SPA with M&Y Asia Telecom Holdings Pte. Ltd. (“MY Asia”) and Mitsui & Co., Ltd. (“Mitsui”) for the disposal by AIC of 226 ordinary shares of USD1 each in ACH, the holding company of Smart Axiata Co., Ltd (“Smart”), representing 10.00% of the total issued and paid-up share capital of ACH, for a total cash consideration of USD66.0 million (RM283.0 million) (“Initial Sale”). Mitsui and the Company are the guarantors for MY Asia’s and AIC’s obligations, respectively under the SPA.

Pursuant to the Initial Sale, AIC also entered into an Amended and Restated Shareholders Agreement with MY Asia and Southern Coast Ventures Inc. (“SCV”) to govern their relationship as shareholders of ACH which includes inter-alia, a call option to MY Asia for further 10.00% stake in ACH.

On 1 June 2017, the initial sale was completed. AIC and MY Asia now respectively holds 82.48% and 10.00% interest in ACH, with the balance 7.52% held by SCV.

The Group recognised an increase of RM176.5 million in the consolidated retained earnings and non-controlling interests amounting to RM112.1 million with the decrease in consolidated foreign exchange reserve of RM11.3 million.

(j) Incorporation of Xpand Labuan

Axiata Business Services Sdn Bhd (“ABS”), a wholly-owned subsidiary of the Company had on 6 June 2017 completed the incorporation of Xpand Labuan (Company No. LL13757), a private company limited by shares, in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act, 1990.

Xpand Labuan was incorporated with an issued and paid-up share capital of USD2. The intended principal activity of Xpand Labuan is an investment holding company.

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

(k) Incorporation of Adknowledge Asia Philippines Inc

Adknowledge Asia Pacific Pte Ltd, a subsidiary of the Group had on 10 July 2017 completed the incorporation of Adknowledge Asia Philippines Inc. (“AAP”) (Registration No. CS201722696), a private company limited by shares, in the Republic of the Philippines, under Batas Pambansa Blg. No. 68 otherwise known as the Corporation Code of the Philippines.

AAP was incorporated with an authorised share capital of PHP40.0 million divided into 320,000 ordinary shares of PHP125 each. The issued and paid-up share capital of AAP is PHP10.0 million and its intended principal activity is to engage in the business of providing technology and software solutions.

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



AXIATA GROUP BERHAD (242188-H)
(Incorporated in Malaysia)

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

(l) Acquisition of Tanzanite Tower Private Limited (“TTPL”)

On 3 August 2017, edotco Pakistan Limited, a wholly-owned subsidiary of edotco Group Sdn Bhd (“edotco Group”) completed the acquisition of 100% equity interest in TTPL for a purchase consideration of USD88.9 million (RM380.5 million) after adjustments provided under the terms of the Sale and Purchase Agreement.

In accordance with the terms of the Share and Purchase Agreement (“SPA”), TTPL had on the Completion Date entered into a Share Pledge Agreement (“PA”) with HB Offshore Investments Limited (“HBOIL”), the owner of wi-tribe Pakistan Limited (“wi-tribe”), provider of wireless broadband services in Islamabad, Rawalpindi, Lahore, Karachi, and Faisalabad. Under the PA, TTPL shall be the beneficiary (by way of security) for all the wi-tribe shares held by HBOIL, being the only issued capital of wi-tribe, as security for wi-tribe’s indebtedness and obligations to TTPL under the Amended and Restated Tower Space Master License Agreement dated 28 June 2016 (as amended) for a limited period of time between TS PK and wi-tribe.

During the current quarter and financial period to date, the Group recognised a total goodwill provision of RM166.7 million (PKR4.1 billion) [subject to finalisation of Purchase Price Allocation exercise within twelve (12) months from the date of acquisition of TTPL].

(m) Acquisition of Suvitech Co. Ltd (“Suvitech”)

On 15 May 2017, Axiata Business Services Sdn Bhd (“ABS”) entered into a Share Sale and Purchase Agreement for the acquisition of 65.00% of the issued share capital of Suvitech at a consideration of USD11.1 million (equivalent to RM47.9 million). The acquisition was completed by ABS through its wholly-owned subsidiary, Xpand Investments (Labuan) Limited (“Xpand Labuan”) on 16 August 2017.

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

(n) Disposal of PT XL Planet (“XLJV”)

On 22 August 2017, PT XL Axiata Tbk and SK Planet Global Holdings Pte Ltd entered into a Conditional Sales and Purchase Agreement to sell its entire ownership share in XLJV to PT Jaya Kencana Mulia Lestari and Superb Premium Pte Ltd. On 29 August 2017, the Purchasers have been given full control over the management of XLJV and accordingly the Group recorded a total loss amounting to RM56.0 million related to the transaction above.

