



**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 31 March 2020.*

<b>UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>				
	<b>1<sup>st</sup> Quarter Ended</b>		<b>Financial Period Ended</b>	
	<b><u>31/3/2020</u></b>	<b><u>31/3/2019</u></b>	<b><u>31/3/2020</u></b>	<b><u>31/3/2019</u></b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated<sup>1</sup></b>		<b>Restated<sup>1</sup></b>
Operating revenue	<b>6,036,584</b>	5,949,437	<b>6,036,584</b>	5,949,437
Operating costs				
- depreciation, impairment and amortisation	<b>(1,848,469)</b>	(1,643,040)	<b>(1,848,469)</b>	(1,643,040)
- foreign exchange gains	<b>65,594</b>	14,577	<b>65,594</b>	14,577
- domestic interconnect and international outpayment	<b>(416,564)</b>	(530,672)	<b>(416,564)</b>	(530,672)
- marketing, advertising and promotion	<b>(497,362)</b>	(488,979)	<b>(497,362)</b>	(488,979)
- other operating costs	<b>(1,968,552)</b>	(2,005,522)	<b>(1,968,552)</b>	(2,005,522)
- staff costs	<b>(650,213)</b>	(502,496)	<b>(650,213)</b>	(502,496)
- other gains/(losses) - net	<b>566</b>	(22,709)	<b>566</b>	(22,709)
Other operating income - net	<b>433,746</b>	460,570	<b>433,746</b>	460,570
Profit before finance cost	<b>1,155,330</b>	1,231,166	<b>1,155,330</b>	1,231,166
Finance income	<b>42,137</b>	56,381	<b>42,137</b>	56,381
Finance cost excluding net foreign exchange (losses)/gains on financing activities	<b>(426,235)</b>	(408,922)	<b>(426,235)</b>	(408,922)
Net foreign exchange (losses)/gains on financing activities	<b>(165,313)</b>	115,433	<b>(165,313)</b>	115,433
	<b>(591,548)</b>	(293,489)	<b>(591,548)</b>	(293,489)
Joint ventures				
- share of results (net of tax)	<b>(1,936)</b>	(2,236)	<b>(1,936)</b>	(2,236)
Associates				
- share of results (net of tax)	<b>7,903</b>	1,082	<b>7,903</b>	1,082
Profit before taxation	<b>611,886</b>	992,904	<b>611,886</b>	992,904
Taxation	<b>(213,586)</b>	(193,078)	<b>(213,586)</b>	(193,078)
Profit for the financial period	<b>398,300</b>	799,826	<b>398,300</b>	799,826

<sup>1</sup> The comparative corresponding quarter and financial period to date have been restated to reflect the change in accounting policy as disclosed in Part A, Note 2(b) of this announcement.

*(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019)*



**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 31 March 2020.*

<b>UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)</b>				
	<b>1<sup>st</sup> Quarter Ended</b>		<b>Financial Period Ended</b>	
	<b><u>31/3/2020</u></b>	<b><u>31/3/2019</u></b>	<b><u>31/3/2020</u></b>	<b><u>31/3/2019</u></b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated<sup>1</sup></b>		<b>Restated<sup>1</sup></b>
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss:				
- actuarial gains on defined benefits plan, net of tax	<b>5,975</b>	1,026	<b>5,975</b>	1,026
- fair value through other comprehensive income	<b>(22,708)</b>	(827,129)	<b>(22,708)</b>	(827,129)
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	<b>(243,418)</b>	(149,969)	<b>(243,418)</b>	(149,969)
- net cash flow hedge	<b>91,009</b>	23,370	<b>91,009</b>	23,370
- net cost of hedging	<b>(99,335)</b>	9,178	<b>(99,335)</b>	9,178
Other comprehensive expense for the financial period, net of tax	<b>(268,477)</b>	(943,524)	<b>(268,477)</b>	(943,524)
Total comprehensive income/(expense) for the financial period	<b>129,823</b>	(143,698)	<b>129,823</b>	(143,698)
Profit for the financial period attributable to:				
- owners of the company	<b>188,106</b>	725,165	<b>188,106</b>	725,165
- non-controlling interests	<b>210,194</b>	74,661	<b>210,194</b>	74,661
	<b>398,300</b>	799,826	<b>398,300</b>	799,826
Total comprehensive income/(expenses) for the financial period attributable to:				
- owners of the company	<b>(9,604)</b>	(185,109)	<b>(9,604)</b>	(185,109)
- non-controlling interests	<b>139,427</b>	41,411	<b>139,427</b>	41,411
	<b>129,823</b>	(143,698)	<b>129,823</b>	(143,698)
Earnings Per Share (sen) (Part B, Note 13)				
- basic	<b>2.1</b>	8.0	<b>2.1</b>	8.0
- diluted	<b>2.1</b>	8.0	<b>2.1</b>	8.0

<sup>1</sup> The comparative corresponding quarter and financial period to date have been restated to reflect the change in accounting policy as disclosed in Part A, Note 2(b) of this announcement.

*(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019)*



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

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
	<b>31/3/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	13,859,615	13,857,268
Reserves	1,737,176	2,323,525
Total equity attributable to owners of the Company	15,596,791	16,180,793
Non-controlling interests	6,055,457	6,039,230
Total equity	21,652,248	22,220,023
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	8,867,607	9,194,490
Derivative financial instruments	51,838	110,818
Deferred income	368,424	383,337
Deferred gain on sale and lease back assets	474,453	559,351
Trade and other payables	756,620	607,967
Lease liabilities	6,949,887	7,397,617
Provision for liabilities	542,089	517,288
Deferred taxation	1,232,321	1,205,422
Total non-current liabilities	19,243,239	19,976,290
	<b>40,895,487</b>	<b>42,196,313</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 2019)*



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

<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)</b>		
	<b>31/3/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
	<b>Unaudited</b>	<b>Audited</b>
<b>NON-CURRENT ASSETS</b>		
Intangible assets	20,355,357	20,724,361
Contract cost assets	187,125	182,908
Property, plant and equipment	25,210,673	25,633,223
Right-of-use assets	8,188,318	8,937,706
Joint ventures	19,773	21,709
Associates	220,484	207,357
Financial assets at fair value through other comprehensive income	308,215	301,347
Financial assets at fair value through profit or loss	3,489	3,459
Derivative financial instruments	55,696	15,256
Trade and other receivables	627,377	656,639
Deferred taxation	290,078	324,187
Total non-current assets	<b>55,466,585</b>	<b>57,008,152</b>
<b>CURRENT ASSETS</b>		
Inventories	141,491	154,328
Trade and other receivables	5,509,172	4,721,973
Derivative financial instruments	70,897	9,247
Financial assets at fair value through profit or loss	65,983	60,417
Tax recoverable	74,752	70,944
Deposits, cash and bank balances	5,962,548	4,231,099
Assets classified as held-for-sale	12,319	277,643
	<b>11,837,162</b>	<b>9,525,651</b>
<b>LESS: CURRENT LIABILITIES</b>		
Trade and other payables	12,400,392	12,178,262
Deferred gain on sale and lease back assets	112,062	124,748
Lease liabilities	1,582,519	1,442,700
Borrowings	9,046,403	7,631,753
Derivative financial instruments	2,198,847	2,041,199
Current tax liabilities	654,249	899,811
Dividend payable	412,361	-
Liability classified as held-for-sale	1,427	19,017
Total current liabilities	<b>26,408,260</b>	<b>24,337,490</b>
Net current liabilities	<b>(14,571,098)</b>	<b>(14,811,839)</b>
	<b>40,895,487</b>	<b>42,196,313</b>
Net assets per share attributable to owners of the Company (sen)	170	177

