



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

The Board of Directors of Axiata Group Berhad is pleased to announce the following unaudited interim results of the Group for the financial period ended 30 June 2022.

<b>UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>				
	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Financial Period Ended</b>	
	<b><u>30/6/2022</u></b>	<b><u>30/6/2021</u></b>	<b><u>30/6/2022</u></b>	<b><u>30/6/2021</u></b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	<b>6,704,257</b>	6,390,064	<b>13,174,208</b>	12,454,083
Operating costs				
- depreciation, impairment and amortisation	<b>(1,879,377)</b>	(1,903,392)	<b>(3,739,920)</b>	(3,878,365)
- foreign exchange (losses)/gains	<b>(175,399)</b>	11	<b>(416,626)</b>	72,210
- domestic interconnect, international outpayment and other direct costs	<b>(538,513)</b>	(528,876)	<b>(1,063,882)</b>	(946,050)
- marketing, advertising and promotion	<b>(534,164)</b>	(567,573)	<b>(1,071,512)</b>	(1,050,329)
- other operating costs	<b>(2,089,265)</b>	(1,930,334)	<b>(4,072,778)</b>	(3,854,665)
- staff costs	<b>(543,211)</b>	(520,293)	<b>(1,042,660)</b>	(1,039,958)
- reversal/(provision) for impairment on receivables, net	<b>11,532</b>	(32,120)	<b>(14,276)</b>	(60,358)
- other gains - net	<b>8,756</b>	6,495	<b>20,266</b>	22,697
Other income - net	<b>22,599</b>	34,565	<b>68,632</b>	104,130
Profit before finance costs	<b>987,215</b>	948,547	<b>1,841,452</b>	1,823,395
Finance income	<b>43,721</b>	37,003	<b>80,456</b>	71,472
Finance costs	<b>(434,955)</b>	(376,835)	<b>(838,215)</b>	(739,144)
Foreign exchange losses on financing activities	<b>(300,255)</b>	(4,752)	<b>(535,912)</b>	(191,488)
	<b>(735,210)</b>	(381,587)	<b>(1,374,127)</b>	(930,632)
Joint ventures				
- share of results (net of tax)	<b>(2,334)</b>	(1,529)	<b>(4,320)</b>	(1,718)
Associates				
- share of results (net of tax)	<b>(6,643)</b>	2,161	<b>(3,492)</b>	4,045
Profit before taxation	<b>286,749</b>	604,595	<b>539,969</b>	966,562
Taxation	<b>(300,100)</b>	(189,727)	<b>(562,611)</b>	(364,305)
(Loss)/Profit for the financial period	<b>(13,351)</b>	414,868	<b>(22,642)</b>	602,257

*(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021)*



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

<b>UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)</b>				
	<b>2<sup>nd</sup> Quarter Ended</b>		<b>Financial Period Ended</b>	
	<b><u>30/6/2022</u></b>	<b><u>30/6/2021</u></b>	<b><u>30/6/2022</u></b>	<b><u>30/6/2021</u></b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Other comprehensive (expense)/income (net of tax):				
Items that will not be reclassified to profit or loss:				
- actuarial gains on defined benefits plan (net of tax)	<b>10,469</b>	251	<b>12,728</b>	7,537
- fair value through other comprehensive income	<b>11,691</b>	8,922	<b>16,245</b>	15,047
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	<b>(105,942)</b>	(78,584)	<b>(642,519)</b>	214,109
- net cash flow hedge	<b>(5,573)</b>	49,093	<b>(154,367)</b>	26,739
- net cost of hedging	<b>(1,366)</b>	(50,304)	<b>(9,606)</b>	(94,306)
Other comprehensive (expense)/income for the financial period (net of tax)	<b>(90,721)</b>	(70,622)	<b>(777,519)</b>	169,126
Total comprehensive (expense)/income for the financial period	<b>(104,072)</b>	344,246	<b>(800,161)</b>	771,383
(Loss)/Profit for the financial period attributable to:				
- owners of the Company	<b>(106,380)</b>	277,756	<b>(149,353)</b>	353,315
- non-controlling interests	<b>93,029</b>	137,112	<b>126,711</b>	248,942
	<b>(13,351)</b>	414,868	<b>(22,642)</b>	602,257
Total comprehensive (expense)/income for the financial period attributable to:				
- owners of the Company	<b>(166,561)</b>	218,790	<b>(812,010)</b>	443,017
- non-controlling interests	<b>62,489</b>	125,456	<b>11,849</b>	328,366
	<b>(104,072)</b>	344,246	<b>(800,161)</b>	771,383
Earnings Per Share (sen) (Part B, Note 12)				
- basic	<b>(1.2)</b>	<b>3.0</b>	<b>(1.6)</b>	3.9
- diluted	<b>(1.2)</b>	<b>3.0</b>	<b>(1.6)</b>	3.8

*(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021)*



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

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
	<u><b>30/6/2022</b></u> <b>RM'000</b> <b>Unaudited</b>	<u><b>31/12/2021</b></u> <b>RM'000</b> <b>Audited</b>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	13,912,676	13,905,207
Reserves	2,705,000	4,100,117
Total equity attributable to owners of the Company	16,617,676	18,005,324
Non-controlling interests	7,666,915	7,060,505
Total equity	24,284,591	25,065,829
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	17,892,315	14,819,079
Derivative financial instruments	46,013	91,162
Deferred income	590,475	260,360
Deferred gain on sale and leaseback assets	248,320	307,754
Trade and other payables	1,102,073	1,116,080
Lease liabilities	8,636,179	8,412,149
Provision for liabilities	912,198	747,795
Deferred tax liabilities	1,555,267	1,377,516
Total non-current liabilities	30,982,840	27,131,895
	<b>55,267,431</b>	<b>52,197,724</b>

*(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021)*



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

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)</b>		
	<b>30/6/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>NON-CURRENT ASSETS</b>		
Intangible assets	23,186,743	21,722,687
Contract cost assets	161,059	232,519
Property, plant and equipment	30,940,863	26,975,288
Right-of-use assets	9,753,279	8,983,213
Joint ventures	21,208	25,569
Associates	258,716	257,898
Financial assets at fair value through other comprehensive income	242,746	220,744
Financial assets at fair value through profit or loss	6,538	5,678
Derivative financial instruments	97,364	76,817
Trade and other receivables	1,420,748	1,280,866
Deferred tax assets	350,938	358,530
Total non-current assets	66,440,202	60,139,809
<b>CURRENT ASSETS</b>		
Inventories	208,572	222,747
Trade and other receivables	5,368,602	5,060,933
Derivative financial instruments	2,693	121
Financial assets at fair value through profit or loss	42	65
Tax recoverable	137,246	109,514
Deposits, cash and bank balances	6,586,276	6,969,352
Assets classified as held-for-sale	1,550	47,889
	12,304,981	12,410,621
<b>LESS: CURRENT LIABILITIES</b>		
Trade and other payables	13,213,952	13,555,061
Deferred gain on sale and leaseback assets	125,171	123,902
Deferred income	10,645	3,609
Lease liabilities	2,014,164	1,758,846
Borrowings	7,310,052	4,231,416
Derivative financial instruments	23,909	20,497
Current tax liabilities	779,753	653,031
Liabilities classified as held-for-sale	106	6,344
Total current liabilities	23,477,752	20,352,706
Net current liabilities	(11,172,771)	(7,942,085)
	<b>55,267,431</b>	<b>52,197,724</b>
Net assets per share attributable to owners of the Company (sen)	181	196

*(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021)*



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

<b>UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY</b>								
	<b>Attributable to equity holders of the Company</b>							
	<b>Share capital</b>	<b>Share capital</b>	<b>Currency translation differences</b>	<b>Reserves</b>	<b>Retained earnings</b>	<b>Total</b>	<b>NCI</b>	<b>Total equity</b>
	<b>'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 1 January 2022</b>	9,174,987	13,905,207	(741,705)	(1,913,128)	6,754,950	18,005,324	7,060,505	25,065,829
(Loss)/Profit for the financial period	-	-	-	-	(149,353)	(149,353)	126,711	(22,642)
Other comprehensive (expense)/income:								
-Currency translation differences of subsidiaries	-	-	(522,240)	-	-	(522,240)	(120,279)	(642,519)
-Net cash flow hedge	-	-	-	(155,256)	-	(155,256)	889	(154,367)
-Net cost of hedging	-	-	-	(9,231)	-	(9,231)	(375)	(9,606)
-Actuarial gains (net of tax)	-	-	-	7,825	-	7,825	4,903	12,728
-Revaluation of financial assets at FVTOCI	-	-	-	16,245	-	16,245	-	16,245
<b>Total comprehensive (expense)/income</b>	<b>-</b>	<b>-</b>	<b>(522,240)</b>	<b>(140,417)</b>	<b>(149,353)</b>	<b>(812,010)</b>	<b>11,849</b>	<b>(800,161)</b>
Transactions with owners:								
-Dilution/accretion of equity interest in subsidiaries	-	-	-	-	(234)	(234)	258	24
-New/additional investment in subsidiaries	-	-	-	-	(74,616)	(74,616)	671,422	596,806
-Rights issue of subsidiaries	-	-	-	-	-	-	31,122	31,122
-Dividends declared to shareholders of the Company	-	-	-	-	(504,724)	(504,724)	-	(504,724)
-Dividends declared to NCI	-	-	-	-	-	-	(108,573)	(108,573)
-Share-based compensation expense	-	-	-	3,936	-	3,936	332	4,268
-Transferred from share-based payment reserve upon vesting	1,817	7,469	-	(7,469)	-	-	-	-
Total transactions with owners	1,817	7,469	-	(3,533)	(579,574)	(575,638)	594,561	18,923
<b>At 30 June 2022</b>	<b>9,176,804</b>	<b>13,912,676</b>	<b>(1,263,945)</b>	<b>(2,057,078)</b>	<b>6,026,023</b>	<b>16,617,676</b>	<b>7,666,915</b>	<b>24,284,591</b>

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

***(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021)***



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

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

	Attributable to equity holders of the Company							Total equity
	Share capital	Share capital	Currency translation differences	Reserves	Retained earnings	Total	NCI	
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2021</b>	9,169,541	13,883,028	(1,002,020)	(1,822,687)	6,582,821	17,641,142	6,238,288	23,879,430
Profit for the financial period	-	-	-	-	353,315	353,315	248,942	602,257
Other comprehensive income/(expense):								
-Currency translation differences of subsidiaries	-	-	137,211	-	-	137,211	76,898	214,109
-Net cash flow hedge	-	-	-	26,739	-	26,739	-	26,739
-Net cost of hedging	-	-	-	(94,306)	-	(94,306)	-	(94,306)
-Actuarial gains (net of tax)	-	-	-	5,011	-	5,011	2,526	7,537
-Revaluation of financial assets at FVTOCI	-	-	-	15,047	-	15,047	-	15,047
<b>Total comprehensive income/(expense)</b>	-	-	<b>137,211</b>	<b>(47,509)</b>	<b>353,315</b>	<b>443,017</b>	<b>328,366</b>	<b>771,383</b>
Transactions with owners:								
-Dilution of equity interest in subsidiaries	-	-	3,490	(14,938)	114,137	102,689	144,164	246,853
-New/Additional investment in subsidiaries	-	-	-	-	(244)	(244)	-	(244)
-Dividends declared to shareholders of the Company	-	-	-	-	(458,631)	(458,631)	-	(458,631)
-Dividends declared to NCI	-	-	-	-	-	-	(115,571)	(115,571)
-Share-based compensation expense	-	-	-	14,010	-	14,010	(5,613)	8,397
-Transferred from share-based payment reserve upon vesting	3,170	14,210	-	(14,210)	-	-	-	-
Total transactions with owners	3,170	14,210	3,490	(15,138)	(344,738)	(342,176)	22,980	(319,196)
<b>At 30 June 2021</b>	<b>9,172,711</b>	<b>13,897,238</b>	<b>(861,319)</b>	<b>(1,885,334)</b>	<b>6,591,398</b>	<b>17,741,983</b>	<b>6,589,634</b>	<b>24,331,617</b>