(o) Acquisition of shares in Colombo Trust Finance PLC (“CTF”)

On 12 September 2017, Dialog Axiata PLC (“Dialog”) acquired a total of 37,374,598 ordinary shares of CTF, a finance company licensed by the Central Bank of Sri Lanka, representing 80.34% of the voting rights in CTF. The shares were acquired at a price of LKR 28.70 per share amounting to a total consideration of LKR1.1 billion (RM29.6 million).

In accordance with the Takeovers and Mergers Code of the Securities and Exchange Commission of Sri Lanka, the Company made a mandatory offer to the remaining shareholders of CTF to acquire the remaining 9,144,645 ordinary voting shares held by such shareholders in CTF at an offer price of LKR 28.70 per share.

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



AXIATA GROUP BERHAD (242188-H)
(Incorporated in Malaysia)

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

(p) Incorporation of Merchantrade Digital Services Sdn Bhd (“MDS”)

ADS, had on 12 September 2017 completed the incorporation of MDS (Company No. 1246560-H), a private company limited by shares, under the Companies Act 2016.

MDS was incorporated with paid up share capital of RM1,000.00 of which 51% is held by ADS and the remaining by Merchantrade Asia Sdn Bhd (“MAS”). MDS is the designated vehicle for the joint venture between ADS and MAS to carry out the business of digital financial services and solution provider.

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

(q) Dilution on equity interest in Idea Cellular Limited (“Idea”)

During the financial period to date, the Group’s equity interest in Idea, decreased from 19.77% to 19.74% following the issuance of new ordinary shares under Idea’s ESOS.

The dilution above has no significant impact to the Group during the financial period to date.

(r) Accretion on equity interest in M1 Limited (“M1”)

During the current quarter and financial period to date, the Group’s equity interest in M1, held through Axiata Investments (Singapore) Limited, a wholly-owned subsidiary of the Company, increased from 28.54% to 28.69% mainly due to M1 repurchased its ordinary shares of 5.0 million (treasury shares) by way of market acquisition.

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

Other than above, there were no other changes in the composition of the Group for the financial period ended 30 September 2017.

13. Significant Changes in Contingent Assets or Contingent Liabilities

Other than as disclosed in Part B, 10 of this announcement, there has been no significant change in contingent assets or contingent liabilities of subsidiaries and associates from that disclosed in the 2016 Audited Financial Statements.

14. Capital Commitments

As at	Group	
	30/9/2017	30/9/2016
	RM'000	RM'000
Commitments in respect of expenditure approved and contracted for	2,532,781	2,099,486



AXIATA GROUP BERHAD (242188-H)
(Incorporated in Malaysia)

15. Financial Instruments At Fair Value Measurements

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

- Derivative financial instruments (assets and liabilities); and
- Trading securities

The Group measured the financial instruments based on:

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

The Group's derivative financial instruments as at 30 September 2017 were grouped as below:

Derivatives Financial Instruments	2017				2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Assets</u>								
Financial assets at fair value through profit or loss:								
-Trading security	66	-	-	66	20	-	-	20
Financial assets at AFS:								
-Equity securities	-	-	62,057	62,057	-	-	30,025	30,025
Non-hedging derivatives	-	187,894	-	187,894	-	161,406	-	161,406
Derivative used for hedging	-	5,039	-	5,039	-	13,891	-	13,891
<u>Liabilities</u>								
Non-hedging derivatives	-	(1,389,666)	-	(1,389,666)	-	(268,219)	-	(268,219)
Derivatives used for hedging	-	(91,849)	-	(91,849)	-	(978)	-	(978)
Total	66	(1,288,582)	62,057	(1,226,459)	20	(93,900)	30,025	(63,855)



AXIATA GROUP BERHAD (242188-H)

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

1. Review of Performance

(a) Quarter-on-Quarter (Q3'17 vs Q3'16)

	Current Year Quarter	Preceding Year Corresponding Quarter	Variance	
	30/9/2017	30/9/2016		
	RM'million	RM'million	RM'million	%
Revenue	6,201.8	5,457.0	744.8	13.6
EBITDA	2,477.0	2,092.0	385.0	18.4
PAT ¹	319.1	295.8	23.3	7.9
PATAMI ²	238.5	256.6	(18.1)	(7.1)

¹ PAT : Profit after tax

² PATAMI : Profit after tax and minority interest

Group Performance

Group revenue increased by 13.6% to RM6,201.8 million from RM5,457.0 million in Q3'16 on the back of strong growth from the Group's larger mobile operating entities - Malaysia and Indonesia. Performance in revenue was fuelled by continued traction in the data revenue segment, now contributing 46.8% of service revenue as compared to 35.5% in Q3'16. EBITDA for the Group increased by 18.4% quarter-on-quarter driven by strong increase in revenue and cost optimisation drive across the Group.

