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 2020.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2nd Quarter Ended		Financial Period Ended	
	30/6/2020 RM'000	30/6/2019 RM'000 Restated[1]	30/6/2020 RM'000	30/6/2019 RM'000 Restated[1]
Operating revenue	**5,792,414**	6,153,614	**11,828,998**	12,103,051
Operating costs				
- depreciation, impairment and amortisation	**(1,842,228)**	(1,706,761)	**(3,690,697)**	(3,349,801)
- foreign exchange (losses)/gains	**(6,237)**	5,728	**59,357**	20,305
- domestic interconnect and international outpayment	**(417,555)**	(502,143)	**(834,119)**	(1,032,815)
- marketing, advertising and promotion	**(412,348)**	(516,257)	**(909,710)**	(1,005,236)
- other operating costs	**(1,870,242)**	(1,832,290)	**(3,838,794)**	(3,837,812)
- staff costs	**(508,519)**	(632,397)	**(1,158,732)**	(1,134,893)
- other gains/(losses) - net	**610**	(89)	**1,176**	(22,798)
Other operating income - net	**10,989**	145,435	**444,735**	606,005
Profit before finance cost	**746,884**	1,114,840	**1,902,214**	2,346,006
Finance income	**48,100**	55,022	**90,237**	111,403
Finance cost excluding net foreign exchange gains/(losses) on financing activities	**(427,087)**	(464,566)	**(853,322)**	(873,488)
Net foreign exchange gains/(losses) on financing activities	**35,004**	(48,264)	**(130,309)**	67,169
	(392,083)	(512,830)	**(983,631)**	(806,319)
Joint ventures				
- share of results (net of tax)	**(2,037)**	(583)	**(3,973)**	(2,819)
Associates				
- share of results (net of tax)	**4,946**	(2,515)	**12,849**	(1,433)
Profit before taxation	**405,810**	653,934	**1,017,696**	1,646,838
Taxation	**(249,326)**	(349,972)	**(462,912)**	(543,050)
Profit for the financial period	**156,484**	303,962	**554,784**	1,103,788

[1] 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 30 June 2020.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	2nd Quarter Ended		Financial Period Ended	
	30/6/2020 RM'000	30/6/2019 RM'000 Restated[1]	30/6/2020 RM'000	30/6/2019 RM'000 Restated[1]
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss:				
- actuarial losses on defined benefits plan, net of tax	**(16,342)**	(1,247)	**(10,367)**	(221)
- fair value through other comprehensive income	**5,611**	(249,503)	**(17,097)**	(1,076,632)
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	**619,677**	236,409	**376,259**	86,440
- net cash flow hedge	**19,787**	(14,998)	**110,796**	8,372
- net cost of hedging	**45,978**	68,766	**(53,357)**	77,944
Other comprehensive income/(expense) for the financial period, net of tax	**674,711**	39,427	**406,234**	(904,097)
Total comprehensive income for the financial period	**831,195**	343,389	**961,018**	199,691
Profit for the financial period attributable to:				
- owners of the Company	**80,018**	220,557	**268,124**	945,722
- non-controlling interests	**76,466**	83,405	**286,660**	158,066
	156,484	303,962	**554,784**	1,103,788
Total comprehensive income for the financial period attributable to:				
- owners of the Company	**536,889**	198,393	**527,285**	13,284
- non-controlling interests	**294,306**	144,996	**433,733**	186,407
	831,195	343,389	**961,018**	199,691
Earnings Per Share (sen) (Part B, Note 13)				
- basic	**0.9**	2.4	**2.9**	10.4
- diluted	**0.9**	2.4	**2.9**	10.4

[1] 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)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30/6/2020 RM'000 Unaudited	31/12/2019 RM'000 Audited
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	13,880,792	13,857,268
Reserves	2,266,193	2,323,525
Total equity attributable to owners of the Company	16,146,985	16,180,793
Non-controlling interests	6,237,755	6,039,230
Total equity	22,384,740	22,220,023
NON-CURRENT LIABILITIES		
Borrowings	10,227,559	9,194,490
Derivative financial instruments	30,188	110,818
Deferred income	365,464	383,337
Deferred gain on sale and lease back assets	507,085	559,351
Trade and other payables	787,710	607,967
Lease liabilities	7,475,091	7,397,617
Provision for liabilities	607,847	517,288
Deferred taxation	1,285,558	1,205,422
Total non-current liabilities	21,286,502	19,976,290
	43,671,242	**42,196,313**

(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)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	30/6/2020 RM'000 Unaudited	31/12/2019 RM'000 Audited
NON-CURRENT ASSETS		
Intangible assets	20,532,243	20,724,361
Contract cost assets	176,695	182,908
Property, plant and equipment	26,256,254	25,633,223
Right-of-use assets	8,513,022	8,937,706
Joint ventures	17,735	21,709
Associates	233,077	207,357
Financial assets at fair value through other comprehensive income	321,964	301,347
Financial assets at fair value through profit or loss	4,670	3,459
Derivative financial instruments	66,561	15,256
Trade and other receivables	1,175,883	656,639
Deferred taxation	265,882	324,187
Total non-current assets	57,563,986	57,008,152
CURRENT ASSETS		
Inventories	140,352	154,328
Trade and other receivables	4,393,911	4,721,973
Derivative financial instruments	69,014	9,247
Financial assets at fair value through profit or loss	76,593	60,417
Tax recoverable	102,025	70,944
Deposits, cash and bank balances	5,906,815	4,231,099
Assets classified as held-for-sale	50,171	277,643
	10,738,881	9,525,651
LESS: CURRENT LIABILITIES		
Trade and other payables	12,642,009	12,178,262
Deferred gain on sale and lease back assets	127,285	124,748
Lease liabilities	1,596,246	1,442,700
Borrowings	7,539,040	7,631,753
Derivative financial instruments	2,199,581	2,041,199
Current tax liabilities	495,947	899,811
Liability classified as held-for-sale	31,517	19,017
Total current liabilities	24,631,625	24,337,490
Net current liabilities	(13,892,744)	(14,811,839)
	43,671,242	**42,196,313**
Net assets per share attributable to owners of the Company (sen)	176	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 30 JUNE 2020

	Note	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
At 1 January 2020		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		-	-	-	-	268,124	268,124	286,660	554,784
Other comprehensive income/(expense):									
-Currency translation differences of subsidiaries		-	-	226,011	-	-	226,011	150,248	376,259
-Net cash flow hedge		-	-	-	110,796	-	110,796	-	110,796
-Net cost of hedging		-	-	-	(53,357)	-	(53,357)	-	(53,357)
-Actuarial losses, net of tax		-	-	-	(7,193)	-	(7,193)	(3,174)	(10,367)
-Revaluation of financial assets at FVTOCI		-	-	-	(17,096)	-	(17,096)	(1)	(17,097)
Total comprehensive income		**-**	**-**	**226,011**	**33,150**	**268,124**	**527,285**	**433,733**	**961,018**
Transactions with owners:									
-Dilution of equity interest in subsidiaries		-	-	(1,834)	36	7,524	5,726	15,540	21,266
-Additional investment in a subsidiary		-	-	-	-	-	-	100	100
-Revaluation of put option		-	-	-	(162,552)	-	(162,552)	-	(162,552)
-Share buyback by a subsidiary	Part A, 12(e)	-	-	(3,284)	107	(3,688)	(6,865)	(33,603)	(40,468)
-Dividends declared to shareholders		-	-	-	-	(412,603)	(412,603)	-	(412,603)
-Dividends declared to NCI		-	-	-	-	-	-	(217,245)	(217,245)
-Share-based payment expense		-	-	-	15,201	-	15,201	-	15,201
-Transferred from share-based payment reserve upon vest		5,468	23,524	-	(23,524)	-	-	-	-
Total transactions with owners		5,468	23,524	(5,118)	(170,732)	(408,767)	(561,093)	(235,208)	(796,301)
At 30 June 2020		**9,169,041**	**13,880,792**	**(340,287)**	**(3,899,849)**	**6,506,329**	**16,146,985**	**6,237,755**	**22,384,740**