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

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)**

	Reserves							Total
	Capital contribution	Merger	Hedging	Cost of hedging	Actuarial	Share-based payment	FVTOCI	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2022</b>	16,598	346,774	25,226	(82,256)	14,626	29,265	(2,263,361)	(1,913,128)
Other comprehensive (expense)/income:								
-Net cash flow hedge	-	-	(155,256)	-	-	-	-	(155,256)
-Net cost of hedging	-	-	-	(9,231)	-	-	-	(9,231)
-Actuarial gains (net of tax)	-	-	-	-	7,825	-	-	7,825
-Revaluation of financial assets at FVTOCI	-	-	-	-	-	-	16,245	16,245
<b>Total comprehensive (expense)/income</b>	<b>-</b>	<b>-</b>	<b>(155,256)</b>	<b>(9,231)</b>	<b>7,825</b>	<b>-</b>	<b>16,245</b>	<b>(140,417)</b>
Transactions with owners:								
-Share-based compensation expense	-	-	-	-	-	3,936	-	3,936
-Transferred from share-based payment reserve upon vesting	-	-	-	-	-	(7,469)	-	(7,469)
Total transactions with owners	-	-	-	-	-	(3,533)	-	(3,533)
<b>At 30 June 2022</b>	<b>16,598</b>	<b>346,774</b>	<b>(130,030)</b>	<b>(91,487)</b>	<b>22,451</b>	<b>25,732</b>	<b>(2,247,116)</b>	<b>(2,057,078)</b>
<b>At 1 January 2021</b>	16,598	346,774	18,935	1,163	5,232	44,413	(2,255,802)	(1,822,687)
Other comprehensive income/(expense):								
-Net cash flow hedge	-	-	26,739	-	-	-	-	26,739
-Net cost of hedging	-	-	-	(94,306)	-	-	-	(94,306)
-Actuarial gains (net of tax)	-	-	-	-	5,011	-	-	5,011
-Revaluation of financial assets at FVTOCI	-	-	-	-	-	-	15,047	15,047
<b>Total comprehensive income/(expense)</b>	<b>-</b>	<b>-</b>	<b>26,739</b>	<b>(94,306)</b>	<b>5,011</b>	<b>-</b>	<b>15,047</b>	<b>(47,509)</b>
Transactions with owners:								
-Dilution of equity interest in subsidiaries	-	-	-	-	(33)	(14,907)	2	(14,938)
-Share-based compensation expense	-	-	-	-	-	14,010	-	14,010
-Transferred from share-based payment reserve upon vesting	-	-	-	-	-	(14,210)	-	(14,210)
Total transactions with owners	-	-	-	-	(33)	(15,107)	2	(15,138)
<b>At 30 June 2021</b>	<b>16,598</b>	<b>346,774</b>	<b>45,674</b>	<b>(93,143)</b>	<b>10,210</b>	<b>29,306</b>	<b>(2,240,753)</b>	<b>(1,885,334)</b>



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

<b>UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS</b>		
	<b>FOR THE FINANCIAL PERIOD ENDED</b>	
	<b><u>30/6/2022</u></b>	<b><u>30/6/2021</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Receipts from customers	13,412,632	12,151,134
Payments to suppliers and employees	(7,521,492)	(6,739,762)
Payments of finance costs	(783,551)	(738,536)
Payments of income taxes (net of refunds)	(383,481)	(321,681)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>4,724,108</u></b>	<b><u>4,351,155</u></b>
Proceeds from disposal of property, plant and equipment ("PPE")	11,371	83,018
Purchase of PPE	(5,171,936)	(3,265,852)
Proceeds from disposal of an intangible asset ("IA")	-	3,027
Acquisition of IA	(147,477)	(174,804)
Investments in deposits maturing more than three (3) months	(46,432)	(366,386)
Investments in subsidiaries (net of cash acquired)	(2,784,890)	(29,511)
Additional investments in associates	(3,921)	(381)
Purchase of other investments	-	(7,970)
Additional investments in other investments	(8,165)	-
Disposal of other investments	224	515
Payments for right-of-use ("ROU") assets	(87,182)	(14,822)
Repayments from employees	935	65
Dividend received from associates	-	5,262
Interests received	78,807	69,329
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b><u>(8,158,666)</u></b>	<b><u>(3,698,510)</u></b>
Proceeds from borrowings (net of transaction costs)	6,431,065	2,097,224
Repayments of borrowings	(1,332,422)	(2,251,299)
Repayments of Sukuk	(74,592)	-
Repayments of lease liabilities	(1,007,298)	(944,455)
Proceeds from rights issue of subsidiaries	31,117	-
Capital injections in subsidiaries by NCI	26	246,591
Redemption of preference shares	-	(319)
Dividends paid to shareholders	(504,724)	(458,631)
Dividends paid to NCI	(127,276)	(107,294)
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>	<b><u>3,415,896</u></b>	<b><u>(1,418,183)</u></b>

*(The above Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021)*





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

<b>UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)</b>		
	<b>FOR THE FINANCIAL PERIOD ENDED</b>	
	<b><u>30/6/2022</u></b>	<b><u>30/6/2021</u></b>
	<b>RM'000</b>	<b>RM'000</b>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(18,662)	(765,538)
NET DECREASE/(INCREASE) IN RESTRICTED CASH AND CASH EQUIVALENT	18,904	(16,126)
EFFECT OF EXCHANGE RATE CHANGES	(265,218)	17,972
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	6,312,330	6,722,163
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b><u>6,047,354</u></b>	<b><u>5,958,471</u></b>
Deposits, cash and bank balances	6,586,276	7,001,796
Less:		
Deposits pledged and restricted cash	(203,632)	(208,472)
Deposits maturing more than three (3) months	(269,854)	(667,640)
Bank overdraft	(65,436)	(167,213)
Total cash and cash equivalents	<b><u>6,047,354</u></b>	<b><u>5,958,471</u></b>

*(The above Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021)*



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

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

**1. Basis of Preparation**

The unaudited financial statements for the financial period ended 30 June 2022 of the Group have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134 “Interim Financial Reporting”, International Accounting Standards 34 “Interim Financial Reporting”, Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Main LR”), and should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2021 (“2021 Audited Financial Statements”).

**2. Accounting Policies**

The accounting policies and method of computation applied in the unaudited financial statements are consistent with those used in the preparation of the 2021 Audited Financial Statements except for the following:

- Annual Improvements to MFRS 9 “Financial Instruments”: Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities
- Amendments to MFRS 3 “Business Combinations”: Reference to Conceptual Framework
- Amendments to MFRS 116 “Property, Plant and Equipment”: Proceeds before Intended Use
- Amendments to MFRS 137 “Onerous Contracts”: Cost of Fulfilling a Contract

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

**3. Seasonal or Cyclical Factors**

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

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

The Group’s performance has taken into account the following:

- (a) On 2 June 2022, PT XL Axiata Tbk (“XL”) completed the acquisition of PT Hipernet Indodata (“HiperNet”) as disclosed in Part A, 12(f) of this announcement.

During the current quarter and financial period to date, a total goodwill of RM70.5 million (IDR234.2 billion) [subject to finalisation of Purchase Price Allocation (“PPA”) exercise within twelve (12) months from the date of acquisition of Hipernet] was recognised on the date of acquisition in conjunction with the above acquisition.

- (b) On 22 June 2022, Axiata Investments Indonesia Sdn Bhd (“AI”), a wholly owned subsidiary of the Company and XL completed the acquisition of PT Link Net Tbk (“Link Net”) as disclosed in Part A, 12(g) of this announcement.

During the current quarter and financial period to date, a total goodwill of RM1.3 billion (IDR4,369.8 billion) [subject to finalisation of PPA exercise within twelve (12) months from the date of acquisition of Link Net] was recognised on the date of acquisition in conjunction with the above acquisition.



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**4. Significant Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows (continued)**

The Group's performance has taken into account the following: (continued)

- (c) On 19 April 2022, ISOC edotco Towers, Inc. ("ISOC edotco Towers"), a subsidiary of the Company via edotco Group Sdn Bhd ("edotco") entered into a Sale and Purchase Agreement ("ISOC SPA") with Smart Communications, Inc. and Digitel Mobile Philippines, Inc. ("collectively "Sellers") for the acquisition of all of Sellers' rights, title, benefits and interest in 2,973 telecommunication towers, including the energy and passive infrastructure related assets in the Philippines for a total purchase consideration of PHP42,000.0 million (equivalent to RM3,358.3 million).

ISOC edotco Towers had:

- (i) on 1 June 2022 completed the purchase of 1,500 towers with a transaction value of PHP21,190.7 million (RM1,694.4 million); and
- (ii) on 1 August 2022 completed the purchase of 503 towers with a transaction value of PHP7,106.0 million (RM568.2 million).

The completion of the remaining towers shall be subject to the completion of, amongst others, the requisite documentation as per the ISOC SPA.

- (d) During the current quarter and financial period to date, the Group recognised net foreign exchange losses of RM475.7 million and RM952.5 million, mainly arising from the revaluation of USD borrowings and working capital.

Other than the above and as disclosed in Part A, Note 12 of this announcement, there was no other unusual item affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 30 June 2022.

**5. Estimates**

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

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

In preparing the unaudited financial statements, the significant judgements made by the management in applying the Group's accounting policies and the sources of estimates uncertainty were consistent as those applied to 2021 Audited Financial Statements.



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

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

Description	Total ordinary shares of the Company issued	
	'000	RM'000
<ul style="list-style-type: none"> <li>● Restricted Share Plan ("RSP") at an issuance price of RM4.11 being the fair value of RSP issued</li> </ul>	1,817	7,469
Total	1,817	7,469

- (b) During the current quarter and financial period to date, XL had:
- (i) fully repaid its IDR110.0 billion (RM32.0 million) Sukuk Ijarah II Tranche II Year 2019 Series B which matured on 8 February 2022;
  - (ii) fully repaid its IDR191.0 billion (RM55.6 million) Bond I Tranche II Year 2019 Series B which matured on 8 February 2022; and
  - (iii) fully repaid its IDR142.0 billion (RM42.0 million) Sukuk Ijarah I Tranche II Year 2017 Series C which matured on 28 April 2022.
- (c) Axiata Digital Capital Sdn Bhd ("ADC"), a subsidiary of the Company had on 18 February 2022 established an asset-backed medium term notes programme ("MTN Programme") via Salvare Assets Berhad involving issuance up to RM300.0 million.

On 31 March 2022, ADC issued RM39.0 million Class A Senior Notes ("Notes") pursuant to the MTN Programme. The Notes, which was issued at par, carries a coupon rate of 7.20% p.a. (payable quarterly in arrears) and has a tenure of thirty (30) months from the date of issuance, maturing on 30 September 2024.