PAT was up by 7.9% to RM319.1 million for the period largely attributed to improved EBITDA and forex translation gains as oppose to forex translation loss arose from weakened MYR against USD Dollar in Q3'16. Share of results from associates and joint ventures were lower by over 100% to record a loss of RM141.8 million for the quarter. The decline was the result of losses in India amounting to RM156.4 million as compared to a loss of RM0.2 million in Q3'16 as the Indian mobile market continues to be negatively impacted by the new entrant's aggressive price competition. PATAMI decreased by 7.1% to RM238.5 million compared to RM256.6 million recorded in Q3'16.

Geographical Highlights

- Malaysia: Revenue increased 1.5% underpinned by strong growth in data segment which grew by 25.4%. EBITDA increased by 19.9% from the higher revenue coupled with lower costs from cost optimisation initiatives. PAT for the period increased by 12.0% to RM241.3 million from RM215.5 million recorded in the preceding year corresponding quarter.
- Indonesia: Revenue grew 18.4% to RM1,913.3 million on the back of solid performance in data revenue segment – growing 71.4% signifies Indonesia's continued strong take-up of innovative data-led products on its high quality data network. EBITDA increased by 18.8% to RM751.1 million as costs remain controlled. As a result, PAT increased by more than 100% for the period record at RM29.5 million.

1. Review of Performance (continued)
(a) Quarter-on-Quarter (Q3'17 vs Q3'16) (continued)
Geographical Highlights (continued)

- Bangladesh: Revenue grew by 28.4% from the merged Robi-Airtel entity driven by larger subscriber base and better performance in data segment which registered 83.3% growth as compared to prior year. EBITDA decreased by 11.3% to RM206.0 million due to the deconsolidation of edotco Bangladesh and the inclusion of lower margin business segments from ex-Airtel Bangladesh operations. As a result, PAT decreased by more than 100% to RM24.6 million.
- Sri Lanka: Total revenue rose 11.5% on the back of data revenue growth of 39.2%. EBITDA grew 22.5% to RM262.9 million. PAT for the quarter increased by 33.1% to RM104.8 million from higher revenue.
- Nepal: Nepal recorded revenue growth of 8.7% to RM598.3 million arising from data revenue growth, by 30.2%. EBITDA increased by 16.7% from the higher revenue. PAT, however, declined by 10.9% to RM157.9 million due to depreciation and amortisation charges from investments in enhanced networks.
- Cambodia: Revenue increased by 9.6% to RM295.4 million driven by growth in the data segment which saw an increase of 29.7% as compared to Q3'16. EBITDA grew 9.5% while PAT increased by 9.3% to RM78.7 million.
- e.co Group: Revenue and EBITDA grew by more than 100% and 73.0% to record at RM364.9 million and RM153.5 million respectively, following to Q3'17 consolidation of edotco Bangladesh and Pakistan as compared to Q3'16. As a result, PAT increased by more than 100% to RM41.4 million flowing from higher revenue and EBITDA.

(b) Year-on-Year (YTD'17 vs YTD'16)

	Current Year To Date	Preceding Year Corresponding Period	Variance	
	30/9/2017	30/9/2016		
	RM'million	RM'million	RM'million	%
Revenue	18,141.3	15,776.0	2,365.3	15.0
EBITDA	6,904.9	6,033.1	871.8	14.5
PAT	1,060.2	929.2	131.0	14.1
PATAMI	884.8	813.7	71.1	8.7

Group Performance

For the financial period to date 2017 ("YTD'17"), Group revenue increased by 15.0% to RM18,141.3 million from RM15,776.0 million as recorded in the same period last year. The improvement in revenue was a result of strong contribution from all major operating companies with the exception of Malaysia. Strong performance in revenue was driven by data segment growth with data revenue contributing 44.0% of service revenue as compared to 33.0% in YTD'16. Group-wide cost optimisation efforts yielded an EBITDA increase of 14.5%.

1. Review of Performance (continued)
(b) Year-on-Year (YTD'17 vs YTD'16) (continued)

PAT grew 14.1% to RM1,060.2 million as a result of improved EBITDA and forex translation gains of current year as oppose to forex translation loss in the prior year. Share of results from associates and joint ventures declined by more than 100% as a result of share of losses from the Group's investment in India. India operation continues to be challenged in face of the aggressive price competition from the new entrant, resulting in a loss of RM291.0 million for YTD'17 as compared to a profit of RM79.7 million in YTD'16. Despite the setback of India investment, PATAMI increased by 8.7% to RM884.8 million.