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 30 JUNE 2020 (CONTINUED)

	Note	Attributable to equity holders of the Company							
		Share capital '000	Share capital RM'000	Currency translation differences RM'000	Reserves RM'000	Retained earnings RM'000	Total RM'000	NCI RM'000	Total equity RM'000
At 1 January 2019:									
- 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	Part A, 2(b)	-	-	-	(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		-	-	-	-	945,722	945,722	158,066	1,103,788
Other comprehensive income/(expense):									
-Currency translation differences of:									
-subsidiaries		-	-	122,343	-	-	122,343	28,419	150,762
-derecognition of an associate		-	-	(64,322)	-	-	(64,322)	-	(64,322)
		-	-	58,021	-	-	58,021	28,419	86,440
-Net cash flow hedge		-	-	-	8,372	-	8,372	-	8,372
-Net cost of hedging		-	-	-	77,944	-	77,944	-	77,944
-Actuarial losses, net of tax		-	-	-	(143)	-	(143)	(78)	(221)
-Revaluation of financial assets at FVTOCI		-	-	-	(1,076,632)	-	(1,076,632)	-	(1,076,632)
Total comprehensive income/(expense)		**-**	**-**	**58,021**	**(990,459)**	**945,722**	**13,284**	**186,407**	**199,691**
Transactions with owners:									
-Issuance of new ordinary shares		5,751	16,389	-	-	-	16,389	-	16,389
-Dilution of equity interest in subsidiaries		-	-	8,246	-	59,291	67,537	8,603	76,140
-Additional investment in a subsidiary		-	-	-	-	(54,738)	(54,738)	(34,459)	(89,197)
-Revaluation of put option	Part A, 2(b)	-	-	-	(32,575)	-	(32,575)	-	(32,575)
-Dividends declared to shareholders by:									
- Dividend reinvestment scheme		50,322	190,216	-	-	(190,216)	-	-	-
- Cash settlement		-	-	-	-	(218,307)	(218,307)	-	(218,307)
-Dividends declared to NCI		-	-	-	-	-	-	(48,051)	(48,051)
-Share-based payment expense		-	-	-	9,240	-	9,240	-	9,240
-Transferred from share-based payment reserve upon:									
- exercise/vest		1,548	11,669	-	(11,669)	-	-	-	-
- lapsed		-	-	-	(113,564)	113,564	-	-	-
Total transactions with owners		57,621	218,274	8,246	(148,568)	(290,406)	(212,454)	(73,907)	(286,361)
At 30 June 2019 (restated[1])		**9,128,639**	**13,720,642**	**(262,930)**	**(2,846,690)**	**6,601,095**	**17,212,117**	**5,848,026**	**23,060,143**

[1] 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 30 JUNE 2020 (CONTINUED)

		Reserves								
	Note	Capital contribution	Merger	Hedging	Cost of hedging	Actuarial	Share-based payment	FVTOCI	Other	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2020		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		-	-	110,796	-	-	-	-	-	110,796
-Net cost of hedging		-	-	-	(53,357)	-	-	-	-	(53,357)
-Actuarial losses, net of tax		-	-	-	-	(7,193)	-	-	-	(7,193)
-Revaluation of financial assets at FVTOCI		-	-	-	-	-	-	(17,096)	-	(17,096)
Total comprehensive income/(expense)		**-**	**-**	**110,796**	**(53,357)**	**(7,193)**	**-**	**(17,096)**	**-**	**33,150**
Transactions with owners:										
-Dilution of equity interest in subsidiaries		-	-	-	-	36	-	-	-	36
-Revaluation of put option		-	-	-	-	-	-	-	(162,552)	(162,552)
-Share buyback by a subsidiary		-	-	-	-	107	-	-	-	107
-Share-based payment expense		-	-	-	-	-	15,201	-	-	15,201
-Transferred from share-based payment reserve upon vest		-	-	-	-	-	(23,524)	-	-	(23,524)
Total transactions with owners		-	-	-	-	143	(8,323)	-	(162,552)	(170,732)
At 30 June 2020		**16,598**	**346,774**	**101,091**	**(59,219)**	**21,462**	**19,028**	**(2,155,534)**	**(2,190,049)**	**(3,899,849)**
At 1 January 2019										
- 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	Part A, 2(b)	-	-	-	-	-	-	-	(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		-	-	8,372	-	-	-	-	-	8,372
-Net cost of hedging		-	-	-	77,944	-	-	-	-	77,944
-Actuarial losses, net of tax		-	-	-	-	(143)	-	-	-	(143)
-Revaluation of financial assets at FVTOCI		-	-	-	-	-	-	(1,076,632)	-	(1,076,632)
Total comprehensive income/(expense)		**-**	**-**	**8,372**	**77,944**	**(143)**	**-**	**(1,076,632)**	**-**	**(990,459)**
Transactions with owners:										
-Revaluation of put option	Part A, 2(b)	-	-	-	-	-	-	-	(32,575)	(32,575)
-Share-based payment expense		-	-	-	-	-	9,240	-	-	9,240
-Transferred from share-based payment reserve upon:										
- exercise/vest		-	-	-	-	-	(11,669)	-	-	(11,669)
- lapsed		-	-	-	-	-	(113,564)	-	-	(113,564)
Total transactions with owners		-	-	-	-	-	(115,993)	-	(32,575)	(148,568)
At 30 June 2019 (restated[1])		**16,598**	**346,774**	**(62,491)**	**78,714**	**26,839**	**22,659**	**(1,616,647)**	**(1,659,136)**	**(2,846,690)**

[1] 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)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE FINANCIAL PERIOD ENDED	
	30/6/2020	30/6/2019
	RM'000	RM'000
Receipt from customers	11,043,202	12,162,747
Payment to suppliers and employees[1]	(5,262,221)	(7,111,784)
Payment of finance costs[1]	(1,278,070)	(824,067)
Payment of income taxes (net of refunds)	(746,768)	(455,777)
CASH FLOWS FROM OPERATING ACTIVITIES	**3,756,143**	**3,771,119**
Proceeds from disposal of property, plant and equipment	26,490	9,866
Purchase of property, plant & equipment	(2,465,631)	(3,106,514)
Acquisition of intangible assets	(65,490)	(11,116)
Net proceeds from sale of towers	577,709	-
Investments in deposits maturing more than three (3) months	310,388	(212,808)
Proceeds from disposal of an associate	-	1,649,256
Investment in associates	(1,542)	-
Additional investment in associates	(1,182)	(6,561)
Purchase of other investments	(9,235)	(27,544)
Disposal of other investment	149,850	-
Disposal of rights on right issue of a financial asset at FVTOCI	-	96,149
Payments for acquisition of ROU assets[1]	-	(8,601)
Repayment from employees	662	92
Interests received	90,247	107,769
CASH FLOWS USED IN INVESTING ACTIVITIES	**(1,387,734)**	**(1,510,012)**
Proceeds from issuance of shares under Axiata Share Scheme	-	16,389
Proceeds from borrowings	3,740,531	2,025,827
Repayment of borrowings	(2,897,986)	(3,309,622)
Repayment of Sukuk	(220,470)	-
Repayment of lease liabilities[1]	(1,030,442)	(687,456)
Net proceed from sale and leaseback transactions	558,652	-
Capital injection by NCI of subsidiaries	3,760	80,986
Share buyback by a subsidiary	(40,468)	-
Additional investment in subsidiaries	-	(89,167)
Dividend paid to shareholders	(412,603)	(218,307)
Dividends paid to NCI	(78,423)	(48,051)
CASH FLOWS USED IN FINANCING ACTIVITIES	**(377,449)**	**(2,229,401)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,990,960	31,706
NET (INCREASE)/DECREASE IN RESTRICTED CASH AND CASH EQUIVALENT	(25,462)	39,601
EFFECT OF EXCHANGE RATE CHANGES	28,105	85,504
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	3,015,105	3,787,748
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**5,008,708**	**3,944,559**

[1] Comparative has been restated to conform with current year presentation.