Aside from the above, there was no other significant issues, repurchases and repayments of debt and equity securities during the financial period ended 30 June 2022.

**7. Dividends Paid**

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

Date of payment	Description	Per ordinary share	Total
28 March 2022	Tax exempt dividend under single tier in respect of financial year ended 31 December 2021	Sen	RM'000
		5.5	504,724



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**8. Segmental Information**

For the financial period ended 30 June 2022

Segment	Mobile						Infrastructure	Others	Consolidation adjustments/eliminations	Total
	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	3,338,375	4,154,309	2,013,864	1,290,590	707,820	763,878	1,179,854	560,877	-	14,009,567
Inter-segment <sup>1</sup>	(6,106)	(3,638)	(46,283)	(6,434)	(2,741)	(17,666)	(625,802)	(126,689)	-	(835,359)
External operating revenue	3,332,269	4,150,671	1,967,581	1,284,156	705,079	746,212	554,052	434,188	-	13,174,208
Earnings before interest, tax, depreciation and amortisation ("EBITDA") <sup>2</sup>	1,506,711	1,992,907	880,453	434,883	384,995	406,876	820,791	(202,490)	(316,026)	5,909,100
Finance income	27,917	8,860	1,872	10,008	7,530	7,800	11,128	57,926	(52,585)	80,456
Finance cost	(156,914)	(357,371)	(103,525)	(27,944)	(55,323)	(13,581)	(97,865)	(195,309)	169,617	(838,215)
Depreciation of PPE	(380,812)	(894,215)	(347,883)	(209,742)	(132,810)	(137,504)	(235,400)	(6,257)	11,318	(2,333,305)
Depreciation of ROU assets	(220,314)	(609,013)	(82,105)	(17,798)	(8,250)	(30,595)	(134,516)	(6,848)	234,857	(874,582)
Amortisation of IA	(30,925)	-	(156,342)	(27,722)	(66,898)	(6,615)	(34,904)	(20,402)	(105,780)	(449,588)
Joint ventures:										
- share of results (net of tax)	-	-	-	-	-	-	-	(4,320)	-	(4,320)
Associates:										
- share of results (net of tax)	8,087	576	-	(567)	-	(10,106)	-	(1,482)	-	(3,492)
Impairment of PPE (net of reversal)	-	530	(20,339)	3,080	-	-	-	-	-	(16,729)
Other income/(expense) <sup>3</sup>	36,144	76,206	(122,693)	(594,582)	7,843	(5,692)	(27,453)	(249,720)	(49,409)	(929,356)
Taxation	(240,760)	(34,612)	(35,924)	(78,662)	(29,379)	(51,236)	(107,755)	(13,477)	29,194	(562,611)
<b>Segment profit/(loss) for the financial period</b>	<b>549,134</b>	<b>183,868</b>	<b>13,514</b>	<b>(509,046)</b>	<b>107,708</b>	<b>159,347</b>	<b>194,026</b>	<b>(642,379)</b>	<b>(78,814)</b>	<b>(22,642)</b>

<sup>1</sup> 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.

<sup>2</sup> EBITDA consolidation adjustments/eliminations mainly due to inter-segment elimination for leases under MFRS 16.

<sup>3</sup> Included in other expense of Sri Lanka's mobile segment is unrealised foreign exchange losses mainly arising from the revaluation of USD borrowings and working capital.



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**8. Segmental Information (continued)**

For the financial period ended 30 June 2021

Segment	Mobile						Infrastructure	Others	Consolidation adjustments/ eliminations	Total
	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	3,274,038	3,723,595	1,934,585	1,414,560	728,344	688,006	953,576	516,563	-	13,233,267
Inter-segment <sup>1</sup>	(13,140)	(8,300)	(41,053)	(25,511)	(5,744)	(12,342)	(579,659)	(93,435)	-	(779,184)
External operating revenue	3,260,898	3,715,295	1,893,532	1,389,049	722,600	675,664	373,917	423,128	-	12,454,083
EBITDA <sup>2</sup>	1,323,618	1,873,133	795,964	580,289	427,919	370,823	619,233	(199,975)	(288,281)	5,502,723
Finance income	34,179	10,203	2,694	3,483	6,155	4,341	11,551	52,079	(53,213)	71,472
Finance cost	(172,683)	(342,460)	(96,445)	(19,647)	(49,947)	(13,495)	(51,950)	(185,081)	192,564	(739,144)
Depreciation of PPE	(689,023)	(837,962)	(347,389)	(236,369)	(134,289)	(124,059)	(189,646)	(7,040)	10,575	(2,555,202)
Depreciation of ROU assets	(200,983)	(568,316)	(72,060)	(21,798)	(8,846)	(28,205)	(113,390)	(8,024)	211,028	(810,594)
Amortisation of IA	(30,925)	-	(135,988)	(39,517)	(64,442)	(6,458)	(16,103)	(16,588)	(116,664)	(426,685)
Joint venture:										
- share of results (net of tax)	(712)	-	-	-	-	-	-	(1,006)	-	(1,718)
Associates:										
- share of results (net of tax)	3,531	2,471	-	(123)	-	(733)	-	(1,101)	-	4,045
Impairment of PPE (net of reversal)	-	222	(196)	4,972	-	-	4,592	-	-	9,590
Other income/(expense)	35,015	117,712	(35,809)	(103,458)	1,856	(32,320)	13,237	(103,642)	19,484	(87,925)
Taxation	(63,432)	(39,174)	(71,746)	(21,121)	(55,248)	(36,064)	(85,838)	(11,792)	20,110	(364,305)
Segment profit/(loss) for the financial period	238,585	215,829	39,025	146,711	123,158	133,830	191,686	(482,170)	(4,397)	602,257



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**9. Valuation of PPE**

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

**10. Acquisitions of PPE**

During the financial period to date, the Group acquired additional PPE amounting to RM4,789.7 million mainly for its telecommunication network equipment and capital work in progress. Included in the additional PPE is a universal service provision assets of a subsidiary amounting to RM175.3 million and acquisition of telecommunication towers by a subsidiary amounting to RM1,866.2 million (including the capitalisation of asset retirement obligation provision and transaction costs).

**11. Events after the Interim Period**

**(a) Dilution of Equity Interest in PT Princeton Digital Group Data Centers (“PDGDC”)**

On 4 August 2022, XL's equity interest in PDGDC decreased from 30.00% to 14.82% following to the issuance of new ordinary shares by PDGDC which were wholly acquired by Princeton Digital Group (Indonesia Alpha) Pte Ltd.

**(b) XL Issuance of Rights Issue**

On 10 August 2022, the shareholders of XL via extraordinary general meeting approved XL's plan to increase capital with pre-emptive rights through Limited Public Offering III (“LPO III”) mechanism with a maximum 2,750,000,000 new shares with nominal value of IDR100 per share and the amendment of XL's Article of Association in connection with the implementation of LPO III. The Company's participation as a subscriber to the LPO III and to act as the standby buyer is subject to prior approval of Bank Negara Malaysia (“BNM”) in accordance to BNM's Foreign Exchange Notice 3: Investment In Foreign Currency Assets.

Other than the above and as disclosed in Part A, Note 4(c)(ii) and Part B, Note 10 of this announcement, there was no other significant event after interim period that requires disclosure and/or adjustment as at 19 August 2022.

**12. Effects of Changes in the Composition of the Group**

**(a) Acquisition of Equity Interest in Infront Consulting Group (M) Sdn Bhd (“Infront Malaysia”)**

On 26 August 2021, Celcom Axiata Berhad (“Celcom”) entered into the following agreements for the proposed acquisition and proposed subscription of a total of 362,827 ordinary shares in Infront Malaysia representing 60.00% of the enlarged issued and paid-up share capital of Infront Malaysia for a total cash consideration of RM5.5 million:

- (i) a conditional Share Purchase Agreement dated 26 August 2021 (“Infront Malaysia SPA”) entered into between Celcom and Redynamics Asia Sdn Bhd (“Vendor”) for the proposed acquisition of 258,115 Infront Malaysia shares from the Vendor for a total cash consideration of RM4.0 million, comprising an initial payment of RM2.0 million subject to adjustments in accordance with the terms of the Infront Malaysia SPA and deferred payments of RM2.0 million upon certain profit guarantee targets being achieved;
- (ii) a conditional Share Subscription Agreement dated 26 August 2021 (“SSA2”) entered into between Celcom as investor, Infront Malaysia as issuer and the Vendor for the proposed subscription by Celcom of 104,712 new Infront Malaysia shares at a subscription price of RM1.5 million; (hereinafter referred to as the “Proposed Infront Malaysia Acquisition”).



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

**(a) Acquisition of Equity Interest in Infront Consulting Group (M) Sdn Bhd (“Infront Malaysia”) (continued)**

Both the Infront Malaysia SPA and the SSA2 shall be contemporaneous and conditional upon one another.

Upon completion of the Proposed Infront Malaysia Acquisition on 3 January 2022, Celcom has effectively owned 60.00% of Infront Malaysia resulting in Celcom becoming the beneficial owner of the said equity interest. As at 20 January 2022, Celcom became the legal owner of the 60.00% equity interest.

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

**(b) Acquisition of Equity Interest in Bridgenet Solutions Sdn Bhd (“Bridgenet Solutions”)**

On 15 November 2021, Celcom entered into the following agreements for the proposed subscription and proposed acquisition of a total of 1,308,297 ordinary shares in Bridgenet Solutions representing 51.00% of the enlarged issued and paid-up share capital of Bridgenet Solutions for a total cash consideration of RM36.1 million:

- (i) a conditional Share Subscription Agreement dated 15 November 2021 (“Share Subscription Agreement”) entered into between Celcom, Bridgenet Solutions as issuer and Pang Cheng Hing, Leong Kin Man, Loy Kuang Haow and Queenie Lee Wei Leng (collectively known as “Existing Shareholders”) for the proposed subscription by Celcom of 565,289 new Bridgenet Solutions’ shares at a subscription price of RM15.6 million. As a result of the issuance of the subscriptions shares, Bridgenet Solutions’ issued ordinary shares will increase to 2,565,289 shares (“Enlarged Share Capital”);
- (ii) a conditional Share Sale Agreement dated 15 November 2021 (“SSA1”) entered into between Celcom and Existing Shareholders for the proposed acquisition of 743,008 of Enlarged Share Capital from the Existing Shareholders for a total cash consideration of RM20.5 million subject to adjustments in accordance with the terms of the SSA1; (hereinafter referred to as the “Proposed Bridgenet Solutions Acquisition”).

Both the Share Subscription Agreement and SSA1 shall be contemporaneous and conditional upon one another.

Upon completion of the Proposed Bridgenet Solutions Acquisition on 8 January 2022, Celcom has effectively owned 51.00% of Bridgenet Solutions resulting in Celcom becoming the beneficial owner of the said equity interest. As at 15 February 2022, Celcom became the legal owner of the 51.00% equity interest.

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





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

**(c) Accretion of Equity Interest in Dialog Axiata Digital Innovation Fund (Private) Limited (“DADIF”)**

DADIF, a subsidiary of Digital Holdings Lanka (Private) Limited (“DHL”) which in turn an indirect subsidiary of the Company via Dialog Axiata Plc (“Dialog”) had:

- (i) from 1 January to 31 March 2022 (“Q1’22”), issued 30,754 preference shares out of which 30,276 were issued to DHL and the remaining shares were issued to individual shareholders; and
- (ii) from 1 April to 30 June 2022 (“Q2’22”), issued 140,663 preference shares out of which 139,026 were issued to DHL and the remaining shares were issued to an individual shareholder.