*(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019)*



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

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

	Attributable to equity holders of the Company							
	Share capital	Share capital	Currency translation differences	Reserves	Retained earnings	Total	NCI	Total equity
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2020</b>	9,163,573	13,857,268	(561,180)	(3,762,267)	6,646,972	16,180,793	6,039,230	22,220,023
Profit for the financial period	-	-	-	-	188,106	188,106	210,194	398,300
Other comprehensive (expense)/income:								
-Currency translation differences of subsidiaries	-	-	(170,649)	-	-	(170,649)	(72,769)	(243,418)
-Net cash flow hedge	-	-	-	91,009	-	91,009	-	91,009
-Net cost of hedging	-	-	-	(99,335)	-	(99,335)	-	(99,335)
-Actuarial gains, net of tax	-	-	-	3,972	-	3,972	2,003	5,975
-Revaluation of financial assets at FVTOCI	-	-	-	(22,707)	-	(22,707)	(1)	(22,708)
<b>Total comprehensive (expense) /income</b>	-	-	<b>(170,649)</b>	<b>(27,061)</b>	<b>188,106</b>	<b>(9,604)</b>	<b>139,427</b>	<b>129,823</b>
Transactions with owners:								
-Dilution of equity interest in subsidiaries	-	-	(1,834)	36	7,600	5,802	11,492	17,294
-Additional investment in a subsidiary	-	-	-	-	-	-	100	100
-Revaluation of put option	-	-	-	(170,102)	-	(170,102)	-	(170,102)
-Dividends declared to shareholders	-	-	-	-	(412,361)	(412,361)	-	(412,361)
-Dividends declared to NCI	-	-	-	-	-	-	(134,792)	(134,792)
-Share-based payment expense	-	-	-	2,263	-	2,263	-	2,263
-Transferred from share-based payment reserve upon vest	571	2,347	-	(2,347)	-	-	-	-
Total transactions with owners	571	2,347	(1,834)	(170,150)	(404,761)	(574,398)	(123,200)	(697,598)
<b>At 31 March 2020</b>	<b>9,164,144</b>	<b>13,859,615</b>	<b>(733,663)</b>	<b>(3,959,478)</b>	<b>6,430,317</b>	<b>15,596,791</b>	<b>6,055,457</b>	<b>21,652,248</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 2019)**



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

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020 (CONTINUED)**

Note	Attributable to equity holders of the Company							Total equity RM'000
	Share capital '000	Share capital RM'000	Currency translation differences RM'000	Reserves RM'000	Retained earnings RM'000	Total RM'000	NCI RM'000	
<b>At 1 January 2019:</b>								
- as previously reported	9,071,018	13,502,368	(329,197)	(1,339,153)	5,642,781	17,476,799	5,737,907	23,214,706
- first time adoption adjustments	-	-	-	-	(65,512)	(65,512)	(2,381)	(67,893)
- change in accounting policy	-	-	-	(368,510)	368,510	-	-	-
- as restated	9,071,018	13,502,368	(329,197)	(1,707,663)	5,945,779	17,411,287	5,735,526	23,146,813
Profit for the financial period	-	-	-	-	725,165	725,165	74,661	799,826
Other comprehensive (expense)/income:								
-Currency translation differences of:								
-subsidiaries	-	-	(52,052)	-	-	(52,052)	(33,595)	(85,647)
-derecognition of an associate	-	-	(64,322)	-	-	(64,322)	-	(64,322)
	-	-	(116,374)	-	-	(116,374)	(33,595)	(149,969)
-Net cash flow hedge	-	-	-	23,370	-	23,370	-	23,370
-Net cost of hedging	-	-	-	9,178	-	9,178	-	9,178
-Actuarial gains, net of tax	-	-	-	681	-	681	345	1,026
-Revaluation of financial assets at FVTOCI	-	-	-	(827,129)	-	(827,129)	-	(827,129)
<b>Total comprehensive (expense) /income</b>	<b>-</b>	<b>-</b>	<b>(116,374)</b>	<b>(793,900)</b>	<b>725,165</b>	<b>(185,109)</b>	<b>41,411</b>	<b>(143,698)</b>
Transactions with owners:								
-Issuance of new ordinary shares	1,560	4,158	-	-	-	4,158	-	4,158
-Dilution of equity interest in subsidiaries	-	-	8,246	-	(8,158)	88	140	228
-Additional investment of a subsidiary	-	-	-	-	(6,186)	(6,186)	4,170	(2,016)
-Revaluation of put option	-	-	-	(16,112)	-	(16,112)	-	(16,112)
-Dividends declared to shareholders	-	-	-	-	(408,196)	(408,196)	-	(408,196)
-Dividends declared to NCI	-	-	-	-	-	-	-	-
-Share-based payment expense	-	-	-	2,662	-	2,662	-	2,662
-Transferred from share-based payment reserve upon exercise/vest	163	2,140	-	(2,140)	-	-	-	-
Total transactions with owners	1,723	6,298	8,246	(15,590)	(422,540)	(423,586)	4,310	(419,276)
<b>At 31 March 2019 (restated<sup>1</sup>)</b>	<b>9,072,741</b>	<b>13,508,666</b>	<b>(437,325)</b>	<b>(2,517,153)</b>	<b>6,248,404</b>	<b>16,802,592</b>	<b>5,781,247</b>	<b>22,583,839</b>

<sup>1</sup> Restated to reflect the change in accounting policy as disclosed in Part A, Note 2(b) of this announcement.

**(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 2019)**



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

**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020**

Note	Reserves								
	Capital contribution	Merger	Hedging	Cost of hedging	Actuarial	Share-based payment	FVTOCI	Other	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2020</b>	16,598	346,774	(9,705)	(5,862)	28,512	27,351	(2,138,438)	(2,027,497)	(3,762,267)
Other comprehensive income/(expense):									
-Net cash flow hedge	-	-	91,009	-	-	-	-	-	91,009
-Net cost of hedging	-	-	-	(99,335)	-	-	-	-	(99,335)
-Actuarial gains, net of tax	-	-	-	-	3,972	-	-	-	3,972
-Revaluation of financial assets at FVTOCI	-	-	-	-	-	-	(22,707)	-	(22,707)
<b>Total comprehensive income/(expense)</b>	<b>-</b>	<b>-</b>	<b>91,009</b>	<b>(99,335)</b>	<b>3,972</b>	<b>-</b>	<b>(22,707)</b>	<b>-</b>	<b>(27,061)</b>
Transactions with owners:									
-Dilution of equity interest in subsidiaries	-	-	-	-	36	-	-	-	36
-Revaluation of put option	-	-	-	-	-	-	-	(170,102)	(170,102)
-Share-based payment expense	-	-	-	-	-	2,263	-	-	2,263
-Transferred from share-based payment reserve upon vest	-	-	-	-	-	(2,347)	-	-	(2,347)
Total transactions with owners	-	-	-	-	36	(84)	-	(170,102)	(170,150)
<b>At 31 March 2020</b>	<b>16,598</b>	<b>346,774</b>	<b>81,304</b>	<b>(105,197)</b>	<b>32,520</b>	<b>27,267</b>	<b>(2,161,145)</b>	<b>(2,197,599)</b>	<b>(3,959,478)</b>
<b>At 1 January 2019</b>									
- as previously reported	16,598	346,774	(70,863)	770	26,982	138,652	(540,015)	(1,258,051)	(1,339,153)
- Change in accounting policy	-	-	-	-	-	-	-	(368,510)	(368,510)
- as restated	16,598	346,774	(70,863)	770	26,982	138,652	(540,015)	(1,626,561)	(1,707,663)
Other comprehensive income/(expense):									
-Net cash flow hedge	-	-	23,370	-	-	-	-	-	23,370
-Net cost of hedging	-	-	-	9,178	-	-	-	-	9,178
-Actuarial gains, net of tax	-	-	-	-	681	-	-	-	681
-Revaluation of financial assets at FVTOCI	-	-	-	-	-	-	(827,129)	-	(827,129)
<b>Total comprehensive income/(expense)</b>	<b>-</b>	<b>-</b>	<b>23,370</b>	<b>9,178</b>	<b>681</b>	<b>-</b>	<b>(827,129)</b>	<b>-</b>	<b>(793,900)</b>
Transactions with owners:									
-Revaluation of put option	-	-	-	-	-	-	-	(16,112)	(16,112)
-Share-based payment expense	-	-	-	-	-	2,662	-	-	2,662
-Transferred from share-based payment reserve upon exercise/vest	-	-	-	-	-	(2,140)	-	-	(2,140)
Total transactions with owners	-	-	-	-	-	522	-	(16,112)	(15,590)
<b>At 31 March 2019 (restated<sup>1</sup>)</b>	<b>16,598</b>	<b>346,774</b>	<b>(47,493)</b>	<b>9,948</b>	<b>27,663</b>	<b>139,174</b>	<b>(1,367,144)</b>	<b>(1,642,673)</b>	<b>(2,517,153)</b>

<sup>1</sup> Restated to reflect the change in accounting policy as disclosed in Part A, Note 2(b) of this announcement.