(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	
	30/6/2020	30/6/2019
	RM'000	RM'000
Deposits, cash and bank balances	5,906,815	5,418,153
Financial asset at FVTPL	76,561	-
Less:		
Deposits pledged and restricted cash	(264,333)	(104,123)
Deposits maturing more than three (3) months	(592,668)	(1,249,482)
Bank overdraft	(117,667)	(119,989)
Total cash and cash equivalents	**5,008,708**	**3,944,559**

(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)

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

2. Accounting Policies (continued)

(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.

The impact of the change in accounting policy to the consolidated statement of comprehensive income of the Group for the quarter and financial period to date 30 June 2019 are as follows:

	2nd Quarter Ended			Financial Period Ended		
	As previously reported RM'000	Adjustment RM'000	As restated RM'000	As previously reported RM'000	Adjustment RM'000	As restated RM'000
Profit or loss:						
Operating costs:						
- Other (losses)/gains (net)	(16,552)	16,463	(89)	(55,373)	32,575	(22,798)
Profit for the financial period	287,499	16,463	303,962	1,071,213	32,575	1,103,788
Profit for the financial period attributable to:						
- owners of the Company	204,094	16,463	220,557	913,147	32,575	945,722
Total comprehensive income/ (expenses) for the financial period attributable to:						
- owners of the Company	181,930	16,463	198,393	(19,291)	32,575	13,284
Earnings per share (sen):						
-basic	2.2	0.2	2.4	10.0	0.4	10.4
-diluted	2.2	0.2	2.4	10.0	0.4	10.4

2. Accounting Policies (continued)

(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. (continued)

The impact of the change in accounting policy to the consolidated statements of changes in equity of the Group for the financial period/year ended 30 June 2019 and 31 December 2018 are as follows:

	As previously reported RM'000	Adjustment RM'000	As restated RM'000
31 December 2018:			
Retained earnings	5,642,781	368,510	6,011,291
Total reserves	(1,339,153)	(368,510)	(1,707,663)
-Other reserve	(1,258,051)	(368,510)	(1,626,561)

	Before the change in accounting policy RM'000	Adjustment RM'000	After the change in accounting policy RM'000
30 June 2019:			
Retained earnings	6,200,010	401,085	6,601,095
Total reserves	(2,445,605)	(401,085)	(2,846,690)
-Other reserve	(1,258,051)	(401,085)	(1,659,136)

3. Seasonal or Cyclical Factors

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

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

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

(a) The Group's business and operations have been affected by the unprecedented disruption caused by the COVID-19 pandemic. The restrictions on travel and imposition of quarantine and/or lockdown measures coupled with the economic downturn has had an adverse effect on various aspects of the Group’s business and operations.

The imposition of movement restriction measures have dampened both consumer and enterprise spending, hence affecting the revenue of the Group. For instance, the impact on the Group's sales and service activities at retail outlets, including its prepaid reload business and SIM activation and device sales, has been more significant in the countries in which the Group operates where the lockdown measures have been more stringent such as Malaysia, Bangladesh, Sri Lanka and Nepal. In addition, the Group’s revenue has also been affected by government regulations during the lockdown period, such as the foregone revenue due to free data and bonus recharge by some of the operating companies in countries such as Malaysia, Nepal and Sri Lanka. As of 30 June 2020, the impact from revenue foregone and the decline in consumer physical reloads in prepaid market had contributed to a decline in Group’s revenue from preceding quarter.

Despite the decline in revenue, EBITDA remains stable due to lower direct costs, such as sales and marketing spend contributed by the lower business activities given the movement restriction measure and the Group’s cost efficiency initiatives. Overall, we do not expect material impact to the financial position of the Group, other than potential impairment of assets which we will continue to monitor and periodically assess.

With a strong liquidity position from the completion of the recent issuances of a dual-tranche offering comprising a 10-year USD500.0 million Multi-Currency Sukuk and a 30-year USD1.0 billion Euro Medium-Term Note in August 2020, we do not foresee a risk in the Group’s ability to continue as going concern.

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

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

(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.

During the current quarter and financial period to date, XL had completed the sale of 241 and 2,672 telecommunication towers to Protelindo and CMI with a total transaction value of IDR308.2 billion (RM183.8 million) and IDR3,785.0 billion (RM1,105.2 million) respectively. Accordingly, the Group recorded a gain of IDR115.2 billion (RM30.7 million) and IDR1,544.6 billion (RM451.0 million) 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 RM76.9 million net of tax recognised during the 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 gains of RM28.8 million and losses of RM71.0 million respectively 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 30 June 2020.

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 to RM4.75 being the fair value of RSA issued	5,468	23,524
Total	5,468	23,524

(b) During the financial period to date, the Company had,

(i) on 23 March 2020, drawndown its revolving credit facilities ("RC") with MUFG Bank (Malaysia) Bhd ("MUFG") Berhad and Oversea-Chinese Banking Corporation Ltd ("OCBC") amounting to USD100.0 million (RM433.5 million) and USD200.0 million (RM867.0 million) respectively with a contractual interest rate of LIBOR + applicable interest rate.

(ii) on 8 May 2020 to 23 June 2020, drawdown its syndicated multi-currency Shariah-compliant sustainability-linked financing facilities ("Syndicated Financing") of RM667.0 million and USD100.0 million (RM427.8 million); and

(iii) on 23 June 2020, settled its USD100.0 million (RM427.8 million) RC upon maturity.

(c) In April 2020, Ncell Axiata Limited (formerly known as Ncell Private Limited) ("Ncell"), a subsidiary of the Group has drawdown term loan at contractual interest rate of average base rate + applicable interest rate with Nepal Investment Bank Ltd, Global IME Bank Ltd, Nabil Bank Ltd, Himalayan Bank Ltd and Sanima Bank Ltd amounting to NPR15.0 billion (RM531.9 million).

6. Issues, Repurchases and Repayments of Debt and Equity Securities (continued)

(d) Axiata SPV1 (Labuan) Limited, a wholly-owned subsidiary of the Company fully repaid its USD300.0 million (RM1,307.4 million) Guaranteed Notes ("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.

The Notes subsequently was delisted from The Stock Exchange of Hong Kong Limited and the Labuan International Financial Exchange Inc. effective 28 April 2020.

Aside from the above, there were no other significant issues, repurchases and repayments of debt and equity securities during the financial period ended 30 June 2020.

