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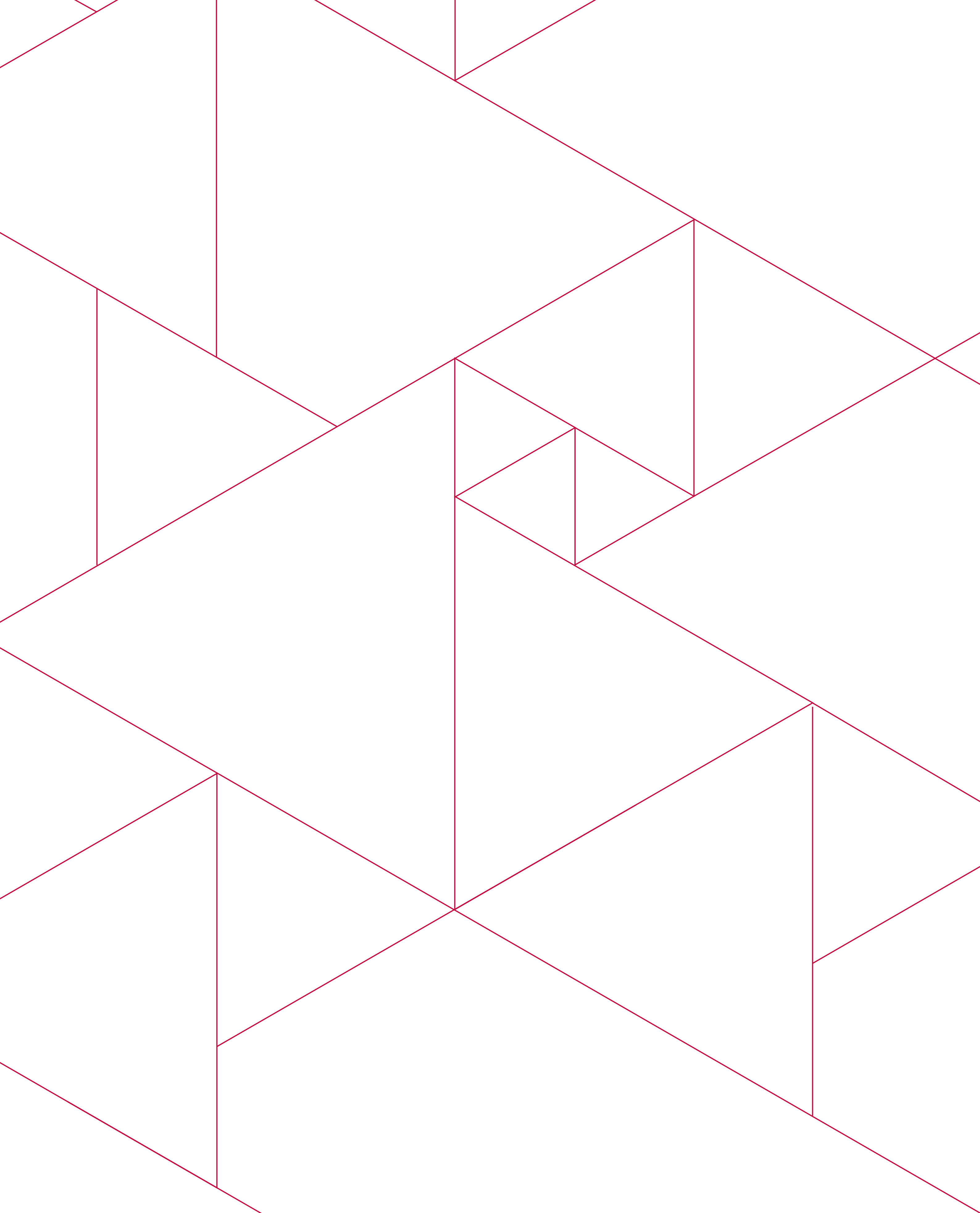
ANNUAL REPORT 2012

AXIATA GROUP BERHAD (242188-H)

ANNUAL REPORT 2012



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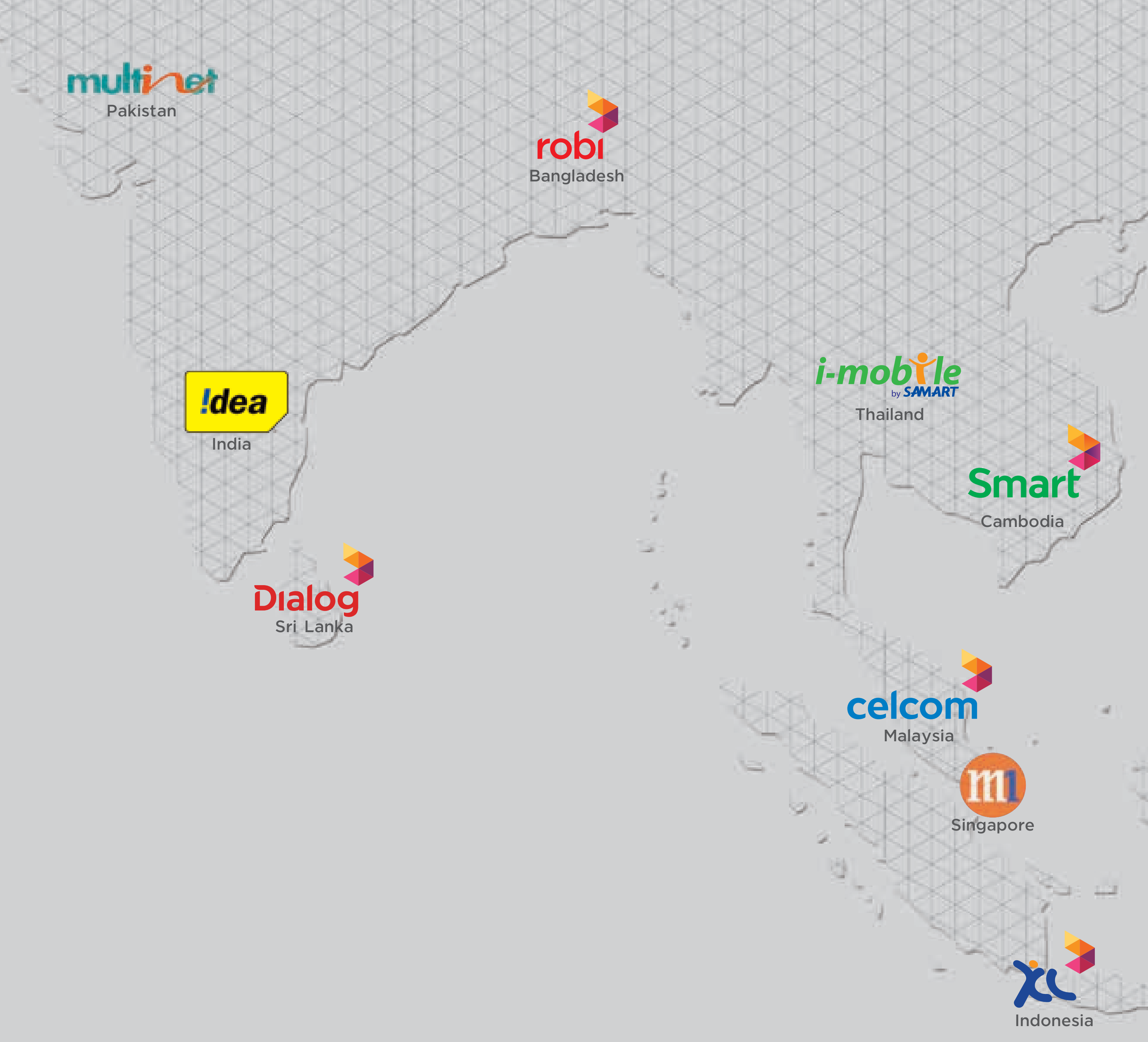
Pakistan
Bangladesh
India
Thailand
Cambodia
Sri Lanka
Malaysia
Singapore
Indonesia

ADVANC

axiata

RM17.7 BILLION
REVENUE

RM2.9 BILLION
PAT

9
COUNTRIES

>20,000
EMPLOYEES

>215 MILLION
SUBSCRIBERS

ING ASIA

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Unless otherwise stated, all information contained in this Annual Report is as at 31 March 2013.

FINANCIAL CALENDAR 2012

QUARTERLY RESULTS

22 May 2012
(Tuesday)
Unaudited consolidated results for the 1st quarter ended 31 March 2012

30 August 2012
(Thursday)
Unaudited consolidated results for the 2nd quarter and half-year ended 30 June 2012

29 November 2012
(Thursday)
Unaudited consolidated results for the 3rd quarter ended 30 September 2012

21 February 2013
(Thursday)
Audited consolidated results for the 4th quarter financial year ended 31 December 2012

DIVIDENDS

27 April 2012
(Friday)
Notice of Book Closure for Final Tax Exempt Dividend under Single Tier System of 15 sen per Ordinary Share of RM1.00 each

30 May 2012
(Wednesday)
Date of Entitlement for Final Tax Exempt Dividend under Single Tier System of 15 sen per Ordinary Share of RM1.00 each

14 June 2012
(Thursday)
Payment of Final Tax Exempt Dividend under Single Tier System of 15 sen per Ordinary Share of RM1.00 each

24 September 2012
(Monday)
Notice of Book Closure for Interim Tax Exempt Dividend under Single Tier System of 8 sen per Ordinary Share of RM1.00 each

15 October 2012
(Monday)
Date of Entitlement for Interim Tax Exempt Dividend under Single Tier System of 8 sen per Ordinary Share of RM1.00 each

31 October 2012
(Wednesday)
Payment of Interim Tax Exempt Dividend under Single Tier System of 8 sen per Ordinary Share of RM1.00 each

NOTICE OF 21ST ANNUAL GENERAL MEETING AND ISSUANCE OF ANNUAL REPORT 2012

2 May 2013
(Thursday)

21ST ANNUAL GENERAL MEETING

23 May 2013
(Thursday)

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI DATO' AZMAN HJ. MOKHTAR
Chairman
Non-Independent Non-Executive Director

DATO' SRI JAMALUDIN IBRAHIM
Managing Director/President &
Group Chief Executive Officer

TAN SRI GHAZZALI SHEIKH ABDUL KHALID
Independent Non-Executive Director

DATUK AZZAT KAMALUDIN
Senior Independent Non-Executive Director

DATO' ABDUL RAHMAN AHMAD
Independent Non-Executive Director

DAVID LAU NAI PEK
Independent Non-Executive Director

JUAN VILLALONGA NAVARRO
Independent Non-Executive Director

BELLA ANN ALMEIDA
Independent Non-Executive Director

KENNETH SHEN
Non-Independent Non-Executive Director

GROUP COMPANY SECRETARY

SURYANI HUSSEIN (LS0009277)

REGISTERED OFFICE

Level 5, Axiata Centre, 9 Jalan Stesen Sentral 5,
Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia
Tel : +603 2263 8888 Fax : +603 2263 8903

SHARE REGISTRAR

Tricor Investor Services Sdn Bhd (Company No. 118401-V)
Level 17, The Gardens North Tower, Mid Valley City,
Lingakaran Syed Putra, 59200 Kuala Lumpur, Malaysia
Tel : +603 2264 3883 Fax : +603 2282 1886
Email : is.enquiry@my.tricorglobal.com

AUDITORS

PricewaterhouseCoopers (AF: 1146)
Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral,
50470 Kuala Lumpur, Malaysia
Tel : +603 2173 1188 Fax : +603 2173 1288

WEBSITE

www.axiata.com

INVESTOR RELATIONS

Tel : +603 2263 8801 Fax : +603 2278 3337
Email : ir@axiata.com

STOCK EXCHANGE LISTING

Listed on Main Market of Bursa Malaysia Securities Berhad
Listing Date : 28 April 2008
Stock Code : 6888
Stock Name : Axiata
Stock Sector : Trading/Services

RAISING THE BAR

Axiata is continuously raising the bar to ensure our leadership position. In its five years, Axiata has grown tremendously and is well on its way towards achieving its vision to be a Regional Champion by 2015.

CHAIRMAN'S STATEMENT

TAN SRI DATO' AZMAN HJ. MOKHTAR
Chairman

Group Revenue

RM17.7
billion

Dear Shareholders,

2012 has been a landmark year for Axiata Group Berhad, possibly one of our most important since our creation in 2008. In 2012, the Group began its evolution into a digital lifestyle services company, beyond the traditional voice and SMS businesses. While embarking on this long term strategy, the Group continues to focus on financial performance and delivered outstanding results which exceeded all KPIs.

CHAIRMAN'S STATEMENT

Excellent strategic execution by the OpCos saw strong revenue growth across the board during the year. Overall, Group revenue increased by 7%[1] YoY to RM17.7 billion. Excluding changes in foreign exchange, revenue growth would have been 12%. The strong growth in Group revenue resulted in a 6% increase in the Group's PAT of RM2.9 billion. In addition, Axiata issued two benchmark bonds during the year which have won awards for their innovative structures and terms and represent important milestones in the evolution of Axiata's reputation in the international debt capital markets.

In 2012, Axiata's share price increased by 28%, with total shareholders' return (TSR) at 33%[2], outperforming the Kuala Lumpur Composite Index at 14%[2] for the third consecutive year.

The results achieved in 2012 has once again proven our ability to adapt quickly and undertake a significant reorganisation of the business whilst at the same time delivering stellar results. This has enabled us to increase our net operating cashflows, closing out the year with a record cash balance of RM7.9 billion. I am pleased therefore to recommend to shareholders an increase in our ordinary dividend payout to 23 sen per share up from 19 sen and a special dividend of 12 sen per share for the year ended 31 December 2012.

HIGH GROWTH MARKETS

We are fortunate that Axiata has developed a footprint with substantial presence in high growth markets such as Bangladesh and Sri Lanka, where revenues increased 27% and 24%, respectively. In Cambodia, we strengthened our position with the successful strategic merger of Hello Axiata Company Limited and Latelz Co., Ltd. The merger, our second since the acquisition of Idea in India, saw Axiata emerge as one of the largest operators in Cambodia in terms of subscribers and revenue.

Data revenue in Indonesia increased 50% with the continued emergence of a larger middle class with higher spending power. Recent research suggests that by 2020, Asians will account for 52% of the world's middle class population.

As a result, I am confident that the Group is focused on the right industry and the most opportune regions to capitalise on these trends and opportunities. With sound financial management, growing cash flow and strong performance by OpCos, I am certain that Axiata is well-positioned for success in this new digital world.

THE DIGITAL UNIVERSE AND AXIATA'S TRANSFORMATION

Looking ahead, the Group is mindful of the challenges which are ahead on many fronts; economic circumstances, competitive environment, regulatory changes and industry evolution. Given our strong management and operational capabilities, financial resilience and network assets, we are confident that we will rise to the challenges and capitalise on them.

With low fixed line penetration in most of our markets, Axiata is well positioned to provide high quality data services in particular to small and mid-screen connections. Despite a slow start, Asian smartphone penetration is set to rise substantially faster than growth rates in Europe. Our smartphone penetration rate in Malaysia is 23% and 14% in Indonesia, and increasing this will be the key growth driver for data and digital services.

By 2020, the digital universe, which includes mobile users and their new data consumption patterns as well as the digital businesses and high-powered devices that would support this demand, is poised to grow by 50 times its current size.

Note

[1] Based on 2011 audited numbers. Based on restated numbers, revenue growth is 8.4%. Please refer to Notes to the Financial Statements no. 47 for more details

[2] Based on Bloomberg L.P. data, between 31 Dec 2011 and 31 Dec 2012

In 2001, there were 394 million internet users. By 2010, this number leapfrogged to two billion users. It is expected that by 2020, there will be more than five billion users around the world accessing the Internet on multiple devices including smartphones. Axiata has anticipated this trend and, over the last few years, has begun to set the foundation for the Group to capitalise on the rapid data growth and surge in user demand, transforming the Group into a new generation telecommunications company, beyond voice and SMS. The Group has begun the Axiata 2.0 Transformation Programme to strengthen our core business and accelerate the launch of new business areas. Further progress of this re-positioning towards data and digital services will become evident to shareholders during 2013.

GOVERNANCE

The Board is committed to transparency and accountability, consistent with good corporate governance and practices. Axiata plays a pivotal role in ensuring this across the Group, towards the protection of all Axiata stakeholders including minority shareholders and partners. We uphold clear and detailed guidelines and codes of business as well as fair and transparent best practices.

On behalf of the Board, I would like to express our gratitude to Dr. Muhamad Chatib Basri who retired from the Board earlier this year. Dr. Chatib's contribution to the governance of the Group has been of immense value.

We recently appointed two new Directors in our effort to continue strengthening our Board. Ann Almeida, the Malaysian born Group Head of Human Resources at HSBC Holdings Plc, joined the Board as an Independent, Non-Executive Director in January 2013. We are pleased to welcome Ann as the first female board member of the Group. Dato' Abdul Rahman Ahmad joined the Board in January 2013. Given his wealth of experience in media, content and corporate finance, Dato' Abdul Rahman's appointment comes at an opportune time in the rapidly changing telecommunications industry and Axiata's new focus in digital services.

I am pleased to note that Axiata has been awarded the Frost & Sullivan Asia Pacific ICT Award for Best Telecommunications Group for the fourth consecutive year in 2012.

Our Malaysian OpCo, Celcom, beat leading multinational companies to take the Collaborative Supply Chain Special Award at the IIAPS Asian Supply Chain Excellence Award 2012. This is a testament to our continued focus and strict adherence to transparency and fair trade.

XL in Indonesia has been selected as one of the most admired companies in Indonesia by Fortune Magazine for its strong financial performance, growth and innovativeness.

These awards are among the many accolades which have been achieved across the Group. They are true and well deserved acknowledgements to the efforts and dedication of everyone at Axiata.

As always, the Board is extremely appreciative of the continued support and confidence you, our shareholders have placed in the Axiata Group. The Board also wishes to thank every employee and the management teams across the Group, led by the GCEO Dato' Sri Jamaludin Ibrahim. None of our successes would have been possible without their dedication and diligence in pursuit of operational excellence.

It thus gives me great pleasure to present Axiata's Annual Report 2012.

TAN SRI DATO' AZMAN HJ. MOKHTAR
Chairman

The industry data has been sourced from GSMA, The Mobile Economy, Ericsson Traffic and Market Report, Wireless Intelligence, Telefónica Research and Nomura Equity Research Report Mobile Data Lessons from Asia

PRESIDENT & GCEO'S BUSINESS REVIEW

DATO' SRI JAMALUDIN IBRAHIM
Managing Director/
President & Group Chief Executive Officer

Dear Shareholders,

I am pleased to report that 2012 was a great year for Axiata, with the Group exceeding all key targets set for the year. The Group posted all-round performance in terms of revenue and profit growth across all OpCos. I am also happy to note that all OpCos outperformed the market and gained revenue share, marking an excellent year for the Group.

PRESIDENT & GCEO'S BUSINESS REVIEW

EBITDA

+4.2%

RM7.4 billion

FULL YEAR 2012 RESULTS

Rigorous execution by all OpCos on strategies saw strong topline growth across the board and the Group recording revenue growth of 7.3%[1] in 2012. At constant currency, revenue growth would have been double digit at 11.7%. The robust performance was on the back of continuous growth from all key markets. Revenue at XL, Dialog and Robi was up 15%, 24% and 27% respectively, whilst Celcom, despite operating in a more mature market, grew 7%.

The Group's EBITDA grew 4.2% to RM7.4 billion, an impressive 8.3% at constant currency, driven by higher revenue and continued focus on cost management. Margins dipped by 1.2 percentage points due to aggressive network roll-out at Celcom and XL to accelerate the growth in data. Margins were also impacted following the introduction of SMS interconnection at XL.

PAT in the period was up 6.2% to RM2.9 billion whilst PATAMI was up by a strong 7.1% to RM2.5 billion. Excluding FOREX, at constant currency, PAT increased by 9.4% and PATAMI 10.0%.

At the same time, Axiata significantly strengthened its balance sheet which saw the Group's Gross Debt to EBITDA ratio now at 1.7x, representing one of the healthiest balance sheets in the industry and cost of debt improving by 80 bps during the year.

Note

[1] Based on 2011 audited numbers. Based on restated numbers, revenue growth is 8.4%. Please refer to Notes to the Financial Statements no. 47 for more details

The year also saw the Group's balance sheet further optimised through initiatives such as the issuance of a two-year RMB1.0 billion Sukuk (Sukuk Issuance). The Sukuk Issuance, based on the *Shari'a* principle of Wakala, using airtime vouchers as underlying assets, was issued under Axiata's Multi-Currency Sukuk Programme with an aggregate nominal value of up to USD1.5 billion or its equivalent in other currencies (Sukuk Programme). Axiata is the first internationally rated company to successfully tap the Chinese RMB Sukuk market, establishing a new benchmark which was oversubscribed by more than seven times.

I am happy to report that the continued positive performances seen across the Group in 2012 has enabled us to increase dividend payout from 60% in 2011 to a 70% payout[2]. We also announced a one-off special dividend of RM1 billion. Based on this, the total estimated dividend to be paid for the financial year ended 2012 will likely exceed RM3 billion, almost double the RM1.6 billion last year. We have also increased our dividends at XL and Dialog.

Group's total subscriber base expanded to over 215 million, up 8.3% from a year ago, consolidating the Group's position as one of the largest telecommunications companies in the region.

Celcom – Highest Ever PAT

+4.7%

RM1.9 billion

STRONG GROWTH FUELLED BY DATA AT CELCOM AND XL

Malaysia

2012 proved another excellent year for Celcom, outperforming the market in all financial metrics. Revenue grew by 7% in 2012 to RM7.7 billion pushed by the increase in advance data and dynamic local voice and SMS pricing. Similarly, EBITDA was up 7% and, despite aggressive investment for data, margins held steady through optimised spend measures and well managed network costs. The year also saw Celcom recording the highest ever PAT of RM1.9 billion, a growth of 4.7%.

Strong growth in data revenue* continued, now contributing 23% to revenue, a growth of 17%. The uplift was driven by positive response towards aggressive offerings of smart phones and services. Voice usage continued to increase, posting a robust growth of 4%, on the back of voice stimulation initiatives and bundling offerings.

Note

[2] Subject to the approval of the shareholders at the forthcoming Annual General Meeting (AGM)

* Excluding SMS and Value Added Services (VAS)

PRESIDENT & GCEO'S BUSINESS REVIEW

Indonesia

XL finished the year on a strong footing with positive performances across all services, recording strong revenue growth of 15% in 2012 to IDR21.3 trillion (RM6.9 billion). This was driven by growth in data at 50% followed by SMS at 16% and voice at 6%. EBITDA grew by 4% with EBITDA margin at 46%. Investment for data, which saw XL accelerating capex spending in the year, did have an impact on PAT which declined by 2% to IDR2.8 trillion (RM0.9 billion).

Data* was the fastest growing segment in the year, up by 50%, with an increased 20% contribution of usage revenue, from 15% a year ago. XL finished the year with a solid foundation to capture future data opportunities through its strategic investments, successfully enhancing its end-to-end data infrastructure. This will be further strengthened with another tranche of 5MHz, which was successfully secured by XL in March 2013, bringing the total to 15MHz in the 2100MHz band for 3G services.

In light of 2012's strong performance, XL has announced an increase in dividend payout of 40%, from 35%, of 2012 normalised PAT.

XL – Revenue Growth

15%

RM6.9 billion

Note

* Excluding SMS and Value Added Services (VAS)

STRONG GROWTH CONTINUES IN DEVELOPING MARKETS

Sri Lanka

Dialog delivered strong double digit growth across all financial metrics. Performance during 2012 was underpinned by a healthy momentum in revenue growth, up an impressive 24% in 2012, an outstanding performance, especially for a market leader. Growth was driven by the strong performance in the mobile business. Dialog's EBITDA for 2012 was recorded at SLR18.6 billion (RM437 million), a significant increase of 13% relative to the corresponding period in 2011. EBITDA margin for 2012 declined marginally, by 3 percentage points, to 33% due to costs related to the modernisation of the company's network. Underpinned by the positive EBITDA growth, PAT grew by 23% to SLR6.0 billion (RM144 million) in 2012.

Data revenue*, continued to show robust growth, up by 53%. Voice usage continued to increase, posting a robust growth of 11%.

The year also saw Dialog complete the acquisition of fixed wireless telecoms operator Suntel, the second largest enterprise business in the country, which was successfully integrated into its Dialog Broadband Networks division. Suntel's acquisition contributed an additional 5 percentage points to Dialog's revenue in 2012, making it also earnings accretive in less than a year. Dialog also made great strides in the development of digital services such as mobile money, mobile health and mobile advertising. This was further reinforced with the acquisition of the number one e-commerce company in the country, 'Anything.lk'.

In light of strong performance, Dialog announced a 45% dividend payout of 2012 PAT, an increase from 39% in 2011[3].

Note

[3] Subject to the approval of the shareholders at the forthcoming Annual General Meeting (AGM)

* Excluding SMS and Value Added Services (VAS)

PRESIDENT & GCEO'S BUSINESS REVIEW

One of the lowest cost producers of minutes in the world

Double Digit Growth in all financial metrics

Revenue

+27%

EBITDA

+28%

Bangladesh

2012 was a tremendous year for Robi, performing much better than market, in terms of both subscriber and revenue growth. This was driven by several initiatives which included a more regionalised focus on business strategy, the revamp of Robi's brand proposition, offering innovative products as well as effective cost management.

Strong growth trajectory continued, with Robi posting double digit growth in all financial metrics. Despite competition, revenue growth continued, for the eleventh consecutive quarter, surging by 27% driven by voice and VAS from an enhanced subscriber base. In tandem, EBITDA grew by 28% with improved margin despite aggressive drive for growth. PAT for the year showed a healthy increase from 2011, due to higher EBITDA and favourable forex exchange.

During the year, Robi continued to leverage on its scale, emerging as one of the lowest cost producers of minutes in the world, despite regulatory and operational constraints. Robi also successfully renewed its 2G cellular mobile licence for a further 15 years in 2012.

Cambodia

Hello saw strong YoY growth on all fronts in a highly competitive market. Revenue was up 6%, EBITDA strongly by more than 100% and PAT by an excellent 32%.

2012 also saw the strategic merger of Hello and Smart Mobile, completed in February 2013. As a result, Axiata now holds a 90% stake in the combined entity and emerged as one of the largest operators in Cambodia in terms of subscribers and revenue.The merger will provide improved economies of scale, remove duplicative costs and enhance revenue potential, amongst other benefits. The merged entity, operating under the brand name Smart Axiata, will also facilitate synergies and the sharing of best practices between the two companies. This will include increased spectrum and significant synergies across network coverage and infrastructure.

The transaction parameters met our strict financial criteria, enabling us to grow faster and with lower costs than if we had done it organically.

PRESIDENT & GCEO'S BUSINESS REVIEW

CONTINUED STRONG PERFORMANCES FROM AFFILIATES

India

Idea continues to improve revenue market share and despite intense competition, revenue and EBITDA were up by 15.7% and 16.0% respectively on a financial year basis. PAT in the period increased by 45.2%.

Idea continues to invest in long term value creators especially on its network, launching 2,961 new sites (2G+3G) and expanding its optical fibre network. Data continues to gain traction now with 21.7 million subscribers, of its existing 114 million base, adopting data services, contributing 5.7% to service revenue. The active 3G subscriber base for the company now stands at 4.1 million.

In the recently concluded 1800MHz spectrum auction, in November 2012 Idea regained its spectrum in all 7 service areas for a period of 20 years, ensuring continuity of services for more than 8 million Idea customers as well as a pan-India presence for the company.

Following the strong performance, Idea's share price increased by 26% in 2012 reaching a four year high.

Singapore

M1 finished the year strongly with service revenue at SGD771.6 million (RM1.9 billion) up 3% in 2012, driven by growth in mobile customer base and higher contribution from fixed line services. PAT for the full year decreased 10.7% to SGD146.5 million (RM362 million) due to higher mobile phone subsidies. This decline was stemmed in the latest quarter which saw PAT increasing by 14.4%. Free cash flow for 2012 remained healthy at SGD152.3 million (RM376 million).

Revenue from non-voice services rose 2 percentage points to 37.6% of service revenue, driven by continued growth in smartphone and mobile broadband customer base. Smartphone customers now account for 75% of total postpaid customer base.

The Board of Directors of M1 has announced a final dividend payout of 90% of PAT for 2012. This includes a special dividend of 1.7 cents per share.

TOWARDS SUSTAINABILITY – ADVANCING ASIA

In addition to our focus on performance and financials, the Group continued in its long term commitment to its sustainability efforts and promise of advancing Asia. This has been a central practice throughout the Axiata Group, where each of our OpCos is championing sustainability initiatives in their countries and markets, consistent with Axiata's broader goal of advancing Asia – beyond profits. Serving over 215 million customers within our markets puts us in a strong position to transform lives and societies.

The Group's sustainability doctrine, outlined in greater detail in the accompanying pull-out, is geared towards two very focused and strategic pillars; operating a responsible business and developing the communities we serve. Talent development in particular, has and will remain a leading focus of the Group, as we continue to hire, train and develop highly capable professionals to develop them for leadership roles across Asia. This starts from as early as 13 years of age, with Axiata's Young Talent programme, where we have pledged RM100 million for the development of students.

As a true measure of sustainability, we intend to benchmark our progress against global reporting standards. Towards this end, we see talent development, environmental management, sustainable supply chain and community assistance as the four focus areas. These are all held together with Axiata's strong corporate ethics and governances.

This will ensure we stay focused on the balanced 'triple bottom line', of people, planet and profit, that globally sustainable companies are measured on.

BEYOND VOICE, AXIATA 2.0 TRANSFORMATION

2012 has been a year of investment for Axiata as we continue to invest management time and resources to transform the Group into a new generation telecommunications company, beyond voice and SMS. This is being accelerated via the Axiata 2.0 Transformation Programme focusing on protecting and sustaining our core business whilst venturing aggressively into new business areas. Our investment in data has already been reflected in enhanced quality of service which has seen a steady growth in data and revenue contribution in total, now at 21% of total group service revenue. Dialog, XL and Celcom in particular, saw strong YoY data growth of 53%, 50% and 17% respectively.We are further revamping our core business by introducing group-wide programmes to provide better customer experience, digitalising our value chain, improving our data profitability and building micro capabilities for a more effective and efficient market execution.

The Group has also embarked on accelerated development programmes to introduce new digital and adjacent services to meet the emerging demands for mobility centric lifestyles, driven by the significant changes in consumer behaviour, demographics and increase in smartphones. These new services will be introduced to the market in stages over the next few years.

PRESIDENT & GCEO'S BUSINESS REVIEW

Exponential growth of data traffic is expected to continue in 2013. To support this growth and reduce the overall network cost, we are embarking on several strategic initiatives. This includes actively pursuing in-country collaborations with other operators in the areas of site and transmission sharing, such as the Celcom and DiGi collaboration in Malaysia which is well on track. Alongside this, we have several initiatives to further optimise cost efficiencies including a group-wide network optimisation and service experience management centre. We are redesigning our Group IT blueprint which will enable the roll out of new services and the digitalisation of our business processes.

We are very excited about the launch of LTE, the natural progression in our markets where 3G services have been long established. LTE technology's vast superiority in data access, both in terms of speed and latency, will allow us to deliver more video-based content and applications. At the same time, it will also lead to much more cost efficiency on a cost per MB basis.

OUTLOOK

Moving forward, the Group will remain focused on growing our core business whilst embarking on our long term transformation strategy. 2013 will see a continuation of our aggressive investments in data, begun in 2011. Data and new services will have an impact on margins in the short term, but we are confident that it will further strengthen our leadership position in the longer term.

It has now been five years since the incorporation of Axiata and we have proven yet again that we are able to navigate through challenging and exacting times. The telecommunications industry is in a state of flux with our traditional business being impacted by new players. We have seen increased competition, especially in Indonesia, and this will continue to be one of our biggest challenges in 2013. Whilst this is a concern, we have assembled teams that have shown for the last many years that they are able to overcome such challenges and perform well amidst such conditions.

ACKNOWLEDGEMENTS

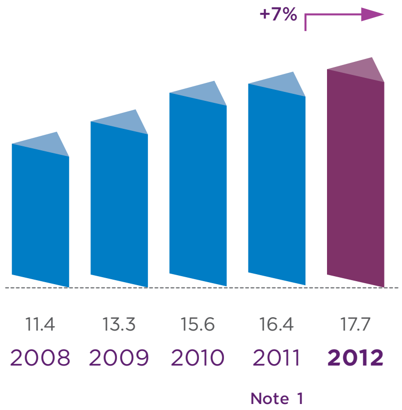
I would like to thank all our employees who have worked hard to get us to where we are today. I would also like to thank our Board for their continued guidance, the governments and regulators for their co-operation and facilitation, and our stakeholders – the shareholders, partners and media for their continued support. Most of all, I would like to acknowledge our 215 million customers for their continued support and loyalty.

DATO' SRI JAMALUDIN IBRAHIM
Managing Director/
President & Group Chief Executive Officer

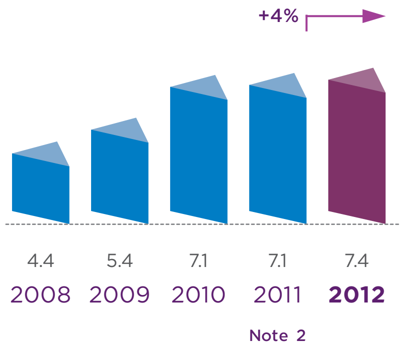
AXIATA GALLERY

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

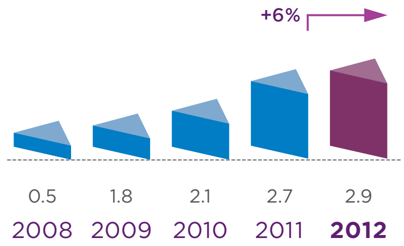
OPERATING REVENUE
(RM Billion)



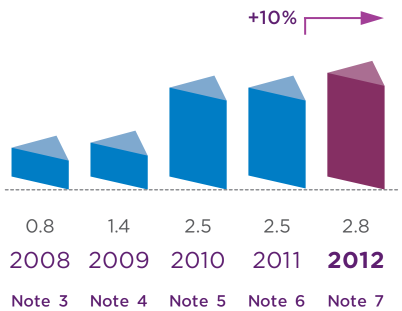
EBITDA
(RM Billion)



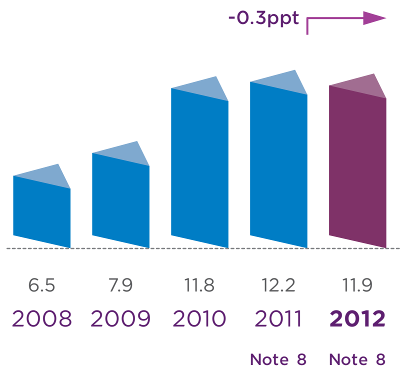
PAT
(RM Billion)



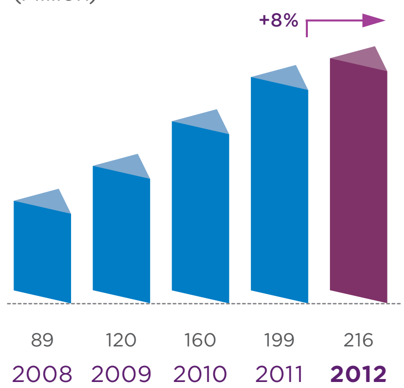
Normalised PATAMI
(RM Billion)



ROIC
(%)



SUBSCRIBERS
(Million)



Note 1 – Based on 2011 audited numbers. Based on restated numbers, 2011 revenue is RM16.3 billion. Please refer to Notes to the Financial Statements no. 47 for more details

Note 2 – Based on 2011 audited numbers. Based on restated numbers, 2011 EBITDA is RM7.2 billion. Please refer to Notes to the Financial Statements no. 47 for more details

Note 3 – 2008 normalised PATAMI excludes foreign exchange loss (+RM284.7 million)

Note 4 – 2009 normalised PATAMI excludes XL one-off gains on finance lease arrangement (-RM132.5 million), accelerated depreciation/asset impairment (+RM235.6 million) and foreign exchange gains (-RM349.2 million)

Note 5 – 2010 normalised PATAMI excludes gain on disposal/merger (-RM388.4 million), impairment/FRS adjustment (+RM1.2 billion), XL minority interest (-RM49.2 million) and foreign exchange gains (-RM54.9 million)

Note 6 – 2011 normalised PATAMI excludes acquisition and provision (+RM107.7 million), XL severance payment (+RM46.8 million), Celcom network impairment (+RM105.1 million), Celcom tax incentive (-RM140.0 million) and foreign exchange loss (+RM73.2 million)

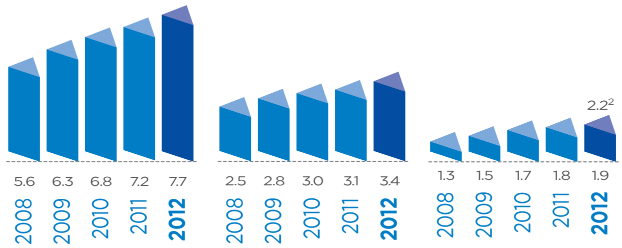
Note 7 – 2012 normalised PATAMI excludes Celcom tax incentive (-RM110.0 million), Celcom penalty on Sukuk (+RM26.3 million), Celcom network impairment (+RM161.6 million), Dialog tax impact (-RM47.8 million), Hello asset impairment (+RM46.0 million), Robi SIM tax (+RM34.4 million) and foreign exchange loss (+RM161.3 million)

Note 8 – Based on 2011 audited numbers. Based on restated numbers, ROIC for 2011 is 12.1% and for 2012 is 11.8%

REPORTING BY GEOGRAPHICAL LOCATION[1]

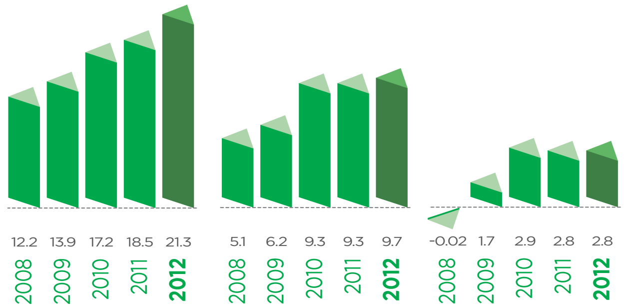
MALAYSIA

REVENUE RM (Billion) | **EBITDA** RM (Billion) | **PAT** RM (Billion)



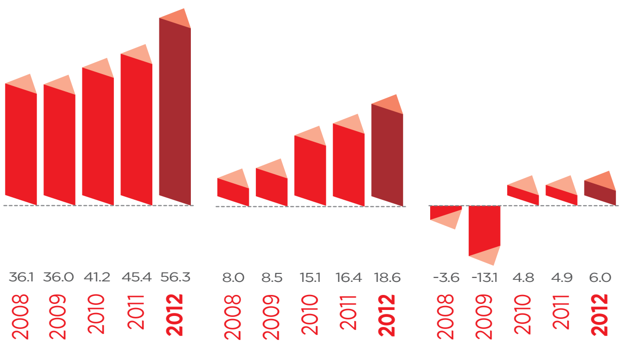
INDONESIA

REVENUE IDR (Trillion) | **EBITDA** IDR (Trillion) | **PAT** IDR (Trillion)



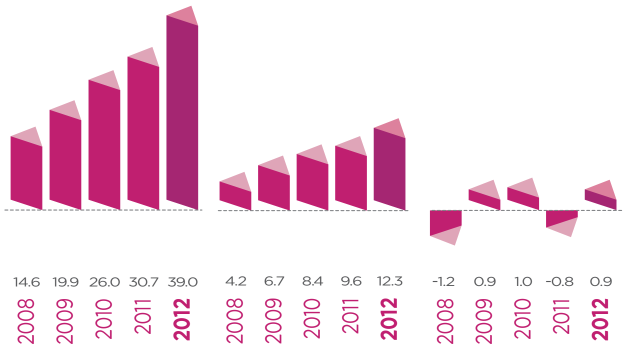
SRI LANKA

REVENUE SLR (Billion) | **EBITDA** SLR (Billion) | **PAT** SLR (Billion)



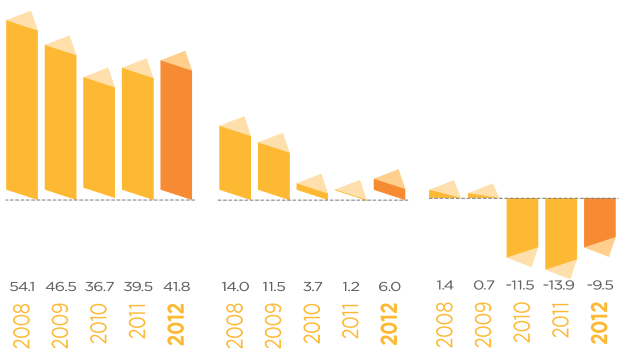
BANGLADESH

REVENUE BDT (Billion) | **EBITDA** BDT (Billion) | **PAT** BDT (Billion)



CAMBODIA

REVENUE USD (Million) | **EBITDA** USD (Million) | **PAT** USD (Million)



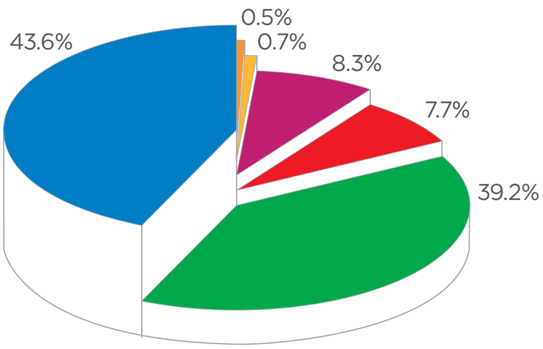
Notes:

[1] All financial numbers are based on audited financial figures and following respective country GAAP

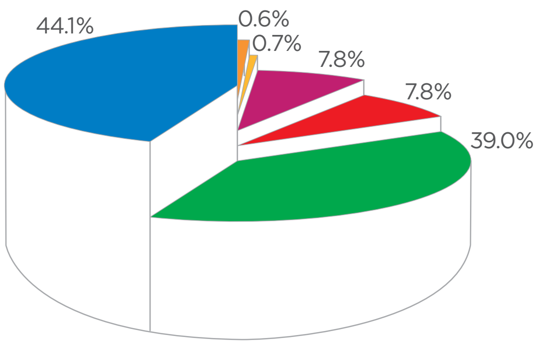
[2] Normalised result for OpCo

SUMMARY BREAKDOWN
OF OPERATING REVENUE & EBITDA

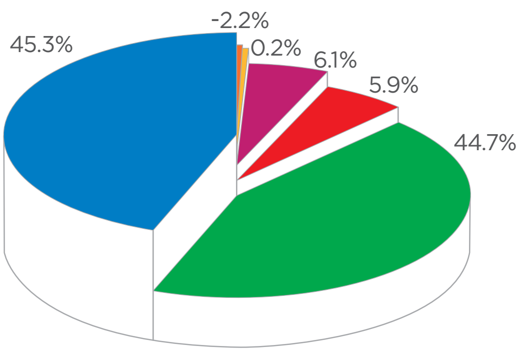
2012 OPERATING REVENUE



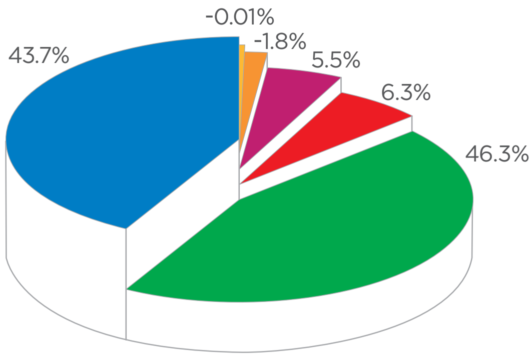
2011 OPERATING REVENUE[1]



2012 EBITDA



2011 EBITDA[1]



OPERATING REVENUE

- Celcom
- XL
- Dialog
- Robi
- Hello
- Others

EBITDA

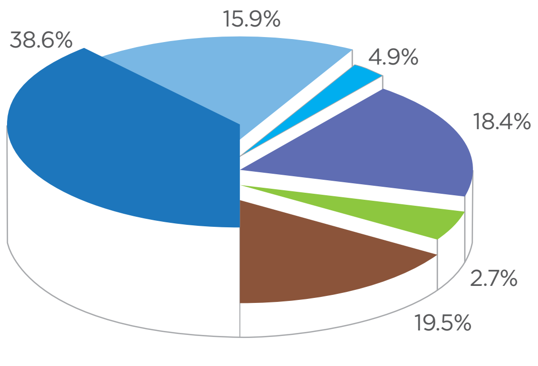
- Celcom
- XL
- Dialog
- Robi
- Hello
- Others

Note:

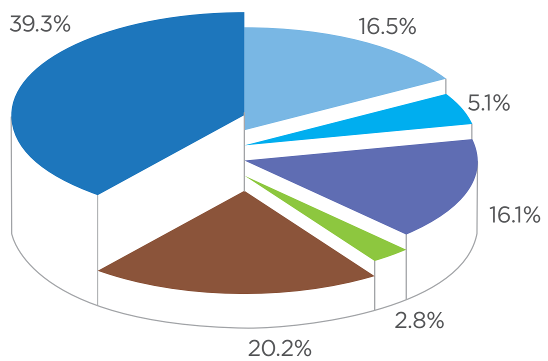
[1] Based on 2011 restated numbers. Please refer to Notes to the Financial Statements no. 47 for more details

SUMMARY BREAKDOWN OF ASSETS & LIABILITIES

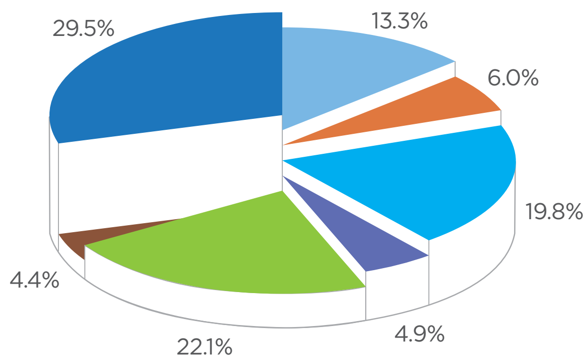
2012 TOTAL ASSETS



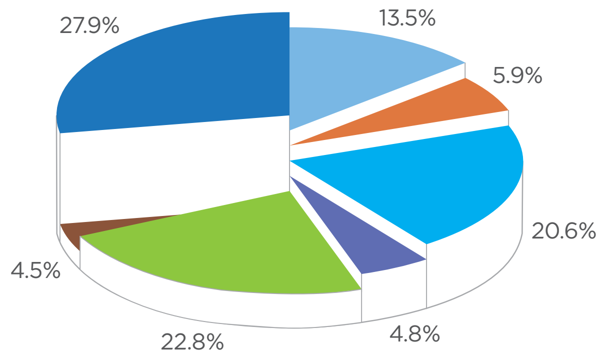
2011 TOTAL ASSETS[1]



2012 TOTAL LIABILITIES & EQUITY



2011 TOTAL LIABILITIES & EQUITY[1]



TOTAL ASSETS

- Property, plant and equipment
- Intangible assets
- Other assets
- Deposits, cash and bank balances
- Trade and other receivables
- Associates/Jointly controlled entities

TOTAL LIABILITIES & EQUITY

- Borrowings
- Non-controlling interests
- Reserves
- Share premium
- Share capital
- Other liabilities
- Trade and other payables

Note:

[1] Based on 2011 restated numbers. Please refer to Notes to the Financial Statements no. 47 for more details

FIVE-YEAR
GROUP FINANCIAL SUMMARY

OPERATIONAL HIGHLIGHTS

All in RM Million unless stated otherwise	FY2012	FY2011	FY2010	FY2009	FY2008
1. Operating Revenue	**17,652**	16,290[1]	15,621	13,312	11,438
2. Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)	**7,424**	7,177[1]	7,054	5,420	4,446
3. Earnings from Associates & Jointly Controlled Entities	**211**	118	164	101	(59)
4. Profit Before Tax (PBT)	**3,762**	3,577	3,206	2,666	906
5. Profit After Tax (PAT)	**2,880**	2,712	2,117	1,756	471
6. Profit After Tax and Minority Interests (PATAMI)	**2,513**	2,346	1,770	1,653	498
7. Normalised PATAMI[2]	**2,784**	2,539	2,479	1,407	783
8. Total Shareholders' Equity	**20,101**	19,843	18,725	18,184	11,217
9. Total Assets	**42,931**	41,106	38,101	37,028	37,216
10. Total Borrowings	**12,658**	11,459	10,684	12,323	15,959
11. Subscribers (million)	**216**	199	160	120	89
GROWTH RATES YoY					
1. Operating Revenue	**8.4%**	4.3%	17.3%	16.4%	14.4%
2. EBITDA	**3.4%**	1.7%	30.2%	21.9%	7.5%
3. Total Shareholders' Equity	**1.3%**	6.0%	3.0%	62.1%	15.6%
4. Total Assets	**4.4%**	7.9%	2.9%	-0.5%	52.0%
5. Total Borrowings	**10.5%**	7.3%	-13.3%	-22.8%	75.5%
SHARE INFORMATION					
1. Per Share					
Earnings (basic) - sen	**30**	28	21	22[3]	9[3]
Earnings (diluted) - sen	**29**	28	21	21[3]	–
Net Assets - RM	**2.4**	2.3	2.2	2.2	3.0
2. Share Price Information - RM					
High	**6.76**	5.14	4.76	3.74[4]	7.85
Low	**4.67**	4.57	3.07	1.77[4]	3.12
FINANCIAL RATIO					
1. Return on Invested Capital[5]	**11.8%[8]**	12.1%[8]	11.8%	7.9%	6.5%
2. Gross Debt to EBITDA[6]	**1.7**	1.6	1.5	2.3	3.6
3. Debt Equity Ratio[7]	**0.6**	0.6	0.6	0.7	1.4

Notes:

1 Based on 2011 restated numbers. Please refer to Notes to the Financial Statements no. 47 for more details
2 Excludes XL one-off gains on finance lease arrangement, severance payment and XL minority interest, accelerated depreciation/FRS adjustment, gains on disposal/merger, Celcom network impairment, tax incentive and penalty on Sukuk, Dialog tax impact, Robi SIM tax, Hello asset impairment, acquisition and provision and foreign exchange gains/loss
3 After adjustment for Rights Issue
4 Share price traded ex-rights from 8 April 2009 adjusting for the rights issuance of RM5.25 billion
5 EBIT less tax over average invested capital
6 Gross debt over EBITDA
7 Total borrowings over total shareholders' equity
8 Based on 2011 restated numbers. Based on audited numbers, ROIC for 2012 is 11.9% and 2011 was 12.2%

AWARDS AND RECOGNITION

AXIATA GROUP BERHAD

Frost & Sullivan, Asia Pacific ICT Awards
Best Telecom Group 2012

Boston Consulting Group
2012 BCG Southeast Asia Challengers

Asian Strategy & Leadership Institute (ASLI)
Asian Corporate Giants 2012 Listing – Top 10

Bank Negara Malaysia
Emas Status for Issuance of Sukuk

Finance Asia
Best Islamic Finance Deal 2012

Euromoney Islamic Finance
Most Innovative Deal 2012

Alpha Southeast Asia
The Best Deal of the Year 2012 in Southeast Asia

IFM (Industry Fund Management)
Cross Border Deal of the Year 2012

CELCOM AXIATA BERHAD

STUFF Readers Choice Award 2012
Best Voice Telco of the Year Award

IIAPS Asian Supply Chain Excellence Award 2012
Collaborative Supply Chain Special Award Category

Malaysia's Most Valuable Award (MMVB) 2012
Listed as a Top 5 Brand

13th Annual CRM & Contact Centre Association of Malaysia (CCAM) Awards
7 Awards in Corporate Categories

4th GoMobile Awards Night 2012
The Best Postpaid Telco Award

2012 Frost & Sullivan Malaysia Excellence Award
Mobile Service Provider of the Year

PC.com Readers Choice Awards 2012
The Best Telco of the Year Award

PC.com Readers Choice Awards 2012
CEO of the Year Award –
Dato' Sri Shazalli Ramly, Chief Executive Officer

PC.com Readers Choice Awards 2012
Best Wireless Internet Award

Malaysia Achievement Awards 2012
Special Organisation Achievement Award

Malaysia Achievement Awards 2012
Malaysia Achievement 'Hall of Fame' Organisation Achievement of the Year Award

PT XL AXIATA TBK

Fortune Magazine
Fortune Indonesia Most Admired Company 2012

Gadget Award 2012
The Best Operator Advertising

Call Center Award 2012
Call Center Award 2012 for Excellent Service
Top Performance Call Center for Telecommunications

Service to Care Award 2012
Service to Care Award 2012

Cellular Award 2012
Best CEO of the Year 2011 – Hasnul Suhaimi, CEO
Best Customer Care Service
Most Innovative Product

AWARDS AND RECOGNITION

Indonesia Service Quality Award 2012
Gold Award

The Best Contact Center 2012
The Best Contact Center 2012
Platinum Award – The Best Business Contribution
Silver Award – The Best Contact Center Agent

Indonesia Cellular Award 2012
Best GSM Operator
Best Customer Growth
Best Value Added Service
Best BlackBerry Package

Brand Choice Award 2012
Women's Choice of BlackBerry Operator

Customer Relationship Excellence Awards
Customer Relationship Excellence Awards 2011

Contact Centre World Asia Pacific – Top Ranking Performer 2012.
Gold Medal Best Contact Center Support Professional – IT (individual)

Indonesia Best Brand Award 2012
Brand Builder Award – Hasnul Suhaimi, CEO

Digital Marketing Social Media Award 2012
GSM SIM Card

Frost & Sullivan Indonesia Excellence Award 2012
Indonesia Telecom Service Provider of the Year

Rekor Bisnis 2012 (Rebi)
For building >6000 new BTS across Indonesia during 2011

Indonesia Best Companies 2012
The Biggest Growing Equity Telecommunication Company

The Most Impactful Brand Activation 2012
Gold Medal Festival/Exhibition Activation

Indonesia Brand Champion Award 2012
Most Popular Brand, Cellular Operator
Most Recommended Brand, Cellular Operator
Most Recommended Brand, Internet Service Provider

Best Investor Relations Award 2012
Best Investor Relations

Techlife Innovative Award
Best Innovative Bundling Programme
Man of The Year in ICT Industry 2012 – Hasnul Suhaimi, CEO

Indonesia Marketing Champion 2012
Communication, High Tech & Media Sector – Hasnul Suhaimi, CEO

Charta Peduli Indonesia Award 2012
Positive contribution in Corporate Social Responsibility (CSR) in education

DIALOG AXIATA PLC

Corporate Accountability Ratings by Sting Consultants
Ranked No. 1

Brand Finance – Most Valuable Brands
Only AAA Rated Brand in Sri Lanka

LMD Most Respected 2012
Among the Top 5 Most Respected Corporate Entities in Sri Lanka

SLIM-Nielsen People's Award 2012
Winner – Service Brand of the Year
Winner – Telecom Services Brand of the Year
Joint Winner – Youth Brand of the Year

LATELZ CO., LTD. (SMART)

World Communications Awards 2012
Nominee for Best Place to Work

ROBI AXIATA LIMITED

ISO 9001:2008 Certification

M1 LIMITED

National Arts Council's Patron of the Arts Awards 2012
Distinguished Patron of the Arts

Marketing Excellence Awards 2012
Gold Award in Integrated Marketing (Consumer) for 'The World's Different with A Friendly Telco' brand campaign

Singapore Ministry of Transport Awards 2012
Merit Award – M1 Prepaid MasterCard

Customer Satisfaction Index (CSISG) in the Mobile Telecom Industry
Lead for the third consecutive year

Outstanding Outlet Award
M1 Shop at Changi Airport Terminal 3

IDEA CELLULAR LIMITED

ET Telecom Awards 2012
Customer Experience Enhancement,
Excellence in Marketing, Innovative Products

Aegis Graham Bell Awards 2012
Innovative Telecom Business Model

World Communication Awards 2012
Best Brand Campaign

The 2012 APPIES – the Asia Pacific Marketing Congress
Gold for Brand Campaign

Amity Telecom Excellence Award
Best Rural Service Provider of the Year 2012

Voice & Data Awards 2012
CTO of the Year Award – Anil Tandan

MAJOR MILESTONES

'12

JANUARY 2012

Launched AYTP, a developmental scholarship for young Malaysians, going beyond academics. Axiata will be investing at least RM100 million towards the programme via the Axiata Foundation.

FEBRUARY 2012

Axiata together with the Badminton Asia Confederation (BAC) and Total Sports Asia (TSA), announced the Axiata Cup, the world's richest prize money team event of USD1 million.

JUNE 2012

Etisalat, divested 9.1% of their shares in XL through an accelerated book build offering to institutional investors. This led to an increase in XL's public float from 20.2% to 33.5%. XL continued its focus in the data business and invested further in end-to-end network and infrastructure, with more than 11,000 new BTS successfully installed in 2012.

JUNE 2012

Axiata completed the incorporation of Axiata SPV2 Berhad, a public company limited by shares, under the Companies Act, 1965.

JUNE 2012

Hello completed the incorporation of Axiata Towers (Cambodia) Company Limited (ATC), a private company limited by shares to undertake activities and operations related to telecommunication infrastructure.

JUNE 2012

ATC was granted a 30-year tower operating licence from the Government of Cambodia

JULY 2012

Axiata successfully priced its inaugural issuance of a 2-year RMB1 billion Sukuk via its wholly-owned Malaysian incorporated special purpose vehicle, Axiata SPV2 Berhad. The Sukuk issuance is issued under Axiata's Multi-Currency Sukuk programme with an aggregate nominal value of up to USD1.5 billion or its equivalent in other currencies.

SEPTEMBER 2012

Axiata was accorded the 'Emas' status by Bank Negara Malaysia for its inaugural issuance of a 2-year RMB1 billion Sukuk.

OCTOBER 2012

Axiata completed the incorporation of Axiata SPV3 Sdn Bhd, a private company limited by shares, under the Companies Act, 1965.

OCTOBER 2012

Robi, via Axiata Investments (Labuan) Limited, incorporated a new subsidiary, Bangladesh Infrastructure Company Limited (BICL) a public company limited by shares, under the Companies Act, 1994 of the Republic of Bangladesh.

DECEMBER 2012

Axiata and its wholly-owned subsidiary, AIC entered into an SPA with Timeturns Holdings Limited to acquire Glasswool, the sole owner of Latelz. The operations of Hello and Latelz were merged as one combined entity, operating under the brand name 'Smart'. On 19 February 2013, the acquisition and the transfer of Hello's telecommunication business and assets were completed.

DECEMBER 2012

Dialog entered into an investment agreement for the acquisition of 26% equity interest in Digital Commerce Lanka (Private) Ltd. (Digital), after which Digital became an associate of the Group.

'11

JANUARY 2011

Celcom entered into a network collaboration with DiGi Tel to jointly implement the proposed long-term collaboration of sharing network infrastructure in Malaysia.

JANUARY 2011

Axiata introduced a new landmark to the KL Sentral skyline, 'Prisms by Axiata', an 83 feet steel sculpture by renowned Malaysian sculptor, Ramlan Abdullah.

JANUARY 2011

The first cohort of students were selected under the Axiata Young Talent Programme.

FEBRUARY 2011

Celcom entered into an MoU with TM on a strategic collaboration to provide fixed and mobile solutions covering high speed broadband services via wholesale long term lease from Celcom's network and MVNOs.

APRIL 2011

Celcom entered into a shareholders agreement with 23 other parties to form a consortium under the name of 'Konsortium Rangkaian Serantau Sdn Bhd' to implement an entry point project for the purpose of adding bandwidth capacity for Malaysia in anticipation of the increasing demand.

MAY 2011

Dialog entered into a shareholders agreement with Firstsource Solutions Limited (FSL) for the establishment of a joint venture company for the provision of Information Technology Enabled and business process outsourcing services in Sri Lanka and also for the international market.

MAY 2011

The Group entered into an SPA with Telecommunication Company of Esfahan (MTCE) on the disposal of its entire shareholding in MTCE representing 49% of the total issued and paid up share capital in MTCE. The disposal was completed on 2 January 2013.

NOVEMBER 2011

Celcom entered into a shareholders' agreement with PLDT Global Corporation and PLDT Malaysia Sdn Bhd to collaborate in establishing MVNO services for the Filipino community in Malaysia.

DECEMBER 2011

Dialog entered into an SPA with the shareholders of Suntel Ltd for the acquisition of the entire ordinary shares in issue in Suntel Ltd.

MAJOR MILESTONES

'10

FEBRUARY 2010

TMIC changed its name to Hello Axiata Company Limited.

MARCH 2010

With the completion of the merger between Spice and Idea, Axiata through TMI Mauritius and TMI India increased its stake in Idea to 19.1%.

MARCH 2010

AxB launched their new identity carrying the Axiata logo, 'the prism' under a new name 'Robi'.

APRIL 2010

Indocel reduced its shareholding in XL to 66.69% through the exercise of an international private placement of 19.8% in XL to increase the public shareholding spread of XL shares.

APRIL 2010

Axiata SPV1 issued a USD300 million aggregate principal amount of 5.375% Notes due in 2020 guaranteed by Axiata payable semi annually in arrears on 28 October 2010. The Notes were listed and quoted on the Stock Exchange of Hong Kong Limited on 29 April 2010 and the Labuan International Financial Exchange on 7 May 2010.

JUNE 2010

Axiata and Celcom entered into an MoU with DiGi Tel, a wholly owned subsidiary of DiGi and Telenor Asia Pte Ltd, a major shareholder of DiGi, to explore the viability of sharing network infrastructure.

AUGUST 2010

Celcom placed out RM4.2 billion nominal value unrated Sukuk with tenures ranging from five to ten years under a private offering to the Employees Provident Fund Board, CIMB Islamic Bank Berhad and Malayan Banking Berhad.

DECEMBER 2010

Axiata completed the sale of its entire stake of 18.9% in Samart to existing shareholders, Mr. Charoenrath Vilailuck and Mr. Watchai Vilailuck.

'09

MARCH 2009

TMI changed its name to Axiata Group Berhad.

APRIL 2009

Axiata unveiled its new brand identity.

MAY 2009

TMIB changed its name to Axiata (Bangladesh) Limited.

DECEMBER 2009

Indocel increased its shareholding in XL to 86.49% pursuant to a rights issue.

DECEMBER 2009

XL changed its name to PT XL Axiata Tbk.

Celcom changed its name to Celcom Axiata Berhad.

'08

APRIL 2008

TMI was demerged from TM, resulting in the acquisition of 100% stake in Celcom and 51% stake in SunShare. TMI also acquired 16.81% and 49% additional stakes in XL and SunShare respectively from Khazanah.

APRIL 2008

TMI was listed on the Main Market of Bursa Securities.

AUGUST 2008

TMI India, through TMI Mauritius, acquired a 14.99% stake in Indian cellular company Idea and announced a merger of Spice with Idea.

SEPTEMBER 2008

A.K. Khan & Company Limited and affiliates disposed its entire stake in TMIB, equivalent to 30% of issued and paid-up share capital, to NTT DoCoMo, INC.

OCTOBER 2008

TMI through TMI Mauritius increased its stake in Spice to 49% as a result of the mandatory general offer of Spice undertaken as part of the Spice-Idea merger.

'07

JUNE 2007

Indocel increased its shareholding in XL to 67% by purchase of additional shares from AIF (Indonesia) Ltd.

JULY 2007

Spice was listed on the Bombay Stock Exchange. Due to the issuance of new shares by Spice in its IPO, TMI's stake was reduced to 39.2%.

SEPTEMBER 2007

Dialog acquired the remaining 10% of the total issued and paid-up share capital in Dialog TV, which resulted in Dialog TV becoming wholly-owned by Dialog.

DECEMBER 2007

TMI through TMIL entered into a shareholders' agreement with Etisalat Indonesia for the acquisition of 15.97% equity interest in XL by Etisalat Indonesia from Bella Sapphire Ventures Ltd.

MAJOR MILESTONES

'06

FEBRUARY 2006

TMI obtained a 24.4% stake in SIM from SIM's parent company, Samart. In addition, TMI has a 18.9% stake in Samart and Samart in turn holds 54.1% in SIM.

FEBRUARY 2006

TMI purchased the remaining 49% of Casacom (now known as HACL) from Samart, and Casacom became a wholly-owned subsidiary of TMI.

MARCH 2006

TMI acquired the entire equity interest of TMI India (then known as DCIL), which had a 49% equity interest in Spice.

JUNE 2006

Indocel increased its shareholding in XL to 59.7% by a purchase of additional shares from AIF (Indonesia) Ltd.

SEPTEMBER 2006

Dialog acquired 90% of the total issued and paid-up share capital of Dialog TV (then known as Asset Media (Private) Limited from Nihal Seneviratne Epa and Lasantha Joseph Milroy Peiris.

SEPTEMBER 2006

TMI through TMIL entered into a share sale agreement with Nasser Khan Ghazi to acquire an additional 11% equity interest in Multinet.

OCTOBER 2006

Casacom changed its name to TMIC (now known as HACL).

DECEMBER 2006

Dialog, through Dialog TV, entered into a share SPA for the acquisition of 100% of the share capital of CBNP and CBNSP from Muhunthan Canagasooryam and Niranjan Canagasooryam.

'05

JANUARY 2005

TMI through TMIL acquired the entire equity interest of Indocel, which had a 23.1% equity interest in XL.

FEBRUARY 2005

TMI through TMIL entered into a share sale agreement to acquire a 78% stake in Multinet from Nasser Khan Ghazi and Adnan Asdar.

JUNE 2005

Indocel acquired an additional 4.2% equity interest in XL from Rogan Partners, Inc.

JULY 2005

Dialog was listed on the Colombo Stock Exchange.

AUGUST 2005

TMI, Khazanah and SunShare entered into a joint venture and shareholders' agreement to establish SunShare as a joint venture company for the acquisition of equity interest in M1.

SEPTEMBER 2005

A restated joint venture and shareholders' agreement was entered into by SunShare, TMI, Khazanah and TM as a new party to the earlier agreement to participate in the affairs of SunShare.

SEPTEMBER 2005

XL was listed on the Jakarta Stock Exchange (now known as the Indonesia Stock Exchange).

OCTOBER 2005

TMI through SunShare, acquired 12.1% of the equity shares in M1 from Great Eastern Telecommunications Ltd. Prior to March 2006, SunShare made on-market purchases, bringing its total equity interest in M1 to 29.8%.

OCTOBER 2005

Indocel increased its shareholding in XL to 56.9% through the exercise of its call and put option.

DECEMBER 2005

TMI through TMIL acquired a 49% ownership interest in MTCE through a transfer from TRI, a wholly-owned subsidiary of Celcom.

DECEMBER 2005

Dialog acquired 100% of DBN (then known as MTT Network (Private) Limited.

‘98

MAY 1998

TMI via TM purchased 51% of Cambodia Samart Communication Company Limited (Casacom) from Samart.

‘96

OCTOBER 1996

TMIB was incorporated in Bangladesh as a joint venture company between A.K. Khan & Co. Ltd. and TM.

NOVEMBER 1996

Sunpower Systems (Private) Limited divested its stake in MTN to TMI, which resulted in Dialog becoming wholly-owned by TMI.

‘94

FEBRUARY 1994

A joint venture agreement was entered into between TMI and Sunpower Systems (Private) Limited to set up MTN (now known as Dialog).

STRENGTH IN DIVERSITY

Axiata is committed to harnessing diversity to promote a global perspective. We have more than 50 nationalities working across our OpCos and affiliates, creating a dynamic and innovative workplace, necessary to compete in the fast evolving telecommunications industry.

AXIATA PROFILE

2007	vs	2012
Revenue	↑	76.6%
EBITDA	↑	79.5%
PAT	↑	55.9%
Subscribers	↑	442.0%

AXIATA PROFILE

Axiata is one of Asia's largest telecommunications companies focused on high growth low penetration emerging markets. A Malaysian-based holding company, Axiata has controlling interests in mobile operators in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia as well as significant strategic stakes in operators in Singapore and India - one of the fastest growing telecommunications markets in the world.

The Group's mobile subsidiaries and associates operate under the brands of Celcom in Malaysia, XL in Indonesia, Dialog in Sri Lanka, Robi in Bangladesh, Smart in Cambodia, Idea in India and M1 in Singapore.

Collectively, the Group serves over 215 million mobile subscribers in Asia and provides employment to over 20,000 people. The Group's annual revenue in 2012 was RM17.7 billion (USD5.7 billion). Its market capitalisation stood at over RM56.1 billion (USD18.4 billion) at end 2012.

Axiata's vision is to be a regional champion by 2015 by piecing together the best throughout the region in connectivity, technology and talent, uniting them towards a single goal: advancing Asia.

Axiata was awarded the Frost & Sullivan Asia Pacific ICT Award for Best Telecommunications Group for four consecutive years (2009-2012) and the Telecoms Asia Best Regional Mobile Group 2010 and 2011 for its operations in multiple Asian markets. In 2011, Axiata was the only Malaysian company to make the Forbes Asia Fab 50 List.

AXIATA PROFILE

AXIATA'S JOURNEY TO DATE

The Axiata story has been a remarkable one – incorporated in Malaysia on 12 June 1992 as a private limited company under the name of TMI, operating as a division within TM. The initial focus was on expanding the Group's footprint, primarily through mergers and acquisitions, building a portfolio which balances interests in emerging markets with low mobile penetration rates and Best-in-Class and innovation driven subsidiaries in mature markets.

In 2008, the TM Group completed a strategic demerger exercise that saw the separation of the mobile business from TM. The demerger resulted in an enhanced TMI, which was merged with Celcom, enabling it to focus on its own core business and accelerate operational improvements and growth initiatives; emerging as an independent entity in the regional mobile telecommunications market.

TMI was subsequently listed on Bursa Securities on 28 April 2008, marking a new chapter in its transformation towards becoming a regional giant in the mobile communications market.

In March 2009, TMI changed its name to Axiata Group Berhad and launched a new identity, as part of a rebranding exercise aimed at enhancing its position as a leading regional mobile operator. The move was a requisite step to reinforce the Group's new business philosophy and its commitment to advancing Asia by addressing the unfulfilled communication needs of local populations with affordable and innovative products and services. Axiata has blazed a path across the region; from 6 million customers to over 215 million across 9 countries, in a matter of 8 years, making Axiata one of the largest mobile players in South East Asia.

THE NEXT WAVE

The telecommunications industry is constantly undergoing transformation and headed for convergence where there is a marriage of smartphones, fixed and mobile broadband services, service delivery platforms and social networking. As demand for products and services increases, and technology continues to innovate, change is inevitable. Axiata has always been ahead of the curve, quickly adapting to change and positioning its business model to capitalise on these developments.

