



AXIATA GROUP BERHAD (242188-H)

The Board of Directors of Axiata Group Berhad is pleased to announce the following unaudited interim results of the Group for the financial period ended 31 March 2018.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
	1st Quarter Ended		Financial Period Ended	
	31/3/2018	31/3/2017	31/3/2018	31/3/2017
	RM'000	RM'000	RM'000	RM'000
Operating revenue	5,748,249	5,880,972	5,748,249	5,880,972
Operating costs				
- depreciation, impairment and amortisation	(1,393,211)	(1,517,982)	(1,393,211)	(1,517,982)
- foreign exchange losses	(106,444)	(53,281)	(106,444)	(53,281)
- domestic interconnect and international outpayment	(602,404)	(641,425)	(602,404)	(641,425)
- marketing, advertising and promotion	(550,880)	(488,025)	(550,880)	(488,025)
- other operating costs	(2,143,009)	(2,168,967)	(2,143,009)	(2,168,967)
- staff costs	(415,546)	(428,558)	(415,546)	(428,558)
- other gains/(losses) - net	7,024	(10,830)	7,024	(10,830)
Other operating income - net	57,774	64,962	57,774	64,962
Operating profit before finance cost	601,553	636,866	601,553	636,866
Finance income	61,299	40,810	61,299	40,810
Finance cost excluding net foreign exchange gains on financing activities	(302,522)	(318,766)	(302,522)	(318,766)
Net foreign exchange gains on financing activities	125,023	63,955	125,023	63,955
	(177,499)	(254,811)	(177,499)	(254,811)
Joint ventures				
- share of results (net of tax)	-	(19,145)	-	(19,145)
Associates				
- share of results (net of tax)	(86,074)	(11,391)	(86,074)	(11,391)
- loss on dilution of equity interests	(357,604)	-	(357,604)	-
Profit before taxation	41,675	392,329	41,675	392,329
Taxation	(136,032)	(130,297)	(136,032)	(130,297)
(Loss)/Profit for the financial period	(94,357)	262,032	(94,357)	262,032
Other comprehensive (expense)/income:				
Items that will not be reclassified to profit or loss:				
- actuarial losses on defined benefits plan, net of tax	-	(1,561)	-	(1,561)
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	(1,403,660)	209,627	(1,403,660)	209,627
- net cash flow hedge	(78,961)	(4,687)	(78,961)	(4,687)
- net investment hedge	29,441	(48,959)	29,441	(48,959)
- available-for-sale reserve	-	(1,358)	-	(1,358)
Other comprehensive (expense)/income for the financial period, net of tax	(1,453,180)	153,062	(1,453,180)	153,062
Total comprehensive (expenses)/income for the financial period	(1,547,537)	415,094	(1,547,537)	415,094
(Loss)/Profit for the financial period attributable to:				
- owners of the company	(147,408)	239,016	(147,408)	239,016
- non-controlling interests	53,051	23,016	53,051	23,016
	(94,357)	262,032	(94,357)	262,032
Total comprehensive (expenses)/income for the financial period attributable to:				
- owners of the company	(1,295,323)	415,441	(1,295,323)	415,441
- non-controlling interests	(252,214)	(347)	(252,214)	(347)
	(1,547,537)	415,094	(1,547,537)	415,094
Earnings Per Share (sen) (Part B, Note 12)				
- basic	(1.6)	2.7	(1.6)	2.7
- diluted	(1.6)	2.7	(1.6)	2.7

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017)



AXIATA GROUP BERHAD (242188-H)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION		
	31/3/2018	31/12/2017
	RM'000	RM'000
	Unaudited	Audited
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	13,413,476	13,407,253
Reserves	9,966,388	11,323,883
Total equity attributable to owners of the Company	23,379,864	24,731,136
Non-controlling interests	5,536,941	5,773,447
Total equity	28,916,805	30,504,583
NON-CURRENT LIABILITIES		
Borrowings	14,647,986	14,796,319
Derivative financial instruments	1,667,902	1,441,161
Deferred income	321,942	270,915
Deferred gain on sale and lease back assets	740,754	817,073
Trade and other payables	1,688,699	1,644,197
Provision for liabilities	459,567	468,920
Deferred taxation	1,618,075	1,672,496
Total non-current liabilities	21,144,925	21,111,081
	50,061,730	51,615,664
NON-CURRENT ASSETS		
Intangible assets	21,617,930	22,176,286
Property, plant and equipment	25,841,812	26,909,970
Joint ventures	26,022	26,022
Associates	7,381,465	7,985,974
Available-for-sale financial assets	61,367	62,030
Derivative financial instruments	-	143,777
Long term receivables	419,743	535,157
Deferred taxation	294,232	270,046
Total non-current assets	55,642,571	58,109,262
CURRENT ASSETS		
Inventories	198,719	174,279
Trade and other receivables	3,670,066	4,496,637
Contract assets	449,533	-
Derivatives financial instruments	207,356	53,109
Financial assets at fair value through profit or loss	54	64
Tax recoverable	25,139	41,615
Deposits, cash and bank balances	5,714,857	6,812,868
Assets classified as held for sale	199,370	223,162
	10,465,094	11,801,734
LESS: CURRENT LIABILITIES		
Trade and other payables	11,524,581	12,616,963
Contract liabilities	50,617	-
Deferred gain on sale and lease back assets	118,828	126,017
Borrowings	3,506,831	4,387,670
Derivative financial instruments	146,573	152,621
Current tax liabilities	457,650	754,511
Liabilities classified as held for sale	240,855	257,550
Total current liabilities	16,045,935	18,295,332
Net current liabilities	(5,580,841)	(6,493,598)
	50,061,730	51,615,664
Net assets per share attributable to owners of the Company (sen)	258	273

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017)



AXIATA GROUP BERHAD (242188-H)
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018

	Attributable to equity holders of the Company													
	Share capital	Share capital	Currency translation differences	Capital contribution reserve	Merger reserve	Hedging reserve	Actuarial reserve	Share-based payment reserve	AFS reserve	Others 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
At 1 January 2018	9,047,951	13,407,253	783,362	16,598	346,774	(341,409)	23,996	133,367	34,640	(1,258,051)	11,584,606	24,731,136	5,773,447	30,504,583
First time adoption adjustments	2(c)	-	-	-	-	-	-	-	-	-	(63,537)	(63,537)	20,579	(42,958)
Loss for the financial period	-	-	-	-	-	-	-	-	-	-	(147,408)	(147,408)	53,051	(94,357)
Other comprehensive expense:														
-Currency translation differences arising during the financial period:														
-subsidiaries	-	-	(935,577)	-	-	-	-	-	-	-	-	(935,577)	(305,259)	(1,240,836)
-associates	-	-	(162,824)	-	-	-	-	-	-	-	-	(162,824)	-	(162,824)
-Net cash flow hedge	-	-	(1,098,401)	-	-	-	-	-	-	-	-	(1,098,401)	(305,259)	(1,403,660)
-Net investment hedge	-	-	-	-	-	(78,955)	-	-	-	-	-	(78,955)	(6)	(78,961)
	-	-	-	-	-	29,441	-	-	-	-	-	29,441	-	29,441
Total comprehensive income	-	-	(1,098,401)	-	-	(49,514)	-	-	-	-	(147,408)	(1,295,323)	(252,214)	(1,547,537)
Transactions with owners:														
-Issuance of new ordinary shares	697	3,306	-	-	-	-	-	-	-	-	-	3,306	-	3,306
-Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	734	734
-Dividends paid to NCI	-	-	-	-	-	-	-	-	-	-	-	-	(5,605)	(5,605)
-Share-based payment expenses	-	-	-	-	-	-	-	4,282	-	-	-	4,282	-	4,282
-Transferred from share-based payment reserve upon exercise/vest	384	2,917	-	-	-	-	-	(2,917)	-	-	-	-	-	-
Total transaction with owners	1,081	6,223	-	-	-	-	-	1,365	-	-	-	7,588	(4,871)	2,717
At 31 March 2018	9,049,032	13,413,476	(315,039)	16,598	346,774	(390,923)	23,996	134,732	34,640	(1,258,051)	11,373,661	23,379,864	5,536,941	28,916,805