7. Dividend Paid

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

Date of payment	Description	Per ordinary share	Total
		Sen	**RM'000**
14 May 2020	Tax exempt dividend under single tier in respect of financial year ended 31 December 2019	4.0	412,603

8. Segmental Information

For the financial period ended 30 June 2020

Segment	Mobile									
	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Infrastructure	Others	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	3,014,316	3,817,551	1,856,226	1,314,599	761,265	650,869	924,380	300,108	-	12,639,314
Inter-segment[1]	(39,502)	(53,236)	(7,889)	(6,726)	(3,026)	(23,173)	(561,422)	(115,342)	-	(810,316)
External operating revenue	2,974,814	3,764,315	1,848,337	1,307,873	758,239	627,696	362,958	184,766	-	11,828,998
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	1,085,357	1,900,180	826,741	523,491	414,858	367,094	577,223	(179,836)	(427,465)	5,087,643
Finance income	30,620	23,540	1,849	2,899	4,011	4,363	29,716	7,515	(14,276)	90,237
Finance cost	(199,294)	(379,355)	(137,353)	(30,153)	(35,609)	(14,129)	(56,727)	(160,261)	159,559	(853,322)
Depreciation of PPE	(414,056)	(950,125)	(342,126)	(250,053)	(157,372)	(123,839)	(197,102)	(7,072)	10,853	(2,430,892)
Depreciation of ROU assets	(195,969)	(533,344)	(70,531)	(20,465)	(10,838)	(28,062)	(109,443)	(7,159)	205,534	(770,277)
Amortisation of intangible assets	(30,925)	(4,783)	(108,406)	(32,046)	(65,734)	(6,728)	(16,220)	(14,496)	(119,505)	(398,843)
Joint ventures:										
- share of results (net of tax)	(3,973)	-	-	-	-	-	-	-	-	(3,973)
Associates:										
- share of results (net of tax)	12,614	705	-	(52)	-	985	-	(1,403)	-	12,849
Impairment of PPE, net of reversal	-	152	(4,384)	1,581	(43)	-	(7,737)	(2,839)	-	(13,270)
Other income/(expense)	36,571	478,860	2,309	(86,388)	5,735	(3,308)	(15,878)	(210,277)	89,920	297,544
Taxation	(68,687)	(57,937)	(129,503)	(22,124)	(81,175)	(39,943)	(90,676)	(11,547)	38,680	(462,912)
Segment profit/(loss) for the financial period	**252,258**	**477,893**	**38,596**	**86,690**	**73,833**	**156,433**	**113,156**	**(587,375)**	**(56,700)**	**554,784**

[1] Inter-segment operating revenue has been eliminated at the respective segment operating revenue. The inter-segment operating revenue was entered into in the normal course of business and at prices available to third parties or at negotiated terms.

8. Segmental Information (continued)

For the financial period ended 30 June 2019

Segment	Mobile									
Restated[2]	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Infrastructure	Others	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	3,327,356	3,554,481	1,806,811	1,347,195	1,018,592	631,104	875,030	269,217	-	12,829,786
Inter-segment[1]	(24,250)	(48,877)	(7)	(1,619)	(666)	(10,587)	(566,317)	(74,412)	-	(726,735)
External operating revenue	3,303,106	3,505,604	1,806,804	1,345,576	1,017,926	620,517	308,713	194,805	-	12,103,051
EBITDA	1,280,477	1,771,033	763,433	536,211	609,810	330,320	476,104	(331,518)	(343,575)	5,092,295
Finance income	47,592	13,553	1,566	2,094	22,134	3,612	27,328	12,681	(19,157)	111,403
Finance cost	(209,568)	(412,719)	(162,127)	(38,900)	(10,306)	(13,981)	(48,289)	(176,715)	199,117	(873,488)
Depreciation of PPE	(418,306)	(824,638)	(284,721)	(268,562)	(94,853)	(108,510)	(188,448)	(8,107)	11,137	(2,185,008)
Depreciation of ROU assets	(204,368)	(533,708)	(133,183)	(20,093)	(8,955)	(25,647)	(40,910)	(3,629)	261,705	(708,788)
Amortisation of intangible assets	(30,925)	(4,751)	(122,711)	(14,975)	(64,251)	(5,655)	(15,884)	(6,581)	(128,416)	(394,149)
Joint venture:										
- share of results (net of tax)	(2,819)	-	-	-	-	-	-	-	-	(2,819)
Associates:										
- share of results (net of tax)	(2,386)	-	-	13	-	759	-	181	-	(1,433)
Impairment of PPE, net of reversal	-	(2,428)	(3,694)	2,176	-	-	(14,251)	-	-	(18,197)
Other income/(expenses)[3]	28,490	58,613	(666)	(17,056)	6,399	(380)	(16,786)	568,820	(412)	627,022
Taxation	(136,625)	(25,151)	(85,734)	(22,330)	(130,742)	(39,042)	(84,327)	(22,695)	3,596	(543,050)
Segment profit/(loss) for the financial period	351,562	39,804	(27,837)	158,578	329,236	141,476	94,537	32,437	(16,005)	1,103,788

[2] Restated to reflect the change in accounting policy as disclosed in Part A, Note 2(b) of this announcement and to conform with current year presentation.

[3] Included in other income/(expense) are gain on disposal of certain investments of RM301.1 million, gain on disposal of an associate of RM113.4 million and disposal of Vodafone Idea rights of RM96.1 million.

9. Valuation of PPE

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

10. Acquisitions of PPE

During the financial period to date, the Group acquired additional PPE amounting to RM2,636.3 million mainly for its telecommunication network equipment and capital work in progress.

11. Events after the Interim Period

(a) Cessation of Smartluy PLC ("Smartluy")

Smartluy, a subsidiary of the Company held through Smart Axiata Co. Limited and Axiata (Cambodia) Holdings Limited has made an application for a proposed merger transaction ("Proposed Merger") with Pi Pay PLC ("Pi Pay") a leading cashless payment platform in Cambodia.

The application for the Proposed Merger has been made with the National Bank of Cambodia ("NBC") and the Ministry of Commerce of Cambodia ("MOC"), for the cessation of the legal existence of SmartLuy and for the governing structure of SmartLuy to be merged with and into Pi Pay.

The notification of the successful application for the Proposed Merger was received from the NBC/MOC on 14 July 2020 on which date the legal existence of Smartluy would cease with the continuance of Smartluy and Pi Pay as one entity.

The above cessation did not have material impact to the Group.

(b) Drawdown of Term Loan by Ncell

On 13 July 2020, Ncell completed drawdown its remaining credit facilities at contractual interest rate of average base rate + applicable interest rate with Nepal Bank Ltd and Everest Bank Ltd amounting to NPR5.0 billion (RM177.3 million).

(c) Drawdown of Syndicated Financing and Settlement of RC Facilities by the Company

On 15 July 2020, the Company has further drawndown USD250.0 million (RM1.1 billion) from its Syndicated Financing and settled its RC facilities with OCBC of USD250.0 million (RM1.1 billion) upon maturity.

(d) Incorporation of Axiata SPV5 (Labuan) Limited ("SPV5")

The Company had on 24 July 2020, completed the incorporation of SPV5 (Company No LL16934), a private company limited by shares, under the Labuan Companies Act 1990.

SPV5 was incorporated with an issued and paid-up share capital of RM1. The principal activity of SPV5 is investment holding and issuance of financial instruments.

11. Events after the Interim Period (continued)

(e) Issuance of USD500.0 million Sukuk from Multi-Currency Sukuk Programme

On 12 August 2020, Axiata SPV2 Berhad successfully priced its USD500.0 million (RM2.1 billion) Sukuk and issued on 19 August 2020, pursuant to its multi-currency sukuk programme established on 17 July 2012 ("Series Four Sukuk") at par, with a coupon rate of 2.163% p.a. (payable semi-annually) and has tenure of ten (10) years from the date of issuance.

