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 2019.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3rd Quarter Ended		Financial Period Ended	
	30/9/2019	30/9/2018	30/9/2019	30/9/2018
	RM'000	RM'000	RM'000	RM'000
Operating revenue	**6,213,254**	6,003,472	**18,316,305**	17,618,786
Operating costs				
- depreciation, impairment and amortisation	**(1,846,046)**	(1,511,446)	**(5,195,847)**	(4,393,695)
- foreign exchange gains	**6,295**	38,593	**26,600**	19,876
- domestic interconnect and international outpayment	**(447,204)**	(600,128)	**(1,480,019)**	(1,813,743)
- marketing, advertising and promotion	**(475,962)**	(506,784)	**(1,481,198)**	(1,623,511)
- other operating costs	**(1,942,820)**	(2,200,231)	**(5,780,632)**	(6,464,441)
- staff costs	**(545,591)**	(525,312)	**(1,680,484)**	(1,466,496)
- other (losses)/gains - net	**(59,690)**	13,852	**(115,063)**	56,859
Other operating income/(expense) - net	**55,464**	103,168	**661,469**	(3,112,897)
Profit/(Loss) before finance cost	**957,700**	815,184	**3,271,131**	(1,179,262)
Finance income	**65,886**	50,768	**177,289**	165,478
Finance cost excluding net foreign exchange (losses)/gains on financing activities	**(435,309)**	(323,633)	**(1,308,797)**	(941,106)
Net foreign exchange (losses)/gains on financing activities	**(55,538)**	(164,841)	**11,631**	(241,832)
	(490,847)	(488,474)	**(1,297,166)**	(1,182,938)
Joint ventures				
- share of results (net of tax)	**-**	1,082	**(2,819)**	1,252
Associates				
- share of results (net of tax)	**778**	3,069	**(655)**	(36,436)
- loss on dilution of equity interest	**-**	-	**-**	(402,988)
Profit/(Loss) before taxation	**533,517**	381,629	**2,147,780**	(2,634,894)
Taxation	**(285,920)**	(196,104)	**(828,970)**	(591,613)
Profit/(Loss) for the financial period	**247,597**	185,525	**1,318,810**	(3,226,507)
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss:				
- actuarial gains on defined benefits plan, net of tax	**1,010**	3,428	**789**	3,428
- fair value through other comprehensive income	**(249,861)**	(604,105)	**(1,326,493)**	(605,705)
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	**39,945**	(228,811)	**126,385**	(1,307,549)
- net cash flow hedge	**102,186**	(7,314)	**110,558**	(113,470)
- net cost of hedging	**(78,279)**	-	**(335)**	-
- net investment hedge	**-**	(28,663)	**-**	(4,187)
Other comprehensive expense for the financial period, net of tax	**(184,999)**	(865,465)	**(1,089,096)**	(2,027,483)
Total comprehensive income/(expense) for the financial period	**62,598**	(679,940)	**229,714**	(5,253,990)
Profit/(Loss) for the financial period attributable to:				
- owners of the company	**119,702**	132,065	**1,032,849**	(3,372,650)
- non-controlling interests	**127,895**	53,460	**285,961**	146,143
	247,597	185,525	**1,318,810**	(3,226,507)
Total comprehensive income/(expenses) for the financial period attributable to:				
- owners of the company	**(102,681)**	(710,557)	**(121,972)**	(5,141,551)
- non-controlling interests	**165,279**	30,617	**351,686**	(112,439)
	62,598	(679,940)	**229,714**	(5,253,990)
Earnings Per Share (sen) (Part B, Note 13)				
- basic	**1.3**	1.5	**11.3**	(37.2)
- diluted	**1.3**	1.5	**11.3**	(37.1)

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018)

AXIATA GROUP BERHAD (242188-H)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30/9/2019 RM'000 Unaudited	31/12/2018 RM'000 Audited
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	13,720,810	13,502,368
Reserves	2,931,422	3,974,431
Total equity attributable to owners of the Company	16,652,232	17,476,799
Non-controlling interests	5,988,827	5,737,907
Total equity	22,641,059	23,214,706
NON-CURRENT LIABILITIES		
Borrowings	13,166,993	14,646,553
Derivative financial instruments	1,598,467	1,698,722
Deferred income	363,233	363,196
Deferred gain on sale and lease back assets	592,540	663,228
Trade and other payables	602,557	2,987,844
Lease liabilities	6,915,983	-
Provision for liabilities	525,924	487,394
Deferred taxation	1,237,244	1,391,214
Total non-current liabilities	25,002,941	22,238,151
	47,644,000	**45,452,857**

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018)

AXIATA GROUP BERHAD (242188-H)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30/9/2019 RM'000 Unaudited	31/12/2018 RM'000 Audited
NON-CURRENT ASSETS		
Intangible assets	21,099,734	20,926,703
Contract acquisition costs	173,180	108,503
Property, plant and equipment	25,282,510	27,290,458
Right-of-use assets	8,997,091	-
Joint ventures	24,881	27,699
Associates	160,086	266,475
Financial assets at fair value through other comprehensive income	635,651	1,659,412
Financial assets at fair value through profit or loss	7,276	-
Derivative financial instruments	8,343	-
Trade and other receivables	540,851	686,804
Deferred taxation	370,888	586,961
Total non-current assets	57,300,491	51,553,015
CURRENT ASSETS		
Inventories	153,732	219,130
Trade and other receivables	4,783,869	5,115,230
Derivative financial instruments	-	238,506
Financial assets at fair value through profit or loss	37	38
Tax recoverable	35,411	54,860
Deposits, cash and bank balances	4,981,758	5,071,448
Assets classified as held-for-sale	193,549	1,602,800
	10,148,356	12,302,012
LESS: CURRENT LIABILITIES		
Trade and other payables	12,382,116	12,484,444
Deferred gain on sale and lease back assets	125,171	120,942
Lease liabilities	1,545,855	-
Borrowings	4,069,854	4,483,197
Derivative financial instruments	154,888	155,901
Current tax liabilities	1,070,529	1,157,686
Dividend payable	456,434	-
Total current liabilities	19,804,847	18,402,170
Net current liabilities	(9,656,491)	(6,100,158)
	47,644,000	**45,452,857**
Net assets per share attributable to owners of the Company (sen)	182	193

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018)

AXIATA GROUP BERHAD (242188-H)
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

		Attributable to equity holders of the Company							
	Note	Share capital '000	Share capital RM'000	Currency translation differences RM'000	Reserves RM'000	Retained earnings RM'000	Total RM'000	NCI RM'000	Total equity RM'000
At 1 January 2019 (as reported)		9,071,018	13,502,368	(329,197)	(1,339,153)	5,642,781	17,476,799	5,737,907	23,214,706
First time adoption adjustments	2(a)	-	-	-	-	(66,723)	(66,723)	(2,381)	(69,104)
At 1 January 2019 (as restated)		9,071,018	13,502,368	(329,197)	(1,339,153)	5,576,058	17,410,076	5,735,526	23,145,602
Profit for the financial period		-	-	-	-	1,032,849	1,032,849	285,961	1,318,810
Other comprehensive income/(expense):									
-Currency translation differences arising during the financial period:									
-subsidiaries		-	-	124,021	-	-	124,021	66,686	190,707
-derecognition of an associates		-	-	(64,322)	-	-	(64,322)	-	(64,322)
		-	-	59,699	-	-	59,699	66,686	126,385
-Net cash flow hedge		-	-	-	110,558	-	110,558	-	110,558
-Net cost of hedging		-	-	-	(335)	-	(335)	-	(335)
-Actuarial gains, net of tax		-	-	-	527	-	527	262	789
-Revaluation of financial assets at FVTOCI		-	-	-	(1,325,270)	-	(1,325,270)	(1,223)	(1,326,493)
Total comprehensive income /(expense)		**-**	**-**	**59,699**	**(1,214,520)**	**1,032,849**	**(121,972)**	**351,686**	**229,714**
Transactions with owners:									
-Issuance of new ordinary shares		5,751	16,389	-	-	-	16,389	-	16,389
-Dilution of equity interest in subsidiaries		-	-	8,284	-	59,170	67,454	9,172	76,626
-Additional investment in subsidiaries		-	-	-	-	(56,145)	(56,145)	(33,147)	(89,292)
-Dividends paid to shareholders by:									
- DRS		50,322	190,216	-	-	(190,216)	-	-	-
- Cash settlement		-	-	-	-	(218,307)	(218,307)	-	(218,307)
-Dividends payable to shareholders		-	-	-	-	(456,434)	(456,434)	-	(456,434)
-Dividends paid to NCI		-	-	-	-	-	-	(74,410)	(74,410)
-Share-based payment expenses		-	-	-	11,171	-	11,171	-	11,171
-Transferred from share-based payment reserve upon:									
- exercise/vest		1,582	11,837	-	(11,837)	-	-	-	-
- lapsed		-	-	-	(113,564)	113,564	-	-	-
Total transactions with owners		57,655	218,442	8,284	(114,230)	(748,368)	(635,872)	(98,385)	(734,257)
At 30 September 2019		**9,128,673**	**13,720,810**	**(261,214)**	**(2,667,903)**	**5,860,539**	**16,652,232**	**5,988,827**	**22,641,059**

Non-controlling interests ("NCI") Dividend reinvestment scheme ("DRS") Fair value through other comprehensive income ("FVTOCI")

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018)