Available-for-sale ("AFS") Non-controlling interests ("NCI")

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017)



AXIATA GROUP BERHAD (242188-H)
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018 (CONTINUED)

	Attributable to equity holders of the Company														
	Share capital	Share capital	Share premium	Currency translation differences	Capital contribution reserve	Merger reserve	Hedging reserve	Actuarial reserve	Share-based payment reserve	AFS reserve	Other reserve	Retained earnings	Total	NCI	Total equity
	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)	11,107	135,647	35,998	(1,316,116)	9,335,025	23,580,652	5,039,552	28,620,204
Profit for the financial period	-	-	-	-	-	-	-	-	-	-	-	239,016	239,016	23,016	262,032
Other comprehensive income:															
-Currency translation differences arising during the financial period:															
-subsidiaries	-	-	-	52,855	-	-	-	-	-	-	-	-	52,855	(23,052)	29,803
-joint venture	-	-	-	(407)	-	-	-	-	-	-	-	-	(407)	-	(407)
-associates	-	-	-	180,231	-	-	-	-	-	-	-	-	180,231	-	180,231
	-	-	-	232,679	-	-	-	-	-	-	-	-	232,679	(23,052)	209,627
-Net cash flow hedge	-	-	-	-	-	-	(4,901)	-	-	-	-	-	(4,901)	214	(4,687)
-Net investment hedge	-	-	-	-	-	-	(48,959)	-	-	-	-	-	(48,959)	-	(48,959)
-Actuarial loss, net of tax	-	-	-	-	-	-	-	(1,036)	-	-	-	-	(1,036)	(525)	(1,561)
-Revaluation of AFS	-	-	-	-	-	-	-	-	-	(1,358)	-	-	(1,358)	-	(1,358)
Total comprehensive income	-	-	-	232,679	-	-	(53,860)	(1,036)	-	(1,358)	-	239,016	415,441	(347)	415,094
Transaction with owners:															
-Issuance of new ordinary shares	2,130	2,166	165	-	-	-	-	-	-	-	-	-	2,331	-	2,331
-Transition to no par value regime	-	4,081,271	(4,081,271)	-	-	-	-	-	-	-	-	-	-	-	-
-Accretion/dilution of equity interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	87,314	87,314	(87,314)	-
-Private placement of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	917,225	917,225	411,865	1,329,090
-Partial disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	611,541	611,541	274,653	886,194
-Dividends paid to NCI	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,963)	(2,963)
-Share-based payment expenses	-	-	-	-	-	-	-	-	4,373	-	-	-	4,373	-	4,373
-Transferred from share-based payment reserve upon exercise/vest	-	5,805	-	-	-	-	-	-	(5,805)	-	-	-	-	-	-
Total transactions with owners	2,130	4,089,242	(4,081,106)	-	-	-	-	-	(1,432)	-	-	1,616,080	1,622,784	596,241	2,219,025
At 31 March 2017	8,973,545	13,060,657	-	2,521,479	16,598	346,774	(379,562)	10,071	134,215	34,640	(1,316,116)	11,190,121	25,618,877	5,635,446	31,254,323

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2017)



AXIATA GROUP BERHAD (242188-H)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS		
	FOR THE FINANCIAL PERIOD ENDED	
	<u>31/3/2018</u>	<u>31/3/2017</u>
	RM'000	RM'000
Receipt from customers	5,831,317	5,567,091
Payment to suppliers and employees	(4,373,928)	(2,777,920)
Payment of finance costs	(348,107)	(387,180)
Payment of income taxes (net of refunds)	(394,527)	(273,040)
CASH FLOWS FROM OPERATING ACTIVITIES	<u>714,755</u>	<u>2,128,951</u>
Proceeds from disposal of property, plant and equipment	998	12,302
Purchase of property, plant & equipment	(1,317,153)	(1,403,360)
Acquisition of intangible assets	(389,556)	(6,265)
Investments in deposits maturing more than three (3) months	31,252	206,712
Additional investment in an associate	(3,731)	-
Net proceed from partial disposal of a subsidiary	-	886,194
Settlement of deferred purchase consideration of an investment in a subsidiary	-	(4,967)
Other investments	-	(74,209)
Repayment from/(net advances to) employees	209	(1,111)
Interests received	65,802	35,899
CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(1,612,179)</u>	<u>(348,805)</u>
Proceeds from issuance of shares under Axiata Share Scheme	3,306	2,331
Proceeds from borrowings	2,294,018	3,058,401
Repayments of borrowings	(2,692,489)	(4,370,824)
Net proceed from private placement of a subsidiary	-	1,329,090
Repayment of finance lease creditors	(57,630)	(100,232)
Additional investment in subsidiaries	620	-
Dividends paid to non-controlling interests	(5,605)	(88,061)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES	<u>(457,780)</u>	<u>(169,295)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(1,355,204)	1,610,851
NET DECREASE IN RESTRICTED CASH AND CASH EQUIVALENT	62,564	276,852
EFFECT OF EXCHANGE RATE CHANGES	199,937	(20,064)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	6,471,658	4,649,422
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>5,378,955</u>	<u>6,517,061</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 2017)



AXIATA GROUP BERHAD (242188-H)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)		
	FOR THE FINANCIAL PERIOD ENDED	
	<u>31/3/2018</u>	<u>31/3/2017</u>
	RM'000	RM'000
Total deposits, cash and bank balances	5,714,857	6,726,159
Less:		
- Deposit pledged and escrow account	(42,619)	(44,577)
- Deposit on investment in subsidiaries	(67,481)	(92,783)
- Deposits maturing more than three (3) months	(35,393)	-
- Bank overdrafts	(190,409)	(71,738)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>5,378,955</u>	<u>6,517,061</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 2017)



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 31 March 2018 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 2017 (“2017 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 2017 Audited Financial Statements except for the adoption of new standards/IC Interpretation and amendments to existing standards that are applicable to the Group for the financial period beginning 1 January 2018 as set out below:

- IC Interpretation 22 “Foreign Currency Transactions and Advance Consideration”
- Amendment to MFRS 2 “Share-based Payment” on Classification and Measurement of Share-based Payment Transactions.
- Amendments to MFRS 128 “Investments in Associates and Joint Ventures”.