Accordingly, DHL’s equity interest in DADIF increased from 89.04% to 89.67% in Q1’22 and from 89.67% to 91.83% in Q2’22.

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

**(d) Accretion in Equity Interest in ISOC edotco Towers**

edotco via its wholly owned subsidiary, edotco Investments (Labuan) Limited (“EIL”) had on 13 April 2022 completed the subscription of 250,000,000 common shares of Philippines Peso (“PHP”) 1.00 each representing 49.00% of the issued and paid-up share capital of ISOC edotco Towers for a cash consideration of PHP1.4 billion (RM113.6 million). Accordingly, EIL’s equity interest in ISOC edotco Towers increased from 51.00% to 100.00%.

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

**(e) Accretion of Equity Interest in Headstart Private Limited (“Headstart”)**

Headstart, a subsidiary of DHL which in turn an indirect subsidiary of the Company via Dialog, issued 608 ordinary shares to DHL on 24 May 2022 pursuant to the conversion of a loan granted by Dialog to Headstart to equity. Accordingly, DHL’s stake in Headstart increased from 50.59% to 62.01%.

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

**(f) Acquisition of Equity Interest in Hipernet**

On 2 June 2022, XL completed the acquisition of 2,805 ordinary shares in Hipernet representing 51.00% of the issued and paid-up share capital of Hipernet for a cash consideration of IDR335.3 billion (RM100.9 million). Effectively, Hipernet became a subsidiary of the Group.

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



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

**(g) Acquisition of Equity Interest in Link Net**

On 27 January 2022, All and XL signed a conditional share purchase agreement to jointly acquire an aggregate 1,816,735,484 ordinary shares representing 66.03% equity interest in Link Net from Asia Link Dewa Pte Ltd and PT First Media Tbk at IDR4,800 per ordinary share in Link Net for a total consideration of IDR8,720.3 billion (RM2.6 billion). The acquisition was completed on 22 June 2022 and Link Net became a subsidiary of the Group.

The impact of the acquisition is disclosed in Part A, Note 4(b) of this announcement.

Other than the above, there was no other change in the composition of the Group for the financial period ended 30 June 2022.

**13. Significant Changes in Contingent Assets or Contingent Liabilities**

The following is the material change in the Group's contingent liabilities since the last disclosed in the 2021 Audited Financial Statements and other than as disclosed in Part B, Note 10 of this announcement:

**(a) Robi Axiata Limited ("Robi") Tax Position**

During the financial period to date, Robi has received favourable judgement from the Taxes Appellate Tribunal, Government of the People's Republic of Bangladesh on certain disputed items such as bad debt written off and interest expense for open year income tax assessment FY 2015. As a result of the favourable outcome, Robi's potential exposure has reduced from BDT2,907.0 million (RM137.3 million) to BDT2,487.7 million (RM117.5 million).

Based on the external legal advice received, the Board of Directors are of the view that Robi has good prospects of succeeding on the remaining claims.

**14. Capital Commitments**

As at	Group	
	30 June 2022	31 December 2021
	RM'000	RM'000
<b><u>PPE</u></b>		
Commitments in respect of expenditure approved and contracted for	<b>5,766,094</b>	3,797,885



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**15. Related Party Transactions**

All related party transactions are entered into in the normal course of business and at prices available at negotiated terms. The names of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of MFRS 124 “Related Party Disclosure”.

The Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are related parties of the Group. The Government of Malaysia has significant influence over the Group. The Group enters into transactions with many of these bodies, which includes but is not limited to:

- receiving telecommunications services, including interconnection revenue/charges
- purchasing of goods, including use of public utilities and amenities, and
- placing of bank deposits

The Group has established its procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

The Group provides telecommunications services as part of its ordinary operations. The Group has collectively, but not individually significant transactions with Government-related entities. These telecommunication services are carried out on commercial terms that are negotiated and agreed upon between the parties.

Set out below are significant related party transactions and balances which were carried out on terms and conditions negotiated amongst the related parties.

	<b>30 June 2022</b>	30 June 2021
	<b>RM'000</b>	RM'000
Sale of telecommunication services to joint ventures	<b>123,804</b>	142,293
Sale of telecommunication services to associates	<b>17,666</b>	-
Purchase of network related services from associates	<b>(83,164)</b>	(61,132)
Revenue sharing with a joint venture	<b>(409)</b>	(660)
	<b>30 June 2022</b>	31 December 2021
Receivables from joint ventures	<b>2,355</b>	21,853
Receivables from associates	<b>2,656</b>	4,262
Payable to associates	<b>(4,327)</b>	(6,107)
Lease payable to associates	<b>(121,936)</b>	(123,316)



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**16. Financial Instruments at Fair Value Measurements**

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

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

The Group measured the financial instruments based on:

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

The Group's financial instruments were grouped as below:

Financial instruments	30 June 2022				31 December 2021			
	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
<b>Assets</b>								
Financial assets at FVTPL:								
-Trading securities	42	-	-	42	65	-	-	65
-Unquoted securities	-	-	6,538	6,538	-	-	5,678	5,678
-Non-hedging derivatives	-	45,653	-	45,653	-	45,653	-	45,653
-Derivative used for hedging	-	54,404	-	54,404	-	31,285	-	31,285
Financial assets at FVTOCI <sup>1</sup> :								
-Equity securities	-	-	242,746	242,746	-	-	220,744	220,744
<b>Liabilities</b>								
Financial liabilities at FVTPL:								
-Derivatives used for hedging	-	(69,922)	-	(69,922)	-	(111,659)	-	(111,659)
<b>Total</b>	<b>42</b>	<b>30,135</b>	<b>249,284</b>	<b>279,461</b>	<b>65</b>	<b>(34,721)</b>	<b>226,422</b>	<b>191,766</b>

<sup>1</sup> Fair value of these instruments are obtained mainly from independent valuations.



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

**1. Review of Performance**

**(a) Quarter-on-Quarter (Q2'22 vs Q2'21)**

	Current Year Quarter	Preceding Year Corresponding Quarter	Variance	
	30/06/2022	30/06/2021		
	RM'million	RM'million	RM'million	%
Revenue	6,704.3	6,390.1	314.2	4.9
EBITDA	3,010.6	2,810.9	199.7	7.1
EBIT	1,131.3	907.5	223.8	24.7
PAT <sup>1</sup>	(13.4)	414.9	(428.3)	->100
PATAMI <sup>2</sup>	(106.4)	277.8	(384.2)	->100

<sup>1</sup> EBIT : Earnings before interest and tax

<sup>2</sup> PAT : Profit after tax

<sup>3</sup> PATAMI : Profit after tax and minority interest

**Group Performance**

Compared to the preceding year's corresponding quarter (Q2'22 vs Q2'21), Group revenue grew by 4.9% to RM6,704.3 million. Consequently, Group EBITDA grew by 7.1% to RM3,010.6 million. Group EBIT increased by 24.7% to RM1,131.3 million, as there was accelerated depreciation of 3G assets amounting to RM125.5 million in Q2'21. Excluding this, EBIT would have increased by 9.6%, mainly flow through from higher EBITDA. At constant currency of Q2'21, revenue, EBITDA and EBIT would have increased by 8.3%, 8.9% and 25.8% respectively.

Group PAT and PATAMI both declined by more than 100% to a net loss of RM13.4 million and RM106.4 million respectively due to significant foreign exchange losses of RM475.7 million (PATAMI: RM387.3 million) mainly contributed by mobile operations in Sri Lanka. Out of the foreign exchange losses, RM370.5 million are unrealised foreign exchange losses due to exposure to the United States Dollar ("USD") from USD denominated loans and liabilities. Excluding the foreign exchange losses, Group PAT and PATAMI would have increased by 2.6% and 1.1% to RM425.8 million and RM280.9 million respectively, driven by higher top lines, and lower depreciation and amortisation, partially offset by higher finance costs, taxes and lower one-off gains. In Q2'21, Indonesia recognised a gain on sale of indoor telecommunication infrastructure assets amounting to RM17.9 million, net of tax (PATAMI: RM11.9 million).



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

**(a) Quarter-on-Quarter (Q2'22 vs Q2'21) (continued)**

**Geographical Highlights**

- **Malaysia:** Revenue grew by 3.2% to RM1,680.5 million mainly driven by improved prepaid performance coupled with contribution from new subsidiaries, Infront Malaysia and Bridgenet Solutions, acquired to strengthen Information and Communications Technology ("ICT") solutions offering to enterprise customers, partially offset by lower device sales. EBITDA increased by 12.3% to RM761.3 million, on the back of higher revenue and contained operating costs. PAT grew by 70.4% to RM285.8 million, driven by lower depreciation and amortisation as there was accelerated depreciation of 3G assets amounting to RM51.5 million, net of tax in Q2'21. Excluding the accelerated depreciation of 3G assets, PAT would have increased by 30.4%, mainly due to higher top lines, partially offset by higher taxes.
- **Indonesia:** Revenue increased by 13.2% to RM2,185.6 million, mainly due to higher data revenue, growth in the digital business and higher device sales. EBITDA grew by 9.0% to RM1,059.4 million. PAT grew by 7.5% to RM132.0 million, due to higher top lines, partially offset by higher depreciation and amortisation, higher finance costs and lower one-off gains. In Q2'21, Indonesia recognised a gain on sale of indoor telecommunication infrastructure assets amounting to RM17.9 million, net of tax.
- **Bangladesh:** Revenue rose by 4.7% to RM1,032.5 million, mainly driven by growth in prepaid business. EBITDA increased by 15.0% to RM472.7 million. Despite higher top lines, PAT fell by more than 100% to a loss of RM5.8 million, due to higher depreciation and amortisation and higher foreign exchange losses, partially cushioned by lower taxes.
- **Sri Lanka:** Revenue fell by 23.8% to RM555.8 million, mainly due to depreciation of the Sri Lankan Rupee ("SLR") against Ringgit ("RM") resulting from the current macroeconomic crisis in Sri Lanka. At constant currency of Q2'21, revenue grew by 23.4%, driven by growth across core revenue segments, particularly hubbing business. EBITDA fell by 48.7% to RM151.7 million, flow through from lower revenue. PAT declined by more than 100% to a net loss of RM205.0 million, mainly due to higher taxes from one-off Surcharge Tax and significant foreign exchange losses of RM155.7 million (PATAMI: RM128.8 million) recorded for the quarter, primarily from exposure to the United States Dollar ("USD") from USD denominated loans and liabilities. Out of the foreign exchange losses, RM148.5 million are unrealised foreign exchange losses.



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1. Review of Performance (continued)

(a) Quarter-on-Quarter (Q2'22 vs Q2'21) (continued)

**Geographical Highlights (continued)**

- **Nepal:** Revenue grew by 4.2% to RM365.4 million due to higher interconnect revenue and international long distance (“ILD”) revenue. EBITDA declined by 7.9% to RM187.8 million, impacted by higher operating costs. PAT grew by 11.7% to RM63.3 million, mainly due to higher foreign exchange gains and lower taxes, partially offset by lower top lines.
- **Cambodia:** Revenue increased by 12.5% to RM393.5 million, driven by higher data revenue from growth in prepaid business. Consequently, EBITDA grew by 11.0% to RM210.4 million. PAT grew by 6.7% to RM84.8 million due to higher top lines and lower finance costs, partly offset by higher depreciation and amortisation and taxes.
- **Infrastructure:** Revenue increased by 28.3% to RM616.2 million from organic growth mainly from Bangladesh and contribution from new acquisition in Malaysia late last year. EBITDA grew by 35.5% to RM428.2 million, mainly flow through from higher revenue. PAT grew by 3.0% to RM92.6 million, driven by higher top lines, partially offset by higher depreciation and amortisation, foreign exchange losses, finance costs and taxes.