Parallel to its investments in network and technology modernisation over the years, Axiata has also evolved its business to embrace the digital age and fast growing demand for data. 2013 will be a critical year for Axiata as it progresses in its transformation beyond a traditional telecommunications company.

In advancing Asia, Axiata remains committed to its role in nation development, to make a difference to people's lives and help transform the countries in which it operates in. Details of Axiata's Sustainability efforts are available as a separate booklet, together with this Annual Report.

MARKET ADVANTAGE

HOW AXIATA'S MARKETS DIFFER FROM DEVELOPED MARKETS

Axiata's business focus on the emerging markets of Asia puts us in a strategic and strong position for long term growth.

- Fixed line penetration in most of Axiata's markets remain very low. In most countries such as India, Sri Lanka, Bangladesh and Cambodia, fixed broadband subscriber household penetration is below 10%. In more advanced telecommunications markets, as in Malaysia, penetration stands at over 30%.
- In Asian markets, where fixed line penetration is higher, the broadband price is holding at a good price point.
- In Malaysia, consumer fibre-based fixed broadband is priced at RM150 per month for speeds of up to 5mbps or RM250 per month for speeds of up to 20mbps which is higher than many European markets.

Growth in Smartphone and Data

- Asian smartphone penetration may rise substantially faster than growth rates for Europe and from a lower base in Axiata's markets. According to Informa research, smartphone connections compound annual growth rate (CAGR) for 2012 to 2017 for Asia Pacific developing countries is 25% against 17% for Western Europe.
- Similarly, the market structures in Asia are often more favourable to enable ARPU accretion upon smartphone adoption.
- Smartphone subsidies in all of Axiata's markets are either small, approximately 1% of revenue in Malaysia, or nil in markets such as Indonesia.
- Data quality of service led bundles favour the longer term maintenance of data profitability rather than voice and SMS led bundles with data thrown in for free, which tends to depress longer term data profitability. Axiata's markets are tending towards the former rather than the latter structure. This has the added benefit of ensuring that there is no SMS 'price cliff'.

Regulatory Environment

- The regulatory environment is generally more long term oriented within the Axiata markets. Regulators tend to support the facilitation of investment led policies rather than policies which aim to squeeze headline prices which may damage consumer experience in the longer term due to worsening network quality of service.

REGIONAL PRESENCE

MAJOR SUBSIDIARIES

MALAYSIA

CELCOM AXIATA BERHAD
Year of investment/Shareholding: 2008/100%
Nature of business: Mobile
Subscribers: 12.7 Million
Technology deployed: GSM, GPRS, EDGE, 3G, HSDPA, LTE, WIFI
No. of BTS (2G/3G): 13,479
Network coverage (By population coverage): 2G-95% 3G-83.7%

INDONESIA

PT XL AXIATA TBK
Year of investment/Shareholding: 2005/66.6%
Nature of business: Mobile
Subscribers: 45.8 Million
Technology deployed: GSM, GPRS, EDGE, 3G
No. of BTS (2G/3G): 39,452
Network coverage (By population coverage): >90%

SRI LANKA

DIALOG AXIATA PLC
Year of investment/Shareholding: 1996/83.3%
Nature of business: Communication services Telecommunications Infrastructure services, Media and Digital services
Subscribers: 7.7 Million
Technology deployed: GSM, GPRS, EDGE, 3G, HSPA, WiFi, CDMA, WiMax, DVB-S; Fixed 4G LTE, Mobile 4G LTE Pilot Network
No. of BTS (2G/3G): 4,226
Network coverage (By population coverage): 2G-96%/3G-72%

BANGLADESH

ROBI AXIATA LIMITED
Year of investment/Shareholding: 1995/70%
Nature of business: Mobile
Subscribers: 31.2 Million*
Technology deployed: GSM, GPRS, EDGE
No. of BTS (2G): 8,684
Network coverage (By population coverage): 98.7%

Note:
Robi's active subscriber base as reported to Bangladesh Telecommunications Regulatory Commission is 21.0 Million (as of December 2012).

CAMBODIA

LATELZ CO., LTD.
Year of Investment/Shareholding: 2013/90%
Nature of Business: Mobile
Subscribers: 2.2 Million (Hello Axiata Company Limited only)
Technology deployed: GSM, GPRS, EDGE, 3G, HSPA
No. of BTS (2G/3G): 1958
Network coverage (By population coverage): >95%

OTHERS

THAILAND

SAMART I-MOBILE PUBLIC COMPANY LIMITED
Year of investment/Shareholding: 2006/24.2%
Nature of business: Mobile devices and accessories, multimedia and international business

PAKISTAN

MULTINET PAKISTAN (PRIVATE) LIMITED
Year of investment/Shareholding: 2005/89%
Nature of business: Broadband & long distance and international services

MAJOR ASSOCIATES/AFFILIATES

INDIA

IDEA CELLULAR LIMITED
Year of investment/Shareholding: 2008/19.9%
Nature of business: Mobile services
Subscribers: 113.9 Million

SINGAPORE

M1 LIMITED
Year of investment/Shareholding: 2005/28.9%
Nature of business: Mobile and fixed services
Subscribers: 2.2 Million

GROUP CORPORATE STRUCTURE*

AXIATA GROUP BERHAD

Celcom Axiata Berhad
(Malaysia)

- Celcom Resources Berhad
  [formerly known as Technology Resources Industries Berhad]
  (Malaysia)
  - Celcom Services Sdn Bhd
    [formerly known as Technology Resources Management Services Sdn Bhd]
    (Malaysia)
- Celcom Networks Sdn Bhd
  [formerly known as Celcom Transmission (M) Sdn Bhd]
  (Malaysia)
- Escape Axiata Sdn Bhd
  [formerly known as Celcom Technology (M) Sdn Bhd]
  (Malaysia)
- Celcom Mobile Sdn Bhd
  (Malaysia)
- Celcom Properties Sdn Bhd
  [formerly known as Alpha Canggih Sdn Bhd]
  (Malaysia)
- Celcom eCommerce Sdn Bhd
  [formerly known as Celcom Multimedia (Malaysia) Sdn Bhd]
  (Malaysia)
- Celcom Childcare Sdn Bhd
  (Malaysia)
- Celcom Retail Holding Sdn Bhd
  [formerly known as CT Paging Sdn Bhd]
  (Malaysia)
  - Celcom Retail Sdn Bhd
    [formerly known as C-Mobile Sdn Bhd]
    (Malaysia)
- 80.00%
  Celcom Timur (Sabah) Sdn Bhd
  (Malaysia)
- 51.00%
  Digital Milestone Sdn Bhd
  (Malaysia)
- 49.00%
  PLDT Malaysia Sdn Bhd
  (Malaysia)
- 35.00%
  Tune Talk Sdn Bhd
  (Malaysia)
- 15.12%
  Sacofa Sdn Bhd
  (Malaysia)

Axiata SPV1 (Labuan) Limited
(Labuan)

Axiata SPV2 Berhad
(Malaysia)

Axiata SPV3 Sdn Bhd
(Malaysia)

Axiata Investments 1 (India) Limited
(Mauritius)

- Axiata Investments 2 (India) Limited
  (Mauritius)
  - 5.90% Idea Cellular Limited
- 14.02% Idea Cellular Limited

19.92%
Idea Cellular Limited
(India) ‡

Legend:

*	Depicting active subsidiaries, associates and affiliates
(grey box)	Key Operating Companies
▶ (blue)	Wholly-owned Subsidiaries
▶ (green)	Non wholly-owned subsidiaries
▶ (orange)	Associates/Affiliates
‡	Listed Companies

Axiata Investments (Cambodia) Limited
(Labuan)

90%
Glasswool Holdings Limited
(Labuan)

Latelz Co., Ltd.
(Cambodia)

Axiata Investments (Singapore) Limited
(Labuan)

28.92%
M1 Limited
(Singapore) ‡

Hello Axiata Company Limited
(Cambodia)

Axiata Towers (Cambodia) Company Limited
(Cambodia)

Axiata Management Services Sdn Bhd
(Malaysia)

Axiata Investments (Labuan) Limited
(Labuan)

24.20%
Samart I-Mobile Public Company Limited
(Thailand) ‡

Axiata Investments (Indonesia) Sdn Bhd
(Malaysia)

66.55%
PT XL Axiata Tbk
(Indonesia) ‡

84.97%
Dialog Axiata PLC
(Sri Lanka) ‡

Dialog Broadband Networks (Private) Limited
(Sri Lanka)

Dialog Television (Private) Limited
(Sri Lanka)

Dialog Television Trading (Private) Limited
(Sri Lanka)

26%
Firstsource-Dialog Solutions (Private) Limited
(Sri Lanka)

26%
Digital Commerce Lanka (Private) Limited
(Sri Lanka)

89.00%
Multinet Pakistan (Private) Limited
(Pakistan)

70.00%
Robi Axiata Limited
(Bangladesh)

Bangladesh Infrastructure Company Limited
(Bangladesh)

Note:
The complete list of subsidiaries, associates and jointly controlled entities and their respective principal activities, country of incorporation and the Group's effective interest are shown in notes 41 to 43 to the financial statements on pages 293 to 300 of this Annual Report.

PROFILE OF DIRECTORS

From left to right:

Datuk Azzat Kamaludin, Dato' Sri Jamaludin Ibrahim, Tan Sri Dato' Azman Hj. Mokhtar, David Lau Nai Pek, Juan Villalonga Navarro, Kenneth Shen, Tan Sri Ghazzali Sheikh Abdul Khalid, Dato' Abdul Rahman Ahmad, Bella Ann Almeida

PROFILE OF DIRECTORS

Age 52, Malaysian

Appointed to the Board on 3 March 2008

Chairman,
Non-Independent Non-Executive Director
(Representative of Khazanah)

TAN SRI DATO' AZMAN HJ. MOKHTAR

British Chevening Scholar
Masters of Philosophy in Development Studies (Distinction), Darwin College, Cambridge University, UK
Fellow of the Association of Chartered Certified Accountants, UK
Chartered Financial Analyst
Diploma in Islamic Studies, International Islamic University, Malaysia

Working Experience: Azman started his career in September 1983 at the then National Electricity Board (now known as Tenaga Nasional Berhad) until August 1994. Between 1994 and 1998, he was a Director and Head of Research, Union Bank of Switzerland in Malaysia. Thereafter, he was a Director and Head of Research at Salomon Smith Barney in Malaysia. From 2002 until May 2004, he was Managing Director and co-founder of BinaFikir Sdn Bhd, a financial consultancy firm. From June 2004 to date, Azman holds the position of Managing Director of Khazanah, the strategic investment arm of the Government of Malaysia.

Directorships of Public Companies: Iskandar Investment Berhad (Chairman) and Yayasan Khazanah.

Other Information: Member of Iskandar Regional Development Authority and serves on various public service bodies including the Performance Management & Delivery Unit, Executive Committee of Malaysia International Islamic Financial Centre, Bumiputera Agenda Action Council and Governance Council of Malaysian Innovation Agency. He is also a member of the Board of Trustees of Asia Business Council, the INSEAD East Asia Council and the Global Agenda Council on the Role of Business for 2011 World Economic Forum.

Age 54, Malaysian

Appointed to the Board on 3 March 2008

Managing Director/President &
Group Chief Executive Officer

DATO' SRI JAMALUDIN IBRAHIM

MBA, Portland State University, USA
Bachelor of Science in Business Administration (Minor in Mathematics), California State University, USA

Working Experience: Jamaludin is Managing Director/President & Group Chief Executive Officer of Axiata Group Berhad, which he joined in March 2008. He has worked for 32 years in the ICT industry – 16 years in the IT industry and 16 years in the telecommunications industry.

Jamaludin started his career as a lecturer in Quantitative Methods at California State University, United States in 1980.

He then spent 12 years in IBM (1981-1993), the first five years as Systems Engineer and then in various positions in Sales, Marketing and Management. In 1993, he was appointed Chief Executive Officer of Digital Equipment Malaysia (the Malaysian branch of Digital Equipment, then the second largest IT company worldwide).

Four years later, in 1997, Jamaludin joined Maxis Communications Berhad, and was appointed Chief Executive Officer in 1998. In 2006, he was re-designated Group Chief Executive Officer. He retired from Maxis in 2007, and in 2008 joined Axiata, then called TMI, a month before the demerger with TM.

Directorships of Public Companies: Axiata Group – Celcom (Chairman), XL, Dialog, M1 and Axiata Foundation.

Other Information: Member of the National Visual Arts Gallery of Malaysia, Academy of Science Malaysia (ASM) Science Education Committee and GSM Association (GSMA).

Jamaludin earned the accolade of Malaysia's 'CEO of the Year' 2000 by American Express & Business Times and was inducted into the Hall of Fame for 'Services to the Mobile Telecommunications Industry' by Asian Mobile News in 2004. He was also named 'Asian Mobile Operator CEO of the Year' by Asian Mobile News Awards 2007 and 'Telecommunications CEO of the Year' by Telecom Asia Awards 2010 and Frost & Sullivan Asia Pacific ICT Awards 2010.

PROFILE OF DIRECTORS

TAN SRI GHAZZALI SHEIKH ABDUL KHALID

Age 67, Malaysian
Appointed to the Board on 24 March 2008
Independent Non-Executive Director,
Chairman, Board Nomination Committee, Board Remuneration Committee and Share Scheme Committee

Degree in Economics, La Trobe University, Australia

Working Experience: Ghazzali has made his career as a diplomat since 1971 and became the Ambassador of Malaysia to the United States in March 1999. Prior to his appointment to Washington, D.C., he served as Deputy Secretary General at the Ministry of Foreign Affairs, Malaysia. Over the years, his overseas appointments have included postings to Austria, Germany, Hong Kong, Thailand, the United Kingdom, Zimbabwe and the Permanent Mission of Malaysia to the United Nations in New York, USA. His last position before his retirement in September 2010 was as Ambassador-at-large of the Ministry of Foreign Affairs, Malaysia to which he was appointed in 2006.

Directorships of Public Companies: Axiata Group – Robi (Chairman) and Axiata Foundation (Chairman).

DATUK AZZAT KAMALUDIN

Age 67, Malaysian
Appointed to the Board on 24 March 2008
Senior Independent Non-Executive Director
Member, Board Audit Committee, Board Nomination Committee
Board Remuneration Committee and Share Scheme Committee

Barrister-at-Law, Middle Temple, London, UK
Degrees in Law and International Law, University of Cambridge, UK

Working Experience: Azzat is a lawyer by profession and is a partner of the law firm of Azzat & Izzat. Prior to being admitted as Advocate and Solicitor of the High Court of Malaya in 1979, he served as an administrative and diplomatic officer with the Ministry of Foreign Affairs, Malaysia from 1970 to 1979. Between 1 March 1993 to 21 March 1999, he served as a member of the Securities Commission.

Directorships of Public Companies: Axiata Group – Dialog (Chairman) and Celcom Resources Berhad (formerly known as Technology Resources Industries Berhad). Others – Boustead Holdings Berhad, Boustead Heavy Industries Corporation Berhad, KPJ Healthcare Berhad, Visdynamics Holdings Berhad and Malaysian Directors Academy.

DATO' ABDUL RAHMAN AHMAD

Age 43, Malaysian
Appointed to the Board on 17 January 2013
Independent Non-Executive Director

MA in Economics, Cambridge University, UK
Member of the Institute of Chartered Accountants in England and Wales.

Working Experience: Abdul Rahman is a Director and the Chief Executive Officer of Ekuiti Nasional Berhad (Ekuinas). He leads the Management Committee and is a member of the Investment Committee. Abdul Rahman began his career at Arthur Andersen, London and later served as Special Assistant to the Executive Chairman of Trenergy (M) Berhad/Turnaround Managers Inc Sdn Bhd. He subsequently joined Pengurusan Danaharta Nasional Berhad, the country's national asset management company as Unit Head and later went on to become Executive Director of SSR Associates Sdn Bhd. Prior to joining Ekuinas, Abdul Rahman was the Group Managing Director/Chief Executive Officer of Media Prima Berhad, the leading integrated media investment group in Malaysia. He also held the post of Group Managing Director/Chief Executive Officer of Malaysia Resources Corporation Berhad, a leading Malaysian conglomerate involved in property, construction and infrastructure. Abdul Rahman is also a Director of M+S Pte Ltd, a joint venture property company of Khazanah Nasional Berhad and Temasek Holdings (Private) Limited.

Directorships of Public Companies: Ekuiti Nasional Berhad, Malaysian Resources Corporation Berhad and Konsortium Logistik Berhad.

DAVID LAU NAI PEK

Age 60, Malaysian
Appointed to the Board on 23 April 2008
Independent Non-Executive Director
Chairman, Board Audit Committee

Member of the Malaysian Institute of Accountants
Member of the New Zealand Institute of Chartered Accountants
Bachelor of Commerce, Canterbury University, New Zealand

Working Experience: David has over 35 years professional experience in finance and leading financial organisations in various locations in Australia, Brunei, China, Malaysia, New Zealand, the Netherlands and the UK. David retired from Shell Malaysia in August 2011 after serving the Shell Group for about 30 years. His major assignments include the Finance Director for Shell Malaysia, Finance Director for Shell China, Global Controller for the Exploration & Production Division of Royal Dutch Shell, and Vice-President Finance for Shell International Exploration and Production B.V., the Netherlands.

Directorships of Public Companies: Axiata Group – Celcom (Chairman of Board Audit Committee) and Latelz (Chairman). Others – Shell Refining Company (Federation of Malaya) Berhad, Malaysian Airline System Berhad, KKB Engineering Berhad and member of Investment Panel of Employees Provident Fund.

PROFILE OF DIRECTORS

JUAN VILLALONGA NAVARRO

Age 60, Spanish
Appointed to the Board on 24 March 2008
Independent Non-Executive Director
Member, Board Audit Committee

MBA, IESE, Spain
Degree in Law, Deusto University, Spain

Working Experience: Juan Villalonga is the Co-Founder and Partner of Hermes Growth Partners. Juan, is the former Executive Chairman and Chief Executive Officer of Telefonica Group, where he grew the company's market capitalisation from USD12 billion to over USD100 billion. In 2010, Harvard Business Review ranked Juan at number 33 on the list of 100 Top Performing CEOs in the World. He is a former partner of McKinsey and Company. Juan is the Chairman of Sunbay AG and a Director of Virgin Mobile Latin America and Acibadem.

Directorships of Public Companies: Nil.

BELLA ANN ALMEIDA

Age 56, British
Appointed to the Board on 21 January 2013
Independent Non-Executive Director
Member, Board Nomination Committee, Board Remuneration Committee and Share Scheme Committee

MA in Economics, Cambridge University, UK
MBA, Imperial College London, UK

Working Experience: Ann has been Group Managing Director, Human Resources of The Hongkong and Shanghai Banking Corporation Limited since February 2008 and is a member of the Group Management Board. In 2011, her remit widened to include Corporate Sustainability. Ann joined the HSBC Group in 1992 and by 1995 she was appointed Head of HR for James Capel (Stockbroking). Since 1996, Ann has been Director, HR for the Investment Bank, Transaction Bank, Private Bank, Islamic Bank and Asset Management, before taking up her present role. Ann has been a non-executive member of the Remuneration and HR Strategy Committees of the London School of Economics and non-executive Chairman of the Human Resources Committee of Jadwa Investments, a Saudi Islamic bank.

Directorships of Public Companies: Nil.

KENNETH SHEN

Age 48, American
Appointed to the Board on 5 October 2011
Non-Independent Non-Executive Director
(Representative of Khazanah)
Member, Board Audit Committee, Board Nomination Committee, Board Remuneration Committee and Share Scheme Committee

Bachelor of Arts degree (magna cum laude) in East Asian Languages and Civilisations (Japanese) and Economics, Harvard College, USA
MBA, Harvard Graduate School of Business Administration, USA
Completed studies at Keio University, Japan

Working Experience: Kenneth joined Khazanah as Executive Director of Investments in 2011. He has more than 25 years of global investment, corporate finance and mergers and acquisitions experience gained in New York, Hong Kong, Qatar and Malaysia. Prior to joining Khazanah, Kenneth was with Qatar Investment Authority (QIA) from 2006 where he most recently was Advisor to the CEO and a member of the Board of Directors of Qatar Holding LLC. In addition, Kenneth had responsibility for QIA's direct investments in public and private companies as well as its investments in private equity, special situations and venture capital funds. Prior to that, he was with Salomon Brothers Inc and its successor companies from 1996 where his most recent role was Co-Head, Corporate Finance at Citigroup Global Markets Asia Limited. Prior to Salomon Brothers, Kenneth was with Lehman Brothers Inc. from 1992 in Lehman's Merchant Banking and Principal Investment Groups in New York.

Directorships of Public Companies: Themed Attractions Berhad and Yayasan Amir.

Notes:-

None of the Directors have:-

Any family relationship with any Director and/or major shareholder of Axiata.

Any conflict of interest with Axiata.

Any conviction for offences within the past ten years (other than traffic offences).

Any sanctions and/or penalties imposed on them by any regulatory bodies during the financial year ended 31 December 2012.

For information on Directors' attendance at Board Meetings held during the financial year, please refer to page 79 of the Statement on Corporate Governance.

PROFILE OF MANAGEMENT TEAM

From left to right:

Annis Sheikh Mohamed, Amandeep Singh, James Maclaurin,
Dato' Sri Jamaludin Ibrahim, Darke M Sani, Datin Badrunnisa Mohd Yasin Khan,
Supun Weerasinghe, Tan Gim Boon, Nik Hasnan Nik Abd Kadir,
Suryani Hussein, Mohd Khairil Abdullah, Mohamad Idham Nawawi

PROFILE OF MANAGEMENT TEAM

DATO' SRI JAMALUDIN IBRAHIM
Managing Director/President & Group Chief Executive Officer

Please refer to page 53 of the Annual Report.

JAMES MACLAURIN
Group Chief Financial Officer

James is a member of the Institute of Chartered Accountants of Scotland and holds degrees in Engineering and Finance from the Universities of Dundee and Heriot Watt in Edinburgh respectively. He has worked in the telecommunications industry for 18 years and has held a number of senior finance leadership positions including Chief Financial Officer for Africa and Central Europe at Vodafone, Group Chief Financial Officer of Celtel, the pan-African mobile operator, Chief Financial Officer of UbiNetics, the 3G technology developer and Executive Vice President Finance of Marconi, the UK based telecommunications vendor subsequently sold to Ericsson. In the mid 1990's, James worked in Asia and served as the Finance Director of General Electric Co of Singapore and prior to this, he was the Finance Director of General Electric Co of Bangladesh.

AMANDEEP SINGH
Group Head of Technology

Amandeep holds a Bachelor of Engineering degree (Electronics & Communications) from Panjab University, India. He joins Axiata with over 21 years experience in the telecommunications network business.

Prior to Axiata, Amandeep was with the Airtel Group for more than nine years, working out of the company's offices in India and Africa. He led the transformational formation of the Network Services Group for Airtel and also played the role of Chief Technology Officer (CTO) for the North Hub and West Hub of Airtel India. His last assignment before joining Axiata was with Airtel Africa based out of Kenya, where he was the Deputy CTO responsible to drive the Pan Africa network transformation across all 16 countries which Airtel acquired from Zain. Prior to Airtel, Amandeep was with Spice Telecom India for more than six years including two years as the Chief Technology and Information Officer, based out of Bangalore.

ANNIS SHEIKH MOHAMED
Head, Corporate Development

Annis graduated from the University of Wisconsin-Madison, U.S.A. with a Bachelor of Business Administration (Dean's List), majoring in Finance, Investment and Banking. He has close to 17 years experience in the banking industry with extensive knowledge and experience in the areas of financial advisory, structured finance, acquisition finance and project finance. Annis started his career at Citibank Berhad and later joined Macquarie Malaysia and RHB Sakura Merchant Bankers Bhd. Before joining Axiata, he was Chief Officer and Head of Investment Banking in Kuwait Finance House (Malaysia) Berhad (KFHMB).

PROFILE OF MANAGEMENT TEAM

DARKE M SANI
Group Chief Human Resources Officer

Darke has had over 26 years experience, both in Malaysia and in the region, in the telecommunications and IT industry and most recently in leadership development and management consulting. His strong business experience, mainly as Managing Director or head of a business, include stints in various multinational companies including Maxis, Apple and Digital Equipment Corporation, (now part of Hewlett-Packard).

DATIN BADRUNNISA MOHD YASIN KHAN
Group Chief Talent Officer

Badrunnisa holds a Bachelor of Science (Honours), in Biochemistry and Pharmacology, from the University of Aston in Birmingham, UK. She has had over 31 years of working experience. Badrunnisa's career has predominantly been with Shell in Malaysia with the first half focusing on IT software application and the second half in Human Resources, where her last stint was in a global position reporting to Shell's Group HR. Before Axiata, she was with TM where she was General Manager, Leadership & Talent Management, Group HR. She was also the Head of Group Human Resources in Axiata before the function was split to allow her to focus on Talent Management across the Group.

MOHD KHAIRIL ABDULLAH
Group Chief Marketing & Operations Officer

Khairil holds a BA, MA (Engineering) and MEng from the University of Cambridge, UK as well as an MBA from INSEAD, France. Prior to Axiata, Khairil was a Partner at Bain & Company, Inc., a leading global management consultancy. He was with Bain for more than 15 years and worked out of various offices, including San Francisco, Munich, Sydney, Tokyo and Shanghai. He has built a strong track record of helping his clients in the telecommunications industry and other industries achieve major improvements to their strategic positions and operational performance. In 2008, Khairil returned to Southeast Asia to help Bain grow its telecommunications practice in the region based out of Singapore. Prior to joining Bain, Khairil was an Operations Consultant at Coopers & Lybrand, Management Consulting Services. He also had a stint running a tech start up based in Southeast Asia.

MOHAMAD IDHAM NAWAWI
Group Chief Corporate Officer

A Chevening Scholar, Idham holds a Bachelor of Science in Mechanical Engineering from the University of Rochester, New York, USA, and received his MBA (Masters in Communications Management) from the University of Strathclyde, Glasgow, Scotland.

Idham has over 20 years experience in the telecommunications and IT industry in Malaysia, Indonesia and in the US. Prior to his role in Axiata, Idham served as Chief Operating Officer of Packet One Networks in Malaysia, Head of Strategy and Corporate Affairs for Axis Communications in Indonesia and in various senior management positions within Sales & Marketing and Corporate Strategy for Maxis in Malaysia. He started his career as an engineer for Carl Zeiss in Princeton, New Jersey, USA, before joining IBM Malaysia as an Account Manager. Idham has hands-on experience in managing end-to-end business operations, handling international JVs and growing start ups and new business units. He has worked on multiple M&A transactions including an IPO and has managed investor, shareholder, regulator and government relations in Malaysia and Indonesia.

PROFILE OF MANAGEMENT TEAM

NIK HASNAN NIK ABD KADIR
Group Chief Internal Auditor

Hasnan graduated with a Bachelor of Science (Honours) in Accounting & Financial Analysis, from the University of Warwick, UK. He is a Certified Internal Auditor (CIA) and a Chartered Member of the Institute of Internal Auditors, Malaysia (CMIIA). Hasnan also holds the additional role of the Chief Internal Auditor of Celcom, a position he has held since 2005. Prior to that, he was Financial Controller, Asia Pacific Service Centre, for a major multinational oil and gas company and before that a member of the multinational's Global Audit Network and Secretary of the Audit Committee of its Accounting Transaction Services Company for Asia Pacific and Middle East.

SURYANI HUSSEIN
Group Company Secretary

Suryani, a qualified Advocate and Solicitor of the High Court of Malaya and licenced Company Secretary, spent the early years of her career in legal practice. She subsequently joined the corporate sector and was appointed Head of Legal and Secretarial, Celcom in 2002. Suryani joined Axiata upon its listing in 2008 and until June 2011 retained her leadership role as Head of Legal in Celcom.

SUPUN WEERASINGHE
Group Chief Strategy Officer

Supun is a fellow member of the Chartered Institute of Management Accountants, UK and holds a Bachelor of Science (First Class Honours) in Accountancy and Financial Management from the University of Sri Jayewardenepura, Sri Lanka. He also has an MBA (Distinction) from the University of Western Sydney, Australia and is an alumnus of the Harvard Business School.

Prior to Axiata, Supun was the Group Chief Operating Officer (GCOO), of Dialog Axiata Plc, Sri Lanka's leading quad-play telecommunications company. Supun has over 15 years of experience in technology related business management ranging from corporate strategy, business operations, M&A, business transformation, investor relations and regulatory affairs.

TAN GIM BOON
Group General Counsel

Gim graduated with a Bachelor of Commerce in 1993 and a Bachelor of Laws in 1995 from University of Adelaide, Australia. In 2000, he completed a Master of Laws from University of New South Wales, Australia. Gim was admitted as an Advocate and Solicitor of the High Court of Malaya in 1997 and admitted as a Solicitor in New South Wales, Australia in 2002. Prior to joining Axiata, he was working with law firms in Malaysia and Sydney, Australia predominantly in corporate finance, equity capital markets and mergers and acquisitions. He joined Axiata in 2004.

PROFILE OF OPERATING COMPANIES' MANAGEMENT TEAM

DATO' SRI MOHAMMED SHAZALLI RAMLY
Chief Executive Officer, Celcom Axiata Berhad

Shazalli was appointed Chief Executive Officer and Director of Celcom on 1 September 2005. Prior to that, he was Chief Executive Officer of ntv7, Malaysia's seventh terrestrial TV station, a position he held for eight years since its launch in 1998.

Shazalli had earlier left his mark in the fast moving consumer goods industry, with Lever Brothers (1987-1993), followed by the Malaysian Tobacco Company (MTC) and British American Tobacco (BAT) (1993-1996) both in Malaysia and the UK. He also served as Astro's Marketing Director for two years where he pioneered the launch of Astro digital satellite services in Malaysia.

Shazalli graduated from Universiti Teknologi MARA Perlis, holds a Bachelor of Science (Marketing) from Indiana University Bloomington, Indiana, USA and an MBA from St. Louis University, Missouri, USA.

Shazalli is currently director of several companies which include Celcom Axiata Berhad; Celcom Retail Sdn Bhd (formerly known as C-Mobile Sdn Bhd); Celcom Mobile Sdn Bhd, Celcom Networks Sdn Bhd (formerly known as Celcom Transmission (M) Sdn Bhd) and Celcom Resources Berhad (formerly known as Technology Resources Industries Berhad). He is also a board member of the Kuala Lumpur Business Club and Yayasan Kebajikan Negara Malaysia.

Under his helm, Celcom clinched the Service Provider of the Year Award by Frost & Sullivan for four years in a row since 2009. In his own capacity, Shazalli has been recognised for his leadership and tenacity, receiving various awards including Masterclass CEO of the Year Award, CEO of the Year by PC.Com Reader's Choice Awards, and the Business Leadership Award for the Telecommunications Sector at the Malaysia Business Leadership Awards organised by the Kuala Lumpur Malay Chamber of Commerce.

HASNUL SUHAIMI
President Director, PT XL Axiata Tbk

Hasnul was appointed President Director of XL in September 2006. Prior to joining XL, he was President Director of Indosat. He has extensive experience in the telecommunications industry, having held directorship positions at PT IM3 and PT Telkomsel.

Hasnul started his career as an Instrument Engineer at Schlumberger in 1981. He graduated from Bandung Institute of Technology (ITB), Indonesia with a degree in Electrical Engineering before earning his MBA from the University of Hawaii, USA.

Under his leadership, XL has transformed to become the second largest cellular provider in Indonesia and has been recognised as one of Asia's Best Managed Companies 2009 by Euromoney magazine for Overall Most Convincing and Coherent Strategy.

Hasnul is also much admired for his leadership and has been recognised with several awards, including Telecommunications CEO of the Year by Telecoms Asia Awards (2011), CEO of the Year by Frost & Sullivan Asia Pacific ICT Awards (2011), Gold award for PR Person of the Year 2011 (CEO Category), Top Executive for Listed Companies 2011 by Investor Magazine, Best CEO by SWA Magazine for two consecutive years (2010 and 2009), CEO Idaman (Most Desirable CEO) within the telecommunications industry by Warta Ekonomi magazine (2008) and Outstanding Entrepreneurship Award by Asia Pacific Entrepreneurship Awards (2008).

Most recently, in 2012, Hasnul again received several awards, such as Best CEO of The Year from Cellular Award 2012, Brand Builder from Indonesia Best Brand Award 2012, Man of The Year in ICT Industry 2012 from Techlife Innovative Award and also Indonesia Marketing Champion 2012 in Communication, High Tech & Media (CHM) from MarkPlus, Inc in collaboration with Marketeers and Indonesia Marketing Association (IMA).

DR HANS WIJAYASURIYA
Director and Group Chief Executive
Dialog Axiata PLC

Hans was appointed Group Chief Executive of Dialog in 1997. Hans is a past Chairman of GSM Asia Pacific – the regional interest group of the GSM Association representing 49 Asia Pacific member countries.

Hans is a Chartered Engineer and Fellow of the Institute of Engineering Technology (IET), UK. He holds a Degree in Electrical and Electronic Engineering from the University of Cambridge, UK. He also holds a Doctorate in Digital Mobile Communications from the University of Bristol, UK and an MBA from the University of Warwick, UK.

Hans is a recipient of the CIMA Janashakthi Business Leader of the Year award in its inaugural year of presentation in 2003, and was named 'Sri Lankan of the Year' in 2008 by LMD, Sri Lanka's premier business journal.

Under Hans' leadership, Dialog has retained its position as the undisputed leader in Sri Lanka's mobile industry.

MICHAEL KUEHNER
Managing Director and Chief Executive Officer
Robi Axiata Limited

Michael has had an extensive career in the telecommunications and IT industry spanning more than 33 years in various international assignments and has spent considerable time in Asia. Prior to taking up the appointment with Robi in 2009, he was the Head of India/Nepal Sub-Region with Nokia Siemens Networks.

Michael has also held executive positions in Sales and Marketing, Service and Project Management, when he was based in Germany, Russia and several North African countries.

Michael has a Masters Degree in Mathematics and Economic Science from the University of Cologne, Germany.

Michael is passionate about customers and operational excellence. He is also known to successfully coach and inspire teams in reaching ambitious goals.

Under Michael's leadership, Robi was recognised as the Emerging Market Service Provider of the Year by the Frost & Sullivan Asia Pacific ICT Awards 2010 and Star News HR Excellence Award for Innovation in HR by World HRD Congress in 2011. Robi also received the Robintex – the Financial Mirror 11th Bangladesh Business Award 2009-2010 for Best Stakeholder Management.

PROFILE OF OPERATING COMPANIES' MANAGEMENT TEAM

THOMAS HUNDT
Chief Executive Officer, Latelz Co., Ltd.

Thomas has acquired vast experience in the telecommunications industry during his tenure in key management positions with Siemens AG's Communication Division and Nokia Siemens Networks. Thomas was also a member of the Supervisory Board of Azerfon in Azerbaijan. For the last five years he has been the CEO of the dynamically growing start up mobile operator Smart Mobile, growing Smart Mobile from zero to the number two mobile operator in Cambodia.

HIMANSHU KAPANIA
Managing Director, Idea Cellular Limited

Himanshu has been the Managing Director of Idea Cellular since April 2011. Himanshu has had two separate stints with Idea. In his first stint, he joined the company in 1997 and was responsible for managing its operations in the service areas of Maharashtra and Gujarat, and later launched services in Delhi Metro. Subsequently, he worked with Reliance Infocomm Ltd. where he was responsible for its operations in the northern region.

Himanshu rejoined Idea in 2006, and has since been instrumental in driving the company's growth in South and Western India. He was responsible for strengthening Idea's dominance in established service areas, while also launching services in new service areas and expanding brand presence in other major markets in India.

Himanshu has been elected as Chairman of the GSM industry association in India, the Cellular Operators Association of India (COAI).

Himanshu holds a Bachelor Degree in Electrical and Electronics Engineering from Birla Institute of Technology, Mesra, India and post graduate from the Indian Institute of Management, Bangalore, India.

KAREN KOOI
Chief Executive Officer, M1 Limited

Karen was appointed as Chief Executive Officer and Executive Director of M1 on 22 April 2009. Karen was also the Acting Chief Executive Officer of M1 from 1 February 2009 to 22 April 2009.

Karen joined M1 as Chief Financial Officer in August 1995. She was a key member of the senior management team responsible for the planning, development and launch of M1's commercial operations.

Prior to joining M1, Karen held various senior financial positions in large public listed companies, including Singapore Press Holdings Limited and City Developments Limited. She has over 30 years of experience in General and Financial Management. Karen is a Fellow of the Association of Chartered Certified Accountants (UK) and holds an MBA in Investment and Finance (Distinction) from the University of Hull, UK.

WATCHAI VILAILUCK

Executive Chairman and Chief Executive Officer
Samart I-Mobile Public Company Limited

Watchai has been Executive Chairman and Chief Executive Officer of SIM since 2003. He also holds several senior management positions in other SAMART subsidiaries.

Watchai graduated from Thammasart University, Thailand with a degree in Accounting. He has also obtained certification from the Thai Institute of Directors Association, the National Defence College of Thailand, and the Executive Education Center, University of Michigan Business School, USA.

ADNAN ASDAR

Chief Executive Officer
Multinet Pakistan (Private) Limited

Adnan, one of the pioneers of Multinet, is the driving force behind the company and has been responsible for spearheading the successful deployment of Multinet's nationwide optical fibre network.

Adnan has over 25 years experience in structural and forensic engineering, construction management, quality control and project management.

He also plays advisory roles in several non-profit organisations primarily focused on education and health and is on the Executive Council Board for the Citizen's Foundation, Hunar Foundation and Indus Hospital.

Adnan has a degree in Science (Civil Engineering) from Wisconsin, USA and a Masters in Science (Civil Engineering) from Minnesota, USA.

ADVANCING ASIA

Axiata is advancing Asia and is committed to obtaining a balanced "triple bottom line" of "People, Planet and Profit". This is firmly reflected in our sustainability doctrine and focus areas and is further bound by good governance and strong business ethics.

STATEMENT ON CORPORATE GOVERNANCE

Axiata Group Berhad (Axiata) intends to create long term value, both through its traditional business and innovative adjacencies of new businesses and market focused solutions. In pursuing these corporate objectives, Axiata is committed to the highest standard of corporate governance and it is the Board's view that good governance is pivotal in helping the business to deliver its strategies whilst generating sustainable shareholder value and meeting its obligations towards shareholders and other stakeholders.

Axiata posted stellar results for the financial year ended 31 December 2012, exceeding all targets through effective execution of its strategies. Axiata's share price grew by 28% with Total Shareholders' Return growing at 33%, outperforming the Kuala Lumpur Composite Index for the third consecutive year. Axiata's total subscriber base also expanded to more than 215 million, making Axiata one of the largest telecommunications companies in the region. All of these are testament to Axiata's delivery of its commitment to its shareholders and other stakeholders.

The Board is pleased to outline how Axiata has complied with the principles and recommendations of the Malaysian Code on Corporate Governance 2012 (MCCG2012) throughout the financial year ended 31 December 2012 (FY12). This statement has been made in accordance with the resolution and authority of the Board dated 20 February 2013.

THE BOARD OF DIRECTORS

- **Role and Responsibilities of the Board**

  The Board is responsible for the overall governance and conduct of the Group's strategic plan, including its implementation, and is accountable for the performance of the Company and the Group.

In setting the Company's governance and strategic direction, the Board takes into account the interests of all stakeholders in its decision making and endeavours to promote sustainability. In discharging its duties, the Board is guided by its Charter and the Limits of Authority (LoA) which outlines high level duties and responsibilities of the Board, matters that are specifically reserved for the Board and the delegated day-to-day management of the Company to the President & Group Chief Executive Officer (GCEO). This formal structure of delegation is further cascaded by the President & GCEO to the Senior Management team within the Company's Corporate Centre. However, the President & GCEO and the Senior Management team remain accountable to the Board for the authority that is delegated, and for the performance of the Company and the Group as the Board continues to monitor the same. On this aspect, the President & GCEO is required to regularly report on the progress being made by the business. Open dialogue between individual members of the Board and the President & GCEO and Senior Management team within the Group is encouraged to enable the Directors to gain better understanding of the Group's business and the Management's proposals.

The roles of the Board include:-

1. Provide strategic drive for the Company by guiding Senior Management in developing the broad corporate strategy, challenging and approving the corporate strategy, performance objectives and parameters, monitoring developments and approving variations;
2. Oversee the conduct of the Company's business and evaluate whether the business is being properly managed;
3. Approve the Group Business Plan and changes thereon, creation of new businesses or activities or termination of existing businesses or activities which specifically change the nature of business of the Group;
4. Approve mergers, acquisitions and divestures (including strategic business alliances, acquisitions or disposal of investments and equity interests);
5. Approve quarterly, annually unaudited and audited accounts or any audited accounts for special purposes;
6. Approve Group Policies, LoA and any revisions or amendments thereto;
7. Recommend matters that are specifically reserved for the approval of the Company's shareholders in general meetings;
8. Identify principal risks and ensure the implementation of appropriate systems to manage and mitigate these risks;
9. Review the adequacy and the integrity of the Company's internal control systems and management information systems, including the systems' compliance with applicable laws, regulations, rules, directives and guidelines. The Board must ensure that there is a satisfactory framework of reporting on internal financial controls and regulatory compliance; and
10. Oversee the development and implementation of corporate disclosure and shareholder communication policy.

- **Promoting Sustainability**

  Axiata embraces the three pillars of sustainability prescribed under the MCCG2012 namely, environmental, social and governance (ESG). This is applied in all its business strategies, operations and corporate responsibility activities. Aside from this statement on corporate governance, a detailed report on the two aspects covering social and environment with a narrower focus on the four areas of sustainability practiced by Axiata, are provided in the Towards Sustainability book published together with this Annual Report.

- **Board Charter**

  The Board had on 20 February 2013 adopted its Board Charter which not only sets out the roles and responsibilities of the Board in accordance with applicable rules and regulations but also guided by the MCCG2012 and best practices. The Charter covers inter-alia, the objectives of the Board, duties and responsibilities, powers, roles of the Chairman, GCEO and Non-Executive Directors (NEDS). It will be reviewed from time to time to ensure that it remains not only consistent with the corporate governance standards but also relevant to the Board's objectives and responsibilities.

  The full version of the Board Charter is available online at (http://axiata.com/about-us/corporate-governance.html)

- **Board Composition**

  The Board, as of the date of this Statement, comprises of nine members, seven of whom served throughout the year and two appointed in January 2013. Out of nine, six are Independent Non-Executive Directors (INEDs), two Non-Independent Non-Executive Directors (NINEDs), including the Chairman (representing the interest of Khazanah, the major shareholder of the Company) and one Executive Director (ED), namely the Managing Director/President & GCEO. The recently appointed INEDs are, Dato' Abdul Rahman Ahmad and Bella Ann Almeida, who were appointed to the Board on 17 January 2013 and 21 January 2013 respectively.

2012 also saw the departure of Dr Muhammad Chatib Basri, an Indonesian national, from the Axiata Board. The process of identification and review of a suitable Indonesian candidate through an external consultant is currently on going.

The size and composition of the Board is guided by Axiata's general framework on the composition of the Board, taking into account the complexity and geographical spread of the Group's business. It also facilitates a conducive Boardroom environment for efficient deliberation at Board meetings and effective conduct of Board decision making. Consistent with the recommendations of the MCCG2012, the Board has in its Board Charter provided for more than 50% of its Board members to comprise of INEDs if the Chairman's seat is occupied by a Non-Independent Chairman.

The high proportion of INEDs, more than 50% of the Board members, reflects the Board's commitment to maintain strong representation of independent directors on the Board and to ensure effective check and balance of the Board function and also unbiased perspectives in promoting constructive discussion of the Management's proposals.

The Board is of the view that the current Board size, skill-sets and composition facilitates in bringing unique perspectives to maximise Board effectiveness and in addressing current priorities of the Group.

- **Independence**

  Axiata measures the independence of its Directors based on the criteria provided by the Main Market Listing Requirements of Bursa Securities (Main LR). The Directors should be independent and free from any business or other relationships that could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company and are willing to express their opinions at the Board free of concern about their position or the position of any third party.

So far, none of the INEDs engage in the day- to-day management of the Company, participate in any business dealings or are involved in any other relationships with the Company (other than in situations permitted by the applicable regulations). This not only brings an additional element of balance to the Board but ensures that the INEDs are free of any conflict of interest and more importantly, allow them to function independently and in an unbiased manner in discharging their roles and responsibilities as INEDs. During FY12, none of the INEDs had any relationship that could materially interfere with his/ her unfettered and independent judgement.

The assessment on the independence of the Directors based on the provisions of the Main LR covers a series of objective tests. This assessment is carried out before the appointment of the Directors.

The Board believes that it is impractical to formulate a list of appropriate criteria to characterise, in all circumstances, whether a NED is independent and chooses to instead recognise and consider amongst others, the spirit, intention, purpose and attitude of each NED as exhibiting independent judgment or the ability to act in the best interest of the Company. In carrying out the annual assessment of its INED, Axiata has over the years assessed Directors' independence from the perspectives, principles and spirit associated with independence as embedded in the Board effectiveness evaluation. The questionnaire covers self-assessment of INEDs and peers on demonstration of character and mindset associated with independence such as impartiality, objectivity and observing all shareholders' interests.

In addition to the above, INEDs of Axiata also annually re-affirm their independence based on the provisions of the Main LR.

To date, none of the INEDs of Axiata has served more than the prescribed nine year cumulative tenure of an independent Director under the MCCG2012.

- **Directors' Commitment**

  Each Board member is expected to commit sufficient time to carry out his/her role as Director and/or member of the Board Committees in which they are a member of. A NED of Axiata is expected to be able to commit 20-25 days of his/her time for directorship in Axiata.

  A Director is expected to advise the Chairman of the Board or in his absence, the Chairman of the Board Nomination Committee (BNC) of his/her intention to join the Board of another public listed company outside the Group. In doing so, the Director is expected to indicate the time commitment with respect to the new appointment. If necessary, the Chairman and/or Chairman of the BNC will consult with the rest of the Board members as to whether the proposed new appointment is likely to impair the Director's ability to devote the necessary time and focus to his/her role as a Director of the Company.

  In any given circumstances, in accordance with the provision of the Main LR and additional provision in the Green Book on Enhancing Board Effectiveness, members of the Board of Axiata are expected to serve in no more than 5 and 10 public listed and private companies respectively.

- **Board Gender Diversity**

  The Board has always placed gender diversity as an agenda in strengthening the performance of its Board and/or Board Committees. Notwithstanding the same, the Board is of the view that while it is important to promote gender diversity, the normal selection criteria based on an effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board to strengthen the Board should remain a priority. In a demonstration of this commitment, the Board had in 2011, appointed Ann Almeida as an Independent Member of several of Axiata's Board Committees bringing with her vast experience in global human capital management, talent management and corporate sustainability. Ann Almeida was subsequently appointed as a full member of the Board of Directors of Axiata on 21 January 2013.

  The Board had also deliberated on the target set under the Corporate Governance Blueprint 2011 to ensure women participation on the Board reaches 30% by year 2016. While the Board does not believe in setting specific targets for Axiata, the Board through the BNC, will actively be working towards achieving the above target. Part of the BNC's efforts will be to ensure that sufficient number of women candidates are included in the pool of candidates evaluated for new appointments to the Board and/or to fill any casual vacancy. Selection of suitable candidates will be made in a fair and undiscriminating manner.

- **Directors' Code of Ethics, Employees' Code of Conduct and Whistleblowing Policy**

  The Board continues to adhere to the provisions of the Directors' Code of Conduct as prescribed by the Companies Commission of Malaysia in observing corporate governance, relationship with shareholders, employees, creditors and customers, corporate responsibility and the environment.

  With the Board setting the tone for a corporate culture of ethical conduct throughout the Group, all employees of the Group are subjected to high ethical business standards and guidelines as outlined under the Code of Conduct manual applicable to employees. The manual serves as a guideline for employee conduct in the workplace, business conduct when dealing with external parties, key issues such as bribery, conflicts of interest, insider trading and data integrity, and retention. Further details on integrity and ethical practices within the Group is provided in the Statement on Internal Control on page 96 of this Annual Report.

  Axiata promotes an 'Open Door' policy whereby employees may raise their concerns of any unlawful or unethical situations or any suspected violation of the Code of Conduct in accordance with the Whistle-Blowing Policy administered by the Group Chief Internal Auditor (GCIA) and overseen by the Board Audit Committee (BAC). The Board provides assurance that employees will not be at risk of any form of victimisation, retribution or retaliation and emphasises good faith in reporting. Any attempt to retaliate, victimise or intimidate against anyone (whistle-blower) is a serious violation and shall be dealt with serious disciplinary action and procedures. As provided under the policy, employees may also report illegal or unethical practices directly to the statutory bodies such as the Malaysian Anti-Corruption Commission, the Securities Commission, the police or other similar government agencies in other countries where the business is located.

The full version of the Directors' Code of Ethics, Employees' Code of Conduct and Whistleblowing Policy are available online at (http://axiata.com/about-us/corporate-governance.html)

- **Appointments to the Board**

Appointment of suitable candidates to the Board of Directors of Axiata adheres to the Board general framework which outlines not only a transparent process to be followed on Board appointments but also the requirement to consider the candidates' skills, knowledge, expertise, experience, integrity and existing commitments. The framework which also provides a mandate for the GCEO to engage external consultants.

The BNC normally follows the following process for Board appointments:-

i) Identification of candidates;
ii) Evaluation of suitability of candidates;
iii) Meeting up with candidates;
iv) Final deliberation of the BNC; and
v) Recommendation to Board.

The appointments of both Ann Almeida and Dato' Abdul Rahman followed this process and were sufficiently deliberated by the BNC prior to recommendations being made to the Board for approval. In both appointments, there were considerable discussions on their ability, particularly in respect of commitment, taking into consideration their current employment. The Board was of the view that both Ann Almeida and Dato' Abdul Rahman will be able to discharge their duties as members of the Board of Axiata effectively despite their existing commitments. In the case of Dato' Abdul Rahman, he brings with him relevant experience in a new business area, namely integrated and new media business and content creation. Furthermore, his experience in making investment decisions will provide additional perspective when investment decisions are being debated on, both of which are relevant to Axiata's aspirations and efforts in venturing into digital services.

Administratively, the letter of appointment is issued to Board members immediately following their appointment, outlining their duties and responsibilities and disclosure required of them in compliance with the Companies Act, 1965, Capital Market & Services Act 2007 and Main LR. The letter of appointment is accompanied by Axiata's governance documents such as Board Charter, Board Committees' Terms of References (ToRs) and information on remuneration and benefits.

- **Board Induction Programme**

An induction programme is held as soon as practicable and jointly coordinated by the Group Company Secretary and the President & GCEO for newly appointed Directors. This programme enables them to have the necessary information and overview to assist them in understanding the operations, current issues and corporate strategies as well as the structure and management of the Company. The programme generally covers the following subject matters:-

i) Company vision, mission and objectives,
ii) Overview of Group Strategy, Finance, Procurement, Corporate Finance, Treasury, Human Resources, Internal Audit, Treasury and Investor Relations;
iii) OpCos engagement process, background and major developments;
iv) Risk Management, Talent Management and Leadership Development Programme;
v) Technology updates and initiatives;
vi) Mergers and Acquisitions updates;
vii) Regulatory issues and recent developments; and
viii) Corporate, Board and Governance structure.

Both of Axiata's newly appointed Directors, Ann Almeida and Dato' Abdul Rahman have attended this induction programme. In addition to the Board Induction Programme, a telecommunications industry primer on the essentials of mobile communications highlighting key concepts and terminology of the mobile telecommunications industry is also offered to appointees.

Directors of Axiata, may also request for on site briefings to assist them to gain more insight into important aspects of the business and/or operations of the Group. An example of this was a one day site visit to Celcom's network centre and distribution channel held on 29 May 2012 made at the request of one of the Board members. Directors, namely, Tan Sri Ghazzali Sheikh Abdul Khalid, Datuk Azzat Kamaludin and David Lau Nai Pek participated in the site visit.

- **Re-Appointment & Re-Election of Directors**

  In accordance with the Articles of Association of the Company, newly appointed Directors during the year must offer themselves to the shareholders for re-election at the first Annual General Meeting (AGM) following their appointment and 1/3 of Directors are subject to retirement by rotation at every AGM but shall be eligible for re-election. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-election.

  At this forthcoming AGM, Dato' Abdul Rahman and Ann Almeida, the newly appointed INEDs will be retiring and have offered themselves for re-election whilst the two Directors retiring by rotation are Tan Sri Ghazzali Sheikh Abdul Khalid and Dato Sri Jamaludin Ibrahim. Both Tan Sri Ghazzali and Dato' Sri Jamaludin, being eligible, offer themselves for re-election.

  Memorandum and Articles of Association of the Company is available online at (http://axiata.com/about-us/corporate-governance.html)

- **Senior Independent Director**

  Datuk Azzat continues to play his role as the Senior INED to whom concerns of shareholders and stakeholders may be conveyed. During FY12, no shareholders asked to meet with Datuk Azzat.

  Shareholders and other interested parties may contact Datuk Azzat to address any concerns in writing or via telephone, facsimile or electronic mail as follows:-

Tel	:	+6019 200 0878 +603 7725 6050
Fax	:	+603 7725 6070
Email	:	azzat@axiata.com or azzat@azzatizzat.com
Postal Address	:	Axiata Centre, 9 Jalan Stesen Sentral 5 Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia

Contact details of the Senior Independent Director and his roles and responsibilities under the Board Charter is available online at (http://axiata.com/about-us/corporate-governance.html)

- **Division of Roles and Responsibilities between the Chairman and President & GCEO**

  Axiata recognises the importance of separating the roles of the Chairman and the President & GCEO. This is reflected in the division of their responsibilities which are clearly set out in the Board's Charter. This ensures that no person has unfettered powers of decision making. The Chairman is responsible for the operations, leadership and governance of the Board, ensuring its effectiveness and assumes the formal role as the leader in chairing all Board meetings and shareholders' meeting. He leads the Board in Management Oversight. The Chairman's principal role is also to ensure that the Board fulfills its obligations under the Board Charter and as required under relevant legislations. Some of the specific responsibilities of the Chairman include the following:-

  i) Facilitates open and professional discussions where Directors are encouraged to provide their views, leading to objective, robust analysis and debate on matters being deliberated;

  ii) Works closely with the President & GCEO to ensure sufficient information is channeled to enable the Board to perform effectively, able to make informed decisions and to monitor the effective implementation of the Board's decisions; and

  iii) Ensures meetings of the shareholders are conducted in an open and proper manner with sufficient opportunity for them to ask questions.

While the Chairman is a NINED by virtue of him being the representative of the major shareholder of the Company, he has never assumed an executive position in the Company.

The President & GCEO is responsible for the management of the Company's business, organisational effectiveness and implementation of Board strategies, policies and decisions. By virtue of his position as a Board member, he also acts as the intermediary between the Board and Senior Management.

STATEMENT ON CORPORATE GOVERNANCE

- **Board Meetings and Attendance**

  The Board meets as often as necessary to fulfill its role. NEDs should be able to commit at least 20-25 days annually to the Company to perform their duties and responsibilities effectively, including preparation for Board and/or Board Committee meetings. During the reporting period, the Board met 11 times, out of which 3 were unscheduled Board meetings i.e. Special Board meetings. Two of the annual Board meetings were Board Retreat sessions which were held off-site. The first was held in June in Bangkok, Thailand to set the tone for the Group's overall medium-to-long term strategy and to set the general direction of Axiata's new business in digital services. The second Board Retreat was held in Johor Bahru in November, to discuss and challenge the Group's business strategy and plan, and 2013 Budget. This was also attended by representatives from the major OpCos.

  Special Board meetings are held only for very important matters that require specific guidance and expeditious direction from the Board. For the reporting period, three Special Board meetings were held to discuss matters relating to inter-alia, mergers and acquisitions, significant corporate proposals and to obtain the Board's approval on the unaudited quarterly results to ensure the timely release of the same to Bursa Securities for disclosure of the same to the shareholders at the 20th Annual General Meeting (AGM). As permitted under the Articles of Association of the Company, decisions of the Board are also sought by way of Directors' Circular Resolutions (DCR) between the scheduled and special Board meetings.

  The Board has a regular annual schedule of subject/ matters which are tabled to the Board for their approval and/or notation. This includes business performance updates, financial results, reports from major OpCos, strategy, new business development, competitors' analysis, investor relations, risk profile and material litigation updates.

  In FY12, some of the Board agenda items (including pre-Board informal discussions) included:-

  i) Quarterly unaudited consolidated results;

  ii) Half-year financial performance report;

  iii) Strategic matters which include inter-alia, group broad strategy, trends and direction e.g. infrastructure/technology, devices and strategic direction for India,

  iv) Business Plan;

  v) Proposals and updates on mergers and acquisitions;

  vi) Regulatory updates;

  vii) Investor relations updates;

  viii) Succession planning and talent management;

  ix) Renewal of contract for Senior Management;

  x) GCEO's KPIs and achievements;

  xi) Capital structure review, balance sheet management and dividend policy; and

  xii) Sustainability initiatives of the Group and reporting; and

  xiii) Findings of the Employees' Engagement Survey.

The calendar for Board meetings providing scheduled dates for meetings of the Board (including Pre-Board and Board Retreat sessions), Board Committees and AGM as well as the Board annual calendar providing major items on the agenda for each financial year are fixed in advance for the whole year so as to enable Management to plan ahead and ensure the Board meetings are booked into their respective schedules.

Whenever necessary, Senior Management or external advisors are also invited to attend the Board and Board Committee meetings to explain the matters within their competencies, to provide further clarity on agenda items being discussed to enable the Board and/or Board Committees to arrive at a considered and informed decision.

Attendance at Board and Board Committee Meetings

Details of attendance of Board and Board Committee members who remained in office as at 31 December 2012 are provided below:-

	BOD	BAC	BNC	BRC	SSC
Total No. of Meetings:	**11**	**5**	**6**	**4**	**4**
Name of Directors					
Tan Sri Dato' Azman Hj. Mokhtar*	11	n/a	n/a	n/a	n/a
Dato' Sri Jamaludin Ibrahim	11	n/a	n/a	n/a	n/a
Tan Sri Ghazzali Sheikh Abdul Khalid**	9	n/a	6	4	4
Datuk Azzat Kamaludin	11	5	5	4	4
David Lau Nai Pek***	11	5	n/a	n/a	n/a
Juan Villalonga Navarro	6	2	n/a	n/a	n/a
Kenneth Shen	11	5	5	3	3
Ann Almeida@	n/a	n/a	5	3	3

Notes:
* - Chairman, BOD
** - Chairman, BNC, BRC & SSC
*** - Chairman, BAC
n/a - Not Applicable
@ - Not a Board member in FY12

As the Group's quarterly results are on the annual schedule of matters tabled to the Board for approval at the quarterly Board meetings, notices on the closed period for trading in Axiata's securities are also prepared and circulated to Directors, key management personnel and principal officers who are deemed to be privy to any sensitive information whenever the closed period is applicable, based on the targeted date of announcement of the quarterly results of the Group. This is to comply with the Main LR and the Capital Markets & Services Act 2007 requirements where key management personnel and principal officers of the Company and the Group are prohibited from trading in securities or any kind of property based on price sensitive information which have not been publicly announced. In 2012, none of the Directors dealt in Axiata's securities during the closed period.

In accordance with the formal procedures for managing compliance on conflicts of interest in the Company's Articles of Association, where the Board is considering a matter in which a Director has an interest, the relevant Director immediately discloses the interest and abstains from participating in any discussion or voting on the subject matter. In the event a corporate proposal is required to be approved by shareholders, interested Directors will abstain from voting in respect of their shareholdings in Axiata on the resolutions relating to the corporate proposal, and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions.

STATEMENT ON CORPORATE GOVERNANCE

Supply of Information

The Board receives Board meeting agendas and meeting papers within 14 days and 7 days respectively prior to meetings in line with the Green Book guidelines. This allows sufficient time for Board members to peruse Board papers and seek any clarification or further details from Management or the Group Company Secretary, if required. This also enables the Board meetings to be run more effectively, by focusing on the deliberations and any questions from the Directors on the subject matter. In special and exceptional circumstances, additional or supplementary items are permitted to be taken up as any other business. In order for Board meetings to be more effective and to enable in depth deliberation of matters, the agenda at Board meetings are sequenced in such a way taking into consideration the complexity of the proposals and/or whether they are items for approval, discussion or notation by the Board. Time allocation is also determined for each agenda item in order for Board meetings to be conducted efficiently.

Presentations to the Board are prepared and delivered in a manner that ensures clear and adequate presentation of the subject matter. The Board paper format includes an Executive Summary which outlines the salient points of matters to be deliberated. For better accessibility and more effective administration of the Board papers, it is made accessible electronically through secured means. This is to support the group wide initiative of leveraging on information technology for effective dissemination of information.

All issues raised, discussions, deliberations, decisions and conclusions including dissenting views made at Board meetings along with clear actions to be taken by responsible parties are recorded in the minutes. Decisions made, policies approved and follow up actions at Board meetings will be communicated to Management after the Board meetings.

The Board has adopted a rating process for Board papers and presentations by Management at each Board meeting with constructive feedback on the quality of information and analysis covered. During FY12, the overall average ratings by the Board on the quality of Management papers and presentations was 4.5 points out of 5.0 points.

The Directors also receive regular updates on the latest developments in statutory and regulatory requirements pertaining to their duties and responsibilities, and matters affecting the Company. As and when the need arises, the Directors are also provided with ad-hoc reports, information papers and relevant training to ensure they are well informed on key business, operational, corporate, legal, regulatory and industry matters.

Board Access to Management, Company Secretary and Independent Professional Advice

The Directors have complete and unrestricted access, either collectively or in their individual capacities, to the Senior Management and Group Company Secretary. In addition to regular presentations by Senior Management to the Board and Board Committees, Directors may seek briefing from Senior Management on specific matters. Directors may also interact directly with, or request further explanation, information or update on any aspects of the Company's operations from the Senior Management. On several occasions, selected Board members were invited by Senior Management to deliberate and/or provide their inputs on matters in which Senior Management intends to propose to the Board for approval.

The Group Company Secretary ensures good information flow within the Board and its Committees and between the NEDs and Senior Management. The Group Company Secretary is also responsible for advising the Board, through the Chairman, on all governance matters. The Group Company Secretary attends all meetings of the Board and relevant Board Committees. The appointment and removal of the Group Company Secretary is also a matter for the Board to decide to ensure a qualified and suitable individual is selected.

In addition, the Board is also authorised, whether as a full Board or in their individual capacities, to seek independent professional advice, if necessary, at the Company's expense from time to time to enable the Board to discharge its duties in relation to matters being deliberated. Similar access is also extended to all Board Committees on the same basis. Appropriate procedures are in place to allow access to such advice. During FY12, none of the Directors exercised this right.

Directors' Training & Education

The Company provides a dedicated training budget for Directors' continuing education and the Board has adopted 'Guidelines for Axiata Board Training Programme' (BTP Guidelines) to provide a framework to effectively address the training needs of the Board including types of training applicable to Directors (newly appointed and existing Directors), budget provision, internal process and reporting on Directors' training.

On an annual basis, through the BNC and through annual Board assessment, input from Directors are sought on the type of training that they would like to receive during the year. For FY12, all Directors have attended training programmes and seminars and have also been invited to participate in forums and/or seminars in their capacity as speakers, moderators or panelists in their areas of expertise. The training programmes and seminars attended by the Directors during FY12 are inter-alia, on areas relating to corporate governance, corporate innovation and entrepreneurship, telecommunications and mobile landscape, corporate sustainability and corporate governance.

In line with the BTP Guidelines, the Group Company Secretary, identifies conferences and seminars which are considered relevant and useful in enhancing Directors' business acumen and professionalism in discharging their duties. Internal briefings on key corporate governance requirements and updates on changes to the Main LR, laws and regulations are also organised on a regular basis where Directors are fully informed of the impact of such developments or changes to the Company and/or the Directors.

Some of the training/conferences/seminars and/or workshops in which members of the Board have participated during FY12 are listed in **Appendix 1** of this Statement.

- **Board Assessment**

  Board assessment forms an integral part of the Board's annual activities as it provides an avenue not only to measure the Board's performance but also highlight improvement areas and remedial actions on the Board's administration and processes. The BNC is entrusted with the responsibility of carrying out the annual BEE and to determine whether an external consultant is to be engaged to facilitate and/or validate the evaluation process to ensure objectivity, and that the process remains robust and thorough.

  On the Board Effectiveness Evaluation of the Board for financial year ended 31 December 2011 ('2011BEE'), a similar set of criteria and questionnaire (self and peer assessment) developed in the previous years was used to evaluate the Board's effectiveness to ensure continuity of the preceding BEE exercises and to provide a degree of benchmark from previous BEE results. The evaluation areas identified as important by the Board to be effective include the Board's composition, discharge of its responsibilities, administration and processes, training, conduct at meetings, engagement and communication with Management and stakeholders, and effectiveness of Board Committees. In 2011BEE, the ratings and findings were compared against a population of comparable entities identified by the external consultant. A more granular approach has also been adopted including a more comprehensive assessment on character and/or behavioural tenets of independence. Generally, Axiata's overall ratings on Board performance have outperformed the benchmark population. The findings of the 2011BEE were presented to the Board at its Board meeting held in May 2012.

  In discussing these findings, the BNC reviewed the progress on areas for improvement from previous BEE assessments and concluded that substantial improvements have been made and that gaps identified in the areas of succession planning of key positions in the Group, Investor Relations and Board administration and processes have been closed.

  For the assessment of the Board for FY12, the exercise using a similar set of criteria was facilitated by the Group Company Secretary. At the time of the publication of this Annual Report, the assessment has been completed and awaiting validation by external consultants before tabling the same to the Board in May 2013.

STATEMENT ON CORPORATE GOVERNANCE

Board Committees

The Board has constituted various Board Committees which are governed by their own set of ToRs as approved by the Board. The ToR clearly describe their duties and responsibilities, function, authority and powers and is subject to review from time to time to ensure that they are relevant and up to date. The members and Chairman of each Board Committee are appointed by the Board. The full versions of the ToRs of the Board Committees are available on the Company's website at www.axiata.com/about.us/corporate-governance.html.

The Board currently has four main Board committees as follows:-

- Board Audit Committee (BAC);
- Board Nomination Committee (BNC);
- Board Remuneration Committee (BRC); and
- Share Scheme Committee (SSC).

The Board also delegates certain specific matters to other ad hoc Board Committees as and when necessary.

All deliberations, recommendations and decisions of the Board Committees are recorded and minuted and subsequently confirmed by the Board Committees at the subsequent Board Committee meetings. During Board meetings, the Chairman of the various Board Committees provide summary reports (including verbal reports for meetings held on the same day of Board meetings) of the decisions and recommendations made by the Board Committees, and highlights to the Board should any further deliberation be required at Board level.

A brief description of each Board Committee is provided below:-

BAC

The members of the BAC are as follows:-

i) David Lau Nai Pek – Chairman, INED
ii) Datuk Azzat Kamaludin – Senior INED
iii) Juan Villalonga Navarro – INED
iv) Kenneth Shen – NINED

All BAC members are financially literate, well above the level needed for a BAC and the BAC Chairman, David Lau Nai Pek who is a member of Malaysian Institute of Accountants and member of New Zealand Institute of Chartered Accountants, fulfils the financial expertise as required by the Main LR.

Further details on the summary of activities of the BAC during FY12 and the BAC ToR are set out separately in the BAC Report on pages 106 to 113 of this Annual Report.

The Group Chief Financial Officer (GCFO) and Group Financial Controller attend all meetings of the BAC except when meetings are held between the BAC and external auditors without Management's presence. During FY12, the BAC met with the external auditors without Management's presence twice.

BNC, BRC, SSC

The BNC, BRC and SSC currently comprise of the same members as follows:-

i) Tan Sri Ghazzali Sheikh Abdul Khalid – Chairman, INED
ii) Datuk Azzat Kamaludin – Senior INED
iii) Ann Almeida – INED
iv) Kenneth Shen – NINED

BNC

The key responsibilities of the BNC are as follows:-

i) To oversee the selection and assessment of Directors and to ensure that the Board composition meets the needs of the Group;

ii) To facilitate and review Board induction and training programmes;

iii) To recommend or approve, based on the ToR, the appointment of key management of the Group;

iv) To assess the effectiveness of the Board, Board Committees and individual Directors (including the President & GCEO); and

v) To review, on an annual basis, the size of the Board and the required mix of skills, experience and responsibilities present on the Board in ensuring the continued effectiveness of the Board.

Another key responsibility of the BNC is to review and recommend Board candidates for directorships or the Company's nominees in major OpCos, to ensure that the Company's key direction is cascaded down and implemented in its local and overseas OpCos. All decisions and appointments are made by the respective Boards of the companies after considering the BNC's recommendations. During the FY12, the BNC had on a number of occasions been involved in the review of candidates to fill key positions in the Group and its OpCos such as a CEO candidate for one of the OpCos and key positions at Axiata. Prior to the appointments of the key positions above, the BNC made its recommendations on the candidates.

During FY12, the BNC met six times where key activities were as follows:-

i) Reviewed and recommended the appointment of an additional Director for Celcom;

ii) Reviewed the proposal for the appointment of an external consultant to facilitate Board assessment in FY12 (2011BEE) and Board assessment for Year 2012;

iii) Deliberated on the findings on Board assessment and reported the findings to the Board;

iv) Reviewed the Talent Management and Senior Management Succession Plan of the Group;

v) Reviewed and recommended candidates for appointment as Director of Axiata, namely Dato' Abdul Rahman and Ann Almeida and on-going review of candidates to fill the directorship vacated by Dr Muhammad Chatib;

vi) Reviewed and recommended candidates for key positions within the Group;

vii) Reviewed the renewal of employment contract of CEOs of major OpCos; and

viii) Reviewed and recommended the proposed changes to the composition of the Board of major OpCos.

BRC

The key responsibilities of the BRC are as follows:-

i) To assist the Board in determining the policy and structure for the compensation of NEDs and remuneration of the ED and key management of the Group; and

ii) To recommend to the Board the remuneration of the ED in all its forms and compensation of NEDs, drawing from outside advice as necessary.

During FY12, the BRC met four times where the key activities were as follows:-

i) Reviewed the performance achievements and recomended the rewards for the ED and other Corporate Centre Senior Management against pre-determined KPIs for FY12;

ii) Reviewed and recommended the pool for the Company's Corporate Centre bonus and salary increment for FY12 taking into consideration the achievements of the Company's financial performance targets;

iii) Reviewed and recommended an additional grant of Restricted Share Awards (RSA) to the President & GCEO; and

iv) Reviewed and recommended the Long Term Incentive Plan for Dialog.