**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>31/3/2020</u></b>	<b><u>31/3/2019</u></b>
	<b>RM'000</b>	<b>RM'000</b>
Receipt from customers	5,973,926	5,905,106
Payment to suppliers and employees	(3,540,341)	(3,548,173)
Payment of finance costs	(506,676)	(297,380)
Payment of income taxes (net of refunds)	(407,223)	(289,278)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>1,519,686</u></b>	<b><u>1,770,275</u></b>
Proceeds from disposal of property, plant and equipment	20,134	5,206
Purchase of property, plant & equipment	(998,890)	(1,688,239)
Acquisition of intangible assets	(42,802)	(689)
Net proceed from sale of towers	248,355	-
Investments in deposits maturing more than three (3) months	320,872	(4,080)
Proceeds from disposal of an associate	-	1,649,256
Investment in associates	-	(2,706)
Additional investment in associates	(8,365)	(3,233)
Purchase of other investments	-	(21,933)
Disposal of other investment	73,725	-
Repayment from/(Advance to) employees	564	(522)
Interests received	42,985	55,239
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>	<b><u>(343,422)</u></b>	<b><u>(11,701)</u></b>
Proceeds from issuance of shares under Axiata Share Scheme	-	4,158
Proceeds from borrowings	1,769,347	1,181,515
Repayment of borrowings	(547,360)	(736,436)
Repayment of Sukuk	(106,704)	-
Repayment of hire purchase creditors	-	(64)
Repayment of lease liabilities	(518,262)	(561,298)
Net proceed from sale and leaseback transactions	264,965	-
Capital injection by NCI of subsidiaries	222	228
Additional investment in subsidiaries	-	(2,016)
Dividends paid to NCI	(3,780)	-
<b>CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES</b>	<b><u>858,428</u></b>	<b><u>(113,913)</u></b>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,034,692	1,644,661
NET (INCREASE)/DECREASE IN RESTRICTED CASH AND CASH EQUIVALENT	(27,784)	43,038
EFFECT OF EXCHANGE RATE CHANGES	(16,869)	64,148
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	3,015,105	3,787,748
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b>	<b><u>5,005,144</u></b>	<b><u>5,539,595</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 2019)*





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

	UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)	
	FOR THE FINANCIAL PERIOD ENDED	
	<u>31/3/2020</u>	<u>31/3/2019</u>
	RM'000	RM'000
Deposits, cash and bank balances	5,962,548	6,750,178
Financial asset at FVTPL	65,956	-
Less:		
Deposits pledged	(266,656)	(100,687)
Deposits maturing more than three (3) months	(582,185)	(1,040,754)
Bank overdraft	(174,519)	(69,142)
Total cash and cash equivalents	<u>5,005,144</u>	<u>5,539,595</u>

*(The above Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2019)*



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

**1. Basis of Preparation**

The unaudited financial statements for the financial period ended 31 March 2020 of the Group have been prepared in accordance with the International Financial Reporting Standards compliant framework, Malaysian Financial Reporting Standards ("MFRS"), MFRS 134 "Interim Financial Reporting", Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR"), and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2019 ("2019 Audited Financial Statements").

**2. Accounting Policies**

(a) The accounting policies and method of computation applied in the unaudited financial statements are consistent with those used in the preparation of the 2019 Audited Financial Statements except for the following:

- (i) The International Financial Reporting Standards Interpretation Committee published its November 2019 Agenda Decision in December 2019 in respect of the interaction between the useful life of non-removable leasehold improvements under MFRS 116 and the lease term of the underlying asset under MFRS 16.

The impact of adoption of agenda decision above is still being assessed by the Group.

- (ii) Adoption of amendments to existing standards that are applicable to the Group for the financial year beginning 1 January 2020 as set out below:

- Amendments to MFRS 3 "Definition of a Business"

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

- Amendments to MFRS 9, MFRS 139 and MFRS 7 on interest rate benchmark reform

The amendments are still being assessed by the Group.

- (b) In 2019, the Group had changed its accounting policy for the subsequent re-measurement of put options over non-controlling interest to better reflect the substance of the transaction with shareholders. Consequently, subsequent re-measurement changes previously recognised in the profit or loss are now recognised directly to other reserve.

**3. Seasonal or Cyclical Factors**

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



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

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

- (a) COVID-19 pandemic has resulted in substantive shift in management's focus towards ensuring the continued safety of employees, providing reliable connectivity to the customers, supporting governments in alleviating the economic impact via various corporate social responsibility programs and ensuring the continuity of other critical business operations.

However, due to the speed with which the situation is developing across all our markets in the region, the varying enforcement of restricted movements and lockdowns in these local economies, coupled with the difficulty in predicting the pace of recovery, our operational and financial results are now subject to degree of uncertainty.

Whilst COVID-19 has limited impact to Group's 1Q20 financial results, the Group is diligently monitoring its ongoing financial and operational impact to its businesses across the region.

- (b) On 7 February 2020, PT XL Axiata Tbk ("XL") entered into an Asset Purchase Agreement with PT Profesional Telekomunikasi Indonesia Tbk. ("Protelindo") and PT Centratama Menara Indonesia ("CMI") for the sale of 2,782 telecommunication towers with a total transaction value of IDR4,050.3 billion (RM1,073.3 million) and agreed to leaseback some of such assets with maximum tenure of ten (10) years.

On 31 March 2020, XL had completed the sale transaction of 2,431 telecommunication towers to Protelindo and CMI with a total transaction value of IDR3,476.8 billion (RM921.4 million). The Group recorded a gain of RM420.3 million (IDR1,429.4 billion) during the current quarter and financial period to date. The remaining towers are still pending and in the process of finalisation of documentation.

- (c) On 6 March 2020, Celcom Axiata Berhad introduced an employee restructuring programme to provide an offer of benefits to eligible permanent employees in exchange for termination of employment. As at 31 March 2020, applications were approved and termination benefits have been recognised in accordance with MFRS 119 with a provision of RM101.2 million recognised during the current quarter and financial period to date.
- (d) On 13 March 2020, the Group completed the disposal of its remaining 1.05% equity interest in Vodafone Idea Limited via multiple sale transactions. The shares were sold for a consideration of INR1,346.8 million (RM77.3 million).
- (e) During the current quarter and financial period to date, the Group recognised net foreign exchange losses of RM99.7 million mainly arising from the revaluation of USD borrowings and working capital.

Other than the above, there was no other unusual item affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 31 March 2020.



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**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 2019 Audited Financial Statements.