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

(b) **Year-on-Year (YTD'22 vs YTD'21)**

	Current Year to Date	Preceding Year Corresponding Period	Variance	
	30/06/2022	30/06/2021		
	RM'million	RM'million	RM'million	%
Revenue	13,174.2	12,454.1	720.1	5.8
EBITDA	5,909.1	5,502.7	406.4	7.4
EBIT	2,169.2	1,624.4	544.8	33.5
PAT	(22.6)	602.3	(624.9)	->100
PATAMI	(149.4)	353.3	(502.7)	->100

**Group Performance**

The Group recorded a total revenue of RM13,174.2 million for YTD'22, representing a 5.8% increase compared to the preceding year's corresponding period. Consequently, Group EBITDA increased by 7.4% to RM5,909.1 million with growth across all Operating Companies ("OpCos") except mobile operations in Sri Lanka and Nepal. Group EBIT increased by 33.5% to RM2,169.2 million, as there was accelerated depreciation of 3G assets amounting to RM297.1 million in YTD'21. Excluding this, EBIT would have increased by 12.9%, mainly flow through from higher EBITDA. At constant currency of YTD'21, revenue, EBITDA and EBIT would have increased by 7.5%, 8.1% and 34.0% respectively.

Group PAT and PATAMI both fell by more than 100% to a net loss of RM22.6 million and RM149.4 million respectively due to significant foreign exchange losses of RM952.5 million (PATAMI: RM788.1 million), mainly contributed by mobile operations in Sri Lanka. Out of the foreign exchange losses, RM833.0 million are unrealised foreign exchange losses. Excluding the foreign exchange losses, Group PAT and PATAMI would have increased by 47.5% and 80.8% to RM888.4 million and RM638.7 million respectively, driven by higher top lines and lower depreciation and amortisation, partially offset by higher finance costs, higher taxes and lower one-off gains. In YTD'21, Indonesia recognised a gain on sale of indoor telecommunication infrastructure assets amounting to RM44.5 million, net of tax (PATAMI: RM29.6 million).

**Geographical Highlights**

- Malaysia:** Revenue increased by 2.0% to RM3,338.4 million, mainly driven by growth in prepaid business coupled with contribution from new subsidiaries, Infront Malaysia and Bridgenet Solutions, acquired to strengthen Information and Communications Technology ("ICT") solutions offering to enterprise customers, partially offset by lower device sales and interconnect revenue. EBITDA improved by RM183.1 million, representing a 13.8% increase mainly due to higher revenue and contained operating costs. PAT increased by more than 100% to RM549.1 million as there was accelerated depreciation of 3G assets amounting to RM174.2 million, net of tax in YTD'21. Excluding this, PAT would have increased by 33.0%, attributed to higher top lines, partially offset by higher taxes.





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

**(b) Year-on-Year (YTD'22 vs YTD'21) (continued)**

**Geographical Highlights (continued)**

- **Indonesia:** Revenue increased by 11.6% to RM4,154.3 million mainly due to higher prepaid data revenue and growth in digital business, coupled with higher device sales. Consequently, EBITDA grew by 6.4% to RM1,992.9 million. Despite higher top lines, PAT fell by 14.8% to RM183.9 million, attributed to higher depreciation and amortisation, finance costs and lower one-off gains. In YTD'21, Indonesia recognized a gain on sale of indoor telecommunication infrastructure assets amounting to RM44.5 million, net of tax (PATAMI: RM29.6 million).
- **Bangladesh:** Revenue rose by 4.1% to RM2,013.9 million, mainly driven by growth in prepaid business. Consequently, EBITDA grew by 10.6% to RM880.5 million. PAT declined by 65.4% to RM13.5 million, impacted by higher depreciation and amortisation, foreign exchange losses and finance costs, partially cushioned by lower taxes.
- **Sri Lanka:** Revenue fell by 8.8% to RM1,290.6 million, mainly due to depreciation of the Sri Lankan Rupee ("SLR") against Ringgit ("RM") resulting from current macroeconomic crisis in Sri Lanka. At constant currency of YTD'22, revenue grew by 20.1% due to growth across core revenue segments, particularly hubbing business. EBITDA declined by 25.1% to RM434.9 million, flow through from lower revenue. PAT fell by more than 100% to a net loss of RM509.0 million, mainly due to higher taxes from one-off Surcharge Tax and significant foreign exchange losses of RM543.1 million (PATAMI: RM449.4 million), primarily from exposure to the United States Dollar ("USD") from USD denominated loans and liabilities. Out of the foreign exchange losses, RM519.3 million are unrealised foreign exchange losses.
- **Nepal:** Revenue fell by 2.8% to RM707.8 million mainly due to lower International Long Distance ("ILD") and lower voice revenue impacted by downward revision in interconnect rates since January 2022. EBITDA fell by 10.0% to RM385.0 million, flow through from lower revenue and impacted by higher operating costs. PAT declined by 12.5% to RM107.7 million due to lower top lines, partially cushioned by higher foreign exchange gains and lower taxes.
- **Cambodia:** Revenue grew by 11.0% to RM763.9 million, primarily due to higher data revenue from growth in prepaid business. Consequently, EBITDA grew by 9.7% to RM406.9 million. PAT increased by 19.1% to RM159.3 million mainly due to higher top lines and lower depreciation and amortisation as there was a one-off provision for impairment of investment amounting to RM22.4 million, net of tax in YTD'21.
- **Infrastructure:** Revenue increased by 23.7% to RM1,179.9 million from organic growth mainly from Bangladesh and contribution from new acquisition in Malaysia late last year. Consequently, EBITDA grew by 32.5% to RM820.8 million. PAT increased by 1.2% to RM194.0 million, mainly attributed to higher top lines, partially offset by higher depreciation and amortisation, foreign exchange losses in YTD'22 as opposed to foreign exchange gains in YTD'21, higher finance costs and taxes.



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1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q2'22 vs Q1'22)

	Current Quarter	Immediate Preceding Quarter	Variance	
	30/06/2022	31/03/2022		
	RM'million	RM'million	RM'million	%
Revenue	6,704.3	6,470.0	234.3	3.6
EBITDA	3,010.6	2,898.5	112.1	3.9
EBIT	1,131.3	1,037.9	93.4	9.0
PAT	(13.4)	(9.3)	(4.1)	-43.7
PATAMI	(106.4)	(43.0)	(63.4)	->100

**Group Performance**

Compared to the immediate preceding quarter (Q2'22 vs Q1'22), Group revenue grew by 3.6% to RM6,704.3 million from growth across all OpCos except mobile operations in Sri Lanka. Group EBITDA and EBIT increased by 3.9% and 9.0% to RM3,010.6 million and RM1,131.3 million respectively, mainly due to flow through from revenue. At constant currency of Q1'22, revenue, EBITDA and EBIT would have increased by 6.6%, 5.6% and 10.2% respectively.

Group PAT and PATAMI both declined by 43.7% and more than 100% to a net loss of RM13.4 million and RM106.4 million respectively, due to significant foreign exchange losses of RM475.7 million (PATAMI: RM387.3 million). mainly contributed by mobile operations in Sri Lanka. Out of the foreign exchange losses, RM370.5 million are unrealised foreign exchange losses. Excluding the foreign exchange losses from both Q2'22 and Q1'22, Group PAT and PATAMI would have fell by 8.0% and 21.5% respectively, due to higher finance costs and taxes.

**Geographical Highlights**

- **Malaysia:** Revenue grew by 1.4% to RM1,680.5 million mainly from higher prepaid revenue. Consequently, EBITDA increased by 2.1% to RM761.3 million. PAT grew by 8.5% to RM285.8 million, primarily flow through from higher top lines, partially offset by higher taxes.
- **Indonesia:** Revenue increased by 11.0% to RM2,185.6 million, due to higher prepaid data and device revenue. EBITDA grew by 13.5% to RM1,059.4 million, flow through from higher revenue. PAT surged by more than 100% to RM132.0 million as a result of higher top lines, partially offset by higher depreciation and amortisation, higher finance costs and taxes.
- **Bangladesh:** Revenue grew by 5.2% to RM1,032.5 million, due to higher mobile and digital revenue, partly offset by lower device sales. EBITDA grew by 16.0% to RM472.7 million, flow through from revenue and lower operating costs. Despite higher top lines, PAT declined by more than 100% to a net loss of RM5.8 million, mainly due to higher depreciation and amortisation and foreign exchange losses, partially cushioned by higher top lines and lower taxes.



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

**(c) Comparison with Preceding Quarter's Result (Q2'22 vs Q1'22) (continued)**

**Geographical Highlights (continued)**

- **Sri Lanka:** Revenue fell by 24.4% to RM555.8 mainly due to depreciation of the Sri Lankan Rupee ("SLR") against Ringgit ("RM") resulting from the current macroeconomic crisis in Sri Lanka. At constant currency of Q1'22, revenue grew by 13.2% due to growth across core revenue segments, particularly hubbing business. EBITDA declined by 46.4% to RM151.7 million, flow through from lower revenue. PAT increased by 32.6% to a lower net loss of RM205.0 million, mainly due to lower foreign exchange losses for the quarter (Q2'22: RM155.7 million; Q1'22: RM387.4 million), partially offset by higher taxes from one-off Surcharge Tax. Out of the foreign exchange losses, RM148.5 million are unrealised foreign exchange losses.

Sri Lanka's mobile operation represents approximately 5% of the Group's net assets. Sri Lanka is engulfed in an economic and political crisis resulting from the impacts of COVID-19, significant tax cuts and large sovereign debt repayments collectively depleting the limited foreign reserves of the country. As a result, the Sri Lankan Rupee depreciated by 80% against the USD during the period ended 30 June 2022. Dialog is sustaining its operations in this challenging period and will continue to monitor the situation and respond accordingly. Based on operational and financial performance to-date and current assessments on the situation, there is no asset impairment risk as at 30 June 2022.

- **Nepal:** Revenue grew 6.7% to RM365.4 million mainly due to higher prepaid and interconnect revenue. EBITDA fell by 4.8% to RM187.8 million, impacted by higher operating costs. PAT grew by 42.4% to RM63.3 million, mainly driven by higher foreign exchange gains, lower finance costs and lower taxes, partially offset by lower top lines and higher depreciation and amortisation.
- **Cambodia:** Revenue increased by 6.2% to RM393.5 million, driven by higher data revenue from growth in prepaid business. Consequently, EBITDA grew by 7.1% to RM210.4 million. PAT rose by 13.9% to RM84.8 million, mainly due to higher top lines and lower taxes.
- **Infrastructure:** Revenue increased by 9.3% to RM616.2 million from organic growth mainly from Bangladesh and contribution from new acquisition of towers. EBITDA grew by 9.1% to RM428.2 million, mainly flow through from revenue and contained operating costs. PAT fell by 8.7% to RM92.6 million, impacted by higher depreciation and amortisation, higher foreign exchange losses and higher finance costs.

