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

The Board of Directors of Axiata Group Berhad is pleased to announce the following results of the Group for the financial year ended 31 December 2019.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	4th Quarter Ended		Financial Year Ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Restated[1]	Unaudited	Restated[1]
Operating revenue	**6,267,007**	6,266,995	**24,583,312**	23,885,781
Operating costs				
- depreciation, impairment and amortisation	**(1,888,389)**	(3,251,121)	**(7,084,236)**	(7,644,816)
- foreign exchange (losses)/gains	**(21,179)**	(11,487)	**5,421**	8,389
- domestic interconnect and international outpayment	**(500,238)**	(594,574)	**(1,980,257)**	(2,408,317)
- marketing, advertising and promotion	**(520,272)**	(524,187)	**(2,001,470)**	(2,147,698)
- other operating costs	**(1,981,603)**	(2,463,058)	**(7,762,235)**	(8,927,499)
- staff costs	**(539,716)**	(601,637)	**(2,220,200)**	(2,068,133)
- other gains/(losses) - net	**319**	(122,687)	**(22,601)**	(25,242)
Other operating income/(expense) - net	**145,384**	55,305	**806,853**	(3,057,592)
Profit/(Loss) before finance cost	**961,313**	(1,246,451)	**4,324,587**	(2,385,127)
Finance income	**53,179**	55,981	**230,468**	221,459
Finance cost excluding net foreign exchange gains/(losses) on financing activities	**(429,676)**	(331,279)	**(1,738,473)**	(1,272,385)
Net foreign exchange gains/(losses) on financing activities	**47,454**	33,143	**59,085**	(208,689)
	(382,222)	(298,136)	**(1,679,388)**	(1,481,074)
Joint ventures				
- share of results (net of tax)	**-**	426	**(2,819)**	1,678
Associates				
- share of results (net of tax)	**8**	10,072	**(647)**	(26,364)
- loss on dilution of equity interest	**-**	(724)	**-**	(403,712)
Profit/(Loss) before taxation	**632,278**	(1,478,832)	**2,872,201**	(4,073,140)
Taxation	**(228,135)**	(309,939)	**(1,057,105)**	(901,552)
Profit/(Loss) for the financial period/year	**404,143**	(1,788,771)	**1,815,096**	(4,974,692)

[1] The comparative corresponding quarter and financial year ended have been restated to reflect the change in accounting policy as disclosed in Part A, Note 2(c) 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 2018)

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

The Board of Directors of Axiata Group Berhad is pleased to announce the following results of the Group for the financial year ended 31 December 2019.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	4th Quarter Ended		Financial Year Ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	RM'000	RM'000	RM'000	RM'000
	Unaudited	Restated[1]	Unaudited	Restated[1]
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss:				
- actuarial gains on defined benefits plan, net of tax	**2,911**	664	**3,700**	4,092
- fair value through other comprehensive income	**(271,704)**	31,050	**(1,598,197)**	(574,655)
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	**(398,130)**	9,377	**(271,745)**	(1,298,172)
- net cash flow hedge	**(49,400)**	88,390	**61,158**	(25,080)
- net cost of hedging	**(6,297)**	(42,994)	**(6,632)**	(42,994)
- net investment hedge	**-**	19,988	**-**	15,801
Other comprehensive (expense)/income for the financial period/year, net of tax	**(722,620)**	106,475	**(1,811,716)**	(1,921,008)
Total comprehensive (expense)/income for the financial period/year	**(318,477)**	(1,682,296)	**3,380**	(6,895,700)
Profit/(Loss) for the financial period/year attributable to:				
- owners of the company	**332,558**	(1,429,961)	**1,457,550**	(4,762,025)
- non-controlling interests	**71,585**	(358,810)	**357,546**	(212,667)
	404,143	(1,788,771)	**1,815,096**	(4,974,692)
Total comprehensive (expenses)/income for the financial period/year attributable to:				
- owners of the company	**(295,447)**	(1,391,117)	**(325,276)**	(6,492,082)
- non-controlling interests	**(23,030)**	(291,179)	**328,656**	(403,618)
	(318,477)	(1,682,296)	**3,380**	(6,895,700)
Earnings Per Share (sen) (Part B, Note 13)				
- basic	**3.6**	(15.7)	**16.0**	(52.6)
- diluted	**3.6**	(15.7)	**16.0**	(52.4)

[1] The comparative corresponding quarter and financial year ended have been restated to reflect the change in accounting policy as disclosed in Part A, Note 2(c) 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 2018)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31/12/2019 RM'000 Unaudited	31/12/2018 RM'000 Audited
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	13,857,268	13,502,368
Reserves	2,323,525	3,974,431
Total equity attributable to owners of the Company	16,180,793	17,476,799
Non-controlling interests	6,039,230	5,737,907
Total equity	22,220,023	23,214,706
NON-CURRENT LIABILITIES		
Borrowings	9,194,490	14,646,553
Derivative financial instruments	103,905	1,698,722
Deferred income	380,863	363,196
Deferred gain on sale and lease back assets	559,351	663,228
Trade and other payables	606,418	2,987,844
Lease liabilities	7,397,617	-
Provision for liabilities	517,239	487,394
Deferred taxation	1,201,221	1,391,214
Total non-current liabilities	19,961,104	22,238,151
	42,181,127	**45,452,857**

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	31/12/2019 RM'000 Unaudited	31/12/2018 RM'000 Audited
NON-CURRENT ASSETS		
Intangible assets	20,729,643	20,926,703
Contract acquisition costs	177,627	108,503
Property, plant and equipment	25,641,810	27,290,458
Right-of-use assets	8,929,119	-
Joint ventures	24,881	27,699
Associates	204,185	266,475
Financial assets at fair value through other comprehensive income	301,347	1,659,412
Financial assets at fair value through profit or loss	3,459	-
Derivative financial instruments	8,343	-
Trade and other receivables	672,286	686,804
Deferred taxation	324,382	586,961
Total non-current assets	57,017,082	51,553,015
CURRENT ASSETS		
Inventories	154,328	219,130
Trade and other receivables	4,865,876	5,115,230
Derivative financial instruments	-	238,506
Financial assets at fair value through profit or loss	60,417	38
Tax recoverable	35,270	54,860
Deposits, cash and bank balances	4,224,072	5,071,448
Assets classified as held-for-sale	277,643	1,602,800
	9,617,606	12,302,012
LESS: CURRENT LIABILITIES		
Trade and other payables	12,291,332	12,484,444
Deferred gain on sale and lease back assets	124,748	120,942
Lease liabilities	1,442,700	-
Borrowings	7,631,753	4,483,197
Derivative financial instruments	2,031,952	155,901
Current tax liabilities	912,059	1,157,686
Liability classified as held-for-sale	19,017	-
Total current liabilities	24,453,561	18,402,170
Net current liabilities	(14,835,955)	(6,100,158)
	42,181,127	**45,452,857**
Net assets per share attributable to owners of the Company (sen)	177	193

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

AXIATA GROUP BERHAD
Company No. 199201010685 (242188-H)
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Attributable to equity holders of the Company							
	Note	**Share capital '000**	**Share capital RM'000**	**Currency translation differences RM'000**	**Reserves RM'000**	**Retained earnings RM'000**	**Total RM'000**	**NCI RM'000**	**Total equity RM'000**
At 1 January 2019:									
As 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
Change in accounting policies	2(c)	-	-	-	(368,510)	368,510	-	-	-
First time adoption adjustments	2(a)	-	-	-	-	(65,512)	(65,512)	(2,381)	(67,893)
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 year		-	-	-	-	1,457,550	1,457,550	357,546	1,815,096
Other comprehensive (expense)/income:									
-Currency translation differences arising during the financial year:									
-subsidiaries		-	-	(180,834)	-	-	(180,834)	(31,286)	(212,120)
-derecognition of associates		-	-	(59,625)	-	-	(59,625)	-	(59,625)
		-	-	(240,459)	-	-	(240,459)	(31,286)	(271,745)
-Net cash flow hedge		-	-	-	61,158	-	61,158	-	61,158
-Net cost of hedging		-	-	-	(6,632)	-	(6,632)	-	(6,632)
-Actuarial gains, net of tax		-	-	-	1,530	-	1,530	2,170	3,700
-Revaluation of financial assets at FVTOCI		-	-	-	(1,598,423)	-	(1,598,423)	226	(1,598,197)
Total comprehensive (expense) /income		**-**	**-**	**(240,459)**	**(1,542,367)**	**1,457,550**	**(325,276)**	**328,656**	**3,380**
Transactions with owners:									
-Issuance of new ordinary shares		5,751	16,389	-	-	-	16,389	-	16,389
-Dilution of equity interest in subsidiaries		-	-	8,476	-	59,697	68,173	8,692	76,865
-Additional investment in subsidiaries		-	-	-	-	(56,145)	(56,145)	(12,499)	(68,644)
-Termination of put option		-	-	-	98,729	(6,372)	92,357	54,241	146,598
-Revaluation of put option		-	-	-	(499,665)	-	(499,665)	-	(499,665)
-Dividends paid to shareholders by:									
- DRS		85,221	326,673	-	-	(326,673)	-	-	-
- Cash settlement		-	-	-	-	(538,283)	(538,283)	-	(538,283)
-Dividends paid to NCI		-	-	-	-	-	-	(75,386)	(75,386)
-Share-based payment expenses		-	-	-	11,956	-	11,956	-	11,956
-Transferred from share-based payment reserve upon:									
- exercise/vest		1,583	11,838	-	(11,838)	-	-	-	-
- lapsed		-	-	-	(111,419)	111,419	-	-	-
Total transactions with owners		92,555	354,900	8,476	(512,237)	(756,357)	(905,218)	(24,952)	(930,170)
At 31 December 2019		**9,163,573**	**13,857,268**	**(561,180)**	**(3,762,267)**	**6,646,972**	**16,180,793**	**6,039,230**	**22,220,023**

