Axiata Group Berhad (242188-H)
Axiata Centre
9 Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia

Website: www.axiata.com

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AXIATA GROUP BERHAD ANNUAL REPORT (242188-H) 2010

axiata
advancing asia

Annual Report 2010

optimistic

collaborative

local relevance

excellence

innovation

principled

uncompromising

Our goal is to advance Asia via telecommunications and technology. The road ahead is exciting and full of possibilities. In the years to come, we at Axiata, hope to explore new frontiers of communications and to get more people connected across Asia and beyond. To move ahead towards a better, brighter future.

axiata
advancing asia

Axiata Group Berhad (242188-H)

CONTENTS

AS ONE OF ASIA'S LARGEST TELECOMMUNICATIONS COMPANIES, WE ARE COMMITTED TO THE GROWTH OF THE REGION BY PROVIDING AFFORDABLE CONNECTIVITY, INNOVATIVE TECHNOLOGY AND NURTURING WORLD-CLASS TALENT.

RAISING
THE BAR

STRENGTH
IN DIVERSITY

ENHANCING
CONNECTIVITY

ADVANCING
ASIA

FINANCIAL
STATEMENTS

The name Axiata embodies who we are.

A company that is committed to the people of Asia. Our logo, the Axiata Prism, is multifaceted and multidimensional reflecting our rich heritage, diversity and vibrancy. It is as colourful as the different countries we serve.

It shows the world that we view situations from every perspective, taking all viewpoints into account.

With over 160 million customers across 10 countries, we are advancing Asia towards a better, brighter future.

FINANCIAL CALENDAR 2010

QUARTERLY RESULTS

27 May 2010 (Thursday)
Unaudited consolidated results for the 1st quarter ended 31 March 2010

25 August 2010 (Wednesday)
Unaudited consolidated results for the 2nd quarter and half-year ended 30 June 2010

24 November 2010 (Wednesday)
Unaudited consolidated results for the 3rd quarter ended 30 September 2010

23 February 2011 (Wednesday)
Audited consolidated results for the 4th quarter ended 31 December 2010

NOTICE OF 19TH ANNUAL GENERAL MEETING AND ISSUANCE OF ANNUAL REPORT 2010

10 May 2011 (Tuesday)

19TH ANNUAL GENERAL MEETING

1 June 2011 (Wednesday)

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

Independent Non-Executive Director
TAN SRI GHAZZALI SHEIKH ABDUL KHALID

Senior Independent Non-Executive Director
DATUK AZZAT KAMALUDIN

Independent Non-Executive Director
JUAN VILLALONGA NAVARRO

Independent Non-Executive Director
DAVID LAU NAI PEK

Independent Non-Executive Director
MUHAMAD CHATIB BASRI

Non-Independent Non-Executive Director
DR. FARID MOHAMED SANI

GROUP COMPANY SECRETARY

SURYANI HUSSEIN
LS0009277

REGISTERED OFFICE

Level 5, Axiata Centre
9 Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
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
Lingkaran 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
50706 Kuala Lumpur
Malaysia
Tel : +603 2173 1188
Fax : +603 2173 1288

WEBSITE

www.axiata.com

INVESTOR RELATIONS

Tel : +603 2263 8817
Fax : +603 2278 3335
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

CHAIRMAN'S STATEMENT

Tan Sri Dato' Azman Hj. Mokhtar
Chairman

160 million subscribers

33% YoY

Dear Shareholders,

AXIATA ANNOUNCED ITS BOLD AMBITION TO BE A REGIONAL CHAMPION BY 2015. THREE YEARS INTO ITS EXISTENCE, AXIATA HAS PROVEN THAT IT IS WELL ON ITS WAY TOWARDS THIS AMBITION; FOCUSED ON DRIVING TRANSFORMATION AND RAISING THE PERFORMANCE BAR. 2010 WAS A YEAR OF CONTINUED RESILIENCE AND GROWTH FOR AXIATA. AMIDST INTENSIFYING COMPETITION AND TOUGH REGULATORY CONDITIONS YOUR COMPANY CONTINUES TO DELIVER STRONG PERFORMANCE AND CASH GENERATION PUTTING US ON SOLID FOOTING TO FACE UPCOMING CHALLENGES. IT HAS BEEN SHORT IN TERMS OF TIME SINCE THE DEMERGER IN 2008, BUT LONG IN TERMS OF ACHIEVEMENTS WHICH SAW THE GROUP STRENGTHENING ITS BALANCE SHEET AND CASH POSITION. ALONGSIDE FINANCIAL ACHIEVEMENTS AXIATA ALSO DELIVERED ON ITS COMMITMENT OF NATION DEVELOPMENT, THAT OF ADVANCING ASIA, WITH THE LAUNCH OF ITS CORPORATE RESPONSIBILITY PROGRAMME, THE AXIATA YOUNG TALENT PROGRAMME, A PLEDGE TO DEVELOP FUTURE LEADERS. BY THE END OF 2010, THE GROUP'S TOTAL SUBSCRIBER BASE EXPANDED TO 160 MILLION, MAKING THE GROUP ONE OF THE LARGEST TELCOS IN THE REGION.

The Group displayed a reassuring ability to adapt and nimbly navigate the waters in an increasingly competitive and difficult operating landscape. Axiata built on its strong position from last year not only to meet its targets but to exceed them.

The foundations put in place since demerger continue to gain traction. It is particularly pleasing to see regional assets outside of Malaysia continue to grow, emphasising the growing importance of Axiata's regional portfolio and its exposure to fast growing mobile markets in Asia.

Achievements for 2010 include the completion of sale of 1.7 billion XL shares, fulfilling Axiata's commitment to the Indonesian regulators to increase the free float of XL shares on the Indonesian Stock Exchange. The year also saw further strengthening of our capital structure through the completed USD300 million Bonds offering, marking another milestone achievement in our capital management roadmap.

Improved engagement with shareholders coupled with enhanced perception and convincing execution of strategies have led to stronger confidence in Axiata. This translated to increased foreign shareholding throughout the year to 19% from 6.7% a year ago.

The year also saw Axiata exit its non-core businesses in order to concentrate on the Group's primary business of mobile communications. Reflecting this new strategic direction was the divestment of Samart. The Group also entered into an agreement to sell off its entire stake in Multinet.

With all these efforts, our share price on Bursa Malaysia Securities Berhad responded positively, growing 55.7% in the year, outperforming the KLCI by 36.4%. Axiata was the second best performing stock and the only telco stock to outperform the KLCI.

In light of this, as well as the Group's strong performance, I am pleased to report that the Group announced its maiden dividend of 10 sen per share (single tier), a 32% payout which is slightly over the 30% originally guided. This allows us to reward and share our success with our shareholders, with Axiata able to give a blend of growth and dividends.

Axiata remains committed to our role in nation development and that of Advancing Asia. This commitment saw the launch of our Corporate Responsibility programme, the Axiata Young Talent Programme (YTP), which is a response to the Government's call to develop programmes that benefit the people. Axiata will be investing heavily in providing opportunities for the next generation, sponsoring students at secondary, pre-University as well as University levels. The programme aims to be more than just a scholarship, it hopes to nurture future industry leaders; ultimately contributing to the nation's human capital development. The programme provides access to excellent education and more importantly, extra curricular activities which promote independent enquiry and intellectual curiosity. Alongside this, Axiata continue to give back to the community in various Corporate Responsibility activities. This include monetary donations as well as on ground support for communities affected by calamities in the countries that we operate in.

The telecommunications industry is constantly evolving at a furious pace where globally voice revenues continue to decline whilst data revenue continues to grow. There has been an emergence of non-traditional competitors in the telecom space which indicates that wireless data is the future. Against this backdrop, innovation remains absolutely critical. Axiata, is committed to 'raising the bar' in all aspects of our business via our operations, the organisation, products and services, and the entire customer experience. In times of exponential growth, if we merely improve incrementally we will fall behind. In light of this we are constantly adapting our business to remain agile to adapt to the changing environment, with an increased focus on non-voice services such as broadband and mobile data.

Along with an aggressive focus on growth, the Board is fully committed to maintain transparency and accountability as part of good corporate governance and practices.