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

- MFRS 9 “Financial Instruments”
- MFRS 15 “Revenue from Contracts with Customers”

The impacts of adoption of MFRS 9 and MFRS 5 are as follows:

(a) MFRS 9

(i) Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- ✓ Those to be measured subsequently at fair value [either through other comprehensive income (“OCI”), or through profit or loss],
- ✓ and those to be measured at amortised cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

2. Accounting Policies (continued)**(a) MFRS 9 (continued)****(ii) Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Where the Group has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group’s right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment assessment on financial assets

The Group adopted expected credit loss model (“ECL”) instead of the current incurred loss model on its financial assets. The ECL model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

(iv) Transition

The Group adopted the standard by using the cumulative catch-up transition method. Hence, the cumulative effect of the initially applied the standard was recognised as an adjustment to the opening balances of retained earnings as at 1 January 2018 as stated in Part A, Note 2(c) to the announcement and comparative was not restated.

The Group will continue to refine the estimate and judgement applied in the adoption of MFRS 9 as facts and circumstances evolved.

(b) MFRS 15**(i) Revenue from bundled contracts (multiple-element arrangements)**

Some revenue is recognised earlier, as a larger portion of the total consideration received in a bundled contract is attributable to the component delivered at contract inception (i.e. typically a subsidised handset). Therefore, this produces a shift from service revenue (which decrease) to the benefit of handset revenue. This results in the recognition of a contract asset on the statement of financial position as more revenue is recognised upfront while the cash is received along the subscription period.

(ii) Cost of acquisition of contract

Certain incremental costs incurred in acquiring a contract with a customer are capitalised on the consolidated statement of financial position and amortised over either the average customer retention period or the contract term, depending on the circumstances.

When the amortisation period is one year or less, incremental costs are expensed when incurred.

2. Accounting Policies (continued)

(b) MFRS 15 (continued)

(iii) Transition

The Group has elected modified retrospective approach for the initial adoption of MFRS 15. The Group applied MFRS 15 retrospectively only for those contracts which have not been fulfilled as of 1 January 2018. The resultant impact of conversion was recognised in equity as of 1 January 2018 as disclosed in Part A, Note 2(c) to the announcement and comparative will not be restated.

The Group will continue to refine the estimate and judgement of applied in the adoption of MFRS 15 as facts and circumstances evolved.

(c) First time adoption adjustments of MFRS 9 and MFRS 15 to the consolidated statement of financial position as at 1 January 2018 are as below:

	As at 1 January 2018			
	<u>As reported</u>	<u>First time adoption adjustments</u>		<u>As adjusted</u>
	RM'000	<u>MFRS 15</u>	<u>MFRS 9</u>	RM'000
		RM'000	RM'000	RM'000
Total equity:				
- Reserves	11,323,883	(6,337)	(57,200)	11,260,346
- Non-controlling interests	5,773,447	20,778	(199)	5,794,026
Total net assets:				
- Intangible assets	22,176,286	(100,396)	-	22,075,890
- Trade and other receivables	4,496,637	(185,646)	(70,196)	4,240,795
- Contract assets	-	367,197	-	367,197
- Contract liabilities	-	(54,900)	-	(54,900)
- Deferred taxation	(1,672,496)	(11,814)	12,797	(1,671,513)

2. Accounting Policies (continued)

(d) Adjustments of MFRS 9 and MFRS 15 to the consolidated profit or loss during the current quarter and financial period to date are as below:

	Current and Cumulative Quarter			
	<u>Before</u>	<u>Adoption impacts</u>		<u>After</u>
		RM'000	<u>MFRS 15</u>	
	RM'000	RM'000	RM'000	RM'000
Revenue	5,600,565	147,684	-	5,748,249
Costs	(3,556,309)	(144,382)	(11,148)	(3,711,839)
Depreciation, impairment and amortisation	(1,405,371)	12,160	-	(1,393,211)
Finance income	58,137	3,162	-	61,299
Taxation	(140,709)	2,037	2,640	(136,032)
Loss for the financial period				
- owners of the company	(151,186)	12,262	(8,484)	(147,408)
- non-controlling interests	44,676	8,399	(24)	53,051
	<u>(106,510)</u>	<u>20,661</u>	<u>(8,508)</u>	<u>(94,357)</u>

Disaggregation of revenue under MFRS15 is as below:

	<u>Before</u>	<u>MFRS 15</u>	<u>After</u>
	RM'000	RM'000	RM'000
Goods or services transferred:			
-at a point in time	409,554	174,841	584,395
-over time	5,191,011	(27,157)	5,163,854
	<u>5,600,565</u>	<u>147,684</u>	<u>5,748,249</u>

3. Seasonal or Cyclical Factors

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



AXIATA GROUP BERHAD (242188-H)

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) Celcom Axiata Berhad ("Celcom") had on 31 October 2016 received the letter from the Malaysian Communications and Multimedia Commission on the reissuance of the existing Spectrum Assignment in 1950 Mhz to 1965 Mhz and 2140 Mhz to 2155 Mhz for a period of 16 years effective from 2 April 2018, subject to price component payment of RM118.4 million being made in one lump sum before 1 February 2018 and annual fixed fee payment of RM50.0 million payable before 15 December throughout the assignment period. Celcom has submitted the price component fee of RM118.4 million on 30 January 2018.
- (b) Following the allotment of equity shares by Idea Cellular Limited ("Idea") as disclosed in Part A, Note 12(b) of this announcement, the Group recognised a loss of dilution amounting to RM357.6 million during the current quarter and financial period to date.
- (c) On 4 February 2018, Robi applied for tech neutrality in the two bands for a total fee of RM185.2 million (BDT4.0 billion) for the concession upgrade.
- (d) During the current quarter and financial period to date, the Group recognised net foreign exchange gains of RM18.6 million mainly arising from the revaluation of USD borrowings and payables.

Other than the above, there were no other unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 31 March 2018.

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 2017 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
<ul style="list-style-type: none"> Performance-Based Employee Share Option Scheme (“ESOS”) at an exercise price of either RM1.81, RM3.45 and RM5.07 	697	3,306
<ul style="list-style-type: none"> DRS at a conversion price of RM5.45 and RM6.29 per ordinary share respectively. 	384	2,917
Total	1,081	6,223

- (b) On 13 February 2018, the Company has settled a total amount of RM724.6 million (USD184.0 million) for its loan undertaken with Hong Kong and Shanghai Banking Corporation (“HSBC”) in 2017.

On 15 March 2018, the Company has settled a total amount of RM905.6 million (USD232.0 million) for its loan undertaken with Oversea-Chinese Banking Corporation (“OCBC”) in 2017.

On 13 March 2018, the Company undertake a loan with Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad amounting to RM976.1 million (USD250.0 million) with tenure of three (3) years from the date of first drawdown and carry contractual interest rate of LIBOR + applicable interest.

Aside from the above, there were no other significant unusual issues, repurchases and repayments of debt and equity securities during the financial period ended 31 March 2018.

7. Dividend paid

There is no dividend paid by the Company during the financial period to date.