Geographical Highlights

- Malaysia: Revenue contracted by 1.8% to RM4,878.7 million as a result of declines in legacy voice and SMS revenue in line with industry trends. EBITDA increased by 0.2% from savings in operational costs. PAT improved 3.0% to RM793.3 million at entity level as compared to RM770.0 million in prior year benefitting from a one-off intergroup gain from disposal of associates.
- Indonesia: Revenue gained 11.6% to RM5,510.4 million on the back of strong data revenue growth of 74.1%. EBITDA improved by 4.5% to RM2,090.5 million. PAT for Indonesia's operations is at RM74.6 million, an increase of 61.5% compared to RM46.2 million in the same period last year.
- Bangladesh: Revenue grew by 35.8% to RM2,696.6 million from enlarged subscriber base from merged Robi-Airtel entity and further underpinned by strong performance in data segment which grew by 96.6%. EBITDA recorded a net drop of 22.6% to RM503.0 million due to deconsolidation of edotco Bangladesh as well as the inclusion of lower margin business operations from the Airtel business. Integration of Airtel with Robi is progressing in line with plans. Bangladesh's operations reported a loss of RM81.0 million in YTD'17, impacted mainly by higher depreciation and amortisation charges from its enlarged assets base and new CAPEX investments.
- Sri Lanka: Revenue grew 10.4% for the year to RM1,981.9 million with growth momentum fuelled by data revenue. EBITDA for the year grew by 15.6% to RM706.9 million. PAT declined marginally by 0.6% to RM217.1 million as a result of higher depreciation and amortisation charges.
- Nepal: Revenue, EBITDA and PAT are RM1,773.3 million, RM1,149.3 million and RM523.2 million respectively for the YTD'17. Increase in revenue, EBITDA and PAT recorded following YTD'17 consolidation as compared to YTD'16 with the consolidation effective from 11 April 2016.
- Cambodia: Revenue grew 16.4% to RM910.8 million, driven by strong performance in data revenue, improving by 43.9% as compared to prior year while EBITDA was up by 16.5% to RM456.3 million. Higher EBITDA resulted in PAT increase of 16.1% to RM255.3 million.
- e.co Group: Revenue, EBITDA and PAT increased by more than 100% to RM1,031.8 million, RM457.6 million and RM523.2 million respectively. Increase in revenue, EBITDA and PAT recorded following YTD'17 consolidation of edotco Bangladesh and Pakistan as compared to YTD'16.

1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q3'17 vs Q2'17)

	Current Quarter	Immediate Preceding Quarter	Variance	
	30/9/2017	30/6/2017		
	RM'million	RM'million	RM'million	%
Revenue	6,201.8	6,058.6	143.2	2.4
EBITDA	2,477.0	2,273.9	203.2	8.9
PAT	319.1	479.1	(160.0)	(33.4)
PATAMI	238.5	407.2	(168.7)	(41.4)

Group Performance

Group revenue increased by 2.4% to RM6,201.8 million from RM6,058.6 million recorded in Q2'17 driven by improved performance of major operating companies other than Cambodia and Nepal operations. Improved revenue and effective cost management resulted in EBITDA growth by 8.9%. For the quarter, share of results from associates and joint ventures declined by 34.5% mainly as a result of the investment in India. India continues to face intense market aggression arising from the new entrant in the Indian market. PAT declined by 33.4% due to one-off deferred tax credit adjustment in Bangladesh in Q2'17. PATAMI decreased by 41.4% to RM238.5 million.

Geographical Highlights

- Malaysia: Revenue improved 2.1% compared to the previous quarter reflecting signs of stabilisation of the business operations. EBITDA increased by 8.4% due to higher revenue and lower operating cost as a result of internal cost optimisation initiatives. PAT decreased by 32.5% to RM241.3 million from RM357.5 million recorded in the preceding quarter mainly attributed to a one-off intergroup gain from disposal one of its associates.
- Indonesia: Revenue increase 3.8% on the back of 9.6% growth in data revenue. Data business segment accounted for over 50% of total revenue in Q3'17. EBITDA increased by 6.2% from higher revenue and cost optimisation. PAT decreased by 3.5% due to losses from disposal of investment in a joint venture during the quarter.
- Bangladesh: Revenue grew by 1.7% as compared to the preceding quarter arising from data revenue growth, by 12.3%. EBITDA for the quarter increased by 44.1% driven by integration synergy and lower sale of devices. PAT for the quarter declined by over 100% from a one-off deferred tax credit adjustment recorded in previous quarter.



AXIATA GROUP BERHAD (242188-H)

1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q3'17 vs Q2'17) (continued)

Geographical Highlights (continued)

- Sri Lanka: Revenue for the quarter increased by 3.1% as a result of growth in data revenue. EBITDA for the quarter grew by 13.6% driven by higher revenue and the resultant of disciplined cost optimisation programs. PAT increased 56.6% from higher EBITDA and lower forex loss.
- Nepal: Nepal revenue of current quarter was flat at RM598.3 million with data revenue growth of 14.0% insufficient to compensate the International Long Distance ("ILD") and voice revenue decline. EBITDA decreased 8.6%, coupled with higher depreciation and amortisation charges resulted in Nepal's PAT decrease of 24.7% to RM157.9 million.
- Cambodia: Revenue declined by 0.8% to RM295.4 million as compared to preceding quarter of RM297.7 million from lower mobile revenue impacted by intense price competition in the market. As a result, EBITDA and PAT decreased by 2.3% and 4.3% respectively.
- e.co Group: Revenue registered an increase of 3.8% to RM364.9 million mainly resulted from consolidation of a subsidiary in Pakistan. EBITDA however, decreased by 4.7% to RM153.2 million due to the related integration costs and one-off merger fees. PAT rose to RM41.4 million, an increase of 23.1% from RM33.6 million recorded in Q2'17 as a result of lower forex translation loss and higher share of result of an associate.