Along with an aggressive focus on growth, the Board is fully committed to maintain transparency and accountability as part of good corporate governance and practices. The Board plays a pivotal role in ensuring this across the group, towards the protection of the Group's shareholders and minority shareholders/ partners. We have very specific and detailed guidelines and code of conduct for clear, relevant and effective communications as well as a fair and transparent procurement policy, adhering to current best practices.

Towards this end, and in a firm commitment towards making Axiata into a true multinational organisation, the year also saw us continue with our Board Evaluation Effectiveness programme. Based on the previous year's findings, significant improvements were made by the board in areas such as Board administration, Board composition and gender diversity as well as ensuring global experience to reflect our regional aspirations. Moving forward, areas of focus will be succession planning for pivotal positions, maintaining a pipeline for Board/Board committees and directors' training.

Looking ahead, Axiata will certainly continue to face challenges, both from an economic and industry perspective. Global uncertainty persists as doubts linger over the sustainability of recovery in the US and Europe. Asia however, looks set to continue on a positive growth path. The World Bank reported that the global economy grew by 3.9% in 2010. By contrast, East Asia and the Pacific and South Asia grew 9.3% and 8.7% in the same period. With Asia leading the global economic recovery and the telecommunications market continuing to grow we can only benefit. Asia's time is now and our advantageous footprint, addressing a target population of 1.6 billion and a blended penetration of just over 50%, puts us in an advantageous position to become both a driver and a beneficiary.

2011 will be a pivotal year for the Group. The Group is more regional, better connected and more integrated than any of our competitors. This factor together with a significantly enhanced balance sheet places Axiata in an excellent position to capture the opportunities presented in each of the countries it operates in.

We could not have come this far without the commitment, guidance and support of our Board, Management and employees, to all of whom I offer my thanks and congratulations for 2010's significant achievements.

In particular, I would like to thank Dato' Yusof Annuar Yaacob, our Executive Director and Group Chief Financial Officer, who resigned from the Group. Axiata records our appreciation for his invaluable leadership and contributions during his tenure with the Group.

This year, the Board welcomed Muhamad Chatib Basri, who joins as Independent Non-Executive Director. A Senior Lecturer of the Department of Economics at the University of Indonesia and Research Associate at Institute for Economics and Social Research Indonesia, his wealth of experience and knowledge will be an important addition to Axiata's Board, providing us a fresh perspective as we move towards our goal of becoming a regional champion.

The Board also appointed Ann Almeida as a member of the Board Nomination Committee and Board Remuneration Committee of Axiata. A Malaysian based in the UK, Ann is the Group Managing Director, Human Resource, HSBC Holdings plc. Her role at HSBC, which includes nurturing performance culture and achieving employee engagement ambitions across the globe, will go a long way towards our ambitions for talent management development.

Both new appointments reflect the Group's commitment in harnessing diversity on our Board, in order to promote a global perspective.

I would like to take this opportunity to thank our shareholders and stakeholders for their continued support and of course the governments and regulators across our countries for their continued facilitation and co-operation.

A special thank you also, to the Management and employees of the Group and all its subsidiaries. It has been their continued focus on high performance and culture of excellence which has gotten us to where we are today.

The hard work put in across the Group and resulting performance continued to be recognised regionally in 2010. For the second consecutive year Axiata took home the Frost & Sullivan's 2010 Asia Pacific ICT Award for Best Telecom Group of the Year. In total the Group took home six awards.

This included three wins for our flagship domestic operator, Celcom for Service Provider of the Year as well as Malaysia's Mobile Service Provider and Wireless Data Service Provider of the Year. Robi in Bangladesh, was voted the best Emerging Market Service Provider of the Year. Frost & Sullivan also honoured President & GCEO, Dato' Sri Jamaludin Ibrahim, with the prestigious individual award for CEO of the Year. Ultimately the awards are testament to the tremendous effort and dedication put in at the Group and across all our OpCos.

It thus gives me great pleasure to present Axiata's 2010 Annual Report.

TAN SRI DATO' AZMAN HJ. MOKHTAR
CHAIRMAN

PRESIDENT & GCEO'S BUSINESS REVIEW

Dato' Sri Jamaludin Ibrahim
Managing Director/President & Group Chief Executive Officer

Revenue	EBITDA	PATAMI*
↑ 17% YoY	30% YoY	86% YoY

Dear Shareholders,

2010 MARKED ANOTHER EXCELLENT YEAR FOR AXIATA. DESPITE COMING OFF A SPECTACULAR 2009, WE RAISED THE BAR EVEN HIGHER WITH 2010'S PERFORMANCE WHICH CONTINUED TO BREAK RECORDS AND WAS OUR BEST EVER. SEEN IN THE CONTEXT OF THE CHALLENGING ENVIRONMENT OF 2010, OUR SUCCESSES HAVE BEEN HARD WON. AMIDST HEIGHTENED COMPETITION AND TOUGH OPERATING ENVIRONMENTS, OUR OPCOS PERFORMED EXTREMELY WELL IN ALL KEY METRICS, SEEING CONTINUED MOMENTUM WITH ALL ROUND STRONG FINANCIAL RESULTS AND IMPROVED PROFITABILITY. CELCOM, XL AND ROBI ACHIEVED SOLID PERFORMANCE WHILST DIALOG UNDERWENT A SUCCESSFUL TURNAROUND TO RETURN TO PROFIT.

* *Normalised after adjusting for exceptional items, such as one-off gains on disposal/merger, accelerated depreciation, impairment/ FRS adjustment and foreign exchange gain/loss.*

GROUP PERFORMANCE REVIEW

I am pleased to report that Axiata recorded an outstanding performance for 2010, exceeding all its announced Headline Key Performance Indicators. The Group saw an all round solid performance in terms of revenue and profit growth across all major OpCos. Excellent and aggressive execution by all OpCos on strategies saw positive quarterly revenue trends continuing, with the Group recording double digit revenue of 17% YoY to RM15.6 billion. The robust performance was on the back of continuous growth from key markets particularly Celcom, XL and Robi with 8%, 27% and 31% growth respectively.

The Group's EBITDA grew an impressive 30% to RM7.1 billion, driven by the higher revenue and continued focus on cost management. Exceptional performances were seen from Dialog and XL where EBITDA increased by 82% and 50% via cost rescaling and strategic initiatives and tight focus on costs respectively. Almost all OpCos saw margin growth which led to an impressive 4.5 percentage point increase for the Group, to 45.2% YoY.

After adjusting for exceptional items, such as FRS impairment accounting adjustment, forex and one-off gains on disposal/merger, normalised PATAMI, representing the underlying operational performance, was up by an impressive 86% to RM2.6 billion. This was due to relentless profit and cost management. Dialog in particular saw profits increasing from a loss in FY09, whilst XL saw PAT surge by 69%. Further, the FY10 ROIC, without associates, was up 6 percentage points from 9.4% in 2009 to 15.9%. With associates it was up 4 percentage points from 7.9% in 2009 to 11.8%.

Due to the non cash FRS impairment accounting adjustment on Idea of RM1.1 billion, PATAMI rose by 7%, to reach RM1.8 billion. Without the impairment, PATAMI growth would have been 73%.

The decision to impair is based on conservative accounting standards, and in conjunction with the impairment assessment requirement under FRS 136 "impairment of assets". The decision therefore, does not in any way reflect Idea's performance. Against hyper competition and an uncertain regulatory environment, Idea is well recognised as one of the best performing operators in India. It is now number three, in terms of revenue market share, from number five three years ago. The Indian market, with a population of 1.2 billion, has tremendous growth opportunity in voice given its relatively low penetration, and, at a later stage, data services. Axiata remains committed to Idea and has every faith in its long term value.

The year also saw the Group's balance sheet further strengthened through a series of corporate finance activities. This included the USD300 million (RM956 million) bonds. The 10-year Fixed Rate Guaranteed Notes were oversubscribed by more than eight times, reflecting investors confidence in the execution of the Axiata strategy and its long term growth prospects. The issuance, which represented the first USD bond offering by a Malaysian corporate in 2010, allows Axiata a longer debt maturity profile as well as enabling the Group to tap into new sources of funding. Towards this end, the Group also completed the RM4.2 billion nominal value unrated Sukuk by CTX.