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

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

AXIATA GROUP BERHAD
Company No. 199201010685 (242188-H)
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

		Attributable to equity holders of the Company							
		Share capital '000	Share capital RM'000	Currency translation differences RM'000	Reserves RM'000	Retained earnings RM'000	Total RM'000	NCI RM'000	Total equity RM'000
At 1 January 2018:									
As previously reported		9,047,951	13,407,253	783,362	(720,589)	11,154,823	24,624,849	5,778,051	30,402,900
Change in accounting policy	2(c)	-	-	-	(95,962)	95,962	-	-	-
As restated		9,047,951	13,407,253	783,362	(816,551)	11,250,785	24,624,849	5,778,051	30,402,900
Loss for the financial year		-	-	-	-	(4,762,025)	(4,762,025)	(212,667)	(4,974,692)
Other comprehensive (expense)/income:									
-Currency translation differences arising during the financial year:									
-subsidiaries		-	-	(988,285)	-	-	(988,285)	(191,964)	(1,180,249)
-associates		-	-	(179,489)	-	-	(179,489)	-	(179,489)
-derecognition of an associate		-	-	61,566	-	-	61,566	-	61,566
		-	-	(1,106,208)	-	-	(1,106,208)	(191,964)	(1,298,172)
-Net cash flow hedge		-	-	-	(24,987)	-	(24,987)	(93)	(25,080)
-Net cost of hedging		-	-	-	(42,994)	-	(42,994)	-	(42,994)
-Net investment hedge		-	-	-	15,801	-	15,801	-	15,801
-Actuarial gains, net of tax		-	-	-	2,986	-	2,986	1,106	4,092
-Revaluation of financial assets at FVTOCI		-	-	-	(574,655)	-	(574,655)	-	(574,655)
Total comprehensive expense		**-**	**-**	**(1,106,208)**	**(623,849)**	**(4,762,025)**	**(6,492,082)**	**(403,618)**	**(6,895,700)**
Transactions with owners:									
-Issuance of new ordinary shares		2,755	10,963	-	-	-	10,963	-	10,963
-Partial disposal of a subsidiary		-	-	(6,351)	-	265,690	259,339	99,181	358,520
-Dilution of equity interest in a subsidiary		-	-	-	-	42,864	42,864	415,868	458,732
-Acquisition of a subsidiary		-	-	-	-	(15,796)	(15,796)	12,756	(3,040)
-Revaluation of put option	2(c)	-	-	-	(272,548)		(272,548)	-	(272,548)
-Dividends paid to shareholders by:									
- DRS		19,928	79,113	-	-	(79,113)	-	-	-
- Cash settlement		-	-	-	-	(691,114)	(691,114)	-	(691,114)
-Dividends paid to NCI		-	-	-	-	-	-	(164,331)	(164,331)
-Share-based payment expenses		-	-	-	10,324	-	10,324	-	10,324
-Transferred from share-based payment reserve upon exercise/vest		384	5,039	-	(5,039)	-	-	-	-
Total transactions with owners		23,067	95,115	(6,351)	(267,263)	(477,469)	(655,968)	363,474	(292,494)
At 31 December 2018 as restated		**9,071,018**	**13,502,368**	**(329,197)**	**(1,707,663)**	**6,011,291**	**17,476,799**	**5,737,907**	**23,214,706**

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

AXIATA GROUP BERHAD
Company No. 199201010685 (242188-H)
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		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 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	2(c)	-	-	-	-	-	-	-	(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		-	-	61,158	-	-	-	-	-	61,158
-Net cost of hedging		-	-	-	(6,632)	-	-	-	-	(6,632)
-Actuarial gains, net of tax		-	-	-	-	1,530	-	-	-	1,530
-Revaluation of financial assets at FVTOCI		-	-	-	-	-	-	(1,598,423)	-	(1,598,423)
Total comprehensive income/(expense)		**-**	**-**	**61,158**	**(6,632)**	**1,530**	**-**	**(1,598,423)**	**-**	**(1,542,367)**
Transactions with owners:										
-Termination of put option		-	-	-	-	-	-	-	98,729	98,729
-Revaluation of put option		-	-	-	-	-	-	-	(499,665)	(499,665)
-Share-based payment expenses		-	-	-	-	-	11,956	-	-	11,956
-Transferred from share-based payment reserve upon:										
- exercise/vest		-	-	-	-	-	(11,838)	-	-	(11,838)
- lapsed		-	-	-	-	-	(111,419)	-	-	(111,419)
Total transactions with owners		-	-	-	-	-	(111,301)	-	(400,936)	(512,237)
At 31 December 2019		**16,598**	**346,774**	**(9,705)**	**(5,862)**	**28,512**	**27,351**	**(2,138,438)**	**(2,027,497)**	**(3,762,267)**
At 1 January 2018:										
As previously reported		16,598	346,774	(61,677)	43,764	23,996	133,367	34,640	(1,258,051)	(720,589)
Change in accounting policy	2(c)	-	-	-	-	-	-	-	(95,962)	(95,962)
As restated		16,598	346,774	(61,677)	43,764	23,996	133,367	34,640	(1,354,013)	(816,551)
Other comprehensive (expense)/income:										
-Net cash flow hedge		-	-	(24,987)	-	-	-	-	-	(24,987)
-Net investment hedge		-	-	15,801	-	-	-	-	-	15,801
-Net cost of hedging		-	-	-	(42,994)	-	-	-	-	(42,994)
-Actuarial gains, net of tax		-	-	-	-	2,986	-	-	-	2,986
-Revaluation of financial assets at FVTOCI		-	-	-	-	-	-	(574,655)	-	(574,655)
Total comprehensive (expense)/income		**-**	**-**	**(9,186)**	**(42,994)**	**2,986**	**-**	**(574,655)**	**-**	**(623,849)**
Transactions with owners:										
-Revaluation of put option	2(c)	-	-	-	-	-	-	-	(272,548)	(272,548)
-Share-based payment expenses		-	-	-	-	-	10,324	-	-	10,324
-Transferred from share-based payment reserve upon exercise/vest		-	-	-	-	-	(5,039)	-	-	(5,039)
Total transactions with owners		-	-	-	-	-	5,285	-	(272,548)	(267,263)
At 31 December 2018 as restated		**16,598**	**346,774**	**(70,863)**	**770**	**26,982**	**138,652**	**(540,015)**	**(1,626,561)**	**(1,707,663)**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE FINANCIAL YEAR ENDED	
	31/12/2019	31/12/2018
	RM'000	RM'000
	Unaudited	Audited
Receipt from customers	24,837,642	24,510,506
Payment to suppliers and employees	(13,765,593)	(16,222,297)
Payment of finance costs	(1,106,899)	(1,176,600)
Payment of income taxes and zakat (net of refunds)	(1,181,839)	(1,141,763)
CASH FLOWS FROM OPERATING ACTIVITIES	**8,783,311**	**5,969,846**
Proceeds from disposal of property, plant and equipment	28,485	57,412
Purchase of property, plant & equipment	(6,730,872)	(6,670,495)
Acquisition of intangible assets	(389,336)	(540,640)
Investments in deposits maturing more than three (3) months	245,792	(970,029)
Proceed from disposal of an associate	1,649,256	-
Investment in subsidiaries (net of cash acquired)	21,451	(20,075)
Settlement of deferred purchase consideration of investment in subsidiaries	-	(83,435)
Investment in associates	(8,570)	-
Additional investment in associates	(6,094)	(59,551)
Purchase of other investments	(93,030)	-
Disposal of other investment	97,500	-
Disposal of rights on right issue of a financial asset at FVTOCI	96,149	-
Dividends received from associates	-	90,187
Repayment from/(Advance to) employees	241	(395)
Interests received	230,232	223,962
CASH FLOWS USED IN INVESTING ACTIVITIES	**(4,858,796)**	**(7,973,059)**
Proceeds from issuance of shares under Axiata Share Scheme	16,389	10,963
Proceeds from borrowings	3,555,785	6,779,461
Proceeds from Sukuk	188,800	-
Repayments of borrowings	(4,319,104)	(7,036,886)
Repayments of Sukuk	(1,606,684)	-
Repayment of lease creditors	(1,819,839)	(208,300)
Partial disposal of subsidiaries	-	367,434
Additional investment in a subsidiary	-	(1,289)
Capital injection by NCI of subsidiaries	82,444	-
Additional investment in a subsidiary by NCI	-	396,456
Additional investment in subsidiaries	(90,704)	-
Dividends paid to shareholders	(538,283)	(691,114)
Dividends paid to non-controlling interests	(75,386)	(164,331)
CASH FLOWS USED IN FINANCING ACTIVITIES	**(4,606,582)**	**(547,606)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	(682,067)	(2,550,819)
NET DECREASE IN RESTRICTED CASH AND CASH EQUIVALENT	(86,456)	(162,027)
EFFECT OF EXCHANGE RATE CHANGES	49,343	28,936
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	3,787,748	6,471,658
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**3,068,568**	**3,787,748**

