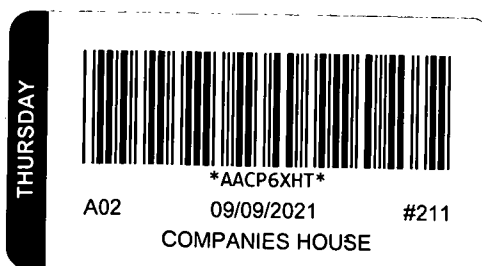


Axiata Investments (UK) Limited

Axiata Investments (UK) Limited
Annual Report and Financial Statements
For the year ended 31 December 2020
Registered number: 09915849

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Axiata Investments (UK) Limited

Annual Report and Financial Statements

Company Information

Registered Office

Suite 1, 3rd Floor,
11-12 St. James's Square,
London, England,
United Kingdom SW1Y 4LB

Company Registration Number

09915849

Directors

Annis Bin Sheikh Mohamed
Tan Gim Boon
Vivek Sood

Secretary

Vistra Company Secretaries Limited
First Floor, Templeback,
10 Temple Back, Bristol,
BS1 6FL

Independent Auditors

PricewaterhouseCoopers LLP
One Kingsway, Cardiff,
CF10 3PW

Axiata Investments (UK) Limited

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Axiata Investments (UK) Limited

Strategic report for the year ended 31 December 2020

The directors present their strategic report of the Company for the year ended 31 December 2020.

Review of the business

The Company's principal activity during the year was to carry on the business of investment holding.

The financial result and position of the Company at the financial year end are as follow:

	2020
	RM
Loss for the financial year	627,021,942
Net assets	<u>5,679,701,238</u>

The Company owns 100% shares in Reynolds Holdings Limited ("Reynolds") which owns 80% shares in Ncell Private Limited ("Ncell") as disclosed in Note 9 to the financial statements.

During the year, the Company impaired its cost of investment in Reynolds due to non-recoverability attributable to changes in microeconomic outlook, including the impact of COVID-19 as detailed out in Note 9 to the financial statements.

The company also recorded dividend income from Reynolds amounting to RM630 million during the year as disclosed in Note 6.

Key Performance indicators

There are no key performance indicators ("KPIs") that is specific to the Company. The Directors are in the opinion that analysis using KPIs is not necessary for the understanding of the development, performance position of the business.

Future developments

The Company will continue to act as holding company for Reynolds, which is the holding company for Ncell.

Axiata Investments (UK) Limited

Statement by the Directors in relation to Performance of their Statutory Duties in accordance with Section 172(1) Companies Act 2006

Section 172 of the Companies Act 2006 ("the Act") requires Directors to take into consideration the interests of stakeholders in their decision-making having regard to the matters set out in Section 172(1)(a)-(f) of the Act. The following section sets out how the Directors have engaged with the Company's stakeholders during the year.

- a) the likely consequence of any decision in the long term

The Company continues as investment holding with the aim of maximising investment returns for the benefit of its shareholder.

- b) the interests of the company's employees

The company has no employee.

- c) the need to foster the company's business relationships with suppliers, customers and others

The principal activity of the Company is a holding company. Consequently, the Company does not have business relationships with suppliers or customers. The only relevant stakeholder is Axiata, the immediate and ultimate parent of the Company. The Company engages with Axiata and its subsidiaries on an ad hoc basis on requests for additional capital distributions or funding.

Axiata Investments (UK) Limited

Strategic report for the year ended 31 December 2020 (continued)

Statement by the Directors in relation to Performance of their Statutory Duties in accordance with Section 172(1) Companies Act 2006 (continued)

- d) the impact of the company's operations on the community and the environment

The principal activity of the Company is a holding company. Consequently, the company records very few transactions and its operations have limited impact on the community and environment.

- e) the desirability of the company maintaining a reputation for high standards of business conduct

As the Board of Directors, our intention is to behave responsibly and operated within the high standards of business conduct and good governance expected for an investment holding company and in doing so, will contribute to the delivery of our plan.

- f) the need to act fairly as between members of the company

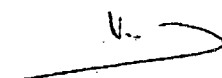
The company is wholly owned subsidiary of Axiata.

Principal risk and uncertainties

The directors present the Company's risk and uncertainties and disclosure of how these risks are managed and mitigated in Directors' Report.

There is no significant impact expected on the Company and its subsidiaries on the United Kingdom's Brexit decision.