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8. Segmental Information

For the financial period ended 31 March 2018

Segment	Mobile						Infrastructure	Others	Consolidation adjustments/ eliminations	Total
	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Malaysia			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	1,797,696	1,589,895	769,017	661,470	550,185	252,994	350,244	79,003	-	6,050,504
Inter-segment ¹	(7,719)	(20,109)	(6)	(9,258)	(9,181)	(1,769)	(254,081)	(132)	-	(302,255)
External operating revenue	1,789,977	1,569,786	769,011	652,212	541,004	251,225	96,163	78,871	-	5,748,249
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	456,629	603,034	182,503	252,537	342,609	118,450	156,842	(131,502)	55,308	2,036,410
Interest income	22,295	10,200	1,074	1,775	4,289	1,618	8,337	16,642	(4,931)	61,299
Interest expense	(54,164)	(113,463)	(32,028)	(13,564)	(5,263)	(162)	(5,695)	(97,613)	19,430	(302,522)
Depreciation of property, plant & equipment ("PPE")	(199,645)	(542,788)	(124,614)	(124,429)	(70,759)	(44,119)	(71,333)	(9,301)	16,122	(1,170,866)
Amortisation of intangible assets	(14,623)	(10,672)	(74,979)	(19,567)	(32,466)	(1,741)	(6,453)	(2,152)	(60,853)	(223,506)
Associates:										
- share of results (net of tax) ²	3,371	-	3,333	26	-	860	-	(93,664)	-	(86,074)
- loss on dilution of equity interests	-	-	-	-	-	-	-	(357,604)	-	(357,604)
Impairment of PPE, net of reversal	-	1,732	(10)	(397)	-	-	-	-	-	1,325
Other non-cash income/(expense)	19,454	30,514	(4,210)	(12,216)	5,357	(542)	(31,635)	89,069	(12,578)	83,213
Taxation	(58,315)	25,007	(914)	(12,283)	(64,337)	(15,628)	(25,206)	287	15,357	(136,032)
Segment profit/(loss) for the financial period	175,002	3,564	(49,845)	71,882	179,430	58,736	24,857	(585,838)	27,855	(94,357)

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 Share of results of associates are mainly contributed by Idea Cellular Limited (-RM114.4 million) and M1 Limited (RM29.2 million).



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8. Segmental Information (continued)

For the financial period ended 31 March 2017

Segment (restated)	Mobile						Infrastructure	Others	Consolidation adjustments/ eliminations	Total
	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Malaysia			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	1,606,024	1,753,504	870,372	652,666	576,261	317,693	315,450	68,950	-	6,160,920
Inter-segment ¹	(3,609)	(21,028)	(7)	(9,694)	(7,099)	(4,763)	(233,450)	(298)	-	(279,948)
External operating revenue	1,602,415	1,732,476	870,365	642,972	569,162	312,930	82,000	68,652	-	5,880,972
EBITDA	530,507	632,122	154,011	212,528	385,480	161,415	145,343	(176,294)	108,885	2,153,997
Interest income	14,574	13,194	2,044	2,229	3,121	1,977	2,070	23,466	(21,865)	40,810
Interest expense	(52,270)	(133,853)	(19,367)	(15,558)	(4,773)	(840)	(14,019)	(100,165)	22,079	(318,766)
Depreciation of PPE	(202,383)	(563,448)	(177,121)	(123,435)	(93,516)	(45,385)	(55,740)	(10,603)	6,635	(1,264,996)
Amortisation of intangible assets	(26,416)	(16,115)	(66,033)	(7,701)	(43,825)	(1,262)	(6,188)	(146)	(76,625)	(244,311)
Joint venture:										
- share of results (net of tax)	(1,516)	(14,577)	-	-	-	-	-	(3,052)	-	(19,145)
Associates:										
- share of results (net of tax) ³	(15,193)	-	4,175	(542)	-	-	9,384	(9,215)	-	(11,391)
Impairment of PPE, net of reversal	-	18,025	-	3,697	1,585	-	-	-	-	23,307
Other non-cash income/(expenses)	7,568	39,447	(25,521)	(13,054)	(32,133)	2,095	6,388	635,471	(587,437)	32,824
Taxation	(60,397)	39,657	31,565	(12,822)	(60,516)	(23,624)	(23,993)	(328)	(19,839)	(130,297)
Segment profit/(loss) for the financial period	194,474	14,452	(96,247)	45,342	155,423	94,376	63,245	359,134	(568,167)	262,032

³ Share of results of associates are mainly contributed by Idea Cellular Limited (-RM25.2 million) and M1 Limited (RM30.7 million).



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9. Valuation of PPE

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

10. Acquisitions of PPE

During the financial period to date, the Group acquired additional PPE amounting to RM1,327.9 million mainly for its telecommunication network equipment and capital work in progress.

11. Events after the Interim Period

(i) Acquisition of Tanjung Digital Sdn Bhd

edotco Malaysia Sdn Bhd, a wholly owned subsidiary of edotco Group Sdn Bhd, which in turn is a 63.00% subsidiary of the Company, had on 4 May 2018 entered into a Sale and Purchase of Shares Agreement with Utara Jernih Sdn Bhd and Mohd Azam bin Saad for the acquisition of 80,002 ordinary shares representing 80.0% of the issued share capital of Tanjung Digital Sdn Bhd for a total cash consideration of RM140.0 million.

Other than the above, there was no other significant event after interim period that requires disclosure and/or adjustment as at 15 May 2018.

12. Effects of Changes in the Composition of the Group

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

Digital Holdings Lanka (Private) Limited (‘DHL’), a wholly owned subsidiary of the Company proceeded with the conversion to equity the ‘Bond type D’ in Headstart (Private) Limited (‘Headstart’), consisting of 258 Ordinary Shares on 1 January 2018. Subsequent to the said conversion, the total shareholding of DHL in Headstart increased from 43.37% to 50.59% consisting of a total of 1,024 Ordinary Shares. Thereby, Headstart is consolidated as a subsidiary of the Group for the period ended 31 March 2018.

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

(b) Allotment of shares by Idea on preferential basis and under qualified institutional placement

Idea Cellular Limited (‘Idea’) had on:

- (i) 12 February 2018 allotted 326,633,165 equity shares with face value of INR10 each (‘Idea Shares’) at an issue price of INR99.50 per Idea Share aggregating to INR32.5 billion on preferential basis to several entities to the National Stock Exchange of India Limited; and
- (ii) 23 February 2018 further allotted 424,242,424 Idea Shares at an issue price of INR82.50 per Idea Share aggregating to INR35.0 billion to eligible qualified institutional buyers under qualified institutional placement.

Following the non-participation by the Group on the allotment of Idea Shares above, the Group’s equity interest in Idea decreased from 19.74% to 16.33%. The impact of the dilution above is disclosed in Part A, Note 4(b) of this announcement.

Other than above, there were no other changes in the composition of the Group for the financial period ended 31 March 2018.



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13. Significant Changes in Contingent Assets or Contingent Liabilities

Other than as disclosed in Part B, Note 9 of this announcement, there has been no significant change in contingent assets or contingent liabilities of subsidiaries and associates from that disclosed in the 2017 Audited Financial Statements.