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	FOR THE FINANCIAL YEAR ENDED	
	31/12/2019	**31/12/2018**
	RM'000	**RM'000**
	Unaudited	**Audited**
Cash and cash equivalent in banks	3,068,568	3,787,748
Deposits pledged	230,180	143,726
Deposits maturing more than three (3) months	790,882	1,036,674
Bank overdrafts	134,442	103,300
Total deposits, cash and bank balances	**4,224,072**	**5,071,448**

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

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

1. Basis of Preparation

The unaudited financial statements for the financial year ended 31 December 2019 of the Group have been prepared in accordance with the International Financial Reporting Standards compliant framework, Malaysian Financial Reporting Standards ("MFRS"), MFRS 134 "Interim Financial Reporting", Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR"), and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2018 ("2018 Audited Financial Statements").

2. Accounting Policies

The accounting policies and method of computation applied in the unaudited financial statements are consistent with those used in the preparation of the 2018 Audited Financial Statements except for the adoption of new standards/IC Interpretation and amendments to existing standards that are applicable to the Group for the financial year beginning 1 January 2019 as set out below:

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

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

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

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

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

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

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

2. Accounting Policies (continued)

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

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

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

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

The impact of adoption of MFRS 16 to the Group is as below:

(a) Consolidated statement of financial position

(i) First time adoption

	As at 1 January 2019			
		First time adoption adjustments		
	As reported	Reclassification	Measurements	As adjusted
	RM'000	RM'000	RM'000	RM'000
Total equity:				
- Reserves	3,974,431	-	(65,512)	3,908,919
- Non-controlling interests	5,737,907	-	(2,381)	5,735,526
		-	(67,893)	
Total net assets:				
- Property, plant and equipment	27,290,458	(3,290,567)	-	23,999,891
- Right-of-use ("ROU") assets	-	3,290,567	5,316,129	8,606,696
- Lease liabilities	-	(3,030,322)	(4,951,531)	(7,981,853)
- Trade and other receivables	5,802,034	-	(480,979)	5,321,055
- Trade and other payables	(15,472,288)	3,030,322	32,203	(12,409,763)
- Deferred taxation, net	(804,253)	-	16,285	(787,968)
		-	(67,893)	

2. Accounting Policies (continued)

(a) Consolidated statement of financial position (continued)

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

	RM'000
Operating lease commitments disclosed as at 31 December 2018	1,651,070
Less: short-term leases recognised on a straight-line basis as expense	(79,338)
Less: low-value leases recognised on a straight-line basis as expense	(25,873)
Less: maintenance/services portion of the lease contracts	(163,404)
	1,382,455
Discounted using the lessee's incremental borrowing rate of at the date of initial application	1,043,510
Add: finance lease liabilities recognised as at 31 December 2018	3,030,322
Add: accrued lease payments recognised as at 31 December 2018	24,796
Add: existing contracts as at 31 December 2018 previously assessed as operating lease	3,883,225
Lease liabilities as at 1 January 2019	7,981,853
Of which are:	
Current lease liabilities	1,244,327
Non-current lease liabilities	6,737,526
Lease liabilities as at 1 January 2019	7,981,853

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

	Right-of-use assets			
	Telecommunication network and transmission facilities	Others	Total	Lease liabilities
	RM'000	RM'000	RM'000	RM'000
At 1 Jan 2019	6,755,120	1,851,576	8,606,696	(7,981,853)
Addition	1,505,076	454,888	1,959,964	(1,909,242)
Termination	(23,329)	-	(23,329)	29,049
Depreciation	(1,217,952)	(408,629)	(1,626,581)	-
Interest expense	-	-	-	(595,318)
Payments	-	-	-	1,778,503
Remeasurement	(10,982)	(44)	(11,026)	(4,462)
Reclassified as assets held-for-sale under MFRS 5	(150,615)	-	(150,615)	-
Net foreign exchange translation	170,163	3,847	174,010	(156,994)
As at 31 December 2019	7,027,481	1,901,638	8,929,119	(8,840,317)

2. Accounting Policies (continued)

(b) Consolidated statement of profit or loss:

	Financial year to date		
	Pre-adoption	Operating lease MFRS 16	Post-adoption
	RM'000	RM'000	RM'000
EBITDA	9,311,300	1,307,850	10,619,150
Depreciation, impairment and amortisation	(6,015,610)	(1,068,626)	(7,084,236)
Finance cost	(1,406,707)	(331,766)	(1,738,473)
Other operating income	837,762	(30,909)	806,853
Profit before taxation	2,995,652	(123,451)	2,872,201

	Current quarter		
	Pre-adoption	Operating lease MFRS 16	Post-adoption
	RM'000	RM'000	RM'000
EBITDA	2,367,626	357,552	2,725,178
Depreciation, impairment and amortisation	(1,595,888)	(292,501)	(1,888,389)
Finance cost	(348,594)	(81,082)	(429,676)
Other operating income	176,293	(30,909)	145,384
Profit before taxation	679,218	(46,940)	632,278

(c) Other change in accounting policy

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 reserves. The statement of financial position as at 1 January 2018 is not restated as the presented financial statement line items are not affected.

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 year to date has taken into account of the following:

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

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

(i) Axiata Investments (Mauritius) Limited which was holding Localcube Commerce Pvt Ltd and Localcube Commerce Asia Sdn Bhd;
(ii) Milvik AB and Etobee Holding Pte Ltd;
(iii) Presto Mall Sdn Bhd; and
(iv) STS Media Inc.

for a non-cash consideration of USD140.0 million (RM575.8 million) via the issuance of Class A Redeemable Preference Shares by Pegasus 7 to the Company or the Company's nominee.

During the current quarter and financial year to date, the Group has recorded a net gain on disposal on investments of RM65.1 million and RM367.1 million respectively.

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

(d) The Company's Performance-Based Employee Share Option Scheme and Restricted Share Plan ("Axiata Share Scheme") expired on 15 April 2019. Accordingly, the Group reclassified the share-based payment reserve pertaining to unexercised options and unvested Restricted Share Awards under Axiata Share Scheme of RM111.4 million to retained earnings.

(e) On 19 December 2016, edotco Group Sdn Bhd ("edotco") entered into a shareholder agreement with YSH Finance Limited ("Yoma"), a non-controlling shareholder of edotco's subsidiary, edotco Investment Singapore Pte. Ltd ("edotco SG").

Under the agreement, edotco granted Yoma a put option requiring edotco to purchase all of the shares of edotco SG held by Yoma, together with a shareholder's loan for a purchase price equivalent to USD35.0 million, or such other price as both parties may agree. On initial recognition, the Group had recognised a derivative liability.

Following to Yoma's sale of its shares in edotco SG to Sojitz Corporation on 28 November 2019, the shareholder agreement lapsed accordingly. As a result, the Group reversed the derivative liability of RM146.1 million.

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

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

(f) During the current quarter and financial year to date, the Group had via its wholly-owned subsidiaries, Axiata Investments 2 (India) Limited and Axiata Investments 1 (India) Limited made full and partial disposal of its equity stake in Vodafone Idea for a gross consideration of INR1,681.8 million (RM98.0 million) and INR1,300.3 million (RM75.6 million) respectively. Accordingly, the Group's equity shareholding in Vodafone Idea has decreased from 2.48% to 1.05%.