On behalf of the board,



Vivek Sood
Director

Date: 6 September 2021

Axiata Investments (UK) Limited

Directors' report for the year ended 31 December 2020

The directors of the Company present their report and the audited financial statements for the financial year ended 31 December 2020.

The principal activity of the Company is investment holding.

The Company is wholly owned by Axiata Group Berhad ("Axiata"), a company incorporated and domiciled in Malaysia.

The annual audited financial statements of the Company for 2020 were included in the consolidated annual financial statements of Axiata, which have been filed at the Bursa Malaysia Securities Berhad in Kuala Lumpur, Malaysia.

The principal activities of Axiata are investment holding and provision of technical and management services on an international scale. The principal activities of Axiata and its subsidiaries are the provision of mobile communication services, telecommunication infrastructure and related services as well as digital services.

Future developments

The Company continue as an investment holding company as disclosed in Strategic Report.

Dividends

There was no dividend paid or declared or proposed since the end of the previous financial year up to the date of signing of the financial statements.

Political donations and political expenditure

There were no political donations or political expenditure incurred during the year.

Directors' third party indemnity provisions

Axiata has put in place qualifying third party indemnity provisions in the form of the directors and officers' liability insurance policy, for the benefit of the Company's Directors, effective throughout the year and which remain in force at the date of this report.

Going concern

As at 31 December 2020, the Company is in net current assets position of RM149,516,860 (2019: Net current liabilities position of RM1,372,567). In view of the net current assets position of the Company, the directors consider the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern.

Axiata Investments (UK) Limited

Directors' report for the year ended 31 December 2020 (continued)

Principal risk and uncertainties

The Company's overall financial risk management programme is performed at its holding company. It focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the holding company's financial risk management policies. The Board regularly reviews these risks and ensure adherence to the approved treasury policies.

The Company's activity exposes it to a variety of risks including:

(a) Market risks

(i) Foreign currency exchange risk

The foreign exchange risk of the Company predominately arises from intercompany balances denominated in foreign currencies. The main currency exposure from the intercompany balance is USD.

(ii) Fair value and cash flow interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company has bank balances placed with creditworthy licensed banks and financial institutions. The Company manages its interest rate risk by placing such balances on varying maturities and interest rate terms.

The fair value of financial instruments approximates carrying value due to the relative short term nature of the financial instruments.

(iii) Price risk

The Company's income and operating cash flows are substantially independent of changes in market prices.

(b) Credit risk

The Company's credit risk is primarily attributable to bank balances. Bank balances are placed with creditworthy financial institutions.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. In the management of liquidity risk, the Company monitors and maintains a level of current assets deemed adequate by the management to finance the Company operations and where required, mitigate the effects of fluctuation in cash flows.

Axiata Investments (UK) Limited

Directors' report for the year ended 31 December 2020 (continued)

(d) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company source of funding is from its holding company and has no external borrowing as at the end of reporting period.

Directors

The directors who have held office during the financial year and up to the date of signing the financial statements were as follows:

Annis Bin Sheikh Mohamed
Tan Gim Boon
Vivek Sood

Statement of engagement with suppliers, customers and others in a business relationship with the company

The Company does not have business relationships with suppliers or customers as disclosed in strategic report.

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Axiata Investments (UK) Limited

Directors' report for the year ended 31 December 2020 (continued)

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be reappointed under Section 487(2) of the Companies Act 2006.

On behalf of the board,



Vivek Sood
Director
Date: 6 September 2021

Independent auditors' report to the members of Axiata Investments (UK) Limited

Report on the audit of the financial statements

Opinion

In our opinion, Axiata Investments (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 December 2020; Statement of comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Axiata Investments (UK) Limited

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 December 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Axiata Investments (UK) Limited

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the requirements of UK tax law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inappropriate journal entries. Audit procedures performed by the engagement team included:

- inquiries of management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reviewing relevant meeting minutes, including those of the Board; and
- testing all journal entries, in particular unusual account combinations to income, where any such journals were identified.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Jason Clarke (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
6 September 2021

Axiata Investments (UK) Limited

Statement of comprehensive income
For the financial year ended 31 December 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
Dividend income from a subsidiary	6	630,000,000	-
Operating expenses:			
- Realised foreign exchange gain		529	-
- Unrealised foreign exchange gain/(loss)		(2,231,877)	11,929
- Other operating expenses		(159,782)	(1,357,376)
- Impairment of investment in a subsidiary	9	(1,254,630,812)	-
Loss before taxation	5	(627,021,942)	(1,345,447)
Tax on loss	8	-	-
Loss for the financial year		<u>(627,021,942)</u>	<u>(1,345,447)</u>