AXIATA GROUP BERHAD (242188-H)
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	Attributable to equity holders of the Company							
	Share capital '000	**Share capital RM'000**	**Currency translation differences RM'000**	**Reserves RM'000**	**Retained earnings RM'000**	**Total RM'000**	**NCI RM'000**	**Total equity RM'000**
At 1 January 2018 (as reported)	9,047,951	13,407,253	783,362	(1,044,085)	11,584,606	24,731,136	5,773,447	30,504,583
First time adoption adjustments	-	-	-	-	(98,585)	(98,585)	4,604	(93,981)
At 1 January 2018 (as restated)	9,047,951	13,407,253	783,362	(1,044,085)	11,486,021	24,632,551	5,778,051	30,410,602
Loss for the financial period	-	-	-	-	(3,372,650)	(3,372,650)	146,143	(3,226,507)
Other comprehensive (expense)/income:								
-Currency translation differences arising during the financial period:								
-subsidiaries	-	-	(924,458)	-	-	(924,458)	(259,641)	(1,184,099)
-associates	-	-	(185,016)	-	-	(185,016)	-	(185,016)
-derecognition of an associates	-	-	61,566	-	-	61,566	-	61,566
	-	-	(1,047,908)	-	-	(1,047,908)	(259,641)	(1,307,549)
-Net cash flow hedge	-	-	-	(113,376)	-	(113,376)	(94)	(113,470)
-Net investment hedge	-	-	-	(4,187)	-	(4,187)	-	(4,187)
-Actuarial gains, net of tax	-	-	-	2,275	-	2,275	1,153	3,428
-Revaluation of financial assets at FVTOCI	-	-	-	(605,705)	-	(605,705)	-	(605,705)
Total comprehensive expense	**-**	**-**	**(1,047,908)**	**(720,993)**	**(3,372,650)**	**(5,141,551)**	**(112,439)**	**(5,253,990)**
Transactions with owners:								
-Issuance of new ordinary shares	1,458	6,678	-	-	-	6,678	-	6,678
-Partial disposal of a subsidiary	-	-	(6,351)	-	265,690	259,339	108,094	367,433
- Dilution of equity interest in a subsidiary	-	-	-	-	45,985	45,985	33,204	79,189
-Acquisition of a subsidiary	-	-	-	-	-	-	754	754
-Dividends paid to shareholders by:								
- DRS	19,928	79,113	-	-	(79,113)	-	-	-
- Cash settlement	-	-	-	-	(237,627)	(237,627)	-	(237,627)
-Dividends payable to shareholders	-	-	-	-	(453,486)	(453,486)	-	(453,486)
-Dividends paid to NCI	-	-	-	-	-	-	(164,331)	(164,331)
-Share-based payment expenses	-	-	-	945	-	945	-	945
-Transferred from share-based payment reserve upon exercise/vest	384	4,246	-	4,246	-	8,492	-	8,492
Total transactions with owners	21,770	90,037	(6,351)	5,191	(458,551)	(369,674)	(22,279)	(391,953)
At 30 September 2018	**9,069,721**	**13,497,290**	**(270,897)**	**(1,759,887)**	**7,654,820**	**19,121,326**	**5,643,333**	**24,764,659**

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018)

AXIATA GROUP BERHAD (242188-H)
UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2019

	Reserves								
	Capital contribution	Merger	Hedging	Cost of hedging	Actuarial	Share-based payment	FVTOCI	Other	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	16,598	346,774	(70,863)	770	26,982	138,652	(540,015)	(1,258,051)	(1,339,153)
Other comprehensive income/(expense):									
-Net cash flow hedge	-	-	110,558	-	-	-	-	-	110,558
-Net cost of hedging	-	-	-	(335)	-	-	-	-	(335)
-Actuarial gain, net of tax	-	-	-	-	527	-	-	-	527
-Revaluation of financial assets at FVTOCI	-	-	-	-	-	-	(1,325,270)	-	(1,325,270)
Total comprehensive income/(expense)	**-**	**-**	**110,558**	**(335)**	**527**	**-**	**(1,325,270)**	**-**	**(1,214,520)**
Transactions with owners:									
-Share-based payment expenses	-	-	-	-	-	11,171	-	-	11,171
-Transferred from share-based payment reserve upon:									
- exercise/vest	-	-	-	-	-	(11,837)	-	-	(11,837)
- lapsed	-	-	-	-	-	(113,564)	-	-	(113,564)
Total transactions with owners	-	-	-	-	-	(114,230)	-	-	(114,230)
At 30 September 2019	**16,598**	**346,774**	**39,695**	**435**	**27,509**	**24,422**	**(1,865,285)**	**(1,258,051)**	**(2,667,903)**
At 1 January 2018	16,598	346,774	(341,409)	-	23,996	133,367	34,640	(1,258,051)	(1,044,085)
Other comprehensive (expense)/income:									
-Net cash flow hedge	-	-	(113,376)	-	-	-	-	-	(113,376)
-Net investment hedge	-	-	(4,187)	-	-	-	-	-	(4,187)
-Actuarial gains, net of tax	-	-	-	-	2,275	-	-	-	2,275
-Revaluation of financial assets at FVTOCI	-	-	-	-	-	-	(605,705)	-	(605,705)
Total comprehensive (expense)/income	**-**	**-**	**(117,563)**	**-**	**2,275**	**-**	**(605,705)**	**-**	**(720,993)**
Transactions with owners:									
-Share-based payment expenses	-	-	-	-	-	945	-	-	945
-Transferred from share-based payment reserve upon exercise/vest	-	-	-	-	-	4,246	-	-	4,246
Total transactions with owners	-	-	-	-	-	5,191	-	-	5,191
At 30 September 2018	**16,598**	**346,774**	**(458,972)**	**-**	**26,271**	**138,558**	**(571,065)**	**(1,258,051)**	**(1,759,887)**

AXIATA GROUP BERHAD (242188-H)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE FINANCIAL PERIOD ENDED	
	30/9/2019	**30/9/2018**
	RM'000	**RM'000**
Receipt from customers	18,633,972	16,960,672
Payment to suppliers and employees	(10,442,320)	(10,418,513)
Payment of finance costs	(852,288)	(957,485)
Payment of income taxes (net of refunds)	(807,900)	(881,492)
CASH FLOWS FROM OPERATING ACTIVITIES	**6,531,464**	**4,703,182**
Proceeds from disposal of property, plant and equipment	16,053	24,272
Purchase of property, plant & equipment	(4,546,958)	(4,992,259)
Acquisition of intangible assets	(331,006)	(622,209)
Investments in deposits maturing more than three (3) months	(96,888)	36,394
Proceed from disposal of an associate	1,649,256	-
Investment in subsidiaries (net of cash acquired)	(6,690)	(20,710)
Additional investment in associates	(8,792)	(49,328)
Other investments	(12,450)	-
Disposal of rights on right issue of a financial asset at FVTOCI	96,149	-
Dividends received from associates	-	90,187
Repayment from employees	139	64
Interests received	173,529	168,292
CASH FLOWS USED IN INVESTING ACTIVITIES	**(3,067,658)**	**(5,365,297)**
Proceeds from issuance of shares under Axiata Share Scheme	16,389	6,678
Proceeds from borrowings	3,772,259	5,237,339
Repayments of borrowings	(5,692,689)	(4,960,409)
Repayment of hire purchase creditors	(112)	-
Repayment of lease creditors	(1,557,349)	(109,443)
Net proceed from partial disposal of subsidiaries	-	367,434
Capital injection by NCI of subsidiaries	82,153	82,262
Additional investment in subsidiaries	(90,674)	-
Dividends paid to shareholders	(218,307)	(237,627)
Dividends paid to non-controlling interests	(74,410)	(267,116)
CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES	**(3,762,740)**	**119,118**
NET DECREASE IN CASH AND CASH EQUIVALENTS	(298,934)	(542,997)
DISCONTINUED CASH FLOW	-	5,329
NET DECREASE IN RESTRICTED CASH AND CASH EQUIVALENT	39,168	147,971
EFFECT OF EXCHANGE RATE CHANGES	82,179	(230,606)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	3,787,748	6,471,658
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**3,610,161**	**5,851,355**

(The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018)

AXIATA GROUP BERHAD (242188-H)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	FOR THE FINANCIAL PERIOD ENDED	
	30/9/2019	**30/9/2018**
	RM'000	**RM'000**
Cash and cash equivalent in banks	3,610,161	5,851,355
Deposits pledged	104,554	24,692
Deposits maturing more than three (3) months	1,133,562	30,251
Bank overdrafts	133,481	112,328
Total deposits, cash and bank balances	**4,981,758**	**6,018,626**

(The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2018)

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 2019 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 2018 (“2018 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 2018 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 2019 as set out below:

- MFRS 16 “Leases”
- IC Interpretation 23 “Uncertainty over Income Tax Treatments”
- Amendments to MFRS 9 “Prepayment Features With Negative Compensation”
- Amendments to MFRS 119 “Plan Amendment, Curtailment or Settlement”
- Amendments to MFRS 128 “Long-term Interests In Associates and Joint Ventures”
- Annual Improvements to MFRS 2015 – 2017 Cycle

  - ✓ Amendments to MFRS 3 “Business Combinations”
  - ✓ Amendments to MFRS 11 “Joint Arrangements”
  - ✓ Amendments to MFRS 112 “Income Taxes”
  - ✓ Amendments to MFRS 123 “Borrowing Costs”

The above adoptions did not have a material impact to the Group during the current quarter and financial period to date except for MFRS 16.

The Group applied MFRS 16 by using the modified retrospective approach, therefore the comparative information was not restated.

The Group applied the grandfathering approach in assessing whether a contract is or contains a lease. The Group applied MFRS 16 to existing contracts that were previously identified as leases under MFRS 117 and IC Interpretation 4 “Determining whether an Arrangement contains a Lease”. Contracts that were not previously identified as containing a lease applying MFRS 117 and IC Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under MFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

The purchases and sales of rights to access and rights to use licenses of intellectual property were excluded from the scope of MFRS 16.

For leases previously classified as finance leases the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application.

2. Accounting Policies (continued)

The Group used the following practical expedients at the date of initial application and certain applicable practical expedients post adoption.