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

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

Description	Total ordinary shares of the Company issued	
	'000	RM'000
• Restrictive Share Awards ("RSA") at an issuance price of RM4.11 being the fair value of RSA issued	571	2,347
Total	571	2,347

- (b) On 23 March 2020, the Company undertook revolving credit facilities at a contractual interest rate of LIBOR + applicable interest rate with:
- MUFG Bank (Malaysia) Bhd ("MUFG") Berhad amounting to RM433.5 million (USD100.0 million); and
  - Oversea-Chinese Banking Corporation Ltd ("OCBC") amounting to RM867.0 million (USD200.0 million).

Aside from the above and as disclosed in Part A, Note 11 of this announcement, there were no other significant issues, repurchases and repayments of debt and equity securities during the financial period ended 31 March 2020.

**7. Dividend paid**

There is no dividend paid by the Company during the financial period to date except for as disclosed in Part A, Note 11(d) of this announcement.



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**8. Segmental Information**

For the financial period ended 31 March 2020

Segment	Mobile						Infrastructure	Others	Consolidation adjustments/ eliminations	Total
	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Malaysia			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	1,561,660	1,907,706	957,762	668,946	444,495	325,054	455,029	137,208	-	6,457,860
Inter-segment <sup>1</sup>	(23,592)	(29,310)	(5,187)	(17,648)	(1,693)	(7,631)	(274,537)	(61,678)	-	(421,276)
External operating revenue	1,538,068	1,878,396	952,575	651,298	442,802	317,423	180,492	75,530	-	6,036,584
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	514,033	932,458	383,314	278,201	261,036	182,536	274,610	(93,644)	(228,651)	2,503,893
Finance income	15,951	7,828	864	1,226	2,791	2,106	15,014	3,603	(7,246)	42,137
Finance cost	(103,102)	(195,394)	(60,355)	(15,588)	(15,877)	(6,852)	(29,525)	(80,870)	81,328	(426,235)
Depreciation of PPE	(211,291)	(494,080)	(160,583)	(124,376)	(81,986)	(58,900)	(99,254)	(3,947)	5,461	(1,228,956)
Depreciation of ROU assets	(97,999)	(262,116)	(35,297)	(9,126)	(6,301)	(13,588)	(52,951)	(3,552)	101,941	(378,989)
Amortisation of intangible assets	(15,463)	(2,408)	(53,280)	(15,056)	(32,282)	(3,318)	(8,006)	(7,105)	(58,797)	(195,715)
Joint ventures:										
- share of results (net of tax)	(1,936)	-	-	-	-	-	-	-	-	(1,936)
Associates:										
- share of results (net of tax)	7,030	1,099	-	(20)	-	260	-	(466)	-	7,903
Impairment of PPE, net of reversal	-	44	(4,309)	1,064	(43)	-	-	(2,535)	-	(5,779)
Other income/(expense)	16,847	424,487	1,643	(72,122)	7,107	(1,499)	9,595	(203,012)	112,517	295,563
Taxation	(21,450)	358	(62,765)	(10,354)	(71,006)	(20,269)	(53,837)	(3,712)	29,449	(213,586)
<b>Segment profit/(loss) for the financial period</b>	<b>102,620</b>	<b>412,276</b>	<b>9,232</b>	<b>33,849</b>	<b>63,439</b>	<b>80,476</b>	<b>55,646</b>	<b>(395,240)</b>	<b>36,002</b>	<b>398,300</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.



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**8. Segmental Information (continued)**

For the financial period ended 31 March 2019

Segment	Mobile						Infrastructure	Consolidation adjustments/eliminations	Total	
	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Malaysia			Others
Restated <sup>2</sup>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Total operating revenue	1,663,850	1,730,495	892,447	660,784	497,819	304,671	438,875	111,701	-	6,300,642
Inter-segment <sup>1</sup>	(12,342)	(11,247)	(3)	(760)	(224)	(2,539)	(282,504)	(41,586)	-	(351,205)
External operating revenue	1,651,508	1,719,248	892,444	660,024	497,595	302,132	156,371	70,115	-	5,949,437
EBITDA	570,377	829,586	348,608	274,600	315,196	159,387	228,826	(148,262)	(156,550)	2,421,768
Finance income	25,390	6,199	881	1,004	8,827	1,738	13,356	18,703	(19,717)	56,381
Finance cost	(103,584)	(173,703)	(83,332)	(19,740)	(3,988)	(6,830)	(23,743)	(104,812)	110,810	(408,922)
Depreciation of PPE	(300,381)	(688,059)	(203,651)	(139,598)	(42,121)	(65,585)	(115,659)	(4,431)	135,251	(1,424,234)
Amortisation of intangible assets	(15,463)	(2,423)	(62,984)	(30,351)	(30,877)	(2,799)	(7,915)	(3,081)	(66,146)	(222,039)
Joint venture:										
- share of results (net of tax)	(2,236)	-	-	-	-	-	-	-	-	(2,236)
Associates:										
- share of results (net of tax)	1,369	-	-	12	-	505	-	(804)	-	1,082
Impairment of PPE, net of reversal	-	-	-	376	2,856	(543)	-	-	544	3,233
Other income/(expenses)	13,741	26,642	(802)	35,391	(9)	13	6,896	650,898	(164,899)	567,871
Taxation	(55,881)	(1,443)	(10,712)	(10,984)	(74,618)	(18,274)	(38,880)	(145)	17,859	(193,078)
Segment profit/(loss) for the financial period	133,332	(3,201)	(11,992)	110,710	175,266	67,612	62,881	408,066	(142,848)	799,826

<sup>2</sup> Restated to reflect the change in accounting policy as disclosed in Part A, Note 2(b) of this announcement.



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**9. Valuation of PPE**

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

**10. Acquisitions of PPE**

During the financial period to date, the Group acquired additional PPE amounting to RM1,273.6 million mainly for its telecommunication network equipment and capital work in progress.

**11. Events After the Interim Period**

**(a) Repayment of Axiata SPV 1 (Labuan) Limited (“SPV1”) Notes**

SPV 1, a wholly-owned subsidiary of the Company fully repaid its USD300.0 million (RM1,307.4 million) Notes which matured on 28 April 2020. The Notes carried a coupon rate of 5.375% per annum (payable semi-annually in arrears) and had a tenure of 10 years from the date of issuance.

**(b) Completion of Syndicated Multi-Currency Shariah-compliant sustainability-linked financing**

On 8 May 2020, the Company completed a Syndicated Multi-Currency Shariah-compliant sustainability-linked financing facilities of USD800.0 million (RM3.5 billion) (“Syndicated Financing”) with OCBC Al-Amin Bank Bhd which acted as the lead coordinator and sustainability structuring and shariah adviser, together with the other mandated lead arrangers and financiers, OCBC, Labuan Branch; Maybank Islamic Bank Bhd and MUFG. On the same day, the Company drawdown RM600.0 million from this Syndicated Financing.

**(c) Voluntary Liquidation by DeeXpand Company Limited (“DeeXpand”)**

DeeXpand, a wholly-owned subsidiary of Axiata held through Axiata Business Services Sdn Bhd and Xpand Investments (Labuan) Limited pursuant to an application for the voluntary dissolution by DeeXpand registered with the Department of Business Development (“DBD”) on 17 May 2019, has registered the completion of the voluntary liquidation process with the DBD with effect from 12 May 2020. The notification of the completion of the voluntary liquidation of DeeXpand was received by DeeXpand on 13 May 2020.

The voluntary liquidation above did not have material impact to the Group.

**(d) Dividend paid by the Company**

On 14 May 2020, the Company paid a tax exempt dividend of 4 sen and a special dividend of 0.5 sen per ordinary share of the Company under single tier in respect of financial year ended 31 December 2019 amounting to RM412.6 million.

Other than the above and as disclosed in Part B, Note 10 of this announcement, there was no other significant event after interim period that requires disclosure and/or adjustment as at 14 May 2020.



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

**(a) Deregistration of Hello Axiata Company Limited (“HACL”)**

HACL, a wholly-owned subsidiary of the Group has been deregistered with effect from 29 January 2020 following the notification issued by Ministry of Commerce. The notification of deregistration of HACL was received by Smart Axiata Co., Ltd, a subsidiary of the Group held through Axiata (Cambodia) Holdings Limited on 7 February 2020.