1. Review of Performance (continued)
(d) Economic Profit ("EP") Statement

	3rd Quarter Ended		Financial Period Ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
		Restated ¹		Restated ¹
EBIT	978,529	789,377	2,444,766	2,174,886
Adjusted Tax at 24%	(234,847)	(189,450)	(586,744)	(521,973)
Share of results and loss on dilutions of associates	(141,778)	(3,585)	(277,707)	82,972
NOPLAT	601,904	596,342	1,580,315	1,735,885
AIC	44,570,374	38,883,978	44,570,374	38,883,978
WACC	7.93%	7.52%	7.93%	7.52%
Economic Charge (AIC*WACC)	883,608	731,019	2,650,823	2,193,056
Economic Profit	(281,704)	(134,677)	(1,070,508)	(457,171)

¹ Restatement is to be in line with the methodology used in Group's Headline KPI.

The EP Statement is as prescribed under the Government Linked Companies Transformation Program and it is disclosed on a voluntary basis.

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

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

The Group recorded a higher:

- (i) WACC during the current quarter and financial period to date mainly resulted from higher cost of equity as a result of higher market risk premium.
- (ii) The Group achieved high average invested capital during the current quarter and financial period to date mainly due to high CAPEX investment.

Note:

- EBIT = EBITDA less depreciation, impairment and amortisation
- NOPLAT = Net Operating Profit/(Loss) After Tax
- AIC = Average Invested Capital, consist of average operating capital, average net PPE, and average net other operating assets
- WACC = Weighted Average Cost of Capital is calculated as weighted average cost of debts and equity taking into account the proportion of debt position and market capitalisation as at end of the period.



AXIATA GROUP BERHAD (242188-H)

2. Headline Key Performance Indicators (“KPIs”) for the financial year ending 31 December 2017

On 23 February 2017, the Group announced its Headline KPIs guidance for the financial year ending 31 December 2017. The Group’s 2017 Headline KPIs announced were as below:

Headline KPIs	FY2017	FY2017
	Headline KPIs @ Bloomberg ¹ rate	Headline KPIs @ constant currency ²
Revenue Growth (%)	9% - 11%	8% - 10%
EBITDA Growth (%)	7% - 9%	6% - 8%
Return on Invested Capital ("ROIC") (%)	4.5% - 5.0%	4.5% - 5.0%
Return on Capital Employed ("ROCE") (%)	4.0% - 4.5%	4.0% - 4.5%

¹ USD = RM4.55

² USD = RM4.14

Assumed no material fluctuations of regional currencies against Ringgit Malaysia

The Group’s Q3’17 strong performance continues to see improvement in all of its controlled major footprint, showing positive signs of stabilisation in Malaysia. The Indonesia operations achieved its 4th consecutive quarter of sequential gross revenue growth since the announcement of its Transformation Agenda in 2015, while the Malaysia operations continues to show signs of stabilisation with improved profit margins. In Nepal, the launch of 4G services has offset the revenue decline in International Long Distance (ILD), delivering positive growth for the quarter. The operations in Sri Lanka continues with its stronger quarterly performance, with a marginal performance from the operations in Cambodia and Bangladesh. Bangladesh operations showed improved EBITDA margin. The Group’s associates however, particularly in India, continues to face intense market aggression from the new entrant into the market.

Based on performance of the Group to date, barring any unforeseen circumstances, competitive pressures and adverse foreign currency fluctuations, the Board of Directors expect the Group’s performance for the financial period ending 31 December 2017 to be in line with headline KPIs.

The Group will continue to face challenges and remains cautious in executing its business strategies. Amongst the key risks facing operating companies include regulatory challenges, political risks, intense competition and foreign currency fluctuations. Performance in India investment remains uncertain with downside risk due to reduction in interconnect charges. Moving forward, the Group will continue to focus on its long-term transformation strategy which includes operational excellence, cost optimisation, venturing into new core businesses and selectively acquiring new assets.

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

The Group has not provided any profit forecast or profit guarantee in a public document in respect of the financial period ended 30 September 2017.

4. Taxation

The taxation charge for the Group comprises:

	3 rd Quarter Ended		Financial Period Ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Income tax	138,812	122,802	630,624	490,477
Deferred tax	104,169	32,996	(165,152)	(6,475)
Total taxation	242,981	155,798	465,472	484,002

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.