Effective capital management saw the Group producing solid cash generation, turning Free Cash Flow (FCF) positive in 2009. All of the Group's major OpCos have followed suit, turning FCF positive by the end of 2010. Axiata's Gross Debt to EBITDA ratio is now at 1.5x from 2.3x a year ago, representing one of the healthiest balance sheets in the industry.

Another achievement for 2010 includes the completion of sale of 1.7 billion XL shares, fulfilling Axiata's commitment to the Indonesian regulators to increase the free float of XL shares on the Indonesian Stock Exchange. The exercise represents the largest Indonesian secondary equity offering in more than 10 years and the offering was covered by close to 4 times.

Effective capital management saw the Group producing solid cash generation, turning Free Cash Flow positive in 2009. All of the Group's major OpCos have followed suit, turning Free Cash Flow positive by the end of 2010. Axiata's Gross Debt to EBITDA ratio is now at 1.5x from 2.3x a year ago, representing one of the healthiest balance sheets in the industry.

By the end of 2010, Axiata's total subscriber base had expanded to 160 million, up 33% from a year ago, an average of 3.3 million per month, making the Group one of the largest telcos in the region.

OPERATING COMPANIES REVIEW

Our OpCos have performed very well in all key financial metrics, exceeding all key targets. We are particularly pleased with the all round excellent results of XL, Celcom's profit growth and Robi's revenue growth, as well as the positive turnaround seen at Dialog reflecting the Group's concerted focus on targeted revenue growth and cost management. Celcom and XL continued to represent one of the best performers in the industry in 2010. Celcom saw high single digit revenue growth of 8% and EBITDA growth of 13%. XL continued its strong performance of last year with margins above 50% and ROIC nearly doubled.

The Group's performance resulted in strong balance sheets, not only at Group level but all major OpCos. The continued achievements seen in 2010 have enabled us to announce dividends at group level as well as at XL and Dialog

Difficult conditions did continue in Cambodia for Hello, operating in a highly competitive market with nine operators.

Our Indian and Singaporean affiliates, Idea and M1, continued their strong performances amidst tough competition. Idea in particular has managed to navigate successfully through a second year of hyper competition emerging as one of the best performers in an extremely challenging market.

The Group's performance resulted in strong balance sheets, not only at Group level but all major OpCos. The continued achievements seen in 2010 have enabled us to announce dividends at group level as well as at XL and Dialog.

POSITIVE GROWTH TRENDS CONTINUE AT CELCOM AND XL

Malaysia

Even in a mature market, Celcom saw a robust 8% growth in revenue, driven by mobile broadband and data, to RM6.9 billion. Non voice grew 25% YoY and now contributes 33% to revenue from 29% YoY. Celcom defended its market dominance in mobile broadband closing the year as the undisputed leader with 857 thousand subscribers. The segment contributed 9% to revenue, a growth of 76% YoY.

EBITDA for the period rose 13% to RM3.2 billion, from aggressive pursuit of smart spend initiatives and cost saving measures. Celcom also continued to generate healthy cash balance and saw double digit PATAMI growth, the highest profitability to date, up 23% to RM1.9 billion.

For 2011, Celcom will enhance its focus on mobile data, whilst maintaining leadership in mobile broadband. Alongside this, the company will be driving greater cost efficiencies with a high focus on network infrastructure sharing. This has already started with the recent Memorandum of Understanding (MoU) with TM. Before this, Celcom also signed a network collaboration agreement with DiGi Tel which aims to address the increase of data capacity requirements.

Indonesia

XL continued its remarkable performance of last year, turning in another stellar set of results above all in the industry. XL closed the year in a position of strength seeing positive trends continuing in all financial metrics. This was on the back of successful execution of strategy focusing on topline growth, operating profitability and asset productivity. YoY, XL's revenue grew by 27% to IDR17.6 trillion, (RM6.3 billion), mainly due to tariff optimisation. Similarly, EBITDA in the period increased by an impressive 50% to IDR9.3 trillion (RM3.3 billion) and saw EBITDA margin of 53%. PAT was up a spectacular 69% to IDR2.9 trillion (RM1.0 billion).

Mobile data continued to gain traction with a significant increase in data and VAS up 85% YoY, contributing 13% to total revenue from 9% a year ago. XL cemented its leadership position in this segment with new and innovative products and services such as its mobile data services platform, a one click services destination, which garnered one million users in just three weeks after the launch date.

Together with XL's balanced business model focusing on the three value drivers, i.e. topline growth, operating profitability and asset productivity, data will remain a key feature for the group moving forward.

With the strong performance, now for two consecutive years, XL announced their dividend policy with a minimum payout of 30% based on 2010's normalised net income. The group will endeavour to progressively increase the payout ratio in the future.

TURNAROUND GAINS TRACTION

Sri Lanka

Dialog saw further evidence of a turnaround, delivering solid growth in terms of profitability. Driven by strong performance of the mobile business, the group recorded PAT of SLR5.0 billion (RM144 million) from a loss a year ago, representing a 141% increase YoY. Performance during 2010 was underpinned by a healthy momentum in revenue, up 14% YoY to SLR41.4 billion (RM1.2 billion), on the back of strong growth in mobile voice and broadband. Positive outcomes of strategic cost rescaling, balance sheet restructuring initiatives and consistent financial discipline were also seen across all aspects of the business with EBITDA up an exceptional 82% to SLR15.1 billion (RM430 million).

Positive free cash flows were directed towards de-leveraging the company's balance sheet, resulting in a significant reduction of Dialog's total debt. Accordingly, Dialog continued to maintain a structurally strong balance sheet with the Gross Debt to EBITDA ratio improving from 2.6x in 2009 to 1.8x in 2010.

In light of the company's strong turnaround, the Board of Directors of Dialog announced a cash dividend of twenty cents (SLR0.20) per share to shareholders, totaling to SLR1.6 billion (RM44 million). The dividend is subject to the approval of the shareholders at the company's AGM.

STRONG GROWTH CONTINUES

Bangladesh

Robi continued its strong growth trajectory with double digit growth in all financial metrics. Despite competition and difficult regulatory conditions, revenue growth continued, for the third consecutive quarter, surging by 31% YoY to BDT26 billion (RM1.2 billion) due to healthy revenue from the prepaid segment. In tandem, EBITDA grew by 25% to BDT8.4 billion (RM388 million) with improved margins despite aggressive drive for growth. PAT for the period was up by 16% to BDT995 million (RM46 million).

Building on the strong performance, moving forward Robi will be looking at improving service quality and expanding on innovative service offerings. Alongside this, there will be added focus on balancing revenue growth and profitability.

HYPER COMPETITION CONTINUES

Cambodia

Hello continues to face competitive challenges in an over crowded market of nine mobile operators in a population of 15 million which did affect their overall financial performance. However, Hello did see continued growth in its subscriber base of 20% YoY. The company has also embarked on an aggressive marketing plan designed to capture new acquisitions and retain its existing base.

REGIONAL ASSOCIATES

India

Idea continues to improve revenue market share and despite hyper competition, for the nine months ending December 2010, revenue and EBITDA were up by 24% to INR112.7 billion (RM8.0 billion) and 9% to INR27.2 billion (RM1.9 billion) respectively YoY. VAS and data revenue has also increased from 11% to 13% in the period. Difficult conditions did see PAT dip by 9% to INR6.2 billion (RM438 million).

Despite the overall challenges being faced in the market, such as hyper competition, Idea remains one of the best performers in the industry with one of the highest EBITDA margins. The results show that despite new entrants and competitive pressures, Idea is growing stronger with steady quarterly improvements, now the number three player in terms of revenue market share from five, three years ago.

Singapore

M1 finished the year strongly with revenue at SGD979.2 million (RM2.3 billion) up 25% YoY. EBITDA at SGD313.3 million (RM740 million) was up 1.2%. Non-voice services continued to do well, up by 5.9 percentage points to 32%, driven by continuous growth in mobile broadband and smartphone customer base. PAT increased 4.5% to SGD157.1 million (RM371 million).