**(b) Dilution of equity interest in XL**

On 31 March 2020, the Group’s equity interest in XL decreased from 66.36% to 66.25% following the issuance of new ordinary shares by XL to its eligible employees under XL’s Long Term Incentive Program.

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

Other than the above, there was no other change in the composition of the Group for the financial period ended 31 March 2020.

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

Other than as disclosed in Part B, Note 10 of this announcement, there has been no significant change in contingent assets or contingent liabilities of subsidiaries from that disclosed in the 2019 Audited Financial Statements.

**14. Capital Commitments**

As at	Group	
	31/3/2020	31/3/2019
	RM'000	RM'000
Commitments in respect of expenditure approved and contracted for	<b>2,794,948</b>	2,998,417





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**15. Financial Instruments At Fair Value Measurements**

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

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

The Group measured the financial instruments based on:

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

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

Financial Instruments	2020				2019			
	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 fair value through profit or loss ("FVTPL"):								
-Trading securities	65,983	-	3,489	69,472	36	-	-	36
-Non-hedging derivatives	-	8,343	-	8,343	-	8,343	-	8,343
-Derivative used for hedging	-	118,250	-	118,250	-	-	-	-
Financial assets at FVTOCI:								
-Equity securities	-	-	308,215	308,215	767,556	359,480	58	1,127,094
<b>Liabilities</b>								
Financial liabilities at FVTPL:								
-Derivatives used for hedging	-	(53,087)	-	(53,087)	-	(149,643)	-	(149,643)
<b>Total</b>	<b>65,983</b>	<b>73,506</b>	<b>311,704</b>	<b>451,193</b>	<b>767,592</b>	<b>218,180</b>	<b>58</b>	<b>985,830</b>



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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 (Q1'20 vs Q1'19)**

	Current Year Quarter	Preceding Year Corresponding Quarter	Variance	
	31/03/2020	31/03/2019		
	RM'million	RM'million	RM'million	%
		Restated <sup>3</sup>		
Revenue	6,036.6	5,949.4	87.2	1.5
EBITDA	2,503.9	2,421.8	82.1	3.4
PAT <sup>1</sup>	398.3	799.8	(401.5)	-50.2
PATAMI <sup>2</sup>	188.1	725.2	(537.1)	-74.1

<sup>1</sup> PAT : Profit after tax

<sup>2</sup> PATAMI : Profit after tax and minority interest

<sup>3</sup> The comparative corresponding period has been restated to reflect the change in accounting policy as disclosed in Part A, Note 2(b) of this announcement.

**Group Performance**

Group revenue registered a growth of 1.5% driven by better performance from all operating companies except mobile operations in Malaysia and Nepal. EBITDA for the Group increased by 3.4% to RM2,503.9 million quarter-on-quarter.

Despite better top lines, Group's PAT and PATAMI decreased by 50.2% and 74.1% to RM398.3 million and RM188.1 million respectively mainly due to higher depreciation and amortisation, foreign exchange loss in the current quarter as opposed to foreign exchange gain in Q1'19 and lower one-off gains. In the current quarter, Indonesia recognised a one-off gain from the sale and leaseback of telecommunication towers of RM420.3 million (PATAMI: RM278.9 million) as opposed to Q1'19, when the Group had recognised a one-off gain on disposal of non-strategic investments for a total of RM415.4 million.

**Geographical Highlights**

- **Malaysia:** Revenue dropped by 6.1% to RM1,561.7 million mainly due to lower service revenue. EBITDA dropped by 9.9% to RM514.0 million due to lower revenue, higher one-off staff cost partly offset by lower operating cost. PAT for the quarter declined by 23.0% to RM102.6 million.



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1. Review of Performance (continued)

(a) Quarter-on-Quarter (Q1'20 vs Q1'19) (continued)

**Geographical Highlights (continued)**

- **Indonesia:** Revenue registered a solid growth of 10.2% to RM1,907.7 million underpinned by strong data growth. EBITDA grew by 12.4% to RM932.5 million. In the current quarter, the operating company recognised a one-off gain on the sale and leaseback of telecommunication towers of RM420.3 million. As a result of higher EBITDA and the one-off gain being partly offset by higher depreciation and amortisation, PAT for the quarter returned to black at RM412.3 million as opposed to a net loss of RM3.2 million in Q1'19.
- **Bangladesh:** Revenue grew by 7.3% to RM957.8 million mainly driven by data growth. With revenue growth partly being offset by higher operating cost, EBITDA grew 10.0% to RM383.3 million. As a result of better performance, PAT for the quarter returned to black at RM9.2 million as opposed to a net loss of RM12.0 million in Q1'19.
- **Sri Lanka:** Revenue increased by 1.2% to RM668.9 million. EBITDA improved by 1.3% to RM278.2 million driven by higher revenue partly offset with higher operating cost. PAT, however declined by 69.4% to RM33.8 million mainly due to higher depreciation and amortisation and foreign exchange loss as a result of depreciation of SLR against USD.
- **Nepal:** Revenue dropped by 10.7% to RM444.5 million due to decline in almost all revenue segments. EBITDA dropped by 17.2% to RM261.0 million. Lower EBITDA further impacted by higher depreciation and amortisation and finance cost, PAT decreased by 63.8% to RM63.4 million.
- **Cambodia:** Revenue grew by 6.7% to RM325.1 million driven by data revenue. EBITDA grew by 14.5% to RM182.5 million. With higher top lines, PAT increased by 19.0% to RM80.5 million.
- **Malaysia (Infrastructure):** Revenue increased by 3.7% to RM455.0 million. Higher revenue coupled with lower direct cost, EBITDA grew by 20.0% to RM274.6 million. PAT increased by 19.0% to RM55.6 million for the quarter attributed to higher top lines and foreign exchange gain, partly being offset with higher depreciation and amortisation, finance cost and tax.



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1. Review of Performance (continued)

(b) Comparison with Preceding Quarter's Result (Q1'20 vs Q4'19)

	Current Quarter	Immediate Preceding Quarter	Variance	
	31/03/2020	31/12/2019		
	RM'million	RM'million	RM'million	%
Revenue	6,036.6	6,267.0	(230.4)	-3.7
EBITDA	2,503.9	2,725.2	(221.3)	-8.1
PAT	398.3	404.1	(5.8)	-1.4
PATAMI	188.1	332.6	(144.5)	-43.4

**Group Performance**

Compared to the preceding quarter (Q1'20 vs Q4'19), Group revenue decreased by 3.7% to RM6,036.6 million from RM6,267.0 million in preceding quarter. Consequently, EBITDA dropped by 8.1% to RM2,503.9 million for the quarter.

Group PAT declined by 1.4% to RM398.3 million due to lower EBITDA, foreign exchange loss as opposed to foreign exchange gain in preceding quarter, partly offset with lower depreciation and amortisation, tax and one-off gain on the sale and leaseback of telecommunication towers by mobile operations in Indonesia. PATAMI dropped by 43.4% to RM188.1 million.

**Geographical Highlights**

- **Malaysia:** Revenue decreased by 9.1% to RM1,561.7 million for the quarter mainly due to lower service revenue. With lower revenue and higher one-off staff cost partly being offset by lower operating cost, EBITDA dropped by 26.3% to RM514.0 million. PAT decreased by 58.4% to RM102.6 million.
- **Indonesia:** Revenue registered a marginal growth of 0.5% to RM1,907.7 million. EBITDA decreased by 5.1% to RM932.5 million due to higher operating cost. In the current quarter, the operating company recognised a one-off gain from the sale and leaseback of telecommunication towers of RM420.3 million. Consequently, PAT grew significantly to RM412.3 million against RM36.5 million in preceding quarter.
- **Bangladesh:** Revenue increased by 3.1% to RM957.8 million attributed to data growth. As a result of higher revenue and lower operating cost, EBITDA increased by 30.7% to RM383.3 million. PAT returned to a net profit of RM9.2 million as compared to a net loss of RM47.6 million in the preceding quarter.