14. Capital Commitments

As at	Group	
	31/3/2018	31/3/2017
	RM'000	RM'000
Commitments in respect of expenditure approved and contracted for	2,825,783	2,007,332

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



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15. Financial Instruments At Fair Value Measurements (continued)

The Group's derivative financial instruments as at 31 March were grouped as below:

Derivatives Financial Instruments	2018				2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Financial assets at fair value through profit or loss:								
-Trading security	54	-	-	54	18	-	-	18
Financial assets at AFS:								
- Equity securities	-	61,317	50	61,367	-	-	135,576	135,576
Non-hedging derivatives	-	207,024	-	207,024	-	180,576	-	180,576
Derivative used for hedging	-	332	-	332	-	113,340	-	113,340
Liabilities								
Non-hedging derivatives	-	-	-	-	-	(1,332,411)	-	(1,332,411)
Derivatives used for hedging	-	(410,749)	-	(410,749)	-	(6,886)	-	(6,886)
Total	54	(142,076)	50	(141,972)	18	(1,045,381)	135,576	(909,787)

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

1. Review of Performance

(a) Quarter-on-Quarter (Q1'18 vs Q1'17)

	Current Year Quarter	Preceding Year Corresponding Quarter	Variance	
	31/03/2018	31/03/2017		
	RM'million	RM'million	RM'million	%
Revenue	5,748.2	5,881.0	(132.8)	(2.3)
EBITDA	2,036.4	2,154.0	(117.6)	(5.5)
PAT ¹	(94.4)	262.0	(356.4)	(136.0)
PATAMI ²	(147.4)	239.0	(386.4)	(161.7)

¹ PAT : Profit after tax

² PATAMI : Profit after tax and minority interest

Group Performance

Group revenue decreased by 2.3% to RM5,748.2 million from RM5,881.0 million recorded in Q1'17 mainly due to unfavourable forex translation impact arising from strengthened MYR as compared to the same period in 2017 from all its major operating companies except for the mobile operating entity in Malaysia. At constant currency of Q1'17, revenue grew 7.7% year-on-year (YoY). EBITDA for the Group dropped 5.5% quarter-on-quarter as a result of lower revenue. At constant currency of Q1'17, group EBITDA increased by 4.4% year on year.

The Group also saw PAT decline by more than 100% on the back of RM94.4 million loss for the period principally attributed to loss on dilution of the Group's investment in India of RM357.6 million. Share of results from associates and joint ventures were lower by over 100% to record a loss of RM86.1 million as compared to a loss of RM30.5 million in Q1'17 as the India associate continues to face intense market aggression. Consequently, PATAMI decreased by more than 100% to a loss of RM147.4 million compared to profit of RM239.0 million recorded in Q1'17.

Geographical Highlights

- Malaysia: Revenue grew by 11.9% underpinned by strong growth in data segment which grew by 12.9% and now making up of 41.5% of total revenue. EBITDA however, decreased 13.9% to RM456.6 million mainly contributed by the impact on the adoption of MFRS15. Despite that, PAT decreased by only 10.0% to RM175.0 million from RM194.5 million recorded in the preceding year corresponding quarter cushioned by higher share of results from associate and savings in depreciation and amortisation.
- Indonesia: Revenue declined 9.3% to RM1,589.9 million mainly as a result of SIM registration process outpace the increase in data revenue in the current quarter. EBITDA decreased by 4.6% to RM603.0 million as costs remain controlled. PAT however, decreased 75.3% for the period to record at RM3.6 million flowing from lower EBITDA and higher forex loss.



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1. Review of Performance (continued)

(a) Quarter-on-Quarter (Q1'18 vs Q1'17) (continued)

Geographical Highlights (continued)

- Bangladesh: Revenue declined by 11.6% mainly due to change in marketing model and revenue recognition of device. EBITDA however, increased by 18.5% to RM182.5 million recorded for the quarter from lower device costs and the positive costs impact of MFRS 15 adoption. Higher EBITDA coupled with lower depreciation and amortisation charges resulted to PAT to increase by 48.2% to report a marked lower loss of RM49.8 million as compared to loss of RM96.2 million in the preceding year corresponding quarter.
- Sri Lanka: Total revenue grew 1.3% to record at RM661.5 million. EBITDA grew 18.8% to RM252.5 million from savings in operational costs. Higher EBITDA resulted in PAT increased by 58.5% to RM71.9 million for the quarter.
- Nepal: Recorded a 4.5% drop in revenue growth to RM550.2 million as a result off the decline in revenue from International Long Distance (“ILD”). EBITDA decreased by 11.1% on the back of lower revenue recorded. PAT however, increased by 15.4% to RM179.4 million due to lower depreciation and amortisation charges and forex gain.
- Cambodia: Revenue, EBITDA and PAT registered a decrease of 20.4%, 26.6% and 37.8% to RM253.0 million, RM118.5 million and RM58.7 million respectively due to continuing intense price war competition.
- Malaysia (Infrastructure) : Revenue grew by 11.0% to record at RM350.2 million and EBITDA grew by 7.9% to record at RM156.8 million. PAT however, decreased by 60.7% to RM24.9 million due to forex loss.



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1. Review of Performance (continued)

(b) Comparison with Preceding Quarter's Result (Q1'18 vs Q4'17)

	Current Quarter	Immediate Preceding Quarter	Variance	
	31/03/2018	31/12/2017		
	RM'million	RM'million	RM'million	%
Revenue	5,748.2	6,261.1	(512.9)	(8.2)
EBITDA	2,036.4	2,325.2	(288.8)	(12.4)
PAT	(94.4)	102.3	(196.7)	(192.3)
PATAMI	(147.4)	24.7	(172.1)	(696.8)

Group Performance

Group revenue decreased by 8.2% to RM5,748.2 million from RM6,261.1 million recorded in Q4'17 as a result the drop in performance from all major operating companies other than the Malaysia mobile operation. EBITDA declined by 12.4% to RM2,036.4 million attributable to lower revenue and higher operational costs. PAT and PATAMI declined by more than 100% to a loss position of RM94.4 million and RM147.4 million respectively mainly as a result of the loss in dilution of its investment in India.

Geographical Highlights

- Malaysia: Revenue improved by 4.9% compared to the previous quarter reflective of business operations stabilisation. EBITDA however, decreased by 23.3% to RM456.6 million due to the adoption of MFRS 9 and 15. PAT decreased by 33.8% as a result of lower EBITDA and prior quarter one-off intergroup gain from disposal of associates.
- Indonesia: Revenue decreased by 14.3% to RM1,589.9 million as compared to preceding quarter of RM1,855.5 million from lower mobile revenue impacted by intense price competition in the market and SIM registration process. EBITDA and PAT declined by 10.2% and 91.6% to RM603.0 million and RM3.6 million respectively due to lower revenue.
- Bangladesh: Revenue declined by 18.5% compared to preceding quarter mainly due to change in marketing model and revenue recognition methodology of device. EBITDA for the quarter decreased by 4.0% from lower revenue cushioned by the decrease in costs. PAT for the quarter declined by more than 100% on the back of higher finance costs and amortisation charges.



1. Review of Performance (continued)

(b) Comparison with Preceding Quarter's Result (Q1'18 vs Q4'17) (continued)

Geographical Highlights (continued)

- Sri Lanka: Revenue for the current quarter decreased marginally by 1.8% to RM661.5 million mainly due to forex translation impact. EBITDA for the quarter increased by 1.8% driven by disciplined cost optimisation programme. PAT however, declined by 16.7% to RM71.9 million due to higher forex loss and depreciation.
- Nepal: Revenue and EBITDA declined 12.5% and 16.8% to RM550.2 million and RM342.6 million respectively as a result of the decline in ILD revenue. PAT decreased relatively lower compared to the revenue drop by 4.7% to RM179.4 million from RM188.3 million recorded in the preceding quarter attributed mainly to forex gain, lower tax and depreciation charges.
- Cambodia: Revenue declined by 8.7% to RM253.0 million as compared to the preceding quarter of RM277.1 million impacted by continued intense price competition in the market. As a result, EBITDA decreased by 11.0%. PAT however, increased by more than 100% attributable mainly to a one-off intergroup loss on disposal of subsidiary recorded in Q4'17.
- Malaysia (Infrastructure): Revenue and EBITDA decreased by 12.4% and 7.0% to RM350.2 million and RM156.8 million respectively. PAT subsequently fell by 22.0% to RM24.9 million from RM31.9 million recorded in Q4'17 as a result of higher forex translation loss and finance costs.