MAINTAINING THE MOMENTUM

2010 was the result of our continued focus and diligent execution of strategy. The Group played a key role in steering the strategy and operational directions of the OpCos, guiding the OpCo management and focusing on performance management with linkages to rewards whilst enforcing strong financial disciplines, including cost management and capital management. The year also saw the Group cementing its regional presence with cross border synergies becoming a value driver. The Group's lead on some marketing and product initiatives, network re-engineering and technology guidance, as well as strategic procurement involvement has certainly contributed to the success both directly and indirectly. 2010 saw an increasing number of cross border initiatives, such as IDD and roaming offers, which are enabled by our regional presence. Furthermore, the Group plays a pivotal role in ensuring we have strong management teams across the OpCos for sustainable performance.

Also in the year, Group Human Resource (HR) practices, such as Talent Management and Leadership development programmes were implemented further and adopted by the OpCos. We continue to invest in our people, harnessing their capabilities to drive innovation and performance. Our Talent Management Programme is to produce a talent pipeline of future leaders for sustainability of the Group. This same principle was extended beyond the Group, in order to invest in the next generation as future leaders of the country, with the launch of our YTP programme. The programme is intended for students from the age of 13 all the way through to University, aiming to develop them holistically into all rounded individuals and future leaders.

ACCELERATING PERFORMANCE

Axiata has always had the advantage of a unique footprint together with a mixed portfolio of matured as well as developing markets. We have been very successful so far but there is still much work to be done before we achieve our ambition of being a Regional Champion. The mobile world is constantly evolving and Axiata's strategy has always taken into account the dynamic nature of the industry, preparing the group for the future. Competition has not let up and regulatory challenges continue, which makes urgency and the ability to adapt crucial.

2011 will be a pivotal year for the Group where we will be focused on our next growth path looking at new revenue growth areas, especially mobile data and broadband, new ways of doing business, especially in network areas and product development etc. Demand for data is growing, and we need to be more efficient with minutes and bandwidth.

Axiata aims to assert its leadership in mobile broadband and mobile data services group wide and invest in new areas of growth. The mobile Internet is one of the fastest growth opportunities for mobile operators and Axiata's focus is to champion innovation by taking mobile phone based browsing to the next level. Concurrently, we will remain diligent on cost and cash management as well as capex efficiency towards world class standards. In order to sustain 2010's performance we will maintain our tight financial discipline in order to optimise shareholders' returns. Alongside this, we will continue to instil a culture of integrity, openness and transparency, whilst ensuring strong corporate governance.

Moving forward, organic growth will remain our primary focus. M&A could certainly enhance our leadership position further but we would only embark on any if it meets certain strategic criteria and strict financial hurdles. However, for any M&A, in-country M&A/consolidation is our priority.

Celcom will focus on growing non-voice services revenue, especially mobile data, whilst maintaining its leadership in mobile broadband. Celcom has recently entered into an MoU with TM, towards delivering multi access, multimedia, fixed and mobile convergence services to Malaysian consumers. This will be done concurrently with continued emphasis on driving greater cost efficiencies with a high focus on network infrastructure sharing and HR productivity.

2011 marks the next phase in our journey towards our ultimate goal. With momentum behind us and supported by our current team, we are well on the way towards achieving it.

XL will continue to focus on its balanced business model, focussing on top line growth, operating profitability and asset productivity. There will also be stronger focus and adoption of mobile data services and stimulating usage through innovative data offerings and applications.

Dialog will concentrate on increasing revenue growth on core business and move more aggressively into data services whilst continuing to build on successful management of cost efficiencies.

Robi, aggressively going for growth, will remain focussed on revenue and subscriber expansion whilst intensifying and capitalising on their new brand positioning. Robi will also be looking closely at improving service quality, offering simple tariff structures and innovative offerings.

ACKNOWLEDGEMENTS

It has been our continued focus on high performance and developing a culture of excellence which has gotten us to where we are today. We have been very successful so far but the biggest mistake would be to assume that more of the same will be enough. With competition intensifying as we move towards our goal of becoming regional champion we must constantly raise the bar higher and reinforce our culture of high performance.

We have within our ranks a potent mix of human capital capable of propelling Axiata towards achieving our vision. I am confident that together we will achieve this goal and years from now we will all look back with immense pride and satisfaction on how we got there.

I would 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, collaborators and media for their steadfast support. Lastly, of course I would like to thank our employees for their commitment and hard work which has gotten us to where we are today.

2011 marks the next phase in our journey towards our ultimate goal. With momentum behind us and supported by our current team, we are well on the way towards achieving it.

DATO' SRI JAMALUDIN IBRAHIM
MANAGING DIRECTOR/
PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER

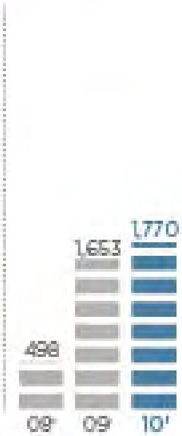
AXIATA GALLERY

THREE-YEAR GROUP FINANCIAL HIGHLIGHTS

Operating Revenue
(RM Million)

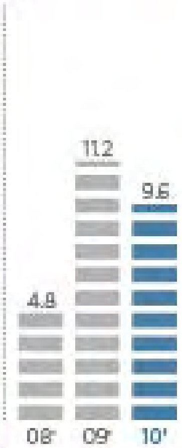
EBITDA
(RM Million)

PATAMI
(RM Million)

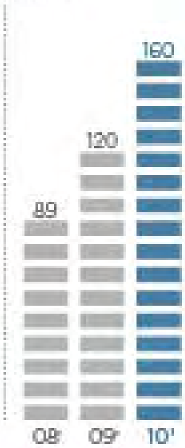


Normalised PATAMI
(RM Million)

ROE
(%)



Subscribers
(Million)



Note[1] – 2010 normalised PATAMI excludes gain on disposal/merger (RM388 million), impairment/ FRS adjustment (RM1.2 billion), Celcom USP accounting adjustment (RM83 million) and foreign exchange gain (RM55 million).

Note[2] – 2009 normalised PATAMI excludes XL one-off gain on finance lease arrangement (RM133 million), accelerated depreciation/asset impairment (RM236 million) and foreign exchange gain (RM349 million).

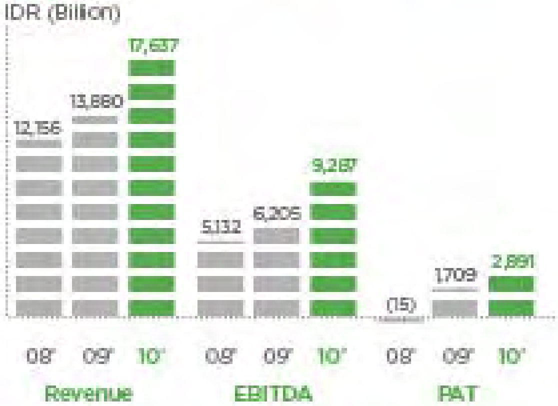
Note[3] – 2008 normalised PATAMI excludes foreign exchange loss (RM285 million).