Myanmar is one of the infrastructure segment's operating footprint and it represents approximately 5% of Group's net assets. On 1 February 2021, Myanmar announced one-year state of emergency which continues to date. On 11 February 2021, United States imposed targeted sanctions followed by European Union on 22 February 2021. Since then, the United States, United Kingdom and European Union continue to expand sanctions for companies and individuals with ties to the military. To-date, none of the expanded list include or cause our operation in Myanmar to be in violation to sanctions regulation. The Group is consistently communicating with all stakeholders including its employees, customers and vendors in Myanmar and will continue to closely monitor and assess the business, operational, financial and regulatory compliance risks to mitigate against any potential impact arising from this challenging environment. Based on current assessment, there is no risk of asset impairment as at 30 June 2022.



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**2. Headline Key Performance Indicators (“KPIs”) for the Financial Year Ending 31 December 2022**

On 22 February 2022, the Group announced its Headline KPIs guidance for the financial year ending 31 December 2022. The Group’s 2022 Headline KPIs announced were as below:

	<b>FY 2022 Headline KPIs @ Constant rate<sup>1</sup></b>
Revenue Growth <sup>2</sup>	Mid single digit
Earnings before Interest, and Tax (“EBIT”) Growth	High single digit

Notes:

<sup>1</sup> Constant rate is based on FY21 Average Forex Rate (e.g. 1 USD = RM4.143)

<sup>2</sup> Revenue is based on revenue excluding device (“revenue ex-device”)

The Group posted strong operational performance in the first half of financial year ending 31 December 2022 with high single digit growth in revenue and double-digit EBIT growth contributed by all OpCos except Dialog and Ncell. PATAMI however was impacted by significant unrealised forex losses mainly from USD-denominated borrowings, coupled with one-off Prosperity Tax (Cukai Makmur) in Malaysia and Surcharge Tax in Sri Lanka.

Year on year (YTD’22 versus YTD’21), Celcom in Malaysia posted strong performance driven by higher prepaid revenue and contribution from new subsidiaries in ICT solutioning space, coupled with lower operating expenditure. Our OpCos in Indonesia, Cambodia and Bangladesh continued to be beneficiaries of higher data subscribers and usage, leading to higher data revenue. Revenue for Dialog in Sri Lanka remained resilient amid current macroeconomic crisis. However, profit has been impacted by forex devaluation and inflationary pressures. Ncell in Nepal continued to face challenges with declining International Long Distance (“ILD”) and not being offset enough with growth in domestic data business. Voice revenue was impacted by downward revision in interconnect rate since January 2022.

Digital businesses recorded strong revenue growth on the back of accelerated digitalisation amongst consumer and businesses. edotco continued recording good performance benefitting from organic growth mainly from Bangladesh and recent tower acquisitions in Malaysia. The Group added home broadband company Link Net and acquired towers in Philippines during the quarter. Impact of these two transactions have been minimal in the current quarter results.

While operational performance in YTD’22 remained encouraging, Board of Directors recognises the current global macroeconomic risks particularly in frontier markets such as Sri Lanka, Bangladesh and Nepal, and proactive measures are being taken to manage these risks.

The Board of Directors is confident that the Group is likely to exceed the headline KPIs based on operational performance. Nonetheless, currency devaluation and inflation will have unfavourable impact on the reported PATAMI of the Group in 2022.



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

The Group has not provided any profit forecast or profit guarantee in a public document in respect of the financial period ended 30 June 2022.

**4. Revenue**

	2 <sup>nd</sup> Quarter Ended		Financial Period Ended	
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	RM'000	RM'000	RM'000	RM'000
<u>Disaggregation of revenue from contracts with customers under MFRS 15:</u>				
Goods or services transferred:				
-at a point in time	458,842	494,048	860,182	789,974
-over time	5,932,567	5,739,262	11,772,906	11,355,479
<u>Revenue under other MFRS:</u>				
Lease and services of passive infrastructure	303,921	152,431	522,710	300,382
Financial institution interest income	8,927	4,323	18,410	8,248
	<b>6,704,257</b>	<b>6,390,064</b>	<b>13,174,208</b>	<b>12,454,083</b>

**5. Taxation**

The taxation charge for the Group comprises:

	2 <sup>nd</sup> Quarter Ended		Financial Period Ended	
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	RM'000	RM'000	RM'000	RM'000
Income tax	259,488	135,409	458,275	236,456
Deferred tax	40,612	54,318	104,336	127,849
<b>Total taxation</b>	<b>300,100</b>	<b>189,727</b>	<b>562,611</b>	<b>364,305</b>

The current quarter and financial period to date's effective tax rate of the Group are higher than the statutory tax rate mainly due to non-deductible expenses, varying tax regimes, blended statutory tax rates, one-off Prosperity Tax (Cukai Makmur) in Malaysia and Surcharge Tax in Sri Lanka.



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**6. Status of Corporate Proposals**

**(a) Proposed Merger of Celcom Axiata Berhad (“Celcom”) and Digi.com Berhad (“Digi”)**

On 8 April 2021, the Company announced that the Company and Telenor Asia Pte Ltd (“Telenor Asia”) (collectively, the “Parties”) are in advanced discussions to undertake a merger of the telco operations of Celcom and Digi (“MergeCo”).

On 21 June 2021, the Company announced that the Parties have successfully concluded the due-diligence exercise and signed the following agreements for the proposed merger between Celcom and Digi (“Proposed Merger”):

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

On the closing of the SPA, the Company intends to enter into a shareholders’ agreement with Telenor Asia and Telenor to establish the respective rights and obligations of the parties with respect to the activities and governance of MergeCo as well as ownership and disposition of the securities in MergeCo (“SHA”). (The SPA, MTA and the agreed form of the SHA are collectively referred to as the “Transaction Agreements”).

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

On 28 June 2022, Malaysian Communications and Multimedia Commission (“MCMC”) has issued to Celcom and Digi, a Notice of No Objection (“Notice”) dated 28 June 2022. The Notice was issued further to MCMC’s completion of its assessment of the Proposed Merger and Celcom and Digi’s application for authorisation of conduct on 16 June 2022 and notifies Celcom and Digi that MCMC does not object to the Proposed Merger. The Notice also states that MCMC has reviewed the undertakings offered by Celcom and Digi in connection with the application (“Undertaking”).



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**6. Status of Corporate Proposals (continued)**

**(a) Proposed Merger of Celcom Axiata Berhad (“Celcom”) and Digi.com Berhad (“Digi”) (continued)**

Celcom and Digi believe that the Undertaking fully addresses the issues identified by MCMC and ensures that consumers in Malaysia will continue to benefit from effective competition in mobile telecommunications services. The Undertaking includes:

- (i) Divestment of 70 MHz of MergeCo’s spectrum across 1800 MHz, 2100 MHz, and 2600 MHz, the first band to be returned to MCMC within 24 months after completion of the merger and the second and third bands to be returned within 36 months after completion of the merger;
- (ii) Establishing a separate independent business unit for Mobile Virtual Network Operator (“MVNO”) wholesale business under MergeCo within 6 months after completion of the merger and ensuring continuity of access to wholesale services for MVNOs at terms no worse off than existing agreements;
- (iii) Divestment of Celcom’s “Yoodo” brand within the stipulated time after completion of the merger as committed to MCMC, which currently offers fully digital and customisable retail mobile plans to subscribers;
- (iv) Enabling non-exclusive distributors in the Sabah, Sarawak, Kelantan, Pahang and Terengganu regions by the end of Year 3 after completion of the merger; and
- (v) Positioning the existing Digi and Celcom brands as products under a single MergeCo corporate brand by the end of Year 2 after completion of the merger.

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

Other than the above, there was no other corporate proposal announced but not completed as at 19 August 2022.



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**7. Group's Borrowings and Debt Securities**

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

	30 June 2022		31 December 2021	
	Current	Non-current	Current	Non-current
	RM'000	RM'000	RM'000	RM'000
Secured	388,730	2,244,250	280,123	1,024,917
Unsecured	6,921,322	15,648,065	3,951,293	13,794,162
<b>Total</b>	<b>7,310,052</b>	<b>17,892,315</b>	<b>4,231,416</b>	<b>14,819,079</b>

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

Foreign Currencies	30 June 2022	31 December 2021
	RM'000	RM'000
USD	13,174,456	10,230,291
IDR	4,819,502	3,030,562
BDT	521,483	393,160
SLR	164,395	485,941
NPR	745,450	716,297
PHP	1,320,655	-
Others	96,856	137,510
<b>Total</b>	<b>20,842,797</b>	<b>14,993,761</b>





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**8. Outstanding Derivatives**

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

Type of derivative financial instruments	30 June 2022		31 December 2021	
	Notional value	Fair value favourable/ (unfavourable)	Notional value	Fair value favourable/ (unfavourable)
	RM'000	RM'000	RM'000	RM'000
<b><u>Cross currency interest rate swaps:</u></b>				
- < 1 year	792,180	(21,878)	-	(20,497)
- > 3 years	4,401,000	5,253	4,177,500	(60,484)
<b><u>Convertible warrants in an associate:</u></b>				
- 1 - 3 years	19,251	43,342	-	-
- > 3 years	-	-	19,251	43,342
<b><u>Interest rate swaps:</u></b>				
- < 1 year		662	-	121
- 1 - 3 years	352,080	445	334,200	486
<b><u>Call option:</u></b>				
- > 3 years	5,149	2,311	4,888	2,311
<b>Total</b>		<b>30,135</b>		<b>(34,721)</b>

(b) The risks associated with the derivative financial instrument and the policies in place for mitigating such risks were disclosed in 2021 Audited Financial Statements.

**9. Fair Value Changes of Financial Liabilities**

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



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## 10. Material Litigations

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

**(a) Celcom Axiata Berhad (formerly known as Celcom (Malaysia) Berhad) (“Celcom”) and Celcom Resources Berhad (formerly known as Technology Resources Industries Berhad) (“Celcom Resources”) vs Tan Sri Dato’ Tajudin bin Ramli (“TSDTR”) & 6 Others**

On 24 October 2008, Celcom and Celcom Resources commenced proceedings against five (5) of its former directors, namely (i) TSDTR, (ii) Dato’ Bistaman bin Ramli (“DBR”), (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 DBR (“Main Suit 1”).

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

On 23 June 2016, TSDTR and DBR filed a statement of defence (“Defence for Main Suit 1”) and counterclaim against Celcom, Celcom Resources and Telekom Malaysia Berhad (“TM”), seeking among others payment of the sum of RM6,246.5 million or alternatively the sum of RM7,214.9 million together with interest, being the amount claimed by TSDTR and DBR in their counterclaims filed in the Kuala Lumpur High Court, Suit No. D2-22-673-2006 (“Danaharta Suit”) which was subsequently withdrawn pursuant to a purported global settlement which did not include Main Suit 1 (“TSDTR and DBR’s Counterclaim for Main Suit 1”). The German Directors filed their respective defences on 30 June 2016. TM filed an application to intervene in the Main Suit 1 in light of the allegations made against TM in TSDTR and DBR’s Counterclaim against Main Suit 1.

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

The application for leave to discontinue the trial and record consent judgement against DeTeAsia and the German Directors was heard on 19 November 2021. Oral submissions by parties against TSDTR and DBR was heard by the Kuala Lumpur High Court on 20 April 2022. The Kuala Lumpur High Court has fixed the hearing date on 13 December 2022.