- ✓ Lease liabilities were measured at the present value of the remaining lease payments, discounted at incremental borrowing rate as at 1 January 2019.
- ✓ Applied a single discount rate to a portfolio of leases with similar characteristics.
- ✓ Applied the exemption not to apply MFRS 16 to account for short-term leases in which the term ends within twelve (12) months.
- ✓ Applied the exemption not to apply MFRS 16 on leases of low-value assets.
- ✓ Excluded initial direct costs from measuring the right-of-use asset.
- ✓ Applied hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Group used the practical expedient whenever applicable, that a distinction is not to be made in leases that contain both lease components and non-lease components. Each lease component will be accounted for as a lease, in conjunction with other related performance components.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 ‘Property, Plant and Equipment’ and the lease liability is accreted over time with interest expense recognised in the profit or loss.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group will continue to refine the estimate and judgment applied in the adoption of MFRS 16 as facts and circumstances evolved in the year. The impact of adoption of MFRS 16 to the Group is as below:

(a) Consolidated statement of financial position

(i) First time adoption

	As at 1 January 2019			
		First time adoption adjustments		
	As reported	Reclassification	Measurements	As adjusted
	RM'000	RM'000	RM'000	RM'000
Total equity:				
- Reserves	3,974,431	-	(66,723)	3,907,708
- Non-controlling interests	5,737,907	-	(2,381)	5,735,526
		-	(69,104)	
Total net assets:				
- Property, plant and equipment	27,290,458	(3,276,997)	-	24,013,461
- Right-of-use ("ROU")	-	3,276,997	5,295,549	8,572,546
- Lease liabilities	-	(3,030,322)	(4,940,261)	(7,970,583)
- Trade and other receivables	5,802,034	-	(475,625)	5,326,409
- Trade and other payables	(15,472,288)	3,030,322	34,948	(12,407,018)
- Deferred taxation, net	(804,253)	-	16,285	(787,968)
		-	(69,104)	

2. Accounting Policies (continued)

(a) Consolidated statement of financial position (continued)

(ii) Reconciliation of operating lease commitment as at 31 December 2018 to the opening balance of lease liabilities as at 1 January 2019 is as follow:

	RM'000
Operating lease commitments disclosed as at 31 December 2018	1,651,070
Less: short-term leases recognised on a straight-line basis as expense	(106,721)
Less: low-value leases recognised on a straight-line basis as expense	(21,207)
	1,523,142
Discounted using the lessee's incremental borrowing rate of at the date of initial application	1,179,410
Add: finance lease liabilities recognised as at 31 December 2018	3,030,322
Add: accrued lease payments recognised as at 31 December 2018	24,389
Add: existing contracts as at 31 December 2018 previously assessed as operating lease	4,197,168
Less: lease prepayment as at 31 December 2018	(460,706)
Lease liabilities as at 1 January 2019	7,970,583
Of which are:	
Current lease liabilities	1,424,323
Non-current lease liabilities	6,546,260
	7,970,583

(iii) Carrying amount of the Group's right-of-use assets and lease liabilities movement during the financial period to date are as follow:

	Right-of-use assets			
	Telecommunication network and transmission facilities	Others	Total	Lease liabilities
	RM'000	RM'000	RM'000	RM'000
At 1 Jan 2019	7,535,081	1,037,465	8,572,546	(7,970,583)
Addition	1,241,682	154,033	1,395,715	(1,312,508)
Depreciation	(1,011,482)	(146,948)	(1,158,430)	-
Interest expense	-	-	-	(463,184)
Payments	-	-	-	1,471,352
Reclassified as assets classified as held-for-sale	-	(19,668)	(19,668)	-
Net foreign exchange translation	191,914	15,014	206,928	(186,915)
As at 30 September 2019	7,957,195	1,039,896	8,997,091	(8,461,838)

2. Accounting Policies (continued)

(b) Consolidated statement of profit or loss:

	Financial period to date		
	Pre-adoption	Operating lease MFRS 16	Post-adoption
	RM'000	RM'000	RM'000
EBITDA	6,943,674	950,298	7,893,972
Depreciation, impairment and amortisation	(4,419,722)	(776,125)	(5,195,847)
Finance cost	(1,058,113)	(250,684)	(1,308,797)
Profit before taxation	2,224,291	(76,511)	2,147,780

	Current quarter		
	Pre-adoption	Operating lease MFRS 16	Post-adoption
	RM'000	RM'000	RM'000
EBITDA	2,427,397	374,280	2,801,677
Depreciation, impairment and amortisation	(1,542,288)	(303,758)	(1,846,046)
Finance cost	(358,295)	(77,014)	(435,309)
Profit before taxation	540,009	(6,492)	533,517

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 financial period to date has taken into account of the following:

(a) On 15 February 2019, the Group recognised a gain on disposal of M1 Limited ("M1") amounting to RM113.4 million. The detail of the disposal is disclosed in Part A, Note 12(b) of this announcement.

(b) On 21 February 2019, the Company and its wholly-owned subsidiary, Axiata Digital Services Sdn Bhd ("ADS") entered into an application for shares with Pegasus 7 Ventures Pte. Ltd ("Pegasus 7") for the disposal of the:

(i) Investment in a subsidiary, Axiata Investments (Mauritius) Limited ("AIML") which was holding Localcube Commerce Pvt Ltd and Localcube Commerce Asia Sdn Bhd;
(ii) Investment in associates in Milvik AB and Etobee Holding Pte Ltd ("Etobee");
(iii) Redeemable Convertible Preference Shares in Celcom Planet Sdn Bhd, and
(iv) Financial asset at FVTOCI in STS Media Inc. ("STS Media")

for a non-cash consideration of RM570.9 million or USD140.0 million via the issuance of Class A Redeemable Preference Shares by Pegasus 7 to the Company or the Company's nominee.

During the financial period to date, the Group has recorded a gain on disposal on investment stated in (i) of RM302.0 million.

On 7 and 11 October 2019, the Group completed the disposal on Etobee and STS Media respectively.

The completion of disposal of investments stated in Milvik AB and (iii) are subject to the administrative procedures.

(c) Vodafone Idea Limited ("Vodafone Idea") had, on 10 April 2019, allotted equity shares by way of a rights issue to eligible shareholders. The Group, being an eligible shareholder, recognises its investment in Vodafone Idea as a financial asset through other comprehensive income. The Group did not participate on the allotment of the rights issue above and had sold their rights to third parties. Upon the disposal of the rights, the Group recognised a gain on disposal amounting to RM96.1 million or INR1,617.4 million during the financial period to date.

(d) The Company's Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] expired on 15 April 2019. Accordingly, the Group reclassified the share-based payment reserve pertaining to unexercised options and unvested Restricted Share Awards under Axiata Share Scheme of RM113.6 million to retained earnings.

(e) During the current quarter and financial period to date, the Group recognised net foreign exchange losses of RM49.2 million and gains of RM38.2 million respectively mainly arising from the revaluation of USD borrowings and working capital.

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 30 September 2019.

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 2018 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 and RM3.45.	5,751	21,487
● Restrictive Share Awards ("RSA") at an issuance price of RM3.75 to RM5.51 being the fair value of RSA issued.	1,582	6,739
● DRS at a conversion price of RM3.78 per ordinary share respectively.	50,322	190,216
Total	57,655	218,442

(b) On 14 March 2019, the Company undertook a revolving credit facility with Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad amounting to RM204.0 million (USD50.0 million), with a contractual interest rate of LIBOR + applicable interest rate. The facility was settled on 17 September 2019.

(c) On 10 September 2019, the Company undertook a revolving credit facility with Oversea-Chinese Banking Corporation amounting to RM209.4 million (USD50.0 million) with a contractual interest rate of LIBOR + applicable interest rate.

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 2019.

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
17 May 2019	Final tax exempt dividend under single tier in respect of financial year ended 31 December 2018[1]	4.5	408,523

[1] Out of the total dividend distribution, a total RM190.2 million was converted into 50.3 million new ordinary shares of the Company as disclosed in Part A, Note 6(a) of this announcement.

(b) On 29 August 2019, the Board of Directors declared a tax exempt dividend under single tier system of 5 sen per each ordinary share of the Company for the financial year ending 31 December 2019. The Company has accrued a total dividend of RM456.4 million during the current quarter and financial period to date. The dividend was subsequently paid by the Company on 13 November 2019.

8. Segmental Information

For the financial period ended 30 September 2019

Segment	Mobile						Infrastructure			
	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Malaysia	Others	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	4,988,443	5,466,393	2,744,305	2,026,096	1,510,361	967,628	1,341,402	428,655	-	19,473,283
Inter-segment[1]	(63,607)	(73,672)	(11,330)	(15,949)	(3,893)	(17,871)	(859,391)	(111,265)	-	(1,156,978)
External operating revenue	4,924,836	5,392,721	2,732,975	2,010,147	1,506,468	949,757	482,011	317,390	-	18,316,305
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	1,920,977	2,738,370	1,111,057	814,639	908,381	515,105	836,033	(548,777)	(401,813)	7,893,972
Finance income	69,158	25,441	2,621	4,955	29,087	5,423	40,799	25,380	(25,575)	177,289
Finance cost	(314,054)	(606,472)	(191,759)	(61,113)	(16,801)	(21,604)	(80,140)	(260,090)	243,236	(1,308,797)
Depreciation of property, plant & equipment ("PPE")	(632,854)	(1,309,967)	(443,401)	(408,066)	(197,271)	(164,770)	(284,748)	(8,765)	16,740	(3,433,102)
Depreciation of right-of-use assets ("ROU")	(305,863)	(758,709)	(105,232)	(31,543)	(14,003)	(39,097)	(142,824)	(5,105)	302,921	(1,099,455)
Amortisation of intangible assets	(46,388)	(7,306)	(178,831)	(101,826)	(97,822)	(8,813)	(23,877)	(11,520)	(189,066)	(665,449)
Joint ventures:										
- share of results (net of tax)	(2,819)	-	-	-	-	-	-	-	-	(2,819)
Associates:										
- share of results (net of tax)	(1,386)	-	-	-	-	1,608	-	(877)	-	(655)
Impairment of PPE, net of reversal	-	(2,267)	(5,156)	(960)	7,903	(1,647)	2,638	1	1,647	2,159
Other non-cash income/(expense)[2]	52,210	91,159	23,601	10,835	6,376	(181)	(14,824)	680,745	(265,284)	584,637
Taxation	(196,564)	(63,027)	(157,005)	(34,035)	(183,402)	(61,012)	(135,310)	(25,045)	26,430	(828,970)
Segment profit/(loss) for the financial period	**542,417**	**107,222**	**55,895**	**192,886**	**442,448**	**225,012**	**197,747**	**(154,053)**	**(290,764)**	**1,318,810**

[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] Included in other non-cash income/(expense) are gain on disposal of certain investments of RM302.0 million and gain on disposal of an associate of RM113.4 million.