An external consultant was engaged to assist the BRC in the review of the additional grant of RSA for the President & GCEO and the Long Term Incentive Plan for Dialog.

SSC

The key responsibilities of the SSC are as follows:-

i) Administer the Share Scheme in accordance with the Share Scheme Bye-Laws;

ii) Construe and interpret the Share Scheme Bye-Laws and review the grant of options and share awards,

iii) Define the terms of the Share Scheme Bye-Laws and recommend to the Board to amend and revoke rules and regulations relating to the Share Scheme and its administration to ensure the Share Scheme is fully effective in accordance with the Bye-Laws; and

iv) Determine all questions of policy and expediency that may arise in the administration of the Share Scheme, including eligibility of the employees of the Group, and the method or manner in which the grants are granted to and exercised by eligible employees in accordance with the Bye-Laws.

During FY12, the SSC met four times where the key activities were as follows:-

i) Reviewed and recommended 2012 RSP grants and parameters and vesting of ESOS;

ii) Reviewed and approved RSP vesting conditions and treatment of restricted share plan;

iii) Reviewed and approved implementation details and timeline of restricted share plan; and

iv) Reviewed and approved refinements on implementation of restricted share plan.

DIRECTORS' REMUNERATION

Executive Director

The Company's policy on remuneration for the ED remains similar to previous years to ensure that the level of remuneration attracts, retains and motivates an ED of the highest calibre to competently manage the Company. The component parts of the remuneration are therefore structured to link the remuneration package with corporate and individual performance as well as relative shareholders' returns and takes into account the inflation price index as well as the value of similar packages at comparable companies (of similar size and complexity to Axiata), based on information prepared by independent consultants and survey data.

The BRC reviews and recommends the remuneration package for the ED for the Board's approval and it is the responsibility of the Board as a whole to approve the total remuneration package for the ED. The current remuneration policy for the ED consists of basic salary, performance linked bonus, benefits-in-kind, EPF contributions and share awards/share options respectively based on the recommendation of the BRC. The ED is not entitled to monthly fees nor is he entitled to receive any meeting allowances for the Board and Board Committees meetings he attends.

The performance of the ED is measured based on the achievements of his annual KPIs. These KPIs comprise of not only quantitative targets, such as annual targeted revenue, EBITDA, PATAMI or Return on Invested Capital (ROIC) and relative performance of the OpCos, but also qualitative targets which include strategic milestones and initiatives that need to be achieved and implemented on areas such as strategy, innovation, business development, synergy, human capital management and financial management. The weightage of the qualitative and quantitative targets may be adjusted to accommodate the Group's aspirations.

The evaluation on the achievement of each of the KPIs against an agreed performance standard is reviewed by the BRC and the recommendations of the BRC are tabled for approval by the Board. The rewards accorded to the ED for his achievement of the respective KPIs comprise of annual bonuses and long term incentive plan in the form of RSA or options over the shares of the Company. In the case of stock options/RSA, its vesting is subject to further performance conditions established by the Board and the final number of RSA will depend on the level of achievement of these targets over the performance period which includes stretched targets.

Non-Executive Directors

NEDs' remuneration generally reflects the experience, expertise and level of responsibilities undertaken by the NEDs concerned. NEDs are entitled to monthly fees, meeting allowances and reimbursement of expenses incurred in the course of their duty as Directors as well as benefits-in-kind. NEDs are not entitled to participate in share options. Remuneration of all Directors is decided by the Board collectively following a recommendation by the BRC. Individual Directors do not participate in decisions regarding their own remuneration packages.

Details of NEDs remuneration on monthly fees and meeting allowances is provided below:-

Monthly Fees

Chairman	-	RM30,000.00 per month
NED	-	RM20,000.00 per month

Meeting Allowances

Board	-	RM3,000.00 per meeting (Chairman) RM2,000.00 per meeting
BAC	-	RM3,000.00 per meeting (Chairman) RM2,000.00 per meeting
BNC, BRC and Other Board Committees	-	RM1,500.00 per meeting (Chairman) RM1,000.00 per meeting
SSC	-	RM750.00 per meeting (Chairman) RM500.00 per meeting

Meeting Allowances are payable on a per meeting basis notwithstanding any adjournment of meeting.

In FY12, the Board withdrew the resolution to approve the pre-determination of the amount of fees for FY12 and each subsequent year from being tabled for the shareholders' approval at the 20th AGM. The decision on the withdrawal of the above resolution was made after taking into consideration feedback received from shareholders and/or stakeholders. Notwithstanding the withdrawal, the Board clarified that it was not the intention of the Board to prevent the shareholders from deliberating on the amount of fees payable to the NEDs and the proposal was proposed to improve the administration of business at the Company's annual general meeting as the quantum of the NEDs fees is relatively small in the context of the Company's business.

Consistent with the above, the Board does not have any intention to increase the above remuneration during the FY13.

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CORPORATE GOVERNANCE

The Directors' aggregate remuneration for FY12 distinguishing between the ED and NEDs (including past directors) as set out on page 211 of this Annual Report is reproduced below:

	Fees (RM'000)	Salaries, allowances and bonus (RM'000)	Contribution to EPF (RM'000)	ESOS Expense (RM'000)	Monetary Value of Benefits -in-Kind (RM'000)
Executive Director	-	5,280	1,003	3,652	38
Non-Executive Director[1]	1,680	266	-	-	467

[1] *Fees and meeting allowances for representatives of Khazanah on the Board are paid directly to Khazanah.*

The number of Directors of the Company whose total remuneration during the financial year falls within the required disclosure band is as follows:-

Executive Director	No. of Director
RM9,950,000.00 – RM10,000,000.00	1
Non-Executive Directors	
RM150,000.00 – RM200,000.00	1
RM250,000.00 – RM300,000.00	2
RM300,000.00 – RM350,000.00	2
RM350,000.00 – RM400,000.00	1
RM600,000.00 – RM650,000.00	1

RELATIONSHIP WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

Communication with Shareholders and Investors

The Board recognises the importance of effective communication between the Board, stakeholders, institutional investors and the investing public at large. In its commitment to maintain effective, comprehensive, timely and continuing disclosure, the Company is fully committed in maintaining a high standard in the dissemination of relevant and material information on the development of the Group. Disclosures of corporate proposals and/or financial results are made not only in compliance with the Main LR but also include additional items through media releases and are done on a voluntary basis. Whilst efforts are made to provide as much relevant and material information as possible to the shareholders and stakeholders, the Board is cognisant of the legal and regulatory framework governing the release of materials and sensitive information so as not to mislead the shareholders. Therefore, information that is price-sensitive or may be regarded as undisclosed material information about the Group is not disclosed to any party until it is already in the public domain through disclosure.

The Company uses a number of formal channels to account to shareholders and stakeholders particularly-

1. Annual Report

   The Annual Report remains a major channel of communication to provide information not only on the Group's business, financials and other key activities but also additional information such as strategies, operations performance, challenges and its Management. Great importance is placed on the content of the Annual Report to ensure the accurracy of the information as the Annual Report is a vital source of information for investors, shareholders and the general public. A working committee had been established comprising senior management and personnel from various divisions to ensure accuracy of information and full compliance with relevant regulatory requirements. At the Board level, the Board Annual Report Committee, chaired by the BAC Chairman, was established to oversee the production of the Annual Report and review its contents before it is published.

2. Announcements to Bursa Securities

   Announcement of quarterly financial results, circulars and various announcements are made via Bursa LINK in full compliance with regulatory authorities' disclosure requirements. The same is also made available on Axiata's own corporate website. Prior to its release, announcements made to Bursa Securities are subject to review and approval by the President & GCEO, GCFO, BAC or Board, to ensure that the announcement not only meets the disclosure requirements but also to ensure the communication is as what is intended by Management. In many instances, announcements are also reviewed by external advisors to ensure that its contents are not only accurate but relevant information is included taking into consideration disclosure requirements and market perspectives.

   Filings and announcements to Bursa Securities are available online at (http://axiata.com/investor-relations/investor_relations.html)

3. Media Releases

   Media releases are provided to the media on all significant corporate developments and business initiatives to keep the investing community and shareholders updated on the Group's developments. Media releases are subject to approval by the President & GCEO and whenever necessary, also released to Bursa Securities to increase the visibility of media releases.

   Primary contact for Corporate Communications:-

   Faridah Hashim, Vice President, Corporate Communications

Tel	:	+603 2263 8881
Fax	:	+603 2278 7755
E-Mail	:	info@axiata.com
Postal Address	:	Axiata Centre, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia

   Media releases are available online at (http://axiata.com/media-room.html)

4. Quarterly Results and Analyst Briefings

   Axiata holds analyst results briefings chaired by the President & GCEO and GCFO immediately after each announcement of quarterly results to Bursa Securities. These briefings are normally conducted via conference calls and attended by senior management of major OpCos as an avenue to provide dialogue between fund managers and research analysts with the Group's Senior Management as well as provide a platform for analysts and fund managers to receive a balanced and complete view of the Group's performance and the challenges facing the Group. Analysts' briefings are held immediately after the release of the results in order to facilitate timely publication and/or dissemination of analysts' reports to the investing community. Consistent with equitable sharing of information and treatment of its shareholders, materials intended for analyst briefings are made available immediately after the release of the financial results.

To date throughout FY12, the Group has enjoyed relatively extensive coverage and exposure with the investment community with a total of 32 [29 (2011)] equity research analysts covering the Company.

This equitable policy is not only prevalent to financial affairs but also extended to major transactions such as the recent M&A undertaken by the Group in Cambodia. An audiocast of the presentation and dialogue with analysts of this transaction was also made available on Axiata's website.

Presentation materials for analysts are available online at (http://axiata.com/about-us/corporate-governance.html)

5. Media Conferences

Media conferences are held on a half yearly basis upon release of the half year and full year results. The media conferences are held separately from analyst briefings to address the different requirements of each group and to be more productive and efficient. The management ensures that all information is equally disseminated and materials for both the analyst briefings and media conferences are made available on Axiata's website.

Presentation materials for analysts are available online at (http://axiata.com/about-us/corporate-governance.html)

6. Investor Relations

Axiata's investor relations' efforts include regular engagement sessions with the investing community and is attended either by the President & GCEO and/or GCFO and Investor Relations unit. Such engagement includes conferences, non-deal roadshows, and one-on-one meetings with equity analysts, fund managers and institutional shareholders. The objective is to provide updates on the Company's quarterly financial performance, corporate and regulatory developments as well as to discuss strategic matters and address issues that the investing community may have with respect to the business or operations of the Company.

Some of the investor conferences and non-deal roadshows attended by Axiata are as follows:-

Conferences

- Asian Investment Conference (Credit Suisse), Hong Kong – March 2012;
- Invest Malaysia (Bursa Malaysia & Maybank), Kuala Lumpur – May 2012;
- JPM Conference (JP Morgan), London – September 2012;
- Asia Pacific Summit (Morgan Stanley), Singapore – November 2012

Non-Deal Roadshows (NDR)

- CIMB, London – March 2012
- Nomura, Tokyo – October 2012
- BNP Paribas, UK/European Union – December 2012;
- Morgan Stanley, United States – December 2012.

In 2012, Axiata conducted 433 meetings with investors and analysts via face-to-face meetings and conference calls.

In addition to the above, an Analyst Day was also organised on 6 November 2012. The event was well received with participation by 60 analysts and investors, both local and foreign based. Key topics covered included data investment and profitability at Group and OpCo levels, key initiatives, strategies and best practices/synergies.

Primary contact for Investor Relations:-

Thivanka Rangala, Head, Investor Relations
Tel : +603 2263 8801
Fax : +603 2278 3337
E-Mail : ir@axiata.com
Postal Address : Axiata Centre,
9 Jalan Stesen Sentral 5,
Kuala Lumpur Sentral, 50470
Kuala Lumpur, Malaysia.

7. Company Website

All information on share price, financial reports, stock exchange filings, presentations, financial calendar, ownership profile and media releases are posted on the Investor Relations section of the Axiata website. In addition, audio casts on briefings of quarterly results to analysts are also available for streaming or download from the Company's corporate website at www.axiata.com.

For queries regarding shareholding, kindly contact:

Tricor Investor Services Sdn Bhd

Tel	:	+603 2264 3883
Fax	:	+603 2282 1886
Email	:	is.enquiry@mytricorglobal.com
Postal Address	:	Level 17, The Gardens North Tower, Mid Valley City Lingkaran Syed, Putra, 59200 Kuala Lumpur, Malaysia

Annual General Meeting

The AGM is undoubtedly the primary engagement platform between the Board and the shareholders of the Company and has historically been well attended and seen increased attendance over the years indicating a high level of engagement with shareholders [Number of attendees: 1,634 (2011); 1,745 (2012)]. All valid proxy appointments are properly recorded, counted and reviewed by the external auditors. Since its listing in 2008, the Company has also appointed its external auditors to act as independent scrutineers for its general meetings. The appointment comes under a separate engagement letter where the scope of work includes verifying number of shares represented by shareholders and proxy holders present and voting at general meetings as shown in proxy forms and polling slips against Register of Members/Record of Depositors determined for general meetings, administering poll, counting of votes by show of hands and tabulating the results.

Before the commencement of the proceedings, the Group Company Secretary clearly highlights administrative matters including the procedures for a demand to be made for a resolution to be voted by way of poll and timing of making such demand. The proceedings of the AGM normally commences with a concise but complete presentation by the President & GCEO on not only the financial performance of the Company for the preceeding financial year but also the preceeding quarter as well as the Company's progress and initiatives. The presentation is supported by visual illustrations of key points and key financial figures to facilitate shareholders' understanding. During the AGM, the shareholders are also at liberty to raise questions on all affairs of the Company unlike Extraordinary General Meetings where questions raised are on the proposed resolutions being tabled. The Chairman, subject to the line of questions and relevance, entertains questions raised at the AGM for as long as there is sufficient time and they are not repetitive.

Further, the President & GCEO also shares with the meeting the responses to questions submitted in advance by the Minority Shareholders' Watchdog Group (MSWG). The Board, Management and the Company's external legal counsels and auditors, PricewaterhouseCoopers (PwC) Malaysia, are in attendance to respond to questions raised and provide clarification as required by the shareholders. In ensuring no repetitive questions, replies to queries made by organisations representing minority shareholders, namely MSWG are also made available and distributed at the AGM.

Members of the media are not invited into the AGM meeting hall. A media conference is held immediately after the AGM where the Chairman, President & GCEO and GCFO update media representatives on the resolutions passed and answer questions on matters related to the Group. This approach provides the Company with a more efficient way to address both the shareholders and the media. The results of all resolutions are also announced on the same day via Bursa LINK.

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Dividend Policy

Axiata's existing dividend policy provides that the Company intends to pay dividends of at least 30% of its consolidated profits after taxation attributable to shareholders after minority interest (PATAMI) and endeavours to progressively increase the payout ratio over a period of time, subject to a number of factors including business prospects, capital requirements and surplus, growth/expansion strategy, considerations for non-recurring items and other factors considered relevant by the Board.

As the Company is a holding company, its income, and therefore its ability to pay dividends, is dependent upon the dividends received from its subsidiaries, which in turn would depend on the subsidiaries' distributable profits, operating results, financial condition, capital expenditure plans and other factors that the respective subsidiaries' Board deem relevant.

Whilst the dividend policy reflects the Board's current views of the Group's financial and cash flow position, the dividend policy will be reviewed from time to time. It is the policy of the Board, in recommending dividends, to allow shareholders to participate in the Company's profits, as well as to retain adequate reserves for future growth.

In February 2013, in light of the Group's strong performance, Axiata announced an accumulative increase in payout of dividends of 23 sen per share (single tier including interim dividend of 8 sen per share paid last year), with, a dividend yield of 3.6% for FY12, based on a 6 month volume-weighted average price (VWAP). This translates to a 70% payout, an increase from the 60% payout last year. In addition to the 70% payout, Axiata also announced a one-off special dividend of RM1 billion, which will result in an additional 12 sen per share.

Based on the above, the combined dividend for FY12 is 35 sen per share. The total estimated dividend to be paid for financial year 2012 will likely exceed RM3 billion, almost double the RM1.6 billion last year. The final dividend and one-off special dividend, based on the Group's normalised PATAMI, is subject to the approval of the shareholders at the forthcoming AGM.

Key Performance Indicators

On 21 February 2013, the Company announced the Headline KPIs set and agreed upon by the Board and Management of the Group as follows:-

FY13 Headline KPIs	**FY13 Headline KPIs**
Revenue Growth (%)	7.6
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) Growth (%)	0.2
Return on Invested Capital (ROIC) (%)	10.3
Return on Capital Employed (ROCE) (%)	8.3

The Headline KPIs shall not be construed as forecasts, projections or estimates of the Group or representations of any future performance, occurrence or matters as they are merely a set of targets/aspirations of future performance aligned to the Group's strategy and which have been derived on the assumption that the Group shall operate under the current business environment which has been pre-determined.

In establishing the FY13 Headline KPIs, the Management has made the following assumptions:-

1. No material increase in competition in the mobile market space of the Group’s major operating countries;
2. No material regulatory changes impacting the OpCos;
3. No material change in currency volatility, liquidity shortages and interest rates in the Asia-Pacific region in general, and in Southeast Asia in particular;
4. No material change in CAPEX budget spending at all OpCos; and
5. Excludes divestment and merger acquisition impact.

Axiata continuously benchmarks its performance against its competitors within the markets in which it operates. Given that Axiata’s overall geographical business mix differs from that of other multinational telecommunications holding companies, a direct comparison of our targets and performance against that of other multinational telecommunications campanies is less meaningful. It is more appropriate for us to benchmark individual OpCos at the individual country level. Our OpCos’ targets include measures based on relative performance against other operators within the particular markets, on all dimensions. The measures are based on relative financial performance such as revenue, EBITDA, PAT, ROIC and also on relative operational performance such as network quality, customer satisfaction and brand perception.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is committed in ensuring that a clear, balanced and meaningful assessment of the Group’s financial performance and prospects through the audited financial statements, quarterly announcement of results are provided to shareholders and regulatory bodies. In this respect, the Board through the BAC oversees the process and the integrity and quality of the financial reporting, annually and quarterly. The BAC, in this respect, reviews the financial statements and quarterly announcements of results in the presence of external auditors and internal auditors before recommending the same for the Board’s approval.

The Directors’ Responsibility Statement for the audited financial statements of the Company and the Group is set out in page 160 of this Annual Report. The details of the Company’s and Group’s financial statements for FY12 can be found on pages 161 to 312 of this Annual Report.

Related Party Transactions

The Company has an internal compliance framework to ensure it meets its obligations under the Main LR including obligations relating to related party transactions. Processes and procedures are in place to ensure that Recurrent Related Party Transactions (RRPTs) are entered into on terms not more favourable to related parties than to the public. This is achieved after taking into account the pricing and contract rates, terms and conditions, level of service and expertise required, and the quality of products and services provided, as compared with prevailing market prices and rates, industry norms and standards, as well as general practices, adopted by service providers of similar capacities and capabilities generally available in the open market. The annual internal audit plan incorporates a review of all RRPTs entered into or to be entered into under the shareholders’ mandate procured at the AGM to ensure that all the relevant approvals for RRPTs have been obtained.

RRPT transactions are recorded, and the same presented to the BAC, on a quarterly basis. This includes the utilisation of the RRPT mandate and/or where applicable, new RRPT transactions for the BAC's review and endorsement.

Axiata had at its 20th AGM, held on 23 May 2012, obtained a general mandate for the Group to enter into RRPT with Telekom Malaysia Berhad Group (TM Group) for transactions predominantly related to telecommunications and/or related services. The procurement of mandate for the Group to enter into RRPT with TM Group was obtained as these transactions in aggregate may result with the Company having to obtain shareholders' approval prior to the Group entering into the transactions. As these transactions may be constrained by time sensitive nature and confidentiality, it would be impractical for the Company to seek shareholders' approval on a case-by-case basis. The procurement of the mandate will also substantially reduce the expenses associated with convening of general meetings and improve administrative efficiency.

Based on the actual amount utilised from the date of the above AGM until 31 March 2013, none of the actual aggregate value of transaction has exceeded 10% or more of the estimated amount under the mandate. The amount of RRPT entered into during the FY12, pursuant to RRPT mandate, is disclosed on page 321.

Internal Control and Risk Management

The Board has the overall responsibility and accountability for the Group's internal control systems and continues to maintain and review them to ensure, as far as possible, the protection of the Group's assets and the Company's shareholder investments. A quarterly updated risk profile of the Group and each of the OpCos is presented to the BAC and the Board. The BAC reviews in detail the major risks that the Group faces in its business and operations and management controls and processes that are in place to manage those risks. Such systems are designed to manage rather than eliminate risks and provide only reasonable assurance against misstatement or loss.

In addition to the above, a high level register is maintained which is reviewed and updated annually. This comprises risks specific to the divisional activities of the business, as well as more group-wide risks such as long term business strategy, regulatory, substitution risks and technology. Focus areas of these risks are deliberated by the Board as they are raised by the Chairman of the BAC at Board meetings.

The Company has also established an enterprise wide risk management (ERM) framework to proactively identify, evaluate and manage key risks to an optimal level. In line with the Company's commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach entity-wide. It outlines the ERM methodology which is in line with the ISO31000, mainly promoting risk ownership and continuous monitoring of key risks identified.

Based on the ERM framework, a risk reporting structure has been established to ensure prompt communication to the BAC and the Board. Axiata has established a Group Risk Management Committee (RMC) comprising of senior management of the Company and chaired by the Chairman of the BAC. The RMC is mainly responsible for managing the overall ERM process and recommends quarterly ERM reports to the BAC for its onward submission to the Board. The RMC ensures continuous review of the key risks of the Group, and monitors the implementation of the mitigation plans on a quarterly basis.

Although many risks remain outside the Company's direct control, a range of activities are in place to mitigate the key risks identified as set out in the Statement on Internal Control. A significant number of risks faced relate to wider operational and commercial affairs of the Company and the Group including those in relation to competition and regulatory developments.

An overview of the state of internal control within the Group, which includes the risk and internal control framework and key internal control structures, are set out in the Statement on Internal Control on pages 96 to 105 of this Annual Report.

Relationship with Auditors

The BAC manages the relationship with the external auditors on behalf of the Board. The BAC considers the reappointment, remuneration and terms of engagement of the external auditors annually. Further information on the role of the BAC in relation to both internal auditors and external auditors are stated in the BAC Report on pages 106 to 113 of this Annual Report. A summary of the activities of the BAC during the year are set out on pages 106 to 108 of this Annual Report.

In safeguarding and supporting the external auditor's independence and objectivity, Axiata has determined policies as to what non-audit services can be provided by external auditors of the Group and the approval process related to them. Under these policies and guidelines, non-audit services can be offered by external auditors of the Group if there are clear efficiencies and value added benefits to the Group. These procedures are in place to ensure that neither their independence nor their objectivity is put at risk, and steps are taken to ensure that this does not impede the external auditors audit works. The BAC remains confident that the objectivity and independence of the external auditors are not in any way impaired by reason of the non-audit services provided to the Group.

Details of statutory audit, audit related and non-audit fees paid/payable in FY12 to the external auditors are set out below:-

Fees paid/payable to PwC	RM '000
Audit Fees	
• PwC Malaysia	2,169
• Member firm of PwC International Limited (PwCIL)	2,422
• Others	33
Audit Related Fees[1]	
• PwC Malaysia and member firm of PwCIL	3,097
	7,721
Other fees paid to PwC Malaysia and member firm of PwCIL	
Tax and tax related services[2]	1,736
Other non-audit services[3]	1,917
	11,374

1. *Fees incurred in connection with performance of quarterly reviews, agreed upon procedures and regulatory compliance.*
2. *Fees incurred for assisting the Group in connection with tax compliance and advisory services.*
3. *Fees incurred primarily in relation to due diligence and other advisory services.*

STATEMENT ON CORPORATE GOVERNANCE

APPENDIX 1

DIRECTORS	LIST OF TRAINING/CONFERENCES/SEMINARS/WORKSHOPS ATTENDED/PARTICIPATED IN 2012
TAN SRI DATO' AZMAN HJ MOKHTAR	• World Economic Forum, Davos, Switzerland – 25-29 January 2012 • ASEAN Business Council – Sydney, Australia, 15-17 March 2012 • ASEAN Islamic Conference, Hong Kong – 22 March 2012 • Standard Chartered Creative Connection 2012, The Royal Livingstone Zambia – 20-22 April 2012 • Iskandar Investment Berhad CEO Forum, The Saujana Kuala Lumpur – 9 May 2012 • Invest Malaysia 2012, Shangri-La Kuala Lumpur – 29-30 May 2012 • Fung Global Institute Conference, Hong Kong – 31 May-2 June 2012 • YA Education Conference With YAB DPM, Berjaya Time Square Hotel Kuala Lumpur – 13 July 2012 • Luncheon Talk: 'Growth Through Innovation' Co-Hosted by MINDA, Khazanah Nasional Berhad and GE International Inc., Hilton Kuala Lumpur – 23 August 2012 • Luncheon Talk: 'Building A Winning Team: How Cruyff Changed The Game' Co-Hosted by MINDA and Khazanah Nasional Berhad, Mandarin Oriental Kuala Lumpur – 3 September 2012 • IFSWF Forum, Mexico – 5-7 September 2012 • Bumiputera Economic Transformation Roadmap (BETR) Workshop, Grand Hyatt Kuala Lumpur – 19-20 September 2012 • Khazanah Megatrends Forum 2012, Mandarin Oriental, Kuala Lumpur – 1-2 October 2012 • SALT Conference 2012, Marina Bay Sands, Singapore – 17 October 2012 • ASEAN Business Council, Plaza Athene Bangkok, Thailand – 18-20 October 2012 • 2012 BCG Leaders Forum: 'Make Talent Not War' – Carcosa Seri Negara Kuala Lumpur – 29 October 2012 • World Islamic Economic Forum: 'World In Flux – Leadership In Changing Times', Persada Johor Bahru – 4 December 2012
DATO' SRI JAMALUDIN IBRAHIM	• Axiata Senior Leadership Forum, Bandung, Indonesia – 9-10 February 2012 • GSMA Mobile World Congress and Leadership Meeting, Barcelona, Spain – 27 February – 1 March 2012 • Talent Corp Malaysia, Kuala Lumpur – 24 April 2012 • Invest Malaysia 2012 : 'Malaysia: ASEAN's Multinational Marketplace', Kuala Lumpur – 29 May 2012 • Wharton Global Alumni Forum: 'The Promise and Challenge of The Telecommunications Industry' (Panelist), Jakarta, Indonesia – 22-23 June 2012 • Industry Next Challenge, Axiata Mid-Year Strategy Retreat – Bangkok, Thailand, 6 July 2012 • Market Updates on India, Axiata Mid-Year Strategy Retreat, Bangkok, Thailand – 6 July 2012 • Khazanah Megatrends Forum, Mandarin Oriental, Kuala Lumpur – 1-2 October 2012 • Impact of the New Economy to ASEAN/South Asia In 2013, Axiata Board Retreat, Johor Bahru – 9 November 2012 • Winning In The Future Mobile Landscape, Axiata Board Retreat, Johor Bahru – 10 November 2012 • Bumiputera Economic Transformation Roadmap (BETR) Workshop, Grand Hyatt Kuala Lumpur – 20 September 2012
TAN SRI GHAZZALI SHEIKH ABDUL KHALID	• Minda Corporate Directors Advanced Programme 2012 : 'Finance For Non Finance Directors', The Royale Chulan Kuala Lumpur – 2-3 May 2012 • MINDA Breakfast Talk : 'Corporate Sustainability: Why It Is Necessary In Building Competitive Edge In Today's Global Market', Sheraton Imperial Kuala Lumpur – 12 June 2012 • Industry Next Challenge, Axiata Mid-Year Strategy Retreat – Bangkok, Thailand, 6 July 2012 • Market Updates on India, Axiata Mid-Year Strategy Retreat, Bangkok, Thailand – 6 July 2012 • Luncheon Talk: 'Growth Through Innovation' Co-Hosted by MINDA, Khazanah Nasional Berhad and GE International Inc., Hilton Kuala Lumpur – 23 August 2012 • Khazanah Megatrends Forum, Mandarin Oriental, Kuala Lumpur – 1-2 October 2012 • Impact of the New Economy to ASEAN/South Asia In 2013, Axiata Board Retreat, Johor Bahru – 9 November 2012 • Winning In The Future Mobile Landscape, Axiata Board Retreat, Johor Bahru – 10 November 2012

DIRECTORS	LIST OF TRAINING/CONFERENCES/SEMINARS/WORKSHOPS ATTENDED/PARTICIPATED IN 2012
DATUK AZZAT KAMALUDIN**	• Industry Next Challenge, Axiata Mid-Year Strategy Retreat – Bangkok, Thailand, 6 July 2012 • Market Updates on India, Axiata Mid-Year Strategy Retreat, Bangkok, Thailand – 6 July 2012 • International Law Conference Malaysian Bar – Kuala Lumpur Convention Centre – 26 – 28 Sept 2012 • Khazanah Megatrends Forum, Mandarin Oriental, Kuala Lumpur – 1–2 October 2012 • MINDA Directors Forum 2011: 'Board Rising to the Challenges of Corporate Entrepreneurship', Chiang Mai, Thailand – 7–9 October 2012 • Impact of the New Economy to ASEAN/South Asia In 2013, Axiata Board Retreat, Johor Bahru – 9 November 2012 • Winning In The Future Mobile Landscape, Axiata Board Retreat, Johor Bahru – 10 November 2012
JUAN VILLALONGA NAVARRO**	• GSMA Mobile World Congress and Leadership Meeting, Barcelona, Spain – 27 February – 1 March 2012 • Industry Next Challenge, Axiata Mid-Year Strategy Retreat – Bangkok, Thailand, 6 July 2012 • Market Updates on India, Axiata Mid-Year Strategy Retreat, Bangkok, Thailand – 6 July 2012 • Impact of the New Economy to ASEAN/South Asia In 2013, Axiata Board Retreat, Johor Bahru – 9 November 2012 • Winning In The Future Mobile Landscape, Axiata Board Retreat, Johor Bahru – 10 November 2012
DAVID LAU NAI PEK*	• Corporate Governance–The Competitive Advantage – Sime Darby Convention Centre, Kuala Lumpur, 16 April 2012 • Industry Next Challenge, Axiata Mid-Year Strategy Retreat – Bangkok, Thailand, 6 July 2012 • Market Updates on India, Axiata Mid-Year Strategy Retreat, Bangkok, Thailand – 6 July 2012 • Khazanah Megatrends Forum, Mandarin Oriental, Kuala Lumpur – 1–2 October 2012 • Impact of the New Economy to ASEAN/South Asia In 2013, Axiata Board Retreat, Johor Bahru – 9 November 2012 • Winning In The Future Mobile Landscape, Axiata Board Retreat, Johor Bahru – 10 November 2012
KENNETH SHEN**	• World Economic Forum East Asia – Bangkok, Thailand , 30May – 1 June 2012 • Industry Next Challenge, Axiata Mid-Year Strategy Retreat – Bangkok, Thailand, 6 July 2012 • Market Updates on India, Axiata Mid-Year Strategy Retreat, Bangkok, Thailand – 6 July 2012 • Khazanah Megatrends Forum, Mandarin Oriental, Kuala Lumpur – 1–2 October 2012 • MINDA Directors Forum 2011: 'Board Rising to the Challenges of Corporate Entrepreneurship', Chiang Mai, Thailand – 7–9 October 2012 • Impact of the New Economy to ASEAN/South Asia In 2013, Axiata Board Retreat, Johor Bahru – 9 November 2012 • Winning In The Future Mobile Landscape, Axiata Board Retreat, Johor Bahru – 10 November 2012 • Look East & Beyond Symposium, Chiyoda-Ku, Japan – 13–15 November 2012

* *Chairman, BAC*
** *Member, BAC*

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main LR of Bursa Securities, the Board of Directors of listed issuers are required to include in their annual report, a 'statement about the state of risk management and internal controls of the listed issuer as a group'. Accordingly, the Board is pleased to provide the following statement that was prepared in accordance with the 'Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers' as endorsed by Bursa Securities which outlines the nature and scope of risk management and internal controls of the Group during the financial year under review.

BOARD'S RESPONSIBILITY

The Board is responsible and accountable for maintaining a sound system of risk management and internal control practices to safeguard shareholders' investments and the Group's assets. Such system covers not only financial controls but also operational and compliance controls. In view of the limitations inherent in any system, the system of risk management and internal controls put in place can only manage risks within tolerable levels, rather than eliminate the risk of failure to achieve business objectives.

The Board has in place an on-going process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of the Group's business objectives. The processes which has been instituted throughout the Group, except for associated companies and joint ventures which are not under the control of the Group, are updated and reviewed from time to time to respond to the changes in the business environment throughout the financial year under review. The Board is assisted by the Risk Management Committee (RMC) in ensuring that the implementation of the approved policies and procedures on risks and controls are as intended. The appropriate key internal controls have been put in place to mitigate the key risk areas which have been identified and assessed by the risk owners.

Following the written assurance from the GCEO and GCFO, that the Group's risk management and internal controls are operating effectively, the Board is of the view that the system of risk management and internal controls in place for the year under review and up to the date of issuance of the financial statements is sound and sufficient to safeguard shareholders' investments and the Group's assets.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group has established policies on risk and internal controls to continuously identify, assess, monitor and mitigate risks. The Enterprise Risk Management (ERM) Framework which governs the risk management practices enables the identification, assessment and management of key business risks in a more systematic and holistic manner, thus providing assurance to the Board and stakeholders. The effectiveness of the Group's ERM policies and internal controls are reviewed on a regular basis and, where necessary, improved, both at management and Board levels. The key risks faced by the Group are listed in Appendix 1 of this statement.

The following key internal control structures are in place to assist the Board to maintain a proper internal control system:

KEY INTERNAL CONTROL STRUCTURES OF THE GROUP

1.0 Control Environment

Control environment sets the tone for the Group by providing fundamental discipline and structure. Key elements of the Group's internal control systems include:

1.1 Integrity and Ethical Values

- *Code of Conduct and Practice*

  The Senior Management and Board set the tone at the top for corporate behaviour and corporate governance. All employees of the Group shall adhere to the policies and guidelines as set out in the Code of Conduct of the Group which sets out the principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing within the Group and with external parties. The Group's Code of Conduct covers areas such as compliance with respect to local laws and regulations, integrity, conduct in the workplace, business conduct, protection of the Group's assets, confidentiality, conflict of interest and anti-competition practices.

- *Guidelines on Misconduct and Discipline*

  Guidelines are in place for handling misconduct and disciplinary matters. These guidelines govern the actions to be taken to manage the misconduct of employees who breach the Code of Conduct and Practice or do not comply with the expressed and implied terms and conditions of employment.

  The Code of Conduct and Practice has also been extended to contractors and suppliers of the OpCos.

1.2 Board Committees

(a) *Board*

Clear roles of the Board are stated under the Statement of Corporate Governance section of this Annual Report.

(b) *Board Committees*

To promote corporate governance and transparency, in addition to the Board, the Group has BAC, BNC and BRC (collectively 'Board Committees') in place. These Board Committees are established to assist the Board in overseeing internal controls, Board effectiveness, nomination and remuneration of the Group's Directors and the Group's top key positions. The responsibilities and authority of the Board and Board Committees are governed by a clearly defined ToR.

(c) *BAC*

The primary function of the BAC is to implement and support the oversight function of the Board in relation to overseeing financial reporting and internal controls as set out in the Duties and Responsibilities herein.

It has direct access to the internal and external auditors and full discretion to invite any Director to attend its meetings. Further details of the BAC are stated under the BAC Report section of this Annual Report.

1.3 Management

The Management is committed to the identification, monitoring and management of risks associated with its business activities. The GCEO and Management are ultimately responsible to the Board for the Group's system of internal control and risk management. Each business unit is responsible and accountable for implementing procedures and controls to manage risks within its business.

1.4 Organisation Structure

- *Clear Organisation Structure*

  The Group has an appropriate organisational structure led by functional Heads who have clear roles of responsibility and lines of reporting. The proper segregation of duties promotes ownership and accountability for risk taking and defines lines of accountability and delegated authority for planning, executing, controlling and monitoring of business operations. Competent and professional individuals have been selected as part of our team to ensure we manage our business well and to deliver business results. Regular reviews of the organisational structure are held to address the changes in the business environment as well as to keep abreast of new technologies, products and services.

- *Corporate Centre*

  The Corporate Centre plays an advisory role to add value to the subsidiaries at varying engagement levels. The broad roles of the Corporate Centre are as follows:

  1. Supporting role to the Group's Nominee Director(s)/Board;
  2. Supporting role to subsidiary management/Board; and
  3. Supporting role to subsidiary Functional Heads.

  Besides engaging in continuous day-to-day communication between subsidiaries and the Group functions, Corporate Centre also gives appropriate inputs and steers the Group on best practices through sharing of the Group's guidelines and strategies to minimise risk exposure and to increase the efficiency and effectiveness of business operations.

  The Corporate Centre is also responsible for key processes and functions including plotting the future path of the Group, strategic planning, mergers and acquisitions, joint development projects, capital raising and allocation, leadership and talent development.

  The Corporate Centre is also involved in leading Group initiatives on behalf of the OpCos to address current and future challenges of the Group.

1.5 Assignment of Authority and Responsibility

- *Policies and Procedures*

  Documented policies and procedures are now in place for all major aspects of the Group's business and these are regularly reviewed and updated to ensure that they remain effective and continue to support the organisation's business activities at all times as the organisation continues to grow. These policies are supported by clearly defined delegated authorities for its operating and capital expenditures, business plan and budget, and procurement of goods and services.

- *Limits of Authority (LoA)*

  The Board has approved a clearly defined and documented LoA which is to be used consistently throughout the Group. These are regularly updated to reflect changing risks or to resolve operational deficiencies.

  It establishes a sound framework of authority and accountability within the Group, including segregation of duties which facilitates timely, effective and quality decision-making at the appropriate levels in the Group's hierarchy.

  Axiata's LoA document clearly sets out the matters reserved for the Board's consideration and decision making, the authority delegated to the President & GCEO, including the limits to which the President & GCEO can execute the authority, and provides guidance on the division of responsibilities between the Board and Management.

1.6 Commitment to Competency

- *Competency Framework*

  The Group appoints employees of the necessary competencies to ensure that the people driving key operations are sufficiently skilled and exert the required qualities of professional integrity in their conduct.

- *Performance Management*

  The Group is committed to attract and retain competent, dedicated and loyal employees. Programmes and initiatives have been undertaken to ensure that the Group's human capital is equipped with the qualities and skills to drive the Group to become a world class company through ongoing emphasis on performance management and employee development.

  The Group has in place a KPI System as prescribed under the Government-Linked Company Transformation (GLCT) programme to link performance and compensation in order to create a high performance work culture. This system also seeks to provide clarity, transparency and consistency in planning, reviewing, evaluating and aligning employee actions and behaviours to that of the Group's vision and mission.

- *Training and Development Framework*

  It is the Group's policy to train employees at all levels so that they would be able to perform competently in their present jobs and also to train those employees who are considered to have the potential to perform duties with wider responsibilities so that they may be ready to assume them when needed. Programmes are also implemented to ensure that employees receive continuous training in various areas of work such as knowledge, health and safety, technical training, leadership and new product development.

- *Talent Development and Succession Planning*

  There is a Group Talent Management Framework in place to identify and develop a group talent pipeline within the organisation as a supply for future leadership demands. In this respect, the Group has met its target of identifying 100 C-suite potentials from within the organisation and has been intensifying its efforts in making these talent ready to succeed the current top management across the Group. This is done via intensifying leadership development programmes, mentoring and coaching and cross-functional and cross-country assignments. This leadership talent pipeline is also regularly reviewed via the Group Talent Council and assessed as potential successors for top key positions in the Group, via internal and external benchmarks. Succession plans and the robustness of the talent pipeline are regularly reviewed by the Board.

  The Group has also continued to strengthen the middle management level of the talent pipeline as well as fresh graduates to ensure there is continuous supply of the talent pipeline. As of 31 December 2012, 15 Malaysian employees have been seconded to various OpCos within the Group and 13 employees from the OpCos have been seconded across the Group.

2.0 Risk Assessment

Risk assessment involves the identification and analysis of the key risk areas relevant to the achievement of predetermined objectives, forming a basis for the establishment of the mitigation strategies. Key activities are as follows:

2.1 Company-wide Objectives

- *Achievement of Goals and Objectives*

  The Board is responsible for setting the business direction including a clear Group vision, mission and strategic direction, which is communicated to employees at all levels. The Board also oversees the conduct of the Group's operations through various management reporting mechanisms. Through these mechanisms, the Board is informed of all major issues pertaining to internal control, regulatory compliance and risk taking within the overall risk framework.

2.2 Risk Identification and Analysis

- *Group Enterprise Risk Management (ERM) Framework*

  The Group Risk Management function oversees the Group's ERM framework, facilitates the risk assessment process, monitors the Group's risk profile and the implementation of the risk mitigating action plans established by the risk owners, inculcate risk awareness organisation-wide and ensures continuous education and appreciation of ERM updates and best practices.

  Group Risk Management reports on the consolidated Group risk profile and mitigating action plans to the BAC which will then be presented to the Board, on a quarterly basis.

  Axiata Group Internal Audit (AGIA) undertakes independent reviews to ensure compliance of the Group's policies and to assess the effectiveness of policy implementation.

  An enhanced ERM framework which was rolled out in 2011 ensures:

  1. There is clear mandate and commitment from the Board and Senior Management in practising risk management effectively and to be inculcated across the organisation;
  2. It is used as a tool/basis for objective setting, decision making and accountability at all relevant organisational levels;
  3. Clear accountabilities and responsibilities for managing risk are provided;
  4. Risks derived from the risk management process are adequately and consistently reported and more focus is given to the implementation of the mitigation strategies.

- *Control Self Assessment (CSA)*

  CSA is an effective tool used by the Group for improving business internal controls and business processes. It allows employees of the Group to identify the risks involved in achieving the business objectives, to evaluate the adequacy and effectiveness of the controls in place and activities designed to manage those risks. CSA was performed on selected areas in Celcom, XL, Dialog and Robi in 2012.

2.3 Managing Change

- *Constantly Changing Business Environment*

  Risk management initiatives within the Group are strengthened continuously to ensure the Group's resilience towards responding effectively to the constantly changing business environment and thus, protecting and enhancing stakeholders' value.

3.0 Control Activities

Control activities are the policies, procedures and practices that ensure management objectives are achieved and risk mitigation strategies are carried out. Key activities within the Group are as follows:

3.1 Policies and Procedures

- *Financial and Operational Policies and Procedures*

  The Group currently maintains 2 policies encompassing both Group and OpCo levels, i.e. Limits of Authority and Group Policies which sets the framework for the development of the respective procedures covering financials and controls. The documented procedures include management accounting, financial reporting, procurement, information systems security, compliance, risk management and business continuity management.

  Internal controls are embedded into these policies to ensure consistent application throughout the Group. This serves as preventive control whilst allowing the Group to promptly identify and respond to any significant control failures.

- *Budgeting Process*

  A comprehensive annual budgeting process is in place to evaluate the feasibility and viability of the Group's businesses and to ensure that the Group's OpCos business plans are in line with the Group's future strategic plans. Annual budgets are prepared by the OpCos and deliberated with their respective Boards. They are then presented and discussed during the Axiata Board Retreat for approval before the commencement of a new financial year. Upon approval of the budget, the Group's performance is then periodically monitored and measured against the approved budget by the SLT, which comprises of the President & GCEO and all divisional heads. The Group's performance is also reported to the BAC and the Board. Reporting systems which highlight significant variances against plan are in place to track and monitor performance. On a quarterly basis, the results are reviewed by the Board to enable them to gauge the Group's overall performance, compared to the approved budgets and prior periods, and to take remedial action where necessary. Similar performance reviews at OpCos Board level takes place on a monthly or quarterly basis.

- *Whistleblower Policy and Procedures*

  The Group has in place a whistleblower policy which enables employees to raise matters in an independent and unbiased manner.

  As part of this whistleblower policy and procedures, there is an anonymous ethics and fraud e-mail, under the administration of the GCIA, to act as a mechanism for internal and external parties to channel their complaints or to provide information in confidence on fraud, corruption, dishonest practices or other similar matters by employees of the Group. The objective of such an arrangement is to encourage the reporting of such matters in good faith, with the confidence that employees or any parties making such reports will be treated fairly, their identity remains anonymous and be protected from reprisal.

- *Insurance and Physical Safeguard*

  The Group has an insurance programme in place to ensure that its assets are sufficiently covered against any mishap that will result in material losses. The Group also ensures that its major assets are physically safeguarded.

3.2 Security (Application and IT Network)

- *Disaster Recovery Plans (DRP) and Business Continuity Plans (BCP)*

  Dependability was one of four primary strategic focus areas for 2010/2011. The activities started then will be continued and enhanced in 2012/2013 with all operating units having a comprehensive end-to-end process by 2013. DRP and BCP requirements have been reinforced in all systems upgrades and implementation in the past year. The IT team has been strengthened with the inclusion of a Group IT Programme Director to oversee the strengthening of the Group's IT infrastructure, including the hardening of DRP specifications.

  DRP includes the timely resumption of service from applications, data, hardware, communication and other technical infrastructure.

  In various OpCos, implementation work has begun to strengthen the DRP aspects. Where required, consultants are also engaged to assess and audit the existing situation so that the gap analysis can be done. The implementation of the DRP is done in a phased manner. A new IT architecture blueprint was initiated in 2012 and is expected to be completed in 2013, which will also take into account the DRP requirements for the future.

  BCP includes planning for non-technical related aspects such as key personnel, facilities, crisis communication and reputation protection, and refers to the DRP for technology-related infrastructure recovery/continuity.

All OpCos have been sensitised on the importance of BCP. Implementation of BCP is on-going at OpCos. At this moment, the progress of BCP implementation is moving in line with the maturity cycle of the OpCos. All the best practices shall be shared amongst OpCos for faster replication and implementation.

- *Information Technology (IT) Policy*

  The Corporate IT Policy continues to be a focus item. The Board recognises the importance of a well-formulated IT direction, architecture and implementation. The IT focus in the Company has been augmented with the formation of a Group IT Team in the Technology Division to continue the on-going improvement programmes and to implement a holistic IT strategy initiated in 2011, starting with Celcom.

  A fresh IT architecture blueprint shall be drawn, after incorporating the various best practices from within and outside the Group to make sure that our IT network is ready for future service requirements and related challenges. Another area of focus for this year is to put in place a standard security policy, in consultation with the OpCos.

3.3 Regulatory and Compliance

- *Group Regulatory Affairs (GRA)*

  A four-pronged approach is adopted towards managing regulatory issues confronting our OpCos, supported by regular review of group risk matrix, managed as part of the Enterprise Risk Management process. In this manner, risks which are both jurisdictional and international are recognised and managed. The four-prong approach encompasses:

  1. Identification of regulatory priorities for each OpCo focusing on the top six issues of highest strategic, financial or reputational impact;

  2. Crafting strong submissions on issues and communicating the same with regulators through active stakeholder engagement;

  3. Developing group-wide positions on key issues such as spectrum management, roaming regulation, access pricing and licence renewal; and

  4. Ensuring a common baseline of best practice regulatory skills and knowledge group-wide, through adoption of a Regulatory Best Practices Manual, development of Asian Best Practice models and regular conference calls and annual meetings of regulatory employees group-wide.

  The Group Regulatory Policy outlined in the Group Policy document also provides guidance and establishes internal policies and procedures that attempt to avert potential liabilities arising from adverse regulatory decisions. Underpinning the Group Regulatory Policy is the understanding that the Group shall comply with all applicable laws and regulations, regulatory obligations and governmental policies in the jurisdictions in which it operates, and that regulatory advice is obtained in an efficient and cost effective manner as and when required.

4.0 Information and Communications

Information and communications support all other control components by communicating control responsibilities to employees and by providing information in a form and time frame that allows employees to carry out their duties. The key activities within the Group are as follows:

4.1 Corporate Communications Policy

There is a Corporate Communications Policy in place to ensure that communications across the Group and to investors inside and outside of Malaysia are effectively managed and meets the diverse needs of the organisation.

The Board recognises the need for a robust reporting framework given the growth of the Group's international investments and are working towards further strengthening that element of the internal control system. The Board also recognises the need for more dialogue with investors and analysts as well as with the media moving forward. Details of investor relations activities are listed within the Statement on Corporate Governance section of this Annual Report.

4.2 Business Control Incident (BCI) Reporting

The Group has in place BCI Reporting aimed at capturing and disseminating the lessons learnt from the internal control incidents with the objective of preventing similar incidents from occurring in other OpCos within the Group and to enable monitoring of internal control incidents that have caused significant losses. 10 such incident reportings were shared with all subsidiaries in 2012.

5.0 Monitoring

Monitoring covers the oversight of internal controls by management or other parties outside the process or the application of independent methodologies, such as customised procedures or standard checklists, by employees within a process. Key monitoring activities within the Group are as follows:

5.1 Performance Reporting

- *SLT Meetings*

  SLT Meetings, which comprise of the President & GCEO and all divisional heads, are held regularly to deliberate on business performance, financial and operating risks and issues which include reviewing, resolving and approving all key business strategic measures and policies. Progress, exceptions and variations are also fully discussed and appropriate action taken. In 2012, there were 11 SLT meetings held at Group level. Similar meetings are held regularly at OpCo level.

  Significant matters identified during these meetings are highlighted on a timely basis to the Board, who are responsible for setting the business direction and for overseeing the conduct of the Group's operations.

  Through these mechanisms, the Board is informed of all major control issues pertaining to internal controls, regulatory compliance and risk taking. This ensures that business objectives stay on course.

- *Major Control Issues*

  Quarterly reports on financial and operational control issues form part of the initiative to inculcate self-awareness of the financial and operational internal control requirements of the Group.

- *Headline Performance KPIs*

  Headline Performance KPIs have been set and agreed upon by the Board as part of the broader KPI framework that the Group has in place, as prescribed under the GLCT programme. The headline KPIs represent the main corporate targets for the year and are announced publicly as a transparent performance management practice.

- *Control Health Check KPI*

  The Group's Control Health Check KPI has been implemented in Celcom and Robi.

5.2 On-going Monitoring

- *Financial and Operational Review*

  Quarterly financial statements and the Group's performance are reviewed by the BAC, who subsequently recommends them to the Board for their consideration and approval. Monthly management accounts containing key financial results, operational performance indicators and budget comparisons are also issued to the SLT to enable them to have regular and updated information of the Group's performance.

- *Internal Audit*

  The function of the IA is highlighted within the BAC Report section of this Annual Report.

KEY RISK
AREAS IDENTIFIED

APPENDIX 1

1. **Long Term Business Strategy:** There has been a significant shift in subscribers spending behaviour where providing traditional mobile voice communications is no longer attractive or sufficient. The growing popularity of smartphones and android devices increases the need for data services. Thus the Group constantly explores and makes appropriate investments to upgrade its technology and platforms to enhance its preparedness in keeping its products and services relevant. The Group is also cognisant of the latest industry and subscriber trends, continuously reviewing and proactively making changes to its business model, fast-tracking ROI on its investments and ensuring the long term competitiveness and financial performance of the Group.

2. **Significant Increase in Domestic Competition:** Increased competition from existing and new mobile operators would result in price wars and competitive product offerings in voice and mobile data services. Management is continuously monitoring the development of the domestic business environment and taking measures in ensuring that the Group remains competitive.

3. **Adverse Regulatory, Legal and Political Development:** The Group operates in an industry that is subject to a broad range of rules and regulations, put in place by various governing bodies and political frameworks. While some jurisdictions are relatively stable and hence predictable in nature, some territories have a somewhat robust political climate. As such, the Group faces unexpected changes in laws, rules and regulations, that could materially affect the growth, prospects, financial condition or operations of the Group. At the same time, the Group's operating licences are subjected to renewal, interpretation, modification or termination by relevant authorities. New conditions and obligations may be imposed for new licences and upon renewal of expiring licences and such conditions may be more onerous than previously. Any failures could impede the ability of the Group to continue to operate the affected business and the realisable value of its relevant network infrastructure and related assets may be adversely affected. As such, the Group emphasises strict compliance, constantly keeps up with all relevant developments and is in regular contact with the governing authorities.

4. **Dependence on Major OpCos:** The Group's financial results depend on the contribution of two major OpCos, namely Celcom and XL, which account for more than 80% of revenue and 90% of PATAMI. Any major adverse developments in these two OpCos could materially affect the Group's financial performance.

5. **Substitution Risk:** There is a risk that the emergence of non-traditional 'Over-The-Top' service providers that provide free VoIP calling and messaging, could impact our core revenue base. The Group is proactively looking into mitigation strategies to ensure that the impact of substitution is minimised, such as the bundling of voice and data.

6. **Technology Obsolescence:** The uncertainty related to the speed of development and deployment of new technologies and the potential readiness of related ecosystems such as that of fourth generation networks creates potential risks (i.e. shorter technology lifecycle leading to faster technology obsolescence). The impact of such uncertainty could result in some OpCos needing to deploy new network capex at a faster pace than previously planned to remain competitive in their respective markets. The Group along with the OpCos constantly assesses the development of these new technology ecosystems and the readiness of the required components.

7. **Treasury and Funding Risk:** The Group is exposed to risks such as funding, financing costs and currency exchange rates due to the diversified countries of its investments. It is not commercially viable for the Group to hedge all its currency and interest rate exposures. As a result, volatility of interest rates and currencies in the countries in which the Group operates could adversely affect the Group's financial performance and results of operations. Local liquidity constraint and high financing interests for medium and/or long term borrowing may result in funding constraints for some OpCos in some of the markets.

8. **System and Network Disruptions/Failure:** The reliability of the network infrastructure and systems in each OpCo is crucial in ensuring that the service is delivered without major disruptions/downtime. The Group continues to evaluate and ensure that adequate disaster recovery plans are in place at each OpCo to ensure seamless business continuity.

9. **Business Continuity Management:** The Group relies on a wide range of systems and infrastructure to deliver high quality service. Whilst the Group continuously reviews and enhances its systems resilience, it is crucial that a holistic Business Continuity Management framework is in place to manage the softer issues resulting from a disaster or service interruption.

10. **People & Organisation:** To a large extent, the Group's success is attributable to a strong and experienced Senior Management team and a skilled workforce. Inadequate resources and loss of key talent are challenges which the Group tries to mitigate by placing our people through robust talent development programmes, attractive performance based rewards and providing a safe and healthy work environment.

11. **Project Management:** The Group has embarked on major strategic transformation projects which could affect critical business functions and processes. As such, the Group places emphasis on structured and disciplined project management practices to ensure it meets its intended objectives.

12. **Investment Risk:** The Group is on a constant lookout for investment opportunities to enhance its footprint within the Asian region. At the same time, it recognises the repercussions of incorrect investment decisions such as conflict of interest with main stream business, poor selection of business partners, etc. The Group has a robust due diligence process in place and constantly evaluates the risk at hand as it maps its strategies and ensures mitigation plans are in place. Our M&A team is well aware of the common pitfalls associated with new investments and ensure the necessary controls are in place prior to its execution. In addition, the Management is also cognisant of the risk associated with potential capital calls by existing OpCos due to the volatilities in the respective markets and worldwide economic downturn in general.

BOARD AUDIT COMMITTEE REPORT

COMPOSITION AND MEETINGS

In 2012, the Board Audit Committee (BAC), comprising of the Directors listed below, met five times on 22 February 2012, 27 March 2012, 21 May 2012, 29 August 2012 and 28 November 2012. The composition and the attendance record of the BAC members are listed below.

Name of Director	Status of Directorship/Qualifications	No. of Meetings Attended
David Lau Nai Pek *(Chairman of the BAC)*	Independent Non-Executive Director	5 out of 5
Datuk Azzat Kamaludin	Senior Independent Non-Executive Director	5 out of 5
Juan Villalonga Navarro	Independent Non-Executive Director	2 out of 5
Kenneth Shen	Non-Independent Non-Executive Director	5 out of 5

Financial Literacy

The BAC is chaired by David Lau Nai Pek, who has more than 30 years experience with the Royal Dutch Shell Group, leading financial organisations in various countries. David is also a member of the Malaysian Institute of Accountants and a member of the New Zealand Institute of Chartered Accountants.

Juan Villalonga was Chairman and Chief Executive Officer of a major provider of telecommunications services in Spain. He was also the former Chief Executive Officer of major banking institutions in Spain.

Datuk Azzat Kamaludin has spent many years in the BACs and Boards of major companies in Malaysia and internationally.

Kenneth Shen has more than 25 years experience in global investment, corporate finance, and mergers and acquisition gained in New York, Hong Kong, Qatar and Malaysia.

SUMMARY OF ACTIVITIES OF THE BAC

During the FY12, the BAC discharged its functions and carried out its duties as set out in the ToR. Key activities undertaken by the BAC include the following:

Risks and Controls

- The Group's major business risks and remedial actions were reported and deliberated at the BAC each quarter; a summary of which was reported to the Board. In 2012, all Opcos have been asked to look at the worst case scenarios and develop the necessary mitigation plans. A summary of the OpCos' top risks arising from this exercise was then tested against the Group Risk Profile.

Internal Audit

- Reviewed and supported the Axiata Group Internal Audit (AGIA) annual business plan inclusive of budget and resourcing plan. The audit plan was prepared using risk-based and strategy-based approaches, whilst ensuring the availability of adequate and competent resources to carry out the audit plan, especially in the areas or entities with high risks.

- Reviewed internal audit reports issued by AGIA on the adequacy, effectiveness and efficiency of risk management, operational and compliance issues, and governance processes across the Group.

- Reviewed the adequacy, effectiveness and timeliness of actions taken by management to resolve material issues raised by the internal audit reports across the Group.

- Reviewed the effectiveness of internal audit processes and the resources allocated to the audits.

- Assessed the performance of AGIA against the internal scorecard as approved by the BAC.

External Audit

- Adopted a collaborative approach in working with the external auditors. Reviewed and approved the external audit plan including the scope and fee for the annual audit.

- Reviewed the results of the external audit and reported issues arising from their audits of the quarterly and annual accounts, made recommendations to the Board for the implementation of remedial actions where necessary.

- Held two private meetings with the external auditors on 22 February 2012 and 28 November 2012 without the presence of management and internal audit.

- Reviewed the performance of the external auditors and made recommendations to the Board for their re-appointment and remuneration.

- Regularly reviewed all non-audit services carried out by the external audit firm to ensure their independence is not impaired.

- The BAC is of the opinion that the external auditors remain independent when carrying out the audit assignments within the Group, within the meaning of the provisions of the Bye-Laws on Professional Independence of the Malaysian Institute of Accountants. In addition, to the best of the BAC's knowledge, the BAC is not aware of any non-audit services that had compromised the external auditors' independence.

Financial Reporting

- Reviewed the quarterly and annual financial statements including announcements, taking into consideration the external audit findings and recommendations, and recommended them to the Board for their approval. The reviews, together with discussions with the external auditors, were to ensure that the financial reporting and disclosures are in compliance with the provisions of the Companies Act 1965, Main LR and applicable accounting and MFRS standards in Malaysia.

- Reviewed the cashflow assumptions and working papers in order to determine the recoverability of major assets.

Annual Reporting

- Reviewed and recommended the Statement on Corporate Governance, Statement on Internal Control and BAC Report to the Board for approval.

- Reviewed on a quarterly basis the related party transactions entered into by Axiata pursuant to shareholders mandate on RRPT procured at the 20th AGM of the Company held on 23 May 2012 and the reporting of these transactions in the 2012 Annual Report.

Others

- Reviewed and approved revisions to Axiata Audit Charter;

- Reviewed and supported revisions to the BAC's ToR to be approved by the BOD;

- Reviewed status of resolution of external and internal audit issues every quarter;

- Reviewed latest accounting and reporting standards and policies, where applicable to Axiata;
- Reviewed current matters in relation to compliance with legal, regulatory and statutory requirements;
- Reviewed and approved revisions to Axiata Group Internal Audit Manual;
- Reviewed business control incidents and identified cases of control weaknesses including fraud for sharing of lessons learnt within the Group to avoid similar incidents; and
- Verified the allocation of 18,444,000 share options or share awards given to the Group's eligible employees in accordance with the Performance Based ESOS and Share Scheme for FY12. The BAC was satisfied that the allocation of the said share options or share awards was in compliance with the criteria set out in the ESOS Bye-Laws and Share Scheme Committee.
- The Chairman of the BAC is also the Chairman of Celcom's BAC. In addition, the Chairman of the BAC also attended one XL BAC meeting held in Jakarta, Indonesia in 2012.

GROUP INTERNAL AUDIT

The internal audit function is under the purview of AGIA and headed by the Group Chief Internal Auditor (GCIA), who is independent and reports directly to the BAC. The internal audit reporting structure within the Group has been organised where audit departments of the OpCos report directly to the BAC of the respective OpCo with a dotted reporting line to the GCIA. AGIA has direct control and supervision over internal audit activities in the OpCos that do not have an audit function. GCIA also acts as the secretary to the BAC.

AGIA provides independent, objective assurance on areas of operations reviewed, and recommendation based on best practices that will improve and add value to the Group. AGIA identifies, coordinates and conducts global audits that are to be carried out throughout the Group and also provides standards, policies, guidelines and advice to the OpCos audit function to standardise the internal audit activities within the Group.

AGIA adopts a systematic and disciplined approach to evaluate adequacy and effectiveness of the risk management, financial, operational, compliance and governance processes. Structured risk-based and strategic-based approaches are adopted in identifying the internal audit activities that are aligned with the Group's strategic plans to ensure those risks facing the Group are adequately reviewed.

In addition, international standards and best practices are adopted to further enhance the relevancy and effectiveness of the internal audit activities.

In April 2012, AGIA participated in the online Global Audit Information Network (GAIN) 2011 Annual Benchmarking Study that was hosted by the Institute of Internal Auditors. A total of 365 companies from across the globe took part in this benchmarking on internal audit and BAC activities. Axiata was benchmarked against four tier groups that included telecommunications companies and companies with revenue of USD5 billion to USD15 billion. Among the positive observations from the benchmarking report are:

AGIA

- AGIA's total cost per auditor is the lowest.
- AGIA planned and performed the highest number of audits.
- AGIA's audit life cycle of 59 calendar days is comparable to the other tiers.
- AGIA auditors received the highest number of training hours.

Board Audit Committee

- The size of Axiata BAC's membership is comparable to the others and the cumulative hours of BAC meetings in 2011 of 20 hours was comparable to the others where the average period ranged from 15 to 19 hours.

Against the 2012 Audit Plan, a total of 124 internal audit assignments were completed at Corporate Centre and all OpCos. The areas of coverage included finance, sales, marketing, information and technology, billing, network, corporate governance, human resources, customer service and procurement. The audit reports of these assignments provided independent and objective assessment of the following:

- adequacy, effectiveness and efficiency of the internal control systems to manage operations and safeguard the Group's assets and shareholders' value; and

- adequacy and effectiveness of the risk management operations, governance and compliance functions to identify, manage and address potential risks facing the Group.

The internal audit reports were issued to the management for their comments and to agree on action plans with deadlines to complete the necessary preventive and corrective actions. The reports were tabled at each OpCo's BAC and summary of the key findings to the BAC for due deliberation to ensure that the management undertakes to carry out the agreed remedial actions.

Members of the management were invited to the BAC meetings from time to time, where necessary, for further clarification purposes. Key audits that were completed in 2012 include:

- Network Planning
- International Roaming
- Product Customer Experience
- Project Management
- Billing Management
- Infrastructure Sharing
- Vendor Management of Critical Systems
- Procurement
- Managed Services
- Contact Centre Management
- On-line Charging System
- Core Network Elements
- SAP Application Controls
- IP Network Management
- Enterprise IT Management

The total cost incurred by AGIA in 2012, inclusive of all the OpCos, was RM10.1 million. This represents a 16% increase from last year's cost of RM8.7 million. The increase is mainly due to increased co-sourcing activities and salary/bonus payouts.

There are a total of 45 internal auditors across the Group whilst AGIA at Corporate Centre has five approved headcount and operates on a resource sharing basis with other OpCos' Internal Audit Divisions. All the internal auditors have tertiary qualifications and the level of expertise and professionalism within AGIA at the end of 2012 is as follows:

Expertise Category	Percentage of total auditors
Finance	29%
IT/MIS	20%
Network/Engineering	22%
Marketing	12%
General/Others	18%

Professional Category	Percentage of total auditors
Professional Certification	
• CPA, ACCA, CA, CIMA	18%
• Certified Internal Auditor (CIA)	11%
• Certified IS Auditor (CISA)	27%
• Internship of CPA, ACCA, CA, CIMA	18%

BOARD AUDIT COMMITTEE REPORT

Professional Category	Percentage of total auditors
• Internship of CIA/CISA	64%
• Institute of Internal Auditors Membership	64%
• Others	20%
Post Graduate	
• MBA and other Master	47%
• Masters Internship	11%

TERMS OF REFERENCE – KEY SUMMARY

In performing its duties and discharging its responsibilities, the BAC is guided by the ToR. The key roles from the ToR are summarised below:

1.0 Function of the BAC

1.1 The primary function of the BAC is to implement and support the oversight function of the Board in relation to overseeing financial reporting and internal controls as set out in the Duties and Responsibilities herein.

1.2 It is the objective of the BAC to assist the Board to assure the shareholders of Axiata that the Directors of Axiata comply with specified financial standards and required disclosure policies developed and administered by Bursa Securities and other approved accounting standard bodies. In addition, the BAC needs to ensure consistency with Bursa Securities' commitment to encourage high standards of corporate disclosure and transparency. The BAC will endeavour to adopt certain practices aimed at maintaining appropriate standards of corporate responsibility, integrity and accountability to Axiata's shareholders.

2.0 Composition of the BAC

2.1 The BAC must be composed of no fewer than three members, all of whom shall be Non-Executive Directors and the majority shall be Independent Non-Executive Directors.

2.2 Members of the BAC shall possess sound judgment, objectivity, management experience, integrity and knowledge of the industry. A member of the BAC shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him/her. This is to avoid BAC members from participating in matters that will create conflict of interest.

2.3 Members of the BAC shall be financially literate and at least one member of the BAC:

i. Must be a member of the Malaysian Institute of Accountants (MIA); or

ii. If he/she is not a member of the MIA, he/she must have at least three years working experience and:

a. He/she must have passed the examination specified in Part I of the 1st Schedule of the Accountants Acts 1967; or

b. He/she must be a member of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Acts 1967; or

iii. Have a degree/masters/doctorate in accounting or finance and at least three years post qualification experience in accounting or finance; or

iv. Have at least seven years experience of being a Chief Financial Officer of a corporation or have the function of being primarily responsible for the management of the financial affairs of a corporation; or

v. Fulfils other such requirements as may be prescribed or approved by Bursa Securities.

3.0 Duties and Responsibilities of the BAC

In carrying out its responsibilities, the BAC's policies and procedures remain flexible to changes in circumstances and conditions that are in compliance with legal and regulatory requirements.

The following are the main duties and responsibilities of the BAC:

3.1 Financial Reporting and Processes

i. Review the quarterly interim results, half-yearly results and annual financial statements of the Group prior to reporting and presenting to the Board for approval.

ii. Review with the external auditors the financial statements of Axiata before the audited financial statements are presented to the Board for approval and report the same to the Board.

iii. Discuss problems and reservations arising from the interim and final audits and any matters the external auditors may wish to discuss (in the absence of the management or GCIA where necessary).

iv. Propose best practices on disclosure of financial results and annual report of the Company in line with the principles set out in the Malaysian Code on Corporate Governance, other applicable laws, rules, directives and guidelines.

v. Review the integrity of the Group's internal and external financial reporting processes and assess significant deficiencies and weaknesses in the design or operations of the Group's internal accounting procedures and controls including review and assess management's follow up actions on the weaknesses of these procedures and controls as highlighted by the external auditors and internal auditors as per the external auditors' management letters.

vi. Review and discuss with management the Group's major financial risk exposures and initiatives taken to monitor and control such exposures over financial reporting which may cause adverse effect to the management's ability to record, track changes, process and summarise financial information.

3.2 Independent External Auditors

i. Consider and recommend to the Board, for it to put to the Company's shareholders for approval in General Meetings, the appointment (and the re-appointment) of a suitable accounting firm to act as external auditors including the audit fee payable thereof. Amongst the factors to be considered for the appointment are the independence, qualification, adequacy of experience and resources of the firm and the partners and resources assigned to the audit.

ii. Consider any question of resignation (including review of any letter of resignation and report the same to the Board) or removal. In the event of a removal of external auditors, the BAC shall provide reason(s) for the removal to the Board for approval and the external auditors for their records.

iii. Review whether there is a reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment and report the same to the Board.

iv. Review the external auditors' audit plan before the audit commences and report the same to the Board.

v. Discuss nature, approach and scope of the audit before the audit commences and ensure co-ordination where more than one audit firm is involved.

vi. Review the evaluation of the system of internal control with the external auditors and report the same to the Board.

vii. Be directly responsible for the compensation, evaluation and oversight of the external auditors or any other auditor preparing or issuing an audit report for the Group and where appropriate, provide reports to the Board on the terms of engagement, independence and proposed fees of the external auditors.

viii. Meet with the external auditors at least twice in the financial year (without the presence of other directors and employees, whenever deemed necessary) to discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss.

ix. Review the external auditor's audit report, and report the same to the Board.

x. Review the external auditors' management letter and the management's response.

xi. At least annually assess and report to the Board on the independence of the external auditors, obtaining from the external auditors a written statement delineating all relationships between the audit and the Group and delineating any other relationships that may adversely affect the independence of the external auditors.

xii. Monitor the extent of non-audit work to be performed by the external auditors to ensure that the provision of non-audit services does not impair their independence or objectivity. This includes a pre-approval process for any such work and the hiring of employees or former employees of the external auditors.

xiii. Resolve any disagreement between management and the external auditors regarding financial reporting.