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1. Review of Performance (continued)

(b) Comparison with Preceding Quarter's Result (Q1'20 vs Q4'19)

**Geographical Highlights (continued)**

- **Sri Lanka:** Revenue decreased by 2.0% to RM668.9 million. Despite decline in revenue, EBITDA improved by 3.7% to RM278.2 million attributed to lower operating cost. PAT dropped by 39.4% to RM33.8 million for the quarter mainly due to foreign exchange loss as opposed to foreign exchange gain in Q4'19 as a result of depreciation of SLR against USD.
- **Nepal:** Revenue dropped by 5.2% to RM444.5 million due to decline in all revenue segments. EBITDA dropped by 8.4% to RM261.0 million. As lower top lines were further impacted by higher tax, PAT decreased by 44.9% to RM63.4 million for the quarter.
- **Cambodia:** Revenue decreased by 4.0% to RM325.1 million. EBITDA improved by 1.4% to RM182.5 million due to lower operating cost. However, PAT dropped by 3.3% to RM80.5 million for the quarter due to higher depreciation and amortisation and tax.
- **Malaysia (Infrastructure):** Revenue decreased by 2.7% to RM455.0 million. Lower revenue partly being mitigated by lower operating cost, EBITDA dropped by 0.7% to RM274.6 million. Despite lower top lines, PAT increased by 2.8% to RM55.6 million due to lower depreciation and amortisation and foreign exchange gain, partly offset by higher tax.



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1. Review of Performance (continued)

(c) Economic Profit (“EP”) Statement

	Current and Cumulative Quarter	
	31/3/2020	31/3/2019
	RM'000	RM'000 Restated <sup>1</sup>
EBIT	655,422	778,727
Adjusted tax 24%	(157,301)	(186,894)
Share of results in associates and joint ventures	5,967	(1,154)
<b>NOPLAT</b>	<b>504,088</b>	<b>590,679</b>
AIC	42,895,802	39,809,558
WACC	7.88%	8.23%
Economic Charge (AIC*WACC)	845,047	819,082
<b>Economic Profit</b>	<b>(340,959)</b>	<b>(228,403)</b>

<sup>1</sup> Restated to conform with current year presentation.

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

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

Note:

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



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**2. Headline Key Performance Indicators (“KPIs”) for the financial year ending 31 December 2020**

On 21 February 2020, the Group announced its Headline KPIs guidance for the financial year ending 31 December 2020. The Group’s 2020 Headline KPIs announced were as below:

	<b>FY 2020 Headline KPIs @ Constant rate<sup>1</sup></b>
Revenue Growth <sup>2</sup>	3.5 - 4.5%
EBITDA Growth	4.0 - 5.5%
Return on Invested Capital <sup>3</sup> ("ROIC")	5.5 - 6.0%

Notes:

<sup>1</sup> Constant rate is based on the FY19 Average Forex Rate (e.g. 1 USD = RM4.142)

<sup>2</sup> Revenue is based on Revenue excluding device

<sup>3</sup> ROIC is defined as EBIT - Tax + Share of Assoc / Average Invested Capital (excluding cash)

In the wake of the COVID-19 pandemic, Axiata as part of its corporate social responsibility, has supported its customers via free data and connectivity to healthcare, education, entertainment, enterprise and government websites and apps; for micro-SMEs, the Group has launched the RM150.0 million Axiata COVID-19 Assistance Program. Employee safety and wellness, technology and cyber resilience, as well as vendor and supply chain support, have been placed as top priority too.

Whilst COVID-19 has limited impact to Axiata’s 1Q20 financial results, the Group is diligently monitoring its ongoing financial and operational impact to its businesses across the region. Given the uncertainty surrounding the depth and duration of this pandemic and the difficulty in predicting the pace of recovery at this point, the Group is withdrawing its guidance on 2020 Headline KPIs.

Notwithstanding these uncertainties, Axiata has further strengthened its liquidity position with the completion of Syndicated Multi-Currency Shariah-compliant sustainability-linked financing facilities of USD800.0 million on 8 May 2020, which will be utilised for working capital and/or refinancing purposes. The Group’s key focus in 2020 is to conserve cash via disciplined cost management and capex efficiency during the crisis, whilst also building a war chest for opportunities in the ‘new norm’.



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

The Group has not provided any profit forecast or profit guarantee in a public document in respect of the financial period ended 31 March 2020.

**4. Disaggregation of revenue**

	<b>Current and Cumulative Quarter</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Goods or services transferred:		
-at a point in time	223,687	260,739
-over time	5,597,460	5,497,520
Lease and services of passive infrastructure	215,437	191,178
	<b>6,036,584</b>	<b>5,949,437</b>

**5. Taxation**

The taxation charge for the Group comprises:

	<b>Current and Cumulative Quarter</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax	165,241	155,560
Deferred tax	48,345	37,518
<b>Total taxation</b>	<b>213,586</b>	<b>193,078</b>

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





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**6. Status of Corporate Proposals**

**Proposed Listing of Robi Axiata Limited (“Robi”)**

On 21 February, the Group has announced the proposal to list Robi, a 68.69%-owned subsidiary on the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited in Bangladesh.

Robi will undertake the following:

- a) proposed offering of 387,742,400 new ordinary shares of BDT 10 each in Robi at an offer price of BDT 10 per Robi share to the public retail and institutional investors in Bangladesh;
- b) proposed offering of 136,050,934 new ordinary shares of BDT 10 each in Robi at an offer price of BDT 10 per Robi share to the eligible director and employees of Robi under the Employee Share Purchase Plan in conjunction with the Proposed Listing (as defined herein);

(collectively, (a) and (b) are referred to as the “Proposed Initial Public Offering (IPO)”); and

- c) proposed listing of and quotation for the entire enlarged issued and paid-up share capital of Robi on the Dhaka Stock Exchange Limited and the Chittagong Stock Exchange Limited in Bangladesh (“Proposed Listing”) (collectively, the Proposed IPO and Proposed Listing are referred to as the “Proposals”).

Robi subsequently had on 2 March 2020, submitted an application in relation to the Proposals to the Bangladesh Securities and Exchange Commission.

Other than the above, there was no other corporate proposal announced but not completed as at 14 May 2020.



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

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

	2020		2019	
	Current	Non-current	Current	Non-current
	RM'000	RM'000	RM'000	RM'000
Secured	105,852	485,281	960,399	1,054,890
Unsecured	8,940,551	8,382,326	3,519,810	13,666,350
<b>Total</b>	<b>9,046,403</b>	<b>8,867,607</b>	4,480,209	14,721,240

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

Foreign Currencies	2020	2019
	RM'000	RM'000
USD	8,618,185	8,739,814
IDR	3,164,377	4,050,158
BDT	926,451	986,053
SLR	337,740	365,017
Others	114,299	59,668
<b>Total</b>	<b>13,161,052</b>	14,200,710



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**8. Outstanding derivatives**

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

Type of derivative financial instruments	2020		2019	
	Notional value	Fair value favourable/ (unfavourable)	Notional value	Fair value favourable/ (unfavourable)
	RM'000	RM'000	RM'000	RM'000
<b>Cross currency interest rate swaps:</b>				
- < 1 year	1,235,475	69,648	-	(8,211)
- 1 - 3 years	-	-	1,164,225	(9,133)
- > 3 years	2,167,500	(4,485)	2,042,500	(132,299)
<b>Put option liabilities over shares held by a non-controlling interests:</b>				
- < 1 year	(2,197,598)	(2,197,598)	(142,975)	(142,975)
- 1 - 3 years	-	-	(1,543,944)	(1,543,944)
<b>Convertible warrants in an associate:</b>				
- 1 - 3 years	19,251	8,343	19,251	8,343
<b>Total</b>		<b>(2,124,092)</b>		<b>(1,828,219)</b>

(b) The risks associated with the derivative financial instrument and the policies in place for mitigating such risks were disclosed in 2019 Audited Financial Statements.