1. Review of Performance (continued)

(c) Economic Profit (“EP”) Statement

	Current and Cumulative Quarter	
	31/3/2018	31/3/2017
	RM'000	RM'000
EBIT	643,199	636,021
Adjusted Tax 24%	(154,368)	(152,645)
Share of results excluding Idea's dilution losses	(86,074)	(30,536)
NOPLAT	402,757	452,840
AIC	42,116,235	45,377,505
WACC	7.98%	8.01%
Economic Charge (AIC*WACC)	840,219	908,685
Economic Profit	(437,462)	(455,845)

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 lower NOPLAT during the current quarter and financial period to date is mainly contributed by lower share of results and loss on dilution of associates as disclosed in Part B, Note 1(a) and (b) of this announcement.

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

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 debt and equity taking into account proportion of debt position and market capitalisation at end of the period.



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2. Headline Key Performance Indicators (“KPIs”) for the financial year ending 31 December 2018

On 22 February 2018, the Group announced its Headline KPIs guidance for the financial year ending 31 December 2018. The Group’s 2018 Headline KPIs announced were as below:

Headline KPIs	FY2018	FY2018
	Headline KPIs @ Bloomberg rate	Headline KPIs @ constant currency
Revenue Growth (%)	Flat	6.3%
EBITDA Growth (%)	Flat	5.8%
Return on Invested Capital ("ROIC") (%)	4.8% - 5.2%	5.0% - 5.5%
Return on Capital Employed ("ROCE") (%)	4.1% - 4.6%	4.5% - 5.0%

Note: Constant rate is based on the FY17 Average Rate (e.g. 1 USD = RM4.30), Bloomberg rate is based on 2018 Forex Forecast as at 24th January 2018 (e.g. 1 USD = RM3.90).

Group’s 1Q18 results was adversely affected by unfavourable forex translation for all operating companies (“OpCo”), compounded by continued losses from associate in India and start up investments in new businesses. The Malaysia operation remains stable, whilst operations in Indonesia were impacted by aggressive competition, and challenges faced during the prepaid SIM registration process. Operations in Cambodia was also impacted by price pressures. On the other hand, operations in Sri Lanka and Nepal continue to deliver excellent results and Bangladesh operation sustaining growth momentum post the smooth integration with Airtel.

Based on performance of the Group to date, barring any unforeseen circumstances and excluding dilution loss of Idea, the Board of Directors expect the Group’s performance for the financial period ending 31 December 2018 to be broadly in line with headline KPIs.



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

The Group has not provided any profit forecast or profit guarantee in a public document in respect of the financial period ended 31 March 2018.

4. Taxation

The taxation charge for the Group comprises:

	Current and Cumulative Quarter	
	31/3/2018	31/3/2017
	RM'000	RM'000
Income tax	172,790	180,140
Deferred tax	(36,758)	(49,843)
Total taxation	136,032	130,297

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

On 4 May 2018, Pakistan Telecommunication Authority approved the Proposed Subscription.

Closing of the Proposed Subscription under the SA is expected in the second quarter of 2018.

(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 second quarter of 2018.

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

Smart Axiata Co., Ltd (“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.

Other than the above, there is no other corporate proposal announced but not completed as at 15 May 2018.

6. Group's Borrowings and Debt Securities

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

	2018		2017	
	Current	Non-current	Current	Non-current
	RM'000	RM'000	RM'000	RM'000
Secured	99,419	340,190	286,392	862,909
Unsecured	3,407,412	14,307,796	5,910,038	13,619,836
Total	3,506,831	14,647,986	6,196,430	14,482,745

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

Foreign Currencies	2018	2017
	RM'000	RM'000
USD	8,634,894	11,086,768
IDR	2,851,456	3,337,857
BDT	1,245,412	840,331
SLR	329,418	353,952
Others	13,258	60,706
Total	13,074,438	15,679,614

7. Outstanding derivatives

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

Type of derivatives financial instruments	2018		2017	
	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	193,150	41,559	2,735	(4,151)
- 1 - 3 years	2,259,855	(166,795)	221,000	56,225
- > 3 years	1,174,352	(232,586)	3,929,380	110,128
<u>Interest rate swaps contracts:</u>				
- < 1 year	130,518	332	159,701	287
- 1 - 3 years	-	-	149,640	189
<u>Call spread contracts:</u>				
- 1 - 3 years	1,158,900	145,754	1,326,000	116,009
<u>Put option liabilities over shares held by a non-controlling interests:</u>				
- < 1 year	(135,205)	(135,205)	(154,700)	(154,700)
- 1 - 3 years	(1,268,521)	(1,268,521)	-	-
- > 3 years	-	-	(1,177,711)	(1,177,711)
<u>Convertible warrants in an associate:</u>				
- < 1 years	19,251	8,343		
- 1 - 3 years			19,251	8,343
Total		(1,607,119)		(1,045,381)

(b) The risks associated with the derivative financial instrument and the policies in place for mitigating such risks were disclosed in 2017 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:

	Current and Cumulative Quarter	
	31/3/2018	31/3/2017
	RM'000	RM'000
Total net losses	(13,238)	(12,290)

9. Material Litigation

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

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

In 2005, Celcom Trading, a wholly-owned subsidiary of Celcom Resources (formerly known as Technology Resources Industries Berhad), commenced proceedings against Aras Capital and TSDTR for amounts due to Celcom Trading of RM261.8 million as at 30 November 2004 (subsequently amended to RM264.5 million) together with interest and costs for breach of an investment agreement and a supplemental agreement by Aras Capital and an indemnity letter given by TSDTR (“Main Suit 1”).

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, amongst others, RM100.0 million and a declaration that the investment agreement, the supplemental agreement and the indemnity letter are void or to be rescinded (“TSDTR’s Counterclaim”).

On 20 June 2016, the Court allowed Celcom Trading’s claim under the Main Suit 1 of RM264.5 million with interest at 5% per annum from 13 May 2013 until full settlement and dismissed TSDTR’s Counterclaim with costs of RM100,000.00 after full trial (“Judgment”).

On 1 July 2016, TSDTR filed a notice of appeal to the Court of Appeal against the Judgment wherein The appeal was dismissed with costs of RM15,000.00 on 29 November 2017 (“COA Decision”).

On 20 December 2017, TSDTR filed an application for leave to appeal to the Federal Court against COA Decision (“Application for Leave to Appeal”) and on 19 April 2018, TSDTR’s application for leave to appeal was dismissed.

With the dismissal, TSDTR has no other avenue to appeal further and the case is concluded.