3.3 Internal Audit Function

i. Approve the Internal Audit Charter, which defines the independent purposes, authority, scope and responsibility of AGIA.

ii. Discuss with the GCIA the annual internal audit scope, plans and objectives, resources, qualifications, independence, reporting structure and performance of AGIA.

iii. Review and recommend the Internal Audit Business Plan, including the IA Plan and budget, for final approval by the Board, and review the results of the internal audit process. Where necessary the BAC is to ensure:

   a. That appropriate action is taken on the recommendations of AGIA and report the same to the Board.

   b. That the scope, functions, competency and resources of AGIA are adequate and that it has the necessary authority to carry out its work and report the same to the Board; and

   c. That the goals and objectives of AGIA commensurate with corporate goals.

iv. Review any appraisal or assessment of the performance of the members of AGIA.

v. The GCIA shall report directly to the BAC and shall be responsible for the regular review and appraisal of the effectiveness of the risk management, internal control and governance processes within the Group.

vi. The Head of Internal Audit at the OpCos report functionally to the OpCo's BAC and on a dotted line basis to the GCIA for purposes of standardising the operations of internal audit in Axiata and its OpCos by furnishing reports to the GCIA in relation to matters including but not limited to, major control issues, audit reports, quarterly reports, and Minutes of OpCos BAC meetings.

vii. Review internal audit results and reports from the GCIA including the report on the Group's internal controls and progress in remedying any material control deficiencies raised by AGIA.

viii. Approve the appointment or termination of the GCIA and the senior staff members of AGIA.

ix. Take cognisance of resignations of the GCIA and staff members of AGIA and provide the resigning GCIA or staff members the opportunity to submit his/her reasons for resigning.

x. Annually review and appraise the performance of the GCIA, including the role and effectiveness of AGIA.

xi. Be informed, referred to and agree on the initiation, commencement and mechanism of any disciplinary proceeding/investigation, including the nature and reasons for the said disciplinary proceeding/investigation, as well as the subsequent findings and proposed disciplinary actions against the GCIA. As an employee of the Group, the GCIA is subject to the Group's human resources policies and guidelines, including disciplinary proceedings/investigations and actions.

xii. Ensure that AGIA be independent of the activities they audit and perform audits with impartiality, proficiency and due professional care. The Board or the BAC should determine the remit of AGIA.

xiii. Discuss problems and reservations arising from the internal audit results, reports or any matters the Internal Audit may wish to discuss in the absence of management where necessary.

3.4 Company Oversight

i. Review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, rules, directives and guidelines.

ii. Review the Company's policies and practices with respect to risk assessment and management.

iii. Consider major findings of internal investigations and the management's response.

iv. Review the management's monitoring of compliance with the Company's code of business ethics.

v. Monitor the process for dealing with complaints received by the Group regarding accounting issues, internal control matters or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

vi. Consider and review any significant transactions, which are not within the normal course of business and any related party transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of conduct that raises questions of the management integrity and report the same to the Board.

vii. Verify the allocation of share options or awards given to the Group's eligible employees is in accordance with the criteria for the employees share option and share scheme and the Main LR at the end of each financial year.

viii. Report promptly to Bursa Securities if the BAC views that a matter resulting in a breach of the Main LR reported by the BAC to the Board has not been satisfactorily resolved by the Board.

(For details of the ToR, please refer to our website)

ENHANCING CONNECTIVITY

Axiata has opened up the world of telecommunications to over 215 million subscribers. We are connecting people, from remote villages to cities, providing them access to a wide range of information and services.

BUSINESS REVIEW

MALAYSIA

CELCOM AXIATA BERHAD

- **27** consecutive quarters of revenue growth, highest EBITDA and normalised PAT in the industry
- **12.7** million subscribers; Narrowing the gap between **Celcom** and the number one player in the market
- Leading mobile broadband service provider in Malaysia with over **1** million subscribers
- Network upgrades pave the way for **4G** rollout in **2013**

ABOUT CELCOM

Celcom is Malaysia's premier and most experienced mobile telecommunications company with the widest coverage in the country. It provides both prepaid and postpaid mobile services to more than 12.7 million subscribers and is the leading mobile broadband service provider in the country with over 1 million subscribers. Celcom is also growing its position in content and value-added services (VAS), enterprise solutions, bulk wholesale services, digital services and machine-to-machine (M2M) solutions in line with evolving technologies and the changing consumer behaviour in Malaysia.

With the country's widest network, Celcom covers 95.2% and 83.7% of the Malaysian population with its 2G and 3G networks respectively. Celcom continues to invest in network coverage, capacity and performance. Its aim is to maintain its technology leadership and position as the country's best mobile service provider.

Celcom has also been a pioneer in industry leading partnerships which include MVNOs, domestic and international roaming, and infrastructure sharing. Currently, Celcom has five MVNO partners riding on its mobile network. These partnerships provide Celcom with additional channels to reach niche segments with strong growth potential.

Its long-standing partnerships with local as well as leading global operators have resulted in economies of scale, optimised network coverage, and unrivalled mobile experience for its customers. As an Axiata company, and through its collaboration with Vodafone, Celcom customers enjoy great rates and consistent coverage while roaming. Today, Celcom subscribers enjoy roaming services in 193 countries with over 550 partner networks.

Through initiatives such as its industry-leading consumer lab, Celcom has a firm focus on customer needs that has led to higher levels of product and service innovation, customer service excellence, and industry accolades at both local and regional levels.

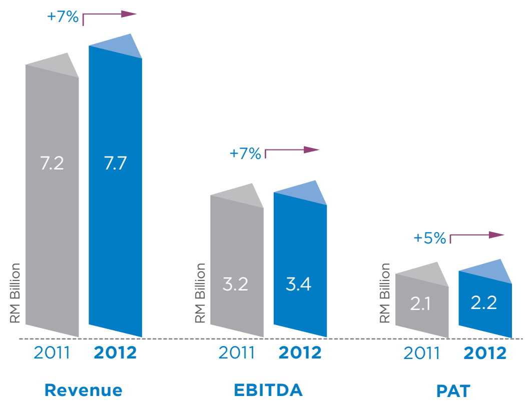
BUSINESS REVIEW

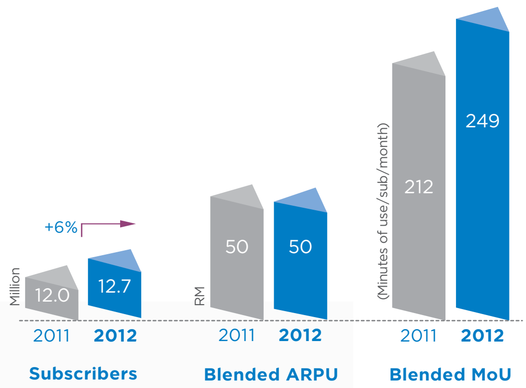
BUSINESS REVIEW 2012

Celcom closed 2012 with stellar financial results, outperforming the industry on key financial indicators. The strong results were achieved on the back of attractive and innovative marketing campaigns, better pricing strategies and enhanced customer experience. Celcom also continued with its agenda of enhanced network quality, expansion into 4G LTE, and IT initiatives in its efforts to revolutionise its operations and customer experience.

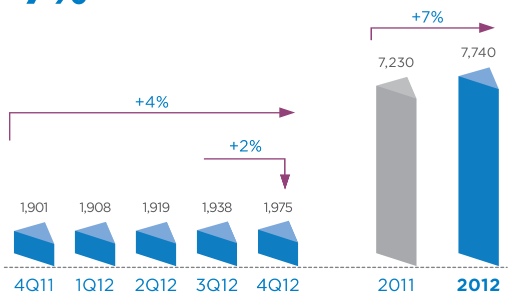
Celcom added 701,000 new subscribers reaching a total of 12.7 million at the end of 2012 with a YoY growth of 5.9%.

Mobile broadband subscribers grew by 110,000 from a year ago, cementing Celcom's position as the market share leader with 1.05 million subscribers. Concurrently, the growth in subscribers led to a surge in non-voice revenue, now representing 35.3% of total revenue. Celcom executed successful voice and SMS resuscitation programmes that led to a 3.6% YoY growth in the voice segment, against a declining global trend.



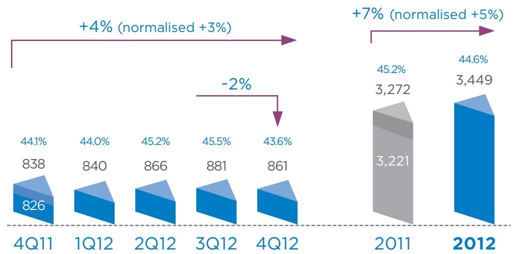


REVENUE
+7%



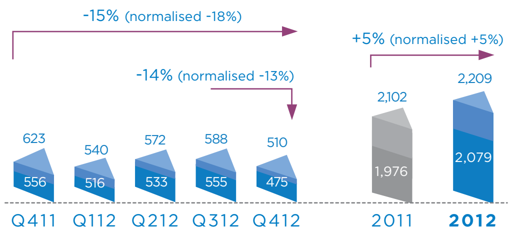
REVENUE (RM Million)

EBITDA*
+7%



EBITDA (RM Million) & MARGINS (%)*

PAT*
+5%



PAT (RM Million)

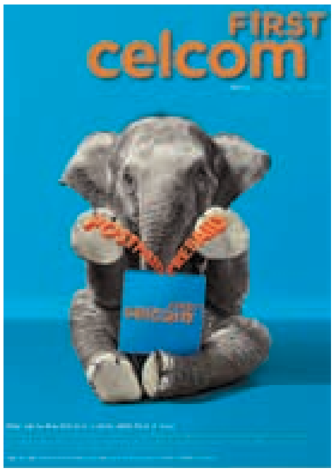
*(1) *PAT and EBITDA exclude holding company charge, interests/charges on Sukuk and HQ tax relief if any*
(2) *Normalisation – excludes additional accelerated USP and depreciation for modernisation*

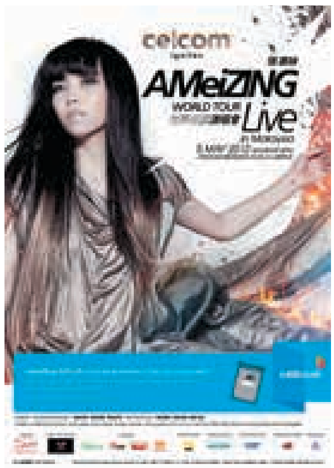
Celcom's innovative device bundles on Celcom First Voice and Data plans coupled with new launches of in-demand devices throughout the year resulted in increased smartphone and tablet adoption on the network. The network hosted a total of 2.86 million smartphones at the end of 2012 compared to 2.26 million a year before, a remarkable growth of 26.5%. Tablets grew to almost 202,500 from 85,600 last year.

Having expanded its enterprise portfolio to include end-to-end business solutions and machine-to-machine (M2M) services, Celcom saw strong growth in its enterprise segment, particularly with large multinational companies (MNCs), government agencies and government-linked companies (GLCs).

Core investments under Celcom's transformation programme were well underway in 2012. The company launched a comprehensive IT transformation programme which aims to help the company further differentiate its customer and channel experiences. Infrastructure sharing initiatives have also paved the way for efficient and sustainable data networks while ensuring optimum network coverage for the best overall customer experience.

With the allocation of the 2600MHz spectrum by the Malaysian Communications and Multimedia Commission (MCMC), Celcom is now 4G LTE enabled, making it the fastest and widest mobile network in the country.





Products & Services

In 2012, Celcom launched Celcom First, a comprehensive range of services which includes voice, data, and WiFi that can be bundled across a postpaid/prepaid hybrid model. The plan, offering a unique cross-product bundling mix, was one of the most innovative price plans the industry has seen. Celcom First allows customers to build packages to fit their product, price and usage needs. On Celcom First, customers are able to switch from postpaid to prepaid payment methods at a flat rate at anytime. This pricing model has never been used in the industry before. Customers on the plan also enjoy various benefits such as priority customer service and loyalty bonuses in terms of airtime and credit. The popularity of the package saw a surge in net additions and revenue for Celcom.

Concurrently, Celcom's PortaWiFi, an easy-to-use and affordable personal mobile WiFi hotspot device with data speeds of up to 21Mbps was launched in 2012 to drive the company's data revenue. PortaWiFi is a WiFi service that can be shared between multiple users at home, at work or on the go. The service was recognised as a 1Malaysia People's Product, supporting the government's efforts for affordable broadband for all Malaysians. Celcom also introduced this service for businesses, which provide WiFi access for their customers through a simple, plug-and-play solution.

On-going voice resuscitation initiatives in the second quarter saw the launch of the 'Whatchuwant?' Campaign, offering both prepaid and postpaid customers chances to win exciting prizes. Due to the overwhelming response of 1.77 million subscriptions, a second wave was launched in collaboration with MTV Asia. This gave customers the chance to win an exclusive vehicle makeover through the globally-popular *Pimp My Ride* TV show. Other campaigns under voice resuscitation initiatives include the introduction of HD Voice and the Xpax Call Frenzy and Talk-a-Thon 2 campaigns.

Business Solutions

Celcom's enterprise arm, Celcom Biz unveiled two new industry-leading mobility solutions for its business segment in 2012. The two products, PortaBiz on SAP Mobility and Fleet Tracker, offers better business efficiency and market competitiveness for smaller enterprises and large corporations.

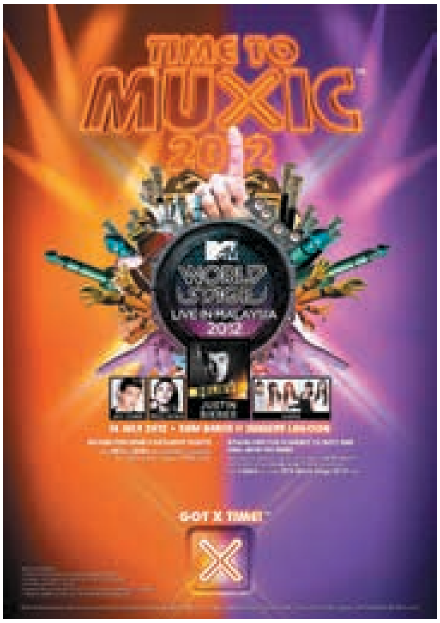
Moving forward, Celcom will be commissioning a new M2M billing platform, empowering its enterprise customers to manage their usage and resolve issues in real-time through an easy-to-use customer portal. Other products slated for rollout throughout 2013 include field and sales force automation, wireless CCTV, cloud-based services, and an upgrade of existing product suites.

Advanced Data and Digital Services

Despite intense competition, impressive performances by the group's product lines pushed its YoY advance data growth by 17% through VAS such as Kolony, MMS, airtime transfers, and mobile remittance. Other key initiatives that helped drive growth in this area were aggressive thematic promotions, product launches and various up-selling campaigns.

Kolony, Celcom's homegrown SMS-based social networking service, continued to demonstrate strong take up with 4.5 million users at the end of 2012. The success of the product in the Malaysian market has seen the platform being adopted and successfully deployed by Robi in Bangladesh.

Celcom will continue to develop and market products and services to capitalise on the strong growth in this space and place special focus on new services such as digital payment, digital advertising and digital shopping. Strong focus is also maintained on content services to cater to the demand in games, music and videos.

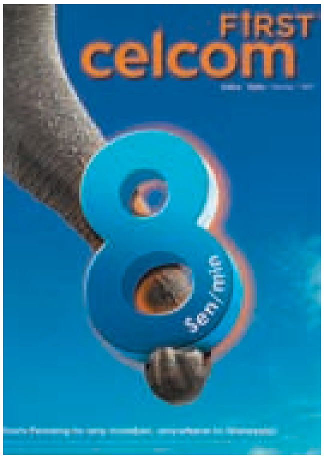


Sales & Distribution Channels

Celcom achieved new operational and go-to-market efficiency through a revamp of its sales and distribution channels. A unique micro segmentation process, which includes management by district, was implemented. The new system also allows Celcom to enhance its collaboration with its five MVNO partners.

The company revamped the branding for its Blue Cube stores. These newly-designed stores offer improved customer experience as well as better service. This initiative is part of Celcom's overall customer experience enhancement efforts.

Channel development was also a key focus in 2012 through the expansion of non-traditional channels as well as the appointment of new direct channels. In line with this, redesigned trade incentives and programmes were also introduced.



Enhancing Customer Service

Customer experience has always been a priority at Celcom. In its continued efforts to enhance this, Celcom launched its Servicing Mannerisms Programme at the end of 2011 to ensure good and consistent service and experience across all its sales and service channels. Overall results for 2012 show significant improvements for both Celcom branches and Blue Cube stores. There were also marked improvements in four key indicators: service assurance, image, communication, as well as product and process knowledge.

Since its inception in July 2007, Online Customer Service (OCS) adoption has been on an upward trend and has seen significant growth of 30% in 2012. There has also been an increase in Celcom's E-Billing service with a total subscription of 388,899 users for the year.

Celcom was also proactive in offering customers additional services such as increase in credit limits and upgrades of mobile internet packages at Celcom's contact centre, creating additional revenue stream for the company.

In June 2012, the Celcom Contact Centre was awarded ISO 9001:2008 certification for the high standards in its processes. Other industry awards include the Asian Communication Awards (ACA) for Best Customer Service Initiative and seven separate awards from the Customer Relationship Management & Contact Centre Association Malaysia (CCAM).

Technology & Network

Celcom undertook several platform upgrading initiatives to cater to the growth in data services and invested in new technologies and explored innovative ways of powering its base stations.

Celcom enhanced its network coverage further by deploying additional sites, bringing the total number of 3G/HSPA+ sites to 6,248 maintaining its position as the widest 3G network with 83.7% of population coverage. The 3G/HSPA+ sites have also been provisioned with data speeds of up to 42Mbps whilst packet core capacity was upgraded to 30Gbps to support the surge in mobile data traffic.

In anticipation of the allocation of the 2600MHz spectrum for 4G LTE services at the end of 2012 by the MCMC, Celcom completed two proof-of-concept sites for the next-generation 4G LTE services. A further 45 pilot sites were also integrated.

Testing was also done for 3G femtocell integration within the existing 3G network, paving the way for 3G coverage improvements at existing blind spots. Over 500 WiFi hotspots were also rolled out at high-traffic malls, shopping complexes, hotels and restaurants to complement 3G data access.

Celcom has invested in smart industry collaborations for better services and long-term cost savings, such as a partnership with DiGi for fibre optic infrastructure building and site consolidation. A total of 103 sites throughout the central, northern and southern regions have been consolidated as part of this project with DiGi. Celcom expects to jointly commission over 1000 kilometres of new fibre in 2013.

FINANCIAL PERFORMANCE

2012 has been a strong year for Celcom, recording 27 consecutive quarters of revenue growth at the end of December with the highest service revenue growth in the industry. Celcom's PATAMI was also the highest recorded in the industry, narrowing the gap between the market leader and pulling further away from the third player in the industry. EBITDA stood at RM3.45 billion, increasing 7.1% YoY, with a margin of 44.6%.

Celcom successfully priced a landmark Sukuk issuance of RM5 billion in nominal value. As of 2012, it is the largest rated Sukuk Murabahah issuance, based on a Tawarruq arrangement, in the Malaysian debt capital market. The issuance was done through its wholly-owned subsidiary, Celcom Transmission (M) Sdn Bhd (now known as Celcom Networks Sdn Bhd) (CTX) and has been assigned the highest rating of AAAIS by Malaysian Rating Corporation Berhad (MARC), reflecting CTX's and Celcom's robust credit standing.

Proceeds from the Sukuk issuance, with tenures ranging from 3 to 10 years, will be utilised primarily for the refinancing of CTX's existing debt as well as to finance Celcom's capital expenditure and working capital requirements. The successful refinancing is part of the Group's active capital management efforts, and is estimated to save over RM350 million over the remaining tenure of the existing unrated Sukuk.

Also in the year, Celcom's 'Smart-Spend' initiative continued to bear fruit with cash reserves growing by RM2.4 billion despite capital expenditure of RM1 billion.

OUTLOOK FOR 2013

The telecommunications industry in Malaysia is expected to remain resilient with continuous QoQ revenue and subscriber growth. MCMC, as the country's regulator, has been keen to push competition and this has resulted in the entry of new players.

Traditional telecommunications services such as voice and SMS are declining gradually but there has been a marked increase in the demand for data and content services.

The changes in consumer behaviour and device usage has led Celcom to embark on a goal of data ubiquity, which is the provision of multi-access, fast data connections to customers wherever and whenever, across multiple fixed and mobile devices. In this emerging space, Celcom anticipates exponential growth in demand in both data services and content due to customers' ownership of multiple devices such as tablets and smartphones. Data connectivity, mobile broadband, WiFi services, home fibre networks, and the introduction of Celcom 4G LTE service will play important roles in providing this ubiquitous access to customers.

Celcom will continue to invest in new core technologies to support its expanding infrastructure. With its IT and network transformation investments already underway and its Next Generation Intelligent Network (NGIN), Next Generation Packet Core (NGPC), Business Intelligence (BI) platforms and Business Support Systems (BSS) in place, Celcom is in an excellent position to be the best mobile network in Malaysia.

BUSINESS REVIEW

INDONESIA
PT XL AXIATA TBK

- **50%** YoY growth in data revenue
- **56%** of customers are active data users
- **Transformation** to a data-centric business

ABOUT XL

As one of Indonesia's leading telecommunications service providers, XL offers an array of innovative telecommunications products and services ranging from voice, SMS, VAS to mobile data covering more than 90% of the population throughout Indonesia. With over 15 years experience, XL, armed with a deep understanding of its subscribers needs, is credited with bringing cellular services to ordinary Indonesians when it introduced the budget 'IDR1/second' programme in 2007, allowing more middle and lower income groups access to cellular services. XL has grown from a small company offering basic telephony services into one of the country's largest telecommunications companies, with extensive network infrastructure and services.

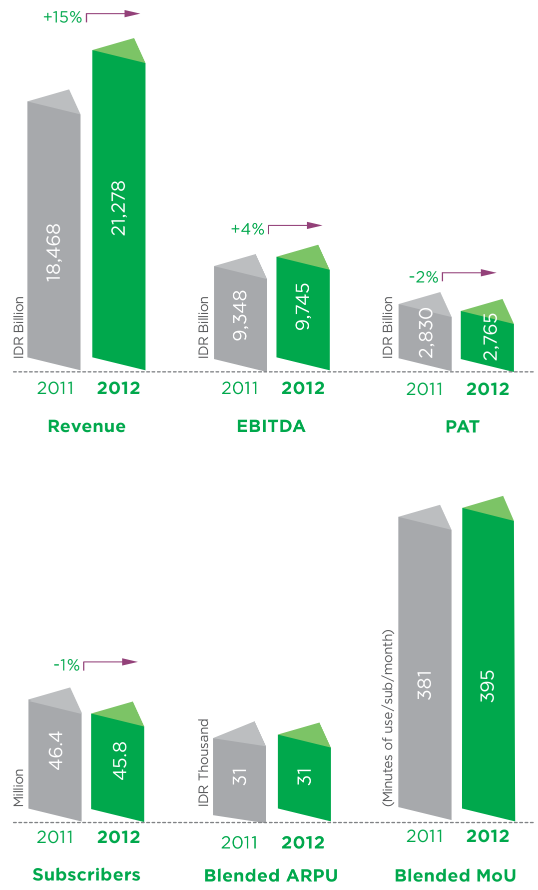
XL's network runs on GSM 900/DCS 1800 and IMT-2000/3G technologies and it holds several licences, including closed regular network (leased line), Internet Service Provider (ISP), Voice over Internet Protocol (VoIP), Internet interconnection services (NAP) and an e-money (electronic money) licence from the Central Bank of Indonesia, which enables XL to provide remittance services to its subscribers. As the second largest telecommunications company in the market, in terms of market capitalisation, XL continues to innovate and is transforming itself into a leading mobile data provider, serving the burgeoning demand for data amongst Indonesians. XL is dynamic in managing and operating its business, and fast in adapting to changes in the industry and market landscape, to deliver excellent service quality to its customers.

BUSINESS REVIEW 2012

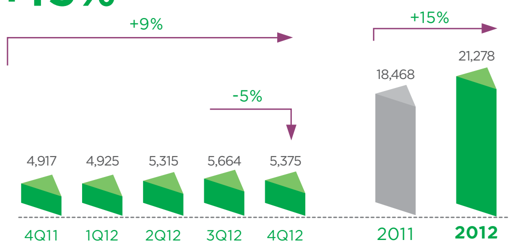
Data Led Market

Low PC and fixed line penetration continued to see the Indonesian telecommunications industry rapidly increase its consumption for data services and mobile internet connectivity. With both its consumer and enterprise segments relying heavily on data services, 56% or 25.6 million of XL's total subscribers base are active data users. Affordable data enabled devices such as smartphones, Blackberry and tablets and the growing popularity of social media led to a rise in the number of XL customers using data enabled devices, growing from 78% in 2011 to 82% in 2012.

To date, there are 42.5 million Indonesians on Facebook. Indonesians are among the most active tweeters in the world. BlackBerry remains popular in Indonesia, with Indonesians being the second largest users of the device in the world. XL's Blackberry subscribers increased by 46% during the year.

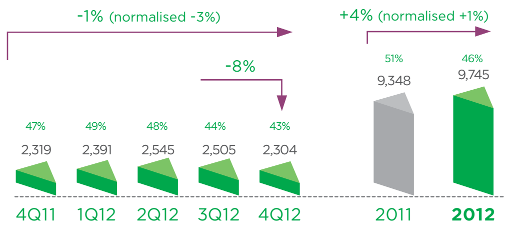


REVENUE
+15%



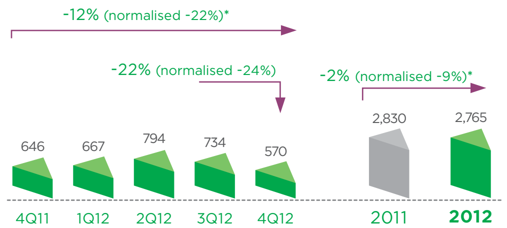
REVENUE (IDR Billion)*

EBITDA
+4%



EBITDA (IDR Billion) & MARGINS (%)*

PAT
-2%



PAT (IDR Billion)*

* [1] *Revenue has been restated to reflect changes in Audited Financial Statement where VAS revenue is based on net basis*
[2] *Normalisation EBITDA excludes provision for severance payment*
[3] *Normalised PAT – excludes unrealised forex transaction, provision for severance payment and accelerated depreciation*

Given the demand for data, XL's data revenue charted strong gains in 2012, growing 50% YoY. At the end of 2012, XL's usage revenue composition saw non-voice revenue (Data, SMS and VAS) increase from 47% in 2011 to 50%, whilst traditional voice revenue contribution declined, from 53% in 2011 to 50% in 2012.

XL firmly believes that the Indonesian telecommunications industry is rapidly moving towards a data environment. Over the last two years, XL has embarked on a holistic data transformation initiative to capitalise on and monetise from this change in demand and to further ensure XL's subscribers enjoy the best in network quality, product innovation and customer service.

CONTINUED TRANSFORMATION TOWARDS DATA

Strong Data Network

An extensive and highly reliable network will further encourage data adoption amongst existing and potential subscribers. Since 2010, XL has progressively increased its investments in its network as well as future technologies to meet the data needs of its subscribers. In 2012 alone, XL's capital expenditure in this area was IDR10.2 trillion.

XL has expanded both its coverage and capacity through upgrades on all network layers from access, backhaul, core network and backbone. More than 11,000 BTSs were rolled out in 2012 as compared to 6,082 in 2011. For better data experience on its network, over 8,000 node Bs were installed, an increase of 168% from a year ago, bringing the total number of node Bs to more than 13,000 at the end of 2012.

By the end of 2012, XL completed its 2G network upgrade in large areas of Kalimantan and Sumatra while extending its 3G network upgrade in the Greater Jakarta area. These network upgrades are in preparation for LTE adoption in the near future.

Data-centric Products and Services

XL's dedicated focus in building a resilient end-to-end data network, allows the company to offer high capacity data services, seamless coverage in more cities and at higher speeds. XL's Hot Rod 3G+ service, a volume based charging data package with speeds of up to 7.2 Mbps, has now been made available to 29 cities, compared to only 4 when it was launched in 2011.

As data usage patterns differ with each customer demographics, XL introduced packages to fit their needs. Data pay-per-use packages were offered to light users, whilst medium to heavy users have an array of packages to select from.

XL introduced attractive data packages and services, and also enhanced its device strategy over the last two years to meet the needs of its customers. XL introduced XmartPlan, an all-inclusive plan which includes a data-enabled smartphone and a suite of services such as data, voice and SMS. XL's collaboration and bundling of products with 3G or smartphones such as Apple, Samsung, HTC, Nokia, remained strong. In 2012, the number of smartphone users nearly tripled.

Digital Services

With more smartphones and an enhanced network, subscribers are seeking more digital services and applications to complement the new digital age, where everything can be done and accessed online or on the go. Although still in development stage, XL has started to explore new opportunities in digital services. Integrated products and services were introduced to cater to subscribers' needs, in the areas of mobile finance, commerce, M2M and mobile advertising (m-ads).

In Indonesia, the mobile user population is substansially higher than that of the banked population. With XL's extensive network and distribution channels, there exist many opportunities for customer services such as grocery payments and money remittances.

In 2012, XL launched a secure payment application known as XL Tunai for mobile finance and commerce transactions. Online shopping in Indonesia has already gained traction. XL has engaged with major online shopping websites, such as Multiply and Bibli.com, and partnered with airlines to provide an online payment platform using XL Tunai.

XL also launched innovative products in the M2M space. XL collaborated with an electricity provider to offer automatic meter reading for households. It also launched XLocate for vehicle tracking, and Mobile Xurveillance for household surveillance systems.

XL also introduced an affordable cloud solution by partnering with industry leaders through XCloud. Similarly, XL has initiated an advertising platform, m-ads, by collaborating with corporations to deliver their marketing messages directly to consumers through their mobile phones.

Improved Sales and Distribution

The year also saw XL implement its best-in-class distribution initiative to enhance its distribution channels and improve new subscriber acquisitions and service in the long term. The initiative saw XL collaborating with its top-performing dealers and providing them exclusivity in managing the distribution of XL products in designated cluster areas. At the end of 2012, XL had 88 traditional dealers responsible for managing over 250,000 independent retail outlets across 151 cluster areas. XL also has more than 62,000 non-traditional retail outlets and 54 Mobile Data Service (MDS) modern channel dealers, who are responsible for managing over 1,400 modern channel outlets.

Enhancing Service Experience

As part of its focus on the data business XL recognises the need to provide superior service quality. Apart from reliable network service, data users expect good customer service and support to cater to smartphone and data application usage.

XL has always aimed to ensure excellent end-to-end customer experience. In 2011, XL established a Service Management Directorate (SMD) aimed at managing service improvements and accelerating and enhancing service delivery. In 2012, several major improvements were made which yielded positive results for XL.

In 2012, XL saw a 36.97% reduction in its total complaint rate, and improvement of 0.40% in its customer satisfaction index to 88.45%. XL was also ranked first by SWA Magazine for customer experience and won several other industry accolades for its service quality.

FINANCIAL PERFORMANCE

XL closed 2012 with a strong 15% YoY growth in its gross revenue on the back of positive performance across all its services. Revenue from cellular telecommunication services, XL's main business operations, increased by 17% YoY to IDR19.6 trillion, amounting to 92% of its total gross revenue.

In line with the shift in consumer usage behaviour from voice and SMS towards data, XL's data segment revenue grew 50% for the year, an increase in total usage revenue from 15% to 20%. Voice and SMS grew by 6% YoY and 16% YoY, respectively.

In 2012, XL's EBITDA increased by 4% over 2011, amounting to IDR9.7 trillion. EBITDA margin was down by 5 percentage points to 46% due to the introduction of SMS interconnection charges, and the impact of expansion of data infrastructure on a lease model. Excluding the impact of SMS interconnections, EBITDA margin was at 48%.

Profit for the year was IDR2.8 trillion in 2012. This was slightly lower compared to 2011 due to continued investments in data, which led to higher operational expenses as well as higher accelerated depreciation from the network modernisation project.

XL's financial position for 2012 remained strong through prudent financial management. With a healthy balance sheet and cash flow, XL is in a position of strength to support its strategy to invest in the growing data business.

OUTLOOK FOR 2013

XL is firmly committed to defend and grow its business further. As all investment plans in 2012 have been well-executed, XL is confident that it has built a strong foundation and is well positioned to capture the growing data opportunity, moving along with industry changes ahead of the competition.

BUSINESS REVIEW

SRI LANKA
DIALOG AXIATA PLC

- Launched Sri Lanka's first mobile payment service in **2012**
- Launched Sri Lanka's first commercial fixed **4G LTE** service
- Acquired **26%** in Digital Commerce Lanka, Sri Lanka's market-leading and fastest growing e-commerce company

ABOUT DIALOG

Dialog operates Sri Lanka's largest and fastest growing mobile telecommunications network. The company is also one of the largest listed companies on the Colombo Stock Exchange in terms of market capitalisation.

Dialog has been at the forefront of innovation in the Sri Lankan mobile industry since the late 90s, driving the nation's mobile telephony infrastructure to be on par with the developed world. The company delivers advanced mobile telephony and high speed mobile broadband services to over 7.7 million Sri Lankans via its 2.5G, 3G and 3.5G networks. Dialog was the first service provider in South Asia to launch 3G and HSPA services. The company was also the first to launch 4G LTE pilot network and consequently launched the island's first commercial fixed 4G LTE network in Colombo.

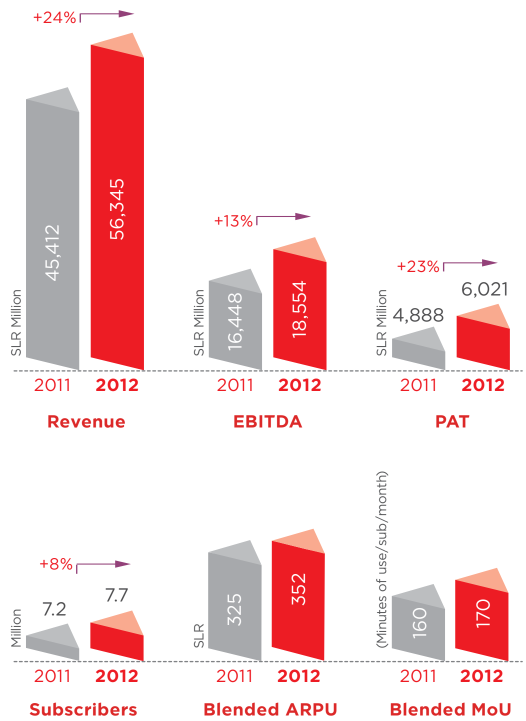
Dialog provides a comprehensive suite of international roaming services across a global footprint of more than 200 countries, along with a wide portfolio of other international telecommunications services, including retail and wholesale international voice and data services.

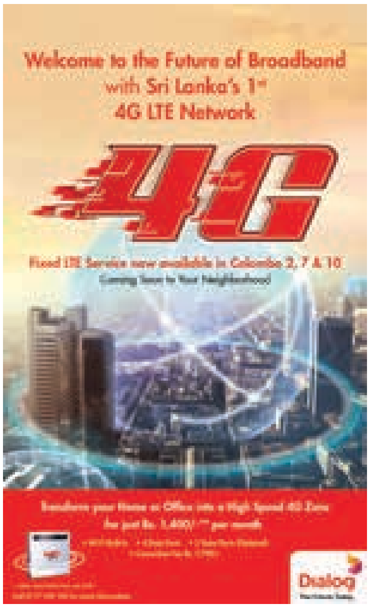
Dialog ventured into the digital commerce space in late 2012 with a strategic stake in Digital Commerce Lanka. The new joint venture brings together the operations of market leading daily deals site, Anythink.lk, with the e-commerce properties of Dialog, encompassing ibuy.lk, tradenet.lk, mytrader.lk and WoW.lk.

BUSINESS REVIEW

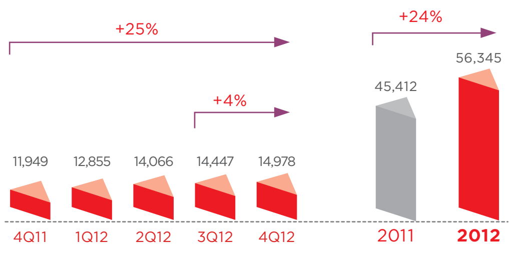
Dialog supplements its market leading position in the mobile telecommunications sector with a wide footprint and market presence in Sri Lanka's fixed telecommunications and digital television markets through its fully owned subsidiaries Dialog Broadband Networks (Private) Limited (DBN) and Dialog Television (Private) Limited (DTV). DBN completed the acquisition of Suntel Limited in early 2012. The merged entity is the second largest fixed telecommunications operator in the country. DBN caters to residential and enterprise customers with voice, broadband, lease lines and customised telecommunication services. DTV operates a direct-to-home digital satellite television service and is the market leader in Sri Lanka's pay TV sector serving over 264,000 Sri Lankan households.

Dialog remains Sri Lanka's largest foreign direct investor (FDI) with investments totalling over USD1.0 billion. Dialog is ISO 9001 certified and has received numerous local and international awards including the National Quality Award, Sri Lanka Business Excellence Award, and GSM World Awards. The company has also retained the number one rank on Sri Lanka's Corporate Accountability Ratings over the past four years. The Dialog brand was voted the winner of Sri Lanka's People's Award for the most preferred telecommunications brand and Sri Lanka's most valuable brand of the year by Brand Finance.



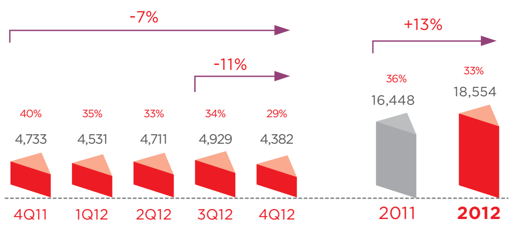


REVENUE
+24%



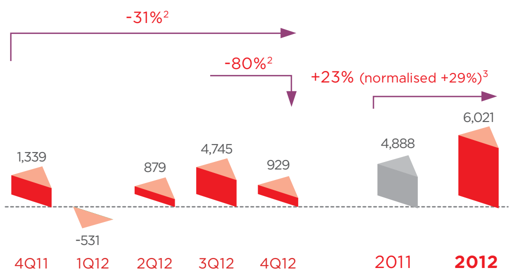
REVENUE[1] (SLR Million)

EBITDA
+13%



EBITDA (SLR Million) & MARGINS (%)

PAT
+23%



PAT (SLR Million)

1 Group revenue has been restated due to DBN revenue being reclassified to be in line with Group revenue classification
2 Q4 PAT normalised for one-off costs of SLR470 million, impairment charge of SLR931 million and the translational forex gain of SLR315 million, grew by +21% YoY and declined by a marginal -0.3% QoQ
3 FY12 PAT normalised for the translation forex loss (SLR2,176 million), acquisition related expenses (SLR343 million) and deferred tax reversal of SLR2,277 million

BUSINESS REVIEW 2012

Despite heightened competition, 2012 was another year of excellent performance for Dialog. The company closed the year with double digit growth in all key financial metrics and sustained its leadership position in the Sri Lankan mobile telecommunications sector by retaining 55% revenue market share of the mobile industry revenue.

Sri Lanka's high speed mobile broadband sector demonstrated substantial growth potential with subscribers growing by 94% YoY to reach close to 1 million at the end of 2012. Dialog's mobile broadband subscribers grew 44% during the year.

Dialog continued its innovation leadership within Sri Lanka's telecommunications industry by introducing a host of firsts in the market mobile products and services. In 2012, the country's first mobile money service called 'eZ cash' and first location-based deal mobile application called D-App were introduced.

In its continued commitment to offer the best services to its subscribers, Dialog introduced 'One Country One Rate', a simplified tariff plan for customers to call, SMS and surf the Internet on any network in the country they visit without the hassle of manually selecting the preferred network. With the new tariff plan customers would be charged the same tariff irrespective of the network they choose. 'One Country One Rate' offers subscribers convenient, hassle free roaming at lower rates in more than 100 destinations.

Keeping to its promise of 'The Future Today', Dialog was the first to launch fixed 4G LTE in South Asia in December 2012. Similarly, Dialog also broke new ground in the pay television market with the introduction of Sri Lanka's first prepaid television service.

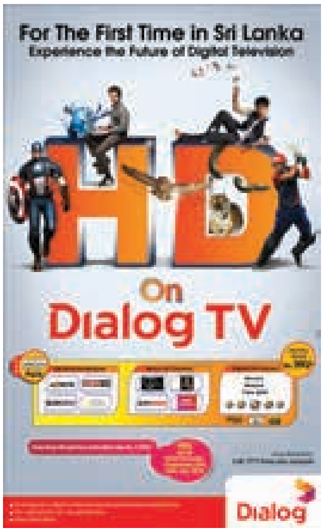
BUSINESS REVIEW

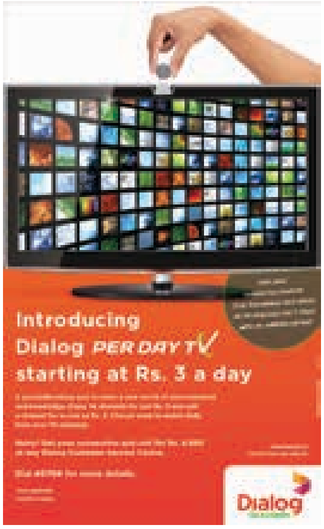
FINANCIAL PERFORMANCE

In 2012, Dialog demonstrated a strong revenue growth across all its business segments, registering a consolidated revenue of SLR56.3 billion, a 24% YoY growth.

EBITDA for the year was SLR18.6 billion, an increase of 13% from a year ago with EBITDA margin of 33%. Underpinned by the positive EBITDA growth, PAT for the company grew 23% YoY to reach SLR6.0 billion in 2012.

Dialog continued to make aggressive investments in consolidating its leadership in terms of its infrastructure footprint, and its adoption of cutting edge technology across its mobile, fixed and broadband businesses. Dialog's capital expenditure for 2012 amounted to SLR17.4 billion. Strategic investments were made in its high speed mobile broadband and Optical Fibre Network (OFN) expansion projects which will further support its efforts in providing unparalleled data speeds and connectivity and further consolidate the company's coverage and quality leadership.





OUTLOOK FOR 2013

The mobile telecommunications sector in Sri Lanka continued to grow, with penetration level reaching 100% at the end of 2012. However, on elimination of the multiple SIM cards used by the same individual, the actual mobile penetration is estimated to be lower than that.

ARPU levels of the industry have been experiencing marginal growth due to floor rate regulations on local voice and SMS usage. Operators are seeking to monetise the existing user base through IDD, small screen data and mobile applications. However, the current market for such services is still at its infancy, while over 70% of Mobile ARPU is from local voice and SMS.

The broadband sector witnessed a significant growth with penetration level reaching 6.7% in 2012 compared to 4.0% in 2011. This was fueled by the increase in availability of broadband service as well as quantum reductions in broadband tariffs to levels recognised by the International Telecommunication Union (ITU) to be the lowest globally.

Currently all 5 mobile players in the market are offering 3G data on mobile broadband. Competition is intense and operators are stretched by reducing ARPU levels and demand for better data quality of service.

BUSINESS REVIEW

BANGLADESH
ROBI AXIATA LIMITED

- **27%** YoY Revenue growth
- **34%** subscriber growth

ABOUT ROBI

Robi, the most dynamic and rapidly growing telecommunications operator in Bangladesh is developing its services to meet customers needs in voice, high speed internet services and tailor-made telecommunications solutions. It is a joint venture company between Axiata Group Berhad, Malaysia and NTT DOCOMO INC, Japan.

It commenced operations in 1997 as Telekom Malaysia International (Bangladesh) with the brand name of Aktel. In 2010 it was rebranded to Robi and the company also changed its name to Robi Axiata Limited.

Robi draws from the international expertise of Axiata and NTT DOCOMO INC. It supports 2G voice, CAMEL Phase II and III, and GPRS/EDGE service with high speed internet connectivity. Its GSM service is based on a robust network architecture and cutting edge technology. It has the widest international roaming coverage in Bangladesh, connecting 600 operators across more than 200 countries. Its customer centric solutions include VAS, quality customer care, digital network security and flexible tariffs.

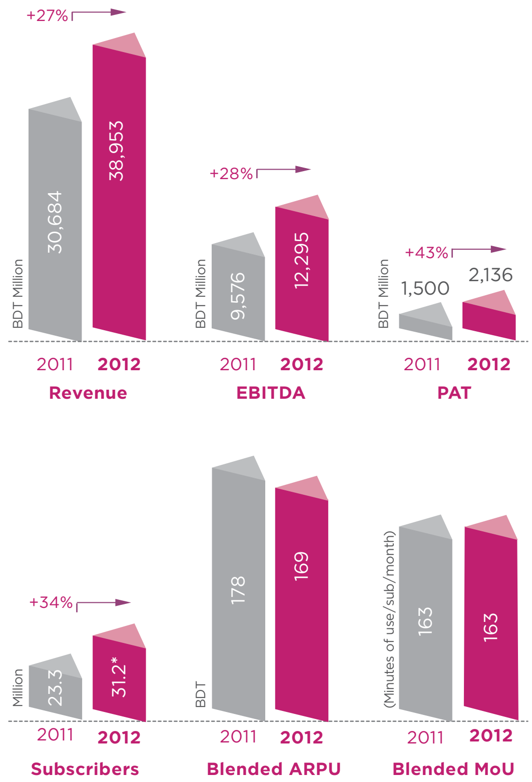
Robi is committed to the people of Bangladesh and will continue to ensure that its customers are able to enjoy the best experience with leading edge technology and innovative products and services.

BUSINESS REVIEW 2012

In an increasingly competitive market, Robi continued to stride ahead, ending 2012 with its strongest financial performance ever. The year saw a turnaround in Robi's performance in terms of revenue, EBITDA and profitability.

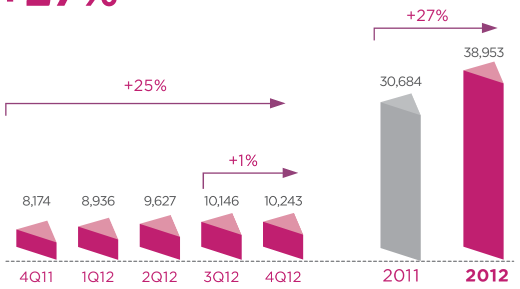
A strong focus on product and service innovation during the year significantly improved Robi's voice and non-voice revenue and helped outpace competition in terms of market share. In 2012, Robi added several 'first in Bangladesh' products and services to its portfolio. Robi was the first operator to introduce bundled services to offer more value to subscribers and generate interest for data services.

Further to this, a range of innovative VAS were launched to offer Robi subscribers more choices and to help drive acquisition. Robi locator, SMS based Wikipedia, and Matrimony Alert service, were among the services that enriched its VAS portfolio. Other services such as m-insurance, Robi Circle (Colony), Robi Blast, and Robi Voice Tube also gained first mover advantage.



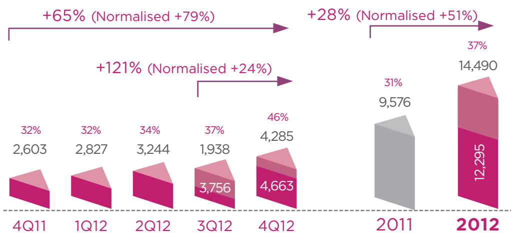
* Note: Robi's active sub-base as reported to BTRC (Bangladesh Telecommunications Regulatory Commission) is 21.04 million (as of December 2012).

REVENUE
+27%



REVENUE (BDT Million)

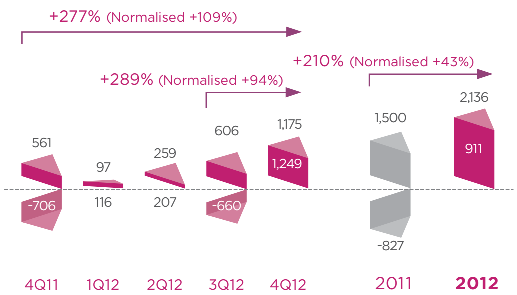
EBITDA
+28%



EBITDA Normalised for one off SIM Tax (BDT1,818 million in 3Q'12) and Late payment fee (BDT377 million in 4Q'12)

EBITDA (BDT Million) & MARGINS (%)

PAT
+43%



PAT Normalised for forex, 2G licence cost (BDT333 million in 4Q'11), SIM Tax (BDT1,253 million in 3Q'12) & Late payment fees (BDT 197m 4Q'12)

PAT (BDT Million)

In 2012, Robi also improved its market reach further in terms of distribution. Robi successfully completed a de-layering exercise in distribution hierarchy, reaching its customers directly via a wider network of distributors. Robi's Point of Sales (POS) base increased by 16% in the year.

Better market segmentation and micro analytical models were adopted during the year. The move saw Robi shift its business focus from larger geographies to smaller sectors that ensured higher network utilisation, faster resolutions, improved customer service standards and faster route to market.

Brand building took greater focus at Robi in 2012. Robi development campaigns such as 'Ebar Hobei' (It shall happen this time). The campaigns saw Robi strengthening its position as a truly Bangladeshi brand and boosted its mindshare preference.

Along with product innovation, improvement efficiencies and customer service, Robi also grew its geographical network coverage to 89.5% whilst population coverage is now at 98.7%.

BUSINESS REVIEW

FINANCIAL PERFORMANCE

2012 was a successful year for Robi with robust growth in all its financial metrics. The company exceeded its financial performance targets for the year with its highest revenue ever of BDT39.0 billion and EBITDA of BDT12.3 billion.

Robi ended the year with growth in all its revenue streams. Robi's focus on customers, through continuous improvement in network and customer reach, led to a net addition of 4.9 million subscribers to its network. Growth was also seen from accelerating data services, driven by innovative products and flexible purchase options which led to more than 50% growth in data revenue. In 2012, Robi posted a 26% increase in prepaid revenue, 65% increase in postpaid revenue, 97% increase in SMS revenue and 57% increase in VAS. All these resulted in a significant increase in total revenue to BDT39.0 billion, compared to BDT30.7 billion in 2011, marking a 27% YoY increase in revenue growth.

Throughout the year, the company also implemented various cost excellence initiatives aimed at improving margin with strong financial awareness. Alongside revenue growth, this yielded a positive outcome and impressive improvement in EBITDA, growing by 28% to BDT12.3 billion compared to BDT9.6 billion in 2011. EBITDA margin was at 31.6% compared to 31.2% in the previous year.

OUTLOOK FOR 2013

The Bangladeshi market is poised to experience yet another fiercely competitive year in 2013. Voice will continue to be the main driver alongside an increase in non-voice. With the looming 3G licence auction, technological advancements and investments in the market will be significant.

Robi will continue to build a business on its strong value propositions, held together by innovation, aggression, micro focus, calculated investment and increased efficiency that would enable the business to grow with the market. Brand building efforts will continue in 2013 with the aim of building a superior brand with greater preference.

On the regulatory front, Robi along with the recently restructured Association of Mobile Telecom Operators of Bangladesh (AMTOB), will be working towards shaping stakeholder mindset and ensuring a business-conducive environment for the industry. Moving forward, more favourable regulatory and taxation reforms are expected through a consultative and collaborative approach amongst the sector regulator, financial regulator and the policy makers in order to ensure long term sustainability.

Robi has emerged stronger, with solid building blocks in place for future growth. Starting 2013 in a position of strength, the company will strive to deliver operational excellence in order to stay competitive.

BUSINESS REVIEW

Smart

CAMBODIA

LATELZ CO., LTD.

- **6%** YoY revenue growth through aggressive marketing campaigns
- Emerged to become the second **largest** player in Cambodia in terms of number of subscribers

ABOUT SMART

A pioneer in Cambodia's telecommunications industry, Hello began its services with analogue mobile technology in the early 90s and moved to GSM900/1800 in 1996. In 2009, Hello launched its 3G services and the first BlackBerry smartphones. The company has progressively extended its network coverage in all cities, provinces and main trunk roads of Cambodia; continuing to grow in market share by addressing the communication needs of the local population with affordable and innovative products and services.

BECOMING CAMBODIA'S SECOND LARGEST MOBILE TELECOMMUNICATIONS COMPANY

On 13 December 2012, Axiata announced a strategic merger of Hello with Latelz and upon completion of this merger on 19 February 2013, Cambodia's second largest mobile telecommunications company, with more than five million subscribers, was created. The combined entity is now in a good position to strengthen its portfolio offerings by tapping into the emerging demand in the data and digital services segment, achieving greater economies of scale and operational efficiency.

The newly merged company operates under the Smart brand and is committed to its customers, employees and the people of Cambodia in delivering its promise of improving their lives. "**Smart: say hello to the smart life**".

BUSINESS REVIEW

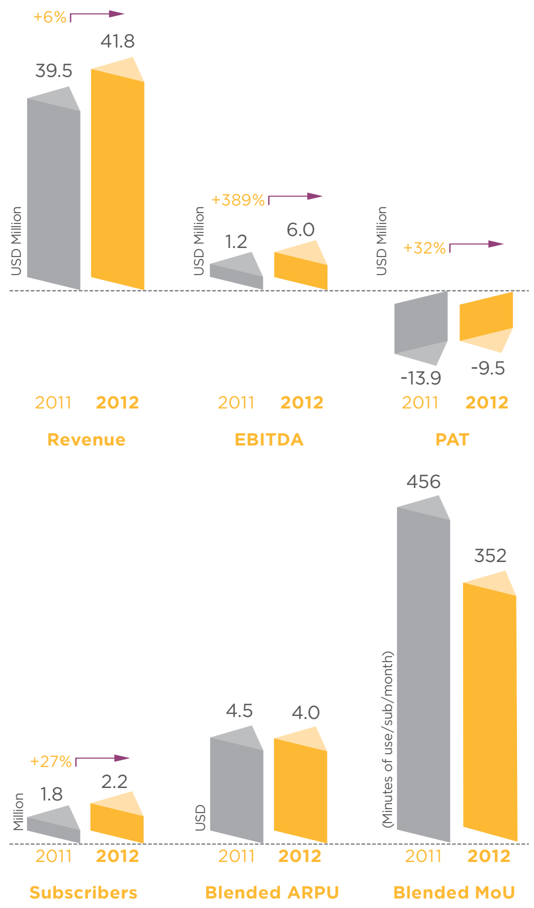
BUSINESS REVIEW 2012

Hello saw a 6% revenue growth in 2012, despite operating in a crowded and highly competitive eight player market with all operators targeting the same mass segment. The company strived to become a market differentiator which was achieved through several first mover initiatives as well as campaigns within specific segments for faster acquisitions.

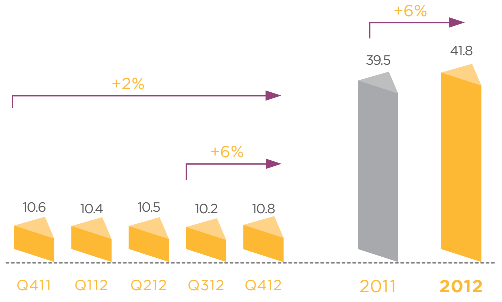
Hello continued with its efforts to disrupt the market with its aggressive tariff plans and promotions. In 2012, Hello successfully introduced a range of 'first in Cambodia' products. Among them were, 'Osja', an all-in-one package offering voice and data, 'Hello 3c', a VOIP package as well as an unlimited Facebook package.

Hello improved on its device strategy to address its key market segment, its corporate customers, offering attractive packages and multi-SIM services. Through its CLM programme, Hello focused on managing churn and maintaining its active revenue generating base (RGB) with micro segment campaigns. The success of these campaigns and initiatives saw Hello grow its RGB faster than market growth, 35% against 19%.

With the Cambodian market expected to remain crowded and competitive with constant price wars without a regulated minimum price mandate, the company explored the possibility of consolidation within the industry in 2012. This led to a strategic merger between Hello and Latelz in December 2012. Upon the completion of the merger in early 2013, Hello now operates as Smart.

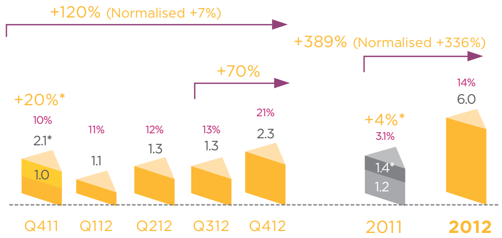


REVENUE
+6%



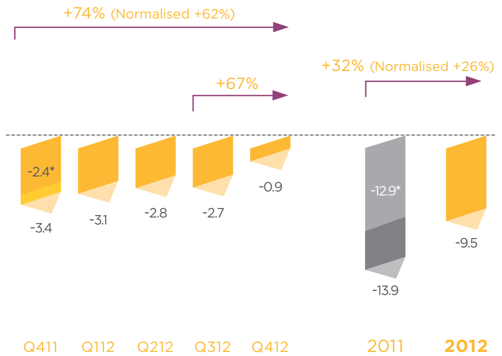
REVENUE (USD Million)

EBITDA
+389%



EBITDA (USD Million) & MARGINS (%)

PAT
+32%



PAT (USD million)

* *Normalised for severance pay*

FINANCIAL PERFORMANCE

In 2012, Hello recorded revenue of USD41.8 million, representing a growth of 6%. The growth was mainly driven by improvements in the prepaid, data, interconnect and international business.

YoY total costs (direct costs plus operating costs) dropped by more than 6% to USD35.8 million in 2012, mainly from continuous focus and control on cost.

Similarly, YoY EBITDA significantly improved from USD1.4 million in 2011 to USD6.0 million in 2012. Improvement in EBITDA is attributed to growth in revenue and cost improvement.

OUTLOOK FOR 2013

Given the growing challenges arising from the high level of competition in the market and in the absence of a strong regulatory and legal framework, the Cambodian government has established a telecom regulator, Telecommunications Regulator of Cambodia (TRC).

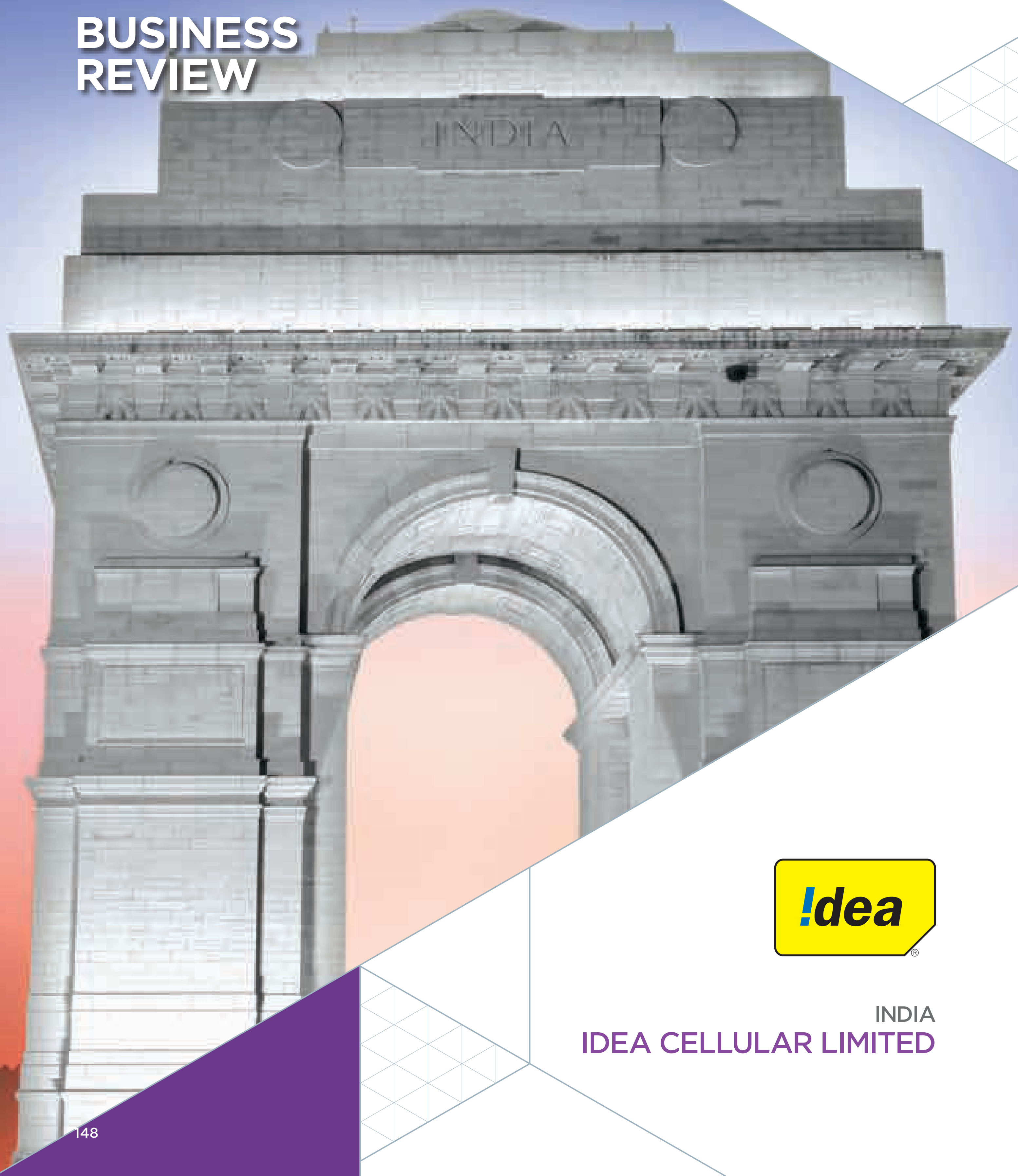
With the Ministry of Posts and Telecommunications of Cambodia (MPTC), TRC plays the role of policymaker and has been tasked to regulate the sector, primarily by updating the rules and regulations, managing the disputes between licencees and introducing reforms in spectrum management, licencing and interconnection. The industry sees this move as a positive one for the growing Cambodian market.

Operating under the brand Smart and as the second largest player in Cambodia, 2013 is set to be a strong year for the company.

Note

The business review and financial charts and numbers published in the article from pages 145-147 represents only the business and financial performance of Hello Axiata Company Limited as of end 2012. These pages do not include the financial performance of Latelz Co., Ltd.

BUSINESS REVIEW



INDIA

IDEA CELLULAR LIMITED

- Ranked amongst the Top 10 country operators in the world, with 1.5 billion minutes of use per day
- India's third largest national mobile operator

ABOUT IDEA

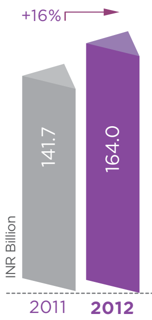
Idea is an Aditya Birla Group Company, India's first truly multinational corporation. The group operates in 36 countries, with more than 136,000 employees belonging to 42 nationalities. Idea is a publicly listed company, listed on Bombay Stock Exchange & National Stock Exchange in India.

With an annual revenue of over USD4 billion, and revenue market share of 14%, Idea is India's third largest national mobile operator. Idea has the highest percentage of active subscribers on its network. Over 98% of its nearly 114 million subscribers, as of end December 2012, are active subscribers as per the visitor location register (VLR) report by Telecom Regulatory Authority of India (TRAI).

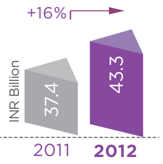
Idea is a pan-India integrated GSM operator offering 2G and 3G services, and has its own national long distance (NLD) and international long distance (ILD) operations, and internet service provider (ISP) licence. With traffic in excess of 1.5 billion minutes of use a day, Idea ranks among the Top 10 country operators in the world.

Idea's pan-India coverage is built on a network of over 100,000 2G and 3G cell sites, spread across 4,860 towns and 301,590 villages. Using the latest technologies, Idea provides world-class service delivery through the most extensive network of customer touch points, comprising of over 4,000 exclusive Idea outlets. Idea's customer service delivery platform is ISO 9001:2008 certified, making it the only operator in the country to have this standard certification for all 22 service areas and the corporate office. Idea's strong growth in the Indian telephony market comes from its deep penetration in non-urban and rural markets.

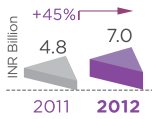
BUSINESS
REVIEW



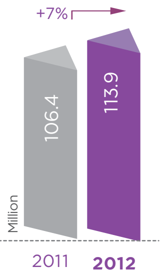
Revenue
(9 months ending Dec 2011+2012)



EBITDA
(9 months ending Dec 2011+2012)



PAT
(9 months ending Dec 2011+2012)



Subscribers
(9 months ending Dec 2011+2012)

BUSINESS REVIEW 2012

Throughout the year Idea remained focused on five critical performance parameters - Growth in Revenue, EBITDA, MoU, VLR improvement, and continued growth momentum on mobile number portability (MNP) as well as leadership in 3G. Idea performed better than the industry consistently in each of these parameters. Idea continues to focus on growing its voice business while actively promoting data on both 2G and 3G networks.

Despite regulatory and licence issues, Idea consolidated its position, strongly retaining its number three rank, both in terms of revenue and active subscribers. The company grew its revenue market share and performed better than the industry across all major parameters.

During the year, Idea strengthened its device portfolio and launched a wide range of 3G smartphones, all costing below INR7,400, on the latest Android technology. Idea is the only mobile operator in India with such a wide portfolio of self-branded 3G smartphones. The Company also grew its 3G network and service distribution to bolster data usage. This has resulted in steady growth in data users on the Idea network which now stands at over 21.75 million in the nine months ending December 2012.

Idea launched its popular ‘Honey Bunny’ campaign to reinforce Idea’s pan-India coverage, sending the message – Idea Rings All India. The advertising campaign was extremely successful with the catchy jingle striking a chord with people of all age groups, becoming one of the Top 10 viral campaigns on the web in 2012.

FINANCIAL PERFORMANCE

For the three quarters of 2012 (April – December), Idea posted a total revenue of INR164.0 billion. EBITDA was at INR43.3 billion, while PAT was INR7.0 billion.

OUTLOOK FOR 2013

The Indian Government is expected to introduce new policy and regulatory measures to revive the telecommunications sector in 2013. Further consolidation in the market is also expected, with mobile consumers already gravitating towards the larger, pan-India players.

Idea will continue to focus on growth from all key verticals such as voice, 2G and 3G data services, devices, MNP, enterprise business, and NLD/ILD.

BUSINESS REVIEW

SINGAPORE

M1 LIMITED

- Launched South East Asia's first nationwide **4G** service in September 2012, signing up **43,000 4G** customers within a month of launch

ABOUT M1

M1 is a leading full-service provider of mobile and fixed communications services to over 2 million customers in Singapore. With an emphasis on network quality, customer service, value and innovation, its mission is to link anyone and anything; anytime, anywhere.

The M1 Group holds both Facilities-Based Operator (FBO) and Service-Based Operator (SBO) licences issued by the Info-communications Development Authority of Singapore (IDA) for the provision of telecommunication systems and services, as well as a Telecommunication Dealer's Class Licence. M1 also holds Internet Access Service Provider and IPTV licences issued by the Media Development Authority (MDA).

M1 is listed on the Singapore Exchange and the major shareholders are Axiata Investments (Singapore) Limited, Keppel Telecoms Pte Ltd and SPH Multimedia Private Limited.

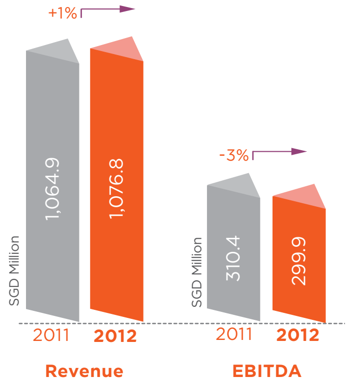
The company operates nationwide 4G, 3G/High Speed Packet Access (HSPA) and 2G (GSM) networks, and offers a wide range of voice, data and value added services on these networks.

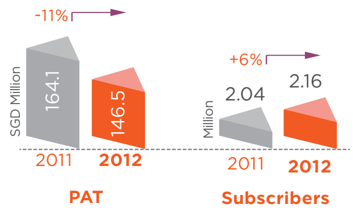
M1's wireless broadband service, M1 Mobile Broadband offers customers a choice of service plans differentiated by access speed and data bundle. With the deployment of its 4G network, M1 is capable of supporting theoretical downlink and uplink speeds of up to 75 Mbps and 37.5 Mbps respectively.

BUSINESS REVIEW

For international call services, the company offers mobile and fixed-line customers International Direct Dial (IDD) services, and an International Calling Card (ICC) service. M1 also trades wholesale voice minutes with other international and local service providers.

In the fixed services segment, M1 offers various broadband service plans with speeds ranging from 10 Mbps to 1 Gbps, including fixed voice and other value added services for residential homes. For corporate customers, besides connectivity services, the company offers managed and data centre services, as well as cloud-based and other enterprise solutions. M1's services are further supported by specialised teams who provide customers seamless migration from their legacy network to fibre network.





BUSINESS REVIEW 2012

The mobile segment remains M1's core business and the key contributor to its operating revenue. Over the year, its postpaid customer base grew by 49,000 to 1.1 million. This segment, which made up 51.9% of M1's total mobile customer base, contributed 87.2% of its mobile telecommunications revenue in 2012.

Smartphones and tablet penetration continued to grow last year, with smartphone users making up 75% of M1's postpaid subscribers base as at 31 December 2012, an 8 percentage points increase from 67% in 2011. Contribution from non-voice services increased to 37.6% of service revenue in 2012, compared to 35.6% in 2011.

M1's nationwide 4G network, launched on 15 September 2012, gives its customers unparalleled access to rich multimedia applications such as high definition video streaming and online games, as well as delivering faster access to enterprise and cloud applications for corporate customers. M1 was also the first operator to introduce a 4G roaming service and by the end of 2012, subscribers travelling to Hong Kong and South Korea were able to enjoy 4G roaming.

In conjunction with its 4G launch, M1 introduced new smartphone and mobile broadband service plans for both 4G and 3G subscribers. These plans come with tiered data bundles of 2GB to 12GB per month, with excess data usage priced affordably.

The prepaid mobile segment continued to be highly competitive in 2012. During the year, M1 grew its prepaid customer base by 45,000 to 1 million, driven by various marketing campaigns and promotions.

With Singapore's Next Generation Nationwide Broadband Network (NGNBN) achieving 95% coverage in 2012, fibre services continued to gain traction with both consumers and corporate customers.

Over the year, M1 worked with various stakeholders to streamline the NGNBN fibre service activation process, and added 30,000 customers to bring its total fibre customer base to 52,000.

The company's residential fibre packages include benefits such as no cap on international bandwidth and complimentary free fixed voice service with unlimited local calls. To complement its existing remote technical assistance service, M1 introduced an on-site technical support service in May 2012. As part of this value added service, M1 technicians will help residential fibre customers set up or troubleshoot their home broadband network.

Several new fibre services designed to cater to the needs of customers with specific requirements were made available in 2012. These include a fibre plan on a shorter 12-month contract, a dedicated plan for online gaming enthusiasts, and a special promotion for senior citizens with complimentary installation and technical support services for their home network.

In the corporate space, M1 continued to expand its suite of enterprise fixed services. In addition to existing network migration, cloud and managed services offerings, a number of new products were introduced in 2012, including enterprise software as a service and mobile device management services.

In November 2012, M1 achieved the ISO/IEC 27001:2005 certification (Information Security Management) for the provision of its cloud services. The ISO/IEC 27001:2005 certification's stringent security controls and regulatory compliance requirements enhance its offerings to customers operating in regulated industries including government agencies and financial institutions.