The Series Four Sukuk was listed on 21 August 2020, but not quoted for trading, on Bursa Malaysia Securities Berhad (under the Exempt Regime) and listed and quoted on the Singapore Exchange Securities Trading Limited ("SGX-ST").

(f) Issuance of USD1.0 billion Notes from Euro Medium-Term Note Programme

SPV5, a wholly-owned subsidiary of the Company, established a Euro medium-term note programme involving issuance of up to USD1.5 billion or its equivalent in other currencies ("EMTN Programme") on 10 August 2020.

On 12 August 2020, SPV5 successfully priced its USD1.0 billion (RM4.2 billion) Notes and issued on 19 August 2020, pursuant to the EMTN Programme ("Series One Notes") at par, with a coupon rate of 3.064% p.a. (payable semi-annually) and has tenure of thirty (30) years from the date of issuance.

On 21 August 2020, the Series One Notes was listed and quoted on the SGX-ST.

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 20 August 2020.

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, a subsidiary of the Group held through ACH on 7 February 2020.

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

(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 financial period to date.

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

(c) Voluntary Liquidation by DeeXpand Company Limited ("DeeXpand")

DeeXpand, a wholly-owned subsidiary of the Company 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 during the current quarter and financial period to date.

(d) Incorporation of Boost Holdings Sdn. Bhd. ("Boost Holdings")

Axiata Digital Services Sdn Bhd, a wholly owned subsidiary of the Company, had on 11 June 2020 completed the incorporation of Boost Holdings (Registration No 202001013946 (1370266-W)), a private company limited by shares, under the Malaysian Companies Act 2016.

Boost Holdings was incorporated with an issued and paid-up share capital of RM10. The principal activities of Boost Holdings is investment holding.

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

(e) Share Buyback by XL

During the current quarter and financial period to date, XL has repurchased 56,487,800 shares or equal by 0.53% from its issued and fully paid shares with total payment of IDR134.4 billion (RM40.5 million). Accordingly, the Group's equity shareholding in XL has increased from 66.25% to 66.6%.

The Group recognised a decrease of RM3.2 million in consolidated currency translation differences, RM3.7 million in the consolidated retained earnings and non-controlling interest amounting to RM33.6 million.

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

	Group	
As at	**30 June 2020**	31 December 2019
	RM'000	RM'000
Commitments in respect of expenditure approved and contracted for	**2,446,687**	2,541,573

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.

The individually significant transactions that the Group entered into with identified related parties for the respective financial period ended are as follows:

	Total amount of individually significant transactions for the financial period ended	
	30 June 2020	30 June 2019
	RM'000	RM'000
Sale of telecommunication services to a joint venture	**107,713**	60,618
Purchase of network related services from an associate	**38,631**	40,836

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

The Group's financial instruments were grouped as below:

Financial instruments	**30 June 2020**				31 December 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
Assets								
Financial assets at fair value through profit or loss ("FVTPL"):								
-Trading securities	76,593	-	-	76,593	63,876	-	-	63,876
-Unquoted securities	-	-	4,670	4,670	-	-	-	-
-Non-hedging derivatives	-	8,343	-	8,343	-	8,343	-	8,343
-Derivative used for hedging	-	127,232	-	127,232	-	16,160	-	16,160
Financial assets at FVTOCI:								
-Equity securities	-	-	321,964	321,964	-	-	301,347	301,347
Liabilities								
Financial liabilities at FVTPL:								
-Derivatives used for hedging	-	(39,721)	-	(39,721)	-	(124,520)	-	(124,520)
Total	**76,593**	**95,854**	**326,634**	**499,081**	63,876	(100,017)	301,347	265,206

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

1. Review of Performance

(a) Quarter-on-Quarter (Q2'20 vs Q2'19)

	Current Year Quarter	Preceding Year Corresponding Quarter	Variance	
	30/06/2020	30/06/2019		
	RM'million	RM'million	RM'million	%
		Restated[3]		
Revenue	5,792.4	6,153.6	(361.2)	-5.9
EBITDA	2,583.8	2,670.5	(86.7)	-3.2
PAT[1]	156.5	304.0	(147.5)	-48.5
PATAMI[2]	80.0	220.6	(140.6)	-63.7

[1] PAT : Profit after tax
[2] PATAMI : Profit after tax and minority interest
[3] 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 and EBITDA declined quarter-on-quarter by 5.9% and 3.2% to RM5,792.4 million and RM2,583.8 million respectively due to adverse impacts from the recent COVID-19 pandemic and lockdown measures across the operating companies' markets. All operating companies registered a decline in revenue, except mobile operations company in Indonesia and infrastructure segment.

Group's PAT and PATAMI decreased by 48.5% and 63.7% to RM156.5 million and RM80.0 million respectively mainly due to lower top lines, higher depreciation and amortisation, and lower one-off gains, partly mitigated by foreign exchange gain, lower finance cost and tax. In the current quarter, Indonesia recognised a one-off gain on sale and leaseback of telecommunication towers of RM30.7 million (PATAMI: RM20.4 million) as opposed to Q2'19, of which the Group had recognised a one-off gain on disposal of rights of investment in India of RM96.1 million.

Geographical Highlights

- **Malaysia**: Revenue dropped by 12.7% to RM1,452.7 million as impacted by the COVID-19 pandemic, outlet closure and mandated data offer of 1GB per day. EBITDA dropped by 19.5% to RM571.3 million due to lower revenue partly offset by lower operating costs. With lower top lines partly offset by lower depreciation and amortisation and lower tax, PAT for the quarter declined by 31.4% to RM149.6 million.

1. Review of Performance (continued)

(a) Quarter-on-Quarter (Q2'20 vs Q2'19) (continued)

Geographical Highlights (continued)

- **Indonesia**: Revenue registered a solid growth of 4.7% to RM1,909.8 million underpinned by strong data growth. Consequently, EBITDA improved by 2.8% to RM967.7 million. In the current quarter, the operating company recognised a one-off gain on the sale and leaseback of telecommunication towers of RM30.7 million. As a result of higher EBITDA, lower finance cost and one-off gain partly being offset with higher depreciation and amortisation and tax, PAT for the quarter grew by 52.6% to RM65.6 million.

- **Bangladesh**: Revenue decreased by 1.7% to RM898.5 million. Despite lower revenue, EBITDA grew by 6.9% to RM443.4 million benefitting from lower operating costs. As a result of higher EBITDA coupled with lower depreciation and amortisation and tax, PAT for the quarter returned to black at RM29.4 million as opposed to a net loss of RM15.8 million in Q2'19.

- **Sri Lanka**: Revenue decreased by 5.9% to RM645.7 million due to the COVID-19 pandemic, lockdown and foregone revenue from free credit given. Consequently, EBITDA dropped by 6.2% to RM245.3 million. However, PAT grew by 10.4% to RM52.8 million mainly due to foreign exchange gain in Q2'20 as opposed to foreign exchange loss in Q2'19.

- **Nepal**: Revenue dropped by 39.2% to RM316.8 million mainly due to existing business challenges coupled with adverse impacts due to the COVID-19 pandemic, extended lockdown until mid-June and regulatory requirement to provide free bonus recharge and free resources for data/voice packages beings offered. Consequently, EBITDA dropped by 47.8% to RM153.8 million. With lower EBITDA, higher depreciation and amortisation, and higher finance cost partly being offset by lower tax, PAT decreased by 93.2% to RM10.4 million for the quarter.