REPORTING BY GEOGRAPHICAL LOCATION*

* All financial numbers are based on audited financial figures and following respective country GAAP

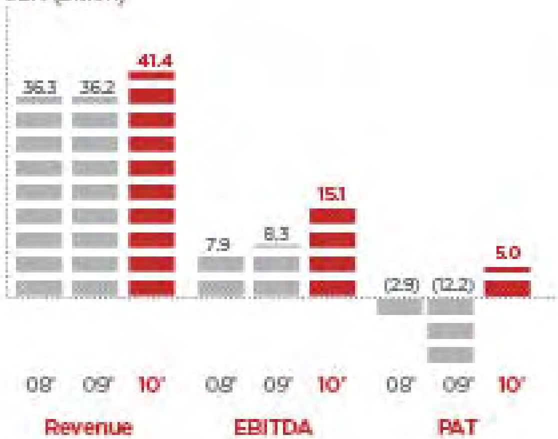
MALAYSIA
RM (Million)

INDONESIA
IDR (Billion)

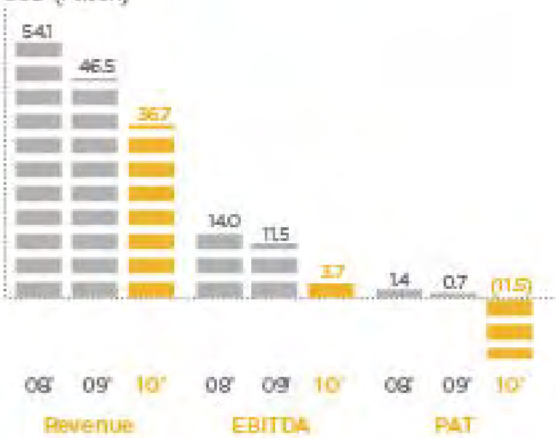


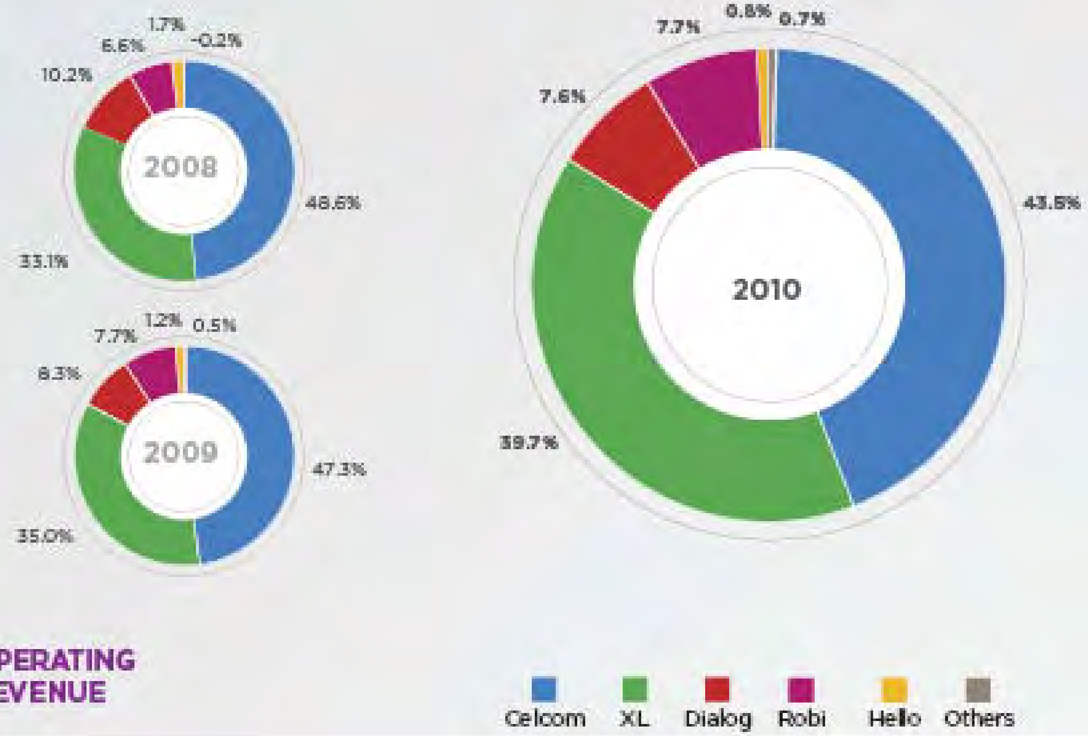
BANGLADESH
BDT (Billion)

SRI LANKA
SLR (Billion)

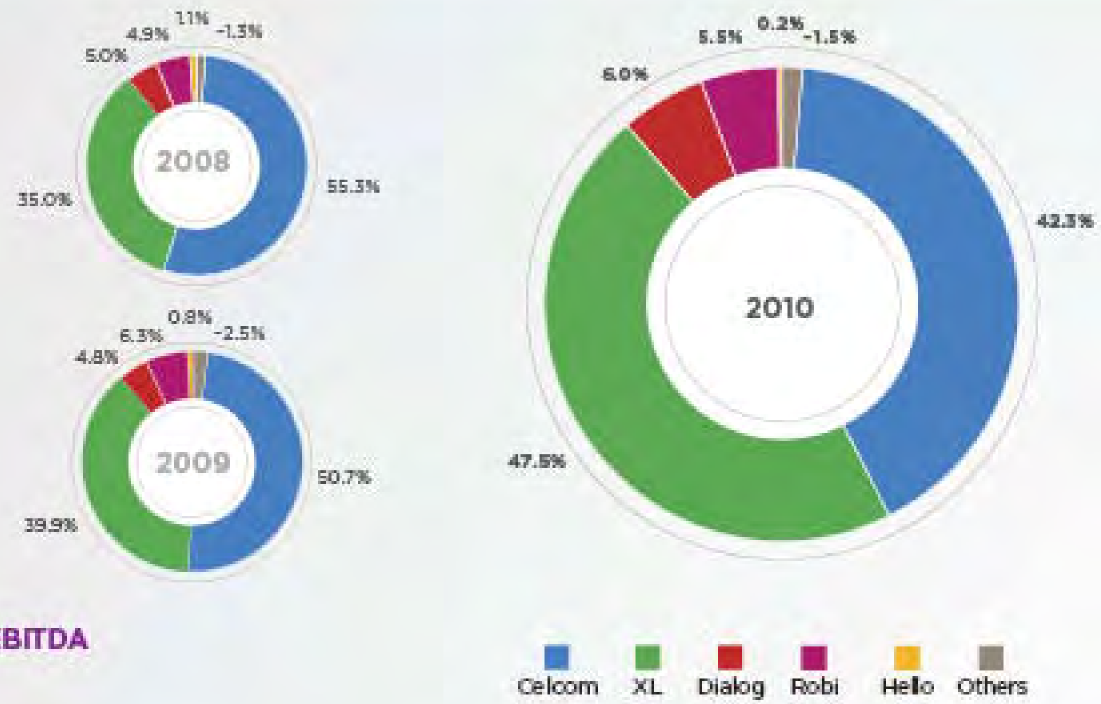


CAMBODIA
USD (Million)