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

On 24 October 2008, Celcom and Celcom Resources commenced proceedings against five (5) of its former directors, namely (i) TSDTR, (ii) Dato’ Bistaman bin Ramli (“BR”), (iii) Dato’ Lim Kheng Yew (“DLKY”), (iv) Axel Hass (“AH”), and (v) Oliver Tim Axmann (“OTA”) (the defendants named in items (iv) and (v) collectively referred to as the “German Directors”), as well as DeTeAsia Holding GmbH (“DeTeAsia”) and 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 (“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”).

9. Material Litigation (continued)

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

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

TSDTR and BR, and each of AH, OTA and DeTeAsia filed their respective applications to strike out Main Suit 2 (“Striking Out Applications for Main Suit 2”) but all the Striking Out Applications for Main Suit 2 were dismissed by the High Court and thereafter, upheld by the Court of Appeal. The leave to appeal to the Federal Court was also dismissed on 31 March 2016. With the dismissal, the full trial proceedings in the High Court resumed.

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

On 23 June 2016, TSDTR and BR filed a statement of defence (“Defence for Main Suit 2”) and counterclaim seeking inter alia payment of the sum of RM6,246,492,000.00 or alternatively the sum of RM7,214,909,224.01 together with interest, being the amount claim by TSDTR in his counterclaim in Kuala Lumpur High Court Suit No. D2-22-673-2006 (“Danaharta Suit”) which was withdrawn pursuant to a purported global settlement and damages (“TSDTR and BR’s Counterclaim for Main Suit 2”). The German Directors filed their respective defence on 30 June 2016.

Celcom and Celcom Resources filed an application to strike out TSDTR and BR’s Counterclaim for Main Suit 2 which was allowed with costs of RM5,000.00. However, on appeal to the Court of Appeal the decision was reversed on 4 May 2017 and TSDTR and BR’s Counterclaim for Main Suit 2 was reinstated. Upon solicitor’s advice, Celcom and Celcom Resources decided not to appeal further.

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

- (i) TSDTR and BR filed ex parte applications for leave to issue committal proceedings against Celcom, Celcom Resources and Dato’ Sri Mohammed Shazalli Bin Ramly (“DSSR”) (“Ex Parte Application for Main Suit 2”) on the basis of DSSR’s denial of the existence of a global settlement in his affidavit. The Ex Parte Application for Main Suit 2 was dismissed at the High Court and Court of Appeal.
- (ii) Telekom Malaysia Berhad (“TM”) filed an application to intervene in the Main Suit 2 (“TM Intervening Application for Main Suit 2”) in light of the allegations made against TM in TSDTR and BR’s Counterclaim for Main Suit 2. The TM Intervening Application for Main Suit 2 was allowed in the appeal to the Court of Appeal when the TSDTR and BR’s Counterclaim for Main Suit 2 was reinstated.
- (iii) TSDTR and BR had filed an application to amend their Defence for Main Suit 2 and TSDTR and BR’s Counterclaim for Main Suit 2 (“Application to Amend for Main Suit 2”) and to add Telekom Enterprise Sdn Bhd as party to the proceeding. The Application to Amend for Main Suit 2 and joinder of Telekom Enterprise Sdn Bhd was however dismissed by the High Court and subsequently upheld by the Court of Appeal. The leave to appeal to the Federal Court was also dismissed.

9. Material Litigation (continued)

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

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

- (iv) TSDTR and BR motion for stay of Main Suit 2 pending disposal of the Application to Amend for Main Suit 2 was heard on 22 August 2017 and stay of proceedings was allowed for the period of two months.
- (v) Application to set aside subpoena filed by TSDTR and BR's subpoenaed witnesses respectively ("Application to Set Aside Subpoena for Main Suit 2") was heard on 25 October 2017 whereby all applications to set aside subpoena for Main Suit 2 were dismissed save for managing director of Khazanah, Tan Sri Azman bin Moktar. Solicitors for Celcom and Celcom Resources who represented Putri Noor Shariza and Ng Swee Kee (both solicitor from Shearn Delamore & Co. who represented Celcom and Celcom Resources at the material time) filed an appeal to Court of Appeal and the appeal was subsequently dismissed on 13 March 2018.
- (vi) Discussion between experts, appointed by Celcom and Celcom Resources and DeTeAsia respectively to narrow down issues for trial has been completed and the statements for convergence and divergence was filed in Court.

The trial dates of Main Suit 2 and TSDTR and BR's Counterclaim for Main Suit 2 are scheduled on the following dates:

January 2018	: 22 to 25 and 29 to 30
February 2018	: 5 to 8
May 2018	: 14 to 18 and 21 to 22
June 2018	: 4 to 8 and 26
September 2018	: 27 to 28
October 2018	: 18 to 19 and 25 to 26
November 2018	: 12 to 16, 19 and 26 to 28
December 2018	: 4 to 7 and 10 to 14

The full trial for Main Suit 2 and TSDTR and BR's Counterclaim for Main Suit 2 commenced on 22 January 2018. Datuk Azzat Kamaludin and former director, Tan Sri Abdul Rahman were called as witnesses to give evidence on behalf of Celcom and Celcom Resources. The trial will continue on 14 May 2018 and onwards whereby Celcom and Celcom Resources will be calling Encik Shamsuddin Mohd Rasom, Puan Zunika Salim and Puan Suryani Hussein to Court.

9. Material Litigation (continued)

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

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

On 8 May 2018, a Receiving Order and Adjudication Order was entered against TSDTR and BR respectively and TSDTR and BR were adjudged bankrupts in the execution proceedings against them. Consequently, Celcom and Celcom Resources are required to obtain leave to continue its claim against TSDTR and BR, whereas TSDTR and BR are required to apply for sanction of the Director General of Insolvency to maintain their counterclaim for Main Suit 2.

Accordingly, the trial dates in May 2018 are vacated and the matter is fixed for case management on 25 May 2018 for parties to update the Court as to the status of the leave application and sanction in order to ascertain if parties could proceed with the trial in June. The other trial dates are maintained until further notice.

(c) Celcom & Another vs TSDTR & 8 Others

On 28 April 2006, Celcom and Celcom Resources commenced proceedings (i) against nine (9) of its former directors, namely (i) TSDTR, (ii) BR, (iii) DLKY, (iv) Dieter Sieber ("DS"), (v) Frank-Reinhard Bartsch ("FRB"), (vi) Joachim Gronau ("JG"), (vii) Joerg Andreas Boy ("JAB"), (viii) AH, and (ix) OTA (the Defendants named in items (iv) and (v) collectively referred to as the "German Directors") (collectively referred to as "Defendants").

The claim is to indemnify Celcom and Celcom Resources for the sums paid to DeTeAsia in satisfaction of the Award granted in August 2005 and the Defendants breach of 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 (ii) against TSDTR only, for alleged unauthorised profits made by him in connection with the execution of 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; and losses and damages in connection with the entry of Celcom and Celcom Resources into the Subscription Agreement and the ARSA.

Six (6) of the defendants filed their respective applications to strike out Main Suit 3 ("Striking Out Applications for Main Suit 3") but all the Striking Out Applications for Main Suit 3 were dismissed by the High Court and thereafter, upheld by the Court of Appeal. The leave to appeal to the Federal Court were also dismissed on 31 March 2016. With the dismissal, the full trial proceeding in High Court resumed.

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.