Axiata Investments (UK) Limited

Statement of financial position As at 31 December 2020

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
Fixed assets			
Investments	9	5,053,464,935	6,308,095,747
Amount due from holding company	11	476,719,443	-
		<u>5,530,184,378</u>	<u>6,308,095,747</u>
Current assets			
Cash at bank	10	19,978	42,538
Amount due from a subsidiary	12	149,621,747	-
		<u>149,641,725</u>	<u>42,538</u>
Creditors – amount falling due within one year	13	(124,865)	(1,415,105)
Net current assets/ (liabilities)		<u>149,516,860</u>	<u>(1,372,567)</u>
Total assets less current liabilities		<u>5,679,701,238</u>	<u>6,306,723,180</u>
Net assets		<u>5,679,701,238</u>	<u>6,306,723,180</u>
Capital and reserves			
Called up share capital	15	6,306,098,212	6,306,098,212
(Accumulated losses)/ Retained earnings		(626,396,974)	624,968
Total shareholders' funds		<u>5,679,701,238</u>	<u>6,306,723,180</u>

The financial statements and accompanying notes on pages 14 to 25 of Axiata Investments (UK) Limited, registered number 09915849, were approved by the Board of Directors and authorised for issue on 6 September 2021 and were signed on its behalf by:



Vivek Sood
Director
Date: 6 September 2021

Axiata Investments (UK) Limited

**Statement of changes in equity
For the financial year ended 31 December 2020**

	<u>Called up share capital</u> RM	<u>Capital contribution</u> RM	<u>(Accumulated losses)/ Retained earnings</u> RM	<u>Total Equity</u> RM
At 1 January 2020	6,306,098,212	-	624,968	6,306,723,180
Loss for the financial year	-	-	(627,021,942)	(627,021,942)
At 31 December 2020	<u>6,306,098,212</u>	<u>-</u>	<u>(626,396,974)</u>	<u>5,679,701,238</u>
At 1 January 2019	7	6,306,098,205	1,970,415	6,308,068,627
Issuance of new shares	6,306,098,205	-		6,306,098,205
Capital contribution	-	(6,306,098,205)	-	(6,306,098,205)
Loss/Total comprehensive expense for the financial year	-	-	(1,345,447)	(1,345,447)
At 31 December 2019	<u>6,306,098,212</u>	<u>-</u>	<u>624,968</u>	<u>6,306,723,180</u>

Axiata Investments (UK) Limited

1. GENERAL INFORMATION

Axiata Investments (UK) Limited ("the Company") is a private company limited by shares incorporated and domiciled in London, United Kingdom. The address of its registered office is Suite 1, 3rd Floor, 11-12 St James's Square, London, England, SW1Y 4LB.

The Company is wholly owned by Axiata Group Berhad ("Axiata"), a company incorporated and domiciled in Malaysia.

The Company is a tax resident in Malaysia pursuant to Section 8 of Income Tax Act 1967 by virtue of its management and control of its operation are exercised in Malaysia by the Board of Directors who are also tax resident in Malaysia.

The principal activity of the Company is investment holding.

2. STATEMENT OF COMPLIANCE

The individual financial statements of Axiata Investments (UK) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Axiata Investments (UK) Limited

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation of financial statements

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with Companies Act 2006 and applicable accounting standards applicable in the United Kingdom. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company accounting policies. Although these estimates and judgment are based on the directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(b) Consolidated financial statements

The Company is a wholly owned subsidiary of Axiata and is included in the consolidated financial statements of Axiata which are publicly available. Therefore, the Company is exempted by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

(c) Going concern

As at 31 December 2020, the Company is in net current assets position of RM149,516,860 (2019: net current liabilities position of RM1,372,567). In view of the net current assets position of the Company, the directors consider the use of the going concern basis of accounting is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the Company to continue as a going concern.

(d) Exemptions for qualifying entities under FRS 102

The Company has taken advantage of the following exemptions:

- (i) from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Axiata, includes the Company's cash flows in its own consolidated financial statements;
- (ii) from disclosing share-based payment arrangements concerning equity investments of another group entity;
- (iii) from disclosing related party transactions;
- (iv) from the disclosure of key management personnel compensation in total.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Functional and presentation currency

The functional and presentation currency of the Company is Ringgit Malaysia ("RM").

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

All foreign exchange gains and losses are presented in the statement of comprehensive income under 'operating expenses'.

(f) Dividend income

Dividend income from investment in subsidiaries are recognised when a right to receive payment is established.