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**10. Material Litigations (continued)**

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

**(b) Celcom & Another vs TSDTR & 8 Others**

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

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

In addition, Celcom and Celcom Resources have also made a claim against TSDTR only, for return of the alleged unauthorised profits made by him, all monies received by the directors arising out of such breaches, losses and damages in connection with the abovementioned agreements ("Main Suit 2").

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

- (i) a declaration that the Defendants have acted in breach of their fiduciary duties and are liable to indemnify Celcom in relation to the sums paid out to DeTeAsia pursuant to the Award where the ICC found Celcom to be liable for the following:
  - (aa) the sum of USD177.2 million (RM780.0 million) being the principal sum plus USD16.3 million (RM71.5 million) representing interest at the rate of 8.0% for the period from 16 October 2002 to 27 June 2003;
  - (bb) the cost of arbitration amounting to USD0.8 million (RM3.6 million); and
  - (cc) the sum of USD1.8 million (RM7.9 million) representing the legal costs.
- (ii) damages for various breaches of fiduciary duties committed by them in relation to the entry into the Subscription Agreement and the ARSA.
- (iii) the unauthorised profits claimed to have been made by TSDTR, amounting to RM446.0 million.

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

Celcom and Celcom Resources have reached an amicable settlement and entered into a settlement agreement with DeTeAsia and the German Directors dated 15 November 2021 in relation to Main Suits 1 and 2. The settlement was entered into without any admission of liability by the parties and pursuant to the above, Celcom and Celcom Resources will discontinue Main Suits and without liberty to file afresh against DeTeAsia and the German Directors.



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**10. Material Litigations (continued)**

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

**(b) Celcom & Another vs TSDTR & 8 Others (continued)**

The proceedings against TSDTR and DBR in relation to Main Suits 1 and 2 will continue subject to new directions from the Court following discontinuation of the same against DeTeAsia and the German Directors.

**(c) Robi Axiata Limited ("Robi") vs Commissioner of Large Taxpayer Unit ("LTU-VAT") and Ors. (SIM Replacement Tax)**

**Robi SIM Replacement Dispute 2007-2011**

On 17 May 2015, the LTU-VAT of the National Board of Revenue ("LTU-VAT of the NBR") issued a revised demand letter for BDT4,145.5 million (RM195.9 million) [the earlier show cause letter dated 23 February 2012 for BDT6,549.9 million (RM309.5 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 for the duration from March 2007 to June 2011 when such SIM cards were issued as replacement cards to the existing subscribers of Robi.

In August 2015, Robi filed an appeal against the 2007 to 2011 Revised Claim to the Customs, Excise and VAT Appellate Tribunal. Robi deposited 10.0% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on provisions of the VAT Act 1991. This appeal was first heard on 28 September 2016 by the Customs, Excise and VAT Appellate Tribunal and later reheard on 11 April 2017 by a reconstituted bench of the Customs, Excise and VAT Appellate Tribunal. The Customs, Excise and VAT Appellate Tribunal dismissed Robi's appeal.

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

**Robi SIM Replacement Dispute July 2012 to July 2015**

On 20 November 2017, the LTU-VAT of the NBR issued a demand letter for BDT2,852.0 million (RM134.8 million) ("2012 to 2015 Claim") to Robi alleging that Robi had evaded payment of supplementary duty and VAT levied on the issuance of certain number of SIM cards to new customers of Robi for the duration from July 2012 to June 2015 when such SIM cards were issued as replacement cards to the existing subscribers of Robi.

On 18 February 2018, Robi filed an appeal against the 2012 to 2015 Claim to the Customs, Excise and VAT Appellate Tribunal on the basis that replacement cards do not establish new connections and do not change existing subscribers' numbers. Robi deposited 10.0% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on provisions of the VAT Act 1991. This appeal was dismissed by the Customs, Excise and VAT Appellate Tribunal.

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



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**10. Material Litigations (continued)**

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

**(c) Robi Axiata Limited (“Robi”) vs Commissioner of Large Taxpayer Unit (“LTU-VAT”) and Ors. (SIM Replacement Tax) (continued)**

**Robi SIM Replacement Dispute July 2012 to July 2015 (continued)**

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

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

Robi has filed written arguments against such views on the basis that the new VAT and Supplementary Duty Act 2012 is not applicable. This legal point was heard on 2 March 2021 in which the High Court Division dismissed Robi’s argument and advised Robi to file a revision application under the new VAT and Supplementary Duty Act 2012, to which Robi had on 23 March 2021 filed the Civil Miscellaneous Petition for Leave to Appeal (“CMP”) before the Appellate Division contending the dismissal. Pending the hearing of the CMP by the Appellate Division, the High Court Division issued a certified copy of the judgement on maintainability on 23 August 2021. Robi subsequently filed a Civil Petition for Leave to Appeal (“CP”) before the Appellate Division of the Supreme Court of Bangladesh. The CP is now pending for hearing.

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

The LTU-VAT of the NBR issued 5 show cause cum demand notices to Robi for a total amount of BDT9,245.0 million (RM436.8 million). Robi filed writ petitions for judicial review) on 3 May 2018 to challenge these claims. The details are as below. The LTU-VAT of the NBR referred the matter to the Directorate General of Audit Intelligence and Investigation (“DGAI”) to re-examine the claims and as such, Robi is not pursuing the Writ Petitions.

- (i) the first show cause cum demand notice for BDT7,118.2 million (RM336.3 million) was issued based on the credit balance of VAT payable General Ledger (“GL”) and VAT Return and VAT payable for the period from 2013 to 2016. While conducting its audit, the LTU-VAT of the NBR asked for month-on-month movement of output and withholding GL from Systems, Applications and Products i.e., SAP (Opening, debit balance during the month, credit balance during the month and closing balance). Robi had submitted the required documents. The LTU-VAT of the NBR just considered the total credit balance of SAP GL as payable and compared it with VAT return without considering the documents or explanation submitted by Robi.



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**10. Material Litigations (continued)**

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

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

- (ii) the second show cause cum demand notice for BDT910.5 million (RM43.0 million) alleges unpaid VAT on merger and spectrum fee. The LTU-VAT of the NBR which collected merger fee/spectrum information from the Bangladesh Telecommunication Regulatory Commission (“BTRC”) in relation to merger directly, thereafter arbitrarily calculated VAT without considering Robi’s documents and information regarding actual payment to BTRC. This issue has already been covered in item (i), nevertheless the LTU-VAT of the NBR still arbitrarily made the same claim separately.
- (iii) the third show cause cum demand notice for BDT16.5 million (RM0.8 million) is to claim that VAT is payable on interconnection charges from Bangladesh Telecommunications Limited (“BTCL”) for 2012. The output VAT for BTCL service to customer is centrally collected by the LTU-VAT of the NBR and that BTCL cannot adjust input VAT on interconnection charges payable to Robi. Therefore, BTCL did not pay the VAT on same to Robi. This issue has already been covered in item (i), nonetheless the LTU-VAT of the NBR still arbitrarily made the same claim separately.
- (iv) the fourth show cause cum demand notice for BDT35.7 million (RM1.7 million) is to claim that VAT is payable on interconnection charges from BTCL for 2013 to 2016 (the issue is same as item (iii) of this case but relating to different period (2013-2016)).
- (v) the fifth show cause cum demand notice for BDT1,164.1 million (RM55.0 million) is for VAT rebate cancellation on imported telecom items. The LTU-VAT of the NBR directly collected imports information from Customs Authority, then cancelled few imported items such as battery, switch, cable, router, system, etc. on arbitrary basis. These are the integral parts of machineries and spare parts.

Pursuant to re-examinations of the aforementioned demand notices by the DGAI, the LTU-VAT of the NBR issued 4 new show cause notices dated 22 March 2020 to Robi on the cumulative amount of BDT7,459.5 million (RM352.4 million) for the period of January 2013 to December 2016, details of which are set out as follows:

- (i) the first show cause notice is on BDT3,676.0 million (RM173.7 million) in relation to VAT deducted at source on grounds of (I) withholding VAT on handsets; (II) withholding VAT on dealer’s commission; (III) withholding VAT not paid on revenue sharing on the basis of audited financial statements; (IV) less withholding VAT paid on the basis of audited accounts etc.
- (ii) the second show cause is on BDT394.3 million (RM18.6 million) in relation to VAT of BDT368.6 million (RM17.4 million) and supplementary duty payment of BDT25.7 million (RM1.2 million) based on Robi’s audited financial statements.



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**10. Material Litigations (continued)**

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

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

- (iii) the third show cause notice is on BDT1,308.0 million (RM61.8 million) in relation to VAT on revenue sharing.
- (iv) the fourth show cause notice is on BDT2,081.2 million (RM98.3 million) in relation to VAT rebate cancellation.

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

**(e) Robi vs BTRC**

The BTRC conducted an audit on Robi's information system for the years between 1997 to 2014 and issued a claim of BDT8,672.4 million (RM409.8 million) against Robi on 31 July 2018 ("Information System Audit Claim"). This Information System Audit Claim is disputed by Robi and a Notice of Arbitration was served on BTRC on 30 May 2019.

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

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

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

On 5 January 2020, the High Court Division issued an injunction upon BTRC on condition that Robi deposit BDT1,380.0 million (RM69.0 million) in five installments. Robi has deposited these five equal installments as of 31 May 2020. This matter is currently pending for hearing before the Joint District Judge in Dhaka.



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**10. Material Litigations (continued)**

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

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

For the period of 2010 to 2016, Robi claimed rebate for input VAT payable on certain services and goods related to capital machineries (i.e. antenna, cable, media gateway switch, battery, modem, telephone and telegraphic switch, power system, optical multi service systems, universal service router, printed service board, racks, etc.). The LTU-VAT of the NBR cancelled the rebates and issued the following demand notices cumulatively for BDT3,636.2 million (RM171.7 million) to which Robi is challenging:

- (i) the demand notice for the period of March 2012 to April 2013 is for BDT830.6 million (RM39.2 million).
- (ii) the demand notice for the period of July 2013 to June 2014 is for BDT596.8 million (RM28.2 million).
- (iii) the demand notice for the period of July 2014 to January 2016 is for BDT993.2 million (RM46.9 million).
- (iv) the demand notice for the period of February 2016 to April 2016 for BDT41.0 million (RM1.9 million).
- (v) the demand notice for the period of May 2016 to December 2016 is for BDT707.7 million (RM33.4 million).
- (vi) the demand notice for the financial years of 2010 to 2012 is for BDT466.9 million (RM22.1 million).

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

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





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**10. Material Litigations (continued)**

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

**(g) Robi vs The Commissioner of Taxes**

The Commissioner of Taxes assessed the income tax return of Robi and disallowed certain losses and expenses (i.e. subsidy on acquisition expenses/promotional expense (SIM tax subsidy), foreign exchange losses, non-adjustment of depreciation allowances, etc.) and further determined the income tax payable as follows:

- (i) for the assessment year 2013-2014, BDT2,273.6 million (RM107.4 million) and interest of BDT378.2 million (RM17.9 million);
- (ii) for the assessment year 2014-2015, BDT2,246.3 million (RM106.1 million) and interest of BDT414.4 million (RM19.6 million); and
- (iii) for the assessment year 2015-2016, BDT2,263.2 million (RM106.9 million) and interest of BDT295.3 million (RM14.0 million).