8. Segmental Information (continued)

For the financial period ended 30 September 2018

Segment	Mobile						Infrastructure			
	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Malaysia	Others	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	5,423,902	4,797,388	2,398,064	2,037,057	1,601,993	837,546	1,125,752	280,702	-	18,502,404
Inter-segment[1]	(35,073)	(63,853)	(29)	(14,008)	(15,288)	(8,817)	(716,633)	(29,917)	-	(883,618)
External operating revenue	5,388,829	4,733,535	2,398,035	2,023,049	1,586,705	828,729	409,119	250,785	-	17,618,786
EBITDA	1,439,753	1,844,170	547,611	808,339	1,015,917	390,125	515,453	(385,509)	74,736	6,250,595
Finance income	72,552	27,721	3,655	4,761	25,366	4,303	22,857	49,220	(44,957)	165,478
Finance cost	(150,497)	(362,659)	(120,219)	(41,639)	(14,685)	(311)	(25,801)	(284,382)	59,087	(941,106)
Depreciation of PPE	(641,925)	(1,621,605)	(396,791)	(392,115)	(211,550)	(140,278)	(226,531)	(24,046)	16,887	(3,637,954)
Amortisation of intangible assets	(45,548)	(31,462)	(186,090)	(85,779)	(98,058)	(6,838)	(20,348)	(8,481)	(203,167)	(685,771)
Joint venture:										
- share of results (net of tax)	1,252	-	-	-	-	-	-	-	-	1,252
Associates:										
- share of results (net of tax)[2]	9,576	-	11,672	18	-	3,303	-	(49,333)	(11,672)	(36,436)
- loss on dilution of equity interests	-	-	-	-	-	-	-	(402,988)	-	(402,988)
Impairment of PPE, net of reversal	-	1,560	-	(182)	-	-	-	-	-	1,378
Other non-cash income/(expenses)[3]	33,341	61,849	293,979	(71,455)	21,252	(902)	4,988	249,330	(3,941,724)	(3,349,342)
Taxation	(191,382)	36,660	(5,676)	(35,700)	(189,578)	(52,363)	(89,547)	11,030	(75,057)	(591,613)
Segment profit/(loss) for the financial period	527,122	(43,766)	148,141	186,248	548,664	197,039	181,071	(845,159)	(4,125,867)	(3,226,507)

[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 (-RM176.1 million) and M1 Limited (RM144.90 million).

[3] Included in other non-cash income/(expenses) is provision of loss on derecognition of Idea amounting to RM3,328.8 million, elimination of intra-group restructuring gain on a subsidiary recorded by respective segment of RM300.5 million and gains arising from partial disposal of a subsidiary of RM274.7 million.

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 RM4,383.1 million mainly for its telecommunication network equipment and capital work in progress.

11. Events after the Interim Period

(a) Voluntary liquidation and dissolution of subsidiaries of ADA Digital Singapore Pte Ltd ("ADAS")

On 31 October 2019, ADAS a subsidiary of the Group held via Axiata Digital Advertising Sdn Bhd, had commenced the voluntary liquidation and dissolution of its subsidiaries as follows:

(i) Adknowledge Asia Singapore Pte Ltd ("AAS") pursuant to the Singapore Companies Act Chapter 50. In relation thereto, Mr Don M Ho and Mr David Ho ("Liquidators") of M/s DHA+ pac of 63 Market Street #05-01A Bank of Singapore Centre, Singapore 048942 were appointed as Joint and Several Liquidators of AAS.

(ii) Adknowledge Asia Hong Kong Limited ("ADK HK") pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32). In relation thereto, Amy S P Ho and Caron M Y Lee, ("Liquidator") of Tricor Services Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong were appointed as the Liquidators for ADK HK.

(iii) Komli Asia Holdings Pte Ltd ("KAH") pursuant to the Singapore Companies Act Chapter 50. In relation thereto, Mr Don M Ho and Mr David Ho ("Liquidators") of M/s DHA+ pac of 63 Market Street #05-01A Bank of Singapore Centre, Singapore 048942 were appointed as Joint and Several Liquidators of KAH.

(iv) Komli Network Philippines Inc ("KNPI") pursuant to the Corporation Code of the Philippines R.A 112321. In relation thereto, Ninel Rubio Tayag, ("Liquidator") of Tayag and Associates Law Office of No. 118 Concha Cruz Drive, BF Homes Paranaque, Manila, Philippines was appointed as the Liquidator for KNPI.

("Voluntary Liquidation and Dissolution of Subsidiaries of ADAS")

The Voluntary Liquidation and Dissolution of Subsidiaries of ADAS are expected to be completed between six (6) to twenty-four (24) months from the date of appointment of the Liquidators.

11. Events after the Interim Period (continued)

(b) Partial disposal of equity stake in Vodafone Idea

The Group had via its wholly-owned subsidiary, Axiata Investments 2 (India) Limited made a partial disposal of its equity stake in Vodafone Idea as below. Accordingly, the Group's equity shareholding in Vodafone Idea has decreased from 2.48% to 1.62% following the completion of the transactions.

Date of transactions	Number of shares sold	Gross Proceeds	
		INR'000	RM'000
15 October 2019	19,443,184	120,855	7,120
16 October 2019	104,189,753	677,354	39,745
20 November 2019	123,632,936	883,587	51,135
Total	247,265,873	1,681,796	98,000

Other than as disclosed in Note 4(b) and 7(b), there was no other significant event after interim period that requires disclosure and/or adjustment as at 21 November 2019.

12. Effects of Changes in the Composition of the Group

(a) Incorporation of Apigate India Services Private Limited ("Apigate India")

Apigate Sdn Bhd, a wholly-owned subsidiary of ADS had on 5 February 2019 completed the incorporation of Apigate India, a private company limited by shares, under the Companies Act 2013.

Apigate India was incorporated with an issued and paid-up share capital of INR100,000. The intended principal activities of Apigate India are to carry out the Application Programming Interface business in the State of Maharashtra, India.

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

(b) Disposal of entire equity interest in M1 Limited ("M1")

On 15 February 2019, the Group via its wholly-owned subsidiary, Axiata Investments (Singapore) Limited accepted the Voluntary Conditional General Offer made by Konnectivity Pte. Ltd. in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers on 27 September 2018 to acquire entire equity interest in M1 comprising 265,410,150 ordinary shares at the offer price of SGD2.06 for a total consideration of RM1,649.3 million. The disposal was completed on 27 February 2019.

The impact of the disposal above is disclosed in Part A, Note 4(a) of this announcement.

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

(c) Incorporation of Smartluy Plc ("Smartluy")

Smart, had on 8 February 2019 completed the incorporation of Smartluy, a public limited company, under the laws of the Kingdom of Cambodia. Notification of completion of the incorporation process in accordance with the local laws was received on 27 February 2019.

The intended principal operating activity of SmartLuy is to conduct business in relation to payment services.

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

(d) Capital injection in ADS

Mitsui Co., Ltd. ("Mitsui") had on 5 April 2019 invested in ADS, for the subscription of 193,050 ordinary shares in ADS at a consideration of RM80.5 million or USD20.0 million representing 3.53% of total issued and paid-up share capital of ADS. Subsequent to the said investment, the shareholding of ADS is held by the Company and Mitsui at 96.47% and 3.53% respectively.

The Group recognised an increase in the consolidated retained earnings and non-controlling interest of RM67.3 million and RM13.2 million respectively.

(e) Voluntary Liquidation and Dissolution on Deexpand Company ("Deexpand")

Xpand Investments (Labuan) Limited, a wholly-owned subsidiary of Axiata Business Services Sdn Bhd, had on 7 May 2019 commenced the voluntary liquidation and dissolution of DeeXpand pursuant to the Thailand Civil and Commercial Code.

The voluntary liquidation and dissolution of DeeXpand is expected to be completed approximately between six (6) to twenty-four (24) months from the date of appointment of the Liquidator.

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

(f) Subscription of Shares in Mekong Tower Company Limited ("MTCL")

edotco Group Sdn Bhd ("edotco") via its wholly-owned subsidiary, edotco Investments (Labuan) Limited had on 21 June 2019 completed the subscription of 25,600 ordinary shares of Laotian Kip ("LAK") 500,000 each representing 80.00% of the enlarged issued and paid-up share capital of MTCL at a cash consideration of LAK12.8 billion (equivalent to RM6.7 million).

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

(g) Acquisition of equity interests in edotco Holdings (Labuan) Limited ("EHL")

edotco had on 21 June 2019 completed the acquisition of 437 ordinary shares representing 21.85% of the entire equity interests in EHL held by Southern Coast Ventures Inc. at a cash consideration of RM87.2 million or USD21.0 million. Effectively, EHL became a wholly-owned subsidiary of edotco.

The Group recognised a decrease of RM48.6 million in the consolidated retained earnings and non-controlling interest amounting to RM38.6 million accordingly.

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

(h) Establishment of Joint Venture

On 27 June 2019, PT XL Axiata Tbk ("XL") entered into an agreement with Princeton Digital Group (Indonesia Alpha) Pte. Limited ("PDG") in which PDG and XL agreed to establish a new company, transfer certain assets, sell subscription shares and partially leaseback such assets for a period of ten years and can be extended for the next five years. The new company was established under the name of PT Princeton Digital Group Data Centres ("PDGDC") based on Deed of Establishment No 13 dated 27 June 2019 as approved by the Minister of Justice of Republic Indonesia dated 1 July 2019.

The intended principal activity of PDGDC is to provide the information and communication service with the main business to develop hosting activities. Upon completion, PDG and XL will hold 70.00% and 30.00% of total PDGDC shares respectively.

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

(i) Members' Voluntary Winding-Up of PLDT Malaysia Sdn Bhd

PLDT Malaysia Sdn Bhd, a 49.00% associate of Celcom Axiata Berhad had, on 14 August 2019, commenced members' voluntary winding-up pursuant to Section 432(2)(a) of the Companies Act 2016.

Barring any unforeseen circumstances, the winding-up process is expected to be completed between 9 to 16 months from the date of commencement of winding-up.

The members' voluntary winding-up above did not have material impact to the Group during the current quarter and financial period to date.

Other than above and as disclosed in Part A, Note 4(b) of this announcement, there were no other changes in the composition of the Group for the financial period ended 30 September 2019.

13. Significant Changes in Contingent Assets or Contingent Liabilities

Other than as disclosed in Part B, Note 10 of this announcement, there has been no significant change in contingent assets or contingent liabilities of subsidiaries from that disclosed in the 2018 Audited Financial Statements.