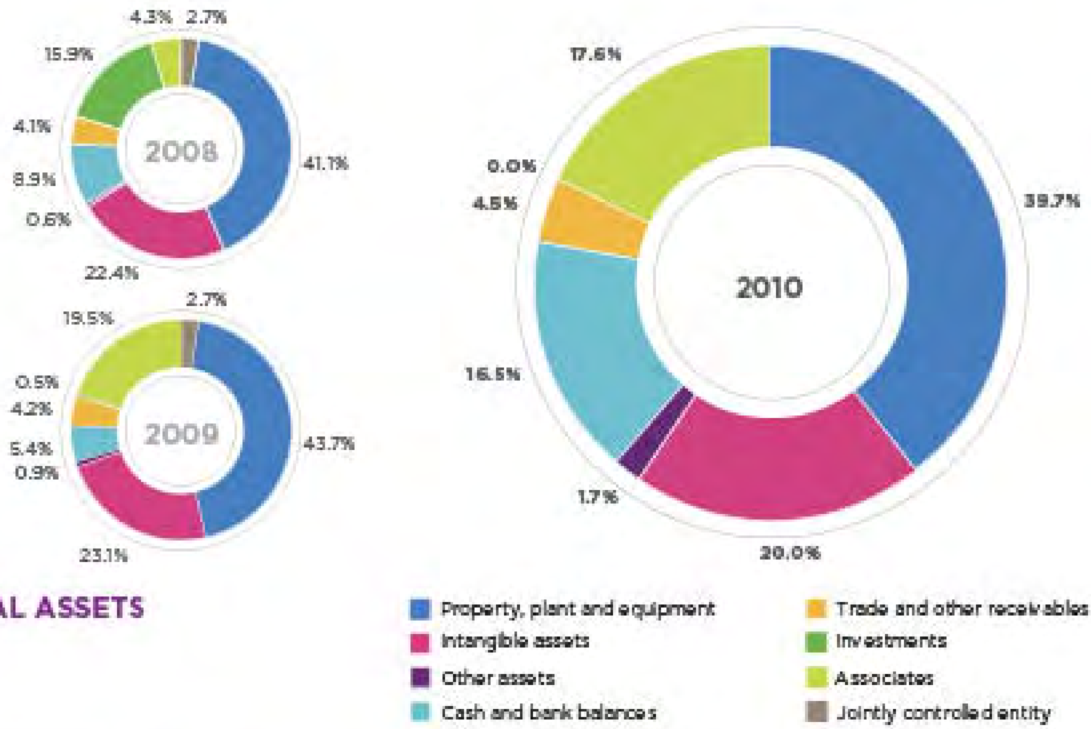
OPERATING REVENUE



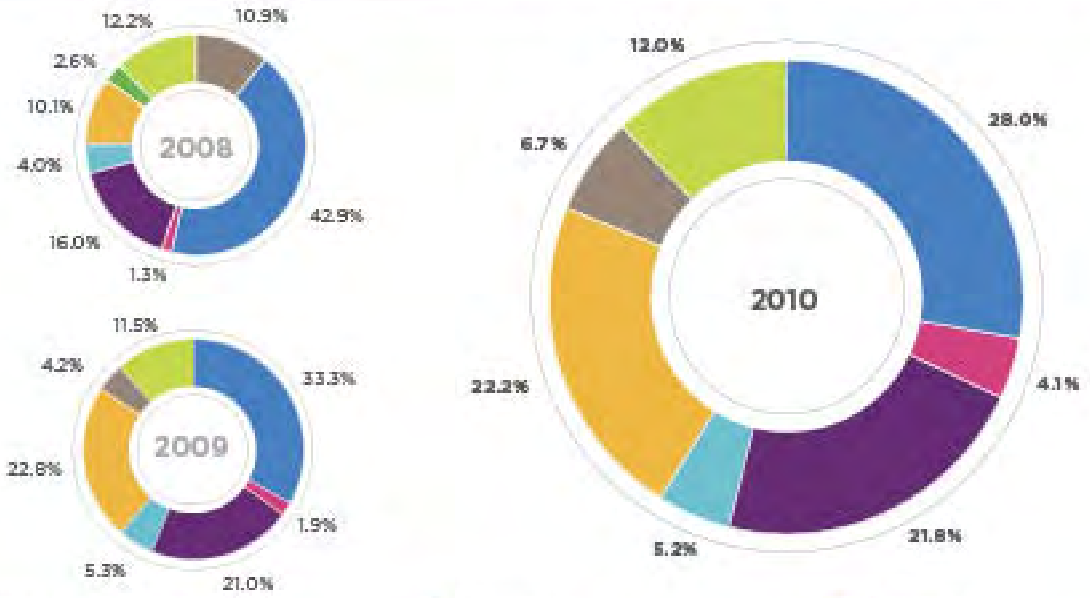
EBITDA

SIMPLIFIED GROUP STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS



TOTAL LIABILITIES & SHAREHOLDERS EQUITY



THREE-YEAR GROUP FINANCIAL SUMMARY

OPERATIONAL HIGHLIGHTS

All in RM Million unless stated otherwise	FY2010	FY2009	FY2008
1. Operating revenue	**15,621**	13,312	11,438
2. Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)	**7,054**	5,420	4,446
3. Earnings from Associates & Jointly Controlled Entity	**164**	101	(59)
4. Profit Before Tax (PBT)	**3,206**	2,666	906
5. Profit After Tax (PAT)	**2,117**	1,756	471
6. Profit After Tax and Minority Interest (PATAMI)	**1,770**	1,653	498
7. Normalised PATAMI*	**2,611**	1,407	783
8. Total shareholders' equity	**18,725**	18,184	11,217
9. Total assets	**38,101**	37,028	37,216
10. Total borrowings	**10,684**	12,323	15,959
11. Subscribers (million)	**160**	120	89
GROWTH RATES YoY			
1. Operating revenue	**17.3%**	16.4%	14.4%
2. EBITDA	**30.2%**	21.9%	7.5%
3. Total shareholders' equity	**3.0%**	62.1%	15.6%
4. Total assets	**2.9%**	-0.5%	52.0%
5. Total borrowings	**-13.3%**	-22.8%	75.5%
SHARE INFORMATION			
1. Per share			
Earnings (basic) – sen	**21**	22[(a)]	9[(a)]
Earnings (diluted) – sen	**21**	21[(a)]	–
Net assets – RM	**2.2**	2.2	3.0
2. Share price information – RM			
High	**4.76**	3.74[(b)]	7.85
Low	**3.07**	1.77[(b)]	3.12
FINANCIAL RATIO			
1. Return on shareholders' equity**	**9.6%**	11.2%	4.8%
2. Return on total assets***	**5.6%**	4.7%	1.3%
3. Debt equity ratio****	**0.6**	0.7	1.4

Notes:

- * Excludes XL one-off gain on finance lease arrangement, accelerated depreciation, impairment/FRS adjustment, gain on disposal/merger, Celcom USP accounting adjustment and foreign exchange gain/loss
- ** PATAMI over average shareholders' equity
- *** PAT over total assets
- **** Total borrowings over total shareholders' equity
- (a) After adjustment for Rights Issue
- (b) Share price traded ex-rights from 8 April 2009 adjusting for the rights issuance of RM5.25 billion

AWARDS & ACCOLADES

AXIATA GROUP BERHAD

Frost & Sullivan Asia Pacific ICT Awards 2010
Best Telecom Group of the Year
CEO of the Year : Service Provider

Telecom Asia Awards 2010
Telecom CEO of the Year
Best Regional Mobile Group

CELCOM AXIATA BERHAD

11th PC.com Award
Best Wireless Broadband

Contact Center World Awards 2010
Gold Award: Best Contact Centre
Gold Award: Best Helpdesk
Silver Award: Best Contact Centre Support Professional (Workforce Planning)

Contact Centre Industry Awards Asia Pacific Region 2010
Gold Award: Best Contact Centre
Gold Award: Best Helpdesk (Technical Team)
Gold Award: Best Contact Centre Professional (Workforce Planning)
Silver Award: Best Recruitment Campaign

Frost & Sullivan Asia Pacific ICT Awards 2010
Wireless Data Service Provider of the Year

Frost & Sullivan Malaysia Telecoms Awards 2010
Service Provider of the Year
Mobile Service Provider of the Year
Broadband Service Provider of the Year

Islamic Finance News (IFN) Awards 2010
Ijarah Deal of the Year
Mergers and Acquisition Deal of the Year

Putra Brand Awards 2010
Bronze Medal: Communications Network Category

Telecoms Asia Awards 2010
Best Mobile Carrier

AWARDS & ACCOLADES

PT XL AXIATA TBK

Asia's Best Companies 2010 (Awarded by FinanceAsia magazine)
One of the top 10 leading companies in Indonesia
Best Managed Company
Best Corporate Governance
Best Investor Relations

Forsel Award 2010
The Editor's Choice for BlackBerry One Service
Person of the Year for President Director Hasnul Suhaimi
Best BlackBerry Service

Frost & Sullivan-Indonesia Best Practice Awards 2010
Mobile Service Provider of the Year
Service Provider of the Year

Gadget Award 2010
The Best Innovation GSM

Global Telecoms Business – Innovation Award 2010
Core Network Innovation

Indonesia Cellular Award 2010
Best BlackBerry Service
Best Value Added Services

Indonesia Golden Ring Awards 2010
Best Operator
Best Operator Product

Most Admired Knowledge Enterprise (MAKE) Award 2010

Selular Award 2010
Best Blackberry Service
Best Value Added Services
Best Mobile Data Services GSM
Best CSR (Corporate Social Responsibility) for Indonesia Berprestasi programme (Indonesia Achieves)

Best CEO 2010 (Awarded by SWA magazine)
President Director Hasnul Suhaimi

Customer Loyalty Award 2010 (Awarded by SWA magazine)
Net Promoter Score Excellence – GSM Prepaid Category

Indonesia's Top 10 Best CFO (Chief Finance Officer) (Awarded by SWA magazine)
Finance Director Willem Lucas Timmermans