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



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**10. Material Litigations (continued)**

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

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

On 20 November 2001, DBN initiated a claim against Electroteks for SLR68.8 million (RM0.8 million) to recover an outstanding amount due for the provision of telecommunication facilities. This claim has concluded and is currently at execution stage.

On 30 May 2002, Electroteks filed a counterclaim for SLR4,200.0 million (RM51.5 million) together with the interest thereon and it was allowed by the court (“Counterclaim Judgment”). DBN filed an appeal against the Counterclaim Judgment to the Supreme Court of Sri Lanka.

Pending disposal of the aforesaid appeal, Dialog Axiata Plc., the holding company of DBN, has provided a bank guarantee for SLR1,000.0 million (RM12.3 million) and a corporate guarantee for SLR3,200.0 million (RM39.2 million) to stay execution of the Counterclaim Judgment.

Parties filed written submissions on 30 November 2016. The Judgment was delivered by the Supreme Court of Sri Lanka on 14 December 2018 allowing the appeal of DBN and setting aside the Judgment of the Commercial High Court. Principal sum with the legal interest as at 14 December 2018 is SLR11,608.9 million (RM142.2 million).

Electroteks has filed a revision application in the Supreme Court of Sri Lanka under Case Number SC/MISC/3/2019 against the Judgment delivered by the Supreme Court of Sri Lanka and the matter came up for support on 17 May 2019. On that date, the Presiding Judge of the Supreme Court bench referred the matter to be mentioned on 12 June 2019 before a bench comprising the judges who delivered the Judgment. However, when the matter came up on 12 June 2019, no direction was made by the Supreme Court.

The matter was supported on 14 September 2020. The order was reserved by the Supreme Court.



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**10. Material Litigations (continued)**

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

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

A public interest litigation (“PIL”) has been filed at the Supreme Court of Nepal (“SC”) seeking various orders from the SC including that tax to be collected from Ncell and Axiata UK in relation to the indirect transfer to Axiata UK of an 80.0% stake in Ncell through the sale of Reynolds by Ncell’s previous foreign investor, TeliaSonera Norway Nepal Holdings AS (“TeliaSonera”) to Axiata UK (“Transaction”).

The SC issued its full written order on 9 April 2019 (“Order”) in relation to its oral order dated 6 February 2019 that the LTPO should determine the outstanding tax to be paid in relation to the Transaction within three months from the date of receipt of the Order by the LTPO and that the responsibility to pay tax lies with Ncell and Axiata Group Berhad, the latter who is not a party to the PIL. Ncell received a letter issued by the LTPO on 16 April 2019 stating that its assessment order in relation to the Transaction initially issued to TeliaSonera (“Telia Assessment”) is now transferred to Ncell and that the further balance amount of the Capital Gains Tax (“CGT”) arising from the Transaction is NPR39,060.7 million (RM1,360.9 million). Ncell is ordered to deposit the said amount within 7 days, or by 22 April 2019 (“LTPO Direction”).

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

Following the Ncell Application, the SC on 25 April 2019 issued a show cause order against the LTPO, IRD and the Ministry of Finance of Nepal (collectively, the “Respondents”) to appear before a Division Bench on 6 May 2019 (“Hearing Date”) and that a temporary stay order is granted until the Hearing Date, during which period the Respondents were refrained from taking any steps to enforce the LTPO Direction against Ncell.

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



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**10. Material Litigations (continued)**

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

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

On 26 August 2019, the SC issued a short-form judgment on the Ncell Application (“Short Form Order”) in which the SC partially upheld the Ncell Application. The full written judgment of the SC’s decision was issued on 21 November 2019 (“SC Judgment”). The SC Judgment states that the prior tax amount assessed by the LTPO is to be reduced to the extent of fees purportedly levied under section 120(a) of the Nepalese Income Tax Act which were found to be unlawful. The SC has held that Ncell remains liable to pay NPR21,104.0 million (RM735.3 million) in allegedly outstanding CGT (including fees pursuant to sections 117(1)(a) and (c) and interest pursuant to sections 118 and 119 until the date of deposit) in relation to the Transaction.

Following this SC Judgment, on 6 December 2019, the LTPO demanded that Ncell pay NPR22,445.1 million (RM782.0 million) in allegedly outstanding CGT (including interest and penalties) (“Demand Amount”). On 22 December 2019, the LTPO issued a second demand letter, repeating the demand from 6 December 2019 for Ncell to deposit the sums demanded within 15 days (collectively, the “LTPO Demand Letters”). On 12 April 2020, Ncell settled the Demand Amount and an additional sum of NPR990.3 million (RM35.0 million) as interest (collectively, the “Total Amount”). Ncell’s payment of the Total Amount was made under protest and expressly without prejudice to Ncell and Axiata UK’s position in the international arbitration proceedings commenced by Ncell and Axiata UK against the Federal Democratic Republic of Nepal (detailed below).

The LTPO Demand Letters represent a clear violation of the terms of the Provisional Measures Order (defined below) issued by the Tribunal on 18 December 2019 in the arbitration proceedings commenced by Ncell and Axiata UK which ordered Federal Democratic Republic of Nepal (“Nepal”), its agencies and officials to refrain from, amongst other things, taking any steps to enforce or otherwise give effect to the LTPO Demand Letters. The Provisional Measures Order is legally binding on Nepal and its agencies under international law.

**Arbitration of Axiata UK and Ncell vs Nepal**

Following the LTPO Demand Letters, Axiata UK and Ncell have filed a Request for Arbitration (“Request”) with the International Centre for the Settlement of Investment Disputes (“ICSID”) pursuant to the Agreement dated 2 March 1993 between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Nepal for the Promotion and Protection of Investments (“Bilateral Investment Treaty”).



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**10. Material Litigations (continued)**

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

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

**Arbitration of Axiata UK and Ncell vs Nepal (continued)**

Axiata UK and Ncell's claims as set out in the Request relate to Nepal's conduct in contravention of its international law obligations under the Bilateral Investment Treaty. In particular, the claims relate to Nepal's conduct in imposing capital gains tax in connection with Axiata UK's acquisition of 100.0% of the shares of Reynolds, which owns 80.0% of the shares of Ncell.

Axiata UK and Ncell dispute the entirety of the CGT allegedly payable by Ncell in connection with the Transaction and will argue, among other things, that the imposition of CGT by Nepal in relation to the Transaction is unlawful. Axiata UK and Ncell will seek remedies including restitution of sums already paid, a permanent injunction against further attempts to collect CGT from Ncell in connection with the Transaction and damages for all losses suffered in consequence of Nepal's unlawful conduct. Ncell has paid a total of NPR47,009.9 million (RM1,637.8 million) in alleged outstanding CGT.

Pursuant to the ICSID, Axiata UK and Ncell appointed Albert Jan van den Berg (Dutch) on 23 July 2019 as their chosen arbitrator. The arbitration tribunal (“Tribunal”) was fully constituted on 18 October 2019, the other members being Paul Friedland (American) and Professor Joongi Kim (Korean, presiding arbitrator).

On 18 December 2019, the Tribunal granted Axiata UK and Ncell's application for provisional measures in large part and ordered that Nepal, its organs, agencies and officials, including the LTPO and the IRD, immediately be restrained from:

- (i) taking any steps to enforce or otherwise give effect to the demand letter served by the LTPO against Ncell dated 6 December 2019 in which the LTPO demanded that Ncell pay NPR22,445.1 million (RM782.0 million) in allegedly outstanding CGT (including interest and penalties) in connection with the Transaction; and
- (ii) taking any steps which would alter the status quo between Axiata UK, Ncell and Nepal or aggravate the present dispute (together, the “Provisional Measures Order”).

A merits hearing was originally scheduled to take place in two (and potentially three) sessions. The first session was scheduled for 29 November 2021 to 3 December 2021, with the second session to take place on 11-16 April 2022, and with 4-5 July 2022 in reserve. However, by a decision of 28 November 2021, the Tribunal postponed the November/December 2021 session of the hearing due to the emergency hospitalisation of one of Nepal's lawyers.

By Procedural Order No. 9 dated 3 December 2021, the Tribunal ordered that the hearing be deferred to 11-22 April 2022, with 4-5 July 2022 in reserve. The hearing has been concluded on 22 April 2022, following which the Tribunal will make a decision. The award is expected to be delivered within 6-12 months.



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**10. Material Litigations (continued)**

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

**(j) Ncell vs LTPO and others**

**Amended Assessment Notice by the LTPO**

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

The LTPO had reassessed Ncell's income tax return for the fiscal year of 2015 to 2016 and determined that based on section 57 of the ITA, Ncell's taxable income for such fiscal year is now NPR127,827.6 million (RM4,453.5 million). Ncell responded to the Reassessment Notice on 12 January 2021 disagreeing, among other things, with the applicability of the assessment and the method used by LTPO to make the assessment.

Ncell has filed a writ petition ("First Writ") against LTPO and related government agencies. On 13 January 2021, Ncell obtained an order from the SC that all decisions and proceedings in relation to the Reassessment Notice be stayed until the matter is heard by the SC. On 14 January 2021, the Tribunal also issued its procedural order recording the undertaking given by Nepal and its organs and agencies will not take any measures against Ncell in relation to the section 57 demand and the Transaction.

Notwithstanding the order from the SC, LTPO had on the same day issued a further notice ("Demand Notice") under section 102 of the ITA for additional tax liability of NPR57,852.3 million (RM2,015.6 million). Ncell has filed another writ petition ("Second Writ") to dispute the Demand Notice as the remedies sought in the First Writ have been rendered inapplicable by the Demand Notice. On 7 February 2021, the SC issued an interim order directing the respondents in the Second Writ not to execute the Demand Notice and not to withhold any benefits or facilities that Ncell is legally entitled to.

The hearing which was originally scheduled to take place on 2 November 2021 has been postponed by the SC to 18 November 2022.

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

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



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**12. Earnings Per Share (“EPS”)**

**(a) Basic EPS**

	2 <sup>nd</sup> Quarter Ended		Financial Period Ended	
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
(Loss)/Profit attributable to owners of the Company (RM'000)	(106,380)	277,756	(149,353)	353,315
Adjusted weighted average number of ordinary shares ('000) in issue	9,176,804	9,172,697	9,176,051	9,171,263
<b>Basic EPS (sen)</b>	<b>(1.2)</b>	3.0	<b>(1.6)</b>	3.9

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

**(b) Diluted EPS**

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

	2 <sup>nd</sup> Quarter Ended		Financial Period Ended	
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
(Loss)/Profit attributable to owners of the Company (RM'000)	(106,380)	277,756	(149,353)	353,315
Weighted average number of ordinary shares in issue ('000)	9,176,804	9,172,697	9,176,051	9,171,263
Adjusted for diluted effect of Axiata PBLTIP ('000)	7,933	6,261	7,742	6,865
Adjusted weighted average number of ordinary shares ('000)	9,184,737	9,178,958	9,183,793	9,178,128
<b>Diluted EPS (sen)</b>	<b>(1.2)</b>	3.0	<b>(1.6)</b>	3.8



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**13. Qualification of Preceding Audited Financial Statements**

The 2021 Audited Financial Statements were not subject to any qualification.

**14. Dividend Proposed**

There is no interim dividend proposed for the current quarter and financial period to date (30 June 2021: 4.0 sen).

**By Order of the Board**

Suryani Hussein (LS0009277)  
Secretary

Kuala Lumpur  
26 August 2022