The Group classified its remaining stake of 1.05% in Vodafone Idea as at 31 December 2019 of RM106.7 million as "Assets classified as held-for-sale" under MFRS 5 "Non-current Assets Held For Sale and Discontinued Operations".

(g) During the current quarter and financial year to date, PT XL Axiata Tbk ("XL") is in the process of selling telecommunication towers and lease back the specific towers space. XL has performed necessary activities to sell the assets and the transaction is expected to be completed within one (1) year.

As at 31 December 2019, XL classified its Property, Plant and Equipment ("PPE") of IDR68.7 billion (RM20.3 million) and ROU assets of IDR510.6 billion (RM150.6 million) as assets classified as held-for-sale together with provision for assets retirement of IDR64.5 billion (RM19.0 million) as liability classified as held-for-sale under MFRS 5.

(h) During the current quarter and financial year to date, the Group recognised net foreign exchange gains of RM26.3 million and gains of RM64.5 million respectively mainly arising from the revaluation of USD borrowings and working capital.

Other than the above, there were no other unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial year ended 31 December 2019.

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 year 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 2018 Audited Financial Statements.

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

(a) During the financial year to date, the Company issued new ordinary shares under the Axiata Share Scheme and Dividend Reinvestment Scheme ("DRS") as below:

Description	Total ordinary shares of the Company issued	
	'000	RM'000
• Performance Based Employee Share Option Scheme ("ESOS") at an exercise price of either RM1.81, RM3.15 and RM3.45	5,751	21,487
• Performance Based Long Term Incentive Plan ("PBLTIP") at an exercise price of RM4.83	35	169
• Restrictive Share Awards ("RSA") at an issuance price of RM3.75 to RM5.51 being the fair value of RSA issued	1,548	6,571
• DRS at a conversion price of RM3.78 and RM3.91 per ordinary share respectively	85,221	326,673
Total	92,555	354,900

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

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

Aside from the above, there were no other significant unusual issues, repurchases and repayments of debt and equity securities during the financial year ended 31 December 2019.

7. Dividend paid

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

Date of payment	Description	Per ordinary share	Total
		Sen	**RM'000**
17 May 2019	Tax exempt dividend under single tier in respect of financial year ended 31 December 2018 [1]	4.5	408,523
13 November 2019	Tax exempt dividend under single tier in respect of financial year ended 31 December 2019 [2]	5.0	456,433
		9.5	864,956

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

[2] Out of the total dividend distribution, a total RM136.5 million was converted into 34.9 million new ordinary shares of the Company as disclosed in Part A, Note 6(a) of this announcement.

8. Segmental Information

For the financial year ended 31 December 2019

Segment	Mobile						Infrastructure			
	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Malaysia	Others	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	6,706,135	7,363,860	3,672,883	2,708,642	1,979,427	1,306,241	1,809,225	616,474	-	26,162,887
Inter-segment[1]	(54,765)	(102,492)	(20,157)	(31,977)	(4,952)	(23,796)	(1,146,168)	(195,268)	-	(1,579,575)
External operating revenue	6,651,370	7,261,368	3,652,726	2,676,665	1,974,475	1,282,445	663,057	421,206	-	24,583,312
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	2,618,458	3,721,054	1,404,249	1,082,800	1,193,287	695,179	1,112,584	(2,074,985)	866,524	10,619,150
Finance income	88,493	32,550	4,044	6,331	38,503	7,038	56,819	29,038	(32,348)	230,468
Finance cost	(416,296)	(809,214)	(251,599)	(78,938)	(29,733)	(29,945)	(106,716)	(339,559)	323,527	(1,738,473)
Depreciation of PPE	(838,903)	(1,671,212)	(614,759)	(546,098)	(275,912)	(220,461)	(382,866)	(13,919)	22,274	(4,541,856)
Depreciation of ROU assets	(407,834)	(1,148,453)	(140,464)	(40,715)	(16,860)	(52,721)	(215,647)	(9,676)	405,881	(1,626,489)
Amortisation of intangible assets	(61,850)	(9,599)	(233,562)	(30,386)	(131,056)	(11,141)	(31,861)	(20,869)	(255,351)	(785,675)
Joint ventures:										
- share of results (net of tax)	(2,819)	-	-	-	-	-	-	-	-	(2,819)
Associates:										
- share of results (net of tax)	(1,386)	305	-	(6)	-	3,128	-	(2,688)	-	(647)
Impairment of PPE, net of reversal	-	(2,274)	(5,990)	1,619	-	-	(2,761)	-	-	(9,406)
Other non-cash income/(expense)[2]	73,987	136,261	24,103	(100,580)	10,435	(11,097)	(19,498)	616,587	(2,250)	727,948
Taxation	(262,790)	(105,722)	(177,720)	(45,333)	(231,096)	(71,765)	(158,184)	(31,350)	26,855	(1,057,105)
Segment profit/(loss) for the financial year	**789,060**	**143,696**	**8,302**	**248,694**	**557,568**	**308,215**	**251,870**	**(1,847,421)**	**1,355,112**	**1,815,096**

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

[2] Included in other non-cash income/(expense) are gain on disposal of certain investments of RM367.1 million, gain on disposal of an associate of RM113.4 million and disposal of Vodafone Idea rights of RM96.1 million.

8. Segmental Information (continued)

For the financial year ended 31 December 2018

Segment	Mobile						Infrastructure			
Restated [5]	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Malaysia	Others	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	7,339,023	6,514,623	3,272,532	2,715,382	2,113,473	1,159,741	1,530,680	430,930	-	25,076,384
Inter-segment[1]	(54,391)	(88,544)	(33)	(15,332)	(15,434)	(12,358)	(954,247)	(50,264)	-	(1,190,603)
External operating revenue	7,284,632	6,426,079	3,272,499	2,700,050	2,098,039	1,147,383	576,433	380,666	-	23,885,781
EBITDA	1,906,000	2,527,143	794,746	1,081,774	1,301,146	543,772	684,228	(5,169,732)	4,665,057	8,334,134
Finance income	97,706	34,033	4,972	6,825	34,609	5,776	34,648	68,099	(65,209)	221,459
Finance cost	(205,100)	(508,570)	(147,700)	(55,342)	(18,256)	(391)	(31,008)	(385,264)	79,246	(1,272,385)
Depreciation of PPE	(1,053,080)	(3,334,909)	(577,701)	(531,463)	(339,516)	(192,940)	(316,984)	(11,210)	22,368	(6,335,435)
Amortisation of intangible assets	(61,011)	(41,950)	(251,924)	(33,821)	(129,182)	(9,681)	(28,346)	(11,778)	(269,141)	(836,834)
Joint venture:										
- share of results (net of tax)	1,678	-	-	-	-	-	-	-	-	1,678
Associates:										
- share of results (net of tax)[3]	12,682	-	11,795	36	-	4,149	-	(55,026)	-	(26,364)
- loss on dilution of equity interests	-	-	-	-	-	-	-	(403,712)	-	(403,712)
Impairment of PPE, net of reversal	-	(6,138)	(1,518)	(7,172)	80,289	-	-	-	-	65,461
Other non-cash income/(expenses)[4]	(234,458)	78,330	296,325	(226,761)	(12,118)	(10,113)	(8,500)	14,622	(3,718,469)	(3,821,142)
Taxation	(154,039)	312,226	(25,625)	(48,762)	(222,728)	(68,250)	(125,619)	(524,359)	(44,396)	(901,552)
Segment profit/(loss) for the financial year	310,378	(939,835)	103,370	185,314	694,244	272,322	208,419	(6,478,360)	669,456	(4,974,692)

[3] Share of results of associates are mainly contributed by Vodafone Idea (-RM185.7 million) and M1 Limited (RM167.6 million).

[4] Included in other non-cash income/(expenses) is provision of loss on derecognition of Idea amounting to RM3,319.1 million, elimination of intra-group restructuring gain on a subsidiary recorded by respective segment of RM303.6 million and gains arising from partial disposal of a subsidiary of RM274.7 million.

[5] The comparative corresponding year has been restated to reflect the change in accounting policy as disclosed in Part A, Note 2(c) of this announcement.

9. Valuation of PPE

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

10. Acquisitions of PPE

During the financial year to date, the Group acquired additional PPE amounting to RM6,202.0 million mainly for its telecommunication network equipment and capital work in progress.

11. Events After the Reporting Period

Deregistration of Hello Axiata Company Limited ("HACL")

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

Other than the above, there was no other significant event after the reporting period that requires disclosure and/or adjustment as at 14 February 2020.