**9. Fair value changes of financial liabilities**

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

	Current and Cumulative Quarter	
	31/3/2020	31/3/2019
	RM'000	RM'000
Total net losses	-	(4,601)



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**10. Material Litigation**

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

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

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

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

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

On 23 June 2016, TSDTR and BR filed a statement of defence (“Defence for Main Suit 2”) and counterclaim against Celcom, Celcom Resources and Telekom Malaysia Berhad (“TM”) seeking inter alia payment of the sum of RM6.2 billion or alternatively the sum of RM7.2 billion together with interest, being the amount claim by TSDTR in his counterclaim in Kuala Lumpur High Court Suit No. D2-22-673-2006 (“Danaharta Suit”) which was withdrawn pursuant to a purported global settlement and damages (“TSDTR and BR’s Counterclaim for Main Suit 2”). The German Directors filed their respective defence on 30 June 2017. TM filed an application to intervene in the Main Suit 2 in light of the allegations made against TM in TSDTR and BR’s Counterclaim for Main Suit 2.

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



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**10. Material Litigation (continued)**

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

**(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 (continued)**

In view of the Receiving Order and Adjudication Order (“ROAO”) obtained against TSDTR and BR on 8 May 2018, hearing of the trial were adjourned pending Celcom and Celcom Resources application for leave to continue action against TSDTR and BR (“Leave”) and filing of application for sanction by TSDTR and BR to defend the case and continue with the Counterclaim (“Sanction”). Leave and Sanction were granted and obtained by the respective parties.

TSDTR and BR had closed their case and the German Directors are now in the midst of giving their evidence. The Court has fixed the following dates for continued trial:

June	: 2-5, 10-12 and 18-19
July	: 6-7
September	: 1 and 3

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

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

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

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



**10. Material Litigation (continued)**

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

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

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

- (a) A declaration that the Defendants have acted in breach of their fiduciary duties and are liable to indemnify Celcom in relation to the sums paid out to DeTeAsia pursuant to the Award where the ICC found Celcom to be liable for the following:
  - i. The sum of USD177.2 million (RM768.4 million) being the principal sum plus USD16.3 million (RM70.5 million) representing interest at the rate of 8% for the period from 16.10.2002 to 27.6.2003;
  - ii. The cost of arbitration amounting to USD0.8 million (RM3.6 million); and
  - iii. The sum of USD1.8 million (RM7.8 million) representing the legal costs.
- (b) Damages for various breaches of fiduciary duties committed by them in relation to the entry into the Subscription Agreement and the ARSA.
- (c) The unauthorised profits claimed to have been made by TSDTR, amounting to RM446.0 million.

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

On 23 June 2016, TSDTR and BR filed statement of defence (“Defence for Main Suit 3”) and counterclaim against Celcom and Celcom Resources for amongst others, RM6.2 billion or the alternative sum of RM7.2 billion pursuant to a global settlement in another suit (“TSDTR and BR’s Counterclaim for Main Suit 3”). The German Directors filed their respective defence on 30 June 2016.

The trial and TSDTR and BR’s Counterclaim for Main Suit 3 commenced on 22 January 2018. The Plaintiffs’ case was closed on 21 November 2018 and the First and Second Defendants commenced their case on 28 November 2018.

In view of the ROAO obtained against TSDTR and BR on 8 May 2018, hearing of the trial in Main Suit 3 was adjourned pending Celcom and Celcom Resources application for leave to continue action against TSDTR and BR (“Leave”) and filing of application for sanction by TSDTR and BR to defend the case and continue with the TSDTR and BR’s Counterclaim for Main Suit 3 (“Sanction”). To date, the Leave and Sanction were granted and obtained by the respective parties.

The First and Second Defendants had closed their case and the German Directors are now in the midst of giving their evidence. The Court has fixed the following dates for continued trial:

June	: 2-5, 10-12 and 18-19
July	: 6-7
September	: 1 and 3



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**10. Material Litigation (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”); Robi vs Customs, Excise & VAT Appellate Tribunal**

**Robi SIM Replacement Dispute 2007-2011**

On 17 May 2015, the LTU-VAT of the National Board of Revenue (“NBR”) issued a revised demand letter for BDT4.1 billion (RM210.3 million) [the earlier demand letter dated 23 February 2012 for BDT6.5 billion (RM332.2 million)] (“2007 to 2011 Revised Claim”) to Robi alleging that Robi had evaded payment of Supplementary Duty and VAT levied on the issuance of a certain number of SIM cards to new customers of Robi during the years 2007 to 2011 when such SIM cards were issued as replacement cards to 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. This appeal was first heard on 28 September 2016 by the Customs, Excise and VAT Appellate Tribunal and later reheard on 11 April 2017 by a reconstituted bench of the Customs, Excise and VAT Appellate Tribunal. The Customs, Excise and VAT Appellate Tribunal dismissed Robi’s appeal.

In September 2017, Robi filed an appeal to the High Court of Bangladesh against the Customs, Excise and VAT Appellate Tribunal’s decision (“VAT Appeal”). This VAT Appeal is currently pending for hearing before the High Court of Bangladesh. The solicitors are of the opinion that the legal merit of Robi for this matter is good.

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

On 20 November 2017, the LTU-VAT of the NBR issued a demand letter for BDT2.9 billion (RM144.7 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. This appeal was dismissed by the Customs, Excise and VAT Appellate Tribunal.

Robi has filed an appeal to the High Court against the Customs, Excise and VAT Appellate Tribunal’s decision and it is now pending for hearing. The solicitors are of the opinion that the legal merit of Robi for this matter is good.



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**10. Material Litigation (continued)**

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

**(d) Robi vs NBR**

NBR issued 5 show cause cum demand notices to Robi for a total amount of BDT9.2 billion (RM468.9 million). Robi filed Writ Petitions (Judicial Review) on 3 May 2018 to challenge these claims. The details are as below. The NBR referred the matter to the Directorate General of Audit Intelligence and Investigation to re-examine the claims and as such, Robi is not pursuing the Writ Petitions.

- (i) The 1<sup>st</sup> show-cause cum demand notice for BDT7.1 billion (RM361.1 million) was issued based on the credit balance of VAT payable GL (General Ledger) and VAT Return and VAT payable for the period from 2013 to 2016. While conducting its audit, NBR asked for month on month movement of output and withholding GL from Systems, Applications and Products i.e., SAP (Opening, debit balance during the month, credit balance during the month and closing balance). Robi had submitted the required documents. The NBR just considered the total credit balance of SAP GL as payable and compared it with VAT return without considering the documents or explanation submitted by Robi.
- (ii) The 2<sup>nd</sup> show-cause cum demand notice for BDT910.5 million (RM46.2 million) alleges unpaid VAT on merger and spectrum fee. NBR has collected merger fee/spectrum information from 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 A nevertheless NBR still arbitrarily made the same claim separately.
- (iii) The 3<sup>rd</sup> show-cause cum demand notice for BDT16.5 million (RM0.8 million) is to claim that VAT is payable on Interconnection charge from Bangladesh Telecommunications Limited ("BTCL") for 2012. The output VAT for BTCL service to customer is centrally collected by NBR and that BTCL cannot adjust input VAT on interconnection charge payable to Robi/Multinational Organizations (MNOs). Therefore, BTCL does not pay the VAT on same to Robi/MNOs. BTCL & MNOs are pursuing to NBR for resolving the issue but the issue is still long pending. This issue has already been covered in item A nonetheless NBR still arbitrarily made the same claim separately.
- (iv) The 4<sup>th</sup> show-cause cum demand notice for BDT35.7 million (RM1.8 million) is to claim that VAT is payable on Interconnection charge from BTCL for 2013 to 2016 (the issue is same as item 3 of this case but relating to different period (2013-2016)).
- (v) The 5<sup>th</sup> show-cause cum demand notice for BDT1.2 billion (RM59.0 million) is for VAT Rebate cancellation on imported telecom items. NBR directly collected imports information from Customs Authority, then cancelled few imported items such as battery, switch, cable, router, system, etc. on arbitrary basis. These are the integral parts of machineries and spare parts.