Word of Mouth Marketing Award (Awarded by SWA magazine)
GSM Prepaid Category

SCTV Award 2010
TV Commercial of XL Prepaid Rp 25/minute '*Tebak-tebakan*'

DIALOG AXIATA PLC

SLIM-Nielsen People's Awards
People's Youth Brand of the Year
People's Mobile Telecom Brand of the Year

Corporate Accountability Rating by LMD and Sting Consultants
Platinum Award

Mobile World Summit Awards (WSA)
Gold Award: Mobile-Inclusion and Empowerment Category for "DialogTradenet"

m-Billionth Award
m-Inclusion category for "DialogTradenet"

ROBI AXIATA LIMITED

Frost & Sullivan Asia Pacific ICT Awards 2010
Emerging Market Service Provider of the Year

Robintex – The Financial Mirror 11th Bangladesh Business Award
Best Stakeholders Management

IDEA CELLULAR LIMITED

4th Buzziest Brand in India
Awarded by leading brand and marketing media house, agencyfaqs

Annual Prepaid Mobile Summit 2011
Best Product Innovation for "Imagine" – Idea's prepaid promotion management system

Avaya Global Connect Awards 2010
Most Customer Responsive Company in the Telecom sector

Economic Times Corporate Excellence Award 2009
Emerging Company of the Year

India Digital Media Awards
Digital Brand of the Year

Tele.Net Telecom Awards 2010
Best Ad Campaign

M1 LIMITED

National Arts Council's Patron of the Arts Awards 2010
Distinguished Patron of the Arts

CommsDay Asia Awards
Best Mobile Operator

IR Magazine Awards 2010 South East Asia
Certificate of Excellence

SAMART I-MOBILE PUBLIC COMPANY LIMITED

Prime Minister's Export Award 2010
Design Excellence Award

1994

FEBRUARY 1994

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

1996

OCTOBER 1996

TMIB (now known as Robi) 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 (now known as Dialog) to TMI, which resulted in Dialog becoming wholly-owned by TMI.

1998

MAY 1998

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

MAJOR MILESTONES

2005

JANUARY 2005

TMI through TMIL (now known as AIL) acquired the entire equity interest of Indocel (now known as Axiata Indonesia), 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 (now known as Axiata Singapore) 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).

Notes:

1. *TMIL changed its name to Axiata Investments (Labuan) Limited (AIL) w.e.f. 28 June 2010*
2. *Indocel changed its name to Axiata Investments (Indonesia) Sdn Bhd (Axiata Indonesia) w.e.f. 6 July 2010*
3. *Sunshare changed its name to Axiata Investments (Singapore) Limited (Axiata Singapore) w.e.f. 4 June 2010*

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).

2006

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 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 and now known as AIL2), 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.

DECEMBER 2006

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

Note:
1. TMI India changed its name to Axiata Investments 2 (India) Limited (AIL2) w.e.f. 20 May 2010

2007

JUNE 2007

Indocel increased its shareholding in XL to 67% by a 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 in relation to the acquisition of 15.97% equity interest in XL by Etisalat Indonesia from Bella Sapphire Ventures Ltd.

2008

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 (now known as AIL1) 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.

Notes:
1. TMI Mauritius – changed its name to Axiata Investments 1 (India) Limited (AIL1) w.e.f. 20 May 2010

2009

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.

DECEMBER 2009

Celcom changed its name to Celcom Axiata Berhad.

2010

FEBRUARY 2010

TMIC changed its name to Hello Axiata Company Limited (HACL).

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

Axiata Bangladesh Limited (AxB) launched their new identity under a new name 'Robi'.

APRIL 2010

M1 changed its name to M1 Limited.

APRIL 2010

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

APRIL 2010

Axiata SPV1 issued USD300 million aggregate principal amount of 5.375% Notes Due in 2020 guaranteed by Axiata payable semi annually in arrears on 28 October 2010 (Notes). 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 a Memorandum of Understanding (MOU) with DiGi Telecommunications Sdn Bhd (DiGi Tel), a wholly owned subsidiary of DiGi.Com Berhad (DiGi) and Telenor Asia Pte Ltd, major shareholder of DiGi, to explore the viability of long-term collaboration of sharing network infrastructure in Malaysia (Proposed Collaboration).

AUGUST 2010

AxB changed its name to Robi Axiata Limited.

AUGUST 2010

Celcom via its wholly owned subsidiary, CTX placed out RM4.2 billion nominal value unrated Sukuk under a private offering to Employees Provident Fund Board, CIMB Islamic Bank Berhad and Malayan Banking Berhad.

SEPTEMBER 2010

XL leads the way with blackberry users in Indonesia with 550 thousand subscribers.

SEPTEMBER 2010

Celcom cements its leadership in mobile broadband with over 800 thousand subscribers.

DECEMBER 2010

Axiata Group's total subscriber base reached 160 million making it one of the largest telcos in the region.

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.

2011

JANUARY 2011

Celcom entered into a Network Collaboration Agreement with DiGi Tel to jointly implement the Proposed Collaboration.

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.

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 for Celcom's network and MVNOs.

STRENGTH IN DIVERSITY

AXIATA PROFILE

Axiata is one of the largest Asian telecommunication companies, focused on high growth low penetration emerging markets. Axiata has controlling interests in mobile operators in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia with significant strategic stakes in India, Singapore and Iran. India and Indonesia are amongst the fastest growing markets in the world. In addition, the Malaysian-grown holding company has a stake in mobile telecommunication operations in Thailand.

The Group's mobile subsidiaries and associates operate under the brand name 'Celcom' in Malaysia, 'XL' in Indonesia, 'Dialog' in Sri Lanka, 'Robi' in Bangladesh, 'Hello' in Cambodia, 'Idea' in India, 'M1' in Singapore and 'MTCE' in Iran (Esfahan).

The Group, including its subsidiaries and associates, has over 160 million mobile subscribers in Asia. The Group revenue for 2010 was RM15.6 billion. The Group provides employment to over 25,000 people across Asia.

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 2009 and 2010 Asia Pacific ICT Award for Best Telecom Group and the Telecom Asia Best Regional Mobile Group 2010 for its operations in multiple Asian markets.

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 Telekom Malaysia International Sdn. Bhd. (TMI), operating as a division within Telekom Malaysia Berhad (TM). The initial focus was on expanding the Group's footprint, primarily through mergers and acquisitions, building a portfolio which balances interest 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 160 million across 10 countries, in a matter of 6 years, making Axiata one of the largest mobile players in South East Asia.

THE NEXT WAVE

Axiata is well on its way in its journey of transformation. As we continue with our journey towards becoming a regional champion, we will focus on our next phase of our transformation process, where we will be focusing on our OpCos. We appreciate and understand that they are all at different phases of development and have different needs due to the diversity of the markets that they are in. Axiata aims to enhance its leadership role in each of the different markets by offering a comprehensive suite of services adapted to each of their needs.

In Advancing Asia, we remain committed to our core role in nation development, to make a difference to people's lives and help transform the countries in which we operate.