- **Cambodia**: Revenue remained flat at RM325.8 million. EBITDA grew by 8.0% to RM184.6 million uplifted by lower operating costs. With higher EBITDA partly being offset by higher depreciation and amortisation, PAT increased by 2.8% to RM76.0 million for the quarter.

- **Infrastructure**: Revenue increased by 7.6% to RM469.4 million. EBITDA growth outpaced revenue at 22.4% to RM302.6 million as a result of lower operating costs. PAT increased by 20.4% to RM57.5 million for the quarter attributed to higher top lines, partly being offset with higher depreciation and amortisation and other expenses.

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

(b) Year-on-Year (YTD'20 vs YTD'19)

	Current Year to Date	Preceding Year Corresponding Period	Variance	
	30/06/2020	30/06/2019		
	RM'million	RM'million	RM'million	%
		Restated[3]		
Revenue	11,829.0	12,103.1	(274.1)	-2.3
EBITDA	5,087.6	5,092.3	(4.7)	-0.1
PAT	554.8	1,103.8	(549.0)	-49.7
PATAMI	268.1	945.7	(677.6)	-71.6

Group Performance

Group recorded a total revenue of RM11,829.0 million for YTD'20, representing a 2.3% decline compared to the preceding year's corresponding period, impacted by the COVID-19 pandemic and lockdown measures across the operating companies' markets. EBITDA for the Group remained flat at RM5,087.6 million as a result of EBITDA growth by mobile operations in Indonesia, Bangladesh, Cambodia and Infrastructure offset by the decline of mobile operations in Malaysia, Nepal and Sri Lanka.

Group's PAT and PATAMI decreased by 49.7% and 71.6% to RM554.8 million and RM268.1 million respectively mainly due to higher depreciation and amortisation, foreign exchange loss in YTD'20 as opposed to foreign exchange gain in YTD'19 and lower one-off gains partly offset with lower tax. In YTD'20, Indonesia recognised a one-off gain on sale and leaseback of telecommunication towers of RM451.0 million (PATAMI: RM299.3 million) as opposed to YTD'19, of which the Group had recognised a one-off gain on disposal of non-strategic investments and disposal of rights of investment in India for a total of RM511.5 million.

Geographical Highlights

- **Malaysia**: In the wake of COVID-19 pandemic, outlet closure and mandated data offer of 1GB per day, revenue dropped by 9.4% to RM3,014.3 million mainly due to weak prepaid segment. EBITDA dropped by 15.2% to RM1,085.4 million due to lower revenue, higher one-off staff cost partly offset by lower operating costs. PAT for the quarter declined by 28.2% to RM252.3 million.

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

(b) Year-on-Year (YTD'20 vs YTD'19) (continued)

Geographical Highlights (continued)

- **Indonesia**: Revenue registered a solid growth of 7.4% to RM3,817.6 million underpinned by strong data growth. EBITDA grew by 7.3% to RM1,900.2 million. The operating company recognised a one-off gain on the sale and leaseback of telecommunication towers of RM451.0 million in YTD'20. As a result of higher top lines and one-off gain partly being offset by higher depreciation and amortisation and tax, PAT significantly increased to RM477.9 million in YTD'20 against RM39.8 million in YTD'19.

- **Bangladesh**: Revenue grew by 2.7% to RM1,856.2 million mainly driven by data growth. Higher revenue coupled with lower operating costs, EBITDA grew 8.3% to RM826.7 million. As a result of better performance, PAT returned to black at RM38.6 million in YTD'20 as opposed to a net loss of RM27.8 million in YTD'19.

- **Sri Lanka**: Revenue decreased by 2.4% to RM1,314.6 million due to the COVID-19 pandemic, lockdown and foregone revenue from free credit given. EBITDA declined by 2.4% to RM523.5 million as a result of lower revenue cushioned by lower operating costs. Lower top lines, coupled with higher depreciation and amortisation and foreign exchange loss in YTD'20 as opposed to foreign exchange gain in YTD'19, PAT declined by 45.3% to RM86.7 million.

- **Nepal**: Revenue dropped by 25.3% to RM761.3 million mainly due to existing business challenges coupled with adverse impact from the COVID-19 pandemic, extended lockdown until mid-June and regulatory requirement to provide free bonus recharge and free resources for data/voice package being offered. Consequently, EBITDA dropped by 32.0% to RM414.9 million. Lower top lines coupled with higher depreciation and amortisation and finance cost led to PAT decreasing by 77.6% to RM73.8 million.

- **Cambodia**: Revenue grew by 3.1% to RM650.9 million. EBITDA grew by 11.1% to RM367.1 million driven by higher revenue coupled with lower operating costs. With higher top lines, PAT increased by 10.6% to RM156.4 million.

- **Infrastructure**: Revenue increased by 5.6% to RM924.4 million. With lower operating costs, EBITDA grew faster than revenue at 21.2% to RM577.2 million. PAT increased by 19.7% to RM113.2 million attributed to higher top lines partly offset by higher depreciation and amortisation.

1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q2'20 vs Q1'20)

	Current Quarter	Immediate Preceding Quarter	Variance	
	30/06/2020	31/03/2020		
	RM'million	RM'million	RM'million	%
Revenue	5,792.4	6,036.6	(244.2)	-4.0
EBITDA	2,583.8	2,503.9	79.9	3.2
PAT	156.5	398.3	(241.8)	-60.7
PATAMI	80.0	188.1	(108.1)	-57.5

Group Performance

Compared to the preceding quarter (Q2'20 vs Q1'20), Group revenue decreased by 4.0% to RM5,792.4 million from RM6,036.6 million, adversely impacted by the recent COVID-19 pandemic and lockdowns measures across the operating companies' markets. Despite the drop in revenue, Group registered EBITDA growth of 3.2% to RM2,583.8 million for the quarter driven by lower advertisement and promotion expenses, one-off staff cost in Q1'20, and lower other operating costs.

Group PAT and PATAMI declined by 60.7% and 57.5% to RM156.5 million and RM80.0 million respectively mainly due to lower one-off gain and higher tax, partly offset with foreign exchange gain in Q2'20 as opposed to foreign exchange loss in Q1'20. Indonesia recognised a one-off gain on sale and leaseback of telecommunication towers of RM30.7 million (PATAMI: RM20.4 million) in Q2'20 as compared to RM420.3 million (PATAMI: RM278.9 million) in Q1'20.

Geographical Highlights

- **Malaysia**: Revenue decreased by 7.0% to RM1,452.7 million for the quarter, due to the COVID-19 pandemic, outlet closure and mandated data offer of 1GB per day. Despite lower revenue, EBITDA grew by 11.1% to RM571.3 million driven by lower operating costs, advertisement and promotion expenses, and lower staff costs as Q1'20 recorded one-off staff cost. PAT increased by 45.8% to RM149.6 million.

- **Indonesia**: Revenue remained flat at RM1,909.8 million. At constant currency of Q1'20, the operating company would have registered revenue growth of 1.5%. EBITDA increased by 3.8% to RM967.7 million benefitting from lower operating expenses. The operating company recognised a one-off gain on sale and leaseback of telecommunication towers of RM30.7 million in Q2'20 as compared to RM420.3 million in Q1'20. Consequently, PAT dropped by 84.1% to RM65.6 million against RM412.3 million in preceding quarter.

1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q2'20 vs Q1'20) (continued)

Geographical Highlights (continued)

- **Bangladesh**: Revenue decreased by 6.2% to RM898.5 million due to adverse impact of COVID-19 pandemic and stringent lockdown measures in the country. However, EBITDA increased by 15.7% to RM443.4 million as a result of lower operating costs compensating the decline in revenue. With higher EBITDA moderated by higher depreciation and amortisation and finance cost, PAT for the quarter increased to RM29.4 million as compared to a RM9.2 million in preceding quarter.