In 2012, M1 launched the following innovative and exciting services:

- GamePro fibre broadband plans: this fibre service, specially designed to cater to the needs of the online gaming enthusiast community, offers faster speeds and lower latency connection to enhance its customers' online gaming experience
- M1 Prepaid MasterCard: Singapore's first telecom-related multipurpose prepaid card rewards customers with a 10% bonus to M Card top-ups. The M1 Prepaid MasterCard, a Merit Award winner at the Singapore Ministry of Transport Awards 2012, can also be used as an EZ Link card and as a credit card for online and contactless payments. More than 5,000 cards are currently in circulation
- Roam Buddy mobile data usage alert service: this service, launched in September 2012, helps subscribers better manage roaming usage. The free service will send an alert to subscribers when their data usage has reached a pre-selected limit
- 4G service: M1's dual-band nationwide 4G network, operating in the 1800MHz and 2600MHz spectrum bands, offers street-level and in-building coverage. Customers on this network can enjoy typical download speeds at fixed locations ranging from 10.3Mbps to 21.6Mbps.

BUSINESS REVIEW

- Smartphone and mobile data plans with tiered data bundles: M1's smartphone and mobile broadband service plans were revised in conjunction with its 4G service launch. Entry-level plans start with 2GB of bundled data, and re-contracting M1 customers will enjoy an additional 1GB of complimentary data
- M1 Learning Centre: M1's dedicated e-learning store for Apple iPads and Android tablets offers 1,500 e-books and 12,000 multimedia titles suitable for a wide range of users, from pre-Primary learners to adults. The e-learning content for pre-Primary, Primary and Secondary school students is closely aligned with Singapore's education syllabus. There is also an extensive range of content for adult learners on a variety of topics, such as property investment and self-improvement

FINANCIAL PERFORMANCE

M1's operating revenue for 2012 increased 1.1% to SGD1.1 billion, driven by higher service revenue which grew 2.8% to SGD771.6 million. On a segmental basis, mobile telecommunications revenue increased 3.3% to SGD607.0 million, while fixed services revenue increased 25.7% to SGD48.1 million. EBITDA was SGD299.9 million, representing a margin of 38.9% on service revenue. Net PAT decreased 10.7% to SGD146.5 million, with margin on service revenue at 19.0% compared to 21.9% in the previous year. Free cash flow was SGD152.3 million.

OUTLOOK FOR 2013

With Singapore's mobile penetration rate at 151.8%* and residential broadband penetration rate at 107.3%* as at end December 2012, competition in the marketplace is likely to remain keen in 2013.

Nevertheless, M1 is well-positioned to grow. Over the years, M1 has made significant investments in service excellence initiatives and networks, and the Company will continue to enhance these areas to improve its customers' experience.

Within M1's core mobile business, data usage will continue to grow, driven by increasing digitisation of customers' daily work and personal lives. The Company is poised to capitalise on the increasing adoption of smart devices and data services, with its nationwide 4G network and tiered-data service plans.

Fixed services remain a growth segment for M1. With nationwide coverage of the NGNBN, increased awareness and as customers complete their existing contract commitments progressively, the adoption of fibre services is likely to accelerate in 2013. M1 will build on the momentum to further entrench its position in the fixed space. Revenue and margin for fixed services will likely improve as it continues to grow its customer base.

As part of its commitment to continuously invest in network infrastructure, M1 is in the process of expanding and upgrading its 3G and 2G mobile networks. This includes the implementation of a 3G network layer utilising the 900MHz spectrum band and a femtocell solution, to further enhance network coverage. M1 is also expanding and upgrading its microwave backhaul transmission network to add capacity to support future data traffic growth. Last but not least, the Company will be deploying the latest network solutions to further enhance the resiliency of its core and radio networks.

To support its needs as a dynamic full-service operator, M1 commenced a major upgrade of its Billing & Customer Care system in 2012. The first phase of this upgrade, to be completed this year, will enable the Company to be more responsive to customers needs. The entire project, when completed in 2014, will further streamline its business operations and enhance interactions with customers.

* *Based on Infocomm Development Authority's published statistics available at the time of submission*

THAILAND

SAMART I-MOBILE PUBLIC COMPANY LIMITED

ABOUT SIM

Samart I-Mobile Public Company Limited (SIM), a company listed on the Stock Exchange of Thailand (SET), is a majority-owned subsidiary of Samart Corporation Plc. SIM offers instant wireless information services and mobile content, along with the distribution of mobile phones and accessories. Its business operations are divided into three core segments: mobile business, multimedia business and Mobile Virtual Network Operator (MVNO).

FINANCIAL PERFORMANCE

For the year ended 31 December 2012, SIM recorded total revenue of THB7.0 billion, and net profit was THB0.2 billion.

PAKISTAN

MULTINET PAKISTAN (PRIVATE) LIMITED

ABOUT MULTINET

Multinet is a leading independent telecommunications solution provider in Pakistan, operating a nationwide optical fibre cable network, connecting the major cities across Pakistan. The network enables Multinet to offer multiple and leading edge business services solutions for the carrier and Enterprise B2B segments such as point-to-point data connectivity, domestic and global Multi Protocol Label Switching (MPLS), broadband data, two-way video, data centre facilities and secure bandwidth solutions for business. Over its 10 year history, the company has transformed and grown to become a successful enterprise with a workforce of over 750 telecommunications professionals with a blue chip carrier client portfolio, both domestic and international. The Multinet team has an unbeaten track record of consistently delivering better than 99% availability and uptime. The key to Multinet's success has been its unshaken B2B focus and its vision to be the leading IT/infostructure company in Pakistan.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2012, the company recorded a revenue of PKR4.8 billion and EBITDA of PKR1.2 billion.

FINANCIAL STATEMENTS

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DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 so as to exhibit a true and fair view of the state of affairs of the Group and Company as at 31 December 2012 and of the results and cash flows of the Group and Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- Selected and applied the appropriate and relevant accounting policies on a consistent basis;
- Made judgments and accounting estimates that are reasonable and prudent in the circumstances; and
- Prepared the annual audited financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company.

The Directors also have the overall responsibilities to take such steps to safeguard the assets of the Group and for the establishment, designation, implementation and maintenance of appropriate accounting and internal control systems for the prevention and detection of fraud and other irregularities relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the provision of mobile communication services and network transmission related services.

The principal activities of the Company are investment holding and provision of technical and management services on an international scale, where it has investments in subsidiaries, jointly controlled entities and associates. The principal activities of the subsidiaries are mainly the provision of mobile communication services and network transmission related services.

The principal activities of the subsidiaries are set out in Note 41 to the financial statements. There has been no significant change in the nature of the activities of the Group and the Company during the financial year.

FINANCIAL RESULTS

The results of the operations of the Group and the Company for the financial year were as follows:

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
– owners of the Company	2,513,285	2,741,384
– non-controlling interests	366,292	–
	2,879,577	2,741,384

In the opinion of the Directors, the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

SHARE CAPITAL

During the financial year, the issued and paid-up capital of the Company was increased from RM8,466.2 million comprising 8,466.2 million ordinary shares of RM1 each to RM8,508.2 million. The increase in issued and paid-up capital of the Company was in line with the exercise of options granted under the Performance-Based Employee Share Option Scheme ('ESOS') by the employees of the Company and its subsidiaries as disclosed in Note 14(a) to the financial statements:

The detail of the new ordinary shares issued during the financial year is as follow:

	Number of new ordinary shares of RM1 each issued '000
At an exercise price of:	
RM1.81	26,275
RM3.15	957
RM3.45	14,782
RM5.07	13
	42,027

The above mentioned ordinary share rank pari-passu in all respects with the existing ordinary shares of the Company.

DIVIDENDS

The dividends paid or declared or proposed since the end of the previous financial year were as follows:

	Tax exempt dividend under the single tier system		
	Type	Per ordinary share of RM1 each Sen	Total RM'000
In respect of financial year ended:			
- 31 December 2011	Final	15	1,273,698
- 31 December 2012	Interim	8	680,577
		23	1,954,275

The Board of Directors have recommended tax exempt dividends under the single tier system a final dividend of 15 sen and a special dividend of 12 sen per ordinary share of RM1 each of the Company in respect of financial year ended 31 December 2012, amounting to a total RM2,297.2 million, based on issued and paid-up capital of the Company as at 31 December 2012. The proposed dividends are subject to approval by the shareholders at the forthcoming Annual General Meeting ("AGM").

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

PERFORMANCE-BASED ESOS AND RESTRICED SHARE PLAN ("RSP") ["AXIATA SHARE SCHEME"]

The Performance-Based ESOS of the Company was approved by its shareholders at an Extraordinary General Meeting ("EGM") held on 24 March 2009 and implemented on 16 April 2009.

On 1 June 2011, the Company's shareholders had, at the Nineteenth (19^{th}) AGM of the Company, approved the amendments to the Bye-Laws of the ESOS to include a RSP. Accordingly, the existing Performance-Based ESOS was renamed as Axiata Share Scheme.

The details of the Axiata Share Scheme are disclosed in Note 14(a) to the financial statements.

There is no Performance-Based ESOS granted to the employees of Axiata Group during the financial year.

DIRECTORS

The Directors who have held office during the period since the date of last report are as follows:

Tan Sri Dato' Azman Hj. Mokhtar	
Dato' Sri Jamaludin Ibrahim	
Tan Sri Ghazzali Sheikh Abdul Khalid	
Datuk Azzat Kamaludin	
David Lau Nai Pek	
Juan Villalonga Navarro	
Kenneth Shen	
Dato' Abdul Rahman Ahmad	Appointed on 17 January 2013
Bella Ann Almeida	Appointed on 21 January 2013
Dr Muhamad Chatib Basri	Resigned on 14 June 2012

In accordance with Article 93 of the Company's Article of Association, Dato' Sri Jamaludin Ibrahim and Tan Sri Ghazzali Sheikh Abdul Khalid retire from the Board at the Twenty-first (21^{st}) AGM and being eligible, offer themselves for re-election.

In accordance with Article 99 (ii) of the Company's Article of Association, Dato' Abdul Rahman Ahmad and Bella Ann Almeida who were appointed in the period after the Twentieth (20^{th}) AGM, retire from the Board at the 21^{st} AGM and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

In accordance with the Register of Directors' Shareholdings, the Directors who held office at the end of the financial year and have interest in shares or options over shares in the Company are as follows:

	Number of ordinary shares of RM1 each of the Company			
	Balance as at 1.1.2012	Additions	Disposed	Balance as at 31.12.2012
Indirect interest				
Dato' Sri Jamaludin Ibrahim[1]	450,000	–	–	450,000

[1] *450,000 Axiata Shares held under CIMSEC Nominees (Tempatan) Sdn Bhd.*

	Number of options/shares over ordinary shares of RM1 each of the Company			
	Balance as at 1.1.2012	Granted	Exercised	Balance as at 31.12.2012
Dato' Sri Jamaludin Ibrahim[2]				
- ESOS[3]	4,301,700	–	–	4,301,700
- RSA[4]	–	1,354,000	–	1,354,000

[2] *At the EGM held on 24 March 2009, the shareholders of the Company approved the grant of options to Dato' Sri Jamaludin Ibrahim to subscribe up to 5.5 million new ordinary shares of RM1.00 each in the Company ("Axiata Shares") to be issued under the Performance-Based ESOS for the Executive Directors and eligible employees of the Group.*

Further to the above, the shareholders of the Company had at the 19th AGM held on 1 June 2011, approved the grant of entitlement, allotment and issuance of the remaining 1,198,300 new Axiata Shares to Dato' Sri Jamaludin Ibrahim, under the new Performance-Based ESOS and Restricted Share Plan ("Axiata Share Scheme") as approved at the said EGM.

[3] *4,301,700 options of Axiata Shares pursuant to Performance-Based ESOS.*

[4] *The new Axiata Shares of 1,354,000 ("Offered Shares") is the maximum number of Axiata Shares that may be vested to Dato' Sri Jamaludin Ibrahim and are conditional upon the meeting of stretched individual performance and the Group meeting superior company performance at the point of vesting in addition to the standard vesting conditions applicable to other eligible employees. Based on the lowest performance criteria of vesting conditions for the Offered Shares, only 338,500 of the Offered Shares shall be vested to Dato' Sri Jamaludin Ibrahim.*

The acceptance of the Offered Shares allows the Company to issue up to 1,354,000 new Axiata Shares of which 155,700 Axiata Shares has exceeded the number of grants approved at the EGM held on 24 March 2009 and thus is subject to the approval of the shareholders of the Company at the coming AGM.

Other than as disclosed above, in accordance with the Register of Directors' Shareholdings, none of the other Directors in office at the end of the financial year have any direct or indirect interest in any shares and options over ordinary shares in the Company, or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Director has received or become entitled to receive any benefit (except for the Directors' fees, remuneration and other emoluments as disclosed in Note 7(d) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company or any of its related corporations, was a party, being arrangements with the object(s) of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate other than the Axiata Share Scheme of the Company, details as disclosed in Note 14(a) to the financial statements.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and financial position of the Group and the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

No contingent or other liability of the Group and Company has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and the Company to meet its obligations when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and the Company which has arisen since the end of the year which secures the liability of any other person; or

(b) any contingent liability of the Group and the Company which has arisen since the end of the year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and the Company, which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

In the opinion of the Directors:

(a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

EVENTS AFTER THE REPORTING PERIOD

The events after the reporting period are disclosed in Note 48 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 20 February 2013.

TAN SRI DATO' AZMAN HJ. MOKHTAR
DIRECTOR

DATO' SRI JAMALUDIN IBRAHIM
DIRECTOR

Kuala Lumpur
20 February 2013

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group 2012 RM'000	Group 2011 RM'000 Restated	Company 2012 RM'000	Company 2011 RM'000
Operating revenue	6	**17,651,617**	16,290,420	**3,125,603**	50,525
Operating costs					
- depreciation, impairment and amortisation	7(a)	**(3,339,563)**	(3,199,901)	**(4,130)**	(3,065)
- foreign exchange (losses)/gains		**(136,184)**	(53,223)	**(199,501)**	146,617
- domestic interconnect and international outpayment		**(2,284,257)**	(1,675,450)	**-**	-
- marketing, advertising and promotion		**(1,439,743)**	(1,473,796)	**(29,194)**	(32,863)
- other operating costs	7(b)	**(5,363,165)**	(4,885,073)	**(88,230)**	(73,941)
- staff costs	7(c)	**(1,139,955)**	(1,078,951)	**(84,704)**	(71,272)
- other gains/(losses) - net	8	**30,155**	(5,008)	**-**	-
Other operating income	9	**94,044**	80,989	**656**	1,860
Operating profit before finance cost		**4,072,949**	4,000,007	**2,720,500**	17,861
Finance income	10	**262,345**	235,781	**53,238**	80,062
Finance cost					
- Finance cost excluding net foreign exchange losses on financing activities		**(717,799)**	(638,102)	**(32,338)**	(34,088)
- Net foreign exchange losses on financing activities		**(66,214)**	(138,724)	**-**	-
	10	**(784,013)**	(776,826)	**(32,338)**	(34,088)
Jointly controlled entities					
- share of results (net of tax)	28	**(1,577)**	-	**-**	-
Associates					
- share of results (net of tax)	29	**234,950**	137,745	**-**	-
- loss on dilution of equity interests	5(a)(xi),(xii)	**(22,860)**	(20,108)	**-**	-
Profit before taxation		**3,761,794**	3,576,599	**2,741,400**	63,835
Taxation and zakat	11	**(882,217)**	(864,349)	**(16)**	(880)
Profit for the financial year		**2,879,577**	2,712,250	**2,741,384**	62,955

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

	Note	Group 2012 RM'000	Group 2011 RM'000 Restated	Company 2012 RM'000	Company 2011 RM'000
Other comprehensive expense					
- net investment hedge, net of tax		**(40,354)**	(6,220)	**-**	-
- actuarial losses, net of tax	46(b)	**(6,592)**	-	**-**	-
- currency translation differences	46(c)	**(586,456)**	(118,083)	**-**	-
Total comprehensive income for the financial year		**2,246,175**	2,587,947	**2,741,384**	62,955
Profit for the financial year attributable to:					
- owners of the Company		**2,513,285**	2,345,628	**2,741,384**	62,955
- non-controlling interests		**366,292**	366,622	**-**	-
		2,879,577	2,712,250	**2,741,384**	62,955
Total comprehensive income for the financial year attributable to:					
- owners of the Company		**2,047,141**	2,206,151	**2,741,384**	62,955
- non-controlling interests		**199,034**	381,796	**-**	-
		2,246,175	2,587,947	**2,741,384**	62,955
Earnings per share (sen)					
- basic	12(a)	**29.6**	27.8	**-**	-
- diluted	12(b)	**29.5**	27.6	**-**	-

The above Statements of Comprehensive Income are to be read in conjunction with the notes to the financial statements on pages 175 to 308.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	Group			Company		
		31.12.2012 RM'000	31.12.2011 RM'000 Restated	1.1.2011 RM'000 Restated	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY							
Share capital	13	**8,508,209**	8,466,182	8,445,154	**8,508,209**	8,466,182	8,445,154
Share premium		**2,094,125**	1,989,885	1,972,964	**2,094,125**	1,989,885	1,972,964
Reserves	15	**9,498,174**	9,387,015	8,307,191	**5,512,330**	4,711,015	5,780,819
Total equity attributable to owners of the company		**20,100,508**	19,843,082	18,725,309	**16,114,664**	15,167,082	16,198,937
Non-controlling interests		**1,906,714**	1,832,415	1,553,339	**-**	-	-
Total equity		**22,007,222**	21,675,497	20,278,648	**16,114,664**	15,167,082	16,198,937
NON-CURRENT LIABILITIES							
Borrowings	16	**10,765,691**	9,231,424	9,983,983	**762,366**	773,057	738,758
Derivative financial instruments	19	**194,181**	127,749	191,527	**45,249**	33,609	66,427
Deferred income	20	**247,188**	136,056	-	**-**	-	-
Other payables	21	**68,417**	177,946	52,471	**-**	-	-
Provision for liabilities	22	**338,948**	343,148	249,433	**-**	-	-
Deferred tax liabilities	23	**1,418,265**	1,380,054	1,333,863	**-**	-	-
Total non-current liabilities		**13,032,690**	11,396,377	11,811,277	**807,615**	806,666	805,185
		35,039,912	33,071,874	32,089,925	**16,922,279**	15,973,748	17,004,122
NON-CURRENT ASSETS							
Intangible assets	24	**8,392,514**	8,297,978	7,605,498	**-**	-	-
Property, plant and equipment	25	**16,585,314**	16,161,531	15,130,246	**11,425**	12,274	10,085
Investment properties	26	**-**	-	2,020	**-**	-	-
Subsidiaries	27	**-**	-	-	**13,629,758**	13,489,816	13,463,536
Jointly controlled entities	28	**1,618**	-	-	**-**	-	-
Associates	29	**6,838,467**	6,769,135	6,698,484	**124,802**	124,802	124,802
Available-for-sale financial asset		**892**	893	888	**-**	-	-
Derivative financial instruments	19	**33,621**	44,891	14,964	**-**	-	-
Long term receivables	30	**98,750**	108,858	111,313	**-**	-	-
Amounts due from subsidiaries	32	**-**	-	-	**85,772**	222,612	181,203
Deferred tax assets	23	**263,842**	315,611	117,457	**-**	-	-
Total non-current assets		**32,215,018**	31,698,897	29,680,870	**13,851,757**	13,849,504	13,779,626

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012 (CONTINUED)

		Group			Company		
	Note	31.12.2012 RM'000	31.12.2011 RM'000 Restated	1.1.2011 RM'000 Restated	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
CURRENT ASSETS							
Inventories	31	**381,499**	341,837	85,056	**–**	–	–
Amounts due from subsidiaries	32	**–**	–	–	**253,570**	173,313	151,266
Trade and other receivables	33	**2,112,098**	2,106,281	1,703,772	**26,783**	14,740	12,445
Derivative financial instruments	19	**22,087**	–	–	**–**	–	–
Financial assets at fair value through profit or loss		**8**	9	10	**–**	–	–
Tax recoverable		**40,839**	55,242	68,102	**–**	5,644	7,097
Deposits, cash and bank balances	34	**7,906,204**	6,616,788	6,277,382	**3,524,358**	2,001,948	3,092,255
		10,462,735	9,120,157	8,134,322	**3,804,711**	2,195,645	3,263,063
Assets directly associated with non-current assets classified as held-for-sale	35(a),(b)	**252,848**	286,807	285,774	**–**	–	–
Total current assets		**10,715,583**	9,406,964	8,420,096	**3,804,711**	2,195,645	3,263,063
LESS: CURRENT LIABILITIES							
Trade and other payables	21	**5,730,997**	5,556,228	4,515,019	**70,254**	65,020	37,193
Borrowings	16	**1,892,371**	2,227,939	699,591	**2,325**	2,071	–
Derivative financial instruments	19	**–**	–	277,678	**–**	–	–
Amounts due to subsidiaries	32	**–**	–	–	**661,610**	4,310	1,374
Current tax liabilities		**115,045**	62,382	274,100	**–**	–	–
		7,738,413	7,846,549	5,766,388	**734,189**	71,401	38,567
Liabilities directly associated with non-current assets classified as held-for-sale	35(a)	**152,276**	187,438	244,653	**–**	–	–
Total current liabilities		**7,890,689**	8,033,987	6,011,041	**734,189**	71,401	38,567
Net current assets		**2,824,894**	1,372,977	2,409,055	**3,070,522**	2,124,244	3,224,496
		35,039,912	33,071,874	32,089,925	**16,922,279**	15,973,748	17,004,122

The above Statements of Financial Position are to be read in conjunction with the notes to the financial statements on pages 175 to 308.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Attributable to owners of the Company											
	Note	Share capital* RM'000	Share premium RM'000	Currency translation differences RM'000	Capital contribution reserve RM'000	Merger reserve RM'000	Hedging reserve RM'000	ESOS^ and RSA# reserve RM'000	Actuarial reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2012 (as previously reported)		8,466,182	1,989,885	(1,947,251)	16,598	346,774	(76,643)	96,838	-	10,396,129	19,288,512	1,832,355	21,120,867
Effect of adoption of MFRS 1	46(c)	-	-	1,813,994	-	-	-	-	-	(1,259,424)	554,570	60	554,630
At 1 January 2012 (restated)		8,466,182	1,989,885	(133,257)	16,598	346,774	(76,643)	96,838	-	9,136,705	19,843,082	1,832,415	21,675,497
Profit for the financial year		-	-	-	-	-	-	-	-	2,513,285	2,513,285	366,292	2,879,577
Other comprehensive expense:													
- Currency translation differences arising during the financial year													
- subsidiaries		-	-	(370,861)	-	-	-	-	-	-	(370,861)	(165,053)	(535,914)
- associates		-	-	(50,542)	-	-	-	-	-	-	(50,542)	-	(50,542)
		-	-	(421,403)	-	-	-	-	-	-	(421,403)	(165,053)	(586,456)
- Net investment hedge, net of tax	19(f)	-	-	-	-	-	(40,354)	-	-	-	(40,354)	-	(40,354)
- Actuarial losses, net of tax		-	-	-	-	-	-	-	(4,387)	-	(4,387)	(2,205)	(6,592)
Total comprehensive (expense) /income for the financial year		-	-	(421,403)	-	-	(40,354)	-	(4,387)	2,513,285	2,047,141	199,034	2,246,175
Transactions with owners:													
- Issuance of new shares		42,027	59,609	-	-	-	-	-	-	-	101,636	-	101,636
- Share issuance expenses		-	(341)	-	-	-	-	-	-	-	(341)	-	(341)
- Employee share and option scheme													
- value of employees' services	14(a)	-	-	-	-	-	-	59,178	-	-	59,178	-	59,178
- transferred from ESOS reserve upon exercise		-	44,972	-	-	-	-	(44,972)	-	-	-	-	-
- Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(132,059)	(132,059)
- Dividends paid to shareholders	45	-	-	-	-	-	-	-	-	(1,954,275)	(1,954,275)	-	(1,954,275)
- Dilution of equity interest in a subsidiary	5(a)(xiii)	-	-	-	-	-	-	-	-	4,087	4,087	7,324	11,411
Total transaction with owners		42,027	104,240	-	-	-	-	14,206	-	(1,950,188)	(1,789,715)	(124,735)	(1,914,450)
At 31 December 2012		8,508,209	2,094,125	(554,660)	16,598	346,774	(116,997)	111,044	(4,387)	9,699,802	20,100,508	1,906,714	22,007,222

* *Issued and fully paid-up ordinary shares of RM1 each*
^ *Employee Share Option Scheme ("ESOS")*
# *Restricted Share Awards ("RSA")*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

		Attributable to owners of the Company										
	Note	Share capital*	Share premium RM'000	Currency translation differences RM'000	Capital contribution reserve RM'000	Merger reserve RM'000	Hedging reserve RM'000	ESOS and RSA reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2011 (as previously reported)		8,445,154	1,972,964	(1,259,424)	16,598	346,774	(70,423)	45,904	9,227,762	18,725,309	1,553,339	20,278,648
Effect of adoption of MFRS 1	46(c)	-	-	1,259,424	-	-	-	-	(1,259,424)	-	-	-
At 1 January 2011 (as restated)		8,445,154	1,972,964	-	16,598	346,774	(70,423)	45,904	7,968,338	18,725,309	1,553,339	20,278,648
Profit for the financial year		-	-	-	-	-	-	-	2,345,628	2,345,628	366,622	2,712,250
Other comprehensive income/ (expense):												
- Currency translation differences arising during the financial year												
- subsidiaries		-	-	(1,970)	-	-	-	-	-	(1,970)	15,174	13,204
- associates		-	-	(131,287)	-	-	-	-	-	(131,287)	-	(131,287)
		-	-	(133,257)	-	-	-	-	-	(133,257)	15,174	(118,083)
- Net investment hedge, net of tax	19(f)	-	-	-	-	-	(6,220)	-	-	(6,220)	-	(6,220)
Total comprehensive income/ (expense) for the financial year		-	-	(133,257)	-	-	(6,220)	-	2,345,628	2,206,151	381,796	2,587,947
Transactions with owners:												
- Issuance of new shares		21,028	17,033	-	-	-	-	-	-	38,061	-	38,061
- Share issuance expenses		-	(112)	-	-	-	-	-	-	(112)	-	(112)
- Employee share and option scheme												
- value of employees' services	14(a)	-	-	-	-	-	-	51,471	-	51,471	-	51,471
- lapsed ESOS		-	-	-	-	-	-	(537)	537	-	-	-
- Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	(112,308)	(112,308)
- Dividends paid to shareholders	45	-	-	-	-	-	-	-	(1,184,230)	(1,184,230)	-	(1,184,230)
- Dilution of equity interest in a subsidiary	5(a)(xiii)	-	-	-	-	-	-	-	6,432	6,432	9,588	16,020
Total transaction with owners		21,028	16,921	-	-	-	-	50,934	(1,177,261)	(1,088,378)	(102,720)	(1,191,098)
At 31 December 2011 (as restated)		8,466,182	1,989,885	(133,257)	16,598	346,774	(76,643)	96,838	9,136,705	19,843,082	1,832,415	21,675,497

* *Issued and fully paid-up ordinary shares of RM1 each*

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements on pages 175 to 308.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Issued and fully paid ordinary shares of RM1 each		Non-Distributable			Distributable	
	Note	Number of shares '000	Nominal value RM'000	Share premium RM'000	Capital contribution reserve RM'000	ESOS and RSA reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2012		**8,466,182**	**8,466,182**	**1,989,885**	**16,598**	**96,838**	**4,597,579**	**15,167,082**
Profit/Total comprehensive income for the financial year		-	-	-	-	-	**2,741,384**	**2,741,384**
Transactions with owners:								
- Issuance of new shares		**42,027**	**42,027**	**59,609**	-	-	-	**101,636**
- Share issue expenses		-	-	**(341)**	-	-	-	**(341)**
- Employee share and option scheme								
- value of employees' services	14(a)	-	-	-	-	**59,178**	-	**59,178**
- transferred from ESOS reserve upon exercise		-	-	**44,972**	-	**(44,972)**	-	-
Dividends paid to shareholders	45	-	-	-	-	-	**(1,954,275)**	**(1,954,275)**
Total transactions with owners		**42,027**	**42,027**	**104,240**	-	**14,206**	**(1,954,275)**	**(1,793,802)**
At 31 December 2012		**8,508,209**	**8,508,209**	**2,094,125**	**16,598**	**111,044**	**5,384,688**	**16,114,664**
At 1 January 2011		8,445,154	8,445,154	1,972,964	16,598	45,904	5,718,317	16,198,937
Profit/Total comprehensive income for the financial year		-	-	-	-	-	62,955	62,955
Transactions with owners:								
- Issuance of new shares		21,028	21,028	17,033	-	-	-	38,061
- Share issue expenses		-	-	(112)	-	-	-	(112)
- Employee share and option scheme								
- value of employees' services	14(a)	-	-	-	-	51,471	-	51,471
- lapsed ESOS		-	-	-	-	(537)	537	-
- Dividends paid to shareholders	45	-	-	-	-	-	(1,184,230)	(1,184,230)
Total transactions with owners		21,028	21,028	16,921	-	50,934	(1,183,693)	(1,094,810)
At 31 December 2011		8,466,182	8,466,182	1,989,885	16,598	96,838	4,597,579	15,167,082

The above Company Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements on pages 175 to 308.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from/(used in) operating activities	36	**6,836,981**	5,785,248	**2,859,935**	(181,622)
Cash flows (used in)/from investing activities	36	**(5,240,386)**	(4,812,401)	**518,264**	234,451
Cash flows used in financing activities	36	**(237,561)**	(640,590)	**(1,852,980)**	(1,146,281)
Net increase/(decrease) in cash and cash equivalents		**1,359,034**	332,257	**1,525,219**	(1,093,452)
Effects of exchange (losses)/gains on cash and cash equivalents		**(69,603)**	7,974	**(2,809)**	3,145
Net decrease/(increase) in restricted cash and cash equivalents		**558,627**	(551,971)	**418,045**	(418,045)
Cash and cash equivalents at beginning of the financial year		**6,046,406**	6,258,146	**1,583,903**	3,092,255
Cash and cash equivalents at end of the financial year	34	**7,894,464**	6,046,406	**3,524,358**	1,583,903

The above Statements of Cash Flows are to be read in conjunction with the notes to the financial statements on pages 175 to 308.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

1. GENERAL INFORMATION

The principal activities of the Group are the provision of mobile communication services and network transmission related services.

The principal activities of the Company are investment holding and provision of technical and management services on an international scale, where it has investments in subsidiaries, jointly controlled entities and associates. The principal activities of the subsidiaries are mainly the provision of mobile communication services and network transmission related services.

The principal activities of the subsidiaries are set out in Note 41 to the financial statements. There has been no significant change in the nature of the activities of the Group and the Company during the financial year.

The address of the registered office of the Company is Level 5, Axiata Centre, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur.

The address of the principal place of business of the Company is Axiata Centre, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

The financial statements of the Group and the Company for the financial year ended 31 December 2012 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 'First-time adoption of MFRS'. Subject to certain transition elections disclosed in Note 46(a) to the financial statements, the Group and the Company have consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 January 2011 (transition date) and throughout all years presented, as if these policies had always been in effect. Comparative figures for 2011 in these financial statements have been restated to give effect to these changes. Note 46(c) to the financial statements discloses the impact of the transition to MFRS on the Group and the Company's reported financial position and financial performance.

The financial statements have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's and the Company's financial statements are disclosed in Note 4 to the financial statements.

The financial statements have been approved for issuance in accordance with a resolution of the Board of Directors on 20 February 2013.

(a) Standard that early adopted by the Group and the Company

The Group and the Company have early adopted the amendment to MFRS 119 "Employee benefits", which is to be effective for the Group's financial year beginning on or after 1 January 2013.

The impact of the early adoption to the Group is disclosed in Note 46(b) to the financial statements. The early adoption has no impact to the financial statement of the Company.

(b) Standards, revised and amendments to published standards that are applicable to the Group and the Company but not yet effective

The Group and the Company will apply the new standards, amendments to standards and interpretations in the following period:

(i) Financial year beginning on/after 1 January 2013

- MFRS 10 "Consolidated financial statements" (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127 "Consolidated and separate financial statements" and IC Interpretation 112 "Consolidation – special purpose entities".

- MFRS 11 "Joint arrangements" (effective from 1 January 2013) requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

- MFRS 12 "Disclosures of interests in other entities" (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 "Investments in associates". It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards, revised and amendments to published standards that are applicable to the Group and the Company but not yet effective (continued)

(i) Financial year beginning on/after 1 January 2013 (continued)

- MFRS 13 "Fair value measurement" (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 "Financial instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones.

- The revised MFRS 127 "Separate financial statements" (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

- The revised MFRS 128 "Investments in associates and joint ventures" (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.

- Amendment to MFRS 101 "Presentation of items of other comprehensive income" (effective from 1 July 2012) requires entities *to separate items presented in 'other comprehensive income' in the statement of comprehensive income into two groups*, based on whether or not they may be recycled to profit or loss in the future. The amendments do not address which items are presented in other comprehensive income.

- Amendment to MFRS 7 "Financial instruments: Disclosures" (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

(ii) Financial year beginning on/after 1 January 2014

- Amendment to MFRS 132 "Financial instruments: Presentation" (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

(b) Standards, revised and amendments to published standards that are applicable to the Group and the Company but not yet effective (continued)

(iii) Financial year beginning on/after 1 January 2015

- MFRS 9 "Financial instruments - classification and measurement of financial assets and financial liabilities" (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

  The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ("FVTPL"). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income. There is no subsequent recycling of the amounts in other comprehensive income to profit or loss, but accumulated gains or losses may be transferred within equity.

  The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

  MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

The impact of MFRS 9 and MFRS 10 is still being assessed. Aside from the above mentioned, the adoption of the standards, revised and amendments to published standards are not expected to have a material impact to the financial statements of the Group and the Company.

(c) Interpretations to existing standards that are not relevant and not yet effective for the Group and the Company

- IC Interpretation 20 "Stripping costs in the production phase of a surface mine"

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Economic entities in the Group

(i) Subsidiaries

Subsidiaries are those companies or other entities (including special purpose entities) in which the Group has the ability to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Economic entities in the Group (continued)

(i) Subsidiaries (continued)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Under the predecessor method of merger accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in consolidated profit or loss. The accounting policy of goodwill is stated in Note 3(b)(i) to the financial statements. Goodwill is carried at cost less accumulated impairment losses, if any.

Inter-company transactions, balances and unrealised gains on transactions between the Group's companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Economic entities in the Group (continued)

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in consolidated profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, a jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in consolidated other comprehensive income are reclassified to consolidated profit or loss.

(iv) Jointly controlled entities

Jointly controlled entities are companies, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operation decisions relating to the entity requires unanimous consent of the parties sharing control.

The Group's interest in jointly controlled entities is accounted for in the consolidated financial statements using the equity method as stated in Note 3(a)(v) to the financial statements. Where necessary, in applying the equity method, adjustments are made to the financial statements of jointly controlled entities to ensure consistency of the accounting policies with those of the Group.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the jointly controlled entities that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the jointly controlled entities that result from the purchase of assets by the Group from the jointly controlled entities until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The Group determines at each reporting date whether there is any objective evidence that the investment in the jointly controlled entity is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the jointly controlled entity and its carrying value and recognises the difference in the consolidated profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Economic entities in the Group (continued)

(v) Associates

Associates are companies, partnerships or other entities in which the Group exercises significant influence, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is power to participate in financial and operating policy decisions of the associates but not power to exercise control or jointly control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the post-acquisition results and changes of the associate's reserves in other comprehensive income after the date of acquisition and net off with any accumulated impairment loss, if any. The Group's investment in associates includes goodwill identified on acquisition.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Equity accounting is discontinued when the Group ceases to have significant influence over the associates.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The cost of acquiring an additional stake in an associate is added to the carrying amount of associate and equity accounted. Goodwill arising on the purchase of additional stake is computed using fair value information at the date the additional interest is purchased. The previously held interest is not re-measured.

Dilution gains and losses arising in investments in associates are recognised in the consolidated profit or loss.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the difference in the consolidated profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries over the Group's share of the fair value of the identifiable net assets including contingent liabilities of subsidiaries at the date of acquisition.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Licenses

The Group's licenses are mainly consisting acquired telecommunication licences with allocated spectrum rights and tower operating license. Acquired licenses are shown at cost. Licenses have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using straight-line method, from the effective date of commercialisation of services, subject to impairment, to the end of the assignment period. Licenses are not revalued. The estimated useful lives of the acquired telecommunication licenses with allocated spectrum rights and tower operating license of the Group are as follows:

Malaysia	10 years
Indonesia	10 years
Sri Lanka	10 – 15 years
Bangladesh	15 years
Cambodia	30 years

(iii) Subscriber acquisition costs

Subscriber acquisition costs incurred in providing the customer a free or subsidised handset, provided the customer signs a non-cancellable contract for a predetermined contractual period, are amortised over the contractual period on a straight line method.

Subscriber acquisition costs are assessed at each reporting date whether there is any indication that the subscriber acquisition cost may be impaired.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment ("PPE")

PPE are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

(i) Cost

The cost of telecommunication network includes cost of equipment, site surveys, contractors' charges, materials and related overhead. The cost of other PPE comprises their purchase cost and any incidental cost of acquisition. These costs include the costs of dismantling, removal and restoration, the obligation which was incurred as a consequence of installing the asset.

Borrowing costs incurred to finance the construction of PPE that takes more than twelve (12) months are capitalised as part of the cost of the assets during the period of time that is required to complete and prepare the qualified asset for its intended use.

Subsequent cost is included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefit associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying value of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the period in which they are incurred.

(ii) Depreciation and residual value

Freehold land is not depreciated as it has an infinite life. Other PPE are depreciated on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives in years, as summarised below:

Leasehold land	20 – 100 years
Buildings	5 – 50 years
Telecommunication network equipment	3 – 20 years
Movable plant and equipment	5 – 8 years
Computer support systems	3 – 5 years

Depreciation on assets under construction or capital work-in-progress commence when the assets are ready for their intended use. Depreciation on PPE ceases at the earlier of derecognition or classification as held-for-sale.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

(iii) Impairment

At the end of the reporting period, the Group and the Company assess whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying value of the asset is fully recoverable. A write down is made if the carrying value exceeds the recoverable amount. See significant accounting policies Note 3(f) to the financial statements on impairment of non-financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment ("PPE") (continued)

(iv) Gains or losses on disposals

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount of the related asset and are included in the profit or loss.

(v) Asset exchange transaction

PPE may be acquired in exchange for a non-monetary asset or for a combination of monetary and non-monetary assets and is measured at fair value unless;

- the exchange transaction lacks commercial substance; or
- the fair value of neither the assets received nor the assets given up can be measured reliably.

The acquired item is measured in this way even if the Group and the Company cannot immediately derecognise the assets given up. If the acquired item cannot be reliably measured at fair value, its cost is measured at the carrying amount of the asset given up.

(vi) Repairs and maintenance

Repairs and maintenance are charged to the profit or loss during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group and the Company. This cost is depreciated over the remaining useful life of the related asset.

(d) Investment properties

Investment properties principally comprising freehold land and buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less accumulated depreciation and impairment losses. Investment properties are depreciated on a straight-line basis to write off the cost of investment properties to their residual values over their estimated useful lives as summarised below:

Freehold land	Indefinite useful life
Buildings	50 years

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected, then it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised as profit or loss in the period of the retirement or disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investments in subsidiaries and associates

In the Company's separate financial statements, investments in subsidiaries and associates are stated 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(f) to the financial statements on impairment of non-financial assets.

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

(f) Impairment of non-financial assets (excluding goodwill)

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, and as and when events or circumstances occur indicating that an impairment may exist.

Assets with definite useful life are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell ("FVLCS") and value-in-use ("VIU"). For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (CGUs). Assets that suffered an impairment are reviewed for possible reversal at the end of reporting period.

The impairment loss is charged to profit or loss. Any subsequent increase in recoverable amount is recognised in the profit or loss.

(g) Financial assets

(i) Classification

The Group and the Company classify its financial assets in the following categories: at FVTPL, loans and receivables, available-for-sale ("AFS") and held-to-maturity ("HTM"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

(a) Financial assets at FVTPL

Financial assets at FVTPL are financial assets held for trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges. See Note 19 to the financial statements on derivative financial instruments and hedging activities. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

(i) Classification (continued)

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve (12) months after the end of the reporting period. These are classified as non-current assets.

(c) AFS financial assets

AFS financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within twelve (12) months from the end of the reporting period.

(d) HTM financial assets

HTM financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's and Company's management have the positive intention and ability to hold to maturity. If the Group and the Company were to sell other than an insignificant amount of HTM financial assets, the whole category would be tainted and reclassified as AFS. HTM financial assets are included in non-current assets, except for those with maturities less than twelve (12) months from the end of the reporting period, which are classified as current assets.

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at FVTPL. Financial assets carried at FVTPL are initially recognised at fair value and transaction costs are expensed in profit or loss.

(iii) Subsequent measurement – gains and losses

AFS financial assets and financial assets at FVTPL are subsequently carried at fair value. Loans and receivables and HTM financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at FVTPL, including the effects of currency translation are recognised in profit or loss in the period in which the changes arise.

Changes in the fair value of AFS financial assets are recognised in other comprehensive income, except for impairment losses (see accounting policy Note 3(g)(iv)(b)) and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

(iv) Subsequent measurement – Impairment of financial assets

(a) Assets carried at amortised cost

The Group and the Company assess at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group and the Company use to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio; and

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' or a 'HTM investment' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group and the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related accumulated impairment losses account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

(iv) Subsequent measurement – Impairment of financial assets (continued)

(b) Assets classified as AFS

The Group and the Company assess at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, the Group and the Company uses criteria and measurement of impairment loss applicable for 'assets carried at amortised cost' above.

In the case of equity securities classified as AFS, in addition to the criteria for 'assets carried at amortised cost' above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for AFS financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss. The amount of cumulative loss that is reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as AFS are not reversed through profit or loss.

(v) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group and the Company are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(h) Offsetting financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group and the Company designate certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

The Group and the Company document at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group and the Company also document its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 19 to the financial statements. Movements on the hedging reserve in other comprehensive income are shown in the statement of changes in equity of the financial statements. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than twelve (12) months and as a current asset or liability when the remaining maturity of the hedged item is less than twelve (12) months. Trading derivatives are classified as a current asset or liability.

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group and the Company only apply fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of cross currency interest rate swaps ("CCIRS") hedging fixed rate borrowings is recognised in the profit or loss within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the profit or loss within 'other gains/(losses) – net'. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the profit or loss within 'finance costs'.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used and is amortised to profit or loss over the period to maturity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Derivative financial instruments and hedging activities (continued)

(b) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss within 'other gains/(losses) – net'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the profit or loss within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the profit or loss within 'other gains/(losses) – net'. However, when the forecast transaction that is hedged, results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of PPE.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit or loss within 'other gains/(losses) – net'.

(c) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss within 'other gains/(losses) – net'.

Gains and losses accumulated in equity are included in the profit or loss when the foreign operation is partially disposed of or sold.

(j) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined on a weighted average basis and comprises all cost of purchase and other cost incurred in bringing the inventories to their present location.

Net realisable value represents the estimated selling price in the ordinary course of business, less all estimated costs to completion and applicable variable selling expenses. In arriving at the net realisable value, due allowance is made for all obsolete and slow moving items.

Inventories include telecommunication equipment and maintenance spares acquired for the purpose of replacing damaged or faulty plant or spares and supplies to be used in constructing and maintaining the network.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one (1) year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less accumulated impairment losses.

(l) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term, highly liquid investments with original maturities of three (3) months or less and bank overdrafts. Deposits held as pledged securities for term loans granted are not included as cash and cash equivalents.

Bank overdrafts are included within borrowings in current liabilities in the statements of financial position.

(m) Trade and other payables

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 (1) year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings.

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the profit or loss.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least twelve (12) months after the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Current and deferred tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income.

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 is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Tax benefit from investment tax incentive is recognised when the tax credit is utilised and no deferred tax asset is recognised when the tax credit is claimed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Provisions

(i) Provision for liabilities

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group and the Company expect a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Provision for liabilities is mainly provisions for dismantling, removal or restoration. Provisions are reviewed at the end of the reporting period and adjusted to PPE to reflect the current best estimation. Where the time value of money is material, the amount of a provision is the present value of the future period expenditure expected to be required to settle the obligation.

(ii) Other provisions

Where there are a number of similar obligations, the likelihood that an outflow will be required in a settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

(q) Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group recognises separately the contingent liabilities of the acquirers as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Share capital

(i) Classification

Ordinary share with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Distribution to holders of a financial instrument classified as an equity instrument is charged directly to equity.

(ii) Share issue expenses

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

(iii) Dividend to shareholders of the Company

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

(s) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Accounting by lessee

(i) Finance leases

Leases of PPE where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance lease is charged to the profit or loss over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

PPE acquired under finance leases are depreciated over the estimated useful life of the asset, in accordance with the annual rates stated in Note 3(c)(ii) to the financial statements as mentioned above. Where there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term or its estimated useful life.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Leases (continued)

Accounting by lessee (continued)

(ii) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease.

Accounting by lessor

(i) Finance leases

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return.

(ii) Operating leases

When assets are leased out under an operating lease, the asset is included in the statements of financial position based on the nature of the asset. Lease income is recognised over the term for the lease on a straight-line basis.

(t) Income recognition

The Group's operating revenue comprises the fair value of the consideration received or receivables for the sale of products and rendering of services net of returns, duties, sales discounts and sales taxes paid, after eliminating sales within the Group. The Group's and the Company's operating revenues are recognised or accrued at the time of the provision of the products or services.

(i) Mobile and interconnect services revenue

Revenue from mobile telephony services are recognised based on actual traffic volume, net of rebates or discounts.

Revenue from sales of prepaid starter packs and prepaid phone cards are deferred (as disclosed as deferred revenue in trade and other payables) and recognised as revenue based on the actual use of the cards, net of service tax and discounts. Any amounts not recognised are deferred, after which such amounts will be recognised as revenue.

Revenue from interconnection with other operators is recognised on the basis of actual recorded call traffic.

(ii) Lease of passive infrastructure

Income from lease of passive infrastructure is recognised on an accrual basis based on prices agreed with customers.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Income recognition (continued)

(iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group and the Company reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using original effective interest rate.

(iv) Dividend income

Dividend income from investment in subsidiaries, jointly controlled entities, associates and other investments is recognised when a right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

(v) Technical and management services fees

Technical and management services fees comprise of fees for provision of support services to certain subsidiaries, which are recognised on an accrual basis.

(vi) Other revenues

All other revenues are recognised net of rebates or discounts upon the rendering of services or sale of products, when the transfers of risks and rewards have been completed.

(u) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Company.

(ii) Contribution to Employees Provident Fund (“EPF”)

The Group’s and the Company’s contributions to EPF are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Termination benefits

Termination benefits are payable whenever an employee’s employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve (12) months after the end of the reporting period are discounted to present value.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Employee benefits (continued)

(iv) Share-based compensation

The Group and the Company operate an equity-settled, share-based compensation plan for its employees which are Employee Share Option Scheme ("ESOS") and Restricted Share Plan ("RSP"), now known as Axiata Share Scheme.

Employee services received in exchange for the grant of the share options and/or restricted share awards ("RSA") are recognised as an expense in the profit or loss over the vesting period of the grant, with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options and/or RSA granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in the assumptions about the number of options and/or RSA that are expected to vest. At the end of reporting period, the Group and the Company revise its estimates of the number of share options and/or RSA that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Recharges made by the Company in respect of options and/or RSA granted to subsidiaries are accounted for as amounts due from subsidiaries.

(v) Post-employment benefit obligations

The Group operates various defined benefit plans. The plans are generally funded through payments to insurance companies or trustee-administrated funds, determined by periodic actuarial calculations. A defined benefit plan is a pension plan; typically define an amount of pension benefit that an employee will receive an on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Employee benefits (continued)

(v) Post-employment benefit obligations (continued)

The defined benefit obligation is calculated annually by independent actuaries using projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximately to the terms of related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(v) Deferred revenue

Deferred revenue comprises:

(i) The unutilised balance of airtime and access fee in respect of prepaid cards sold to customers. Such revenue amounts are recognised as revenue upon utilisation of airtime and activation of access right by the customer.

(ii) The value of advance billings made to customers in respect of the rental of fibre optic network. Such amounts are recognised as revenue systematically over the period covered by the advance billings.

(w) Indefeasible right of use ("IRU")

The Group has entered into certain IRU agreements with its customers. An IRU is a right to use a specified amount of capacity for a specific time period that cannot be revoked or voided. Such agreements are accounted for either as lease or service transactions.

Those IRU agreements that provide the lessee with exclusive right to the purchased capacity and limit the purchased capacity to a specified fibre are accounted as lease transactions. Other IRUs are accounted for as service contracts.

IRU agreements that transfer substantially all the risks and rewards of ownership to the lessee are classified as sale-type leases. All other IRU leases are classified as operating leases.

(x) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in RM, which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Foreign currencies (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities (inclusive of advances to subsidiaries treated as quasi-investments) denominated in foreign currencies are recognised in the net profit for the financial year, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'foreign exchange gains/(losses).

Changes in the fair value of monetary securities denominated in foreign currency classified as AFS are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the profit or loss for the financial year, and other changes in carrying amount are recognised in other comprehensive income.

(iii) Group companies (Consolidated financial statements)

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statements of financial position;
- income and expenses for each statements of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on sale.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Foreign currencies (continued)

(iii) Group companies (Consolidated financial statements) (continued)

Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

On the disposal of a foreign operation, all of the exchange differences relating to that foreign operation recognised in other comprehensive income and accumulated in the separate component of equity are reclassified to consolidated profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals the proportionate share of the accumulated exchange difference is reclassified to consolidated profit or loss.

(y) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision maker. The Chief Operating Decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

(z) Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and FVLCS.

(aa) Government grants

As a Universal Service Provider ("USP"), the Group is entitled to claim certain qualified expenses from the relevant authorities in relation to USP projects. The claim qualifies as a government grant and is recognised at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are recognised in the profit of loss over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of assets are included in non-current liabilities as deferred income and are credited to the profit or loss on the straight line basis over the expected life of the related assets.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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.

(a) Critical judgements in applying the Group's and Company's accounting policies

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Group and the Company. The following accounting policies require subjective judgements, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Intangible assets – Acquired telecommunication licences with allocated spectrum rights

The Group has applied judgement in determining the treatment of the annual fees payable over ten (10) years in respect of a 3G spectrum license granted to a foreign subsidiary. The annual fee is charged to the profit or loss when incurred based on management's judgement that future annual fees will no longer be payable upon the decision by the subsidiary to return the license. The Group considers the annual payment to be usage fees based on interpretation of the license conditions, written confirmation from the Directorate General of Post and Telecommunication, Indonesia and current financial year assessment of 3G operations. The annual fees are therefore not considered part of the acquisition cost of the license.

Should the regulations and conditions with regards to the payment of the annual fees be amended in the future with the consequence that payment of the remaining outstanding annual fees cannot be avoided upon the subsidiary surrendering the license, the Group will recognise an intangible asset and a corresponding liability at the present value of the remaining annual fees at that point in time.

(b) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The Group, and to a large extent the activities, are governed by the legal, regulatory and business environment in the countries which the Group operates in and which the Group has investments in. The business of the Group is subject to a number of risks, many of which are beyond the Group's control.

The main risks relating to the Group's business are as follows:

- Increasing competition in the countries the Group operates in
- Challenges in expanding business in certain emerging markets
- Political, regulatory and social developments in the region the Group operates in
- Significant expansion of capital investments required
- Increasing substitution for traditional voice and data market

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting estimates and assumptions (continued)

To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are mentioned below.

(i) Impairment assessment of goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy and whenever events or change in circumstances indicate that this is necessary within the financial year. Recoverable amount is measured at the higher of the FVLCS for that asset and its VIU.

The recoverable amounts of certain CGUs have been determined based on VIU calculations. These calculations require the use of estimates. The calculations are inherently judgemental and susceptible to change from period to period because they require the Group to make assumptions about revenue growth, exchange rates, an appropriate discount rate and terminal growth rate.

The assumptions used, results and sensitivity of the impairment assessment of goodwill are disclosed in Note 24(a) to the financial statements.

(ii) Impairment assessment of PPE and investments

The Group and the Company assess impairment of the assets or CGUs mentioned above 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 FVLCS for that asset or CGU and its VIU.

Projected future cash flows used in impairment testing of the assets or CGUs mentioned above are based on Group's and Company's estimates calculated based on 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 have been determined based on VIU calculations. These calculations require the use of estimates. The calculations are inherently judgemental and susceptible to change from period to period because they require the Group and the Company to make assumptions about revenue growth, exchange rates, an appropriate discount rate and terminal growth rate.

The assumptions used, results and sensitivity of the impairment assessments of investments in associate are disclosed in Note 29 to the financial statements.

(iii) Estimated useful lives of PPE

The Group reviews the estimated useful lives of PPE based on factors such as business plan and strategies, expected level of usage and future technological developments at the end of each reporting period. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of PPE would increase the recorded depreciation charge and decrease the PPE balance.

The impact of the review of the useful lives of PPE is disclosed in Note 25 to the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting estimates and assumptions (continued)

(iv) Taxation

Income taxes

The Group and the Company are subject to income tax in numerous jurisdictions. Judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for tax matters based on estimates of whether additional taxes will be due. If the final outcome of these tax matters result in a difference in the amounts initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

Tax benefit from investment tax incentive is recognised when the tax credit is utilised and no deferred tax asset is recognised when the tax credit is claimed.

Deferred tax assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. This involves judgement regarding future financial performance of a particular entity in which the deferred tax asset has been recognised.

(v) Contingent liabilities

Determination of the treatment of contingent liabilities is based on the Group’s view of the expected outcome of contingencies after consulting legal counsel for litigation cases and experts internal and external to the Group for matters in the ordinary course of business. Please refer to Note 37(d) to the financial statements for legal proceedings that the Group is involved in as at the end of each reporting period.

(vi) Fair value of derivatives and other financial instruments

Certain financial instruments such as investments, derivative financial instruments and certain elements of borrowings are carried on the statement of financial position at fair value, with changes in fair value reflected in the profit or loss.

Fair values are estimated by reference in part to published price quotations and in part by using valuation techniques. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group and the Company use its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each financial reporting period. The sensitivity of the fair values of financial instruments is disclosed in Note 40 to the financial statements.

(vii) Provision for dismantling cost

Provision for dismantling cost of the Group is based on management’s best estimate and the past trend of costs for rectification work to be carried out to fulfil regulatory and contractual requirements imposed after network cell sites were built.

Provision for dismantling cost is the estimated costs of dismantling and removing the structure on identified sites and restoring these sites. This obligation is incurred either when the items are installed or as a consequence of having used the items during a particular period.

5. SIGNIFICANT INCORPORATION, ACQUISITIONS, MERGER, DISPOSALS AND DILUTIONS OF INTERESTS

(a) Incorporation, acquisitions and dilutions of interests during the financial year

(i) Entry by Celcom Axiata Berhad ("Celcom") into Shareholders' Agreement with PLDT Global Corporation ("PGC") and PLDT Malaysia Sdn Bhd ("PLDT MY")

On 30 November 2011, Celcom, a wholly owned subsidiary of the Company entered into a Shareholders' Agreement ("SA") with PGC and PLDT MY for the purpose of collaborating in establishing mobile virtual network operator services in Malaysia. Under the terms of the SA, the issued and paid-up share capital of PLDT MY shall be RM6.0 million divided into 6.0 million PLDT MY Shares of which Celcom and PGC would subscribe in cash in the ratio of 49:51.

The acquisition of 49.00% equity interest in PLDT MY by Celcom was completed on 25 January 2012 and became a jointly controlled entity of the Group.

(ii) Acquisition of entire equity interest in Suntel Limited ("Suntel")

Dialog Broadband Networks (Private) Limited ("DBN"), a wholly owned subsidiary of Dialog Axiata PLC, on 14 December 2011 entered into a Sale and Purchase Agreement ("SPA") with the shareholders of Suntel for the acquisition of the entire ordinary shares of Suntel. The acquisition was completed on 22 March 2012. Effectively, Suntel became a 84.97% owned subsidiary of the Group.

Following the completion of the amalgamation of Suntel with DBN effective from 15 May 2012, the shares of Suntel were cancelled with no new shares issued/swapped and Suntel continues to operate as part of DBN.

The following summarises the consideration paid for Suntel, the fair value of assets acquired and liabilities assumed at the acquisition date.

	Note	RM'000
Purchase consideration in cash		96,984
Details of the share of net assets/(liabilities) acquired are as follows:		
Property, plant and equipment	25	46,566
Intangible assets	24	4,933
Inventories		5,349
Trade and other receivables		32,079
Cash and bank balances		4,110
Trade and other payables		(147,898)
Net liabilities acquired		(54,861)
Goodwill on acquisition	24	151,845
Total		96,984

Acquisition related costs of RM9.0 million [Sri Lankan Rupee ("SLR") 372.1 million] have been charged to the consolidated other operating costs during the financial year.

The impact of the acquisition of Suntel, had it occurred on 1 January 2012, is not material to the consolidated financial statements.

5. SIGNIFICANT INCORPORATION, ACQUISITIONS, MERGER, DISPOSALS AND DILUTIONS OF INTERESTS (CONTINUED)

(a) Incorporation, acquisitions and dilutions of interests during the financial year (continued)

(iii) Incorporation of Axiata SPV2 Berhad ("Axiata SPV2")

The Company had on 4 June 2012 completed the incorporation of Axiata SPV2, a public company limited by shares, under the Companies Act, 1965. Axiata SPV2 was incorporated with an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1 each of which RM2 has been issued and paid-up.

The incorporation above has no significant impact to the Group and the Company during the financial year.

(iv) Incorporation of Axiata Towers (Cambodia) Company Limited ("ATC")

Hello Axiata Company Limited ("Hello"), a wholly owned subsidiary of the Company, had on 7 June 2012 completed the incorporation of ATC, a private company limited by shares following the issuance by the Ministry of Commerce, Cambodia of the Certificate of Incorporation on 7 June 2012.

ATC was incorporated with an authorised share capital of Khmer Riel ("KHR") 16.0 million (equivalent to USD4,000) subdivided into 1,000 ordinary shares of KHR16,000 each, which has been fully issued and paid-up. The business objective of ATC is to undertake activities and operations related to telecommunication infrastructure. On 29 June 2012, ATC was granted 30 years of tower operating license from government of Cambodia to operate the business.

The incorporation above has no significant impact to the Group during the financial year.

(v) Acquisition of 51.00% equity interest in Digital Milestone Sdn Bhd ("DMSB")

Celcom had, on 23 July 2012, completed the acquisition of 255,000 ordinary shares of RM1 each representing 51.00% of the equity interest in DMSB. The acquisition of DMSB Shares by Celcom is in accordance with the Teaming Agreement entered by Celcom dated 3 July 2012 in which Celcom and Media Broadcast GmbH will establish a joint-venture entity and jointly act in relation to pre-bid activities and formulation of bid for the development, supply, commissioning, marketing and operation of digital television transmission infrastructure in Malaysia via a common infrastructure provider for the digital terrestrial transmission services to be rolled-out under Malaysia's National Digitisation Project ("Tender Bid").

Celcom, through DMSB, has participated in the Tender Bid but was not shortlisted. With this and pursuant to the Teaming Agreement dated 3 July 2012, DMSB which was set-up for the Tender Bid is no longer required now and hence, to be wound up.

The Group is in the process of seeking the necessary approvals to proceed with the winding-up proceedings.

(vi) Incorporation of Celcom Childcare Sdn Bhd ("CCSB")

Celcom had, on 29 August 2012, completed the incorporation of CCSB, a private company limited by share, under the Companies Act, 1965. CCSB was incorporated with an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1 each of which RM25,000 has been issued and paid-up.

The incorporation above has no significant impact to the Group and the Company during the financial year.

5. SIGNIFICANT INCORPORATION, ACQUISITIONS, MERGER, DISPOSALS AND DILUTIONS OF INTERESTS (CONTINUED)

(a) Incorporation, acquisitions and dilutions of interests during the financial year (continued)

(vii) Incorporation of Bangladesh Infrastructure Company Limited ("BICL")

Robi Axiata Limited ("Robi"), a subsidiary of the Group held via Axiata Investments (Labuan) Limited, had on 1 October 2012 incorporated a new subsidiary, BICL a public company limited by shares, under the Companies Act, 1994 of the Republic of Bangladesh. BICL was incorporated with an authorised share capital of BDT300.0 million represented by 30.0 million ordinary shares of BDT10 each, of which its issued and paid-up capital is BDT100.0 million.

The incorporation above has no significant impact to the Group and the Company during the financial year.

(viii) Incorporation of Axiata SPV3 Sdn Bhd ("Axiata SPV3")

The Company had on 31 October 2012 completed the incorporation of Axiata SPV3, a private company limited by shares, under the Companies Act, 1965. Axiata SPV3 was incorporated with an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1 each of which its issued and paid-up share capital is RM2.

The incorporation above has no significant impact to the Group and the Company during the financial year.

(ix) Incorporation of Axiata Investments (Cambodia) Limited ("AIC")

The Company had on 7 December 2012 completed the incorporation of AIC, a private company limited by shares, under the Labuan Companies Act, 1990. AIC was incorporated with an authorised share capital of USD100,000 divided into 100,000 ordinary shares of USD1 each of which its issued and paid-up share capital is USD2.

(x) Acquisition of 26.00% equity interest in Digital Commerce Lanka (Pvt) Ltd ("Digital")

On 10 December 2012, Dialog Axiata PLC, a 84.97% owned subsidiary of the Group entered into an Investment Agreement ("IA") for the acquisition of 26.0% equity interest in Digital for a purchase consideration of RM4.9 million (SLR205.6 million). Effectively, Digital became an associate of the Group.

Alongside with the IA, Dialog has also entered into a shareholders' agreement with the shareholders of Digital to provide opportunities to increase its equity interest in Digital by Dialog in the future.

(xi) Dilution of equity interest in Idea Cellular Limited ("Idea")

During the financial year, the Group's equity interest in Idea, decreased from 19.96% to 19.93% following the issuance of new ordinary shares under Idea's ESOS. The Group recognised a loss on dilution of equity interest amounting to RM12.2 million (2011: RM8.5 million) during the financial year.

(xii) Dilution of equity interest in M1 Limited ("M1")

During the financial year, the equity interest in M1, held through Axiata Investments (Singapore) Limited ("AIS"), a wholly owned subsidiary of the Company decreased from 29.23% to 29.06% (2011: 29.49% to 29.23%) following the issuance of the shares under M1's ESOS scheme. The Group recognised a loss on dilution of equity interest amounting to RM10.7 million (2011: RM11.6 million) during the financial year.

5. SIGNIFICANT INCORPORATION, ACQUISITIONS, MERGER, DISPOSALS AND DILUTIONS OF INTERESTS (CONTINUED)

(a) Incorporation, acquisitions and dilutions of interests during the financial year (continued)

(xiii) Dilution of equity interest in PT XL Axiata Tbk ("XL")

The Group's equity interest in XL, decreased from 66.61% to 66.55% (2011: from 66.69% to 66.61%) following the issuance of new ordinary shares under XL's Shares Based Compensation Scheme as disclosed in Note 14(c) to the financial statements.

The dilution has no significant impact to the Group.

(b) Incorporation, acquisitions and dilution of interests in the previous financial year

(i) Incorporation of Dialog Business Services (Private) Ltd ("DBS") and partial disposal

On 21 January 2011, Dialog incorporated a new wholly owned subsidiary, named Dialog Business Services (Private) Ltd ("DBS") for the purpose of carrying out information technology enabled services. On 3 May 2011, Dialog signed an agreement with Firstsource Solution Limited ("FSL") and transferred 74.00% of its stake in DBS to FSL and held 26% with effect from 13 May 2011. As a result, DBS was renamed as Firstsource Dialog Solution (Private) Limited and became an associate of Dialog effective on that date.

The above transaction had no significant impact to the Group in the previous financial year.

(ii) Incorporation of Axiata Foundation ("AF")

On 6 April 2011, AF, a company limited by guarantee was incorporated under the Companies Act 1965, with the first two (2) members being Axiata and its wholly-owned subsidiary Celcom for the purpose of developing and nurturing talent pool and fostering, developing and improving education.

The incorporation above had no significant impact to the Group and the Company in the previous financial year.

(iii) Dilution and acquisition of equity interest in Idea

In the previous financial year, from 1 January 2011 up to 5 August 2011, the Group's equity interest in Idea, held through Axiata Investments 1 (India) Limited ("AI1") and Axiata Investments 2 (India) Limited ("AI2"), the wholly owned subsidiaries of the Group, decreased from 19.10% to 19.08% following the issuance of new ordinary shares under Idea's ESOS.

On 5 August 2011, AI2 acquired an additional 29,776,341 ordinary shares of Idea, representing 0.90% of the issued and paid-up share capital of Idea for a total consideration of RM205.5 million (USD69.1 million). As a result, the Group's effective equity interest in Idea increased from 19.08% to 19.98%.

From 6 August 2011 up to 31 December 2011, the Group's equity interest in Idea further decreased from 19.98% to 19.96%, following the issuance of new ordinary shares under Idea's ESOS.

6. OPERATING REVENUE

	Group 2012 RM'000	Group 2011 RM'000 Restated	Company 2012 RM'000	Company 2011 RM'000
Mobile services	**15,101,192**	14,078,172	**–**	–
Interconnect services	**1,218,304**	991,062	**–**	–
Dividend income:				
- Malaysia	**–**	–	**3,093,837**	–
- Overseas	**–**	–	**1,038**	2,107
Lease of passive infrastructure	**331,345**	333,407	**–**	–
Technical and management services fees	**–**	–	**30,728**	48,418
Others*	**1,000,776**	887,779	**–**	–
Total	**17,651,617**	16,290,420	**3,125,603**	50,525

* *Others include revenue from leased services, pay television transmission and other data services.*

7(a). DEPRECIATION, IMPAIRMENT AND AMORTISATION

	Note	Group 2012 RM'000	Group 2011 RM'000 Restated	Company 2012 RM'000	Company 2011 RM'000
Depreciation of:					
- PPE	25	**2,998,679**	3,073,642	**3,702**	3,065
- PPE of non-current assets classified as held-for-sale		**17,604**	15,382	**–**	–
- investment properties	26	**–**	1	**–**	–
Reversal of impairment of PPE	25	**(1,264)**	(7,818)	**–**	–
Impairment of:					
- PPE	25	**149,785**	15,416	**–**	–
- Telecommunication equipment		**5,708**	–	**–**	–
Write off of PPE	25	**587**	1,228	**428**	–
Amortisation of:					
- intangible assets	24	**167,674**	101,663	**–**	–
- intangible assets of non-current assets classified as held-for-sale		**444**	–	**–**	–
Others		**346**	387	**–**	–
Total		**3,339,563**	3,199,901	**4,130**	3,065

7(b). OTHER OPERATING COSTS

	Group 2012 RM'000	Group 2011 RM'000 Restated	Company 2012 RM'000	Company 2011 RM'000
Impairment of trade and other receivables (Note 33)	**88,566**	85,903	**-**	-
Business license fees	**492,122**	517,179	**-**	-
Charges and commissions	**72,369**	65,921	**30**	36
Cost of SIM and recharge cards	**117,909**	120,580	**-**	-
Revenue sharing outpayment	**259,980**	255,431	**-**	-
Leased circuit charges	**237,112**	258,534	**-**	-
Maintenance	**1,067,442**	586,863	**899**	133
Professional fees	**226,795**	207,438	**47,254**	38,211
Rental – land and buildings	**819,219**	641,525	**4,390**	4,154
Rental – equipment	**186,706**	158,322	**210**	203
Rental – others	**57,244**	53,660	**4**	23
Roaming costs	**207,407**	221,215	**-**	-
Supplies and inventories	**248,712**	228,830	**-**	-
Transportation and travelling	**70,402**	76,522	**5,949**	4,621
USP/Obligation Contribution	**490,867**	497,497	**-**	-
Utilities	**281,097**	414,364	**390**	424
Others[1]	**439,216**	495,289	**29,104**	26,136
Total	**5,363,165**	4,885,073	**88,230**	73,941

7(b). OTHER OPERATING COSTS (CONTINUED)

[1] Others include:

	Group		Company	
	2012 RM'000	2011 RM'000 Restated	2012 RM'000	2011 RM'000
Audit fees:				
- PricewaterhouseCoopers ("PwC") Malaysia	**2,169**	2,071	**1,132**	1,061
- Member firm of PwC International Limited*	**2,422**	2,120	**–**	–
- Others	**33**	27	**–**	–
Audit related fees[(i)]:				
- PwC Malaysia and member firm of PwC International Limited	**3,097**	3,264	**2,712**	2,097
	7,721	7,482	**3,844**	3,158
Other fees paid to PwC Malaysia and member firm of PwC International Limited				
- Tax and tax related services[(ii)]	**1,736**	543	**775**	106
- Other non-audit services[(iii)]	**1,917**	2,953	**1,782**	2,905
	11,374	10,978	**6,401**	6,169

* *Separate and independent legal entity from PwC Malaysia.*

(i) *Fees incurred in connection with performance of quarterly reviews, agreed-upon procedures and regulatory compliance.*

(ii) *Fees incurred for assisting the Group in connection with tax compliance and advisory services.*

(iii) *Fees incurred primarily in relation to due diligences and other advisory services.*

In order to maintain the independence of the external auditors, the Audit Committee has determined policies as to what non-audit services can be provided by external auditors of the Group and the approval processes related to them. Under these policies and guidelines, non-audit services can be offered by external auditors of the Group if there are clear efficiencies and value-added benefits to the Group.

7(c). STAFF COSTS (INCLUDING REMUNERATION OF EXECUTIVE DIRECTORS OF THE COMPANY)

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Staff costs excluding Directors:					
– salaries, allowances, overtime and bonus		**816,412**	723,964	**51,772**	41,823
– termination benefits		**21,344**	88,358	**–**	–
– contribution to EPF		**79,338**	69,375	**8,315**	7,671
– other staff benefits		**136,601**	124,830	**7,500**	6,659
– ESOS and RSA expense of the Company	14(a)	**57,717**	49,368	**7,182**	5,907
– ESOS expense of a subsidiary	14(c)	**18,842**	14,613	**–**	–
Staff costs capitalised in PPE		**(234)**	(769)	**–**	–
Remuneration of Executive Directors of the Company	7(d)	**9,935**	9,212	**9,935**	9,212
		1,139,955	1,078,951	**84,704**	71,272

7(d). DIRECTORS' REMUNERATION

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Remuneration of Executive Directors of the Company:					
– salaries, allowances and bonus		**5,280**	5,974	**5,280**	5,974
– contribution to EPF		**1,003**	1,135	**1,003**	1,135
– ESOS expense of the Company	14(a)	**3,652**	2,103	**3,652**	2,103
		9,935	9,212	**9,935**	9,212
Remuneration of Non-Executive Directors of the Company:					
– fees and allowances		**2,304**	2,449	**1,946**	2,112
		12,239	11,661	**11,881**	11,324

Estimated money value of benefits of Directors amounting to RM505,290 (2011: RM566,918) for the Group and the Company.