14. Capital Commitments

	Group	
As at	**30/9/2019**	30/9/2018
	RM'000	RM'000
Commitments in respect of expenditure approved and contracted for	**2,584,614**	2,587,858

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
- Securities

The Group measured the financial instruments based on:

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

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

Derivatives Financial Instruments	**2019**				2018			
	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	37	-	-	37	41	-	-	41
Financial assets at AFS:								
- Equity securities	259,128	376,465	58	635,651	-	61,327	1,567,272	1,628,599
Non-hedging derivatives	-	8,343	-	8,343	-	223,383	-	223,383
Liabilities								
Non-hedging derivatives	-	-	-	-	-	(1,440,647)	-	(1,440,647)
Derivatives used for hedging	-	13,200	-	13,200	-	(235,736)	-	(235,736)
Total	**259,165**	**398,008**	**58**	**657,231**	41	(1,391,673)	1,567,272	175,640

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

1. Review of Performance

(a) Quarter-on-Quarter (Q3'19 vs Q3'18)

	Current Year Quarter	Preceding Year Corresponding Quarter	Variance	
	30/09/2019	30/09/2018		
	RM'million	RM'million	RM'million	%
Revenue	6,213.3	6,003.5	209.8	3.5
EBITDA	2,801.7	2,171.0	630.7	29.0
PAT[1]	247.6	185.5	62.1	33.5
PATAMI[2]	119.7	132.1	(12.4)	-9.4

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

Group Performance

For the financial period of quarter-on-quarter (Q3'19 vs Q3'18), Group revenue increased by 3.5% to RM6,213.3 million from better performance by all operating companies other than its mobile operations in Malaysia, Sri Lanka and Nepal. Group EBITDA increased 29.0% to RM2,801.7 million quarter-on-quarter. Excluding MFRS 16 impact and at constant currency of Q3'18, Group EBITDA grew 9.8% driven by revenue growth coupled with cost excellence programme.

PAT increased by 33.5% to RM247.6 million for the quarter driven by better top line despite being offset with higher depreciation and amortisation, finance cost and tax. PATAMI, however decreased by 9.4% to RM119.7 million.

Geographical Highlights

- **Malaysia**: Revenue dropped by 8.4% to RM1,661.1 million due to lower device sales and negative impact of the downward revision of domestic interconnect and domestic roaming rates. Despite decline in revenue, EBITDA grew by 31.2% to RM640.5 million (excluding MFRS 16 impact, EBITDA grew by 2.2%) and registered a strong EBITDA margin of 38.6% as a result of lower operating cost. PAT dropped by 2.2% to RM190.9 million mainly due to higher depreciation and amortisation, and finance cost.

- **Indonesia**: Revenue registered a solid growth of 16.7% to RM1,911.9 million on the back of strong data growth. EBITDA grew by 53.5% to RM967.3 million (excluding MFRS 16 impact and at constant currency of Q3'18, EBITDA grew by 20.9%) attributed to higher revenue despite being partly offset with higher operating cost. Despite top line being partly offset by higher depreciation and amortisation and tax, PAT for the quarter increased significantly to a net profit of RM67.4 million as opposed to net loss of RM18.6 million in Q3'18.

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

(a) Quarter-on-Quarter (Q3'19 vs Q3'18) (continued)

Geographical Highlights (continued)

- **Bangladesh**: Revenue grew by 10.1% to RM937.5 million. EBITDA improved significantly by 59.7% to RM347.6 million (excluding MFRS 16 impact and at constant currency of Q3'18, EBITDA grew by 54.9%) attributed to higher revenue coupled with lower operating expenses. However, PAT dropped 64.5% from RM235.6 million to RM83.7 million for the quarter mainly due to a one-off intragroup gain on disposal of an associate amounting to RM246.5 million recorded in Q3'18 which was eliminated at Group level and higher tax in Q3'19 as a result of change in tax law for minimum tax rate from 0.75% to 2.0% on revenue effective 1 Jan 2018.

- **Sri Lanka**: Revenue dropped by 4.1% to RM678.9 million due to unfavourable forex translation. At constant currency of Q3'19, the operating company registered a revenue growth of 2.9%. EBITDA dropped by 1.7% to RM278.4 million (excluding MFRS 16 impact and at constant currency of Q3'18, EBITDA marginally dropped by 0.8%). PAT declined by 20.8% to RM34.3 million as a result of lower EBITDA and higher depreciation and amortisation, finance cost, cushioned by lower foreign exchange loss.

- **Nepal**: Revenue dropped by 1.1% to RM491.8 million due to decline in almost all revenue segments, as impacted by the implementation of Telecommunication Services Charges in Nepal since July 2018. Consequently, EBITDA dropped by 7.9% to RM298.6 million. PAT decreased by 37.3% to RM113.2 million due to lower EBITDA, higher depreciation and amortisation and lower foreign exchange gain.

- **Cambodia**: Revenue registered a strong growth of 11.8% to RM336.5 million underpinned by data which continues to be the main growth driver. As a result, EBITDA grew by 29.0% to RM184.8 million (excluding MFRS 16 impact and at constant currency of Q3'18, EBITDA grew by 10.0%). PAT increased by 14.2% to RM83.5 million attributed to higher top line although this was partly offset by higher depreciation and amortisation, finance cost and tax.

- **Malaysia (Infrastructure)**: Revenue continued to register strong growth of 15.9% to RM466.4 million. EBITDA grew by 84.5% to RM359.9 million (excluding MFRS 16 impact and at constant currency of Q3'18, EBITDA grew by 24.5%) contributed from higher revenue offset by higher operating cost. PAT increased by 24.4% to RM103.2 million despite being partly offset by higher depreciation and amortisation, finance cost and tax.

1. Review of Performance (continued)

(b) Year-on-Year (YTD'19 vs YTD'18)

	Current Year To Date	Preceding Year Corresponding Period	Variance	
	30/09/2019	30/09/2018		
	RM'million	RM'million	RM'million	%
Revenue	18,316.3	17,618.8	697.5	4.0
EBITDA	7,894.0	6,250.6	1,643.4	26.3
PAT	1,318.8	(3,226.5)	4,545.3	> 100
PATAMI	1,032.8	(3,372.6)	4,405.4	> 100

Group Performance

Compared to the corresponding period in the preceding year, Group revenue grew 4.0% to RM18,316.3 million on the back of strong growth of data revenue. EBITDA grew 26.3% to RM7,894.0 million. At constant currency of YTD'18 and excluding MFRS 16 impact, Group EBITDA registered a strong growth of 10.3% as a result of improved performance by all operating companies except in Nepal.

PAT and PATAMI increased from a loss position to a profit of RM1,318.8 million and RM1,032.8 million respectively driven by better underlying performance, foreign exchange gain, discontinuation of losses related to its investment in India, gain on disposal of non-strategic investments and gain on disposal of rights of investment in India, partly offset with higher tax.

Geographical Highlights

- **Malaysia**: Revenue dropped by 8.0% to RM4,988.4 million due to lower device sales and lower interconnect revenue as a result of negative impact from the downward revision of domestic interconnect and domestic roaming rates. Despite lower revenue, EBITDA increased 33.4% to RM1,921.0 million (excluding MFRS 16 impact, EBITDA grew by 3.9%) attributed to lower operating expenses. PAT increased 2.9% to RM542.4 million.

- **Indonesia**: Revenue grew by 13.9% to RM5,466.4 million underpinned by strong data growth. EBITDA increased by 48.5% to RM2,738.4 million (excluding MFRS 16 impact and at constant currency of Q3'18, EBITDA grew by 17.3%) flowing from higher revenue. With higher top line, PAT returned to the black at RM107.2 million as opposed to net loss of RM43.8 million in YTD'18.

1. Review of Performance (continued)

(b) Year-on-Year (YTD'19 vs YTD'18) (continued)

Geographical Highlights (continued)

- **Bangladesh**: Revenue registered a strong growth of 14.4% to RM2,744.3 million contributed by growth in all segments. EBITDA doubled up from RM547.6 million to RM1,111.1 million (excluding MFRS 16 impact and at constant currency of Q3'18, EBITDA grew by 65.7%) mainly flowing from higher revenue. PAT, however dropped by 62.3% to RM55.9 million due to a one-off intragroup gain on disposal of an associate amounting to RM246.5 million recorded in YTD'18 which was eliminated at Group level. Excluding the one-off, the operating company's net profit increased significantly year-on-year driven by higher top line which was also partly offset by higher depreciation and amortisation, and tax as a result of change in tax law for minimum tax rate from 0.75% to 2.0%.

- **Sri Lanka**: Revenue declined by 0.5% to RM2,026.1 million due to unfavourable forex translation. At constant currency of YTD'18, the operating company registered a decent revenue growth of 8.1%. EBITDA grew 0.8% to RM814.6 million (excluding MFRS 16 impact and at constant currency of Q3'18, EBITDA grew by 3.3%). PAT increased by 3.6% to RM192.9 million due to foreign exchange gain, despite being partly being offset with higher depreciation and amortisation and finance cost.

- **Nepal**: Revenue declined by 5.7% to RM1,510.4 million mainly due to decline in voice and data as impacted by the implementation of Telecommunication Services Charges in Nepal since July 2018. Flowing through, EBITDA dropped 10.6% to RM908.4 million (excluding MFRS 16 impact and at constant currency of Q3'18, EBITDA dropped by 11.4%). PAT decreased by 19.4% to RM442.4 million due to lower top line and lower foreign exchange gain cushioned by lower depreciation and amortisation.

- **Cambodia**: Revenue grew by 15.5% to RM967.6 million underpinned by strong data revenue growth. EBITDA grew by 32.0% to RM515.1 million (excluding MFRS 16 impact and at constant currency of Q3'18, EBITDA grew by 14.5%) attributed to higher revenue partly offset with higher operating expenses. PAT grew 14.2% to RM225.0 million driven by higher top line partly being offset with higher depreciation and amortisation, finance cost and tax expense.

- **Malaysia (Infrastructure)**: Revenue grew by 19.2% to RM1,341.4 million year-on-year. EBITDA grew by 62.2% to RM836.0 million (excluding MFRS 16 impact and at constant currency of Q3'18, EBITDA grew 25.9%). With higher top line partly being offset with higher depreciation and amortisation, finance cost and tax, PAT grew 9.2% year-on-year to RM197.7 million.