- **Sri Lanka**: Revenue and EBITDA declined by 3.5% and 11.8% to RM645.7 million and RM245.3 million respectively as impacted by COVID-19 pandemic, lockdown and forgone revenue from free credit given. However, PAT grew by 56.1% to RM52.8 million for the quarter mainly due to foreign exchange gain as opposed to foreign exchange loss in preceding quarter.

- **Nepal**: Revenue dropped by 28.7% to RM316.8 million due to decline in all revenue segments due to existing business challenges, adverse impact from the COVID-19 pandemic, extended lockdown until mid-June and regulatory requirement to provide free bonus recharge and free resources for data/voice package being offered. EBITDA dropped by 41.1% to RM153.8 million. With lower top lines partly being offset by lower tax, PAT decreased by 83.6% to RM10.4 million for the quarter.

- **Cambodia**: Revenue remained flat at RM325.8 million. EBITDA improved by 1.1% to RM184.6 million benefitted from lower operating costs. However, PAT dropped by 5.6% to RM76.0 million for the quarter due to higher depreciation and amortisation.

- **Infrastructure**: Revenue grew by 3.1% to RM469.4 million. EBITDA improved by 10.2% to RM302.6 million underpinned by higher revenue coupled with lower operating costs. With higher top lines partly being offset by higher depreciation and amortisation, foreign exchange loss and other expenses, PAT increased by 3.3% to RM57.5 million for the quarter.

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

(d) Economic Profit ("EP") Statement

	2nd Quarter Ended		Financial Period Ended	
	30/6/2020	30/6/2019	**30/6/2020**	30/6/2019
	RM'000	RM'000 Restated[1]	**RM'000**	RM'000
EBIT	741,524	963,764	1,396,946	1,742,491
Adjusted tax 24%	(177,966)	(231,303)	(335,267)	(418,198)
Share of results in associates and joint ventures	2,909	(3,098)	8,876	(4,252)
NOPLAT	**566,467**	729,363	**1,070,555**	1,320,041
AIC	43,485,673	40,266,244	43,485,673	40,266,244
WACC	8.26%	8.30%	8.26%	8.30%
Economic Charge (AIC*WACC)	897,979	835,525	1,795,958	1,671,049
Economic Profit	**(331,512)**	(106,162)	**(725,403)**	(351,008)

[1] 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 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) and (b) 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

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:

	FY 2020 **Headline KPIs** @ Constant rate[1]
Revenue Growth[2]	3.5 - 4.5%
EBITDA Growth	4.0 - 5.5%
Return on Invested Capital[3] ("ROIC")	5.5 - 6.0%

Notes:
[1] Constant rate is based on the FY19 Average Forex Rate (e.g. 1 USD = RM4.142)
[2] Revenue is based on Revenue excluding device
[3] ROIC is defined as EBIT - Tax + Share of Assoc / Average Invested Capital (excluding cash)

The COVID-19 pandemic has impacted Axiata's performance in the first half of financial year ending 31 December 2020, especially in the second quarter ended 30 June 2020 due to lockdown measures across our operating companies (OpCos) markets. Overall, OpCos that operate in countries with more stringent lockdown measures, being Malaysia, Sri Lanka, Bangladesh and Nepal, experienced greater revenue impact during the lockdown period. The impact to revenue was on two fronts; i) accessibility to sales and services due to closure of retail outlets and customer contact centers which led to challenges for physical reloads, SIM cards and devices purchases, and ii) foregone revenue arising from free data provided by our OpCos, especially in Malaysia, Sri Lanka and Nepal. Most markets except Nepal is back to pre-lockdowns revenue level in June 2020.

The Group is diligently monitoring the ongoing financial and operational impact of COVID-19 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, the Group maintains the withdrawal of the Headline KPIs. However, directionally we see the revenue and EBITDA to decline by low single digit percentage in 2020.

Notwithstanding these uncertainties, Axiata strengthened its liquidity position with the completion of the recent issuances of USD500.0 million Multi-Currency Sukuk and USD1.0 billion Euro Medium-Term Note on 19 August 2020, which will be utilised for refinancing and corporate purposes. The Group's key focus in 2020 is to conserve cash via disciplined cost management and capex efficiency during this challenging period, whilst also building a war chest for opportunities in the 'new norm'.

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 2020.

4. Disaggregation of Revenue

	2nd Quarter Ended		Financial Period Ended	
	30/6/2020	30/6/2019	**30/6/2020**	30/6/2019
	RM'000	RM'000	**RM'000**	RM'000
Goods or services transferred:				
-at a point in time	216,050	243,325	439,737	504,064
-over time	5,391,195	5,765,161	11,008,721	11,315,708
Lease and services of passive infrastructure	185,169	145,128	380,540	283,279
	5,792,414	6,153,614	**11,828,998**	12,103,051

5. Taxation

The taxation charge for the Group comprises:

	2nd Quarter Ended		Financial Period Ended	
	30/6/2020	30/6/2019	**30/6/2020**	30/6/2019
	RM'000	RM'000	**RM'000**	RM'000
Income tax	144,549	353,719	309,790	509,279
Deferred tax	104,777	(3,747)	153,122	33,771
Total taxation	**249,326**	349,972	**462,912**	543,050

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.

6. Status of Corporate Proposals

Proposed Listing of Robi Axiata Limited ("Robi")

On 21 February 2020, the Group has announced the proposal to list Robi, a 68.69% owned subsidiary of the Group on 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").

On 2 March 2020, Robi 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 20 August 2020.

7. Group's Borrowings and Debt Securities

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

	30 June 2020		31 December 2019	
	Current	**Non-current**	Current	Non-current
	RM'000	**RM'000**	RM'000	RM'000
Secured	147,122	995,476	79,204	391,241
Unsecured	7,391,918	9,232,083	7,552,549	8,803,249
Total	**7,539,040**	**10,227,559**	7,631,753	9,194,490

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

Foreign Currencies	**30 June 2020**	31 December 2019
	RM'000	RM'000
USD	7,819,378	6,938,098
IDR	3,349,423	3,903,883
BDT	899,098	778,295
SLR	260,928	332,021
NPR	534,146	-
Others	133,922	107,478
Total	**12,996,895**	12,059,775

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 2020 Notional value	30 June 2020 Fair value favourable/ (unfavourable)	31 December 2019 Notional value	31 December 2019 Fair value favourable/ (unfavourable)
	RM'000	**RM'000**	RM'000	RM'000
Cross currency interest rate swaps:				
- < 1 year	1,221,225	59,481	1,171,350	(4,454)
- 1 - 3 years	-	-	-	-
- > 3 years	2,142,500	28,030	2,055,000	(103,905)
Put option liabilities over shares held by a non-controlling interests:				
- < 1 year	(2,190,048)	(2,190,048)	(2,027,498)	(2,027,498)
Convertible warrants in an associate:				
- 1 - 3 years	19,251	8,343	19,251	8,343
Total		**(2,094,194)**		(2,127,514)

(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 30/6/2020	Current and Cumulative Quarter 30/6/2019
	RM'000	RM'000
Total net losses	**-**	(4,601)

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 ("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 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 BR i.e. the First and Second Defendants, 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 RM6.2 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 1"). The German Directors filed their respective defence on 30 June 2017. TM filed an application to intervene in the Main Suit 1 in light of the allegations made against TM in TSDTR and BR's Counterclaim for Main Suit 1.