8. OTHER GAINS/(LOSSES) – NET

Group	2012 RM'000	2011 RM'000
Fair value gains/(losses):		
Financial assets at FVTPL	–	(2)
Derivative financial instruments:		
– Forward foreign currency contracts	**13,515**	19,904
– CCIRS	**10,662**	22,087
– Interest rate swap contracts	**5,978**	477
– Put option on the investment in an associate	–	(47,474)
	30,155	(5,006)
Total	**30,155**	(5,008)

9. OTHER OPERATING INCOME

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Gain on disposal of PPE	**21,673**	15,659	–	–
Gain on disposal of investment properties	–	12,157	–	–
Penalty on breach of contract	**21,347**	10,218	–	–
Bad debt recovered	**17,736**	11,739	–	–
Others	**33,288**	31,216	**656**	1,860
Total	**94,044**	80,989	**656**	1,860

10. FINANCE INCOME/(COST)

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Finance income				
Islamic Financial Instruments	**71,643**	16,750	**26,069**	3,563
Other deposits, cash and bank balances	**190,702**	219,031	**27,169**	76,499
	262,345	235,781	**53,238**	80,062
Finance cost				
Other borrowings	**(485,959)**	(404,049)	**(13,480)**	(14,966)
Profit on Islamic Private Debt Securities	**(216,200)**	(218,760)	**–**	–
Finance (expense)/income on interest rate swaps derivative financial instruments:				
– fair value hedge	**(18,858)**	(19,122)	**(18,858)**	(19,122)
– net investment hedge	**3,218**	3,829	**–**	–
Finance cost excluding net foreign exchange (losses)/gains on financing activities	**(717,799)**	(638,102)	**(32,338)**	(34,088)
Net foreign exchange losses on:				
– financing activities	**(39,464)**	(159,974)	**26,750**	(21,250)
– fair value hedge (Note 19(g))	**(26,750)**	21,250	**(26,750)**	21,250
Net foreign exchange losses on financing activities	**(66,214)**	(138,724)	**–**	–
Total finance cost	**(784,013)**	(776,826)	**(32,338)**	(34,088)
Net finance (cost)/income	**(521,668)**	(541,045)	**20,900**	45,974

11. TAXATION AND ZAKAT

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Current taxation:				
– Malaysian income tax	**433,252**	592,322	**–**	–
– Overseas taxation	**278,194**	343,378	**16**	35
	711,446	935,700	**16**	35
Deferred taxation (Note 23)	**162,271**	(72,196)	**–**	–
Total taxation	**873,717**	863,504	**16**	35
Zakat	**8,500**	845	**–**	845
Taxation and zakat	**882,217**	864,349	**16**	880
Current taxation:				
Malaysia				
Income taxation:				
– Current year	**524,596**	530,974	**–**	–
– (Over)/under accrual in previous financial years	**(91,344)**	61,348	**–**	–
	433,252	592,322	**–**	–
Overseas				
Income taxation:				
– Current year	**278,297**	345,748	**16**	35
– Over accrual in previous financial years	**(103)**	(2,370)	**–**	–
	278,194	343,378	**16**	35
Deferred taxation:				
– Net origination/(reversal) of temporary differences (Note 23)	**162,271**	(72,196)	**–**	–
Total taxation	**873,717**	863,504	**16**	35
Zakat	**8,500**	845	**–**	845
Total taxation and zakat	**882,217**	864,349	**16**	880

The current income tax is calculated at the statutory tax rate of 25% of the estimated assessable profit for the financial year.

11. TAXATION AND ZAKAT (CONTINUED)

Numerical reconciliation between taxation and the product of accounting profit multiplied by the Malaysian tax rate:

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Profit before taxation	**3,761,794**	3,576,599	**2,741,400**	63,835
Taxation calculated at the applicable Malaysian taxation rate of 25% (2011: 25%)	**940,449**	894,150	**685,350**	15,959
Tax effects of:				
– income not subject to tax	**(106,552)**	(35,180)	**(773,459)**	(37,644)
– shares of results of associates	**(58,738)**	(34,436)	**–**	–
– shares of results of jointly controlled entities	**394**	–	**–**	–
– change of tax regime	**(47,855)**	–	**–**	–
– different tax rates in other countries	**27,347**	64,416	**(244)**	(317)
– tax incentive	**(111,171)**	(122,837)	**–**	–
– utilisation of current year business loss	**(12,341)**	(19,598)	**(12,341)**	(19,598)
– expenses not deductible for tax purposes	**302,974**	167,079	**88,591**	29,584
– unrecognised tax losses	**30,657**	7,850	**8,369**	7,850
– group relief	**–**	–	**3,750**	4,201
– under accrual of tax (net)	**(91,447)**	(57,940)	**–**	–
– zakat	**8,500**	845	**–**	845
Total taxation and zakat	**882,217**	864,349	**16**	880

Included in the taxation of the Group are tax savings amounting to RM15.0 million (2011: RM16.8 million) where group relief is available and tax losses in loss-making entities in a particular year of assessment may be offset against taxable profits of profitable entities in the same group in the same year of assessment.

12. EARNINGS PER SHARE

(a) Basic earnings per share ("EPS")

Basic EPS of the Group is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares of the Company in issue during the financial year.

Group	2012	2011
Profit attributable to owners of the Company (RM'000)	**2,513,285**	2,345,628
Weighted average number of ordinary shares in issue ('000)	**8,492,277**	8,451,437
Basic EPS (sen)	**29.6**	27.8

(b) Diluted earnings per share

For the diluted EPS calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has share options and RSA granted to employees under the Axiata Share Scheme as disclosed in Note 14(a) to the financial statements which are dilutive potential ordinary shares and is assumed to have been converted into ordinary shares.

In respect of share options over the ordinary shares and RSA of the Company, a calculation is performed to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. The calculation serves to determine the unexercised share options and RSA outstanding for the purpose of computing the dilution. No adjustment is made to profit attributable to owners of the Company for the share options and RSA calculation.

Group	2012	2011
Profit attributable to owners of the Company (RM'000)	**2,513,285**	2,345,628
Weighted average number of ordinary shares in issue ('000)	**8,492,277**	8,451,437
Adjusted for ESOS and RSA ('000)	**41,032**	35,910
Weighted average number of ordinary shares for purpose of computing diluted EPS ('000)	**8,533,309**	8,487,347
Diluted EPS (sen)	**29.5**	27.6

13. SHARE CAPITAL

	Group and Company			
	2012		2011	
	No. of shares '000	Nominal value RM'000	No. of shares '000	Nominal value RM'000
Ordinary shares of RM1 each:				
Authorised:				
At the beginning/end of the financial year	**12,000,000**	**12,000,000**	12,000,000	12,000,000
Issued and fully paid-up:				
At the beginning of the financial year	**8,466,182**	**8,466,182**	8,445,154	8,445,154
Issuance of new ordinary shares at exercise price of:				
– RM1.81 per ordinary share	**26,275**	**26,275**	21,028	21,028
– RM3.15 per ordinary share	**957**	**957**	–	–
– RM3.45 per ordinary share	**14,782**	**14,782**	–	–
– RM5.07 per ordinary share	**13**	**13**	–	–
At the end of the financial year	**8,508,209**	**8,508,209**	8,466,182	8,466,182

The increase in issued and paid-up capital of the Company was in conjunction with the exercise of options granted under the Performance-Based ESOS by the employees of the Company and its subsidiaries as disclosed in Note 14(a) to the financial statements.

The above mentioned ordinary shares rank pari-passu in all respects with the existing ordinary shares of the Company.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME

(a) Performance-Based ESOS and RSP [“Axiata Share Scheme”]

The Performance-Based ESOS of the Company was approved by its shareholders at an EGM held on 24 March 2009 and implemented on 16 April 2009.

On 1 June 2011, the Company’s shareholders had, at the Nineteenth (19th) AGM of the Company, approved the amendments to the Bye-Laws of the ESOS to include a RSP. Accordingly, the existing Performance-Based ESOS was renamed as Axiata Share Scheme.

Effective from 15 July 2011, the Company implemented the Axiata Share Scheme and started to offer eligible employees the entitlement to receive Restricted Share Awards under RSP (“RSA”) in the Company on 18 July 2011 instead of ESOS.

The total number of the Performance-Based ESOS granted, percentage exercisable and the vesting period is as follows:

		Options over the Company’s shares			
ESOS	Grant date	Vesting date	% of options exercisable[1]	Number of options granted	Exercise price RM
Grant 1(a), 2009					
Tranche 1	16 April 2009	15 April 2011	50	34,555,750	1.81
Tranche 2	16 April 2009	15 April 2012	50	34,555,750	1.81
Grant 1(b), 2010[2]					
Tranche 1	18 January 2010	17 January 2012	50	2,088,050	3.15
Tranche 2	18 January 2010	17 January 2013	50	2,088,050	3.15
Grant 2, 2010					
Tranche 1	24 February 2010	23 February 2012	50	24,688,750	3.45
Tranche 2	24 February 2010	23 February 2013	50	24,688,750	3.45
Grant 3(a), 2011					
Tranche 1	23 February 2011	22 February 2013	50	32,121,450	5.07
Tranche 2	23 February 2011	22 February 2014	50	32,121,450	5.07

1 *The ESOS/RSA granted shall become exercisable/vested only upon the fulfilment of certain performance criteria for the Company and individuals.*

2 *The 18 January 2010 grant was made to newly hired employees who did not receive the April 2009 grant and have been confirmed as at 31 December 2009.*

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The total number of RSA granted, percentage of shares to be vested and the vesting period is as follows:

		Entitlement over the Company's shares			
RSA	**Reference date**	**Vesting date**	**% of shares to be vested[1]**	**Number of shares granted[3]**	**Reference price[5] RM**
Grant 3(b), 2011[4]					
Tranche 1	18 July 2011	17 July 2013	50	243,350	5.03
Tranche 2	18 July 2011	17 July 2014	50 – 100	526,450	5.03
Grant 3(c), 2011[4]					
Tranche 1	30 Nov 2011	29 Nov 2013	50	23,700	5.10
Tranche 2	30 Nov 2011	29 Nov 2014	50 – 100	183,600	5.10
Grant 4(a), 2012					
Tranche 1	30 Mar 2012	30 Mar 2014	50	6,890,050	5.20
Tranche 2	30 Mar 2012	30 Mar 2015	50 – 100	10,603,550	5.20
Grant 4(b), 2012[4]					
Tranche 1	31 July 2012	31 July 2014	50	122,150	5.86
Tranche 2	31 July 2012	31 July 2015	50 – 100	444,350	5.86
Grant 4(c), 2012[4]					
Tranche 1	30 Nov 2012	30 Nov 2014	50	131,400	5.92
Tranche 2	30 Nov 2012	30 Nov 2015	50 – 100	252,500	5.92

[3] *Senior and top management can only vest the RSA at the end of the third (3rd) year. Numbers of shares granted are excluding the multiplier effects to be offered to management upon fulfilment of certain performance conditions.*

[4] *The grant was made to newly hired employees who did not receive the main cycle grant and have been confirmed as at reporting dates.*

[5] *Refers to the price at reference date for the purpose of granting the number of shares to the employees.*

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The salient terms and conditions of the Axiata Share Scheme are as follows:

(i) Maximum number of new ordinary shares of the Company available under the Axiata Share Scheme

The maximum amount of shares which may be:

(a) Offered for subscription and allotted on the exercise of the total amount of Share Options under this Axiata Share Scheme; and

(b) Allotted upon the vesting of RSA under a RSP,

(collectively referred to as "Aggregate") shall not be more than 7% of the issued and paid-up ordinary share capital of the Company at any point of time during the duration of this Axiata Share Scheme.

If the Company undertakes a share buy-back exercise or any other corporate proposal resulting in the total number of the Company's shares issued and/or to be issued under the Axiata Share Scheme exceeding 7% of the Company's issued and fully paid-up ordinary share capital, all shares under the Axiata Share Scheme offered and/or granted prior to the said variation of the issued and paid-up ordinary share capital of the Company shall remain valid and exercisable in accordance with the provisions of this Axiata Share Scheme as if that reduction had not occurred.

(ii) Basis of allocation and maximum allowable allotment

The total number of new ordinary shares of the Company that can be offered and allotted to any Eligible Employees (as defined in the Bye-Laws in relation to the Axiata Share Scheme shall be at the absolute discretion of the Board (or the Axiata Share Scheme Committee that has been established to administer the Axiata Share Scheme from time to time) after taking into consideration such criteria as may be determined by the Board or the Axiata Share Scheme Committee in its/their absolute discretion.

Further, not more than 50% of the Company's new ordinary shares made available under the Axiata Share Scheme shall be allocated, in aggregate, to Eligible Employees who are Executive Directors of the Company or any corporation within the Group or who are in senior management. In addition, not more than 10% of the Company's new ordinary shares available under the Axiata Share Scheme will be allocated to any individual Eligible Employee who, either singly or collectively through persons connected with the Eligible Employees, holds 20% or more of the Company's issued and fully paid-up share capital.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

(iii) Eligibility

Any employee of the Group (other than subsidiaries which are dormant) shall be eligible to participate in the Axiata Share Scheme if the employee, as at the dates of the respective offers of options:

(a) has attained the age of eighteen (18) years;

(b) has entered into a full-term contract of employment with, and is on the payroll of, a corporation within the Group and whose service has been confirmed;

(c) is not a non-executive or independent Director of the Company; and

(d) fulfils any other criteria as may be set by the Board or the Axiata Share Scheme Committee in its absolute discretion.

Eligibility under the Axiata Share Scheme does not confer on any Eligible Employee any claim, right to participate in, or any other right whatsoever under the Axiata Share Scheme, and an Eligible Employee does not acquire or have any right over, or in connection with, any Share Option or the RSA under this Axiata Share Scheme unless an Offer has been made by the Board to that Eligible Employee and that Eligible Employee has accepted the Offer in accordance with the terms of the Offer and the Bye-Laws governing the Axiata Share Scheme.

(iv) Option price and RSA reference price

The subscription price payable for each of the Company's shares upon exercise of options is the five (5) day volume weighted average market price of the Company's shares immediately preceding the date of the Offer and is not lower than the nominal value of the Company's shares.

The reference price at which the Grantees shall be allotted new Shares pursuant to a RSA will be based on the fair value of the shares on the date of offer, but shall not in any event be lower than the nominal value of the ordinary shares.

(v) Duration of the Axiata Share Scheme

The Axiata Share Scheme shall be in force for a period of eight (8) years from the effective date of implementation of the ESOS and RSP, being a date of full compliance with the relevant requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") in relation to the initial Long Term Performance Based Share Option Scheme. All Share options, whether or not exercisable, shall forthwith lapse upon the expiry of the Scheme. All unvested Shares under the RSA which are not vested shall forthwith lapse upon the expiry of the Scheme on 15 April 2017.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

(vi) Retention period

The new ordinary shares of the Company allotted and issued pursuant to the exercise of any Share option or upon the vesting of RSA under the Axiata Share Scheme will not be subject to any retention period.

(vii) Ranking of the new shares to be issued under the Axiata Share Scheme

The Company's new shares to be issued pursuant to Axiata Share Scheme shall, upon allotment and issuance, rank pari-passu in all respects with the existing issued shares of the Company except that they shall not be entitled to any dividend, right, allotment and/or other distribution in respect of which the entitlement date is before the date of allotment of such new ordinary shares.

Eligible Employees who are residents in Malaysia and who have been granted share options have the option to elect whether to exercise the options by way of:

(i) Selling Flexibility; or

(ii) To directly subscribe for shares.

Whichever option once selected shall be applicable to the exercise of the options for the full duration of the Axiata Share Scheme unless otherwise determined by the Board in their sole discretion but subject always to the provisions of the Bye-Laws and the terms of the Selling Flexibility.

Eligible Employees who are not residents in Malaysia and who have been granted options shall exercise their options by way of Selling Flexibility for the full duration of the Axiata Share Scheme but subject always to the provisions of the Bye-Laws and the terms of the Selling Flexibility for Foreign Guarantees.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The movement during the financial year in the number of options over the new ordinary shares of RM1 each of the Company, in which the employees of the Group are entitled to, is as follows:

	Exercise price RM	At 1 January 2012	Granted	Exercised	Lapsed/ Forfeited	At 31 December 2012	Fair value at grant date RM
Group							
Grant 1(a), 2009							
Tranche 1	1.81	8,612,539	-	(6,472,762)	-	2,139,777	0.54
Tranche 2	1.81	29,640,350	-	(19,802,062)	(112,014)	9,726,274	0.57
		38,252,889	-	(26,274,824)	(112,014)	11,866,051	
Grant 1(b), 2010							
Tranche 1	3.15	1,452,450	-	(957,000)	-	495,450	0.93
Tranche 2	3.15	1,452,450	-	-	(128,200)	1,324,250	0.98
		2,904,900	-	(957,000)	(128,200)	1,819,700	
Grant 2, 2010							
Tranche 1	3.45	22,463,325	-	(14,781,350)	(31,537)	7,650,438	1.09
Tranche 2	3.45	22,463,325	-	-	(970,300)	21,493,025	1.15
		44,926,650	-	(14,781,350)	(1,001,837)	29,143,463	
Grant 3(a), 2011							
Tranche 1	5.07	30,965,650	-	(13,300)	(1,148,660)	29,803,690	1.05
Tranche 2	5.07	30,965,650	-	-	(1,162,900)	29,802,750	1.10
		61,931,300	-	(13,300)	(2,311,560)	59,606,440	
Total		148,015,739	-	(42,026,474)	(3,553,611)	102,435,654	

The related weighted average share price at the time of exercise was RM5.47 (2011: RM4.92).

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The movement during the financial year in the number of options over the new ordinary shares of RM1 each of the Company, in which the employees of the Company are entitled to, is as follows:

	Exercise Price RM	At 1 January 2012	Granted	Adjusted[6]	Exercised	Lapsed/ Forfeited	At 31 December 2012	Fair value at grant date RM
Company								
Grant 1(a), 2009								
Tranche 1	1.81	1,966,150	–	–	(750,500)	–	1,215,650	0.54
Tranche 2	1.81	3,228,700	–	–	(1,373,850)	(46,500)	1,808,350	0.57
		5,194,850	–	–	(2,124,350)	(46,500)	3,024,000	
Grant 1(b), 2010								
Tranche 1	3.15	526,000	–	–	(349,000)	–	177,000	0.93
Tranche 2	3.15	526,000	–	–	–	(10,100)	515,900	0.98
		1,052,000	–	–	(349,000)	(10,100)	692,900	
Grant 2, 2010								
Tranche 1	3.45	3,527,875	–	(144,350)	(1,386,750)	(9,900)	1,986,875	1.09
Tranche 2	3.45	3,527,875	–	(179,050)	–	(371,000)	2,977,825	1.15
		7,055,750	–	(323,400)	(1,386,750)	(380,900)	4,964,700	
Grant 3(a), 2011								
Tranche 1	5.07	4,135,550	–	(354,350)	(13,300)	(235,350)	3,532,550	1.05
Tranche 2	5.07	4,135,550	–	(354,350)	–	(248,650)	3,532,550	1.10
		8,271,100	–	(708,700)	(13,300)	(484,000)	7,065,100	
Total		21,573,700	–	(1,032,100)	(3,873,400)	(921,500)	15,746,700	

[6] *Adjusted due to the transfer of staff between entities in the Group.*

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The movement during the financial year in the number of RSA shares of RM1 each of the Company, in which the employees of the Group are entitled to, is as follows:

	Closing price at grant date RM	At 1 January 2012	Granted	Exercised	Lapsed/ Forfeited	At 31 December 2012	Fair value at grant date RM
Group							
Grant 3(b), 2011							
Tranche 1	5.03	243,350	–	–	(21,350)	222,000	4.21
Tranche 2	5.03	526,450	–	–	(45,950)	480,500	3.90
		769,800	–	–	(67,300)	702,500	
Grant 3(c), 2011							
Tranche 1	5.10	23,700	–	–	(4,000)	19,700	4.15
Tranche 2	5.10	183,600	–	–	(24,100)	159,500	3.74
		207,300	–	–	(28,100)	179,200	
Grant 4(a), 2012							
Tranche 1	5.39	–	6,890,050	–	(168,800)	6,721,250	4.39
Tranche 2	5.39	–	10,603,550	–	(272,000)	10,331,550	4.26
		–	17,493,600	–	(440,800)	17,052,800	
Grant 4(b), 2012							
Tranche 1	6.00	–	122,150	–	–	122,150	4.93
Tranche 2	6.00	–	444,350	–	–	444,350	4.69
		–	566,500	–	–	566,500	
Grant 4(c), 2012							
Tranche 1	6.19	–	131,400	–	–	131,400	4.46
Tranche 2	6.19	–	252,500	–	–	252,500	4.11
		–	383,900	–	–	383,900	
Total		977,100	18,444,000	–	(536,200)	18,884,900	

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The movement during the financial year in the number of RSA shares of RM1 each of the Company, in which the employees of the Company are entitled to, is as follows:

	Closing price at grant date RM	At 1 January 2012	Granted	Adjusted[6]	Exercised	Lapsed/ Forfeited	At 31 December 2012	Fair value at grant date RM
Company								
Grant 3(b), 2011								
Tranche 1	5.03	12,700	–	–	–	(8,400)	4,300	4.21
Tranche 2	5.03	250,800	–	–	–	(8,400)	242,400	3.90
		263,500	–	–	–	(16,800)	246,700	
Grant 3(c), 2011								
Tranche 1	5.10	4,550	–	–	–	–	4,550	4.15
Tranche 2	5.10	156,550	–	–	–	(20,100)	136,450	3.74
		161,100	–	–	–	(20,100)	141,000	
Grant 4(a), 2012								
Tranche 1	5.39	–	580,750	(11,000)	–	(61,400)	508,350	4.39
Tranche 2	5.39	–	2,357,750	(11,000)	–	(52,500)	2,294,250	4.26
		–	2,938,500	(22,000)	–	(113,900)	2,802,600	
Grant 4(b), 2012								
Tranche 1	6.00	–	7,500	–	–	–	7,500	4.93
Tranche 2	6.00	–	281,900	–	–	–	281,900	4.69
		–	289,400	–	–	–	289,400	
Grant 4(c), 2012								
Tranche 1	6.19	–	14,850	–	–	–	14,850	4.46
Tranche 2	6.19	–	118,450	–	–	–	118,450	4.11
		–	133,300	–	–	–	133,300	
Total		424,600	3,361,200	(22,000)	–	(150,800)	3,613,000	

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The fair value of the Performance-based ESOS granted in which MFRS 2 applies, were determined using the Black-Scholes valuation model. The significant inputs in the model are as follows:

	Options over the Company's shares			
	Grant 1(a)	**Grant 1(b)**	**Grant 2**	**Grant 3(a)**
Exercise price	RM1.81	RM3.15	RM3.45	RM5.07
Option expected term:				
- Tranche 1	5.0 years	4.5 years	4.5 years	4.0 years
- Tranche 2	5.5 years	5.0 years	5.0 years	4.5 years
Weighted average share price at grant date	RM1.81	RM3.15	RM3.45	RM5.07
Expected dividend yield	1%	1%	1%	2%
Risk free interest rates (Yield of Malaysian Government Securities)	3.0%-3.7%	3.0%-3.7%	3.0%-3.9%	3.3%-3.6%
Expected volatility	31.3%[7]	31.1%[7]	34.4%	24.7%

[7] *The expected volatility rate of the Company's options was derived after considering the pattern and level of historical volatility of entities in the same industry since the Company did not have sufficient information on historical volatility as it was only listed on the Bursa Securities on 28 April 2008.*

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The fair value of the RSA granted in which MFRS 2 applies, were determined using the Monte Carlo valuation model. The significant inputs in the model are as follows:

	Entitlement over the Company's shares				
	Grant 3(b)	**Grant 3(c)**	**Grant 4(a)**	**Grant 4(b)**	**Grant 4(c)**
Reference price	RM5.03	RM5.10	RM5.20	RM5.86	RM5.92
Valuation at grant date*	18 July 2011	30 Nov 2011	16 April 2012	17 August 2012	10 Dec 2012
Vesting date:					
-Tranche 1	17 July 2013	29 Nov 2013	30 Mar 2014	31 July 2014	30 Nov 2014
-Tranche 1	17 July 2014	29 Nov 2014	30 Mar 2015	31 July 2015	30 Nov 2015
Closing share price at grant date*	RM5.03	RM5.10	RM5.39	RM6.00	RM6.19
Expected dividend yield	2.54%	3.12%	4.23%	4.06%	4.15%
Risk free interest rates (Yield of Malaysian Government Securities)	3.19%-3.32%	2.92%-3.23%	3.09%-3.18%	2.97%-3.04%	3.00%-3.08%
Expected volatility#	19.9%	18.7%	27.5%	19.2%	18.6%

 # The expected volatility rate of the Company's RSA was derived using 520 days historical volatility due to availability of data with more data points to increase the credibility of assumptions.

** Grant date refers to the date where majority of employees accepted the offer.*

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The amounts recognised in the financial statements as disclosed in Note 7(c) and 7(d) to the financial statements for all employees (including Directors) arising from the Performance-Based ESOS and RSA are summarised as below:

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
Equity settlement arrangement:				
- Options and RSA granted to employees under the Scheme	**59,178**	51,471	**8,643**	8,010
Cash settlement arrangement*:				
- value of options granted to Senior Management	**2,191**	–	**2,191**	–
Total	**61,369**	51,471	**10,834**	8,010

* *This cash settlement arrangement is given to selected Senior Management as part of the long term remuneration package at an exercise price of RM5.36.*

(b) ESOS of Dialog

On 11 July 2005, the Board of Directors of Dialog resolved and issued 199,892,741 ordinary shares of Dialog at the Initial Public Offering ("IPO") price of SLR twelve (12) to an ESOS Trust, being 2.7% of the issued share capital of Dialog.

Of the total ESOS shares that were transferred to the ESOS Trust, 88,841,218 shares (44.4%) were granted at the point of the IPO. The balance 111,051,523 shares (56.6%) shall be allocated to employees as an ongoing performance incentive. The ESOS Trust entitlement via the rights issue was 15,452,020 shares. From the total entitlement, 5,668,600 shares were sold in the stock market. On the Trustees' approval, the remaining rights entitlement amounting to 9,783,420 shares was exercised by the ESOS Trust.

The principal features of ESOS are as follows:

(i) The eligibility for participation in ESOS is at the discretion of the ESOS Committee appointed by the Board of Directors of Dialog;

(ii) Except the existing tranche, the exercise price of the ESOS shares will be based on the five (5) days weighted average market price of Dialog's shares immediately preceding the offer date for options, with the ESOS Committee having the discretion to set an exercise price up to 10% lower than that derived weighted average market price; and

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(b) ESOS of Dialog (continued)

(iii) Options are conditional on an employee satisfying the following:

- has attained the age of eighteen (18) years;
- is employed full-time by and on the payroll of a company within Dialog Group; and
- has been in the employment of Dialog Group for a period of at least one (1) year of continuous service prior to and up to the offer date, including service during the probation period.

The total number of share options granted was 88,841,218. As at 31 December 2012, 51,103,699 share options have been exercised, 11,172,801 options have been forfeited and 26,564,000 share options remain unexercised and are exercisable before 25 October 2014 further to the extension of the exercise period as resolved by the Board of Directors of Dialog.

The movement in the number of ESOS shares is as follows:

Grant date	Exercise price SLR	At 1 January '000	Granted '000	Exercised '000	Forfeited* '000	At 31 December '000	Fair value at grant date SLR
2012							
11 July 2005	**12**	**28,030**	**-**	**-**	**(1,466)**	**26,564**	**4.4**
2011							
11 July 2005	12	28,335	-	-	(305)	28,030	4.4

* *Options forfeited are allocated back to the ESOS Trust for future reallocation. Total forfeited options to be reallocated as at 31 December 2012 are 11,172,801.*

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(b) ESOS of Dialog (continued)

The fair values of options granted in which MFRS 2 applies, were determined using the Black-Scholes Valuation model. The significant inputs into the model are as follows:

Exercise price	SLR12
Option life (number of days to expiry)	1,826
Weighted average share price at grant date	SLR12
Expected dividend yield	2.1%
Risk free interest rates (Yield of treasury bond of Central Bank of Sri Lanka)	10.0%
Expected volatility	28.2%

The above expected volatility rate was derived after considering the pattern and level of historical volatility of entities in the same industry since Dialog does not have sufficient information on historical volatility as it was only listed on the Colombo Stock Exchange in July 2005 during the grant date.

The volatility measured at the standard deviation of continuously compounded share return is based on statistical analysis of daily share prices of these entities over the last two (2) years from the grant date.

There was no share-based compensation expense recognised during the financial year (2011: Nil).

(c) ESOS of XL

In April 2010, the Nomination and Remuneration Committee of XL approved a share-based compensation plan for certain employees under which XL's shares are to be given as a compensation for services provided by the employees with no cash consideration. Members of the Board of Directors and certain employees of XL who have been employed during the performance year and met certain criteria are eligible to participate in the program.

Under the program, on each end of fourth (4^{th}) month subsequent to completion of the performance year, XL issues shares to the eligible employees upon XL achieving specific performance target and the employees satisfying certain performance conditions and remain in the employment at the share issuance date. Shares issued by XL vest in two (2) equal proportions and will become employees' rights if the employees remain in employment for two (2) years and three (3) years as of respective share issuance date.

The program has been approved in the Extraordinary General Meeting of Shareholders on 14 April 2011. The execution of the program covers performance year 2011 up to 2015 with grant cycles divided into six (6) periods.

Total share-based compensation expense recognised in the consolidated profit or loss for the financial year ended 31 December 2012 was RM18.8 million (2011: RM14.6 million) as disclosed in Note 7(c) to the financial statements.

15. RESERVES

	Note	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000 Restated	Group 1.1.2011 RM'000 Restated	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
Distributable							
Retained earnings	(a)	**9,699,802**	9,136,705	7,968,338	**5,384,688**	4,597,579	5,718,317
Non-distributable							
Capital contribution reserve	(b)	**16,598**	16,598	16,598	**16,598**	16,598	16,598
Merger reserve	(c)	**346,774**	346,774	346,774	**-**	-	-
Hedging reserve	(d)	**(116,997)**	(76,643)	(70,423)	**-**	-	-
ESOS and RSA reserve	(e)	**111,044**	96,838	45,904	**111,044**	96,838	45,904
Actuarial reserve		**(4,387)**	-	-	**-**	-	-
Currency translation differences arising from translation of:							
- subsidiaries		**(372,831)**	(1,970)	-	**-**	-	-
- associates		**(181,829)**	(131,287)	-	**-**	-	-
		(554,660)	(133,257)	-	**-**	-	-
Total		**9,498,174**	9,387,015	8,307,191	**5,512,330**	4,711,015	5,780,819

(a) The Company has tax exempt income accounts as at 31 December 2012 amounting to approximately RM157.1 million (31.12.2011: RM156.1 million, 1.1.2011: RM154.4 million) available for distribution as tax exempt dividends to shareholders subject to the availability of retained profits. The tax exempt income accounts are subject to agreement by the Inland Revenue Board. The remaining retained profits can be distributed as tax exempt dividends under the single tier tax system.

Pursuant to the Finance Act 2007, the single tier company income tax system was introduced to replace the tax imputation system on dividend payments to shareholders. Under the single tier system, the tax on the Company's profit is a final tax and the dividends distributed to the shareholders would be exempted from tax. In the previous year, the Company has exercised the irrevocable option to surrender the section 108 credit balances as at 31 December 2011 to self zerorise the insignificant credit balance to nil. With this, the Company has moved to the single tier dividend system.

(b) The Group's and the Company's capital contribution reserve relates to the ESOS of Telekom Malaysia Berhad, former holding company, which were made available to the employees of the Group and the Company.

(c) The Group's merger reserve relates to the credit difference arising from the business combination accounted under the predecessor method of accounting upon completion of the Group's restructuring exercise on 25 April 2008.

(d) The Group's hedging reserve relates to the net investment hedge arising from an effective hedge as disclosed in Note 19(f) to the financial statements.

(e) The Group's and the Company's ESOS and RSA reserve relates to the Axiata Share Scheme of the Company, which were made available to the employees of the Group and the Company as disclosed in Note 14(a) to the financial statements.

16. BORROWINGS

	Note	31.12.2012 W.A.R.F. %	31.12.2012 Non-current RM'000	31.12.2012 Current RM'000	31.12.2012 Total RM'000	31.12.2011 W.A.R.F. %	31.12.2011 Non-current RM'000	31.12.2011 Current RM'000	31.12.2011 Total RM'000	1.1.2011 W.A.R.F. %	1.1.2011 Non-current RM'000	1.1.2011 Current RM'000	1.1.2011 Total RM'000
Group													
OVERSEAS													
Secured:													
- Borrowings from financial institutions	(a)	**3.56%**	**291,082**	**103,343**	**394,425**	9.54%	257,794	496,896	754,690	2.98%	142,589	60,570	203,159
- Other borrowings	(b)	**2.90%**	**82,306**	**88,125**	**170,431**	2.81%	176,596	121,050	297,646	2.85%	290,161	129,779	419,940
Unsecured:													
- Bonds	(c)	**-**	**-**	**-**	**-**	10.35%	-	533,080	533,080	10.35%	509,250	-	509,250
- Rated cumulative redeemable preference shares	(d)	**-**	**-**	**-**	**-**	9.53%	-	34,250	34,250	9.28%	34,738	34,737	69,475
- Borrowings from financial institutions		**5.58%**	**2,964,815**	**1,472,829**	**4,437,644**	4.94%	2,411,018	777,464	3,188,482	6.63%	2,530,862	264,578	2,795,440
- Other borrowings		**2.24%**	**295,754**	**151,087**	**446,841**	1.87%	455,790	225,603	681,393	2.10%	586,103	193,221	779,324
- Bank overdrafts	34	**12.51%**	**-**	**5,352**	**5,352**	9.10%	-	5,367	5,367	11.50%	-	6,192	6,192
		5.08%	**3,633,957**	**1,820,736**	**5,454,693**	5.58%	3,301,198	2,193,710	5,494,908	5.85%	4,093,703	689,077	4,782,780
MALAYSIA													
Secured:													
- Borrowings from financial institutions	(e)	**-**	**-**	**-**	**-**	4.59%	10,000	10,000	20,000	4.31%	20,000	10,514	30,514
Unsecured:													
- Notes	(f)	**5.39%**	**916,437**	**-**	**916,437**	5.39%	947,169	-	947,169	5.40%	920,732	-	920,732
- Borrowings from financial institutions		**1.56%**	**772,366**	**7,325**	**779,691**	1.52%	773,057	5,649	778,706	1.38%	749,548	-	749,548
- Sukuk	(g)	**3.77%**	**5,442,931**	**64,310**	**5,507,241**	5.21%	4,200,000	18,580	4,218,580	5.21%	4,200,000	-	4,200,000
		3.74%	**7,131,734**	**71,635**	**7,203,369**	4.74%	5,930,226	34,229	5,964,455	4.75%	5,890,280	10,514	5,900,794
Total		**4.32%**	**10,765,691**	**1,892,371**	**12,658,062**	5.14%	9,231,424	2,227,939	11,459,363	5.24%	9,983,983	699,591	10,683,574
Company													
Unsecured:													
- Borrowings from financial institutions		**1.50%**	**762,366**	**2,325**	**764,691**	1.52%	773,057	2,071	775,128	1.38%	738,758	-	738,758

– W.A.R.F. – Weighted Average Rate of Finance as at reporting data

16. BORROWINGS (CONTINUED)

(a) Secured by way of fixed charge on certain PPE and deposits with financial institutions of the Company and certain subsidiaries, as disclosed in Note 25(b) and Note 34 to the financial statements respectively.

(b) Supplier credit that bears 0% interest during the first two (2) years and is repayable from 2004 to 2014. This supplier credit is secured by way of fixed charge on PPE of a subsidiary as disclosed in Note 25(b) to the financial statements.

(c) The outstanding unsecured bonds were issued on 26 April 2007, listed on Indonesia Stock Exchange with interest rate of 10.35% and payable semi-annually. The bonds were fully settled on 26 April 2012.

(d) Consists of 5,000 million Rated Cumulative Redeemable Preference Shares ("RCRPS") of SLR1 each issued by a subsidiary during 2007, redeemable at par. The dividend was cumulative and payable semi-annually, at the Average Weighted Prime Lending Rate less a discount of 0.9%. The shares were fully redeemed on 31 May 2012.

(e) The terms of the loan requires a predetermined portion of lease rental proceeds due to a subsidiary to be placed in a debt reserve account with the bank to meet the debt serving requirements.

(f) The USD300.0 million Guaranteed Notes ("Notes") will mature on 28 April 2020, and is guaranteed by the Company. The Notes, which were issued at 99.939%, carry a coupon rate of 5.375% per annum ("p.a.") (payable semi-annually in arrears) and have a tenure of 10 years from the date of issuance.

(g) Sukuk of the Group consist of a Multi-Currency Sukuk Programme and a Sukuk Murabahah Programme issued as follows:

(i) Multi-Currency Sukuk

The Group established a Multi-Currency Sukuk Programme involving the issuance of up to USD1.5 billion (or its equivalent in other currencies based on Islamic Principle). On 11 September 2012, the Group via a wholly owned subsidiary, Axiata SPV2 successfully priced the issuance CNY denominated 1.0 billion Sukuk pursuant to the Sukuk Programme. The Sukuk, which was issued at par, carries a coupon rate of 3.75% p.a. (payable semiannually in arrears) and has tenure of two (2) years from the date of issuance.

On 19 September 2012, the Sukuk was listed and quoted on Bursa Malaysia (under the Exempt Regime) and on the Singapore Exchange Securities Trading Limited.

16. BORROWINGS (CONTINUED)

(g) Sukuk of the Group consist of a Multi-Currency Sukuk Programme and a Sukuk Murabahah Programme issued as follows: (continued)

(ii) Sukuk Murabahah

On 14 August 2012, the Group established a Sukuk Murabahah Programme of up to RM5.0 billion in nominal value. RM3.0 billion of the Sukuk Murabahah was successfully priced via a book building process with the remaining RM2.0 billion privately allocated to strategic investors.

On 30 August 2012, the Group fully redeemed its existing unrated Sukuk of RM4.2 billion nominal value with the proceeds from the Sukuk Murabahah.

The details of the Sukuk Murabahah are as follow:

	Contractual interest rate[1]	Maturity date	Amount RM'million
Series 1	3.45%	28 August 2015	500
Series 2	3.60%	29 August 2017	1,000
Series 3	3.75%	29 August 2019	1,500
Series 4	3.90%	28 August 2020	1,200
Series 5	4.05%	27 August 2021	400
Series 6	4.20%	29 August 2012	400
			5,000

[1] *payable semiannually*

(h) The borrowings of the Group and the Company are subject to certain covenants. The covenants require that certain ratios to be met. The Group and the Company are in compliance with the covenants of its borrowings at each reporting date.

16. BORROWINGS (CONTINUED)

The currency profile of the borrowings of the Group is as follows:

Group	CNY RM'000	RM RM'000	USD RM'000	IDR RM'000	SLR RM'000	BDT RM'000	RM RM'000
Functional currency							
At 31 December 2012							
RM	**492,323**	**5,029,918**	**1,681,128**	**–**	**–**	**–**	**7,203,369**
IDR	**–**	**–**	**675,163**	**3,649,993**	**–**	**–**	**4,325,156**
SLR	**–**	**–**	**369,464**	**–**	**5,352**	**–**	**374,816**
BDT	**–**	**–**	**538,299**	**–**	**–**	**26,557**	**564,856**
Others	**–**	**–**	**189,865**	**–**	**–**	**–**	**189,865**
	492,323	**5,029,918**	**3,453,919**	**3,649,993**	**5,352**	**26,557**	**12,658,062**
At 31 December 2011							
RM		4,242,159	1,722,297	–	–	–	5,964,456
IDR		–	1,121,316	2,650,944	–	–	3,772,260
SLR		–	433,904	–	39,617	–	473,521
BDT		–	593,927	–	–	458,409	1,052,336
Others		–	196,790	–	–	–	196,790
		4,242,159	4,068,234	2,650,944	39,617	458,409	11,459,363
At 1 January 2011							
RM		4,230,514	1,670,280	–	–	–	5,900,794
IDR		–	731,530	2,729,268	–	–	3,460,798
SLR		–	463,102	–	75,667	–	538,769
BDT		–	576,616	–	–	46,482	623,098
Others		–	160,115	–	–	–	160,115
		4,230,514	3,601,643	2,729,268	75,667	46,482	10,683,574

USD: United State Dollar
IDR: Indonesia Rupiah
SLR: Sri Lanka Rupee
BDT: Bangladesh Taka
CNY: Renminbi

All the borrowings of the Company are denominated in USD.

16. BORROWINGS (CONTINUED)

The carrying amounts and fair value of the Group's and the Company's non-current borrowings are as follows:

	Carrying amount			Fair value		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Group						
Overseas:						
- Borrowings	**3,633,957**	3,301,198	3,584,453	**3,633,957**	3,301,198	3,584,453
- Notes	**–**	–	509,250	**–**	–	520,000
	3,633,957	3,301,198	4,093,703	**3,633,957**	3,301,198	4,104,453
Malaysia:						
- Borrowings	**772,366**	783,057	769,548	**772,366**	783,057	765,230
- Notes	**916,437**	947,169	920,732	**1,054,059**	1,028,020	962,515
- Sukuk	**5,442,931**	4,200,000	4,200,000	**5,489,109**	4,355,468	4,253,162
	7,131,734	5,930,226	5,890,280	**7,315,534**	6,166,545	5,980,907
	10,765,691	9,231,424	9,983,983	**10,949,491**	9,467,743	10,085,360
Company						
Malaysia:						
- Borrowings	**762,366**	773,057	738,758	**762,366**	773,057	738,758

The fair values of non-current borrowings are calculated based on cash flows discounted using a rate based on the borrowing rate which ranges from 0.81% to 6.63% (31.12.2011: 0.40% to 6.88%, 1.1.2011: 0.40% to 9.38%) p.a. and quoted market price. The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant.

17. FINANCIAL INSTRUMENTS BY CATEGORY

		31.12.2012				31.12.2011				1.1.2011			
	Note	Loans and receivables RM'000	Assets at FVTPL RM'000	AFS RM'000	Total RM'000	Loans and receivables RM'000	Assets at FVTPL RM'000	AFS RM'000	Total RM'000	Loans and receivables RM'000	Assets at FVTPL RM'000	AFS RM'000	Total RM'000
Group													
Financial assets													
Derivative financial instruments	19	**-**	**55,708**	**-**	**55,708**	-	44,891	-	44,891	-	14,964	-	14,964
Long term receivables	30	**134**	**-**	**-**	**134**	226	-	-	226	332	-	-	332
Available-for-sale financial asset		**-**	**-**	**892**	**892**	-	-	893	893	-	-	888	888
Trade and other receivables		**1,152,590**	**-**	**-**	**1,152,590**	1,228,988	-	-	1,228,988	1,012,453	-	-	1,012,453
Financial assets at FVTPL		**-**	**8**	**-**	**8**	-	9	-	9	-	10	-	10
Deposits, cash and bank balances	34	**7,906,204**	**-**	**-**	**7,906,204**	6,616,788	-	-	6,616,788	6,277,382	-	-	6,277,382
Assets directly associated with non-current assets classified as held-for-sale		**19,150**	**-**	**-**	**19,150**	26,761	-	-	26,761	28,612	-	-	28,612
Total		**9,078,078**	**55,716**	**892**	**9,134,686**	7,872,763	44,900	893	7,918,556	7,318,779	14,974	888	7,334,641

17. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

		31.12.2012				31.12.2011				1.1.2011			
	Note	Liabilities at FVTPL RM'000	Derivatives used for hedging RM'000	Other financial liabilities RM'000	Total RM'000	Liabilities at FVTPL RM'000	Derivatives used for hedging RM'000	Other financial liabilities RM'000	Total RM'000	Liabilities at FVTPL RM'000	Derivatives used for hedging RM'000	Other financial liabilities RM'000	Total RM'000
Group													
Financial liabilities													
Borrowings	16	**-**	**-**	**12,658,062**	**12,658,062**	-	-	11,459,363	11,459,363	-	-	10,683,574	10,683,574
Derivative financial instruments	19	**18,705**	**175,476**	**-**	**194,181**	36,888	90,861	-	127,749	326,240	142,965	-	469,205
Trade and other payables excluding statutory liabilities													
- Non-current		**-**	**-**	**-**	**-**	-	-	125,054	125,054	-	-	-	-
- Current		**-**	**-**	**3,846,968**	**3,846,968**	-	-	3,782,137	3,782,137	-	-	2,900,954	2,900,954
Liabilities directly associated with non-current assets classified as held-for-sale		**-**	**-**	**107,714**	**107,714**	-	-	158,993	158,993	-	-	241,234	241,234
Total		**18,705**	**175,476**	**16,612,744**	**16,806,925**	36,888	90,861	15,525,547	15,653,296	326,240	142,965	13,825,762	14,294,967

17. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Note	31.12.2012 Loans and receivables RM'000	31.12.2012 Total RM'000	31.12.2011 Loans and receivables RM'000	31.12.2011 Total RM'000	1.1.2011 Loans and receivables RM'000	1.1.2011 Total RM'000
Company							
Financial assets							
Amounts due from subsidiaries	32	**339,342**	**339,342**	395,925	395,925	332,469	332,469
Trade and other receivables		**23,044**	**23,044**	10,798	10,798	9,189	9,189
Deposits, cash and bank balances	34	**3,524,358**	**3,524,358**	2,001,948	2,001,948	3,092,255	3,092,255
		3,886,744	**3,886,744**	2,408,671	2,408,671	3,433,913	3,433,913

	Note	31.12.2012 Derivatives used for hedging RM'000	31.12.2012 Other financial liabilities RM'000	31.12.2012 Total RM'000	31.12.2011 Derivatives used for hedging RM'000	31.12.2011 Other financial liabilities RM'000	31.12.2011 Total RM'000	1.1.2011 Derivatives used for hedging RM'000	1.1.2011 Other financial liabilities RM'000	1.1.2011 Total RM'000
Financial liabilities										
Borrowings	16	**-**	**764,691**	**764,691**	-	775,128	775,128	-	738,758	738,758
Derivative financial instruments	19	**45,249**	**-**	**45,249**	33,609	-	33,609	66,427	-	66,427
Trade and other payables	21	**-**	**70,254**	**70,254**	-	65,020	65,020	-	37,193	37,193
Amounts due to subsidiaries	32	**-**	**661,610**	**661,610**	-	4,310	4,310	-	1,374	1,374
		45,249	**1,496,555**	**1,541,804**	33,609	844,458	878,067	66,427	777,325	843,752

18. CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are not impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Trade receivables				
Counterparties with external credit ratings				
A-		**4,868**	58,098	17,839
A-2		**6,129**	836	244
A-1+		**1,741**	345	2,272
B		**2,025**	1,361	6,713
B-		**13,742**	–	–
Bu		**–**	–	1,421
BB		**–**	–	8,911
BB+		**10,472**	13,403	–
CCC+		**–**	18,364	–
NR		**29,928**	16,245	18,043
WR		**2,960**	1,709	2,091
WD		**2,747**	–	–
Others		**3,063**	4,128	2,907
		77,675	114,489	60,441
Counterparties without external credit ratings				
Group 1		**396,438**	478,019	357,264
Group 2		**212,283**	286,873	192,974
Group 3		**14,862**	10,952	76,115
		623,583	775,844	626,353
Total	33	**701,258**	890,333	686,794

18. CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

		Group			Company		
	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Deposits, cash and bank balances							
A-1		**60,951**	8,957	463,291	**–**	–	113,911
A-1+		**189,780**	470,077	354,631	**–**	–	1,371
A2		**3,282**	2,199	1,717	**–**	–	–
A-2		**3,659,460**	4,903,016	4,597,066	**21,983**	1,498,441	2,974,126
B		**17,724**	62,238	7,066	**–**	–	–
BBBpi		**–**	–	8,758	**–**	–	–
MARC1		**–**	–	36,061	**–**	–	–
NR		**69,640**	313,085	269,873	**–**	–	–
P1		**3,501,670**	40,760	58,754	**3,500,978**	37,846	2,775
P-1		**–**	520,562	1,296	**–**	465,597	–
P-3		**–**	2,448	–	**–**	–	–
WD		**48,367**	17,547	–	**–**	–	–
WR		**55,932**	38,628	34,678	**–**	–	–
idA-		**–**	52,381	–	**–**	–	–
Others		**230,231**	96,590	705	**1,366**	–	–
Without external credit ratings		**69,167**	88,300	443,486	**31**	64	72
Total	34	**7,906,204**	6,616,788	6,277,382	**3,524,358**	2,001,948	3,092,255

18. CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

		Group			Company		
	Note	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
AFS financial asset							
Without external credit ratings		**892**	893	888	**–**	–	–
Derivative financial assets							
A		**–**	–	8,824	**–**	–	–
A+		**–**	–	2,357	**–**	–	–
A-1		**29,887**	28,773	–	**–**	–	–
A-1+		**13,351**	12,335	–	**–**	–	–
A-2		**5,791**	–	–	**–**	–	–
P-2		**2,896**	–	–	**–**	–	–
Without external credit ratings		**3,783**	3,783	3,783	**–**	–	–
Total	19	**55,708**	44,891	14,964	**–**	–	–

				Company
	Note	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Amounts due from subsidiaries				
Group 2	32	**339,342**	395,925	332,469

Group 1 – new customers/related parties (less than six (6) months)
Group 2 – existing customers/related parties (more than six (6) months) with no defaults in the past
Group 3 – existing customers/related parties (more than six (6) months) with some defaults in the past. All defaults were fully recovered.

None of the financial assets that are fully performing has been renegotiated in the previous financial years. None of the loans to related parties is past due but not impaired.

19. DERIVATIVE FINANCIAL INSTRUMENTS

		Group						Company		
	Note	Assets 31.12.2012 RM'000	Liabilities 31.12.2012 RM'000	Assets 31.12.2011 RM'000	Liabilities 31.12.2011 RM'000	Assets 1.1.2011 RM'000	Liabilities 1.1.2011 RM'000	Liabilities 31.12.2012 RM'000	Liabilities 31.12.2011 RM'000	Liabilities 1.1.2011 RM'000
Non-current										
Non-hedging derivative financial instruments:										
- Forward foreign currency contracts	(a)	**21,151**	**(3,728)**	18,956	(14,129)	11,181	(25,924)	**-**	-	-
- CCIRS	(b)	**8,687**	**-**	22,152	-	-	-	**-**	-	-
- Interest rate swap contracts	(c)	**-**	**(14,977)**	-	(22,759)	-	(22,638)	**-**	-	-
- Convertible warrants in an associate	(d)	**3,783**	**-**	3,783	-	3,783	-	**-**	-	-
		33,621	**(18,705)**	44,891	(36,888)	14,964	(48,562)	**-**	-	-
Derivative designated as hedging instruments:										
- CCIRS	(f),(g)	**-**	**(175,476)**	-	(90,861)	-	(142,965)	**(45,249)**	(33,609)	(66,427)
		33,621	**(194,181)**	44,891	(127,749)	14,964	(191,527)	**(45,249)**	(33,609)	(66,427)
Current										
Non-hedging derivative financial instruments:										
- CCIRS	(b)	**22,087**	**-**	-	-	-	-	**-**	-	-
- Put option on the investment in an associate	(e)	**-**	**-**	-	-	-	(277,678)	**-**	-	-
		22,087	**-**	-	-	-	(277,678)	**-**	-	-
Total		**55,708**	**(194,181)**	44,891	(127,749)	14,964	(469,205)	**(45,249)**	(33,609)	(66,427)

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Non-hedging derivatives are classified as current/non-current assets or liabilities. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve (12) months and, as a current asset or liability, if the maturity of the hedged items is less than twelve (12) months.

Non-hedging derivatives financial instruments

(a) Forward foreign currency contracts

The information relating to the derivative financial instruments of a subsidiary of the Group as at 31 December 2012 is as follows:

Counterparties	Notional amount USD'million	Strike rate full amount 1 USD:IDR	Period	Premium p.a.
Standard Chartered Bank ("SCB")	88.6	9,000-9,725	18 September 2009 - 29 September 2015	2.25% - 5.26%
J.P.Morgan Securities (S.E.A) Ltd	27.3	9,000	31 December 2009 - 29 September 2015	3.45%

The premiums on the forward foreign currency contracts will be paid semi-annually.

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Non-hedging derivatives financial instruments (continued)

(b) CCIRS

The information relating to the derivative financial instruments of certain subsidiaries of the Group as at 31 December 2012 is as follows:

Counterparties	Notional amount million	Period	Swap amount	Exchange period	Fixed interest rate paid	Exchange rate per 1 USD:	Interest rate received
The Bank of Tokyo Mitsubishi UFJ, Ltd (“BTMU”)	USD14.6	15 June 2011 - 17 June 2013	IDR 125.0 billion	Semi-annually	6.76%	IDR8,533	6 months’ SIBOR + 0.9% margin
BTMU	USD58.5	26 Aug 2011 - 26 Aug 2013	IDR 500.0 billion	Semi-annually	6.60%	IDR8,545	6 months’ SIBOR + 0.65% margin
CIMB Bank Berhad	CNY666.7	18 Sept 2012 - 18 Sept 2014	USD105.2 million	Semi-annually	1.98% on USD notional amount	CNY6.34	3.75% on CNY notional amount
HSBC Bank Malaysia Berhad	CNY333.3	18 Sept 2012 - 18 Sept 2014	USD52.6 million	Semi-annually	1.98% on USD notional amount	CNY6.34	3.75% on CNY notional amount

(c) Interest rate swap contracts

The information relating to the derivative financial instruments of a subsidiary of the Group as at 31 December 2012 is as follows:

Counterparty	Notional amount USD’million	Period	Exchange period	Fixed interest rate paid	Floating interest received
SCB	144.7	11 February 2009 - 1 October 2015	Semi-annually	2.323% – 2.575%	6 months’ LIBOR

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Non-hedging derivatives financial instruments (continued)

(d) Convertible warrants in an associate

Sacofa Sdn Bhd ("Sacofa"), an associate company of the Group undertook a refinancing exercise which entails amongst others, the issuance of up to RM400.0 million Islamic Medium Term Notes, the issuance of up to RM50.0 million Islamic Commercial Paper and the 64.2 million bonus issue of warrants on the entitlement basis of one (1) free warrant for every one (1) existing Sacofa ordinary share held.

Counterparty	Underlying number of shares	Period	Strike price
Sacofa	12,834,327	28 January 2010 – 25 January 2019	RM1.50/ share + Any adjustments

(e) Put option on the investment in an associate

The Group or the Company granted Green Acre Agro Services Private Limited ("GAASPL") a put option to require the Group, AI1 or AI2 to purchase some or all of the Spice Communication Limited's (now merged with Idea) shares held by GAASPL ("Put Option").

On 14 February 2011, AI1 novated all the rights and obligations under GAASPL Put Option to Merrill Lynch International, a company incorporated under the laws of England and Wales, for approximately RM330.1 million (USD108.1 million). The Group recognised a loss on the fair value change of the Put Option amounting to RM47.5 million in the previous financial year.

Derivative designated as hedging instrument

(f) Net investment hedge, net of tax – CCIRS

The underlying debt instrument for the CCIRS is the Group's Notes (Note 16(f) to the financial statements). The hedge is designed to hedge against foreign currency and interest rate risks.

The information relating to the derivatives of a subsidiary of the Company as at 31 December 2012 is as follows:

Notional amount	Notional amount	Period	Exchange period	Fixed interest rate paid	Fixed interest rate received	Fair value		
USD' million	SGD' million					31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
300.0	421.3	28 Oct 2010-28 Apr 2020	Semi annually	4.315% –4.350% on SGD notional	5.375% on USD notional	**130,227**	57,252	76,538

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivative designated as hedging instrument (continued)

(f) Net investment hedge, net of tax – CCIRS (continued)

The payment of the Group's SGD notional amounts of USD300.0 million is designated as a hedge of net investment in the Group's investment in its associate. The hedge has been fully effective from inception and for the financial year.

The Group recognised a loss of RM40.4 million (2011: loss of RM6.2 million) in other comprehensive income after reclassification of an unrealised foreign exchange gain of RM32.1 million (2011: loss of RM25.5 million) on the underlying Notes from the profit or loss to other comprehensive income.

The fair value changes of the derivative are attributable to future exchange rates and interest rate movements.

(g) Fair value hedge - CCIRS

The CCIRS is used to hedge fair value risk arising from a floating rate borrowing of the Group and the Company. The hedge is designed to hedge against foreign currency and interest rate risks.

The information relating to the derivative as at 31 December 2012 is as follows:

Notional Amount	Notional amount	Period	Exchange period	Floating interest rate paid	Floating interest rate received	Fair value		
USD' million	RM' million					31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
250.0	800.7	6 May 2010- 26 Apr 2015	Quarterly	3 months' KLIBOR +0.64% p.a. on RM notional	3 months' LIBOR +1.05% p.a. on USD notional	**45,249**	33,609	66,427

The Group and the Company consider the CCIRS as an effective hedging instrument as the floating rate borrowing and the CCIRS have identical terms.

The Group and the Company recognised a loss of RM11.9 million (2011: gain of RM32.9 million) arising from fair value changes of a derivative of which RM26.8 million (2011: RM21.3 million) was adjusted against the unrealised foreign exchange gain/(loss) of the underlying borrowing in the profit or loss of the Group and the Company. A fair value loss on fair value hedge of RM14.9 million (2011: loss of RM11.6 million) was recognised resulting from the fair value change of the underlying borrowing.

The fair value changes of the derivative are attributable to future exchange rates and interest rate movements.

20. DEFERRED INCOME

Group	2012 RM'000	2011 RM'000
At 1 January	**136,056**	–
Received during the financial year	**125,438**	146,219
Released to profit or loss	**(14,306)**	(10,163)
At 31 December	**247,188**	136,056

The deferred income relates to the government grants received by a subsidiary company for the purchase of certain qualifying assets.

21. TRADE AND OTHER PAYABLES

	Group			Company		
	31.12.2012 RM'000	**31.12.2011 RM'000 Restated**	**1.1.2011 RM'000 Restated**	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Non-current:						
2G license renewal fee payable (a)	**–**	125,054	–	**–**	–	–
Defined benefits plans (b)	**68,417**	52,892	52,471	**–**	–	–
Total non-current	**68,417**	177,946	52,471	**–**	–	–
Current:						
Trade payables	**717,884**	528,843	485,083	**–**	–	–
Accrued expenses	**1,434,078**	1,784,884	1,272,048	**36,093**	38,804	2,186
Deferred revenue	**858,160**	739,942	659,549	**–**	–	–
Customer deposits	**80,068**	88,707	93,551	**–**	–	–
Business license payable	**161,774**	231,220	228,392	**–**	–	–
Payroll liabilities	**214,392**	165,043	215,884	**27,605**	12,946	18,864
Other accruals	**299,527**	284,732	206,687	**–**	–	–
Other payables	**1,753,871**	1,482,750	1,353,825	**6,556**	13,270	16,143
2G license renewal fee payable (a)	**211,243**	250,107	–	**–**	–	–
Total current	**5,730,997**	5,556,228	4,515,019	**70,254**	65,020	37,193
Total trade and other payables	**5,799,414**	5,734,174	4,567,490	**70,254**	65,020	37,193

(a) 2G license renewal fee originally payable to Bangladesh Telecommunication Regulatory Commission on 2 May 2012, 2 November 2012 and 2 May 2013. During the financial year, the settlement was revised to 1 August 2012 and 1 August 2013 respectively.

21. TRADE AND OTHER PAYABLES (CONTINUED)

(b) The Group operates defined benefits plan in Indonesia and Sri Lanka respectively. The plans are unfunded. The defined benefit plans of the Group recognised in the consolidated statements of financial position is as follows:

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Present value of obligations	**67,823**	60,188	52,647
Unrecognised actuarial loss	**–**	(8,150)	(1,443)
Unrecognised past service cost	**594**	854	1,267
	68,417	52,892	52,471

The movement in present value of obligations of the defined benefit plans is as follows:

Group	2012 RM'000	2011 RM'000
At 1 January	**52,892**	52,471
Charge to profit or loss:		
– current service cost	**7,989**	7,203
– interest costs	**4,696**	4,896
– net actuarial gains	**–**	(470)
– past service cost	**21**	(202)
– curtailments	**–**	(10,391)
	12,706	1,036
Acquisition of subsidiary	**2,258**	–
Benefit paid	**(2,663)**	(1,349)
Charge to other comprehensive income:		
– actuarial reserve	**8,790**	–
Currency translation differences	**(5,566)**	734
At 31 December	**68,417**	52,892

Estimated actuarial obligation was based on the actuarial valuation prepared independent actuary.

Present value of the defined benefits obligation of the Group is calculated annually by independent actuaries using the projected unit credit method. The principal actuarial valuation assumption used was as follows:

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Discount rate (p.a.)	**6.5% - 12.7%**	7.5% - 11.0%	9.0% - 10.5%
Salary increment rate (p.a.)	**10.0% - 14.0%**	10.0% - 12.0%	10.0% - 12.0%

21. TRADE AND OTHER PAYABLES (CONTINUED)

The currency profile of trade and other payables is as follows:

	31.12.2012						31.12.2011						1.1.2011					
	Functional currency						Functional currency						Functional currency					
	RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000	RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000	RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000
Group																		
RM	**2,886,668**	**-**	**-**	**-**	**-**	**2,886,668**	2,396,632	-	-	-	61	2,396,693	2,291,427	-	-	-	-	2,291,427
USD	**12,379**	**441,662**	**107,016**	**58,519**	**63,614**	**683,190**	11,850	546,086	28,607	46,185	34,663	667,391	26,983	356,686	50,760	-	29,285	463,714
IDR	**-**	**953,735**	**-**	**-**	**-**	**953,735**	248	1,151,018	-	-	-	1,151,266	-	819,010	-	-	-	819,010
SLR	**-**	**-**	**541,004**	**-**	**-**	**541,004**	-	-	408,133	-	-	408,133	-	-	364,319	-	-	364,319
BDT	**-**	**-**	**-**	**643,733**	**-**	**643,733**	-	-	-	995,665	-	995,665	-	-	-	545,819	-	545,819
SDR*	**89,178**	**-**	**-**	**-**	**-**	**89,178**	112,430	260	-	-	-	112,690	80,932	1,205	-	-	-	82,137
Others	**1,245**	**661**	**-**	**-**	**-**	**1,906**	2,283	53	-	-	-	2,336	-	998	-	-	66	1,064
Total	**2,989,470**	**1,396,058**	**648,020**	**702,252**	**63,614**	**5,799,414**	2,523,443	1,697,417	436,740	1,041,850	34,724	5,734,174	2,399,342	1,177,899	415,079	545,819	29,351	4,567,490
Company																		
RM	**56,704**	**-**	**-**	**-**	**-**	**56,704**	50,639	-	-	-	-	50,639	37,193	-	-	-	-	37,193
USD	**12,379**	**-**	**-**	**-**	**-**	**12,379**	11,850	-	-	-	-	11,850	-	-	-	-	-	-
IDR	**-**	**-**	**-**	**-**	**-**	**-**	248	-	-	-	-	248	-	-	-	-	-	-
Others	**1,171**	**-**	**-**	**-**	**-**	**1,171**	2,283	-	-	-	-	2,283	-	-	-	-	-	-
Total	**70,254**	**-**	**-**	**-**	**-**	**70,254**	65,020	-	-	-	-	65,020	37,193	-	-	-	-	37,193

* *SDR: Special Drawing Rights*

Credit terms of trade and other payables for the Group and the Company vary from 30 to 90 days (31.12.2011: 30 to 90 days, 1.1.2011: 30 to 90 days) depending on the terms of the contracts respectively.

22. PROVISION FOR LIABILITIES

Group	2012 RM'000	2011 RM'000
At 1 January	**343,148**	249,433
Provision for the financial year	**116,126**	75,030
Accretion of interest	**7,180**	18,078
Currency translation differences	**(10,219)**	1,759
	456,235	344,300
Reversal of provisions from PPE (Note 25)	**(117,047)**	–
Utilised during the financial year	**(240)**	(1,152)
At 31 December	**338,948**	343,148

The provision for liabilities relates to provision for dismantling costs of existing telecommunication network and equipment as disclosed in the significant accounting policies in Note 3(p)(i) to the financial statements.

23. DEFERRED TAXATION

Deferred tax assets and liabilities are offsetted when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

Group	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Deferred tax assets	**(263,842)**	(315,611)	(117,457)
Deferred tax liabilities	**1,418,265**	1,380,054	1,333,863
Total deferred taxation	**1,154,423**	1,064,443	1,216,406

23. DEFERRED TAXATION (CONTINUED)

The movement in net deferred tax liabilities of the Group during the financial year is as follow:

Group	2012 RM'000	2011 RM'000
At 1 January	**1,064,443**	1,216,406
Charge/(credit) to profit or loss (Note 11):		
– property, plant and equipment	**105,358**	84,301
– tax losses	**(12,097)**	10,647
– provision and others	**69,010**	(167,144)
	162,271	(72,196)
Credit to other comprehensive income		
– actuarial reserve (Note 46(b))	**(2,198)**	–
Currency translation differences	**(67,926)**	(55,817)
Transferred to liabilities directly associated with non-current assets classified as held-for-sale	**(2,167)**	(23,950)
At 31 December	**1,154,423**	1,064,443

Breakdown of cumulative balances by each type of temporary difference:

Group	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Deferred tax assets:			
– Property, plant and equipment	**12,181**	87,168	96,152
– Tax losses	**5,464**	15,089	4,676
– Provision and others	**459,581**	452,888	238,002
Before offsetting	**477,226**	555,145	338,830
Offsetting	**(213,384)**	(239,534)	(221,373)
After offsetting	**263,842**	315,611	117,457
Deferred tax liabilities:			
– Property, plant and equipment	**1,630,695**	1,619,588	1,554,270
– Others	**954**	–	966
Before offsetting	**1,631,649**	1,619,588	1,555,236
Offsetting	**(213,384)**	(239,534)	(221,373)
After offsetting	**1,418,265**	1,380,054	1,333,863

23. DEFERRED TAXATION (CONTINUED)

The amounts of deductible temporary differences and unutilised tax losses of the Group and the Company for which no deferred tax asset is recognised in the statements of financial position are as follows:

	Group			Company		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**	**31.12.2012 RM'000**	**31.12.2011 RM'000**	**1.1.2011 RM'000**
Deductible temporary differences	**82,263**	43,458	45,746	**41,312**	2,844	–
Unutilised tax losses	**113,795**	165,668	153,682	**40,190**	31,402	24,199
	196,058	209,126	199,428	**81,502**	34,246	24,199
Tax effect	**49,015**	52,281	49,857	**20,376**	8,561	6,050

The benefits of these tax losses and credits will only be obtained if the Company or the relevant subsidiaries derive future assessable income of a nature and amount sufficient for the benefits to be utilised.

As at 31 December 2012, the Group has no unutilised investment tax incentive for last mile broadband services (2011: RM111.2 million), for which the related tax effects have not been included in the financial statements. The benefits of this tax incentive will only be recognised upon utilisation, in accordance with the Group policy.

24. INTANGIBLE ASSETS

Group	Note	Goodwill RM'000	Licenses RM'000	Others RM'000	Total RM'000
Net book value					
At 1 January 2012					
(as previously reported)		**7,332,873**	**994,280**	**–**	**8,327,153**
Effect of adoption of MFRS 1	46(c)	**(29,175)**	**–**	**–**	**(29,175)**
At 1 January 2012 (as restated)		**7,303,698**	**994,280**	**–**	**8,297,978**
Acquisition of a subsidiary	5(a)(ii)	**151,845**	**4,933**	**–**	**156,778**
Reclassification from trade and other receivables		**–**	**–**	**11,333**	**11,333**
Addition		**–**	**34,047**	**80,207**	**114,254**
Dilution of equity interest	5(a)(xiii)	**(2,910)**	**–**	**–**	**(2,910)**
Currency translation differences		**–**	**(20,683)**	**–**	**(20,683)**
Reclassification from PPE	25	**–**	**3,438**	**–**	**3,438**
Amortisation	7(a)	**–**	**(87,467)**	**(80,207)**	**(167,674)**
At 31 December 2012		**7,452,633**	**928,548**	**11,333**	**8,392,514**
At 1 January 2011		7,313,838	291,660	–	7,605,498
Additions		–	753,288	52,838	806,126
Dilution of equity interest	5(a)(xiii)	(3,996)	–	–	(3,996)
Currency translation differences		(6,144)	(1,843)	–	(7,987)
Amortisation	7(a)	–	(48,825)	(52,838)	(101,663)
At 31 December 2011 (as restated)		7,303,698	994,280	–	8,297,978
At 31 December 2012					
Cost		**7,530,130**	**1,166,509**	**144,378**	**8,841,017**
Accumulated amortisation		**–**	**(237,961)**	**(133,045)**	**(371,006)**
Accumulated impairment losses		**(77,497)**	**–**	**–**	**(77,497)**
Net book value		**7,452,633**	**928,548**	**11,333**	**8,392,514**
At 31 December 2011 (restated)					
Cost		7,381,195	1,153,524	52,838	8,587,557
Accumulated amortisation		–	(159,244)	(52,838)	(212,082)
Accumulated impairment losses		(77,497)	–	–	(77,497)
Net book value		7,303,698	994,280	–	8,297,978

24. INTANGIBLE ASSETS (CONTINUED)

Group	Goodwill RM'000	Licenses RM'000	Others RM'000	Total RM'000
At 1 January 2011 (restated)				
Cost	7,391,335	400,372	–	7,791,707
Accumulated amortisation	–	(108,712)	–	(108,712)
Accumulated impairment losses	(77,497)	–	–	(77,497)
Net book value	7,313,838	291,660	–	7,605,498

The remaining amortisation period of acquired telecommunication licences with allocated spectrum rights range from five (5) years to fourteen (14) years (2011: six (6) years to fifteen (15) years).

(a) Impairment tests for goodwill

The Group undertakes an annual test for impairment of its CGUs identified according to operating segment.