12. Effects of Changes in the Composition of the Group

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

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

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

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

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

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

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

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

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

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

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

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

(d) Capital injection in ADS

Mitsui Co., Ltd. ("Mitsui") had on 5 April 2019 invested in ADS, for the subscription of 193,050 ordinary shares in ADS at a consideration of RM80.6 million or USD20.0 million representing 3.53% of total issued and paid-up share capital of ADS. Subsequent to the said investment, the shareholding of ADS is held by the Company and Mitsui at 96.47% and 3.53% respectively.

The Group recognised an increase in the consolidated retained earnings, forex exchange reserve and non-controlling interest of RM67.9 million, RM0.2 million and RM12.5 million respectively.

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

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

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

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

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

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

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

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

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

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

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

(h) Establishment of an associate

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

The intended principal activity of PDGDC is to provide the information and communication service with the main business to develop hosting activities. The establishment of an associate was completed on 19 December 2019 with PDG and XL holds 70.00% and 30.00% of total PDGDC shares respectively.

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

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

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

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

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

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

(j) Incorporation of PT Axiata Digital Capital Indonesia ("PT ADC")

Axiata Digital Capital Sdn Bhd ("ADC"), a wholly-owned subsidiary of Axiata Digital Services Sdn Bhd ("ADSSB"), had on 17 September 2019 completed the incorporation of PT ADC, an 85% owned by ADC and 15% owned by nominee appointed by ADSSB.

PT ADC was incorporated with an issued and paid-up share capital of IDR2.5 million. The intended principal operating company of PT ADC is to be operated as the entity/platform for lending activities in Indonesia.

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

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

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

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

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

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

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

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

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

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

(l) Incorporation of Red Dot Digital Limited ("Red Dot")

Robi Axiata Limited ("Robi"), had on 5 November 2019 completed the incorporation of Red Dot, a public company limited by shares, under the Companies Act (Act XVIII) of 1994. The subsidiary has commenced its commercial operation on 1 January 2020.

Red Dot was incorporated with an issued and paid-up share capital of TK1,000,000. The intended principal operating activity of Red Dot is IT and ICT and to facilitate Robi's non-Mobile Network Operator business activities.

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

(m) Incorporation of Dialog Network Services (Private) Limited ("Dialog Network Services")

Dialog Axiata PLC ("Dialog"), had on 17 December 2019 completed the incorporation of Dialog Network Services, a private company limited by shares, under the Companies Act No. 07 of 2007 of Sri Lanka (Act).

Dialog Network Services was incorporated with a stated capital of LKR 750. The intended principal operating activity of Dialog Network Services is carrying out the business of providing network development, operations and maintenance services.

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

(n) Subscription of Shares in ISOC Asia Telecom Towers, Inc. ("ISOC ASIA")

edotco via its wholly-owned subsidiary, edotco Investments (Labuan) Limited had on 18 December 2019 completed the subscription of 260,204,082 common shares of Philippines Peso ("PhP")1.00 each representing 51.00% of the enlarged issued and paid-up share capital of ISOC Asia at a cash consideration of PhP260.2 million (equivalent to USD5.1 million/RM21.4 million).

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

Other than above and as disclosed in Part A, Note 4(b) and 4(f) of this announcement, there were no other changes in the composition of the Group for the financial year ended 31 December 2019.

13. Significant Changes in Contingent Assets or Contingent Liabilities

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

14. Capital Commitments

As at	Group 31/12/2019	31/12/2018
	RM'000	RM'000
Commitments in respect of expenditure approved and contracted for	**2,667,741**	2,092,594

15. Financial Instruments At Fair Value Measurements

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

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

The Group measured the financial instruments based on:

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

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

Financial Instruments	**2019**				2018			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Financial assets at fair value through profit or loss:								
-Trading securities	60,417	-	3,459	63,876	38	-	-	38
-Non-hedging derivatives		8,343		8,343		238,506		238,506
Financial assets at FVTOCI:								
-Equity securities	-	295,484	5,863	301,347	1,595,345	61,317	2,750	1,659,412
Liabilities								
Financial liabilities at FVTPL:								
-Non-hedging derivatives	-	-	-	-	-	(39,613)	-	(39,613)
-Derivatives used for hedging	-	(108,360)	-	(108,360)	-	(141,666)	-	(141,666)
Total	**60,417**	**195,467**	**9,322**	**265,206**	1,595,383	118,544	2,750	1,716,677

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

1. Review of Performance

(a) Quarter-on-Quarter (Q4'19 vs Q4'18)

	Current Year Quarter	Preceding Year Corresponding Quarter	Variance	
	31/12/2019	31/12/2018		
	RM'million	RM'million	RM'million	%
		Restated		
Revenue	6,267.0	6,267.0	-	-
EBITDA	2,725.2	2,083.5	641.7	30.8
PAT[1]	404.1	(1,788.8)	2,192.9	>100
PATAMI[2]	332.6	(1,430.0)	1,762.6	>100

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

Group Performance

Despite Group revenue remained flat at RM6,267.0 million in Q4'19, EBITDA grew by 30.8% to RM2,725.2 million quarter-on-quarter (excluding MFRS 16 impact and at constant currency of Q4'18, EBITDA grew by 12.2%) underpinned by tangible results from cost excellence programme.

The Group's total depreciation and amortisation dropped by 41.9% quarter-on-quarter due to one-off assets written off in Q4'18 partly offset by MFRS 16 right-of-use depreciation.

As compared to a loss position in preceding year corresponding quarter, Group PAT and PATAMI increased significantly to RM404.1 million and RM332.6 million in Q4'19 attributed to better operational performance and lower depreciation and amortisation due to one-off assets written off in Q4'18.

Geographical Highlights

- **Malaysia**: Revenue dropped by 10.3% to RM1,717.7 million mainly due to lower device sales, negative impact of downward revision of domestic interconnect and domestic roaming rates. Despite decline in revenue, EBITDA grew by 49.6% to RM697.5 million (excluding MFRS 16 impact, EBITDA grew by 19.2%) and registered a strong EBITDA margin of 40.6% as a result of lower device cost and operating costs. Depreciation and amortisation dropped by 54.3% due to one-off assets written off of RM471.6 million in Q4'18 partly offset by MFRS 16 right-of-use depreciation. Consequently, PAT for the quarter increased to RM246.6 million as compared to net loss of RM216.7 million in Q4'18.

1. Review of Performance (continued)

(a) Quarter-on-Quarter (Q4'19 vs Q4'18) (continued)

Geographical Highlights (continued)

- **Indonesia**: Revenue grew by 10.5% to RM1,897.5 million underpinned by strong data growth. EBITDA grew by 43.9% to RM982.7 million (excluding MFRS 16 impact and at constant currency of Q4'18, EBITDA grew by 11.5%). Depreciation and amortisation dropped by 56.9% due to one-off assets written off of RM1,189.7 million in Q4'18 partly offset by MFRS 16 right-of-use depreciation. As a result of higher EBITDA and lower depreciation and amortisation, PAT for the quarter returned to black at RM36.5 million as opposed to a net loss of RM896.1 million in Q4'18.

- **Bangladesh**: Revenue grew by 6.2% to RM928.6 million mainly driven by data growth. EBITDA grew 18.6% to RM293.2 million (excluding MFRS 16 impact and at constant currency of Q4'18, EBITDA dropped by 5.2%) due to higher operating cost. Despite higher top lines, net loss further dropped to RM47.6 million from net loss of RM44.8 million in Q4'18 due to adoption of MFRS 16 (excluding MFRS 16, a net loss would be RM40.7 million).

- **Sri Lanka**: Revenue increased by 0.6% to RM682.5 million. At constant currency of Q4'18, the operating company registered a revenue growth of 3.7%. EBITDA dropped by 1.9% to RM268.2 million (excluding MFRS 16 impact and at constant currency of Q4'18, EBITDA dropped by 3.8%) due to higher operating cost. PAT, however returned to black at RM55.8 million from a net loss of RM0.9 million in Q4'18 mainly due to one-off asset written off.

- **Nepal**: Revenue dropped by 8.3% to RM469.1 million due to decline in almost all revenue segments, impacted by the implementation of Telecommunication Services Charges in Nepal. EBITDA remained almost flat at RM284.9 million for the quarter due to lower operating cost. PAT decreased by 20.9% to RM115.1 million due to lower foreign exchange gain and higher tax.

- **Cambodia**: Revenue grew by 5.1% to RM338.6 million driven by continued expansion in data revenue. As a result, EBITDA grew by 17.2% to RM180.1 million (excluding MFRS 16 impact and at constant currency of Q4'18, EBITDA grew by 5.8%). PAT increased by 10.5% to RM83.2 million attributed to higher top lines.

- **Malaysia (Infrastructure)**: Revenue grew by a solid 15.5% to RM467.8 million. EBITDA grew by 63.9% to RM276.6 million (excluding MFRS 16 impact, EBITDA grew by 15.2%). With higher top lines, PAT increased by 97.9% to RM54.1 million for the quarter.