5. Status of Corporate Proposals

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

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

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

Closing of the Proposed Subscription under the SA is expected in the fourth quarter of 2017.

5. Status of Corporate Proposals (continued)

(b) Acquisition of Deodar (Private) Limited

On 30 August 2017, Tanzanite Tower (Private) Limited (“TTPL”), a wholly owned subsidiary of edotco Group, had entered into an Agreement for the Subscription, Sale and Purchase of the Shares in Deodar with PMCL for the subscription of up to 3,569,990,000 ordinary shares of PKR10 each and the subsequent acquisition of the remaining nominal amount of shares in the capital of Deodar from PMCL for a total cash consideration of USD940.0 million (equivalent to approximately RM4,012.9 million) (“Proposed Acquisition of Deodar”).

Barring any unforeseen circumstances and subject to all approvals being obtained, the Proposed Acquisition of Deodar is expected to be completed in the fourth quarter of 2017.

(c) Acquisition of Sabay Digital Plus Co. Ltd (“SDP”)

Smart had on 9 October 2017 entered into the following agreements in relation to its investments in SDP:

- (i) Convertible Loan Agreement with SDP under which Smart will make available a loan facility of USD1.5 million to SDP which is convertible to ordinary shares in SDP; and
- (ii) Call Option Agreement with SDP and Sabay Digital Pte. Ltd (“SDG”) for the acquisition of additional SDP shares from SDG as follows:
 - Such number of SDP Shares (“Top Up Shares”) resulting with the aggregate number of SDP Shares held by Smart is equivalent to 30% of the issued and paid up capital of SDP; and
 - All or part of the remaining issued and paid up capital of SDP (“Balance Shares”) from SDG at a price to be agreed by the parties.

There is no other corporate proposal announced but not completed as at 16 November 2017.

6. Group’s Borrowings and Debt Securities

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

	2017		2016	
	Current	Non-current	Current	Non-current
	RM'000	RM'000	RM'000	RM'000
Secured	213,152	715,779	469,102	697,237
Unsecured	4,119,041	14,290,989	5,603,742	13,084,318
Total	4,332,193	15,006,768	6,072,844	13,781,555

6. Group's Borrowings and Debt Securities (continued)

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

Foreign Currencies	2017	2016
	RM'000	RM'000
USD	10,177,800	11,164,304
IDR	2,782,013	3,425,495
BDT	967,009	386,609
SLR	350,515	315,513
PKR	50,648	52,543
THB	3,164	-
Total	14,331,149	15,344,464

7. Outstanding derivatives

- (a) The detail of the Group's outstanding net derivatives financial instruments as at 30 September are set out as follow:

Type of derivatives financial instruments	2017		2016	
	Notional value	Fair value favorable/ (unfavorable)	Notional value	Fair value favorable/ (unfavorable)
	RM'000	RM'000	RM'000	RM'000
<u>Cross currency interest rate swaps:</u>				
- < 1 year	215,737	50,349	-	-
- 1 - 3 years	1,266,600	(29,172)	206,075	51,297
- > 3 years	2,486,758	(54,575)	2,386,928	40,872
<u>Interest rate swaps contracts:</u>				
- < 1 year	152,547	402	139,252	(443)
- 1 - 3 years	-	-	288,450	(535)
<u>Call spread contracts:</u>				
- 1 - 3 years	1,266,600	125,735	1,236,450	74,784
<u>Put option liabilities over shares held by a non-controlling interests:</u>				
- < 1 year	(147,770)	(147,770)	(268,219)	(268,219)
- > 3 years	(1,241,895)	(1,241,895)	-	-
<u>Convertible warrants in an associate:</u>				
- < 3 years	19,251	8,344	19,251	8,344
Total		(1,288,582)		(93,900)

- (b) The risks associated with the derivative financial instrument and the policies in place for mitigating such risks were disclosed in 2016 Audited Financial Statements.

8. Fair value changes of financial liabilities

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

	3 rd Quarter Ended		Financial Period Ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
	RM'000	RM'000	RM'000	RM'000
Total net losses	(51,627)	(63,396)	(76,475)	(106,562)

9. Realised and Unrealised Profits or Losses Disclosure

	As at	
	30/9/2017	30/9/2016
	RM'000	RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	13,792,914	13,068,443
- Unrealised	(916,692)	(1,389,698)
	12,876,222	11,678,745
Total retained profits/(accumulated losses) from associated companies:		
- Realised	1,615,659	2,089,534
- Unrealised	6,555	(214,979)
	1,622,214	1,874,555
Total accumulated losses from joint ventures:		
- Realised	(202,663)	(124,211)
	(202,663)	(124,211)
Less : Consolidation adjustments	(2,708,095)	(3,918,915)
Total Consolidated Retained Profits	11,587,678	9,510,174

10. Material Litigation

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

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

On 30 November 2004, Celcom Trading instituted a claim against Aras Capital and TSDTR for amounts due to Celcom Trading of RM261.8 million (subsequently amended to RM264.5 million) together with interest and costs for breach of an investment agreement and a supplemental agreement by Aras Capital and an indemnity letter given by TSDTR (“Main Suit 1”).