Re-examination of the claims by Directorate General of Audit Intelligence and Investigation are still ongoing. The solicitors are of the opinion that the claims of NBR is without basis.





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**10. Material Litigation (continued)**

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

**(e) Robi vs BTRC**

The BTRC conducted an Information System Audit on Robi for the years between 1997 to 2014 and issued a claim of BDT8.7 billion (RM439.9 million) against Robi on 31 July 2018 ("Information System Audit Claim"). This Information System Audit Claim is disputed by Robi and a Notice of Arbitration was served on BTRC on 20 May 2019.

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

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

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

On 5 January 2020, the High Court issued an injunction upon BTRC on condition that Robi deposit BDT1.4 billion (RM70.0 million) in five (5) instalments. Robi has deposited four (4) equal instalments of BDT0.3 billion (RM14.0 million) totaling to BDT1.1 billion (RM56.0 million) up to 28 April 2020 to comply with the High Court order and secure the injunction.

This matter is currently pending for hearing before the Joint District Judge, Dhaka. The solicitors are of the opinion that Robi has a good arguable case, although it is difficult to foresee the outcome of the matter at this current stage.



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**10. Material Litigation (continued)**

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

**(f) Robi vs LTU-VAT (VAT rebate cancellation)**

For the period of 2010 to 2016, Robi claimed rebate for input VAT payable on certain goods and services 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 issued 5 show causes cum demand notices to Robi to cancel such rebate for input VAT and demanded for a total amount of BDT2.8 billion (RM142.3 million).

- (i) The demand notice for the period of July 2013 to June 2014 is for BDT596.8 million (RM30.3 million). On 21.01.2019, Robi filed a judicial review to the High Court, Dhaka against the said demand notice.
- (ii) The demand notice for the period of July 2014 to January 2016 is for BDT993.2 million (RM50.4 million). On 21.01.2019, Robi filed a judicial review to the High Court, Dhaka against the demand notice.
- (iii) The demand notice for the period of February 2016 to April 2016 for BDT41.0 million (RM2.1 million). On 21.01.2019, Robi filed a Writ Petition (judicial review) to the High Court, Dhaka against the said demand notice.
- (iv) The demand notice for the period of May 2016 to December 2016 is for BDT707.7 million (RM35.9 million). On 21.01.2019, Robi filed a judicial review to the High Court, Dhaka against the said notice.
- (v) The demand notice for the financial years of 2010 to 2012 is for BDT466.9 million (RM23.7 million). On 11.03.2018, Robi filed an appeal to the Customs, Excise and VAT Appellate Tribunal.

For (i) to (v) for this matter, Robi deposited 10% of the sum set out in the respective demand notices with LTU-VAT pursuant to the provisions of the Value Added Tax Act 1991. This matter is currently pending for before the High Court, Dhaka. The solicitors are of the opinion that Robi has a good arguable case, although it is difficult to foresee the outcome of the matter at this current stage.



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**10. Material Litigation (continued)**

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

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

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

On 30 May 2002, Electroteks filed a counterclaim for LKR4.2 billion (RM95.8 million) together with the interest thereon and it was allowed by the court (“Counterclaim Judgment”). DBN filed an appeal against the Counterclaim Judgment to the Supreme Court of Sri Lanka.

Pending disposal of the aforesaid appeal, Dialog Axiata Plc., the holding company of DBN, has provided a bank guarantee for LKR1.0 billion (RM22.8 billion) and a corporate guarantee for LKR3.2 billion (RM73.0 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 LKR11.6 billion (RM264.7 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 has been fixed for support on 16 June 2020. The solicitors are of the opinion that there is a good chance that the application will be dismissed by the Supreme Court.



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**10. Material Litigation (continued)**

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

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

A public interest litigation ("PIL") 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% stake in Ncell through the sale of Reynolds Holdings Limited ("Reynolds") by Ncell's previous foreign investor, TeliaSonera Norway Nepal Holdings AS ("TeliaSonera") to Axiata UK ("Transaction").

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

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

Ncell had on 21 April 2019 filed a Writ Petition for Certiorari, Prohibition and Mandamus to the SC against the LTPO, Inland Revenue Department of Nepal and the Ministry of Finance of Nepal ("Ncell Application") for an annulment of the LTPO Direction and to challenge the legality of the LTPO Direction on grounds, including but is not limited to: (a) that the LTPO Direction in transferring the Telia Assessment unto Ncell is not 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, Inland Revenue Department of Nepal and the Ministry of Finance of Nepal (collectively, the "Respondents") to appear before a Division Bench on 6 May 2019 ("Hearing Date") and that a temporary stay order is granted until the Hearing Date, during which period the Respondents were refrained from taking any steps to enforce the LTPO Direction against Ncell.



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**10. Material Litigation (continued)**

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

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

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

On 26 August 2019, the SC issued a short-form judgment on the Ncell Application ("Short Form Order") in which the SC partially upheld the Ncell Application. The full written judgment of the SC's decision was issued on 21 November 2019 ("SC Judgment"). The SC Judgment states that the prior tax amount assessed by the LTPO is to be reduced to the extent of fees purportedly levied under section 120(a) of the Nepalese Income Tax Act which were found to be unlawful. The SC has held that Ncell remains liable to pay NPR21.1 billion (RM756.8 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 NPR22.4 billion (RM804.9 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 (RM35.5 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 19 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.



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**10. Material Litigation (continued)**

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

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

**Arbitration of Axiata UK and Ncell v 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"). Nepal was notified of the Request on 26 April 2019.

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

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 19 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 Inland Revenue Department ("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 NPR22.4 billion (RM804.9 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").

Axiata UK and Ncell are due to submit their memorial on 12 May 2020. A two-week merits hearing is scheduled to take place from 21 June 2021 to 2 July 2021. The solicitors are of the view that the claims have reasonable prospects of success.

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

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



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

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

**13. Earnings Per Share (“EPS”)**

**(a) Basic EPS**

	Current and Cumulative Quarter	
	31/3/2020	31/3/2019
		Restated <sup>1</sup>
Profit attributable to owners of the Company (RM'000)	188,106	725,165
Adjusted weighted average number of ordinary shares ('000) in issue	9,163,730	9,071,748
<b>Basic EPS (sen)</b>	<b>2.1</b>	<b>8.0</b>

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

**(b) Diluted EPS**

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

	Current and Cumulative Quarter	
	31/3/2020	31/3/2019
		Restated <sup>1</sup>
Profit/(Loss) attributable to owners of the Company (RM'000)	188,106	725,165
Weighted average number of ordinary shares in issue ('000)	9,163,730	9,071,748
Adjusted for share-based payment ('000)	9,537	26,264
Weighted average number of ordinary shares for the purpose of computing diluted EPS ('000)	9,173,267	9,098,012
<b>Diluted EPS (sen)</b>	<b>2.1</b>	<b>8.0</b>

<sup>1</sup> The comparative corresponding quarter and financial period to date have been restated to reflect the change in accounting policy as disclosed in Part A, Note 2(b) of this announcement.



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

The 2019 Audited Financial Statements were not subject to any qualification.

**15. Dividend Proposed**

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

**By Order of the Board**

Suryani Hussein (LS0009277)  
Secretary

Kuala Lumpur  
21 May 2020