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

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

	Current Year To Date	Immediate Preceding Year	Variance	
	31/12/2019	31/12/2018		
	RM'million	RM'million	RM'million	%
		Restated		
Revenue	24,583.3	23,885.8	697.5	2.9
EBITDA	10,619.1	8,334.1	2,285.0	27.4
PAT	1,815.1	(4,974.7)	6,789.8	> 100
PATAMI	1,457.5	(4,762.0)	6,219.5	> 100

Group Performance

Driven by strong growth in data revenue, the Group's total revenue expanded by 2.9% in FY'19 of RM24,583.3 million compared to RM23,885.8 million in the immediate preceding year. EBITDA grew 27.4% to RM10,619.1 million. At constant currency of FY'18 and excluding MFRS 16 impact, Group EBITDA registered a solid growth of 10.9% as a result of improved performance by all operating companies except in Nepal.

Compared to a loss position in the preceding year, Group registered PAT and PATAMI of RM1,815.1 million and RM1,457.5 million respectively driven by better underlying performance, lower depreciation, amortisation and assets written off, foreign exchange gain, discontinuation of losses related to its investment in India, gain on disposal of non-strategic investments and gain on disposal of rights of investment in India, partly being offset by higher finance cost and tax.

Geographical Highlights

- **Malaysia**: The negative impact of downward revision of domestic interconnect and domestic roaming rates and lower device sales led to a 8.6% dip in revenue to RM6,706.1 million. Despite this, EBITDA increased by 37.4% to RM2,618.5 million (excluding MFRS 16 impact, EBITDA grew by 7.6%) attributed to lower operating costs. Depreciation and amortisation dropped by 6.2% due to one-off assets written off of RM471.6 million in Q4'18 partly offset by MFRS 16 right-of-use depreciation. Consequently, PAT increased significantly to RM789.1 million from RM310.4 million in FY'18.

- **Indonesia**: Revenue grew by a solid 13.0% to RM7,363.9 million underpinned by data which continues to be the main growth driver. EBITDA increased by 47.2% to RM3,721.1 million (excluding MFRS 16 impact and at constant currency of FY'18, EBITDA grew by 15.9%) flowing from higher revenue. Depreciation and amortisation dropped by 16.7% year-on-year due to one-off assets written off of RM1,189.7 million in Q4'18 partly offset by MFRS 16 right-of-use depreciation. With higher top line and lower depreciation and amortisation, PAT returned to the black at RM143.7 million as opposed to a net loss of RM939.8 million in FY'18.

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

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

Geographical Highlights (continued)

- **Bangladesh**: Revenue increased by 12.2% to RM3,672.9 million driven by growth in data and voice. EBITDA increased by 76.7% from RM794.7 million to RM1,404.2 million (excluding MFRS 16 impact and at constant currency of FY'18, EBITDA grew by 43.9%) mainly flowing from higher revenue while operating expenses remained almost flat. PAT, however dropped to RM8.3 million from RM103.4 million in FY'18 due to a one-off intragroup gain on disposal of an associate amounting to RM246.5 million in FY'18 which was eliminated at Group level and higher tax in FY'19 as a result of a change in tax law for minimum tax rate from 0.75% to 2.0%.

- **Sri Lanka**: Revenue declined by 0.2% to RM2,708.6 million due to unfavorable forex translation. At constant currency of FY'18, the operating company registered a revenue growth of 7.0%. EBITDA remained almost flat at RM1,082.8 million (excluding MFRS 16 impact and at constant currency of FY'18, EBITDA grew by 1.5%). PAT increased by 34.2% to RM248.7 million due to foreign exchange gain partly being offset with higher depreciation and amortisation and finance cost.

- **Nepal**: Revenue declined by 6.3% to RM1,979.4 million mainly due to decline in voice and data as impacted by the implementation of Telecommunication Services Charges in Nepal since July 2018. Flowing through, EBITDA dropped by 8.3% to RM1,193.3 million (excluding MFRS 16 impact and at constant currency of FY'18, EBITDA dropped by 9.8%). PAT decreased by 19.7% to RM557.6 million due to lower top lines and lower foreign exchange gain cushioned by lower depreciation and amortisation.

- **Cambodia**: Revenue grew by 12.6% to RM1,306.2 million underpinned by strong data revenue growth. EBITDA grew by 27.8% to RM695.2 million (excluding MFRS 16 impact and at constant currency of FY'18, EBITDA grew by 12.0%). PAT grew by 13.2% to RM308.2 million driven by higher top lines partly being offset by higher depreciation and amortisation, finance cost and tax expense.

- **Malaysia (Infrastructure)**: Revenue grew by 18.2% to RM1,809.2 million year-on-year. EBITDA grew by 62.6% to RM1,112.6 million (excluding MFRS 16 impact and at constant currency of FY'19, EBITDA grew by 23.2%). PAT grew by 20.8% to RM251.9 million for the year as the higher top line partly being offset with higher depreciation and amortisation and tax.

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

(c) Comparison with Preceding Quarter's Result (Q4'19 vs Q3'19)

	Current Quarter	Immediate Preceding Quarter	Variance	
	31/12/2019	30/09/2019		
	RM'million	RM'million	RM'million	%
		Restated		
Revenue	6,267.0	6,213.3	53.7	0.9
EBITDA	2,725.2	2,801.7	(76.5)	-2.7
PAT	404.1	307.2	96.9	31.6
PATAMI	332.6	179.3	153.3	85.5

Group Performance

Compared to the preceding quarter (Q4'19 vs Q3'19), Group revenue increased by 0.9% to RM6,267.0 million from RM6,213.3 in preceding quarter. EBITDA, however dropped by 2.7% to RM2,725.2 million for the quarter due to higher operating cost in the current quarter.

Group PAT and PATAMI registered growth to RM404.1 million and RM332.6 million respectively mainly due to gain on disposal of the remaining non-strategic investments in Q4'19, foreign exchange gain and lower tax.

Geographical Highlights

- **Malaysia**: Revenue grew by 3.4% to RM1,717.7 million for the quarter driven by seasonal increase in interconnect and domestic roaming and higher device sales. Consequently, EBITDA grew by 8.9% to RM697.5 million. PAT increased by 29.2% to RM246.6 million against the previous quarter's RM190.9 million.

- **Indonesia**: Revenue dipped slightly by 0.8% to RM1,897.5 million. Despite this, EBITDA increased by 1.6% to RM982.7 million. PAT, however dropped by 45.9% to RM36.5 million mainly due to higher depreciation and amortisation, finance cost and tax.

- **Bangladesh**: Revenue and EBITDA decreased by 1.0% and 15.7% to RM928.6 million and RM293.2 million respectively. PAT dropped from a net profit of RM83.7 million to a net loss of RM47.6 million mainly due to lower top lines and higher depreciation and amortisation.

- **Sri Lanka**: Revenue grew by 0.5% to RM682.5 million. EBITDA, however decreased 3.7% to RM268.2 million due to higher operating cost. Despite lower EBITDA, PAT increased by 62.7% to RM55.8 million for the quarter mainly due to foreign exchange gain as opposed to foreign exchange loss in Q3'19.

1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (Q4'19 vs Q3'19) (continued)

Geographical Highlights (continued)

- **Nepal**: Revenue dropped by 4.6% to RM469.1 million due to decline in all revenue streams. EBITDA dropped by 4.6% to RM284.9 million from lower revenue cushioned by lower operating cost. Despite lower top lines, PAT increased by 1.7% to RM115.1 million mainly due to lower depreciation and amortisation and tax.

- **Cambodia**: Revenue increased by 0.6% to RM338.6 million. EBITDA however decreased by 2.6% to RM180.1 million due to higher operating cost. PAT dropped by 0.4% to RM83.2 million for the quarter.

- **Malaysia (Infrastructure)**: Revenue grew by 0.3% to RM467.8 million. EBITDA however dropped by 23.2% to RM276.6 million due to MFRS 16 adjustment and one-off charges resulting in higher operating cost. Consequently, PAT for the quarter dropped by 47.6% to RM54.1 million from RM103.2 million in the preceding quarter.