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

(c) Comparison with Preceding Quarter's Result (Q3'19 vs Q2'19)

	Current Quarter	Immediate Preceding Quarter	Variance	
	30/09/2019	30/06/2019		
	RM'million	RM'million	RM'million	%
Revenue	6,213.3	6,153.6	59.7	1.0
EBITDA	2,801.7	2,670.5	131.2	4.9
PAT	247.6	287.5	(39.9)	-13.9
PATAMI	119.7	204.1	(84.4)	-41.3

Group Performance

Compared to the preceding quarter (Q3'19 vs Q2'19), Group revenue grew by 1.0% to RM6,213.3 million mainly driven by mobile operating companies in Indonesia, Bangladesh and Cambodia. EBITDA grew by 4.9% to RM2,801.7 million for the quarter as a result of higher revenue coupled with continued cost excellence programme.

Despite recording a higher top line, the Group's PAT and PATAMI dropped by 13.9% and 41.3% to RM247.6 million and RM119.7 million respectively mainly due to higher depreciation and amortisation, and a decrease in other income as Q2'19 recorded gain on disposal of rights of investment in India of RM96.1 million.

Geographical Highlights

- **Malaysia**: Revenue for the quarter remained relatively flat at RM1,661.1 million. EBITDA decreased by 9.8% to RM640.5 million. PAT decreased by 12.5% to RM190.9 million against previous quarter of RM218.2 million due to lower EBITDA cushioned by lower tax.

- **Indonesia**: Revenue grew by 4.8% to RM1,911.9 million. EBITDA increased by 2.8% to RM967.3 million (excluding MFRS 16 impact and at constant currency of Q2'19, EBITDA increased 4.8%). PAT increased by 56.8% to RM67.4 million. Excluding MFRS 16 impact and at constant currency of Q2'19, the operating company registered a decline in PAT by 4.4% due to higher depreciation and amortisation offsetting better top line performance.

- **Bangladesh**: Revenue registered a decent growth of 2.5% to RM937.5 million. EBITDA dropped by 16.2% to RM347.6 million due to adjustment made as a result of reassessment to account for lease and non-lease components in its lease contracts under MFRS 16. Excluding MFRS 16 impact and at constant currency of Q2'19, EBITDA grew by 9.3% driven by higher revenue coupled with lower operating cost. PAT returned to the black at RM83.7 million as opposed to net loss of RM15.8 million in the previous quarter as previous quarter include the cumulative impact of change in tax law for minimum tax rate from 0.75% to 2.0% on revenue effective 1 January 2018.

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

(c) Comparison with Preceding Quarter's Result (Q3'19 vs Q2'19) (continued)

Geographical Highlights (continued)

- **Sri Lanka**: Revenue dropped by 1.1% to RM678.9 million. EBITDA, however increased 6.4% to RM278.4 million attributed to lower operating cost. Despite higher EBITDA, PAT dropped by 28.3% to RM34.3 million for the quarter due to higher foreign exchange loss and depreciation and amortisation.

- **Nepal**: Revenue dropped by 5.6% to RM491.8 million due to decline in almost all revenue streams. EBITDA grew by 1.3% to RM298.6 million as a result of lower operating cost. PAT decreased by 26.5% to RM113.2 million mainly due to higher depreciation and amortisation.

- **Cambodia**: Revenue increased by 3.1% to RM336.5 million driven by data revenue growth. Flowing through, EBITDA and PAT grew 8.1% and 13.1% to RM184.8 million and RM83.5 million respectively.

- **Malaysia (Infrastructure)**: Revenue grew by 6.9% to RM466.4 million. EBITDA grew by 45.6% to RM359.9 million (excluding MFRS 16 impact and at constant currency of Q2'19, EBITDA grew by 13.5%) attributed to higher revenue. PAT for the quarter grew significantly to RM103.2 million as compared to the previous quarter of RM47.8 million driven by higher EBITDA despite being partly offset with higher depreciation and amortisation.

1. Review of Performance (continued)

(d) Economic Profit ("EP") Statement

	3rd Quarter Ended		Financial Period Ended	
	30/9/2019	30/9/2018	**30/9/2019**	30/9/2018
	RM'000	RM'000	**RM'000**	RM'000
EBIT	955,633	659,570	2,698,124	1,856,900
Adjusted Tax 24%	(208,423)	(158,297)	(647,550)	(445,656)
Share of result and loss on dilution in associates and joint ventures	778	4,151	(3,474)	(80,568)
NOPLAT	747,988	505,424	2,047,100	1,330,676
AIC	40,256,713	40,545,807	40,256,713	40,545,807
WACC	8.21%	8.59%	8.21%	8.59%
Economic Charge (AIC*WACC)	826,269	870,721	2,478,807	2,612,164
Economic Profit	**(78,281)**	(365,297)	**(431,707)**	(1,281,488)

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

The Group recorded a lower WACC during the current quarter and financial period to date mainly resulted from higher debt, post adoption of MFRS 16.

Note:

EBIT = Earnings Before Interest and Tax
NOPLAT = Net Operating Profit/Loss After Tax
AIC = Average Invested Capital, consist of average operating capital, average net PPE, and average net other operating assets
WACC = Weighted Average Cost of Capital is calculated as weighted average cost of debt and equity taking into account proportion of debt position and market capitalisation at end of the period

2. **Headline Key Performance Indicators ("KPIs") for the financial year ending 31 December 2019**

On 22 February 2019, the Group announced its Headline KPIs guidance for the financial year ending 31 December 2019. The Group's 2019 Headline KPIs announced were as below:

Headline KPIs	**FY2019** **Headline KPIs** **Pre MFRS16 @ Constant rate**
Revenue Growth	3 - 4%
EBITDA Growth	5 - 8%
Return on Invested Capital ("ROIC")	5.2 – 5.6%

Note: Constant rate is based on the FY18 Average Forex Rate (e.g. 1 USD = RM4.034)
ROIC is defined as EBIT - tax + Share of Assoc / Average Invested Capital (excluding cash)

The Group continued to post strong operational performance in the first nine months of financial year ending 31 December 2019. EBITDA grew double-digit, ahead of revenue growth as cost excellence programme produced tangible results. Bottomline was lifted by one-off gain on disposal of associate M1, divestment of non-core digital businesses and disposal of rights of investment in India.

Amidst a challenging Malaysian market, Celcom delivers strong growth for profits and cashflow. XL in Indonesia saw sustained strong performance from consistent execution of its data-led strategy. Dialog in Sri Lanka, Robi in Bangladesh, and Smart in Cambodia continued to deliver solid performance. Ncell in Nepal impacted by intense competition from Internet Service Providers (ISPs) and International Long Distance revenue pressures, with the latter coming in-line with expectations.

Based on performance of the Group to date, barring any unforeseen circumstances, regulatory and external disruptions, the Board of Directors expect the Group's performance for the financial year ending 31 December 2019 likely to exceed Headline KPIs for EBITDA growth and ROIC.

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 2019.

4. Disaggregation of revenue

	3rd Quarter Ended		Financial Period Ended	
	30/9/2019	30/9/2018	**30/9/2019**	30/9/2018
	RM'000	RM'000	**RM'000**	RM'000
Goods or services transferred:				
-at a point in time	125,287	289,197	443,431	813,723
-over time	5,785,774	5,447,252	17,000,685	16,043,746
Lease and services of passive infrastructure	302,193	267,023	872,189	761,317
	6,213,254	6,003,472	**18,316,305**	17,618,786

5. Taxation

The taxation charge for the Group comprises:

	3rd Quarter Ended		Financial Period Ended	
	30/9/2019	30/9/2018	**30/9/2019**	30/9/2018
	RM'000	RM'000	**RM'000**	RM'000
Income tax	231,700	235,346	740,979	642,692
Deferred tax	54,220	(39,242)	87,991	(51,079)
Total taxation	**285,920**	196,104	**828,970**	591,613

The current quarter and financial period to date's effective tax rate of the Group is higher than the statutory tax rate is mainly due to non-deductible expenses and change in tax law for minimum tax rate on revenue in Bangladesh from 0.75% to 2.0% announced in July 2019, effective from 1 January 2018.

6. Status of Corporate Proposals

There is no other corporate proposal announced but not completed as at 21 November 2019.

7. Group's Borrowings and Debt Securities

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

	2019		2018	
	Current	**Non-current**	Current	Non-current
	RM'000	**RM'000**	RM'000	RM'000
Secured	96,682	1,156,865	667,139	333,643
Unsecured	3,973,172	12,010,128	4,299,363	14,169,732
Total	**4,069,854**	**13,166,993**	4,966,502	14,503,375

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

Foreign Currencies	**2019**	2018
	RM'000	RM'000
USD	7,133,581	9,893,546
IDR	4,077,436	2,964,904
BDT	789,546	1,166,930
SLR	397,979	392,201
Others	104,498	41,497
Total	**12,503,040**	14,459,078

8. Outstanding derivatives

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

Type of derivatives financial instruments	2019 Notional value	2019 Fair value favourable/ (unfavourable)	2018 Notional value	2018 Fair value favourable/ (unfavourable)
	RM'000	**RM'000**	RM'000	RM'000
Cross currency interest rate swaps:				
- < 1 year		(8,308)	-	(11,886)
- 1 - 3 years	1,193,580	33,471	2,419,853	(46,221)
- > 3 years	2,094,000	(11,963)	1,257,496	(177,630)
Interest rate swaps contracts:				
- < 1 year	-	-	-	-
Call spread contracts:				
- < 1 year	-	-	1,240,950	215,042
Put option liabilities over shares held by a non-controlling interests:				
- < 1 year	(146,580)	(146,580)	(144,778)	(144,778)
- 1 - 3 years	(1,619,975)	(1,619,975)	(1,295,870)	(1,295,870)
Convertible warrants in an associate:				
- < 1 years	-	-	19,251	8,343
- 1 - 3 years	19,251	8,343	-	-
Total		**(1,745,012)**		(1,453,000)

(b) The risks associated with the derivative financial instrument and the policies in place for mitigating such risks were disclosed in 2018 Audited Financial Statements.