The trial and TSDTR and BR's Counterclaim for Main Suit 1 commenced on 22 January 2018 and Celcom and Celcom Resources case was closed on 21 November 2018. TSDTR and BR commenced their case on 28 November 2018.

10. Material Litigations (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, Celcom and Celcom Resources obtained leave to continue action against TSDTR and BR and likewise TSDTR and BR were granted sanction to defend their case and continue with the TSDTR and BR's Counterclaim for Main Suit 1.

TSDTR and BR as well as TM 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:

September 2020 : 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 2").

10. Material Litigations (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:

(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 (RM759.5 million) being the principal sum plus USD16.3 million (RM69.6 million) representing interest at the rate of 8% for the period from 16 October 2002 to 27 June 2003;
   (bb) The cost of arbitration amounting to USD0.8 million (RM3.5 million); and
   (cc) The sum of USD1.8 million (RM7.7 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.

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 i.e. the First and Second Defendants, filed statement of defence ("Defence for Main Suit 2") 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 2"). The German Directors filed their respective defence on 30 June 2016.

The trial and TSDTR and BR's Counterclaim for Main Suit 2 commenced on 22 January 2018 and the Celcom and Celcom Resources case was closed on 21 November 2018. TSDTR and BR commenced their case on 28 November 2018.

In view of the ROAO obtained against TSDTR and BR on 8 May 2018, Celcom and Celcom Resources obtained leave to continue action against TSDTR and BR and likewise TSDTR and BR were granted sanction to defend their case and continue with the TSDTR and BR's Counterclaim for Main Suit 2.

TSDTR and BR as well as TM 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:

September 2020 : 1 and 3

10. Material Litigations (continued)

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

(c) 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 (RM209.3 million) [the earlier demand letter dated 23 February 2012 for BDT6.5 billion (RM330.7 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.

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 (RM144.0 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.

10. Material Litigations (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 (RM466.8 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 ("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 BDT7.1 billion (RM359.4 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 second show-cause cum demand notice for BDT910.5 million (RM46.0 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 (i) nevertheless 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 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 did not pay the VAT on same to Robi/MNOs. BTCL & MNOs are pursuing to NBR for resolving the issue but the issue is still long pending. This issue has already been covered in item (i) nonetheless NBR still arbitrarily made the same claim separately.

(iv) The fourth 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 (iii) of this case but relating to different period (2013-2016)).

(v) The fifth show-cause cum demand notice for BDT1.2 billion (RM58.8 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.

10. Material Litigations (continued)

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

(d) Robi vs NBR (continued)

Pursuant to re-examinations of the above 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 BDT7.5 billion (RM376.7 million) for the period of January 2013 to December 2016. The details are as below. Robi has filed Writ Petitions (Judicial Review) on 27 June 2020 to the High Court to challenge these show cause notices.

(i) The first show cause notice is on BDT3.7 billion (RM185.6 million) in relation to VAT deducted at source on grounds of i) withholding VAT on sale of 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 notice is on BDT394.3 million (RM19.9 million) in relation to VAT of BDT368.6 million (RM18.6 million) and supplementary duty payment of BDT25.7 million (RM1.3 million) based on Robi's audited financial statements.

(iii) The third show cause notice is on BDT1.3 billion (RM66.1 million) in relation to VAT on revenue sharing.

(iv) The fourth show cause notice is on BDT2.1 billion (RM105.1 million) in relation to VAT rebate cancellation.

The Writ Petitions (Judicial Review) filed on 27 June 2020 are currently pending for hearing.

(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 (RM437.9 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.

10. Material Litigations (continued)

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

(e) Robi vs BTRC (continued)

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 (RM69.0 million) in five instalments. Robi has deposited these five equal instalments up to 31 May 2020. This matter is currently pending for hearing before the Joint District Judge, Dhaka.

(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 (RM141.7 million).

(i) The demand notice for the period of July 2013 to June 2014 is for BDT596.8 million (RM30.1 million).

(ii) The demand notice for the period of July 2014 to January 2016 is for BDT993.2 million (RM50.2 million).

(iii) The demand notice for the period of February 2016 to April 2016 for BDT41.0 million (RM2.1 million).

(iv) The demand notice for the period of May 2016 to December 2016 is for BDT707.7 million (RM35.7 million).

(v) The demand notice for the financial years of 2010 to 2012 is for BDT466.9 million (RM23.6 million). On 11 March 2018, Robi filed an appeal to the Customs, Excise and VAT Appellate Tribunal.

Pursuant to each demand notice in items (i) to (v), Robi deposited 10% of the sum set out in the respective demand notices with the LTU-VAT of the NBR based on the provisions of the Value Added Tax Act 1991. For items (i) to (iv), Robi filed four separate VAT appeals to the High Court, Dhaka on 21 January 2019 to challenge the said demand notices. For item (v), the earlier appeal to the Customs, Excise and VAT Appellate Tribunal was dismissed and Robi thereafter filed a VAT appeal to the High Court, Dhaka on 1 June 2020 to challenge the said demand notice. All VAT appeals are currently pending for hearing before the High Court, Dhaka.

10. Material Litigations (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 (RM96.6 million) together with the interest thereon and it was allowed by the court (“Counterclaim Judgment”). DBN filed an appeal against the Counterclaim Judgment to the Supreme Court of Sri Lanka.

Pending disposal of the aforesaid appeal, Dialog Axiata Plc., the holding company of DBN, has provided a bank guarantee for LKR1.0 billion (RM23.0 billion) and a corporate guarantee for LKR3.2 billion (RM73.6 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 (RM267.0 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 14 September 2020.

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

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

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

10. Material Litigations (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)

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 (RM747.7 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 (RM795.3 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 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.

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.

10. Material Litigations (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 (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% 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 (RM795.3 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 have submitted their memorial on 12 May 2020. A two-week merits hearing is scheduled to take place from 21 June 2021 to 2 July 2021.

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

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

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

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

13. Earnings Per Share ("EPS")

(a) Basic EPS

	2nd Quarter Ended		Financial Period Ended	
	30/6/2020	30/6/2019 Restated[1]	**30/6/2020**	30/6/2019 Restated[1]
Profit attributable to owners of the Company (RM'000)	80,018	220,557	268,124	945,722
Adjusted weighted average number of ordinary shares ('000) in issue	9,167,160	9,101,653	9,165,731	9,086,783
Basic EPS (sen)	**0.9**	2.4	**2.9**	10.4

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.

	2nd Quarter Ended		Financial Period Ended	
	30/6/2020	30/6/2019 Restated[1]	**30/6/2020**	30/6/2019 Restated[1]
Profit attributable to owners of the Company (RM'000)	80,018	220,557	268,124	945,722
Weighted average number of ordinary shares in issue ('000)	9,167,160	9,101,653	9,165,731	9,086,783
Adjusted for share-based payment ('000)	7,532	10,678	8,456	8,783
Weighted average number of ordinary shares for the purpose of computing diluted EPS ('000)	9,174,692	9,112,331	9,174,187	9,095,566
Diluted EPS (sen)	**0.9**	2.4	**2.9**	10.4

[1] 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.

14. Qualification of Preceding Audited Financial Statements

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

15. Dividend Proposed

The Board of Directors have resolved a tax exempt dividend under single tier system of 2 sen per ordinary share of the Company in respect of financial year ending 31 December 2020 (30 June 2019: 5 sen).

Pursuant to Paragraph 8.26 of the Main LR of Bursa Securities the interim dividend will be paid not later than 3 months from the date of declaration.

The Book Closure Date will be announced by the Company at a later date.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
27 August 2020