1. Review of Performance (continued)

(d) Economic Profit ("EP") Statement

	4th Quarter Ended		Financial Year Ended	
	31/12/2019	31/12/2018	**31/12/2019**	31/12/2018
	RM'000	RM'000	**RM'000**	RM'000
EBIT	836,789	658,696	3,534,913	3,049,259
Adjusted tax 24%	(200,829)	(158,087)	(848,379)	(731,822)
Share of result and loss on dilution in associates and joint ventures	8	9,774	(3,466)	(428,398)
NOPLAT	635,968	510,383	2,683,068	1,889,039
AIC	40,476,278	43,202,807	40,476,278	43,202,807
WACC	8.15%	8.64%	8.15%	8.64%
Economic Charge (AIC*WACC)	824,704	933,181	3,298,817	3,732,723
Economic Profit	**(188,736)**	(422,798)	**(615,749)**	(1,843,684)

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

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

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

Note:

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

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

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

FY 2019 Headline KPIs	**Statutory** **Post MFRS16 @ Actual rate**	Headline KPIs	**Achievements**
		Pre MFRS16 @ Constant rate[1]	
Revenue Growth	2.9%	3 - 4%	**2.3%**
EBITDA Growth	27.4%	5 - 8%	**10.9%**
Return on Invested Capital[2] ("ROIC")	6.4%	5.2 – 5.6%	**6.7%**

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

FY2019 has been a strong year for the Group despite the challenges faced by the OpCos namely difficult macro-economic conditions, regulatory changes and intense competition. On a statutory reporting basis, the Group posted Revenue and EBITDA growth of 2.9% and 27.4% year-on-year ("YoY"), while ROIC stood at 6.4%.

On a like for like basis, (pre MFRS16 at constant rate), the Group exceeded the EBITDA and ROIC KPIs at 10.9% and 6.7% respectively. Although Axiata recorded lower revenue growth of 2.3% YoY, the Group revenue excluding device sales rose by 5.1% YoY.

In Malaysia, Celcom grew profitability YoY on the back of a subdued industry in addition to adverse impact from mobile termination rates, devices and wholesale revenue. In Indonesia, XL once again demonstrated exceptional execution of its dual brand and data led strategy. XL performance is further uplifted by its ex-Java investments and network expansions. 4G services are currently available in more than 400 cities. Smart in Cambodia, continued to deliver sustained excellent performance during the year.

In Bangladesh, Robi recorded strong results reaping the benefit from investments in 4G as well as the Airtel merger in FY2016, despite the adverse impact from changes in taxes introduced during the National Budget in June 2019. Dialog in Sri Lanka performed better than peers despite being impacted by price competition arising from new regulations and subdued economic conditions following Easter Sunday incident. In Nepal, Ncell performance was dragged by multiple regulatory challenges and slow pick up of domestic data volumes and declining ILD revenue as earlier expected.

The digital business recorded topline growth in FY2019 with reduced losses. Our infrastructure business, edotco continued delivering excellent performance underpinned by YoY growths in most markets.

The Group's performance in FY2019 was supported by the cost excellence programme, which delivered RM1.3bn savings (capital and operating expenditures).

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 year ended 31 December 2019.

4. Disaggregation of revenue

	4th Quarter Ended		Financial Year Ended	
	31/12/2019	31/12/2018	**31/12/2019**	31/12/2018
	RM'000	RM'000	**RM'000**	RM'000
Goods or services transferred:				
-at a point in time	180,122	459,795	623,553	1,273,518
-over time	5,927,533	5,656,249	23,361,023	22,077,751
Lease and services of passive infrastructure	159,352	150,951	598,736	534,512
	6,267,007	6,266,995	**24,583,312**	23,885,781

5. Taxation

The taxation charge for the Group comprises:

	4th Quarter Ended		Financial Year Ended	
	31/12/2019	31/12/2018	**31/12/2019**	31/12/2018
	RM'000	RM'000	**RM'000**	RM'000
Income tax	204,109	773,516	945,088	1,416,208
Zakat	1,189	463	1,189	463
Deferred tax	22,837	(464,040)	110,828	(515,119)
Total taxation	**228,135**	309,939	**1,057,105**	901,552

The current quarter and financial year 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, effective from 1 January 2018.

6. Status of Corporate Proposals

There was no other corporate proposal announced but not completed as at 14 February 2020.

7. Group's Borrowings and Debt Securities

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

	2019		2018	
	Current	**Non-current**	Current	Non-current
	RM'000	**RM'000**	RM'000	RM'000
Secured	78,348	391,240	875,620	43,887
Unsecured	7,553,405	8,803,250	3,607,577	14,602,666
Total	**7,631,753**	**9,194,490**	4,483,197	14,646,553

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

Foreign Currencies	**2019**	2018
	RM'000	RM'000
USD	6,938,098	8,894,598
IDR	3,903,883	3,648,248
BDT	778,295	1,102,683
SLR	332,021	376,279
Others	107,478	54,816
Total	**12,059,775**	14,076,624

8. Outstanding derivatives

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

Type of derivatives financial instruments	2019 Notional value	2019 Fair value favourable/ (unfavourable)	2018 Notional value	2018 Fair value favourable/ (unfavourable)
	RM'000	**RM'000**	RM'000	RM'000
Cross currency interest rate swaps:				
- < 1 year	1,171,350	(4,454)	-	(8,454)
- 1 - 3 years	-	-	2,432,138	(39,834)
- > 3 years	2,055,000	(103,905)	1,263,880	(131,056)
Call spread contracts:				
- < 1 year	-	-	1,247,250	228,229
Put option liabilities over shares held by a non-controlling interests:				
- < 1 year	(2,027,498)	(2,027,498)	(145,513)	(145,513)
- 1 - 3 years	-	-	(1,527,832)	(1,527,832)
Convertible warrants in an associate:				
- < 1 years	-	-	19,251	8,343
- 1 - 3 years	19,251	8,343	-	-
Total		**(2,127,514)**		(1,616,117)

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

9. Fair value changes of financial liabilities

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

	4th Quarter Ended		Financial Year Ended	
	31/12/2019	31/12/2018	**31/12/2019**	31/12/2018
	RM'000	RM'000	**RM'000**	RM'000
Total net losses	**-**	(89,051)	**(4,601)**	(129,637)

10. Material Litigation

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

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

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

Aras Capital was wound up by order of Court on 27 May 2005 vide Kuala Lumpur High Court Winding Up Petition No: D7-28-145-2005. In view of the winding up order against Aras Capital, Celcom Trading decided to pursue the matter only against TSDTR. On 13 May 2005, TSDTR filed his defence and instituted a counterclaim against Celcom Trading, Celcom Resources Berhad (formerly known as Technology Resources Industries Berhad) ("Celcom Resources") and its directors for, amongst others, RM100.0 million and a declaration that the investment agreement, the supplemental agreement and the indemnity letter are void or to be rescinded ("TSDTR's Counterclaim").

On 20 June 2016, the Court allowed Celcom Trading's claim under the Main Suit 1 of RM264.5 million with interest at 5% per annum from 13 May 2013 until full settlement and dismissed TSDTR's Counterclaim with costs of RM0.1 million after full trial ("Judgment").

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

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

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

10. Material Litigation (continued)

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

(b) Celcom & Another vs TSDTR & 6 Others

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

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

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

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

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

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

10. Material Litigation (continued)

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

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

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

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

March	: 4-6 and 13
May	: 8, 13-14 and 27-29
June	: 2-5, 10-12 and 18-19
July	: 6-7
September	: 1 and 3

(c) Celcom & Another vs TSDTR & 8 Others

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

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

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

10. Material Litigation (continued)

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

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

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

(a) A declaration that the Defendants have acted in breach of their fiduciary duties and are liable to indemnify Celcom in relation to the sums paid out to DeTeAsia pursuant to the Award where the ICC found Celcom to be liable for the following:
  i. The sum of USD177.2 million (RM728.5 million) being the principal sum plus USD16.3 million (RM66.8 million) representing interest at the rate of 8% for the period from 16.10.2002 to 27.6.2003;
  ii. The cost of arbitration amounting to USD0.8 million (RM3.4 million); and
  iii. The sum of USD1.8 million (RM7.4 million) representing the legal costs.

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

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

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

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

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

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

The Court has fixed the following dates for continued trial:

March	: 4-6 and 13
May	: 8, 13-14 and 27-29
June	: 2-5, 10-12 and 18-19
July	: 6-7
September	: 1 and 3

10. Material Litigation (continued)

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

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

On 17 May 2015, the LTU-VAT of the National Board of Revenue of Bangladesh ("NBR") issued a revised demand letter for BDT4.1 billion (RM199.7 million) [from the earlier demand letter dated 23 February 2012 for BDT6.5 billion (RM315.6 million)] (("2007 to 2011 Revised Claim") to Robi alleging that Robi had evaded payment of supplementary duty and VAT levied on the issuance of a certain number of SIM cards to new customers of Robi during the years 2007 to 2011 when such SIM cards were issued as replacement cards to existing subscribers of Robi.

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

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

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

On 20 November 2017, the LTU-VAT of the National Board of Revenue of Bangladesh ("NBR") issued a demand letter for BDT2.9 billion (RM137.4 million) ("2012 to 2015 Claim") to Robi alleging that Robi had evaded payment of supplementary duty and VAT levied on the issuance of certain number of SIM cards to new customers of Robi for the duration from July 2012 to June 2015 when such SIM cards were issued as replacement cards to existing subscribers of Robi.