On 13 May 2005, TSDTR filed its defence and instituted a counterclaim against Celcom Trading, Celcom Resources Berhad (formerly known as Technology Resources Industries Berhad) (“Celcom Resources”) and its directors for, inter alia, RM100.0 million and a declaration that the investment agreement, the supplemental agreement and the indemnity letter are void or to be rescinded (“TSDTR’s Counterclaim”).

On 20 June 2016, after full trial, the High Court allowed Celcom Trading’s claim under the Main Suit 1 of RM264.5 million with interest at 5% per annum from 13 May 2013 until full settlement and dismissed TSDTR’s Counterclaim with costs of RM100,000.00 (“Judgment”). TSDTR’s applications to the High Court and thereafter, to the Court of Appeal for stay of execution of the Judgment were dismissed and thereafter upheld with costs of RM5,000.00 and RM10,000.00 respectively.

On 1 July 2016, TSDTR appealed against the Judgment to the Court of Appeal (“Appeal”). The Appeal is fixed for hearing on 29 November 2017.

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

On 24 October 2008, Celcom and Celcom Resources filed a claim against 5 former directors of Celcom and Celcom Resources (namely (i) TSDTR, (ii) Bistaman Ramli (“BR”), (iii) Dato’ Lim Kheng Yew (“DLKY”), (iv) Axel Hass (“AH”), and (v) Oliver Tim Axmann (“OTA”)), DeTeAsia Holding GmbH (“DeTeAsia”) and Beringin Murni Sdn. Bhd. (“BM”) (collectively, the “Defendants”), for conspiring 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 (“Supplemental Agreement”) and the Amended and Restated Supplemental Agreement dated 4 April 2002 (“ARSA”) in consideration for the renunciation by DeTeAsia of certain rights issue shares in Celcom Resources in favour of TSDTR and BR (“Main Suit 2”).

TSDTR and BR, and each of AH, OTA and DeTeAsia filed their respective applications to strike out the Main Suit 2 but all the applications were dismissed by the High Court and thereafter, upheld by the Court of Appeal after appeals were filed against the High Court decision. A further application for leave to appeal on the striking out applications to the Federal Court was filed by TSDTR, BR, AH, OTA and DeTeAsia respectively and was also dismissed by the Federal Court on 31 March 2016.

10. Material Litigation (continued)

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

(b) Celcom & Another vs TSDTR & 6 Others (continued)

Separately, Celcom and Celcom Resources have reached an amicable settlement with DLKY and the said companies have filed their respective notice of discontinuance with no order as to costs and without liberty to file afresh against DLKY on 6 March 2015.

On 23 June 2016, TSDTR and BR filed a counterclaim against Celcom and Celcom Resources for inter alia, RM6,246,492,000.00 or the alternative sum of RM7,214,909,224.01 pursuant to a global settlement in another suit ("TSDTR and BR's Counterclaim"). The High Court allowed Celcom and Celcom Resources' application to strike out the TSDTR and BR's Counterclaim. An appeal to the Court of Appeal was filed against this decision ("Striking Out Appeal").

On 4 May 2017, the Court of Appeal allowed TSDTR and BR's Striking Out Appeal and reinstated the Counterclaim.

In view of the reinstatement of the Counterclaim and the Court of Appeal decision allowing Telekom Malaysia Berhad ("TM") to intervene in the Main Suit 2, TSDTR and BR had filed an application to amend their Defence and Counterclaim ("Application to Amend") and to add Telekom Enterprise Sdn Bhd as party to the proceeding. The Application to Amend and joinder of Telekom Enterprise Sdn Bhd was however dismissed on 29 June 2017. On 24 July 2017, TSDTR and BR had filed an appeal against the said decision and the appeal is now fixed for hearing on 8 December 2017 ("Amendment Appeal").

In the meantime, the following applications have been filed and pending disposal:

- i. TSDTR and BR motion for stay of the Main Suit 2 pending disposal of the Amendment Appeal has been fixed for hearing on 22 August 2017 and stay of proceedings was allowed for the period of 2 months ("Stay of Proceedings");
- ii. Application to set aside subpoena filed by TSDTR and BR's subpoenaed witness respectively was heard on 25 October 2017 whereby all applications to set aside subpoena were dismissed save for managing director of Khazanah, Tan Sri Azman bin Mokhtar;
- iii. Discussion between experts, appointed by Celcom and Celcom Resources and DeteAsia respectively to narrow down issues for trial has been fixed on 12 December 2017.