9. Fair value changes of financial liabilities

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

	3rd Quarter Ended		Financial Period Ended	
	30/9/2019	30/9/2018	**30/9/2019**	30/9/2018
	RM'000	RM'000	**RM'000**	RM'000
Total net losses	**-**	(13,822)	**(4,601)**	(40,586)

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")

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").

Aras Capital was wound up by order of Court on 27 May 2005 vide Kuala Lumpur High Court Winding Up Petition No: D7-28-145-2005. In view of the winding up order against Aras Capital, Celcom Trading decided to pursue the matter only against TSDTR. On 13 May 2005, TSDTR filed his 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 RM0.1 million after full trial ("Judgment").

TSDTR appeals to the Court of Appeal and thereafter leave to appeal to the Federal Court against the Judgment were dismissed. With the dismissal, TSDTR has no other avenue to appeal further and the case is concluded.

On 8 May 2018, a Receiving Order and Adjudication Order ("ROAO") was obtained against TSDTR which adjudged him as a bankrupt in the execution proceedings against him. Following the ROAO, a proof of debt for TSDTR was filed on 25 July 2018.

On 8 November 2018, a new proof of debt was filed in relation to the Main Suit 1 amounting to RM322.9 million. TSDTR's assets and affairs now vests in the Director General of Insolvency (DGI). The DGI is now addressing the outstanding debts and will follow through the necessary process in realizing his assets towards repayment of the outstanding debts. To-date, the outstanding debts to Celcom Trading remain unpaid.

10. Material Litigation (continued)

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

(b) Celcom & 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) are collectively referred to as the "German Directors"), as well as (vi) DeTeAsia Holding GmbH ("DeTeAsia") and (vii) Beringin Murni Sdn. Bhd. (collectively with the German Directors referred to as "Defendants").

Celcom and Celcom Resources are seeking for damages for conspiracy against the Defendants. Celcom and Celcom Resources claim that the Defendants wrongfully and unlawfully conspired with each other to injure Celcom and Celcom Resources by causing and/or committing Celcom and Celcom Resources to enter into the Supplemental Agreement to the Subscription Agreement and the Management Agreement dated 7 February 2002 ("the 2002 Supplemental Agreement") and the Amended and Restated Supplemental Agreement dated 4 April 2002 with DeTeAsia ("the ARSA") in consideration for the renunciation by DeTeAsia of certain rights issue shares in Celcom Resources in favour of TSDTR and BR ("Main Suit 2").

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 against Celcom, Celcom Resources and Telekom Malaysia Berhad ("TM") for amongst others, RM6.2 billion or the alternative sum of RM7.2 billion pursuant to a global settlement in another suit ("TSDTR and BR's Counterclaim for Main Suit 2"). The German Directors filed their respective defence on 30 June 2016.

TM filed an application to intervene in the Main Suit 2 ("TM Intervening Application") in light of the allegations made against TM in TSDTR and BR's Counterclaim for Main Suit 2.

The trial and TSDTR and BR's Counterclaim for Main Suit 2 commenced on 22 January 2018 and the Plaintiff's case was closed on 21 November 2018. The First and Second Defendants had commenced their case on 28 November 2018.

10. Material Litigation (continued)

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

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

In view of the ROAO obtained against TSDTR and BR in execution of the judgment obtained in another suit, hearing of the trial in Main Suit 3 was adjourned pending Celcom and Celcom Resources application for leave to continue action against TSDTR and BR ("Leave") and filing of application for sanction by TSDTR and BR to defend the case and continue with the TSDTR and BR's Counterclaim for Main Suit 2 ("Sanction"). To date, the Leave and Sanction were granted and obtained by the respective parties. The Court has fixed the following dates for continued trial:

November 2019	: 18, 20, 21, 27-29
December 2019	: 4-6, 12 and 13
January 2020	: 6-10

(c) Celcom & Another vs TSDTR & 8 Others

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

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

In addition, Celcom and Celcom Resources have also made a claim against TSDTR only, for return of the alleged unauthorised profits made by him, all monies received by the directors arising out of such breaches, losses and damages in connection with the abovementioned agreements ("Main Suit 3").

10. Material Litigation (continued)

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

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

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

(a) A declaration that the Defendants have acted in breach of their fiduciary duties and are liable to indemnify Celcom in relation to the sums paid out to DeTeAsia pursuant to the Award where the ICC found Celcom to be liable for the following:
   i. The sum of USD177.2 million (RM742.3 million) being the principal sum plus USD16.3 million (RM68.1 million) representing interest at the rate of 8% for the period from 16.10.2002 to 27.6.2003;
   ii. The cost of arbitration amounting to USD0.8 million (RM3.4 million); and
   iii. The sum of USD1.8 million (RM7.5 million) representing the legal costs.

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

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

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

On 23 June 2016, TSDTR and BR filed statement of defence (“Defence for Main Suit 3”) and counterclaim against Celcom and Celcom Resources for amongst others, RM6.2 billion or the alternative sum of RM7.2 billion pursuant to a global settlement in another suit (“TSDTR and BR’s Counterclaim for Main Suit 3”). The German Directors filed their respective defence on 30 June 2016. The trial and TSDTR and BR’s Counterclaim for Main Suit 3 commenced on 22 January 2018. The Plaintiffs’ case was closed on 21 November 2018 and the First and Second Defendants commenced their case on 28 November 2018.

In view of the ROAO obtained against TSDTR and BR in execution of the judgment obtained in another suit, hearing of the trial in Main Suit 3 was adjourned pending Celcom and Celcom Resources application for leave to continue action against TSDTR and BR (“Leave”) and filing of application for sanction by TSDTR and BR to defend the case and continue with the TSDTR and BR’s Counterclaim for Main Suit 3 (“Sanction”). To date, the Leave and Sanction were granted and obtained by the respective parties. The Court has fixed the following dates for continued trial:

November 2019	: 18, 20, 21, 27-29
December 2019	: 4-6, 12 and 13
January 2020	: 6-10

10. Material Litigation (continued)

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

(d) Robi Axiata Limited ("Robi") vs Commissioner of Large Taxpayer Unit ("LTU-VAT"), Robi vs Customs, Excise & VAT Appellate Tribunal (Robi SIM Replacement Dispute 2007 to 2011)

On 17 May 2015, the LTU-VAT of the National Board of Revenue of Bangladesh ("NBR") issued a revised demand letter for BDT4.1 billion (RM205.3 million) [from the earlier demand letter dated 23 February 2012 for BDT6.5 billion (RM324.5 million)] (("2007 to 2011 Revised Claim") to Robi alleging that Robi had evaded payment of supplementary duty and VAT levied on the issuance of a certain number of SIM cards to new customers of Robi during the years 2007 to 2011 when such SIM cards were issued as replacement cards to existing subscribers of Robi.

In August 2015, Robi filed an appeal against the 2007 to 2011 Revised Claim to the Customs, Excise and VAT Appellate Tribunal. This appeal was first heard on 28 September 2016 by the Customs, Excise and VAT Appellate Tribunal and later reheard on 11 April 2017 by a reconstituted bench of the Customs, Excise and VAT Appellate Tribunal. The Customs, Excise and VAT Appellate Tribunal dismissed Robi's appeal.

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

(e) Robi vs LTU-VAT, Robi vs Customs, Excise & VAT Appellate Tribunal (Robi SIM Replacement Dispute July 2012 to July 2015)

On 20 November 2017, the LTU-VAT of the National Board of Revenue of Bangladesh ("NBR") issued a demand letter for BDT2.9 billion (RM141.3 million) ("2012 to 2015 Claim") to Robi alleging that Robi had evaded payment of supplementary duty and VAT levied on the issuance of certain number of SIM cards to new customers of Robi for the duration from July 2012 to June 2015 when such SIM cards were issued as replacement cards to existing subscribers of Robi.

On 18 February 2018, Robi filed an appeal against the 2012 to 2015 Claim to the Customs, Excise and VAT Appellate Tribunal on the basis that replacement cards do not establish new connections and do not change existing subscribers' numbers. The appeal is still pending for hearing before the Customs, Excise and VAT Appellate Tribunal.

10. Material Litigation (continued)

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

(f) Robi vs National Board of Revenue of Bangladesh (“NBR”) (Judicial Review against NBR’s demand amounting to BDT9.2 billion (RM458.0 million) on 3 May 2018)

NBR issued 5 show cause cum demand notices to Robi. Robi filed writ petitions on 3 May 2018 to challenge these claims. The details are as below. The NBR referred the matter to the Directorate General of Audit Intelligence and Investigation to re-examine the claims and as such, Robi is not pursuing the writ petitions.

(i) The 1st show-cause cum demand notice for BDT7.1 billion (RM352.6 million) was issued based on the credit balance of VAT payable GL (General Ledger) and VAT Return and VAT payable for the period from 2013 to 2016. While conducting its audit, NBR asked for month on month movement of output and withholding GL from Systems, Applications and Products i.e., SAP (Opening, debit balance during the month, credit balance during the month and closing balance). Robi had submitted the required documents. The NBR just considered the total credit balance of SAP GL as payable and compared it with VAT return without considering the documents or explanation submitted by Robi. The solicitors are of the opinion that the claims of NBR is without basis.

(ii) The 2nd show-cause cum demand notice for BDT910.5 million (RM45.1 million) alleges unpaid VAT on merger and spectrum fee. NBR has collected merger fee/spectrum information from BTRC in relation to merger directly, thereafter arbitrarily calculated VAT without considering Robi’s documents and information regarding actual payment to BTRC. This issue has already been covered in item (i) nevertheless NBR still arbitrarily made the same claim separately.

(iii) The 3rd show-cause cum demand notice for BDT16.5 million (RM0.8 million) is to claim that VAT is payable on Interconnection charge from Bangladesh Telecommunications Limited (BTCL) for 2012. The output VAT for BTCL service to customer is centrally collected by NBR and that BTCL cannot adjust input VAT on interconnection charge payable to Robi/Multinational Organizations (MNOs). Therefore, BTCL does not pay the VAT on same to Robi/MNOs. BTCL & MNOs are pursuing to NBR for resolving the issue but the issue is still long pending. This issue has already been covered in item (i) nonetheless NBR still arbitrarily made the same claim separately.