(g) Financial instruments

The Company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of the financial statements.

i) Financial assets

Basic financial assets, including other receivable, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

Financial assets measured at amortised cost are assessed for objective evidence of impairment at the end of each reporting period. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Axiata Investments (UK) Limited

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial instruments (continued)

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

ii) Financial liabilities

Basic financial liabilities, including other payables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(h) Investment in subsidiary company

Investment in subsidiary company is held at cost less accumulated impairment losses.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(i) to the financial statements on impairment of non-financial assets.

On disposal of investments in subsidiaries, the difference between the disposal proceeds and its carrying amount of the investment is recognised in profit or loss. Disposal-related costs are expensed as incurred.

The amount due from subsidiaries of which the Company does not expect repayment in the foreseeable future are considered as part of the Company's investments in the subsidiaries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

(j) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

(k) Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets or liabilities are not discounted.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Taxation (continued)

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing differences.

(l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) Distributions to equity holders

Dividends and other distributions to Company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the Company's shareholders. These amounts are recognised in the statement of changes in equity.

(n) Related party transactions

The Company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

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4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of asset within the next year is mentioned below:

Impairment assessment on investment

The Company assesses impairment of the assets or cash generating units ("CGU") whenever the events or changes in circumstances indicate that the carrying amount of an asset or CGU may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell ("FVLCS") for that asset or CGU and its value-in-use ("VIU").

Projected future cash flows used in impairment testing of the assets or CGUs are based on Company's estimates calculated using historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

The recoverable amounts of the asset or CGUs are determined based on VIU or FVLCS calculations. These calculations require the use of estimates. The calculations are inherently judgmental and susceptible to change from period to period because they require the Company to make assumptions about EBITDA margin, an appropriate discount rate and terminal growth rate.

The assumptions used, results and sensitivities of the impairment assessment on investment are disclosed in Note 9 to the financial statements.

5. LOSS BEFORE TAXATION

	<u>2020</u> RM	<u>2019</u> RM
Loss before taxation is stated after charging:		
Fees payable to the Company's auditors:		
- Audit fee	124,865	91,315

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6. DIVIDEND INCOME FROM A SUBSIDIARY

The company received a tax exempt dividend of RM630 million (2019: Nil) from Reynolds Holdings Limited ("Reynolds") declared on 31 December 2020 in respect of financial year ended 31 December 2020.

7. EMPLOYEES AND DIRECTORS

There was no employees during the year apart from the directors. (2019: Nil).

Directors' remuneration is borne by Axiata. For the directors not remunerated by the Company it is not possible to apportion their remuneration to this subsidiary on the basis of the services provided and accordingly no allocation has been made. The remuneration paid by Axiata has been disclosed in the financial statements of the companies concerned.

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8. TAX ON LOSS

	<u>2020</u> RM	<u>2019</u> RM
Loss before taxation	(627,021,942)	(1,345,447)
Taxation calculated at applicable Malaysian tax rate of 24% (2019:24%)	(150,485,266)	(322,907)
Tax effects of:		
- Expenses not deductible for tax purposes	301,685,393	325,770
- Income not subject to tax	(151,200,127)	(2,863)
 Tax Charge/ (Credit) for the year	 <u>-</u>	 <u>-</u>

Since inception in 2015, the Company is a tax resident in Malaysia pursuant to Section 8 of Income Tax Act 1967 by virtue of its management and control of its operation are exercised in Malaysia by the Board of Directors who are also tax resident in Malaysia. There is no tax payable or receivable as at financial year ended 31 December 2020.

9. INVESTMENTS

	<u>2020</u> RM	<u>2019</u> RM
Unquoted share, at cost	6,308,095,747	6,308,095,747
Accumulated impairment losses	(1,254,630,812)	-
Net cost of investment in a subsidiary	<u>5,053,464,935</u>	<u>6,308,095,747</u>

Investment in a subsidiary is held at cost less accumulated impairment losses.