The following CGUs, being the lowest level of asset for which the management monitors the goodwill of the Group:

	Note	31.12.2012 RM'000	31.12.2011 RM'000 Restated	1.1.2011 RM'000
Malaysia	(i)	**4,031,110**	4,031,110	4,031,110
Indonesia	(ii)	**3,214,803**	3,217,713	3,227,853
Sri Lanka	(i)	**206,720**	54,875	54,875
Total		**7,452,633**	7,303,698	7,313,838

(i) Key assumptions used in the VIU

The recoverable amount of the Malaysia's and Sri Lanka's CGU including goodwill in this test is determined based on VIU calculation. Malaysia's CGU consist of mobile business meanwhile Sri Lanka's CGUs consist of fixed telecommunication business (consist of fixed telephone, data and infrastructure) and television business respectively. The recoverable amount of Sri Lanka's CGUs including goodwill in the previous financial year was determined based on FVLCS calculation.

The VIU calculation apply a discounted cash flow model using cash flow projections based on forecasts and projections approved by the management covering a three (3) years periods for the mobile business in Malaysia. These forecasts and projections reflect the management's expectation of revenue growth, operating costs and margins for the Malaysia CGU based on past experience and future outlook of the CGU based on internal measurements and monitoring and external sources of information.

24. INTANGIBLE ASSETS (CONTINUED)

(a) Impairment tests for goodwill (continued)

(i) Key assumptions used in the VIU (continued)

Cash flows beyond the third (3^{rd}) year for the mobile business in Malaysia and tenth (10^{th}) for mobile business and television business in Sri Lanka are extrapolated in perpetuity using estimated terminal growth rate which takes into consideration the current Gross Domestic Product, inflation and average growth rate for the telecommunication industry. These rates have been determined with regards to project growth rates for the market in which the CGU participates and are not expected to exceed the long term average growth rates for this market.

Pre-tax adjusted discount rate applied to the cash flow forecasts are derived from the CGU pre-tax plus a reasonable risk premium at the date of the assessment of the respective CGU to reflect the risk of the CGU.

The following assumptions have been applied in the VIU calculations:

	Malaysia			Sri Lanka
	31.12.2012	**31.12.2011**	**1.1.2011**	**31.12.2012**
Pre-tax adjusted discount rate	**9.8%**	10.0%	10.9%	**15.0%**
Terminal growth rate	**–**	–	–	**3.0%**
Revenue growth rate	**4.0% to 5.7% over 3 years**	3.2% to 4.8% over 3 years	4.6% to 7.3% over 3 years	**7.9% to 14.2% over 10 years**

Based on the above test, the Malaysia and Sri Lanka CGUs' goodwill are not impaired as the recoverable amounts exceeds the carrying amounts included in the financial statements.

The Group's review includes an impact assessment of changes in key assumptions. Based on the sensitivity analysis performed, the Board of Directors concluded that no reasonable change in the base case assumptions would cause the carrying amounts of the CGUs to exceed its recoverable amounts.

(ii) Key assumptions used in FVLCS

The recoverable amount of the Indonesia CGUs including goodwill is determined based on FVLCS calculations.

The FVLCS calculations are made based on the CGU's securities market price less the costs of disposal of the securities. The market price as at end of reporting period was used for the calculations.

Based on the above test, the Indonesia CGUs' goodwill are not impaired as the recoverable amount exceeds the carrying amount included in the financial statements.

25. PROPERTY, PLANT AND EQUIPMENT

	Note	Land RM'000	Buildings RM'000	Telecommunication network equipment RM'000	Movable plant and equipment RM'000	Computer support systems RM'000	Capital work-in-progress RM'000	Total RM'000
Group								
Net book value								
At 1 January 2012		**495,960**	**162,783**	**13,628,949**	**241,197**	**499,059**	**1,133,583**	**16,161,531**
Additions		**134,943**	**3,851**	**3,829,288**	**65,139**	**297,451**	**275,522**	**4,606,194**
Acquisition of a subsidiary	5(a)(ii)	**543**	**2,585**	**29,510**	**12,132**	**1,512**	**284**	**46,566**
Disposals		**(145)**	**(227)**	**(1,289)**	**(1,234)**	**(64)**	**–**	**(2,959)**
Write off	7(a)	**–**	**–**	**(206)**	**(365)**	**(16)**	**–**	**(587)**
Depreciation	7(a)	**(90,090)**	**(22,324)**	**(2,554,254)**	**(83,842)**	**(248,169)**	**–**	**(2,998,679)**
Impairment	7(a)	**–**	**–**	**(149,496)**	**–**	**–**	**(289)**	**(149,785)**
Reversal of impairment	7(a)	**–**	**–**	**–**	**1,254**	**–**	**10**	**1,264**
Currency translation differences		**(38,021)**	**(10,543)**	**(818,153)**	**(6,014)**	**(19,138)**	**(65,877)**	**(957,746)**
Reversal of provision for liabilities	22	**–**	**–**	**(117,047)**	**–**	**–**	**–**	**(117,047)**
Reclassification to intangible assets	24	**–**	**–**	**–**	**–**	**(3,438)**	**–**	**(3,438)**
At 31 December 2012		**503,190**	**136,125**	**13,847,302**	**228,267**	**527,197**	**1,343,233**	**16,585,314**

	Note	Land RM'000	Buildings RM'000	Telecommunication network equipment RM'000	Movable plant and equipment RM'000	Computer support systems RM'000	Capital work-in-progress RM'000	Total RM'000
Group								
Net book value								
At 1 January 2011		373,432	156,227	12,965,637	198,250	379,025	1,057,675	15,130,246
Additions		195,553	11,415	1,844,107	48,809	136,583	2,201,201	4,437,668
Assetisation		–	25,094	1,626,579	80,610	175,800	(1,908,083)	–
Disposals		–	(2,481)	(114,341)	(1,685)	(357)	–	(118,864)
Write off	7(a)	–	–	(858)	(363)	(7)	–	(1,228)
Depreciation	7(a)	(80,588)	(26,418)	(2,692,145)	(78,537)	(195,954)	–	(3,073,642)
Impairment	7(a)	–	–	–	–	–	(15,416)	(15,416)
Reversal of impairment	7(a)	–	–	818	66	–	6,934	7,818
Currency translation differences		7,563	(1,054)	(848)	(5,953)	3,969	889	4,566
Reclassification of capital inventories from capital work-in-progress to inventories		–	–	–	–	–	(209,617)	(209,617)
At 31 December 2011		495,960	162,783	13,628,949	241,197	499,059	1,133,583	16,161,531

25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land RM'000	Buildings RM'000	Telecom-munication network equipment RM'000	Movable plant and equipment RM'000	Computer support systems RM'000	Capital work-in-progress RM'000	Total RM'000
Group							
At 31 December 2012							
Cost	**957,679**	**309,010**	**28,661,389**	**701,225**	**2,079,202**	**1,403,695**	**34,112,200**
Accumulated depreciation	**(447,423)**	**(145,884)**	**(14,345,049)**	**(465,882)**	**(1,540,814)**	**(60,462)**	**(17,005,514)**
Accumulated impairment losses	**(7,066)**	**(27,001)**	**(469,038)**	**(7,076)**	**(11,191)**	**–**	**(521,372)**
Net book value	**503,190**	**136,125**	**13,847,302**	**228,267**	**527,197**	**1,343,233**	**16,585,314**
At 31 December 2011							
Cost	896,539	326,209	26,818,384	645,499	1,839,701	1,201,857	31,728,189
Accumulated depreciation	(393,514)	(137,584)	(12,723,065)	(398,846)	(1,329,859)	–	(14,982,868)
Accumulated impairment losses	(7,065)	(25,842)	(466,370)	(5,456)	(10,783)	(68,274)	(583,790)
Net book value	495,960	162,783	13,628,949	241,197	499,059	1,133,583	16,161,531
At 1 January 2011							
Cost	686,313	302,558	24,111,538	551,247	1,524,378	1,162,218	28,338,252
Accumulated depreciation	(305,816)	(120,487)	(10,676,400)	(347,468)	(1,134,569)	–	(12,584,740)
Accumulated impairment losses	(7,065)	(25,844)	(469,501)	(5,529)	(10,784)	(104,543)	(623,266)
Net book value	373,432	156,227	12,965,637	198,250	379,025	1,057,675	15,130,246

25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) During the financial year, the Group incurred net impairment of RM148.5 million (2011: RM7.6 million). The impairment are primarily related to variance on physical sighting of assets at the sites and write down of certain telecommunication network assets and long outstanding projects which had been written down to its recoverable values, net of reversal of impairment of RM1.3 million (2011: RM7.8 million) in relation to capital work-in-progress made on a subsidiary's long outstanding projects which are now completed.

(b) Net book value of PPE of certain subsidiaries pledged as security for borrowings (Note 16(a) and (b) to the financial statements) are as follows:

Group	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Telecommunication network	**1,764,442**	1,693,698	1,656,038
Movable plant and equipment	**92,920**	112,444	75,474
Computer support systems	**3,909**	2,834	3,116
Land	**5,098**	5,148	5,812
Buildings	**16,252**	16,706	17,490
	1,882,621	1,830,830	1,757,930

(c) There had been a change in the expected pattern of consumptions of future economic benefits embodied in certain telecommunication network equipment of subsidiaries within the Group due to physical verification exercise and assets replacement plans. The revision was accounted for as a change in accounting estimate and has increased the depreciation charge during the financial year by the Group by RM186.2 million (2011: RM171.8 million).

(d) XL owns land located throughout Indonesia with Building Use Rights (*Hak Guna Bangunan* or "*HGB*") for periods of 20-30 years which will expire between 2013 and 2042.

As at 31 December 2012, there are 658 locations (31.12.2011: 83 locations, 1.1.2011: 88 locations) with a total book value of RM42.6 million (31.12.2011: RM13.7 million, 1.1.2011: RM13.3 million) and for which HGB certificates are in the process.

(e) The Group's carrying amount of land including:

Group	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Freehold	**23,149**	24,007	24,821
Short term leasehold	**81,060**	78,422	57,514
Long term leasehold	**398,981**	393,531	291,097
	503,190	495,960	373,432

25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

		Movable plant and equipment				
	Note	**Office equipment RM'000**	**Furniture and fitting RM'000**	**Mobile equipment RM'000**	**Motor vehicles RM'000**	**Total RM'000**
Company						
Net book value						
At 1 January 2012		**7,019**	**4,647**	**333**	**275**	**12,274**
Additions		**2,422**	**888**	**11**	**–**	**3,321**
Write-off	7(a)	**(428)**	**–**	**–**	**–**	**(428)**
Disposal		**(40)**	**–**	**–**	**–**	**(40)**
Depreciation	7(a)	**(2,651)**	**(829)**	**(85)**	**(137)**	**(3,702)**
At 31 December 2012		**6,322**	**4,706**	**259**	**138**	**11,425**
Net book value						
At 1 January 2011		4,317	4,942	403	423	10,085
Additions		4,763	491	–	–	5,254
Depreciation	7(a)	(2,061)	(786)	(70)	(148)	(3,065)
At 31 December 2011		7,019	4,647	333	275	12,274
At 31 December 2012						
Cost		**13,126**	**7,947**	**609**	**751**	**22,433**
Accumulated depreciation		**(6,804)**	**(3,241)**	**(350)**	**(613)**	**(11,008)**
Net book value		**6,322**	**4,706**	**259**	**138**	**11,425**
At 31 December 2011						
Cost		12,179	7,059	598	751	20,587
Accumulated depreciation		(5,160)	(2,412)	(265)	(476)	(8,313)
Net book value		7,019	4,647	333	275	12,274
At 1 January 2011						
Cost		7,416	6,568	598	751	15,333
Accumulated depreciation		(3,099)	(1,626)	(195)	(328)	(5,248)
Net book value		4,317	4,942	403	423	10,085

26. INVESTMENT PROPERTIES

Group	Note	Freehold land RM'000	Buildings RM'000	Total RM'000
Net book value				
At 1 January 2011		1,787	233	2,020
Depreciation	7(a)	–	(1)	(1)
Disposal		(1,787)	(232)	(2,019)
At 31 December 2011		–	–	–
At 31 December 2011				
At cost		–	–	–
Accumulated depreciation		–	–	–
Net book value		–	–	–
At 1 January 2011				
At cost		1,787	413	2,200
Accumulated depreciation		–	(180)	(180)
Net book value		1,787	233	2,020

27. SUBSIDIARIES

	31.12.2012			31.12.2011			1.1.2011		
	Malaysia RM'000	**Overseas RM'000**	**Total RM'000**	**Malaysia RM'000**	**Overseas RM'000**	**Total RM'000**	**Malaysia RM'000**	**Overseas RM'000**	**Total RM'000**
Company									
Unquoted shares, at cost	**5,177,486**	**182,925**	**5,360,411**	5,259,921	182,925	5,442,846	5,216,460	182,925	5,399,385
Accumulated impairment losses	**(3,996)**	**(141,869)**	**(145,865)**	(3,996)	(141,869)	(145,865)	(3,996)	(141,869)	(145,865)
	5,173,490	**41,056**	**5,214,546**	5,255,925	41,056	5,296,981	5,212,464	41,056	5,253,520
Advances to subsidiaries treated as quasi-investment	**3,142,951**	**6,493,632**	**9,636,583**	2,731,234	6,682,972	9,414,206	3,075,761	6,355,626	9,431,387
Accumulated impairment losses	**-**	**(1,221,371)**	**(1,221,371)**	-	(1,221,371)	(1,221,371)	-	(1,221,371)	(1,221,371)
	3,142,951	**5,272,261**	**8,415,212**	2,731,234	5,461,601	8,192,835	3,075,761	5,134,255	8,210,016
Total	**8,316,441**	**5,313,317**	**13,629,758**	7,987,159	5,502,657	13,489,816	8,288,225	5,175,311	13,463,536

The Group's and the Company's equity interests in subsidiaries, their respective principal activities and countries of incorporation are listed in Note 41 to the financial statements.

27. SUBSIDIARIES (CONTINUED)

The currency profile of the advances to subsidiaries treated as quasi-investment is as follows:

	Advances to subsidiaries treated as quasi-investment		
	31.12.2012 RM'000	**31.12.2011 RM'000**	**1.1.2011 RM'000**
RM	**2,811,781**	2,716,790	2,909,252
USD	**5,603,431**	5,476,045	5,300,764
	8,415,212	8,192,835	8,210,016

The advances are unsecured and are non-interest bearing with no fixed terms of repayment. The Company does not anticipate any repayment of the advances and are treated as an extension of its investments in subsidiaries.

28. JOINTLY CONTROLLED ENTITIES

Group	**31.12.2012 RM'000**
Unquoted investments	**3,195**
Share of post-acquisition reserves	**(1,577)**
Share of net assets of jointly controlled entities	**1,618**

The Group's share of revenue and loss of jointly controlled entities is as follows:

	2012 RM'000
Revenue	**3,629**
Loss for the financial year	**(1,577)**

The Group's share of assets and liabilities of jointly controlled entities is as follows:

	31.12.2012 RM'000
Non-current assets	**1,119**
Current assets	**1,538**
Current liabilities	**(1,039)**
	1,618

The Group's equity interests in the jointly controlled entities and countries of incorporation are listed in Note 43 to the financial statements.

29. ASSOCIATES

	31.12.2012			31.12.2011			1.1.2011		
	Malaysia RM'000	Overseas RM'000	Total RM'000	Malaysia RM'000	Overseas RM'000 Restated	Total RM'000 Restated	Malaysia RM'000	Overseas RM'000	Total RM'000
Group									
Quoted investments	**-**	**8,491,808**	**8,491,808**	-	8,491,808	8,491,808	-	8,286,355	8,286,355
Unquoted investments	**30,919**	**5,671**	**36,590**	30,919	757	31,676	30,919	22,121	53,040
Share of post acquisition results and reserves	**18,443**	**193,118**	**211,561**	11,448	86,639	98,087	3,843	77,408	81,251
	49,362	**8,690,597**	**8,739,959**	42,367	8,579,204	8,621,571	34,762	8,385,884	8,420,646
Accumulated impairment losses	**-**	**(1,085,035)**	**(1,085,035)**	-	(1,085,034)	(1,085,034)	-	(1,085,034)	(1,085,034)
Currency translation differences	**-**	**(816,457)**	**(816,457)**	-	(767,402)	(767,402)	-	(637,128)	(637,128)
Share of net assets of associates	**49,362**	**6,789,105**	**6,838,467**	42,367	6,726,768	6,769,135	34,762	6,663,722	6,698,484
Market value of quoted investments	**-**	**5,851,543**	**5,851,543**	-	5,048,701	5,048,701	-	4,722,638	4,722,638
Company									
Quoted investments:									
At cost	**-**	**124,802**	**124,802**	-	124,802	124,802	-	124,802	124,802
Market value	**-**	**230,963**	**230,963**	-	214,945	214,945	-	206,721	206,721

29. ASSOCIATES (CONTINUED)

The Group's share of revenue and profit of associates is as follows:

	2012 RM'000	2011 RM'000 Restated
Revenue	**3,531,264**	3,251,796
Profit for the financial year	**234,950**	137,745

The Group's share of assets and liabilities of associates is as follows:

	31.12.2012 RM'000	31.12.2011 RM'000 Restated	1.1.2011 RM'000
Non-current assets	**4,770,218**	4,526,431	4,640,624
Current assets	**831,099**	1,038,302	405,046
Current liabilities	**(1,396,704)**	(1,873,127)	(609,693)
Non-current liabilities	**(1,665,910)**	(1,186,695)	(1,798,089)
Net assets	**2,538,703**	2,504,911	2,637,888
Goodwill	**5,174,549**	5,197,513	5,145,630
Accumulated impairment losses (net of currency translation differences)	**(874,785)**	(933,289)	(1,085,034)
	6,838,467	6,769,135	6,698,484

The Group's share of contingent liabilities of associates amounted to RM789.6 million (31.12.2011: RM540.8 million, 1.1.2011: RM547.0 million).

The Group's and the Company's equity interests in the associates, their respective principal activities and countries of incorporation are listed in Note 42 to the financial statements.

In the previous financial year, the carrying amount of an associate, Mobile Telecommunication Company of Esfahan ("MTCE") was reclassified from associates to assets held-for-sale in conjunction with the proposed disposal of MTCE as disclosed in Note 35(b) to the financial statements.

Impairment test

During the financial year, the Group had undertaken the test of impairment of its investment in Idea following an impairment indicator arising from the shortfall between the carrying value and market value. No additional impairment loss was required for the carrying amount of Idea as at 31 December 2012 as its recoverable amount was in excess of its carrying amount. The investment in Idea is defined as the Group's CGU.

29. ASSOCIATES (CONTINUED)

Key assumptions used in the VIU

The recoverable amount was determined based on VIU calculation, which apply a discounted cash flow model based on the forecasts and projections approved by the management. These forecasts and projections reflect management's expectations based on the current assessment of market share, expectations of market growth and industry growth as benchmarked with external sources.

The key assumptions used in determining the VIU are:

Assumptions	Basis of determination
Projection period	A ten (10) years (31.12.2011: 10 years, 1.1.2011: 10 years) cash flow forecast is used as the overall penetration rate in India is relatively low, based on past experience of emerging markets, the prospects are good, notwithstanding that it would take longer time frame to achieve optimal operational levels.
Pre-tax adjusted discount rate	13.4% (31.12.2011: 13.4%, 1.1.2011: 13.4%) was used in line with the market analysis.
Terminal growth rate	Long term terminal growth rate is estimated to be 3.0% (31.12.2011: 3.0%, 1.1.2011: 3.5%) applied beyond the tenth (10th) year cash flows to perpetuity.
Blended Average Revenue per user ("ARPU")	Compound Annual Growth Rate of 2.0% (31.12.2011: 0.3%, 1.1.2011: 0.6%) throughout the ten (10) years projection period.
Blended subscribers	Blended subscriber base ranged between 117.3 million in 2013 to 159.7 million in 2022 (31.12.2011: ranged between 100.4 million in 2012 to 194.0 million in 2021, 1.1.2011: ranged between 84.6 million in 2011 to 144.6 million in 2020).
Blended Earnings Before Depreciation and Amortisation ("EBITDA") Margin	Ranging from 25.5% in 2013 to 32.0% in 2022, (31.12.2011: ranging from 22.06% in 2012 to 30.72% in 2021, 1.1.2011: ranging from 21.9% in 2011 to 32.4% in 2020).
Effective tax rate	20.0% from 2013 to 2017, 34.0% in 2018 and beyond (31.12.2011: 20.0% from 2012 to 2016, 34.0% in 2017 and beyond, 1.1.2011: 20.0% from 2011 to 2019, 34.0% in 2020 and beyond).
Capital expenditure	The cash flow forecasts for capital expenditure are based on past experience and include the ongoing capital expenditure required to continue to roll out networks in emerging markets to provide voice and data products and services and to meet the population coverage requirements of certain licenses of Idea. Capital expenditure forecasted excludes excess spectrum charges, which are currently being deliberated and highly uncertain. Capital expenditure forecasted includes assumption on the level of renewal fees to be paid for licenses expiring during the projection period.

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of Idea to exceed its recoverable amount.

30. LONG TERM RECEIVABLES

Group	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Staff loans	**134**	226	332
Finance lease receivables (a)	**98,616**	108,632	110,981
	98,750	108,858	111,313

(a) Finance lease receivables are receivables related to the lease of fiber optic cable of a subsidiary.

Details of the lease receivables according to the maturity schedule are as follows:

Group	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Within one (1) year	**20,879**	22,198	21,536
Between one (1) and five (5) years	**81,869**	86,981	84,380
More than five (5) years	**72,961**	97,515	115,470
	175,709	206,694	221,386
Unearned finance lease income	**(69,153)**	(91,223)	(104,772)
Finance lease receivables	**106,556**	115,471	116,614
Classified as:			
Current (Note 33)	**7,940**	6,839	5,633
Non-current	**98,616**	108,632	110,981
Finance lease receivables	**106,556**	115,471	116,614

31. INVENTORIES

Group	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Telecommunication equipment	**292,455**	218,211	3,826
Spares and others*	**89,044**	123,626	81,230
	381,499	341,837	85,056

* *Included in spares and others are trading inventories mainly comprise of SIM cards, handsets and other consumables.*

32. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The currency profiles of the amounts due from/to subsidiaries are as follow:

	31.12.2012				31.12.2011				1.1.2011			
	RM RM'000	USD RM'000	SLR RM'000	Total RM'000	RM RM'000	USD RM'000	SGD RM'000	Total RM'000	RM RM'000	USD RM'000	SGD RM'000	Total RM'000
Amounts due from subsidiaries:												
- Non-current	**-**	**85,772**[1]	**-**	**85,772**	-	83,240[1]	139,372	222,612	-	42,370[1]	138,833	181,203
- Current	**221,010**	**32,248**	**312**	**253,570**	113,264	19,019	41,030	173,313	67,875	44,345	39,046	151,266
	221,010	**118,020**	**312**	**339,342**	113,264	102,259	180,402	395,925	67,875	86,715	177,879	332,469
Amounts due to subsidiaries:												
- Current	**183,310**	**478,300**	**-**	**661,610**	4,255	55	-	4,310	1,205	169	-	1,374

[1] *Effective interest rate of 4.25% as at 31 December 2012 (31.12.2011: 4.25%, 1.1.2011: 3.97%) p.a.*

Except as disclosed otherwise above, amounts due from/to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

33. TRADE AND OTHER RECEIVABLES

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Trade receivables	**918,491**	1,188,120	1,039,397	**–**	–	–
Less: Provision for impairment	**(217,233)**	(297,787)	(352,603)	**–**	–	–
	701,258	890,333	686,794	**–**	–	–
Other receivables:						
Deposits	**114,203**	108,176	107,636	**–**	–	–
Less: Provision for impairment	**(27,390)**	(23,002)	(23,002)	**–**	–	–
	86,813	85,174	84,634	**–**	–	–
Prepayments	**820,240**	747,039	568,034	**3,739**	3,942	3,256
Staff loans	**431**	456	538	**–**	9	43
Finance lease receivables (Note 30(a))	**7,940**	6,839	5,633	**–**	–	–
Other receivable from an associate	**–**	314	314	**–**	–	–
Other receivables	**496,354**	377,064	360,655	**23,044**	10,789	9,146
Less: Provision for impairment	**(938)**	(938)	(2,830)	**–**	–	–
	495,416	376,126	357,825	**23,044**	10,789	9,146
Total other receivables after provision for impairment	**1,410,840**	1,215,948	1,016,978	**26,783**	14,740	12,445
Total trade and other receivables provision for impairment	**2,112,098**	2,106,281	1,703,772	**26,783**	14,740	12,445

33. TRADE AND OTHER RECEIVABLES (CONTINUED)

The currency profile of trade and other receivables after impairment is as follows:

	31.12.2012						31.12.2011						1.1.2011					
	Functional currency						Functional currency						Functional currency					
	RM	IDR	SLR	BDT	Others	Total	RM	IDR	SLR	BDT	Others	Total	RM	IDR	SLR	BDT	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group																		
RM	**739,793**	**-**	**-**	**-**	**-**	**739,793**	667,235	-	-	-	-	667,235	508,237	-	-	-	-	508,237
USD	**3,848**	**47,152**	**94,838**	**1,913**	**30,801**	**178,552**	352	56,736	98,417	3,664	51,644	210,813	-	53,569	103,429	-	32,955	189,953
IDR	**3**	**807,268**	**-**	**-**	**-**	**807,271**	-	779,969	-	-	-	779,969	-	586,441	-	-	-	586,441
SLR	**-**	**-**	**161,187**	**-**	**-**	**161,187**	-	-	165,745	-	-	165,745	-	-	127,596	-	-	127,596
BDT	**-**	**-**	**-**	**210,686**	**-**	**210,686**	-	-	-	221,051	-	221,051	-	-	-	273,244	-	273,244
SDR	**14,241**	**-**	**-**	**-**	**-**	**14,241**	61,016	-	-	-	-	61,016	18,250	-	-	-	-	18,250
Others	**325**	**43**	**-**	**-**	**-**	**368**	314	42	-	-	96	452	-	30	-	-	21	51
Total	**758,210**	**854,463**	**256,025**	**212,599**	**30,801**	**2,112,098**	728,917	836,747	264,162	224,715	51,740	2,106,281	526,487	640,040	231,025	273,244	32,976	1,703,772
Company																		
RM	**22,461**	**-**	**-**	**-**	**-**	**22,461**	14,394	-	-	-	-	14,394	12,445	-	-	-	-	12,445
USD	**4,319**	**-**	**-**	**-**	**-**	**4,319**	346	-	-	-	-	346	-	-	-	-	-	-
IDR	**3**	**-**	**-**	**-**	**-**	**3**	-	-	-	-	-	-	-	-	-	-	-	-
Total	**26,783**	**-**	**-**	**-**	**-**	**26,783**	14,740	-	-	-	-	14,740	12,445	-	-	-	-	12,445

33. TRADE AND OTHER RECEIVABLES (CONTINUED)

The movement of provision for impairment of trade and other receivables are as follows:

Group	Note	2012 RM'000	2011 RM'000
Trade receivables			
At 1 January		**297,787**	352,603
Provision for impairment	7(b)	**82,266**	84,720
Acquisition of a subsidiary		**18,059**	–
Written off		**(174,522)**	(138,268)
Currency translation differences		**(6,357)**	(1,268)
At 31 December		**217,233**	297,787
Other receivables			
At 1 January		**23,940**	25,832
Provision for impairment	7(b)	**6,300**	1,183
Written off		**(1,912)**	(3,075)
At 31 December		**28,328**	23,940

The carrying amounts of trade and other receivables approximate their fair value.

Trade receivables which are due as at the end of the reporting period are as follows:

		Past due					
		Specifically impaired	Not specifically impaired				
	Not past due RM'000	RM'000	0 -3 months RM'000	3 - 6 months RM'000	6 – 12 months RM'000	Over 12 months RM'000	Total RM'000
31.12.2012	**248,135**	**25,923**	**247,533**	**94,231**	**30,370**	**55,066**	**701,258**
31.12.2011	232,604	18,411	438,785	96,020	64,426	40,087	890,333
1.1.2011	194,718	46,651	295,246	61,112	31,878	57,189	686,794

The Group is not exposed to major concentration of credit risk due to the diverse customer base. In addition, credit risk is mitigated to a certain extent by cash deposits and bankers' guarantee obtained from customers. The Group considers the accumulated impairment losses of trade receivables at the end of the reporting period to be adequate to cover the potential financial loss.

Credit terms of trade receivables for the Group range from 7 to 90 days (2011: 7 to 90 days).

34. DEPOSITS, CASH AND BANK BALANCES

		Group			Company		
	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Deposits with:							
– Licensed banks		**794,698**	5,352,219	5,408,813	**332,688**	1,993,148	3,081,028
– Other financial institutions		**-**	-	115,821	**-**	-	-
Deposits under Islamic principles		**5,816,634**	714,505	206,560	**3,186,244**	3,000	-
Total deposits		**6,611,332**	6,066,724	5,731,194	**3,518,932**	1,996,148	3,081,028
Cash and bank balances		**1,294,872**	550,064	546,188	**5,426**	5,800	11,227
Total deposits, cash and bank balances		**7,906,204**	6,616,788	6,277,382	**3,524,358**	2,001,948	3,092,255
Less:							
Deposits pledged	16(a)	**(6,388)**	(421,338)	(13,037)	**-**	(418,045)	-
Deposits on the investment in a subsidiary	5(a)(ii)	**-**	(87,135)	-	**-**	-	-
Debt reserve account	16(e)	**-**	(56,542)	(7)	**-**	-	-
Bank overdraft	16	**(5,352)**	(5,367)	(6,192)	**-**	-	-
Total cash and cash equivalents at the end of the financial year		**7,894,464**	6,046,406	6,258,146	**3,524,358**	1,583,903	3,092,255

The deposits are placed mainly with a number of creditworthy financial institutions. There is no major concentration of deposits in any single financial institution. Maturity range of deposits is as follows:

(In days)	From	Group To	Company To
Financial year ended 31 December 2012	Overnight	270	270
Financial year ended 31 December 2011	Overnight	360	90

34. DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

The currency profile of deposits, cash and bank balances is as follows:

	31.12.2012						31.12.2011						1.1.2011					
	Functional currency						Functional currency						Functional currency					
	RM	IDR	SLR	BDT	Others	Total	RM	IDR	SLR	BDT	Others	Total	RM	IDR	SLR	BDT	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group																		
RM	**6,618,563**	**-**	**-**	**-**	**-**	**6,618,563**	5,005,629	-	-	-	-	5,005,629	5,005,016	-	-	-	-	5,005,016
USD	**613,300**	**36,455**	**122,535**	**-**	**12,175**	**784,465**	538,289	12,145	11,311	-	19,567	581,312	642,246	53,912	4,643	3,489	16,717	721,007
IDR	**86**	**217,929**	**-**	**-**	**-**	**218,015**	88	336,196	-	-	-	336,284	315	75,509	-	-	-	75,824
SLR	**2,533**	**-**	**58,885**	**-**	**-**	**61,418**	3,054	-	251,774	-	-	254,828	3,098	-	125,933	-	-	129,031
BDT	**-**	**-**	**-**	**178,172**	**-**	**178,172**	-	-	-	74,711	-	74,711	-	-	-	58,131	-	58,131
Other	**45,571**	**-**	**-**	**-**	**-**	**45,571**	-	-	-	-	364,024	364,024	-	-	-	-	288,373	288,373
Total	**7,280,053**	**254,384**	**181,420**	**178,172**	**12,175**	**7,906,204**	5,547,060	348,341	263,085	74,711	383,591	6,616,788	5,650,675	129,421	130,576	61,620	305,090	6,277,382
Company																		
RM	**2,955,582**	**-**	**-**	**-**	**-**	**2,955,582**	1,500,704	-	-	-	-	1,500,704	2,978,166	-	-	-	-	2,978,166
USD	**568,776**	**-**	**-**	**-**	**-**	**568,776**	501,244	-	-	-	-	501,244	114,089	-	-	-	-	114,089
Total	**3,524,358**	**-**	**-**	**-**	**-**	**3,524,358**	2,001,948	-	-	-	-	2,001,948	3,092,255	-	-	-	-	3,092,255

35. NON-CURRENT ASSETS/LIABILITIES CLASSIFIED AS HELD-FOR-SALE

(a) Proposed disposal of 89.00% equity interest in Multinet Pakistan (Private) Limited ("Multinet")

The assets and liabilities related to a subsidiary, Multinet, a 89.00% owned subsidiary of the Group has been presented as non-current assets held-for-sale following an agreement entered into on 13 July 2010 to dispose Multinet to the existing shareholder in Pakistan. The completion of the transaction is extended as the transaction is subject to amongst others the fulfilment of certain conditions precedent.

Multinet continued to be classified as assets and liabilities directly associated with non-current assets classified as held-for-sale as at 31 December 2012 and presented under the 'others' segment as disclosed in Note 39 to the financial statements.

(i) Cash flows associated with assets/liabilities held-for-sale

Group	**2012** **RM'000**	**2011** **RM'000**
Operating cash flows	**15,949**	58,963
Investing cash flows	**(8,125)**	(46,285)
Financing cash flows	**(9,448)**	(21,137)
Effect of exchange losses	**(480)**	(544)
Total cash flows	**(2,104)**	(9,003)

35. NON-CURRENT ASSETS/LIABILITIES CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

(a) Proposed disposal of 89.00% equity interest in Multinet Pakistan (Private) Limited ("Multinet") (continued)

(ii) Assets directly associated with non-current assets classified as held-for-sale

Group	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
PPE	**231,312**	251,169	251,107
Other intangible assets	**2,353**	–	–
Other current assets	**15,072**	31,527	34,667
Total assets directly associated with non-current assets classified as held-for-sale	**248,737**	282,696	285,774

(iii) Liabilities directly associated with non-current assets classified as held-for-sale

Group	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Borrowings	**(37,044)**	(67,026)	(80,955)
Deferred tax liabilities	**(12,409)**	(10,242)	(2,105)
Other current liabilities	**(102,823)**	(110,170)	(161,593)
Total liabilities directly associated with non-current assets classified as held-for-sale	**(152,276)**	(187,438)	(244,653)

(iv) Cumulative expenses recognised in other comprehensive income relating to non-current assets classified as held-for-sale amounted to RM6.3 million (2011: RM21.8 million).

(b) Proposed disposal of 49.00% equity interest in MTCE

On 18 May 2011, the Group entered into a SPA with Telecommunication Company of Esfahan on the disposal of its entire shareholding in MTCE representing 49.00% of the total issued and paid-up share capital in MTCE. The completion of the sale is subject to the fulfillment of certain conditions and completion procedures in the SPA. In conjunction with the disposal of MTCE, the investment in MTCE amounted to RM4.1 million continued to be classified as "Non-Current Assets Held-for-Sale" as at 31 December 2012.

The disposal of MTCE was completed on 2 January 2013 as disclosed in Note 48(b).

36. CASH FLOWS FROM/(USED IN) OPERATING, INVESTING AND FINANCING ACTIVITIES

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Receipts from customers		**17,637,956**	15,986,440	**-**	-
Payments to suppliers and employees		**(9,357,687)**	(8,380,194)	**(208,484)**	(150,214)
Dividends received		**-**	-	**3,093,837**	-
Dividends from associates		**-**	-	**1,038**	2,107
Payment of finance cost		**(774,241)**	(635,449)	**(32,084)**	(34,088)
Payment of zakat		**(500)**	(845)	**-**	(845)
Payment of income taxes (net of tax refunds)		**(668,547)**	(1,184,704)	**5,628**	1,418
Total cash flows from/(used in) operating activities		**6,836,981**	5,785,248	**2,859,935**	(181,622)
Proceeds from disposal of PPE		**46,305**	134,523	**263**	-
Proceeds from disposal of investment properties		**-**	14,176	**-**	-
Purchase of PPE and inventories on Telecommunication Equipment		**(5,125,756)**	(4,280,063)	**(3,145)**	(5,254)
Payment on intangible assets		**(336,323)**	(378,127)	**-**	-
Novation of put option of an associate	19(e)	**-**	(334,308)	**-**	-
Investment in a subsidiary	5(a)(ii)	**(80,380)**	-	**-**	-
Proceeds from partial disposal of a subsidiary	5(b)(i)	**-**	1,452	**-**	-
Additional investment in an associate	5(b)(iii)	**-**	(205,766)	**-**	-
Acquisition of an associate	5(a)(x)	**(3,728)**	-	**-**	-
Acquisition of jointly controlled entities	5(a)(i),(v)	**(3,195)**	-	**-**	-
Interest received		**262,574**	235,524	**43,409**	80,062
Net repayment from employees		**117**	188	**-**	-
Advances from subsidiaries treated as quasi-investment		**-**	-	**-**	17,181
Net repayment of advances from subsidiaries		**-**	-	**477,737**	142,462
Total cash flows (used in)/from investing activities		**(5,240,386)**	(4,812,401)	**518,264**	234,451

36. CASH FLOWS FROM/(USED IN) OPERATING, INVESTING AND FINANCING ACTIVITIES (CONTINUED)

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Proceeds from borrowings (net of transaction costs)		**2,519,607**	2,646,226	**–**	–
Repayments of borrowings		**(2,104,496)**	(2,145,444)	**–**	–
Early repayment of existing Sukuk		**(4,200,000)**	–	**–**	–
Proceeds from Sukuk issuance		**5,435,280**	–	**–**	–
Proceeds from issuance of Performance-Based ESOS shares		**101,636**	38,061	**101,636**	38,061
Share issue expense		**(341)**	(112)	**(341)**	(112)
Dividends paid to non-controlling interests		**(132,059)**	(112,308)	**–**	–
Dividends paid to shareholders	45	**(1,954,275)**	(1,184,230)	**(1,954,275)**	(1,184,230)
Dividends received from associates		**97,087**	117,217	**–**	–
Total cash flows used in financing activities		**(237,561)**	(640,590)	**(1,852,980)**	(1,146,281)

37. CONTINGENCIES AND COMMITMENTS

(a) Capital commitments

	Group	
	2012 RM'000	2011 RM'000
<u>PPE</u>		
Commitments in respect of expenditure		
- Approved and contracted for	**2,169,117**	1,747,978
- Approved but not contracted for	**966,511**	909,877
	3,135,628	2,657,855

37. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(b) Operating lease commitments

XL entered into non-cancellable office and tower rental agreements IDR with various terms and the total commitment are as follows:

	2012		2011	
	IDR' million	equivalent* RM'000	IDR' million	equivalent* RM'000
Payable within one (1) year	**552,851**	**175,807**	18,850	6,579
Payable more than one (1) year and no later than five (5) years	**2,147,890**	**683,029**	84,268	29,410
Payable more than five (5) years	**434,751**	**138,251**	69,854	24,379
Total	**3,135,492**	**997,087**	172,972	60,368

* *based on closing rate as at reporting date*

The rental expenses related to XL's commitment for the financial year ended 31 December 2012 and 2011 amounted to RM179.0 million (IDR563,013.0 million) and RM6.6 million (IDR18,850.0 million) respectively.

(c) 3G annual fees commitment

XL has committed to pay annual fees within ten (10) years, as long as XL holds the 3G license. The amount of annual payment is based on the scheme of payment set out in Regulation No. 07/PER/M.KOMINFO/2/2006 of the Minister of Communication and Information. No penalty will be imposed in the event that XL returns the license.

37. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(d) List of contingent liabilities as at 31 December of the Group are as follows:

	Description	Potential exposure 2012 RM'million	2011 RM'million
1	**Celcom Trading Sdn Bhd [formerly known as Rego Multi-Trades Sdn Bhd] ("Celcom Trading") vs Aras Capital Sdn Bhd ("Aras Capital") and Tan Sri Dato' Tajudin Ramli ("TSDTR")** In 2005, Celcom Trading, a wholly-owned subsidiary of Celcom, commenced proceedings against Aras Capital and TSDTR for amounts due to Celcom Trading pursuant to an investment agreement with Aras Capital and an indemnity letter given by TSDTR. TSDTR filed its defence and instituted a counterclaim against Celcom Trading, Celcom Resources Berhad [formerly known as Technology Resources Industries Berhad] ("Celcom Resources") and its directors to void and rescind the indemnity letter and claim damages. The Board of Directors, based on legal advice received, are of the view that it has good prospects of succeeding on the claim and successfully defending the counterclaim if the same were to proceed to trial.	**100.0**	100.0
2	**VIP Engineering and Marketing Limited ("VIPEM") vs Celcom Resources on TRI Telecommunications Tanzania Limited ("Tritel")** In December 2001, vide Civil Case No. 427 of 2001, VIPEM claimed a sum of USD18.6 million from Celcom Resources as its share of loss of profits for the mismanagement of Tritel, a joint venture company between Celcom Resources and VIPEM. In light of the winding-up order made against Tritel, Celcom Resources filed its claims of RM123.4 million with the liquidator of Tritel in July 2003. The Board of Directors, based on legal opinion received, are of the view that the allegations of mismanagement, are rhetorical and unsubstantiated. In view of the winding up proceedings, there is also a possibility that VIPEM will not pursue its claim.	**63.7**	63.7

37. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(d) List of contingent liabilities as at 31 December of the Group are as follows: (continued)

		Potential exposure	
	Description	**2012 RM'million**	**2011 RM'million**
3	**Claim on Robi by National Board of Revenue of Bangladesh ("NBR")** The Large Tax Unit of NBR issued a show case letter dated 23 February 2012 to Robi demanding payment of supplementary duty and VAT levied on the issuance of a certain number of SIM cards to new customers of Robi on the pretext that the issuance was replacement purposes with regards to Robi's existing customers. The total demand amounted to RM251.0 million (BDT6,549.9 million). The Board of Directors, based on legal advice received, are of the view that it has good prospects of succeeding on the claim.	**251.0**	–
4	**Robi's tax position** Robi has claimed for SIM tax subsidy as a deductible expense in its tax provision computations for FY2005 to 2012 (2011: FY2005 to 2011). The National Board of Revenue has challenged this claim and regarded the SIM tax subsidy as non-deductible, on grounds that the subsidies are collectible from the customers and hence is not a 'business expense'. The case has been taken to the local court whereby the proceeding is still ongoing with no decision reached to-date. Based on legal opinion received, the Board of Directors are of the view that Robi has good prospects of succeeding on the claim.	**184.5**	125.8

37. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(d) List of contingent liabilities as at 31 December of the Group are as follows: (continued)

	Description	Potential exposure 2012 RM'million	2011 RM'million
5	**VAT assessment on Robi SIM card sales**	**–**	69.7
	By a judgment dated 24 August 2006, the Divisional Bench of the High Court Division declared that the imposition of tax on SIM card sales was illegal and without lawful authority. Robi ceased making payments to the National Board of Revenue on the basis of the said Order. However, with effect from 27 March 2007, Robi resumed payment of the VAT on SIM Card sales due to a Stay Order issued by the Appellate Division of the Supreme Court on the Order passed by the High Court on 24 August 2006. In the event a clawback is required, the estimated VAT on sales of SIM cards between August 2006 and March 2007, amounts to RM69.7 million (BDT1.8 billion).		
	On 6 August 2012, Government served the Demand Note based on a lawyer's certificate, as written judgment of the Appellate Division is yet to be published. Robi filed a Writ challenging the Demand Note. High Court refused to hear the Writ Petition, as written judgment of the Appellate Division was not available. As a result, Robi filed an appeal with the Appellate Division. Appellate Division granted leave to appeal, however, requested Robi to deposit 50% of the demand amount, which will be adjusted or set-off with any other regulatory payment to NBR, if Robi is successful in their appeal. Robi paid RM34.5 million (BDT900.0 million) to NBR accordingly.		
6	**Access Promotion Contribution ("APC") of Multinet**	**132.7**	145.2
	Multinet filed a suit during the financial year ended 31 December 2010 in the Honourable High Court of Sindh against the Federation of Pakistan, Pakistan Telecommunications Authority ("PTA"), Pakistan Telecommunication Company Limited ("PTCL") and the Universal Service Fund Company inter alia challenging the legality and enforcement of APC applicable on international incoming calls. Multinet has stopped paying APC to PTA from 30 September 2009. In the event a clawback is required, the estimated amount as per PTA monthly demand notice from January 2010 to December 2012 is PKR4.2 billion (2011: PKR4.1 billion).		
	Based on legal opinion received, the Board of Directors are of the view that Multinet has good prospects of succeeding on the claim.		
	Total exposure	**731.9**	504.4

The Company does not have any contingent liabilities as at 31 December 2012 and 2011.

38. SIGNIFICANT NON-CASH TRANSACTIONS

Significant non-cash transactions are as follows:

Group	2012 RM'000	2011 RM'000
Asset swap arrangements	**7,893**	116,565

39. SEGMENTAL REPORTING

By key operating companies of the Group

Management has determined the operating segments based on the reports reviewed by the Board of Directors (Chief Operating decision maker).

The Board of Directors considers the business from a geographic perspective. The Group's operating companies operate in many countries as shown in Note 41 to the financial statements. Accordingly, the Group's operations by key operating companies is segmentised into these main geographic segments: Malaysia, Indonesia, Bangladesh, Sri Lanka and Others. Others comprise of individual companies that contributed less than 10% of consolidated revenue.

The reportable segments derive their revenue primarily from the provision of mobile services, leasing of passive infrastructure, and others such as provision of interconnect services, leased services, pay television transmission services and provision of other data services. Revenue is based on the country in which the customers are located.

The Board of Directors assesses the performance of the operating segment, before its respective tax charge or tax credits, based on a measure of EBITDA. EBITDA is derived after operating revenue less other operating costs, domestic interconnect and international outpayment, marketing, advertising and promotion, and staff costs.

39. SEGMENTAL REPORTING (CONTINUED)

	Malaysia RM'000	Indonesia RM'000	Bangladesh RM'000	Sri Lanka RM'000	Others RM'000	Consolidation adjustments/ eliminations RM'000	Total RM'000
Financial year ended 31 December 2012							
Operating revenue:							
Total operating revenue	7,692,866	6,920,036	1,469,777	1,366,707	318,409	-	17,767,795
Inter-segment*	(8,381)	(45,884)	(311)	(28,327)	(1,237)	(32,038)	(116,178)
External operating revenue	7,684,485	6,874,152	1,469,466	1,338,380	317,172	(32,038)	17,651,617
Results:							
EBITDA	3,360,237	3,315,155	455,842	437,434	(144,239)	68	7,424,497
Interest income	144,647	42,553	10,574	7,447	108,766	(51,642)	262,345
Interest expense	(247,016)	(287,208)	(70,234)	(15,870)	(147,340)	49,869	(717,799)
Depreciation of PPE	(838,778)	(1,737,418)	(218,674)	(255,511)	(32,111)	66,209	(3,016,283)
Amortisation of intangible assets	(84,251)	(23,873)	(53,914)	(5,636)	(444)	-	(168,118)
Jointly controlled entities:							
- share of results (net of tax)	(1,577)	-	-	-	-	-	(1,577)
Associates:							
- share of results (net of tax)	6,995	-	-	(207)	228,162	-	234,950
- loss on dilution of equity interests	-	-	-	-	-	(22,860)	(22,860)
Impairment of PPE, net of reversal	(86,990)	-	-	(15,556)	(45,975)	-	(148,521)
Other non cash income/(expense)	64,086	(69,339)	37,697	(55,379)	(63,673)	1,768	(84,840)
Taxation	(442,753)	(325,696)	(111,611)	47,711	(30,005)	(19,863)	(882,217)
Segment profit/(loss) for the financial year	1,874,600	914,174	49,680	144,433	(126,859)	23,549	2,879,577

39. SEGMENTAL REPORTING (CONTINUED)

	Malaysia RM'000	Indonesia RM'000	Bangladesh RM'000	Sri Lanka RM'000	Others RM'000	Consolidation adjustments/ eliminations RM'000	Total RM'000
Financial year ended 31 December 2011 (restated)							
Operating revenue:							
Total operating revenue	7,182,493	6,354,530	1,270,331	1,263,886	345,045	–	16,416,285
Inter-segment*	(8,371)	(46,930)	–	(11,351)	(15,213)	(44,000)	(125,865)
External operating revenue	7,174,122	6,307,600	1,270,331	1,252,535	329,832	(44,000)	16,290,420
Results:							
EBITDA	3,137,215	3,325,990	395,621	451,216	(110,988)	(21,904)	7,177,150
Interest income	95,070	40,773	5,774	11,737	131,659	(49,232)	235,781
Interest expense	(220,054)	(288,375)	(33,611)	(10,095)	(135,031)	49,064	(638,102)
Depreciation of:							
– PPE	(839,992)	(1,684,362)	(236,684)	(275,898)	(63,115)	11,027	(3,089,024)
– Investment properties	(1)	–	–	–	–	–	(1)
Amortisation of intangible assets	(56,881)	(25,175)	(12,512)	(7,095)	–	–	(101,663)
Associates:							
– share of results (net of tax)	7,605	–	–	268	129,872	–	137,745
– loss on dilution of equity interests	–	–	–	–	–	(20,108)	(20,108)
Impairment of PPE, net of reversal	6,934	(13,584)	–	(948)	–	–	(7,598)
Other non cash income/(expense)	58,108	(14,601)	(121,361)	(12,486)	(27,410)	169	(117,581)
Taxation	(420,844)	(357,729)	(31,458)	(12,556)	(41,205)	(557)	(864,349)
Segment profit/(loss) for the financial year	1,767,160	982,937	(34,231)	144,143	(116,218)	(31,541)	2,712,250

* *Inter-segment operating revenue has been eliminated in arriving at 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.*

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Market risks consist of:

(i) foreign currency exchange risk – risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

(ii) fair value interest rate risk – risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

(iii) cash flow interest rate risk – risk that future cash flows associated with a financial instrument will fluctuate. In the case of a floating rate debt instrument, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

(iv) price risk – risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instrument traded in the market.

(b) credit risk – risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

(c) liquidity risk (funding risk) – risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Group's and the Company's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and the Company. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the Group's and the Company's financial risk management policies. The Board of Directors regularly reviews these risks and approves the treasury policies, which covers the management of these risks. Hedging transactions are determined in the light of commercial commitments. Derivative financial instruments are mainly used to hedge underlying commercial exposures.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risks

(i) Foreign currency exchange risk

The foreign exchange risk of the Group and the Company predominately arises from borrowings denominated in foreign currencies. The main currency exposure from borrowings denominated in foreign currency is USD. The Group and the Company have cross currency swaps and forward foreign currency contracts that are primarily used to hedge selected long term foreign currency borrowings to reduce the foreign currency exposures on these borrowings.

The Group has certain investment in foreign operation, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operation is managed primarily through borrowings denominated in the relevant foreign currency and also the use of cross currency swap.

As at 31 December 2012, if USD has weakened by 5% against IDR, BDT, SLR and RM with all other variables held constant, this will result in foreign exchange gains to the profit or loss of RM172.3 million and RM38.3 million respectively for the Group and the Company, on translation of USD denominated borrowings.

(ii) Cash flow and fair value interest rate risk

The Group and the Company has deposits, cash and bank balances including deposits placed with creditworthy licensed banks and financial institutions. The Group and the Company manage its interest rate risk by actively monitoring the yield curve trend and interest rate movement for the various deposits, cash and bank balances.

The Group's and the Company's borrowings comprise borrowings from financial and non-financial institutions, Sukuk and Notes. The Group's and the Company's interest rate risk objective is to manage an acceptable level of rate fluctuation on the interest expense. In order to achieve this objective, the Group and the Company target a composition of fixed and floating borrowings based on assessment of its existing exposure and desirable interest rate profile. To obtain this composition, the Group and the Company use hedging instruments such as interest rate swap contracts.

As at 31 December 2012, if interest rate on different foreign currencies denominated floating interest rates borrowings had been lower by 5% with all other variables held constant, this will result in a lower interest expense of RM14.5 million and RM0.6 million respectively for the Group and the Company.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risks (continued)

(iii) Price risk

The Group is exposed to equity securities price risk because of the investments held by the Group classified on the consolidated statement of financial position as AFS and FVTPL. The Group is not exposed to commodity price risk. No financial instruments or derivatives have been employed to hedge this risk.

(b) Credit risk

Credit risk arises from trade receivables, cash and cash equivalents and financial instruments used in hedging activities.

The Group has no significant concentration of credit risk due to its diverse customer base. Credit risk is managed through the application of credit assessment and approval, credit limit and monitoring procedures. Where appropriate, the Group obtains deposits or bank guarantees from customers.

The Group and the Company place its cash and cash equivalents with a number of creditworthy financial institutions. The Group's and the Company policy limit the concentration of financial exposure to any single financial institution.

All hedging instruments are executed with creditworthy financial institutions with a view to limiting the credit risk exposure of the Group and the Company. The Group and the Company, however, are exposed to credit-related losses in the event of non-performance by counterparties to financial derivative instruments, but do not expect any counterparties to fail to meet their obligations.

The maximum credit risk exposure of the financial assets of the Group and the Company are approximately their carrying amounts as at the end of the reporting period.

The credit quality of the financial assets that are neither past due nor impaired is shown in Note 18 to the financial statements.

The carrying amount of trade receivables that are past due is shown in Note 33 to the financial statements.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient liquid funds to meet its financial obligations.

In the management of liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Group and the Company aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the Group's and the Company's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. As amounts included in the table are contractual undiscounted cash flows, these amounts will not be reconciled to the amounts disclosed on the statement of financial position for borrowings and trade, other payables and derivative financial instruments.

	31.12.2012				31.12.2011				1.1.2011			
	Trade and other payables RM'000	Borrowings RM'000	Net settled derivative financial instruments RM'000	Total RM'000	Trade and other payables RM'000	Borrowings RM'000	Net settled derivative financial instruments RM'000	Total RM'000	Trade and other payables RM'000	Borrowings RM'000	Net settled derivative financial instruments RM'000	Total RM'000
Group												
Below 1 year	**3,846,968**	**2,401,273**	**7,110**	**6,255,351**	3,782,137	2,780,541	9,581	6,572,259	2,900,954	1,270,380	14,191	4,185,525
1-2 years	**-**	**2,236,384**	**4,524**	**2,240,908**	125,054	1,999,952	7,026	2,132,032	-	2,468,115	11,203	2,479,318
2-3 years	**-**	**2,755,448**	**1,939**	**2,757,387**	-	1,247,766	4,471	1,252,237	-	1,362,947	8,216	1,371,163
3-4 years	**-**	**639,540**	**-**	**639,540**	-	2,606,805	1,916	2,608,721	-	693,003	5,228	698,231
4-5 years	**-**	**2,285,738**	**-**	**2,285,738**	-	318,504	-	318,504	-	2,379,652	2,241	2,381,893
Over 5 years	**-**	**5,070,392**	**-**	**5,070,392**	-	5,134,915	-	5,134,915	-	5,650,515	-	5,650,515
Total contractual undiscounted cash flows	**3,846,968**	**15,388,775**	**13,573**	**19,249,316**	3,907,191	14,088,483	22,994	18,018,668	2,900,954	13,824,612	41,079	16,766,645
Total carrying amounts	**3,846,968**	**12,658,062**	**14,977**	**16,520,007**	3,907,191	11,459,363	22,759	15,389,313	2,900,954	10,683,574	22,638	13,607,166

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

	31.12.2012				31.12.2011				1.1.2011			
	Other payables RM'000	Borrowings RM'000	Amounts due to subsidiaries RM'000	Total RM'000	Other payables RM'000	Borrowings RM'000	Amounts due to subsidiaries RM'000	Total RM'000	Other payables RM'000	Borrowings RM'000	Amounts due to subsidiaries RM'000	Total RM'000
Company												
Below 1 year	**70,254**	**30,827**	**661,610**	**762,691**	65,020	30,907	4,310	100,237	37,193	29,226	1,374	67,793
1-2 years	**-**	**30,827**	**-**	**30,827**	-	30,907	-	30,907	-	29,226	-	29,226
2-3 years	**-**	**816,113**	**-**	**816,113**	-	30,907	-	30,907	-	29,226	-	29,226
3-4 years	**-**	**-**	**-**	**-**	-	816,154	-	816,154	-	29,226	-	29,226
4-5 years	**-**	**-**	**-**	**-**	-	-	-	-	-	815,313	-	815,313
Over 5 years	**-**	**-**	**-**	**-**	-	-	-	-	-	-	-	-
Total contractual undiscounted cash flows	**70,254**	**877,767**	**661,610**	**1,609,631**	65,020	908,875	4,310	978,205	37,193	932,217	1,374	970,784
Total carrying amounts	**70,254**	**764,691**	**661,610**	**1,496,555**	65,020	775,128	4,310	844,458	37,193	738,758	1,374	777,325

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Capital risk management

The primary objective of the Group's capital risk management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder's value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may or may not make dividend payments to shareholders, return capital to shareholders or issue new shares or other instruments.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratios. This ratio is calculated as total borrowings by total equity. Total borrowings including non-current and current borrowings as shown in the consolidated statement of financial position. Total equity is calculated as 'equity' in the consolidated statement of financial position.

The gearing ratios as at reporting date were as follows:

Group	31.12.2012 RM'000	31.12.2011 RM'000 Restated	1.1.2011 RM'000
Borrowings (Note 16)	**12,658,062**	11,459,363	10,683,574
Total equity	**22,007,222**	21,675,497	20,278,648
Gearing ratio	**0.58**	0.53	0.53

The Group's capital management strategy was to obtain and maintain an investment grade credit rating.

(e) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identified assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices, level 2)
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs, level 3)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

The following table represents the fair value level of the assets and liabilities that are measured at fair value as at reporting date.

	31.12.2012				31.12.2011			
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
Group								
Assets								
Financial assets at FVPTL:								
- Trading securities	**8**	**-**	**-**	**8**	9	-	-	9
- Non-hedging derivatives	**-**	**55,708**	**-**	**55,708**	-	44,891	-	44,891
Available-for-sale:								
- Equity securities	**-**	**-**	**892**	**892**	-	-	893	893
	8	**55,708**	**892**	**56,608**	9	44,891	893	45,793
Liabilities								
Financial liabilities at FVPTL:								
- Non-hedging derivatives	**-**	**18,705**	**-**	**18,705**	-	36,888	-	36,888
- Derivative used for hedging	**-**	**175,476**	**-**	**175,476**	-	90,861	-	90,861
	-	**194,181**	**-**	**194,181**	-	127,749	-	127,749
Company								
Liabilities								
Financial liabilities at FVTPL:								
- Derivative used for hedging	**-**	**45,249**	**-**	**45,249**	-	33,609	-	33,609

41. LIST OF SUBSIDIARIES

The subsidiaries are as follows:

Name of company	% of Group's effective shareholding 2012	2011	Principal activities	Place of incorporation
Axiata Investments (Labuan) Limited	**100.00**	100.00	Investment holding	Federal Territory, Labuan, Malaysia
Axiata Investments 1 (India) Limited#	**100.00**	100.00	Investment holding	Mauritius
Hello Axiata Company Limited#	**100.00**	100.00	Provision of mobile telecommunication services in Cambodia	Cambodia
Axiata Management Services Sdn Bhd	**100.00**	100.00	Provision of services under Axiata's Service Assurance Centre to telecommunication service providers to enhance service quality to customers	Malaysia
Celcom Axiata Berhad	**100.00**	100.00	Provision of telecommunication network capacity, infrastructure and services	Malaysia
Axiata Investments (Singapore) Limited	**100.00**	100.00	Investment holding	Federal Territory, Labuan, Malaysia
Axiata SPV1 (Labuan) Limited	**100.00**	100.00	Offshore non-trading	Federal Territory, Labuan, Malaysia
Axiata Foundation&	**–**	–	Develop and nurture talent pool and foster, develop and improve education	Malaysia
Axiata SPV2 Berhad	**100.00**	–	Special purpose vehicle	Malaysia
Axiata SPV3 Sdn Bhd	**100.00**	–	Investment holding	Malaysia
Axiata Investments (Cambodia) Limited	**100.00**	–	Investment holding	Federal Territory, Labuan, Malaysia
Subsidiaries held through Axiata Investments (Labuan) Limited				
Dialog Axiata PLC#	**84.97**	84.97	Provision of communication services (mobile, internet, international gateway, electronic and mobile commerce and telecommunication infrastructure) in Sri Lanka	Sri Lanka
Axiata Investments (Mauritius) Limited#	**100.00**	100.00	Dormant	Mauritius

41. LIST OF SUBSIDIARIES (CONTINUED)

Name of company	% of Group's effective shareholding 2012	2011	Principal activities	Place of incorporation
Subsidiaries held through Axiata Investments (Labuan) Limited (continued)				
Robi Axiata Limited*	**70.00**	70.00	Provision of mobile telecommunication services in Bangladesh	Bangladesh
Axiata Lanka (Private) Limited#	**100.00**	100.00	To carry on engage in the business of constructing high rise office complex with telecommunication tower and to provide other facilities for the occupants of the building and for the sale, leasing and renting thereof	Sri Lanka
Multinet Pakistan (Private) Limited* ~	**89.00**	89.00	Provision of cable television services, information technology (including software development) telecommunication and multimedia services in Pakistan	Pakistan
Axiata Investments (Indonesia) Sdn Bhd	**100.00**	100.00	Investment holding	Malaysia
Subsidiary held through Axiata Investments (Indonesia) Sdn Bhd				
PT XL Axiata Tbk#	**66.55**	66.61	Provision of mobile telecommunication services in Republic of Indonesia	Indonesia
Subsidiaries held through PT XL Axiata Tbk				
Excelcomindo Finance Company BV#	**66.55**	66.61	Financing	Netherlands
GSM One (L) Limited#	**66.55**	66.61	Financing	Federal Territory, Labuan, Malaysia
GSM Two (L) Limited#	**66.55**	66.61	Financing	Federal Territory, Labuan, Malaysia

41. LIST OF SUBSIDIARIES (CONTINUED)

Name of company	% of Group's effective shareholding 2012	2011	Principal activities	Place of incorporation
Subsidiaries held through Dialog Axiata PLC				
Dialog Broadband Networks (Private) Limited#	**84.97**	84.97	To establish, maintain and operate an International Telecommunication Service including but not limited to operation of international Voice Services, provision of International Private Leased Circuit Services and Managed Services	Sri Lanka
Dialog Television (Private) Limited#	**84.97**	84.97	To establish and carry on the business of television broadcasting network including cable and pay television transmission within Sri Lanka	Sri Lanka
Subsidiaries held through Dialog Television (Private) Limited				
Communiq Broadband Network (Private) Limited#	**84.97**	84.97	To undertake, market, sell, operate, maintain and provide information technology and enabled services of all types whatsoever including but not limited to data and content transmission services	Sri Lanka
Dialog Television Trading (Private) Limited [formerly known as CBN Sat (Private) Limited]#	**84.97**	84.97	To carry on the business of importers, manufacturers, assemblers, exporters, traders, distributors, retailers and wholesalers of any electronic consumer products and ratio and visual goods	Sri Lanka
Subsidiary held through Robi Axiata Limited				
Bangladesh Infrastructure Company Limited*	**70.00**	–	To establish, carry on, supervise and procure the business of telecommunication infrastructure by arranging and letting out infrastructure facilities to the existing and future incorporated telecommunication companies	Bangladesh

41. LIST OF SUBSIDIARIES (CONTINUED)

Name of company	% of Group's effective shareholding 2012	2011	Principal activities	Place of incorporation
Subsidiary held through Axiata Investments 1 (India) Limited				
Axiata Investments 2 (India) Limited#	**100.00**	100.00	Investment holding	Mauritius
Subsidiaries held through Celcom Axiata Berhad				
Celcom Mobile Sdn Bhd	**100.00**	100.00	Provision of mobile communication services, network services, application services and content	Malaysia
Celcom Networks Sdn Bhd [formerly known as Celcom Transmission (M) Sdn Bhd]	**100.00**	100.00	Provision of network telecommunication network capacity and services	Malaysia
Celcom Properties Sdn Bhd [formerly known as Alpha Canggih Sdn Bhd]	**100.00**	100.00	Property investment	Malaysia
Escape Axiata Sdn Bhd [formerly known as Celcom Technology (M) Sdn Bhd]	**100.00**	100.00	Provision of Over-The-Top ("OTT") and other on demand content delivered via multiple internet connected devices	Malaysia
Celcom Retail Holding Sdn Bhd [formerly known as CT Paging Sdn Bhd]+	**100.00**	100.00	Provision of strategic and business development, management, administrative, support services and investment holding	Malaysia
Celcom Intelligence Sdn Bhd [formerly known as Celcom Trunk Radio (M) Sdn Bhd]	**100.00**	100.00	Ceased operations	Malaysia
Celcom Timur (Sabah) Sdn Bhd	**80.00**	80.00	Provision of fibre optic transmission network	Malaysia

41. LIST OF SUBSIDIARIES (CONTINUED)

Name of company	% of Group's effective shareholding 2012	% of Group's effective shareholding 2011	Principal activities	Place of incorporation
Subsidiaries held through Celcom Axiata Berhad (continued)				
Celcom eCommerce Sdn Bhd [formerly known as Celcom Multimedia (Malaysia) Sdn Bhd]	**100.00**	100.00	Provision of electronic wallet services	Malaysia
Celcom Resources Berhad [formerly known as Technology Resources Industries Berhad]	**100.00**	100.00	Investment holding	Malaysia
Celcom Childcare Sdn Bhd	**100.00**	–	To provide pre-school education, kindergartens, child nurseries, child development centres and other related activities	Malaysia
Subsidiary held through Celcom Retail Holding Sdn Bhd [formerly known as CT Paging Sdn Bhd]				
Celcom Retail Sdn Bhd [formerly known as C-Mobile Sdn Bhd]	**100.00**	100.00	Trading and distribution of communication devices and its related products and services and setting up and managing of concept retail stores based on intellectual property rights owned by Celcom	Malaysia

41. LIST OF SUBSIDIARIES (CONTINUED)

Name of company	% of Group's effective shareholding 2012	2011	Principal activities	Place of incorporation
Subsidiaries held through Celcom Resources Berhad [formerly known as Technology Resources Industries Berhad]				
Celcom Trading Sdn Bhd [formerly known as Rego Multi-Trades Sdn Bhd]+	**100.00**	100.00	Dealing in marketable securities	Malaysia
Celcom Services Sdn Bhd [formerly known as Technology Resources Management Services Sdn Bhd]+	**100.00**	100.00	Provision of services related to telecommunication infrastructure	Malaysia
Subsidiary held through Hello Axiata Company Limited				
Axiata Towers (Cambodia) Company Limited#	**100.00**	–	Undertake activities and operations related to telecommunication infrastructure	Cambodia

 # Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia
** Audited by a firm other than a member firm of PricewaterhouseCoopers International Limited*
+ Inactive as at 31 December 2012
~ Reclassified to non-current assets held-for-sale as disclosed in Note 35(a) to the financial statements
& In accordance with IC 112-Consolidation: "Special Purpose Vehicles", AF is consolidated in the Group as the substance of the relationship between the Company and the special purpose entity indicates that the entity is controlled by the Company.

42. LIST OF ASSOCIATES

The investments in associates are as follows:

Name of company	% of Group's effective shareholding 2012	2011	Principal activities	Place of incorporation
Samart I-Mobile Public Company Limited ("SIM")	**24.40**	24.42	Mobile phone distributor accessories, and bundled with content in Thailand and overseas	Thailand
Associate held through Axiata Investments (Labuan) Limited				
Mobile Telecommunication Company of Esfahan~	**49.00**	49.00	Planning, designing, installing, operating and maintaining a GSM mobile telecommunication network to customers in the province of Esfahan, Iran	Iran
Associates held through Celcom Axiata Berhad				
Sacofa Sdn Bhd	**15.12**	15.12	Trade or business of a telecommunications infrastructure and services company including all its related businesses	Malaysia
Tune Talk Sdn Bhd	**35.00**	35.00	Principally engaged in the business of providing mobile communication services, complementary value added services and telecommunication services	Malaysia

~ *Reclassified to non-current assets held-for-sale as disclosed in Note 35(b) to the financial statements*

42. LIST OF ASSOCIATES (CONTINUED)

Name of company	% of Group's effective shareholding 2012	2011	Principal activities	Place of incorporation
Associate held through Axiata Investments (Singapore) Limited				
M1 Limited	**29.06**	29.23	Provision of mobile telecommunication services, international call services, and broadband services, retail sales of telecommunication equipment and accessories, customer services and investment holding	Singapore
Associate held through Axiata Investments 1 (India) Limited and Axiata Investments 2 (India) Limited				
Idea Cellular Limited	**19.93**	19.96	Leading GSM mobile services operator engaged in providing Mobile Telephone Services	India
Associates held through Dialog Axiata PLC				
Firstsource Dialog Solutions (Private) Limited	**26.00**	26.00	To carry on the business of providing information technology enabled services to the Sri Lankan and international market	Sri Lanka
Digital Commerce Lanka (Pvt) Ltd	**26.00**	–	To carry on the business of promotion, sale, retail trade and providing discount vouchers over online platforms (e-commerce business)	Sri Lanka

All associates have co-terminous financial year end with the Group and the Company except MTCE with financial year ended on 20 March and Idea with financial year end on 31 March.

43. LIST OF JOINTLY CONTROLLED ENTITIES

Name of company	% of Group's effective shareholding 2012	2011	Principal activities	Place of incorporation
Jointly controlled entities held through Celcom Axiata Berhad				
PLDT Malaysia Sdn Bhd	**49.00**	–	Provision of mobile communication services in Malaysia as a mobile virtual network operator in reliance on a third party mobile network operator for the provision of network facilities, carriage of communications and spectrum	Malaysia
Digital Milestone Sdn Bhd	**51.00**	–	Intended as a joint venture entity in relation to pre-bid activities and formulation of bid for the development, supply, commissioning, marketing and operation of digital television transmission infrastructure in Malaysia	Malaysia

44. RELATED PARTY TRANSACTIONS

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

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

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

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

The Group provides telecommunications services as part of its ordinary operations. The Group has collectively, but not individually significant transactions with Government-related entities. These telecommunication services are carried out on commercial terms that are consistently applied to all customers.

44. RELATED PARTY TRANSACTIONS (CONTINUED)

The nature of transactions and relationship with related parties are as follows:

Related parties	Nature of the relationship with related parties	Nature of transactions
Idea	Associate	International roaming revenue and charges
M1	Associate	International roaming revenue and charges
Sacofa	Associate	Sales of prepaid cards, leaseline, charges, maintenance fees and others
Tune Talk	Associate	Sale of postpaid MVNO minutes
Firstsource Dialog Solution (Private) Limited	Associate	Call center charges
Celcom	Subsidiary	Dividend and technical and management services
Dialog	Subsidiary	Technical and management services
XL	Subsidiary	Technical and management services
Robi	Subsidiary	Technical and management services
Hello	Subsidiary	Technical and management services
SIM	Associate	Dividends, technical and management services
AIL	Subsidiary	Advances treated as quasi-investment
AI1	Subsidiary	Advances treated as quasi-investment
AI2	Subsidiary	Advances treated as quasi-investment
AIS	Subsidiary	Advances

44. RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel are the persons who have authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. Key management personnel of the Group and the Company include the Senior Leadership Team who report directly to the Group Chief Executive Officer.