(iv) The 4th show-cause cum demand notice for BDT35.7 million (RM1.8 million) is to claim that VAT is payable on Interconnection charge from BTCL for 2013 to 2016 - Issue is same as item (iii) above but relating to different period (2013-2016).

(v) The 5th show-cause cum demand notice for BDT1.2 billion (RM57.7 million) is for VAT Rebate cancellation on imported telecom items. NBR directly collected imports information from Customs Authority, then cancelled few imported items such as battery, switch, cable, router, system, etc. on arbitrary basis. These are the integral parts of machineries and spare parts.

Re-examination of the claims by Directorate General of Audit Intelligence and Investigation are still ongoing.

10. Material Litigation (continued)

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

(g) Robi vs Bangladesh Telecommunication Regulatory Commission ("BTRC")

The BTRC conducted an information system audit claim on Robi for the years 1997 to 2014 and made a claim of BDT8.7 billion (RM429.6 million) against Robi on 31 July 2018 ("Information System Audit Claim"). This Information System Audit Claim is disputed by Robi and a Notice of Arbitration was served on BTRC on 20 May 2019.

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

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

The abovementioned application for ad interim relief was dismissed on 1 September 2019 by the Joint District Judge, Dhaka. Robi preferred an appeal before the High Court Division in respect of the rejection of temporary injunction application on 5 September 2019. On 25 November 2019, the appeal was heard. High Court Division directed the government and the BTRC to explain why the telecom regulatory authority should not be restrained from taking any action for realising the dues during the pendency of hearing on the matter and fixed 1 December 2019 for further order.

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

On 20 November 2001, DBN initiated a claim against Electroteks for LKR68.8 million (RM1.6 million) to recover an outstanding amount due for the provision of telecommunication facilities. This claim has concluded and is currently at execution stage.

On 30 May 2002, Electroteks filed a counterclaim for LKR4.2 billion (RM96.6 million) together with the interest thereon and it was allowed by the court ("Counterclaim Judgment"). DBN filed an appeal against the Counterclaim Judgment to the Supreme Court of Sri Lanka.

Pending disposal of the aforesaid appeal, Dialog Axiata Plc., the holding company of DBN, has provided a bank guarantee for LKR1.0 billion (RM23.0 million) and a corporate guarantee for LKR3.2 billion (RM73.6 million) to stay execution of the Counterclaim Judgment.

10. Material Litigation (continued)

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

(h) Dialog Broadband Networks (Private) Limited (Amalgamated with Suntel Limited) ("DBN") vs Electroteks Network Services (Private) Limited ("Electroteks") (continued)

Parties filed written submissions on 30 November 2016. The Judgment was delivered by the Supreme Court on 14 December 2018 allowing the appeal of DBN and setting aside the Judgment of the Commercial High Court. Principal sum with the legal interest as at 14 December 2018 is LKR11.6 billion (RM267.0 million).

Electroteks has filed a revision application in the Supreme Court under Case Number SC/MISC 03/2019 against the Judgment delivered by the Supreme Court and the matter came up for support on 17 May 2019. On that date the Presiding Judge of the Supreme Court bench referred the matter to be mentioned on 12 June 2019 before a bench comprising the judges who delivered the Judgment. However, when the matter came up on 12 June 2019 no direction was made by the Supreme Court. DBN is yet to be informed of the final stance of the Supreme Court regarding the revision application.

A motion has been filed in the Commercial High Court to obtain release of the Bank Guarantee and the Corporate Guarantee. Objections were filed by Electroteks Network Services (Private) Limited to the Motion filed by the DBN. DBN filed its Counter Objections on 4 April 2019.

Parties filed written submissions on 24 May 2019.

Matter is currently fixed for Order on 17 February 2020.

(i) Writ petition filed by 6 individuals against Ncell Private Limited, Reynolds Holdings Limited, Axiata Investments (UK) Limited, Large Tax Payers' Office, Inland Revenue Department, Nepal Rastra Bank, Department of Industry, Industry and Investment Promotion Board, Nepal Telecommunications Authority, Sunivera Capital Ventures Pvt. Ltd. and the Office of Company Registrar

A public interest litigation ("PIL") was filed at the Supreme Court of Nepal ("SC") seeking various orders from the SC including that tax to be collected from Ncell Private Limited ("Ncell") and Axiata Investments UK Limited ("Axiata UK") in relation to the indirect transfer to Axiata UK of an 80% stake in Ncell through the sale of Reynolds Holdings Limited ("Reynolds") by Ncell's previous foreign investor, TeliaSonera Norway Nepal Holdings AS ("TeliaSonera") to Axiata UK ("Transaction").

The Supreme Court issued its full written order on 9 April 2019 ("Order") in relation to its oral order dated 6 February 2019 that the Large Taxpayers Office ("LTPO") should determine the outstanding tax to be paid in relation to the Transaction within three months from the date of receipt of the Order by the LTPO and that the responsibility to pay tax lies with Ncell and Axiata Group Berhad, the latter who is not a party to the PIL. The SC also indicated that distribution of dividends and any sale of Ncell shares by anyone should not be granted until the tax obligation is satisfied.

10. Material Litigation (continued)

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

(i) Writ petition filed by 6 individuals against Ncell Private Limited, Reynolds Holdings Limited, Axiata Investments (UK) Limited, Large Tax Payers' Office, Inland Revenue Department, Nepal Rastra Bank, Department of Industry, Industry and Investment Promotion Board, Nepal Telecommunications Authority, Sunivera Capital Ventures Pvt. Ltd. and the Office of Company Registrar (continued)

Ncell received a letter issued by the LTPO on 16 April 2019 stating that its assessment order in relation to the Transaction initially issued to TeliaSonera ("Telia Assessment") is now transferred to Ncell and that the further balance amount of the Capital Gains Tax ("CGT") arising from the Transaction is NPR39.1 billion (RM1.4 billion). Ncell is ordered to deposit the said amount within 7 days, or by 22 April 2019 ("LTPO Direction")

Ncell had on 21 April 2019 filed a Writ Petition for Certiorari, Prohibition and Mandamus to the SC against the LTPO, Inland Revenue Department of Nepal and the Ministry of Finance of Nepal ("Ncell Application") for an annulment of the LTPO Direction and to challenge the legality of the LTPO Direction on grounds, including but is not limited to: (a) that the LTPO Direction in transferring the Telia Assessment unto Ncell is not incompliance with the procedures as required under the Income Tax Act, 2058 (2002) ("ITA"); (b) that the LTPO is obliged to undertake a tax assessment on Ncell and not, as demanded in the LTPO Direction, merely a tax collection; (c) that in issuing the LTPO Direction, the LTPO has (i) failed in providing or affording Ncell the opportunity in making any submission or representation in relation to the imposed tax liability; and (ii) failed in providing Ncell with the option to file or submit an application for administrative review over the LTPO Direction.

Following the Ncell Application, the SC on 25 April 2019 issued a show cause order against the LTPO, Inland Revenue Department of Nepal and the Ministry of Finance of Nepal (collectively, the "Respondents") to appear before a Division Bench on 6 May 2019 ("Hearing Date") and that a temporary stay order is granted until the Hearing Date, in the period of which the Respondents are refrained from taking any steps against Ncell.

The Division Bench on 7 May 2019 ordered that a full bench of the SC to be convened to hear and decide on the Ncell Application and that the temporary stay order granted on 25 April 2019 be continued, in the period of which the Respondents are refrained from taking any steps against Ncell. Hearing of the Ncell Application before a full bench of the SC was concluded on 7 July 2019.

On 26 August 2019, the SC issued a short-form judgment on the Ncell Application ("Short Form Order") in which the SC partially upheld the Ncell Application. The full written judgment of the SC's decision was issued on 21 November 2019 ("SC Judgment"). The SC Judgment states that the prior tax amount assessed by the LTPO is to be reduced to the extent of fees purportedly levied under section 120(a) of the Nepalese Income Tax Act which were found to be unlawful. The SC has held that Ncell remains liable to pay NPR21.1 billion (RM780.6 million) in allegedly outstanding CGT (including fees pursuant to sections 117(1)(a) and (c) and interest pursuant to sections 118 and 119 until the date of deposit) in relation to the Transaction.

Ncell and Axiata UK have commenced arbitration proceedings as detailed in item (j) below.

10. Material Litigation (continued)

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

(j) Axiata Investments (UK) Limited and Ncell Private Limited v. Federal Democratic Republic of Nepal

Axiata Investments (UK) Limited ("Axiata UK") and Ncell Private Limited ("Ncell"), a wholly owned subsidiary and indirect 80% owned subsidiary of Axiata Group Berhad respectively, have filed a Request for Arbitration ("Request") with the International Centre for the Settlement of Investment Disputes ("ICSID") pursuant to the Agreement dated 2 March 1993 between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Nepal for the Promotion and Protection of Investments ("Bilateral Investment Treaty"). The Government of Nepal was notified of the Request on 26 April 2019.

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

Pursuant to the rules, Axiata UK and Ncell appointed Albert Jan van den Berg (Dutch) on 23 July 2019 as their chosen arbitrator.

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

	3rd Quarter Ended		Financial Period Ended	
	30/9/2019	30/9/2018	**30/9/2019**	30/9/2018
Profit/(Loss) attributable to owners of the Company (RM'000)	119,702	132,065	1,032,849	(3,372,650)
Adjusted weighted average number of ordinary shares ('000) in issue	9,128,656	9,065,579	9,100,894	9,054,601
Basic EPS (sen)	**1.3**	1.5	**11.3**	(37.2)

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.

	3rd Quarter Ended		Financial Period Ended	
	30/9/2019	30/9/2018	**30/9/2019**	30/9/2018
Profit/(Loss) attributable to owners of the Company (RM'000)	119,702	132,065	1,032,849	(3,372,650)
Weighted average number of ordinary shares in issue ('000)	9,128,656	9,065,579	9,100,894	9,054,601
Adjusted for share-based payment ('000)	14,733	29,865	10,788	31,718
Weighted average number of ordinary shares for the purpose of computing diluted EPS ('000)	9,143,389	9,095,444	9,111,682	9,086,319
Diluted EPS (sen)	**1.3**	1.5	**11.3**	(37.1)

14. Qualification of Preceding Audited Financial Statements

The 2018 Audited Financial Statements were not subject to any qualification.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
28 November 2019