Details of the subsidiaries directly or indirectly held are as follows:

<u>Name of company</u>	<u>% of effective shareholding</u>		<u>Principal activity</u>	<u>Address of the registered office</u>
	<u>2020</u>	<u>2019</u>		
Reynolds Holdings Limited ("Reynolds")	100.0	100.0	Investment holding	PO Box 556, Main Street, Charlestown, Nevis
<u>Subsidiary held through Reynolds</u>				
Ncell Axiata Limited	80.0	80.0	Telecommunication services	Lalitpur District, Lalitpur Metropolitan City Ward No.4, Nakkhu, Nepal

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9. INVESTMENTS (CONTINUED)

Impairment test on Reynolds

During the financial year, the Company performed impairment assessment of its cost of investment in a subsidiary as there were indicators of impairment due to objective evidence of non-recoverability attributable to the changes in macroeconomic outlook, including the impact of COVID-19, as follow:

The recoverable amount for Reynolds was determined based on fair value less cost to sell ("FVLCS") calculations, which apply a discounted cash flow model of the Nepal mobile business based on market participants' view covering a five (5) year period adjusted for net debt and debt-like items.

The assumptions that have been applied in the FVLCS calculations based on market's participants' view using level three (3) in fair value hierarchy are as follows:

	<u>2020</u>	<u>2019</u>
Discount rate	10.5%	11.0%
Terminal growth rate	4.0%	4.0%
Revenue growth rate	4.2% to 8.2% over 5 years	0.4% to 2.1% over 3 years

Based on the impairment assessment, the carrying amount of the Company's investment in Reynolds as at 31 December 2020 exceeded its recoverable amount by RM 1,254.6 million, hence an impairment loss was recognised.

A sensitivity analysis was performed for the impairment assessment. The effects of movement in the key assumptions, assuming all else remains constant, to the recoverable amount are as follows:

	<u>Changes in assumptions</u>	<u>Impact on recoverable amount</u>	
		<u>Increase</u> RM'000	<u>Decrease</u> RM'000
Discount rate	0.5%	407,829	410,384
Terminal growth rate	0.5%	361,254	309,350
Revenue growth rate in medium term	4.0%	515,997	502,148

10. CASH AT BANK

The balance is denominated in United States Dollar ("USD").

11. AMOUNT DUE FROM HOLDING COMPANY

The amount due from holding company is denominated in USD, interest free and unsecured.

12. AMOUNT DUE FROM A SUBSIDIARY

The amount due from a subsidiary is denominated in RM, interest free and unsecured.

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13. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2020</u> RM	<u>2019</u> RM
Amounts due group undertakings	-	1,323,791
Accruals and deferred income	124,865	91,314
	<u>124,865</u>	<u>1,415,105</u>

The amount due to holding company is unsecured, interest free, and repayable on demand.

The currency profiles of the creditors amount falling due within one year is as follows:

	<u>2020</u> RM	<u>2019</u> RM
USD	-	1,233,000
GBP	114,863	150,305
RM	10,002	31,800
	<u>124,865</u>	<u>1,415,105</u>

14. FINANCIAL INSTRUMENTS BY CATEGORIES

The Company has the following financial instruments at 31 December 2020:

	<u>2020</u>	<u>2019</u>
	<u>Financial asset classified as</u>	<u>amortised cost</u>
	RM	RM
<u>Financial assets</u>		
Cash at bank	19,978	42,538
Amount due from holding company	476,719,443	-
Amount due from a subsidiary	149,621,747	-
	<u>626,361,168</u>	<u>42,538</u>
	<u>2020</u>	<u>2019</u>
	<u>Financial asset classified as</u>	<u>amortised cost</u>
	RM	RM
<u>Financial liabilities</u>		
Amounts due to holding company	-	1,323,791
Accruals	124,865	91,314
Total	<u>124,865</u>	<u>1,415,105</u>

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15. CALLED UP SHARE CAPITAL

	<u>2020</u>		<u>2019</u>	
	<u>Number of</u> <u>shares</u>	<u>Share</u> <u>capital</u> RM	<u>Number of</u> <u>shares</u>	<u>Share</u> <u>capital</u> RM
Allotted and fully paid:				
Ordinary share of GBP1 each				
At 1 January	1,171,919,385	6,306,098,212	1	7
Issuance of new shares	-	-	1,171,919,384	6,306,098,205
At 31 December	<u>1,171,919,385</u>	<u>6,306,098,212</u>	<u>1,171,919,385</u>	<u>6,306,098,212</u>

On 31 December 2019, the Company issued 1,171,919,384 new ordinary shares amounting to GBP1,171,919,384 (RM6,306,098,205).

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

16. CONTROLLING PARTY

The immediate and ultimate parent undertaking is Axiata Group Berhad ("Axiata"). The address of the registered office of Axiata is Level 5, Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

The parent undertaking and the smallest and largest group to consolidate these financial statements is Axiata. Copies of the Axiata consolidated financial statements have been filed at the Main Market of Bursa Malaysia Securities Berhad.