Whenever exist, related party transactions also includes transaction with entities that are controlled, jointly controlled or significantly influenced directly by any key management personnel or their close family members.

In addition to related party transactions and balances mentioned elsewhere in the financial statements, set out below are significant related party transactions and balances which were carried out on terms and conditions negotiated amongst the related parties.

	Group		Company	
	2012 RM'000	**2011 RM'000**	**2012 RM'000**	**2011 RM'000**
(a) Sale of goods and services				
Associates:				
– International roaming revenue	**23,713**	34,860	**–**	–
– Telecommunication services	**126,200**	95,306	**–**	–
	149,913	130,166	**–**	–
(b) Purchase of goods and services				
Associates:				
– Interconnection charges	**15,187**	13,843	**–**	–
– Leaseline charges, maintenance and others	**65,673**	45,034	**–**	–
	80,860	58,877	**–**	–
(c) Intercompany service agreement				
– Technical and management services	**–**	272	**30,728**	48,418
(d) Dividends received from subsidiaries/associates	**–**	–	**3,094,875**	2,107
(e) Advances to/(from) subsidiaries/ related parties (net of repayment)	**–**	–	**477,662**	(159,643)

44. RELATED PARTY TRANSACTIONS (CONTINUED)

The outstanding balances as at the financial year end are disclosed in Notes 27 and 32 to the financial statements.

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
(f) Key management compensation short term employee benefits:				
– Salaries, allowances and bonus	**17,930**	17,508	**17,930**	17,508
– Ex-gratia payments	**150**	–	**150**	–
– Contribution to EPF	**2,375**	2,699	**2,375**	2,699
– Estimated money value of benefits	**232**	171	**232**	171
– Other staff benefits	**826**	1,006	**826**	1,006
Share-based compensation				
– ESOS and RSA expense	**5,795**	3,967	**5,795**	3,967

Included in key management compensation is the Executive Directors' remuneration of the Company as disclosed in Note 7(d) to the financial statements.

45. DIVIDENDS

	2012			2011		
	Tax exempt dividend under single tier system					
	Type	Per ordinary share of RM1 each Sen	Aggregate Total RM'000	Type	Per ordinary share of RM1 each Sen	Aggregate Total RM'000
In respect of financial year ended:						
– 31 December 2010	**–**	**–**	**–**	Final	10	845,651
– 31 December 2011	**Final**	**15**	**1,273,698**	Interim	4	338,579
– 31 December 2012	**Interim**	**8**	**680,577**	–	–	–
		23	**1,954,275**		14	1,184,230

The Board of Directors have recommended tax exempt dividends under the single tier system a final dividend of 15 sen and a special dividend of 12 sen per ordinary share of RM1 each of the Company in respect of financial year ended 31 December 2012 amounting to a total RM2,297.2 million, based on issued and paid-up capital of the Company as at 31 December 2012. The proposed dividends are subject to approval by the shareholders at the forthcoming AGM.

46. TRANSITION TO MFRS AND EARLY ADOPTION OF STANDARDS

(a) Transition to MFRS

(i) The general principle that should be applied on first time adoption of MFRS is that accounting standards in force at the first annual reporting date, that is 31 December 2012 for the Group, should be applied retrospectively. However, MFRS 1 contains a number of mandatory exceptions which first time adopters are to apply and a number of exemption options that first time adopters are permitted to apply. The MFRS 1 mandatory exceptions had no significant impact to the Group and Company as the bases adopted are consistent with MFRS.

(ii) MFRS 1 exemption options

MFRS 1 allows exemption from the application of certain MFRSs to assist the Group with the transition process. The following optional exemption, contained within MFRS 1, have been utilised in the preparation of the Group's financial statement as mentioned in Note 2 to the financial statements.

- Exemption for business combinations

MFRS 1 provides the option to apply MFRS 3 "Business Combinations", prospectively for business combination that occurred from the transition date or from a designated date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date or a designated date prior to the transition date. The Group elected to apply MFRS 3 prospectively to business combination occurring after 1 January 2011. Business combinations occurring prior to 1 January 2011 have not been restated. In addition, the Group has also applied MFRS 127 "Consolidated and separate financial statements" from the same date.

The fair value adjustments and goodwill that arose from business combinations prior to 1 January 2011 are treated as assets and liabilities of the Group rather than as assets and liabilities of the acquiree and are expressed in the Group's functional currency. Comparative information for the financial year ended 31 December 2011 has been restated accordingly as disclosed in Note 46(c) to the financial statements.

- Exemption for cumulative translation differences

MFRS 1 permits cumulative translation gains and losses to be reset zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with MFRS 121 "The effects of changes in foreign exchange rates", from the date a foreign operation was acquired. The Group elected to reset all cumulative translation differences to zero in opening retained earnings of the Group at its transition date. At the transition date, cumulative translation differences amounted to RM1,259.4 million.

46. TRANSITION TO MFRS AND EARLY ADOPTION OF STANDARDS (CONTINUED)

(b) Early adoption of accounting standard

The Group has early adopted the Amendment to MFRS 119 "Employee benefits", which is to be effective starting 1 January 2013. Previously actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions have been recognised at the statement of financial position date only to the extent that the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed the higher of 10% of the present value of the defined benefit obligation at this point in time (prior to the deduction of the plan assets) and 10% of the fair value of any plan assets at this point in time. In this case they have been amortised prospectively to profit or loss over the expected average remaining working life of the employees participating in the plan.

In accordance with the new standard, actuarial gains and losses are to be recognised in the other comprehensive income in the financial period in which they occur. The Group believes that fully recognising actuarial losses when they occur results in a better presentation of the financial position, since hidden reserves and liabilities are realised and the financial statements thus provide more relevant information.

The early adoption of MFRS 119 has no material impact to the financial result of the previous financial years. The impact of the early adoption of the new standard to the Group during the financial year is set out below:

Group	**31.12.2012** **RM'000**
Statement of changes in equity	
Actuarial reserves	**4,387**
Non-controlling interest	**2,205**
	6,592
Statement of financial position	
Other payables	**8,790**
Deferred tax assets	**(2,198)**
	6,592

The early adoption of MFRS 119 has no impact to the Company.

46. TRANSITION TO MFRS AND EARLY ADOPTION OF STANDARDS (CONTINUED)

(c) The result and impact of transition to MFRS described in (a) are as follow:

		31.12.2011			1.1.2011		
	Note	**As previously reported RM'000**	**Note 46(a)(ii) RM'000**	**As restated RM'000**	**As previously reported RM'000**	**Note 46(a)(ii) RM'000**	**As restated RM'000**
Group							
Statement of financial position							
Reserves:							
- Retained earnings		10,396,129	(1,259,424)	9,136,705	9,227,762	(1,259,424)	7,968,338
- Currency translation differences		(1,947,251)	1,813,994	(133,257)	(1,259,424)	1,259,424	–
Non-controlling interests		1,832,355	60	1,832,415	–	–	–
			554,630			–	
Intangible assets	24	8,327,153	(29,175)	8,297,978			
Associates		6,185,330	583,805	6,769,135			
			554,630				
Statement of comprehensive income							
Other comprehensive income							
- currency translation differences		(672,653)	554,570	(118,083)			

47. RECLASSIFICATION

(a) The Group comparatives of the following components have been reclassified to conform with current financial year presentation:

- Certain mobile revenue from value added services is to be presented as net instead of gross of the amount related to the charges of these services, and
- Presentation of Subscriber Acquisition Costs as amortisation of intangible assets instead of operating expenditure.

	As previously reported RM'000	**Reclassification RM'000**	**As restated RM'000**
Statement of comprehensive income for the financial year ended 31 December 2011			
Operating revenue	16,447,937	(157,517)	16,290,420
Other operating costs	(5,042,590)	157,517	(4,885,073)
Depreciation, impairment and amortisation	(3,147,063)	(52,838)	(3,199,901)
Marketing, advertising and promotion	(1,526,634)	52,838	(1,473,796)

(b) During the financial year, defined benefit plans of the Group was reclassified from current liability to non-current liability for better presentation in the financial statements. Comparative was restated accordingly.

	31.12.2011			**1.1.2011**		
	As previously reported RM'000	**Reclassification RM'000**	**As restated RM'000**	**As previously reported RM'000**	**Reclassification RM'000**	**As restated RM'000**
Statement of financial position						
Non-current liability						
Other payable	125,054	52,892	177,946	–	52,471	52,471
Current liability						
Trade and other payable	5,609,120	(52,892)	5,556,228	4,567,490	(52,471)	4,515,019

48. EVENTS AFTER REPORTING PERIOD

(a) Acquisition of Latelz Company Limited ("Latelz") by AIC via the acquisition of the entire shares on issue of Glasswool Holdings Limited ("Glasswool")

On 13 December 2012, the Company and its wholly-owned subsidiary, AIC have entered into a SPA with Timeturns Holdings Limited to acquire Glasswool, which will be the sole owner of Latelz upon completion of the transaction. Subsequently, it is the Group's intention to merge the operations of Hello and Latelz as one combined entity.

The acquisition was settled via a combination of cash consideration of approximately RM474.5 million (USD155.0 million) (subject to adjustments for the actual net debt and working capital positions as of the date of completion) and a 10% stake in the combined entity (to be held by the remaining partner). Upon issuance of the 10% share consideration, the Group will end up with a 90% stake in the merged company. The transaction, with an implied enterprise value of RM551.1 million (USD180 million), was funded via a combination of internal cash and debt from existing financial facilities.

On 19 February 2013, the acquisition and the transfer of Hello's telecommunication business and assets were completed.

(b) Disposal of 49.00% equity interest in MTCE

On 18 May 2011, the Group entered into a Sales and Purchase Agreement with Telecommunication Company of Esfahan on the disposal of its entire shareholding in MTCE representing 49.00% of the total issued and paid-up share capital in MTCE. The disposal was completed on 2 January 2013.

49. SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA SECURITIES LISTING REQUIREMENTS

The following analysis of realised and unrealised retained profits/(accumulated losses) is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to "Bursa Securities" Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure is based on the prescribed format by the Bursa Securities.

	Group		Company	
	31.12.2012 RM'000	31.12.2011 RM'000 Restated	31.12.2012 RM'000	31.12.2011 RM'000
Total retained profits/(accumulated losses)				
– realised	**10,975,875**	10,742,468	**5,561,980**	4,450,962
– unrealised	**(1,211,185)**	(1,404,088)	**(177,292)**	146,617
	9,764,690	9,338,380	**5,384,688**	4,597,579
Total accumulated losses from jointly controlled entities:				
– realised	**(1,577)**	–	**–**	–
Total retained profits from associates:				
– realised	**799,449**	799,480	**–**	–
– unrealised	**(93,492)**	(124,493)	**–**	–
	705,957	674,987	**–**	–
	10,469,070	10,013,367	**5,384,688**	4,597,579
Less: consolidation adjustments	**(769,268)**	(876,662)	**–**	–
Total consolidated retained profits	**9,699,802**	9,136,705	**5,384,688**	4,597,579

The disclosure above is solely for compliance with the directive issued by the Bursa Securities and should not be used for any other purpose.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Tan Sri Dato' Azman Hj. Mokhtar and Dato' Sri Jamaludin Ibrahim, two of the Directors of Axiata Group Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 167 to 308 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

The information set out in Note 49 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 20 February 2013.

TAN SRI DATO' AZMAN HJ. MOKHTAR
DIRECTOR

DATO' SRI JAMALUDIN IBRAHIM
DIRECTOR

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, James Carl Grinwis Maclaurin, being the officer primarily responsible for the financial management of Axiata Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 167 to 308 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

JAMES CARL GRINWIS MACLAURIN

Subscribed and solemnly declared by the above named James Carl Grinwis Maclaurin at Kuala Lumpur in Malaysia on 20 February 2013, before me.

PESURUHJAYA SUMPAH
W 565
AISHAH BT SHAHUL HAMEED
PJK
MALAYSIA

COMMISSIONER FOR OATHS

No. 66 Jalan Tun Perak
50050 Kuala Lumpur, Malaysia

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AXIATA GROUP BERHAD
(Incorporated in Malaysia) (Company No. 242188 H)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Axiata Group Berhad on pages 167 to 308, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 48.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONTINUED)

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 41 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any material qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 49 on page 309 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

1. As stated in Note 2 to the financial statements, Axiata Group Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the financial year then ended.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

NURUL A'IN BINTI ABDUL LATIF
(No. 2910/02/15(J))
Chartered Accountant

Kuala Lumpur
20 February 2013

GROUP FINANCIAL ANALYSIS

Axiata Group Berhad (Group) closed 2012 with stellar results exceeding all targets set, delivering revenue growth of 7.3%[1] for the year at RM17,651.6 million and EBITDA of RM7,424.5 million, an increase of 4.2%. PATAMI stood at RM2,513.3 million marking a growth of 7.1%. At constant currency, PATAMI would have achieved double digit growth of 10%. The healthy performance is further evident by the increase in cash balance to RM7,906.2 million and free cash flow of RM2,826.7 million at the end of the year despite aggressive investment on capital expenditure (capex) across the OpCos.

In terms of market presence, the Group continues to make significant progress with a total subscriber base of 216 million at the end of 2012, an 8% increase from 199 million subscribers a year ago. Data growth continues to show positive trends particularly in Malaysia and Indonesia, whilst expansion in market share with increase of subscriber base continues in Sri Lanka, Bangladesh and Cambodia. All round excellent performance was also posted by our associates. Group data revenue was 13% of total revenue in 2012, up from 11% from the previous year.

Malaysia, the main contributor to the Group, saw total operating revenue growth of 7% to RM7,692.9 million in 2012, despite operating in a mature market, driven by its data and mobile broadband services. Non-voice revenue grew 10% during the year, contributing 35% to total revenue, with total advanced data increasing by 17%. Despite aggressive investments for data, EBITDA grew 7% and margin held steady at 45% through optimised spend measures and well managed network costs. Malaysia repeated its strong PAT performance, surpassing the RM2 billion mark for the second consecutive year, with 5% growth to RM2,209.3 million, flowing through from the strong EBITDA recorded.

Despite the stiff market competition and a mature market of 142% subscriber penetration, voice revenue grew 4% as a result of various voice resuscitation marketing campaigns executed throughout the year. Mobile broadband subscribers in Malaysia surpassed 1 million at 1.05 million at year end, a 12% increase from last year. The total subscriber base in Malaysia grew 6% in the current year, with close to 13 million users. Positive response towards data promotion offerings and marketing campaigns resulted in tremendous take up of smart phones and tablets, growing device revenue by 70%. Whilst investment in data has resulted in enhanced quality of service, Malaysia will continue to invest further in innovative value added data services and applications, network sharing for better network transmission quality and capacity alongside smart spending and cost management programmes, strategically positioning itself to face the business challenges in the coming year.

Indonesia once again posted another good year with revenue increasing 15% in 2012 to RM6,920.0 million, recording robust data and SMS revenue growth of 50% and 16% respectively against the previous year. Data was the fastest growing segment for Indonesia, contributing 16% to total net revenue, driven by the increased adoption of data amongst Indonesian subscribers as a result of the aggressive investments in data infrastructure and continuous efforts to improve network quality. Investments in data services along with changes in revenue mix, the move to network management outsourcing that balances capex intensity with opex spending and introduction of SMS interconnection during the year, impacted EBITDA margin which stood at 46% as compared to 51% in 2011. Excluding SMS interconnection impact, EBITDA margin would have been 48%.

Indonesia's subscriber base suffered a drop at the end of the third quarter, however rebounded with an increase of 8% in the fourth quarter bringing total subscribers to 45.8 million at year end, marginally lower by 1% year-on-year. Data users stood at 25.6 million representing more than half of its subscriber base. With the growing data business and increasing adoption of smart devices, Indonesia continuously seeks to expand its mobile services beyond traditional voice and SMS telecommunication services. Integrated product offerings bundled with data services were introduced to cater to subscribers' needs such as in the areas of mobile finance, commerce and machine-to-machine. Though still at its infancy and incubation stage, the seeding of this exciting new business potential has already begun. Management efforts have gained recognition and the team was awarded the 'Indonesia Telecom Service Provider of the Year' by Frost & Sullivan for excellence in product development strategy, customer service and its leadership in running the business.

In light of the above positive results, a proposed 40% dividend payout ratio of normalised net profit, an improvement from 35% in 2011, was announced by Indonesia.

Sri Lanka delivered an exceptionally strong double digit revenue growth of 24% for 2012, ending the year at RM1,366.7 million with strong growth registered across all businesses of mobile, international gateway, digital pay television, tele-infrastructure and fixed line. Total mobile subscriber base increased by 8%, closing the year at 7.7 million subscribers. The higher subscriber base and successful marketing campaigns led to the growth in voice and non-voice revenues of 13% and 37% respectively. Overall EBITDA grew 13% versus the previous year and full year EBITDA margin stood at 33%. Despite the two-fold increase in capex investment

Note

[1] Based on 2011 audited numbers. Based on restated numbers, revenue growth is 8.4%. Please refer to Notes to the Financial Statements no. 47 for more details

GROUP
FINANCIAL ANALYSIS

catering for network expansion projects and network growth capacity, Sri Lanka recorded positive free cash flow for 2012. Underpinned by the positive EBITDA growth trajectory, PAT recorded an excellent year-on-year growth of 23%.

During the fourth quarter of 2012, Sri Lanka recorded many achievements, in particular the pay television market being further revolutionised with the introduction of Sri Lanka's first ever Prepaid Television Service by Dialog Television and launching of the country's first 4G LTE service for Home and Enterprise customers by Dialog Broadband Networks.

With the strong performance in 2012, the Board of Directors in Sri Lanka announced a cash dividend of SLR0.33 per share, totaling to SLR2.7 billion (approximately RM65 million) subject to approval at its forthcoming AGM. This represents a dividend payout ratio of 45%, an increase of 6% as compared to the previous year.

Bangladesh continued its strong growth trajectory with remarkable strong double digit year-on-year growth in all financial metrics. Despite competition, top line revenue growth continued for the eleventh consecutive quarter surging by 27% for 2012. Growth in revenue was driven by voice and VAS from an enhanced subscriber base arising from the focus on a regionalised business strategy and branding. Bangladesh's subscriber base grew 34%, closing the year with 31.2 million subscribers. In tandem, EBITDA registered a strong growth of 28%, with improved margins through successful execution of effective cost management initiatives, alongside with aggressive drive for revenue growth. During the year, Bangladesh continued to leverage on its scale, emerging as one of the lowest cost producers of minutes in the world, amidst regulatory and operational constraints. PAT for the year grew more than 100% from higher EBITDA and foreign exchange gain as a result of more stable foreign exchange experienced in 2012.

Cambodia posted a 6% revenue increase in 2012 mainly from prepaid mobile revenue which grew 18% while inbound roaming revenue grew 12%. Number of subscribers grew 27% from the previous year as a result of its innovative mobile subscription plans to attract and retain customers. EBITDA in the year grew significantly by more than 100% due to careful and disciplined control over costs structure and operation efficiency measures taken during the year.

Excellent performance from regional associates in India and Singapore helped the Group maintain its strong results in 2012.

India recorded a solid 16% growth for both year to date revenue and EBITDA. Strong customer traction saw a 7% increase in subscriber base despite a challenging regulatory and macro-economic environment. PAT increased by 45% year to date on the back of higher EBITDA and lower net interest and financing costs. In the recently concluded 1800MHz 2012 spectrum auction, Idea regained the spectrum licence in all 7 service areas for a period of 20 years, ensuring continuity of services to more than 8 million customers and pan-India presence for the company.

Singapore finished the year with service revenue up by 3% driven by growth in mobile customer base and higher contribution from postpaid and fixed line revenues. PAT was down by 11% in 2012 due to higher mobile phone subsidies, however in the fourth quarter, PAT grew 14% reversing the declines seen in the previous quarters. Strong take-up of 4G by subscribers and adoption of fibre broadband services, which is likely to accelerate in the coming year, will continue to have a positive impact to Singapore's business operations.

The Group's earnings per share stood at 30 sen, an increase of 6% from the previous year while the Group's operating free cash flow improved by 5% to RM1,488.9 million in 2012.

The Group ended the year with a strong balance sheet position with cash and bank balance of RM7,906.2 million, an increase of RM1,289.4 million compared to previous year. Total assets grew 4.4% in 2012 with property, plant and equipment increasing by RM423.8 million mainly due to higher capex investment in Indonesia to support data growth especially on network investment for improvements in quality and capacity. Debt to equity ratio remained stable at 0.6x despite the increase in gross borrowings to support the Group's investment objectives. The enhanced balance sheet provides the Group with the flexibility for future organic growth and potential consolidation in various markets.

During the third quarter of 2012, the Group's Board of Directors declared an interim tax exempt dividend under single tier system of 8 sen per share, which was paid in the fourth quarter of the year. Following a stellar full year with overall performance exceeding all key targets set for the year, the Board has recommended and announced a tax exempt final dividend under single tier system of 15 sen per share. The interim and final dividend represent a 70% dividend payout ratio based on the Group's normalised PATAMI of 2012, as compared to 60% for 2011. The Board has also recommended a one-off special dividend of 12 sen per share. The accumulative total dividend for 2012 is 35 sen per share. The final dividend and special dividend are subject to the approval of the shareholders at the forthcoming AGM.

SHAREHOLDING STATISTICS

AS AT 29 MARCH 2013

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital:

- RM12,000,000,000 divided into 12,000,000,000 ordinary shares of RM1.00 each

Issued & Paid-Up Share Capital:

- RM8,517,218,346 divided into 8,517,218,346 ordinary shares of RM1.00 each
- Voting Right: 1 vote per shareholder on a show of hands
  1 vote per ordinary share on a poll

Total No. of Shareholders:

- 20,656

DISTRIBUTION OF SHAREHOLDINGS

(without aggregating the securities from different securities accounts belonging to the same Depositor)

	Shareholders				Shares			
	Malaysian		Foreign		Malaysian		Foreign	
Size of Shareholdings	No.	%	No.	%	No.	%	No.	%
Less than 100	1,326	6.42	11	0.05	13,794	0.00[1]	147	0.00[1]
100 - 1,000	5,345	25.88	82	0.40	4,336,810	0.05	57,816	0.00[1]
1,001 - 10,000	10,583	51.23	243	1.18	38,858,509	0.46	1,108,970	0.01
10,001 - 100,000	1,732	8.38	293	1.42	43,991,523	0.52	12,970,685	0.15
100, 001 - 425,860,916 (less than 5% of issued and paid up share capital)	413	2.00	625	3.03	1,366,647,002	16.05	2,320,308,829	27.24
425,860,917 and above	3	0.01	0	0	4,728,924,261	55.52	0	0.00[1]
Total	**19,402**	**93.92**	**1,254**	**6.08**	**6,182,771,899**	**72.60**	**2,334,446,447**	**27.40**

Note:

[1] *Less than 0.01%*

CATEGORY OF SHAREHOLDINGS

Category of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Individuals	16,736	81.02	72,906,643	0.85
Bank/Finance Companies	128	0.62	1,268,726,338	14.90
Investments Trusts/Foundations/Charities	16	0.08	975,750	0.01
Other Types of Companies	232	1.13	37,970,596	0.45
Government Agencies/Institutions	21	0.10	3,263,595,457	38.32
Nominees	3,522	17.05	3,873,036,762	45.47
Others	1	0.00[1]	6,800	0.00[1]
Total	**20,656**	**100.00**	**8,517,218,346**	**100.00**

Note:

[1] *Less than 0.01%*

SHAREHOLDING STATISTICS
AS AT 29 MARCH 2013 (CONTINUED)

SUBSTANTIAL SHAREHOLDERS (HOLDING 5% & ABOVE)
(as per Register of Substantial Shareholders)

No.	Name	Direct Interests		Indirect/Deemed Interests		Total Interests	
		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	Khazanah Nasional Berhad	3,238,919,155	38.03	84,415,540±	0.99	3,323,334,695	39.02
2.	Citigroup Nominees (Tempatan) Sdn Bhd – Employees Provident Fund Board	974,285,206	11.44	–	–	974,285,206	11.44
3.	AmanahRaya Trustees Berhad – Skim Amanah Saham Bumiputera	617,800,100	7.25	–	–	617,800,100	7.25

Note:
± *Includes 565,602 Axiata Shares being the outstanding number of Axiata Shares to be returned to Khazanah under the Selling Flexibility Arrangement to facilitate the sale of Axiata Shares by Axiata's employees who have exercised their Axiata ESOS options. Khazanah is deemed to have an interest in these Axiata Shares pursuant to Section 6A of the Companies Act, 1965.*

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

The Directors' direct and/or indirect interest in the Company based on the Register of Directors' Shareholdings are as follows:-

Interest in the Company	Number of ordinary shares of RM1.00 each					
	Direct Interest		Indirect Interests		Total Interest	
	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
Dato' Sri Jamaludin Ibrahim	–	–	450,000#	0.00*	450,000#	0.00*

Interest in the Company	Number of options/restricted share grant over ordinary shares at RM1.00 each					
	Direct Interest		Indirect Interests		Total Interest	
	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
Dato' Sri Jamaludin Ibrahim	4,301,700@	0.05	–	–	4,301,700@	0.05
	1,354,000×	0.02	–	–	1,354,000×	0.02

Note:
\# *Held through a nominee namely, CIMSEC Nominees (Tempatan) Sdn Bhd*
* *Less than 0.01%*
@ *Options pursuant to Axiata ESOS for Eligible Employees and Executive Directors of Axiata Group*
× *Restricted Share Grant under Axiata Share Scheme*

Save as disclosed above, none of the Directors of the Company has any interest direct or indirect in the Company and its related corporations.

LIST OF TOP THIRTY LARGEST SHAREHOLDERS
(without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	No. of Shares Held	% of Issued Shares
1.	Khazanah Nasional Berhad	3,238,919,155	38.03
2.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	875,105,006	10.27
3.	AmanahRaya Trustees Berhad *Skim Amanah Saham Bumiputera*	614,900,100	7.22
4.	Cartaban Nominees (Asing) Sdn Bhd *State Street London Fund FSIB for First State Asia Pacific Leaders Fund*	196,010,100	2.30
5.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)*	155,500,291	1.83
6.	Kumpulan Wang Persaraan (Diperbadankan)	105,551,700	1.24
7.	HSBC Nominees (Asing) Sdn Bhd *BBH And Co Boston for Vanguard Emerging Markets Stock Index Fund*	103,470,494	1.21
8.	HSBC Nominees (Asing) Sdn Bhd *TNTC for Saudi Arabian Monetary Agency*	94,067,600	1.10
9.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for JPMorgan Chase Bank, National Association (Norges BK Lend)*	85,373,025	1.00
10.	Cartaban Nominees (Asing) Sdn Bhd *State Street London Fund FSIH for First State Global Emerging Markets Leaders Fund*	84,936,600	1.00
11.	Cartaban Nominees (Asing) Sdn Bhd *Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)*	83,810,000	0.98
12.	CIMSEC Nominees (Tempatan) Sdn Bhd *Exempt An for Khazanah Nasional Berhad (Axiata ESOS)*	81,704,439	0.96
13.	Cartaban Nominees (Asing) Sdn Bhd *Exempt An for State Street Bank & Trust Company (WEST CLT OD67)*	79,518,762	0.93
14.	AmanahRaya Trustees Berhad *Amanah Saham Wawasan 2020*	75,618,313	0.89
15.	Cartaban Nominees (Tempatan) Sdn Bhd *Exempt An for Eastspring Investments Berhad*	63,163,575	0.74
16.	AmanahRaya Trustees Berhad *Amanah Saham Malaysia*	61,452,700	0.72
17.	Malaysia Nominees (Tempatan) Sendirian Berhad *Great Eastern Life Assurance (Malaysia) Berhad (Par 1)*	60,068,225	0.71
18.	AmanahRaya Trustees Berhad *Amanah Saham Didik*	59,826,000	0.70
19.	Maybank Nominees (Tempatan) Sdn Bhd *Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)*	56,750,000	0.67

SHAREHOLDING STATISTICS
AS AT 29 MARCH 2013 (CONTINUED)

No.	Name	No. of Shares Held	% of Issued Shares
20.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for The Bank of New York Mellon (Mellon Acct)*	54,492,345	0.64
21.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for JPMorgan Chase Bank, National Association (Saudi Arabia)*	48,883,115	0.57
22.	Permodalan Nasional Berhad	43,922,825	0.52
23.	AmanahRaya Trustees Berhad *Public Islamic Dividend Fund*	42,313,500	0.50
24.	AMSEC Nominees (Tempatan) Sdn Bhd *AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)*	41,161,150	0.48
25.	HSBC Nominees (Asing) Sdn Bhd *Exempt An for JPMorgan Chase Bank, National Association (U.K.)*	39,959,786	0.47
26.	HSBC Nominees (Asing) Sdn Bhd *BBH and Co Boston for Blackrock Global Allocation Fund, Inc.*	38,288,453	0.45
27.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (Nomura)*	37,336,300	0.44
28.	HSBC Nominees (Asing) Sdn Bhd *HSBC BK Plc for Saudi Arabian Monetary Agency*	35,581,716	0.42
29.	HSBC Nominees (Asing) Sdn Bhd *PICTET and CIE for PICTET Global Selection Fund - Global Utilities Equity Fund*	33,251,800	0.39
30.	HSBC Nominees (Asing) Sdn Bhd *BBH and Co Boston for Matthews Asian Growth and Income Fund*	29,634,423	0.35
	TOTAL	**6,620,571,498**	**77.73**

ADDITIONAL COMPLIANCE INFORMATION

1. SHARE BUY-BACK

Axiata did not carry out any Share Buy-Back exercise for the financial year ended 2012 (FY12).

[Disclosed in accordance with Appendix 9C, Part A item 14 and Appendix 12D of Paragraph 12.23, Main LR]

2. OPTIONS OR CONVERTIBLE SECURITIES

With the exception of options over ordinary shares of Axiata (ESOS Options) and Restricted Share Awards (RSA) issued under the Performance-Based ESOS and Share Scheme (Axiata Share Scheme), the Company has not issued any options and/or convertible securities.

The Performance-Based ESOS was approved by its shareholders at an Extraordinary General Meeting held on 24 March 2009 and implemented on 16 April 2009. On 1 June 2011, the Company's shareholders had, at the 19th AGM, approved the amendments to the Bye-Laws of the Axiata Share Scheme (Bye-Laws) to include a Restricted Share Plan and the same took effect from 15 July 2011, including the existing Performance-Based ESOS renamed as Axiata Share Scheme. From thereon, the Company started to offer Eligible Employees the entitlement to receive RSA instead of ESOS Options.

Information on the Axiata Share Scheme is set out in Note 14(a) of the Audited Financial Statement for FY12 on pages 218 to 229 of this Annual Report.

Information on ESOS Options/RSA granted, vested, exercised and outstanding since the implementation of Axiata Share Scheme until FY12 are as follows:-

- Total Number of ESOS Options/RSA granted: 186,908,000 ESOS Options and 19,421,100 RSA

The ESOS Options and RSA granted shall be vested only upon the fulfilment of certain performance criteria for the Company and individuals as at vesting date. Senior and top management can only vest the RSA at the end of the third year, with potential multiplier effect on the number of shares to be granted

- Total Number of ESOS Options/RSA vested: 83,066,224 ESOS Options, Nil RSA
- Total Number of ESOS Options exercised: 63,054,285 ESOS Options
- Total number of ESOS Options/RSA outstanding: 102,435,654 ESOS Options[1], 18,884,900 RSA[1]

Note: [1] Excluding 21,418,061 ESOS Options and 536,200 RSA declared null and void due to resignation, termination or suspension of employment in accordance with the terms of the Bye-Laws.

As provided below, with the exception of Dato' Sri Jamaludin Ibrahim, Managing Director/President & Group Chief Executive Officer of the Company, none of the Directors of Axiata have been granted ESOS Options or RSA:-

	Granted		Vested		Outstanding	
	ESOS Options	RSA	ESOS Options	RSA	ESOS Options	RSA
Dato' Sri Jamaludin Ibrahim	4,301,700	1,354,000	2,693,900[2]	-	4,301,700	1,354,000

Note: [2]None of the ESOS Options vested have been exercised

In accordance with the Bye-Laws, not more than 50% of the Company's new ordinary shares made available under the Axiata Share Scheme shall be allocated, in aggregate to Eligible Employees who are Executive Directors of the Company or any corporation within the Group or who are Senior Management. For the FY12, the actual percentage of RSA granted to them was 25.8% of the total number of RSA granted. Since, commencement of the Axiata Share Scheme, the actual percentage of options/shares granted in aggregate to Eligible Employees who are Executive Directors of the Company or any corporation within the Group or who are Senior Management is 20.1%.

[Disclosed in accordance with Appendix 9C, Part A item 15 and 27, Main LR]

ADDITIONAL COMPLIANCE INFORMATION

3. DEPOSITORY RECEIPT PROGRAMME

Axiata did not sponsor any depository receipt program for the FY12.

[Disclosed in accordance with Appendix 9C, Part A item 16, Main LR]

4. SANCTION AND/OR PENALTY

There was no sanction and/or penalty imposed on Axiata and its subsidiaries, directors or management by the regulatory bodies for the FY12.

[Disclosed in accordance with Appendix 9C, Part A item 17, Main LR]

5. NON-AUDIT FEES

The amount of non-audit fees incurred for the services rendered to Axiata and the Group by its external auditors, Messrs PricewaterhouseCoopers and its affiliated companies for the FY12 are RM2,557,354 and RM3,652,796 respectively.

Services rendered by PricewaterhouseCoopers are not prohibited by regulatory and other professional requirements, and are based on globally practiced guidelines on auditors' independence. PricewaterhouseCoopers was engaged in these services when their expertise and experience of Axiata are important. It is also the Group's policy to use the auditors in cases where their knowledge of the Group means it is neither efficient nor cost effective to employ another form of accountants.

[Disclosed in accordance with Appendix 9C, Part A item 18, Main LR]

6. VARIATION IN RESULTS

There were no profit estimate, forecasts or projections made or released by Axiata for the FY12.

[Disclosed in accordance with Appendix 9C, Part A item 19, Main LR]

7. PROFIT GUARANTEE

There were no profit guarantees given by Axiata for the FY12.

[Disclosed in accordance with Appendix 9C, Part A item 20, Main LR]

8. MATERIAL CONTRACTS INVOLVING DIRECTORS' / MAJOR SHAREHOLDERS' INTEREST

There were no material contracts of Axiata and/or its subsidiaries involving directors' and major shareholders' interests either subsisting as at 31 December 2012 or entered into since the end of FY11.

[Disclosed in accordance with Appendix 9C, Part A item 21, Main LR]

9. UTILISATION OF PROCEEDS

The Company, had on 17 July 2012 through its wholly owned subsidiary, Axiata SPV2 Berhad, established a Multi-Currency Sukuk Programme involving the issuance of up to USD1.5 billion (or its equivalent in other currencies based on Islamic Principle) **("Sukuk Programme")**. The net proceed from the issuance of the Sukuk is intended for general corporate purposes of the Axiata Group or as may be otherwise specified at the time of the relevant issue of each series.

On 11 September 2012, Axiata SPV2 successfully priced the inaugural issuance of Renminbi denominated 1.0 billion Sukuk under the Sukuk Programme. The Sukuk was issued at par and has tenure of two years from the date of issuance. The Sukuk was listed and quoted on Bursa Malaysia (under the Exempt Regime) and on the Singapore Exchange Securities Trading Limited.

[Disclosed in accordance with Appendix 9C, Part A item 13, Main LR]

10. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE IN NATURE (RRPT)

At the last AGM held on 23 May 2012, Axiata has obtained a general mandate from its shareholders for Axiata Group to enter into RRPT with related parties as set out in the Circular to Shareholders dated 30 April 2012 **("RRPT Mandate")**. This RRPT Mandate is valid until the conclusion of the Axiata's forthcoming 21st Annual General meeting to be held on 23 May 2013 **("21st AGM")**.

Axiata proposes to seek a new RRPT Mandate at its forthcoming 21st AGM. The new RRPT Mandate, if approved by the shareholders would be valid until the conclusion of Axiata's next AGM. Details of the RRPT Mandate to be sought are provided in the Circular to the Shareholders dated 2 May 2013 sent together with the Annual Report.

Pursuant to paragraph 10.09 (2) (b) and paragraph 3.1.5 of Practice Note 12 of the Main LR, details of RRPT entered into during FY12 under the RRPT Mandate are as follows:-

Transacting Companies	Transacting Related Parties	Interested Major Shareholder/Director	Nature of Transaction	Value of Transactions RM'000
Axiata Group	Telekom Malaysia Berhad and/or its subsidiaries **("TM Group")**	- Khazanah - Tan Sri Dato' Azman Hj Mokhtar - Kenneth Shen	**REVENUE**	
			Telecommunication and Related Services	
			- Interconnect payment from TM Group	57,979
			- Leased-line payment from TM Group	2,419
			- Voice Over Internet Protocol **("VOIP")** related services revenue from TM Group	2,993
			- Dark fibre and leased line from Celcom to Fibrecomm Network (M) Sdn Bhd **("Fibrecomm")**	1,208
			- Leased-line from Celcom Group to Fiberail Sdn Bhd **("Fiberail")**	446
			Non-telecommunications Services	
			- Joint sales and marketing services from Celcom Group to TM Group	676
			COSTS	
			Telecommunication and Related Services	
			- Interconnect cost to TM Group	54,148
			- VOIP related services costs to TM Group	35,240
			- Leased-line costs to TM Group	46,401
			- Provision of data and bandwidth related services by TM Group to Axiata Group	50,678
			- Internet access and broadband charges by TM Group to Celcom	1,498
			- Leasing of fibre optic core and provision of bandwidth services from Fiberail by Celcom	9,222
			- Purchase of dark fibre, bandwidth, space and facility from Fibrecomm by Celcom	18,569
			Non-telecommunications Services	
			- Site rental for telecommunication infrastructure, equipments and related charges by TM Group to Celcom	24,732
			- Commission on registration and collection to TM Group by Celcom	1,694
			- Provision of contact centre and business process outsourcing services by VADS Berhad to Axiata Group	75,006
			- Rental of office premises payable monthly by Axiata Group to TM Group	14,612
			- Provision of information technology, human resources and other general office administrative support services by TM Group to Axiata Group	388
			TOTAL	**397,909**

NET BOOK VALUE OF LAND & BUILDINGS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

Location	Freehold		Leasehold		Net book value of land	Net book value of buildings
	No. of Lots	Area ('000 sq ft)	No. of Lots	Area ('000 sq ft)	RM'000	RM'000
1 Malaysia						
(a) Federal Territory (Kuala Lumpur)	-	-	3	91.0	7,201.5	3,565.6
(b) Selangor	1	53.9	2	48.7	10,363.2	24,781.2
(c) Perak	1	43.5	4	63.0	1,096.9	-
(d) Pulau Pinang	7	15.3	4	129.6	2,909.4	1,734.6
(e) Kedah	-	-	1	15.9	163.8	408.8
(f) Johor	6	41.6	1	78.8	1,398.7	1,693.8
(g) Negeri Sembilan	2	50.0	-	-	990.0	240.8
(h) Terengganu	-	-	7	871.8	437.4	11.7
(i) Kelantan	-	-	3	107.2	211.7	359.1
(j) Pahang	1	37.1	17	429.6	3,814.3	1,500.9
(k) Sabah	-	-	2	160.0	1,401.5	1,387.8
(l) Sarawak	2	320.1	3	58.5	696.1	890.2
2 Indonesia	-	-	11,576	34,094.0	457,634.3	60,965.5
3 Sri Lanka	15	508.9	-	-	9,774.0	20,851.4
4 Bangladesh	257	1,371.0	778	1,153.9	5,097.6	16,252.3
5 Cambodia	-	-	-	-	-	1,481.0
Total	292	2,441.4	12,401	37,302.0	503,190.4	136,124.7

Note:
The details of the top ten properties included in the above summary are disclosed in the next page.

LIST OF TOP TEN PROPERTIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

No	Address / Location	Freehold/ Leasehold - land and/or buildings	Current ussage of land & buildings	Approximate age of buildings (years)	Date of acquisition/ capitalisation	Remaining lease period (years)	Land area (sq. metre)	Built-up area (sq. metre)	Net book value as at 31 Dec 2012 (RM)
1	Seksyen 13, Jalan Kemajuan Petaling Jaya, Petaling Selangor, Malaysia	Leasehold land and building	Network Office	19 years	23.03.1998	53 years	4,383.1	10,339.0	30,604,483
2	Jl. Sumba B12-1 Mekarwangi Cikarang Barat, Bekasi-Jawa Barat Kawasan MM2100 Indonesia	Leasehold land and freehold building	Telecommunications and operations office	2 years	24.11.2008 (land) 01.02.2011 (building)	18 years	19,549.5	10,683.0	25,893,048
3	Jl. Raya Kali Rungkut No. 15A Surabaya, Indonesia	Leasehold land and freehold building	Telecommunications and operations office	3 years	17.04.2008 and 22.12.2008 (land) 08.10.2009 (building)	16 years	8,853.0	9,443.0	24,821,501
4	Jl. Soekarno Hatta, Bandung, Indonesia	Leasehold land and freehold building	Telecommunications and operations office	4 years	23.10.2007 (land) 16.12.2008 (building)	15 years	4,770.0	6,731.0	11,566,204
5	Jl. Rasuna Said Kav. A5 No. 6 Bintaro, Jakarta, Indonesia	Leasehold land and freehold building	Telecommunications and operations office	5 years	29.06.2006 (land) 30.09.2007 (building)	14 years	3,350.0	1,219.0	8,378,778
6	Bandar Sri Manjalara, Mukim Batu, Kuala Lumpur, Wilayah Persekutuan, Malaysia	Leasehold land and building	Telecommunications and operations office	9 years	23.05.1997	65 years	4,451.4	3,041.0	7,339,688
7	Corporate Building - Union Place Colombo 02, Sri Lanka	Freehold building	Office building	10 years	31.12.2002	n/a	n/a	2,440.0	3,728,997
8	No. 2 Jln 5/89 off Jalan Sekilau Kompleks Batu 3 ½ Cheras, Kuala Lumpur, Wilayah Persekutuan, Malaysia	Leasehold land and building	Exchange & training centre	18 years	23.05.1997	73 years	522.0	2,643.0	3,427,435
9	Maharaja Land – Union Place Colombo 02, Sri Lanka	Freehold land	Office building	n/a	31.12.2002	n/a	4,925.0	n/a	3,193,016
10	KIT Building - Union Place Colombo 02, Sri Lanka	Freehold building	Office building	8 years	30.11.2004	n/a	n/a	2,765.0	3,137,967

GROUP DIRECTORY

Axiata Group Berhad
Axiata Centre
9 Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia
Tel : +60 3 2263 8888
Fax : +60 3 2263 8822
Website : www.axiata.com

Celcom Axiata Berhad
Menara Celcom
No. 82, Jalan Raja Muda Abdul Aziz
50300 Kuala Lumpur
Malaysia
Tel : +60 3 2688 3939
Fax : +60 3 2681 0361
Website : www.celcom.com.my

PT XL Axiata Tbk
grha XL
JL. Dr. Ide Anak Agung Gde Agung
Lot. E4-7 No. 1
Kawasan Mega Kuningan
Jakarta 12950
Indonesia
Tel : +62 21 576 1881
Fax : +62 21 576 1880
Website : www.xl.co.id

Dialog Axiata PLC
No. 475, Union Place
Colombo 2
Sri Lanka
Tel : +94 777 678 700
Fax : +94 112 669 701
Website : www.dialog.lk

Robi Axiata Limited
Robi Corporate Office
53 Gulshan South Avenue
Gulshan-1
Dhaka-1212
Bangladesh
Tel : +88 02 9887146-52
Fax : +88 02 9885463
Website : www.robi.com.bd

Latelz Co., Ltd.
464A Monivong Blvd.
Sangkat Tonle Bassac
Khan Chamkarmorn
Phnom Penh
Kingdom of Cambodia
Tel : +855 10 201 000
Fax : +855 23 868 882
Website : www.smart.com.kh

Idea Cellular Limited
5th Floor "Windsor"
Kalina, Santa Cruz (East)
Mumbai 400098
India
Tel : +91 95 9400 4000
Fax : +91 95 9400 3181
Website : www.ideacellular.com

M1 Limited
10 International Business Park
Singapore 609928
Tel : +65 6655 1111
Fax : +65 6655 1977
Website : www.m1.com.sg

Samart I-Mobile Public Company Limited
99/3 Moo 4, Software Park, 33 Floor
Chaengwattana Rd
Klong Gluar, Pak-kred
Nonthaburi 11120
Thailand
Tel : +66 2502 6000
Fax : +66 2502 6870
Website : www.i-mobilephone.com

Multinet Pakistan (Private) Limited
1D-203, Sector 30
Korangi Industrial Area
Karachi
Pakistan
Tel : +92 21 111 021 021
Fax : +92 21 992 04988
Website : www.multinet.com.pk

GLOSSARY

2G
Second generation wireless telephone technology

3G
Third generation mobile phone technologies covered by the ITU IMT-2000 family

4G
Fourth generation mobile phone technology

Advanced Data
Data, VAS & Broadband

AGIA
Axiata Group Internal Audit

AGM
Annual General Meeting

AIC
Axiata Investments (Cambodia) Limited

AI1
Axiata Investments 1 (India) Limited

AI2
Axiata Investments 2 (India) Limited

AIL
Axiata Investments (Labuan) Limited

AIS
Axiata Investments (Singapore) Limited

AMS
Axiata Management Services Sdn Bhd

ARPU
Average Monthly Revenue Per User

ATC
Axiata Towers (Cambodia) Company Limited

Axiata
Axiata Group Berhad

Axiata Indonesia
Axiata Investments (Indonesia) Sdn Bhd

Axiata SPV1
Axiata SPV1 (Labuan) Limited

Axiata SPV2
Axiata SPV2 Berhad

Axiata SPV3
Axiata SPV3 Sdn Bhd

AYTP
Axiata Young Talent Programme

BAC
Board Audit Committee

BICL
Bangladesh Infrastructure Company Limited

BNC
Board Nomination Committee

BRC
Board Remuneration Committee

BTS
Base Transceiver Station

Bursa Securities
Bursa Malaysia Securities Berhad

CAMEL
Customised Applications for Mobile network Enhanced Logic also known as CAMEL was developed as a standard for mobile intelligence across different vendor equipment for GSM network

CBNP
Communiq Broadband Network (Private) Limited

CDMA
Code Division Multiple Access

Celcom
Celcom Axiata Berhad

Celcom Group
Celcom and its subsidiaries

CLM
Customer Lifecycle Management

CR
Corporate Responsibility

CTX
Celcom Transmission (M) Sdn Bhd (now known as Celcom Networks Sdn Bhd)

DBN
Dialog Broadband Networks (Private) Limited

Dialog
Dialog Axiata PLC

Digital
Digital Commerce Lanka (Private) Limited

DiGi
DiGi.Com Berhad

DiGi Tel
DiGi Telecommunications Sdn Bhd

DTT
Dialog Television Trading (Private) Limited

DTV
Dialog Television (Private) Limited

EBITDA
Earnings Before Interest Taxes Depreciation and Amortisation

EDGE
Enhanced Data rates for GSM Evolution

ED
Executive Director

GLOSSARY

Share Scheme Committee
Employees Share Option Scheme Committee

Etisalat Indonesia
Emirates Telecommunications Corporation (Etisalat) International Indonesia Limited

FCF
Free Cash Flow

FSL
Firstsource Solutions Limited

FY11
Financial year ended 31 December 2011

FY12
Financial year ending 31 December 2012

GAAP
Generally Accepted Accounting Principles

GCEO
Group Chief Executive Officer

GCFO
Group Chief Financial Officer

GCIA
Group Chief Internal Auditor

GLC
Government Linked Companies

GLCT
Government Linked Company Transformation

GPRS
General Packet Radio Service

GSM
Global System for Mobile Communications

GSMA
The GSM Association

Glasswool
Glasswool Holdings Limited

HACL
Hello Axiata Company Limited

HSDPA
High Speed Downlink Packet Access

HSPA
High Speed Packet Access

IA
Internal Audit

ICT
Information and Communications Technology

Idea
Idea Cellular Limited

INED
Independent Non-Executive Director

IP
Internet Protocol

IPVPN
Internet Protocol Virtual Private Network

Khazanah
Khazanah Nasional Berhad

KLCI
Kuala Lumpur Composite Index

KPI
Key Performance Indicator

Latelz
Latelz Co., Ltd.

LoA
Limits of Authority

LTE
Long Term Evolution

M1
M1 Limited

M&A
Mergers & Acquisitions

Main LR
Main Market Listing Requirements of Bursa Securities

MCCG 2012
Malaysian Code on Corporate Governance 2012

MCMC
Malaysian Communications and Multimedia Commission

MDS
Mobile Data Services

MFRS
Malaysian Financial Report Standards

MNP
Mobile Number Portability

MoU
Memorandum of Understanding

MOU
Minutes of Use

MSWG
Minority Shareholder Watchdog Group

MTN
MTN Networks (Private) Limited [now known as Dialog]

Multinet
Multinet Pakistan (Private) Limited

MVNO
Mobile Virtual Network Operator

NED
Non-Executive Director

NGIN
New Generation Intelligent Network

NINED
Non-Independent Non-Executive Director

OpCo
Operating Company

PAT
Profit after Tax

PATAMI
Profit after Taxation and Minority Interest

President & GCEO
Managing Director/President & Group Chief Executive Officer

QoQ
Quater on Quater

Robi
Robi Axiata Limited

ROE
Return on Equity

ROIC
Return on Invested Capital

SIM
Samart I-Mobile Public Company Limited

SLT
Senior Leadership Team

SMS
Short Message Service

SPA
Sales and Purchase Agreement

SSC
Share Scheme Committee

TM
Telekom Malaysia Berhad

ToR
Terms of Reference

TRI
Technology Resources Industries Berhad (now known as Celcom Resources Berhad)

TMI
TM International Berhad (now known as Axiata)

TMIB
TM International (Bangladesh) Limited (now known as Robi)

TMIC
Telekom Malaysia International (Cambodia) Company Limited [now known as HACL]

TMI India
TMI India Ltd (now known as Axiata Investments 2 (India) Limited)

TMI Mauritius
TMI Mauritius Ltd (now known as Axiata Investments 1 (India) Limited)

TSR
Total Shareholder Return

USP
Universal Service Provision

VAS
Value Added Services

WCDMA
Wideband CDMA

WiFi
Wireless Fidelity

XL
PT XL Axiata Tbk.

YoY
Year on Year

CURRENCIES

BDT
Bangladeshi Taka, the lawful currency of Bangladesh

IDR
Indonesian Rupiah, the lawful currency of Indonesia

INR
Indian Rupee, the lawful currency of India

PKR
Pakistani Rupee, the lawful currency of Pakistan

RM
Ringgit Malaysia, the lawful currency of Malaysia

SGD
Singapore Dollars, the lawful currency of Singapore

SLR
Sri Lankan Rupee, the lawful currency of Sri Lanka

SDR
Special Drawing Rights, common currency in international roaming agreements

THB
Thai Baht, the lawful currency of Thailand

USD
United States Dollars, the lawful currency of the US

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTY-FIRST ANNUAL GENERAL MEETING OF AXIATA GROUP BERHAD WILL BE HELD AT THE GRAND BALLROOM, 1ST FLOOR, SIME DARBY CONVENTION CENTRE, 1A JALAN BUKIT KIARA 1, 60000 KUALA LUMPUR, MALAYSIA ON THURSDAY, 23 MAY 2013 AT 10.00 A.M. FOR THE FOLLOWING PURPOSES:-

AS ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the financial year ended 31 December 2012 together with the Report of the Directors and the Auditors thereon. **(Ordinary Resolution 1)**

2. To declare a final tax exempt dividend under single tier system of 15 sen per ordinary share for the financial year ended 31 December 2012. **(Ordinary Resolution 2)**

3. To declare a special tax exempt dividend under single tier system of 12 sen per ordinary share for the financial year ended 31 December 2012. **(Ordinary Resolution 3)**

4. To re-elect the following Directors who retire by rotation pursuant to Article 93 of the Company's Articles of Association and who being eligible, offer themselves for re-election:-

   (i) Dato' Sri Jamaludin Ibrahim **(Ordinary Resolution 4)**

   (ii) Tan Sri Ghazzali Sheikh Abdul Khalid **(Ordinary Resolution 5)**

5. To re-elect the following Directors who were appointed to the Board during the year and retire pursuant to Article 99 (ii) of the Company's Articles of Association and being eligible, offer themselves for re-election:-

   (i) Dato' Abdul Rahman Ahmad **(Ordinary Resolution 6)**

   (ii) Bella Ann Almeida **(Ordinary Resolution 7)**

6. To approve the Directors' fees of RM1,680,000.00 payable to the Non-Executive Directors for the financial year ended 31 December 2012. **(Ordinary Resolution 8)**

7. To approve the payment of Directors' fees of RM30,000.00 per month for the Non-Executive Chairman and RM20,000.00 per month for each Non-Executive Director with effect from 1 January 2013 until the next Annual General Meeting of the Company.

   (Ordinary Resolution 9)

8. To re-appoint Messrs PricewaterhouseCoopers having consented to act as the Auditors of the Company for the financial year ending 31 December 2013 and to authorise the Directors to fix their remuneration.

   (Ordinary Resolution 10)

AS SPECIAL BUSINESS:-

9. To consider and, if thought fit, to pass the following Ordinary Resolutions:-

(I) PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"**THAT**, in accordance with paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), approval be and is hereby given for Axiata Group Berhad (Company) and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, as set out in **Appendix I** of the Circular to Shareholders dated 2 May 2013 despatched together with the Company's 2012 Annual Report, which are necessary for the day-to-day operations in the ordinary course of the business of the Company and/or its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company;

THAT such approval will continue to be in force and effect until:-

(i) the conclusion of the next Annual General Meeting of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting;

(ii) the expiration of the period within which the Company's next Annual General Meeting is required to be held under Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts, deeds and things (including without limitation, to execute such documents under the common seal in accordance with the provisions of the Articles of Association of the Company, as may be required) to give effect to the aforesaid shareholders' mandate and transaction contemplated under this resolution." **(Ordinary Resolution 11)**

(II) PROPOSED GRANT OF ENTITLEMENTS TO, AND ALLOTMENT AND ISSUE OF, ORDINARY SHARES OF NOMINAL VALUE OF RM1.00 EACH IN THE COMPANY TO DATO' SRI JAMALUDIN IBRAHIM, MANAGING DIRECTOR/PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER OF THE COMPANY ("PROPOSED GRANT")

"THAT:-

(a) Approval be and is hereby given for the Company to grant entitlements to, and to allot and issue, up to 3.6 million new ordinary shares of nominal value of RM1.00 each in the Company (**"New Axiata Shares"**) to Dato' Sri Jamaludin Ibrahim, Managing Director/President & Group Chief Executive Officer of the Company, subject always to the terms and conditions of the Bye-Laws of the Axiata Share Scheme and/or any adjustment which may be made in accordance with the provisions of the Bye-Laws of the Axiata Share Scheme; and

(b) In order to implement, complete and give full effect to such grant, allotment and issuance, approval be and is hereby given to the Directors of the Company to do or procure to be done all acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as they may deem necessary, expedient and/or appropriate, with full powers to assent to any condition, modification, variation and/or amendment thereto as the Directors of the Company may deem fit and in the best interest of the Company."

(Ordinary Resolution 12)

NOTICE OF
ANNUAL GENERAL MEETING

10. To transact any other ordinary business for which due notice has been given in accordance with Section 151 of the Companies Act, 1965.

NOTICE ON DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a final tax exempt dividend under single tier system of 15 sen per ordinary share and a special tax exempt dividend under single tier system of 12 sen per ordinary share for the financial year ended 31 December 2012 as recommended by Directors on 20 February 2013 and if approved by the shareholders at the forthcoming Twenty-First Annual General Meeting will be paid on 14 June 2013 to Depositors whose names appear in the Register of Members/Record of Depositors on 31 May 2013.

FURTHER NOTICE IS HEREBY GIVEN THAT a Depositor shall qualify for entitlement to the dividends only in respect of:-

(a) Shares deposited into the Depositor's Securities Account before 12:30 p.m. on 29 May 2013 (in respect of shares which are exempted from Mandatory Deposit);

(b) Shares transferred into the Depositor's Securities Account before 4:00 p.m. on 31 May 2013; and

(c) Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

Shareholders are reminded that pursuant to the Securities Industry (Central Depositories) Act 1991 (SICDA), all shares not deposited with Bursa Malaysia Depository Sdn Bhd (Bursa Depository) by 12:30 p.m. on 1 December 1998 and not exempted from Mandatory Deposit, have been transferred to the Ministry of Finance (MOF). Accordingly, the dividend for such undeposited shares will be paid to the MOF.

BY ORDER OF THE BOARD

Suryani Hussein (LS0009277)
Group Company Secretary

Kuala Lumpur, Malaysia
2 May 2013

NOTES:

Proxy and/or Authorised Representatives

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint a proxy without any restriction to the qualification of the proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company and the restrictions provided in Section 149(1) (a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.

2. The Company shall be entitled to reject any instrument of proxy lodged if the member is not shown to have any shares entered against his name in the Register and/or subject to Article 34A of the Company's Articles of Association in relation to the Record of Depositors made available to the Company.

3. A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Where a Member appoints two (2) proxies, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.

4. Where a Member is an authorised nominee as defined under the SICDA, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

   Every appointment submitted by an authorised nominee as defined under the SICDA, must specify the CDS Account Number.

5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in respect of each securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominees may appoint in respect of each omnibus account it holds.

6. The instrument appointing a proxy shall:-

   (i) in the case of an individual, be signed by the appointer or by his/her attorney.

   (ii) in the case of corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

   If the instrument appointing a proxy is signed by an officer on behalf of the corporation, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document, which is still in force, no notice of revocation has been received". If the instrument appointing a proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under a power of attorney, which is still in force, no notice of revocation has been received".

7. A corporation which is a Member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 89 of the Company's Articles of Association.

8. The instrument appointing the proxy together with the duly registered power of attorney referred to in Note 6 above, if any, must be deposited at the office of the Share Registrar, Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding of the Meeting or at any adjournment thereof.

Members Entitled to Attend

9. For purposes of determining a member who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Depository, in accordance with Article 66 of the Company's Articles of Association and Section 34(1) of the SICDA, to issue a General Meeting Record of Depositors as at 15 May 2013. Only a depositor whose name appears in the General Meeting Record of Depositors as at 15 May 2013 shall be entitled to attend, speak and vote at the said meeting or appoint a proxy(ies) on his/her behalf.

EXPLANATORY NOTES TO THE SPECIAL BUSINESS

(I) PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The proposed Ordinary Resolution 11, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions with related parties in the ordinary course of business which are necessary for the Group's day-to-day operations and are on terms not more favourable to the related parties than those generally available to the public and shall lapse at the conclusion of the next Annual General Meeting unless authority for its renewal is obtained from shareholders of the Company at such general meeting.

Detailed information on the Proposed Shareholders' Mandate is set out in Appendix I of the Circular to Shareholders dated 2 May 2013 which is despatched together with the Company's 2012 Annual Report.

(II) PROPOSED GRANT OF ENTITLEMENTS TO, AND ALLOTMENT AND ISSUE OF, ORDINARY SHARES OF NOMINAL VALUE OF RM1.00 EACH IN THE COMPANY TO DATO' SRI JAMALUDIN IBRAHIM, MANAGING DIRECTOR/PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER OF THE COMPANY ("PROPOSED GRANT")

The proposed Ordinary Resolution 12, if approved, will allow Dato' Sri Jamaludin Ibrahim to participate further under the Axiata Share Scheme and be eligible for grants of up to 3.6 million New Axiata Shares.

The above amount includes 1,279,300 Axiata Restricted Share Plan Shares which have already been granted to Dato' Sri Jamaludin Ibrahim in 2012 and 2013 (**"Previous Grant"**). The Proposed Grant is being sought for approval by shareholders at this Annual General Meeting for the Previous Grant and to accommodate further offers of New Axiata Shares to Dato' Sri Jamaludin Ibrahim under the Axiata Share Scheme for the final grant in 2014.

The Proposed Grant is the maximum number of Axiata Shares that may be vested to Dato' Sri Jamaludin Ibrahim and is subject to the meeting of super stretched individual performance targets and the Axiata Group meeting superior company performance targets at the point of vesting in addition to the standard vesting conditions applicable to other eligible employees.

Dato' Sri Jamaludin Ibrahim and persons connected to him must abstain from voting on this resolution. He has also abstained from all deliberation and voting on this resolution at the Board of Directors' Meeting.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27 (2) MAIN LR

DIRECTORS STANDING FOR RETIREMENT AND RE-ELECTION AT THE TWENTY-FIRST ANNUAL GENERAL MEETING

The following are Directors retiring pursuant to Article 93 and Article 99 (ii) of the Company's Articles of Association:-

Article 93: Retirement by rotation:

1. Dato' Sri Jamaludin Ibrahim
2. Tan Sri Ghazzali Sheikh Abdul Khalid

Article 99 (ii): Retirement after appointment to fill casual vacancy

1. Dato' Abdul Rahman Ahmad
2. Bella Ann Almeida

The respective profiles of the above Directors are set out in the Profile of Directors' section of the Annual Report from pages 53 to 56.

None of the above Directors have any direct and/or indirect interest in the Company and its related corporation.

ADMINISTRATIVE DETAILS FOR THE 21ST ANNUAL GENERAL MEETING

Day & Date : Thursday, 23 May 2013
Time : 10.00 a.m.
Place : Grand Ballroom, 1st Floor, Sime Darby Convention Centre (SDCC), 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia

PARKING

1. Parking is free and you are advised to park your vehicle at SDCC car park.

REGISTRATION

2. Registration will start at 8.00 a.m. at the entrance of the meeting hall.
3. Please read the signage to ascertain the registration area to register yourself for the meeting and join the queue accordingly.
4. Please produce your original Identity Card (IC) to the registration staff for verification. Please make sure you collect your IC thereafter.
5. Upon verification, you are required to write your name and sign on the Attendance List placed on the registration table.
6. You will be given an identification wristband and no person will be allowed to enter the meeting hall without the wristband. There will be no replacement in the event that you lose or misplace the identification wristband.
7. If you are attending the meeting as shareholder as well as proxy, you will be registered once and will be given only one identification wristband to enter the meeting hall.
8. After registration, please leave the registration area immediately and proceed to the meeting hall.
9. No person will be allowed to register on behalf of another person even with the original IC of that other person.
10. The registration counter will handle only verification of identity and registration.

HELP DESK

11. Please proceed to the Help Desk for any clarification or queries.
12. The Help Desk will also handle revocation of proxy's appointment.

ENTITLEMENTS TO ATTEND AND VOTE

13. Only Depositor registered in the Register of Members/Record of Depositors and whose name appears on the Register of Members/Record of Depositors as at 15 May 2013 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on their behalf in respect of the number of shares registered in their name at that time.

ADMINISTRATIVE DETAILS FOR THE 21ST ANNUAL GENERAL MEETING

PROXY

14. If you are a member of the Company at the time set out above, you are entitled to appoint not more than two (2) proxies to exercise all or any of your rights to attend, speak and vote at the Annual General Meeting. If you are unable to attend the meeting and wish to appoint a proxy to vote on your behalf, please submit your Proxy Form in accordance with the notes and instructions printed therein.
15. If you wish to attend the meeting yourself, please do not submit any Proxy Form for the meeting that you wish to attend. You will not be allowed to attend the meeting together with a proxy appointed by you.
16. If you have submitted your Proxy Form prior to the meeting and subsequently decided to attend the meeting yourself, please proceed to the Help Desk to revoke the appointment of your proxy.
17. If you wish to submit your Proxy Form by facsimile, please fax to the office of the Share Registrar, Tricor Investor Services Sdn Bhd at Fax No. +603-2282 1886 not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Please also ensure that the original Proxy Form is deposited at the office of the Share Registrar not less than 48 hours before the time appointed for holding the meeting.

CORPORATE MEMBER

18. Any corporate member who wishes to appoint a representative instead of a proxy to attend the meeting should submit the original certificate of appointment under the seal of the corporation to the office of the Share Registrar at any time before the time appointed for holding the meeting or to the registration staff on the meeting day for the Company's records.

ENQUIRY

19. If you have general queries prior to the meeting, please contact the Share Registrar during office hours:-

Telephone	:	General	+603-2264 3883
		Nor Azimah Hj Bulat	+603-2264 3935
		Afifah Abu Bakar	+603-2264 3894
Fax	:	General	+603-2282 1886
Email	:	is.enquiry@my.tricorglobal.com	
		nor.azimah@my.tricorglobal.com	
		afifah@my.tricorglobal.com	

PROXY FORM

(Before completing the form, please refer to the notes)

AXIATA GROUP BERHAD
(Company No.: 242188-H)
(Incorporated in Malaysia under the Companies Act, 1965)

"A" I/We, ______________________________
(NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

with (NEW NRIC NO.) ____________ (OLD NRIC NO.) ____________ (COMPANY NO.) ____________

of ______________________________
(FULL ADDRESS)

____

being a Member/Members of **AXIATA GROUP BERHAD** hereby appoint ______________________________

____
(NAME AS PER NRIC IN CAPITAL LETTERS)

with (NEW NRIC NO.) ____________ (OLD NRIC NO.) ____________

of ______________________________
(FULL ADDRESS)

____

or failing him/her, ______________________________
(NAME AS PER NRIC IN CAPITAL LETTERS)

with (NEW NRIC NO.) ____________ (OLD NRIC NO.) ____________

of ______________________________
(FULL ADDRESS)

____

or failing him/her, the Chairman of the Meeting, as my/our **first** proxy to vote for me/us on my/our behalf at the 21st Annual General Meeting of **AXIATA GROUP BERHAD** to be held at the Grand Ballroom, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Thursday, 23 May 2013 at 10.00 a.m. or at any adjournment thereof.

"B" If you wish to appoint a second proxy, please complete this section.

I/We, ______________________________
(NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

with (NEW NRIC NO.) ____________ (OLD NRIC NO.) ____________ (COMPANY NO.) ____________

of ______________________________
(FULL ADDRESS)

____

being a Member/Members of **AXIATA GROUP BERHAD** hereby appoint ______________________________

____
(NAME AS PER NRIC IN CAPITAL LETTERS)

with (NEW NRIC NO.) ____________ (OLD NRIC NO.) ____________

of ______________________________
(FULL ADDRESS)

____

or failing him/her, ______________________________
(NAME AS PER NRIC IN CAPITAL LETTERS)

with (NEW NRIC NO.) ____________ (OLD NRIC NO.) ____________

of ______________________________
(FULL ADDRESS)

____

or failing him/her, the Chairman of the Meeting, as my/our **second** proxy to vote for me/us on my/our behalf at the 21st Annual General Meeting of the Company to be held at the Grand Ballroom, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Thursday, 23 May 2013 at 10.00 a.m. or at any adjournment thereof.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:-	
	Percentage (%)
Proxy* "A"	
Proxy* "B"	
TOTAL	100%

** Please fill in the proportion of the holding to be presented by each proxy*

My/Our proxy/proxies is/are to vote as indicated below:-

Please indicate with an 'X' in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote or abstain at his/her discretion.

	Resolutions		Proxy "A" For	Proxy "A" Against	Proxy "B" For	Proxy "B" Against
	Ordinary Business					
1.	Ordinary Resolution 1	– To receive the Audited Financial Statements for the financial year ended 31 December 2012 and Reports				
2.	Ordinary Resolution 2	– Declaration of a final tax exempt dividend under single tier system of 15 sen per ordinary share				
3.	Ordinary Resolution 3	– Declaration of a special tax exempt dividend under single tier system of 12 sen per ordinary share				
4.	Ordinary Resolution 4	– Re-election of Dato' Sri Jamaludin Ibrahim				
5.	Ordinary Resolution 5	– Re-election of Tan Sri Ghazzali Sheikh Abdul Khalid				
6.	Ordinary Resolution 6	– Re-election of Dato' Abdul Rahman Ahmad				
7.	Ordinary Resolution 7	– Re-election of Bella Ann Almeida				
8.	Ordinary Resolution 8	– Approval of payment of Directors' Fees for the financial year ended 2012				
9.	Ordinary Resolution 9	– Approval of payment of Directors' Fees from 1 January 2013 until the next Annual General Meeting				
10.	Ordinary Resolution 10	– Re-appointment of Messrs. PricewaterhouseCoopers as Auditors				
	Special Business					
11.	Ordinary Resolution 11	– Proposed Shareholders' Mandate				
12.	Ordinary Resolution 12	– Proposed Grant				

Signed this __________ day of ______ 2013.

No. of ordinary shares held	CDS Account No. of Authorised Nominee*
	– –

** Applicable to shares held through a nominee account*

____
Signature(s)/Common Seal of Member(s)

Notes:

Proxy and/or Authorised Representatives

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint a proxy without any restriction to the qualification of the proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company and the restrictions provided in Section 149(1) (a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.

2. The Company shall be entitled to reject any instrument of proxy lodged if the member is not shown to have any shares entered against his name in the Register and/or subject to Article 34A of the Company's Articles of Association in relation to the Record of Depositors made available to the Company.

3. A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Where a Member appoints two (2) proxies, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.

4. Where a Member is an authorised nominee as defined under the SICDA, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

   Every appointment submitted by an authorised nominee as defined under the SICDA, must specify the CDS Account Number.

5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in respect of each securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominees may appoint in respect of each omnibus account it holds.

6. The instrument appointing a proxy shall:-
   (i) in the case of an individual, be signed by the appointer or by his/her attorney.
   (ii) in the case of corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

   If the instrument appointing a proxy is signed by an officer on behalf of the corporation, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document, which is still in force, no notice of revocation has been received". If the instrument appointing a proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under a power of attorney, which is still in force, no notice of revocation has been received".

7. A corporation which is a Member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 89 of the Company's Articles of Association.

8. The instrument appointing the proxy together with the duly registered power of attorney referred to in Note 6 above, if any, must be deposited at the office of the Share Registrar, Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding of the Meeting or at any adjournment thereof.

Members Entitled to Attend

9. For purposes of determining a member who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Depository, in accordance with Article 66 of the Company's Articles of Association and Section 34(1) of the SICDA, to issue a General Meeting Record of Depositors as at 15 May 2013. Only a depositor whose name appears in the General Meeting Record of Depositors as at 15 May 2013 shall be entitled to attend, speak and vote at the said meeting or appoint a proxy(ies) on his/her behalf.

2. FOLD THIS FLAP TO SEAL

AFFIX STAMP
RM0.80
HERE

The Share Registrar
Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia

1. FOLD HERE

Axiata Group Berhad [242188-H]
Axiata Centre
9 Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

www.axiata.com

This annual report is printed on environmental friendly material.