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

10. Material Litigation (continued)

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

(f) Robi vs National Board of Revenue of Bangladesh ("NBR")

NBR issued 5 show cause cum demand notices to Robi for a total amount of BDT9.2 billion (RM445.5 million). Robi filed writ petitions on 3 May 2018 to challenge these claims. The details are as below. The NBR referred the matter to the Directorate General of Audit Intelligence and Investigation to re-examine the claims and as such, Robi is not pursuing the writ petitions.

(i) The 1st show-cause cum demand notice for BDT7.1 billion (RM343.0 million) was issued based on the credit balance of VAT payable GL (General Ledger) and VAT Return and VAT payable for the period from 2013 to 2016. While conducting its audit, NBR asked for month on month movement of output and withholding GL from Systems, Applications and Products i.e., SAP (Opening, debit balance during the month, credit balance during the month and closing balance). Robi had submitted the required documents. The NBR just considered the total credit balance of SAP GL as payable and compared it with VAT return without considering the documents or explanation submitted by Robi. The solicitors are of the opinion that the claims of NBR is without basis.

(ii) The 2nd show-cause cum demand notice for BDT910.5 million (RM43.9 million) alleges unpaid VAT on merger and spectrum fee. NBR has collected merger fee/spectrum information from BTRC in relation to merger directly, thereafter arbitrarily calculated VAT without considering Robi's documents and information regarding actual payment to BTRC. This issue has already been covered in item (i) nevertheless NBR still arbitrarily made the same claim separately.

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

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

(v) The 5th show-cause cum demand notice for BDT1.2 billion (RM56.1 million) is for VAT Rebate cancellation on imported telecom items. NBR directly collected imports information from Customs Authority, then cancelled few imported items such as battery, switch, cable, router, system, etc. on arbitrary basis. These are the integral parts of machineries and spare parts.

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

10. Material Litigation (continued)

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

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

The BTRC conducted an information system audit on Robi for the years between 1997 to 2014 and issued a claim of BDT8.7 billion (RM417.9 million) against Robi on 31 July 2018 ("Information System Audit Claim"). This Information System Audit Claim is disputed by Robi and a Notice of Arbitration was served on BTRC on 20 May 2019.

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

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

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

On 5 January 2020, the High Court issued an injunction upon BTRC on condition that Robi deposit BDT1.4 billion (RM66.5 million) in five installments. Robi deposited BDT0.3 billion (RM13.3 million) on 14 January 2020 to comply with the High Court order and secure the injunction.

(h) 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 cause cum demand notices to Robi to cancel such rebate for input VAT and demanded for a total amount of BDT2.8 billion (RM135.2 million).

(i) The demand notice for the period of July 2013 to June 2014 is for BDT596.8 million (RM28.8 million). On 21.01.2019, Robi filed a judicial review to the High Court, Dhaka against the said demand notice.

10. Material Litigation (continued)

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

(h) Robi vs LTU-VAT (VAT rebate cancellation) (continued)

(ii) The demand notice for the period of July 2014 to January 2016 is for BDT993.2 million (RM47.8 million). On 21.01.2019, Robi filed a judicial review to the High Court, Dhaka against the demand notice.

(iii) The demand notice for the period of February 2016 to April 2016 for BDT41.0 million (RM2.0 million). On 21.01.2019, Robi filed a judicial review to the High Court, Dhaka against the said demand notice.

(iv) The demand notice for the period of May 2016 to December 2016 is for BDT707.7 million (RM34.1 million). On 21.01.2019, Robi filed a judicial review to the High Court, Dhaka against the said notice.

(v) The demand notice for the period of Robi the financial years of 2010 to 2012 is for BDT466.9 million (RM22.5 million). On 11.03.2018, Robi filed an appeal to the Customs, Excise and VAT Appellate Tribunal.

For (i) to (v) above, Robi deposited 10% of the sum set out in the respective demand notices with LTU-VAT pursuant to the Value Added Tax Act 1991.

(i) 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 (RM94.9 million) together with the interest thereon and it was allowed by the court ("Counterclaim Judgment"). DBN filed an appeal against the Counterclaim Judgment to the Supreme Court of Sri Lanka.

Pending disposal of the aforesaid appeal, Dialog Axiata Plc., the holding company of DBN, has provided a bank guarantee for LKR1.0 billion (RM22.6 million) and a corporate guarantee for LKR3.2 billion (RM72.3 million) to stay execution of the Counterclaim Judgment.

Parties filed written submissions on 30 November 2016. The Judgment was delivered by the Supreme Court on 14 December 2018 allowing the appeal of DBN and setting aside the Judgment of the Commercial High Court. Principal sum with the legal interest as at 14 December 2018 is LKR11.6 billion (RM262.4 million).

Electroteks has filed a revision application in the Supreme Court under Case Number SC/MISC 03/2019 against the Judgment delivered by the Supreme Court and the matter came up for support on 17 May 2019. On that date the Presiding Judge of the Supreme Court bench referred the matter to be mentioned on 12 June 2019 before a bench comprising the judges who delivered the Judgment. However, when the matter came up on 12 June 2019 no direction was made by the Supreme Court. The matter has been fixed for support on 27 February 2020.

10. Material Litigation (continued)

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

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

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

Parties filed written submissions on 24 May 2019.

Matter will be called on 17 February 2020.

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

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

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

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").

10. Material Litigation (continued)

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

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

Ncell 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.

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 (RM759.8 million) in allegedly outstanding CGT (including fees pursuant to sections 117(1)(a) and (c) and interest pursuant to sections 118 and 119 until the date of deposit) in relation to the Transaction.

10. Material Litigation (continued)

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

(j) 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)

Following this SC Judgment, on 6 December 2019, the LTPO demanded that Ncell pay NPR22.4 billion (RM808.1 million) in allegedly outstanding CGT (including interest and penalties). 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").

The LTPO Demand Letters represent a clear violation of the terms of the Provisional Measures Order issued by the Tribunal on 19 December 2019 in the arbitration proceedings commenced by Ncell and Axiata Investments (UK) Limited (as detailed in item (k) below) which ordered 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.

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

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

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

Pursuant to the 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).

10. Material Litigation (continued)

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

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

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 Large Taxpayers Office ("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 (RM808.1 million) in allegedly outstanding capital gains tax ("CGT") (including interest and penalties) in connection with the Transaction (described in item (j) above); 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").

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 year 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 year to date.

13. Earnings Per Share ("EPS")

(a) Basic EPS

	4th Quarter Ended		Financial Year Ended	
	31/12/2019	31/12/2018 Restated	**31/12/2019**	31/12/2018 Restated
Profit/(Loss) attributable to owners of the Company (RM'000)	332,558	(1,429,961)	1,457,550	(4,762,025)
Adjusted weighted average number of ordinary shares ('000) in issue	9,146,882	9,089,476	9,112,486	9,058,640
Basic EPS (sen)	**3.6**	(15.7)	**16.0**	(52.6)

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 year 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.

	4th Quarter Ended		Financial Year Ended	
	31/12/2019	31/12/2018 Restated	**31/12/2019**	31/12/2018 Restated
Profit/(Loss) attributable to owners of the Company (RM'000)	332,558	(1,429,961)	1,457,550	(4,762,025)
Weighted average number of ordinary shares in issue ('000)	9,146,882	9,089,476	9,112,486	9,058,640
Adjusted for share-based payment ('000)	9,324	23,176	8,221	29,005
Weighted average number of ordinary shares for the purpose of computing diluted EPS ('000)	9,156,206	9,112,652	9,120,707	9,087,645
Diluted EPS (sen)	**3.6**	(15.7)	**16.0**	(52.4)

14. Qualification of Preceding Audited Financial Statements

The 2018 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 4 sen and a special dividend of 0.5 sen per ordinary share of the Company for the current financial quarter under review (4Q18: 4.5 sen). Full year dividend declared for the financial year ended 2019 is 9.0 sen and a special dividend of 0.5 sen (2018: 9.5 sen).

The Board of Directors also determined that the DRS of the Company will be applicable on the proposed Dividend whereby shareholders will be given the option to elect to reinvest the whole or part of the dividend into new Shares of the Company. The authority for Directors of the Company to allot and issue new Shares pursuant to the DRS has been obtained at the Company's Annual General Meeting ("AGM") held on 29 May 2019 which authority shall continue until the conclusion of the next AGM of the Company. The approval of Bursa Securities for the listing of and quotation for the new Shares to be issued pursuant to the DRS will be sought in due course. Decision of Bursa Securities on the above and the Book Disclosure Date will be announced by the Company separately.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
21 February 2020