In view of the Stay of Proceedings, the trial dates in September and October are vacated. Hence, the full trial for the Main Suit 2 and the Counterclaim will start on 22 January 2018.

(c) Celcom & Another vs TSDTR & 8 Others

On 28 April 2006, Celcom and Celcom Resources instituted a claim (i) against 9 of its former directors, 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; and (ii) against TSDTR only, for alleged unauthorised profits made by him in connection with the abovementioned agreements ("Main Suit 3"). Celcom and Celcom Resources are seeking an indemnity from the directors for the sums paid by Celcom to DeTeAsia in satisfaction of the award against it, return of the alleged unauthorised profits by TSDTR amounting to RM446.0 million, all monies received by the directors arising out of such breaches, losses and damages in connection with the entry of Celcom and Celcom Resources into the Subscription Agreement and the ARSA.

10. Material Litigation (continued)

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

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

Six of the defendants filed applications to strike out the Main Suit 3 but all the applications were dismissed by the High Court and thereafter, by the Court of Appeal after appeals were filed against the High Court decisions. Further applications for leave to appeal on the striking out applications to the Federal Court were filed by the 7 defendants and were also dismissed by the Federal Court on 31 March 2016.

Separately, Celcom and Celcom Resources have reached an amicable settlement with DLKY and the said companies have filed their respective notice of discontinuance with no order as to costs and without liberty to file afresh against DLKY on 6 March 2015.

On 23 June 2016, TSDTR and BR filed the TSDTR and BR's Counterclaim against Celcom and Celcom Resources. The High Court allowed Celcom and Celcom Resources' application to strike out the TSDTR and BR's Counterclaim. The same Striking Out Appeal to the Court of Appeal was also filed against the High Court's decision.

On 4 May 2017 the Court of Appeal allowed TSDTR and BR's Striking Out Appeal and reinstated the Counterclaim.

In view of the reinstatement of the Counterclaim and the Court of Appeal decision allowing Telekom Malaysia Berhad ("TM") to intervene in the Main Suit 3, TSDTR and BR had filed an application to amend their Defence and Counterclaim ("Application to Amend") and to add Telekom Enterprise Sdn Bhd as parties to the proceeding. The Application to Amend and joinder of Telekom Enterprise Sdn Bhd was however dismissed on 29 June 2017. On 24 July 2017, TSDTR and BR had filed an appeal against the said decision and the appeal is now fixed for hearing on 8 December 2017 ("Amendment Appeal").

In the meantime, the following applications have been filed and pending disposal:

- i. TSDTR and BR motion for stay of the Main Suit 3 proceeding pending disposal of the Appeal has been fixed for hearing on 22 August 2017 and stay of proceedings was allowed for the period of 2 months ("Stay of Proceedings");
- ii. Application to set aside subpoena filed by TSDTR and BR's subpoenaed witness respectively was heard on 25 October 2017 whereby all applications to set aside subpoena were dismissed save for managing director of Khazanah, Tan Sri Azman bin Mokhtar;
- iii. Discussion between experts, appointed by Celcom and Celcom Resources and DeteAsia to narrow down issues for trial has been fixed on 12 December 2017.

In view of the Stay of Proceedings, the trial dates in September and October are vacated. Hence, the full trial for the Main Suit 3 and the Counterclaim will start on 22 January 2018.

11. Update on Memorandum of Understanding ("MOU") pursuant to paragraph 9.29, Chapter 9 of the Main LR

There is no MOU entered by the Group during the current quarter and financial period to date.

12. Other Disclosure Requirements under Appendix 9B of the Main LR

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

13. Earnings Per Share (“EPS”)

(a) Basic EPS

	3 rd Quarter Ended		Financial Period Ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
Profit attributable to owners of the Company (RM'000)	238,534	256,558	884,755	813,752
Adjusted weighted average number of shares ('000)	8,995,279	8,911,852	8,980,544	8,852,825
Basic EPS (sen)	2.7	2.9	9.9	9.2

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

(b) Diluted EPS

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

	3 rd Quarter Ended		Financial Period Ended	
	30/9/2017	30/9/2016	30/9/2017	30/9/2016
Profit attributable to owners of the Company (RM'000)	238,534	256,558	884,755	813,752
Weighted average number of ordinary shares in issue ('000)	8,995,279	8,911,852	8,980,544	8,852,825
Adjusted for ESOS and RSA ('000)	30,666	39,164	29,896	37,490
Weighted average number of ordinary shares for the purpose of computing diluted EPS ('000)	9,025,945	8,951,016	9,010,440	8,890,315
Diluted EPS (sen)	2.6	2.9	9.8	9.2



AXIATA GROUP BERHAD (242188-H)

14. Qualification of Preceding Audited Financial Statements

The 2016 Audited Financial Statements were not subject to any qualification.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
23 November 2017