9. Material Litigation (continued)

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

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

On 23 June 2016, TSDTR and BR filed statement of defence (“Defence for Main Suit 3”) and counterclaim against Celcom and Celcom Resources seeking inter alia payment of the sum of RM6,246,492,000.00 or alternatively the sum of RM7,214,909,224.01 together with interest, being the amount claim by TSDTR in his counterclaim in the Danaharta Suit which was withdrawn pursuant to a purported global settlement and damages (“TSDTR and BR’s Counterclaim for Main Suit 3”). The German Directors filed their respective defence on 30 June 2016.

Celcom and Celcom Resources filed an application to strike out TSDTR and BR’s Counterclaim for Main Suit 3 which was allowed with costs of RM5,000.00. However, on appeal to the Court of Appeal the decision was reversed on 4 May 2017 and TSDTR and BR’s Counterclaim for Main Suit 3 was reinstated. Upon solicitor’s advice, Celcom and Celcom Resources decided not to appeal further.

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

- (i) TSDTR and BR filed ex parte applications for leave to issue committal proceedings against Celcom, Celcom Resources and Dato’ Sri Mohammed Shazalli Bin Ramly (“DSSR”) (“Ex Parte Application for Main Suit 3”) on the basis of DSSR’s denial of the existence of a global settlement in his affidavit. The Ex Parte Application for Main Suit 3 was dismissed at the High Court and Court of Appeal.
- (ii) Telekom Malaysia Berhad (“TM”) filed an application to intervene in the Main Suit 3 (“TM Intervening Application for Main Suit 3”) in light of the allegations made against TM in TSDTR and BR’s Counterclaim for Main Suit 3. The TM Intervening Application for Main Suit 3 was allowed in the appeal to the Court of Appeal when the TSDTR and BR’s Counterclaim for Main Suit 3 was reinstated.
- (iii) TSDTR and BR had filed an application to amend their Defence for Main Suit 3 and TSDTR and BR’s Counterclaim for Main Suit 3 (“Application to Amend for Main Suit 3”) and to add Telekom Enterprise Sdn Bhd as party to the proceeding. The Application to Amend for Main Suit 3 and joinder of Telekom Enterprise Sdn Bhd was however dismissed by the High Court and subsequently upheld by the Court of Appeal. The leave to appeal to the Federal Court was also dismissed.
- (iv) TSDTR and BR motion for stay of Main Suit 3 pending disposal of the Application to Amend for Main Suit 3 was heard on 22 August 2017 and stay of proceedings was allowed for the period of two months.
- (v) Application to set aside subpoena filed by TSDTR and BR’s subpoenaed witnesses respectively (“Application to Set Aside Subpoena for Main Suit 3”) was heard on 25 October 2017 whereby all applications to set aside subpoena for Main Suit 3 were dismissed save for managing director of Khazanah, Tan Sri Azman bin Moktar. Solicitors for Celcom and Celcom Resources who represented Putri Noor Shariza and Ng Swee Kee (both solicitor from Shearn Delamore & Co. who represented Celcom and Celcom Resources at the material time) filed an appeal to Court of Appeal and the appeal was subsequently dismissed on 13 March 2018.

9. Material Litigation (continued)

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

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

- (vi) Discussion between experts, appointed by Celcom and Celcom Resources and DeTeAsia respectively to narrow down issues for trial has been completed and the statements for convergence and divergence was filed in Court.

The trial dates of Main Suit 3 and TSDTR and BR's Counterclaim for Main Suit 3 are scheduled on the following dates:

January 2018	: 22 to 25 and 29 to 30
February 2018	: 5 to 8
May 2018	: 14 to 18 and 21 to 22
June 2018	: 4 to 8 and 26
September 2018	: 27 to 28
October 2018	: 18 to 19 and 25 to 26
November 2018	: 12 to 16, 19 and 26 to 28
December 2018	: 4 to 7 and 10 to 14

The full trial for Main Suit 3 and TSDTR and BR's Counterclaim for Main Suit 3 commenced on 22 January 2018. Datuk Azzat Kamaludin and former director, Tan Sri Abdul Rahman were called as witnesses to give evidence on behalf of Celcom and Celcom Resources. The trial will continue on 14 May 2018 and onwards whereby Celcom and Celcom Resources will be calling Encik Shamsuddin Mohd Rasom, Puan Zunika Salim and Puan Suryani Hussein to Court.

On 8 May 2018, a Receiving Order and Adjudication Order was entered against TSDTR and BR respectively and TSDTR and BR were adjudged bankrupts in the execution proceedings against them. Consequently, Celcom and Celcom Resources are required to obtain leave to continue its claim against TSDTR and BR, whereas TSDTR and BR are required to apply for sanction of the Director General of Insolvency to maintain their counterclaim for Main Suit 3.

Accordingly, the trial dates in May 2018 are vacated and the matter is fixed for case management on 25 May 2018 for parties to update the Court as to the status of the leave application and sanction in order to ascertain if parties could proceed with the trial in June. The other trial dates are maintained until further notice.



AXIATA GROUP BERHAD (242188-H)

9. Material Litigation (continued)

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

(d) Writ petition filed by 7 individuals against Ncell Private Limited, Reynolds Holdings Limited, Axiata Investments (UK) Limited, Large Tax Payers' Office, Inland Revenue Department, Nepal Rastra Bank, Department of Industry, Industry and Investment Promotion Board, Nepal Telecommunications Authority, Sunivera Capital Ventures Pvt. Ltd. and the Office of Company Registrar

A public interest litigation ("PIL") has been filed at the Supreme Court of Nepal ("SC") alleging that Ncell Private Limited ("Ncell") and its holding companies, namely Reynolds Holdings Limited ("Reynolds") and Axiata Investments (UK) Limited ("AIL"), have evaded their tax liabilities and that the tax authority of the Government of Nepal has been complicit in this matter.

The Petitioners' prayers includes a demand for an order mandating the collection of Capital Gains Tax ("CGT") from Ncell. The Writ petition has been filed on 28 January 2018 by 7 individuals, which includes a retired Secretary of the Government of Nepal and a former acting Auditor General. The petitioners have requested that an order be issued attaching transfer or repatriation of dividend and other amounts from Ncell to its shareholder or in the name of any other foreign person/company until the outstanding CGT in the amount of approximately NPR 39,000,000,000 is collected.

After an initial hearing, the SC issued a show-cause order to Ncell, Reynolds and AIL, amongst others, on 31 January 2018. A written response has been submitted to the SC and is now pending a date to be fixed for hearing on the merits.

10. 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.

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

	Current and Cumulative Quarter	
	31/3/2018	31/3/2017
(Loss)/Profit attributable to owners of the Company (RM'000)	(147,408)	239,016
Adjusted weighted average number of shares ('000)	9,048,441	8,972,163
Basic EPS (sen)	(1.6)	2.7

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

(b) Diluted EPS

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

	Current and Cumulative Quarter	
	31/3/2018	31/3/2017
(Loss)/Profit attributable to owners of the Company (RM'000)	(147,408)	239,016
Weighted average number of ordinary shares in issue ('000)	9,048,441	8,972,163
Adjusted for share-based	33,556	29,966
Weighted average number of ordinary shares for the purpose of computing diluted EPS ('000)	9,081,997	9,002,129
Diluted EPS (sen)	(1.6)	2.7

13. Qualification of Preceding Audited Financial Statements

The 2017 Audited Financial Statements were not subject to any qualification.

14. Dividend Proposed

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

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
22 May 2018