REGIONAL PRESENCE

MAJOR SUBSIDIARIES

MALAYSIA

CELCOM AXIATA BERHAD
Year of Investment/Shareholding: 2008/100%
Nature of Business: Mobile
Subscribers: 11.2 Million
Technology Deployed: GSM, GPRS, EDGE, 3G, HSPA
No of BTS (2G/3G): 10,943
Network Coverage (By population coverage): 2G-94.9% 3G-81.1%

BANGLADESH

ROBI AXIATA LIMITED
Year of Investment/Shareholding: 1995/70%
Nature of Business: Mobile
Subscribers: 16.7 Million
Technology Deployed: GSM, GPRS, EDGE
No of BTS (2G): 6,474
Network Coverage (By population coverage): 96%

SINGAPORE

M1 LIMITED
Year of Investment/Shareholding: 2005/29.4%
Nature of Business: Mobile and Broadband
Subscribers: 1.9 Million

INDONESIA

PT XL AXIATA TBK.
Year of Investment/Shareholding: 2005/66.7%
Nature of Business: Mobile
Subscribers: 40.4 Million
Technology Deployed: GSM, GPRS, EDGE, 3G
No of BTS (2G/3G): 22,191
Network Coverage (By population coverage): >90%

CAMBODIA

HELLO AXIATA COMPANY LIMITED
Year of Investment/Shareholding: 1998/100%
Nature of Business: Mobile
Subscribers: 924 Thousand
Technology Deployed: GSM, GPRS, EDGE, 3G, HSPA
No of BTS (2G/3G): 741
Network Coverage (By population coverage): 90%

SRI LANKA

DIALOG AXIATA PLC
Year of Investment/Shareholding: 1996/85%
Nature of Business: Mobile, Internet services and international data and voice service, fixed wireless and Direct-to-home Satellite Television
Subscribers: 6.8 Million
Technology Deployed: GSM, GPRS, EDGE, 3G, HSPA, WIFI, WiMax, DVB-S
No of BTS (2G/3G): 3,889
Network Coverage (By population coverage): 96%

MAJOR ASSOCIATES/ AFFILIATES

INDIA

IDEA CELLULAR LIMITED
Year of Investment/Shareholding: 2008/19.1%
Nature of Business: Mobile
Subscribers: 81.8 Million

OTHERS

IRAN

MOBILE TELECOMMUNICATIONS COMPANY OF ESFAHAN
Year of Investment/Shareholding: 2005/49%
Nature of Business: Mobile (Province of Esfahan)
Subscribers: 17 Thousand

PAKISTAN

MULTINET PAKISTAN (PRIVATE) LIMITED
Year of Investment/Shareholding: 2005/89%
Nature of Business: Broadband & Long Distance and International Services

THAILAND

SAMART I-MOBILE PUBLIC COMPANY LIMITED
Year of Investment/Shareholding: 2006/24.4%
Nature of Business: Mobile devices and accessories, multimedia and international business


IRAN
PAKISTAN
BANGLADESH
INDIA
SRI LANKA
CAMBODIA
THAILAND
MALAYSIA
SINGAPORE
INDONESIA

Axiata Group Berhad

Celcom Axiata Berhad (Malaysia)

- Technology Resources Industries Berhad (Malaysia)
- Celcom Transmission (M) Sdn Bhd (Malaysia)
- Celcom Technology (M) Sdn Bhd (Malaysia)
- 80% Celcom Timur (Sabah) Sdn Bhd (Malaysia)
- Celcom Mobile Sdn Bhd (Malaysia)
- Alpha Canggih Sdn Bhd (Malaysia)
- CT Paging Sdn Bhd (Malaysia)
  - C-Mobile Sdn Bhd (Malaysia)
- 15.12% Sacofa Sdn Bhd (Malaysia)
- 35% Tune Talk Sdn Bhd (Malaysia)
- Celcom Multimedia (Malaysia) Sdn Bhd (Malaysia)

Hello Axiata Company Limited (Cambodia)

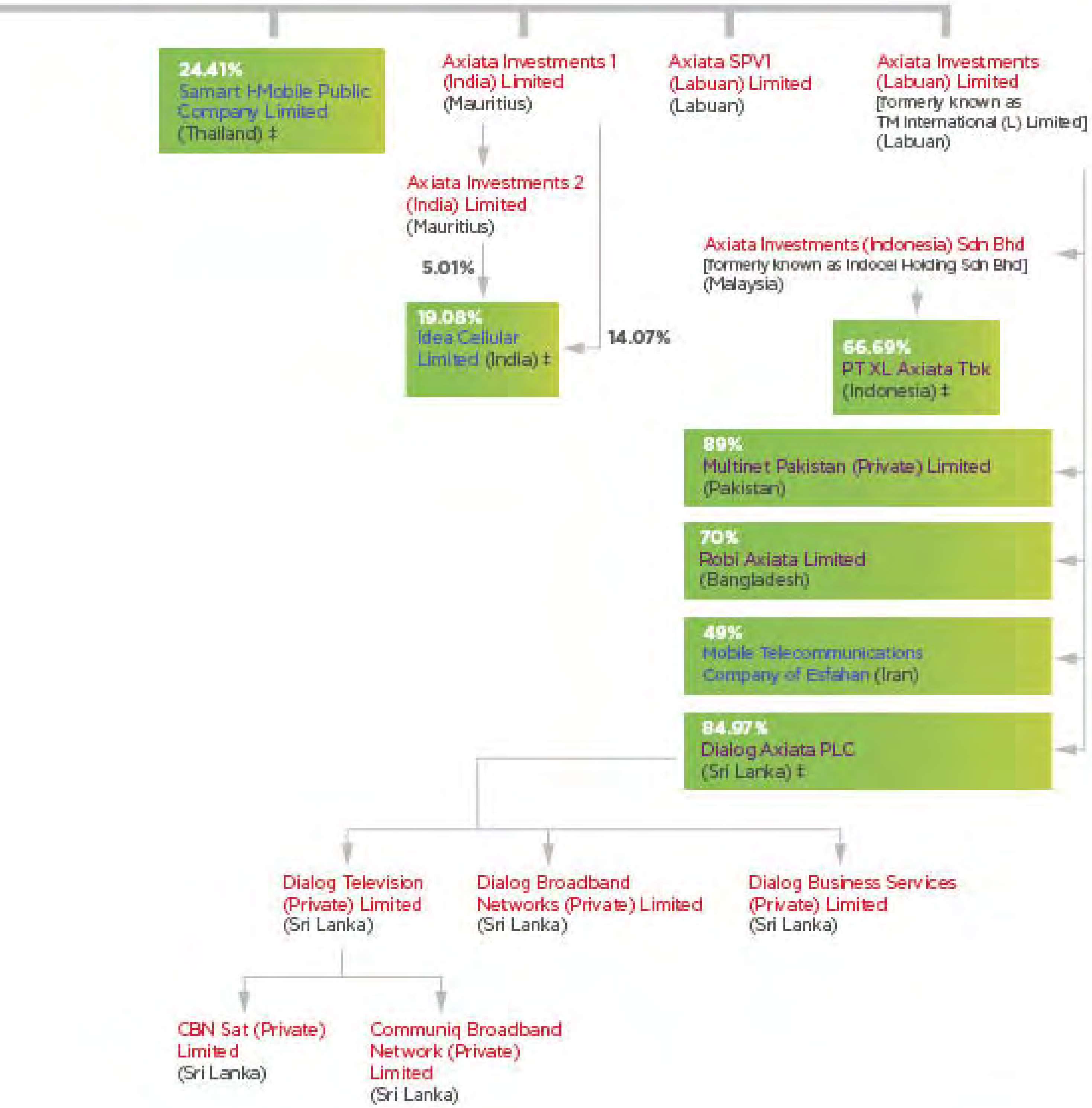
Axiata Investments (Singapore) Limited [formerly known as SunShare Investments Ltd] (Labuan)

- **29.35% M1 Limited** (Singapore) ‡

The complete list of subsidiaries, jointly controlled entities and their respective principal activities, country of incorporation and the Group's effective interest are shown in note 45 to the financial statements on pages 275 to 282 of this Annual Report.

LEGEND:

- • - Depicting Active Subsidiaries, Associates and Affiliates
- ■ - Key Operating Companies
- ‡ - Listed Companies
- Wholly-owned Subsidiaries
- Non wholly-owned Subsidiaries
- Associates/Affiliates


24.41%
Samart I-Mobile Public Company Limited
(Thailand) ‡
Axiata Investments 1 (India) Limited
(Mauritius)
Axiata SPV1 (Labuan) Limited
(Labuan)
Axiata Investments (Labuan) Limited
[formerly known as TM International (L) Limited]
(Labuan)
Axiata Investments 2 (India) Limited
(Mauritius)
5.01%
19.08%
Idea Cellular Limited (India) ‡
14.07%
Axiata Investments (Indonesia) Sdn Bhd
[formerly known as Indocel Holding Sdn Bhd]
(Malaysia)
66.69%
PT XL Axiata Tbk
(Indonesia) ‡
89%
Multinet Pakistan (Private) Limited
(Pakistan)
70%
Robi Axiata Limited
(Bangladesh)
49%
Mobile Telecommunications Company of Esfahan (Iran)
84.97%
Dialog Axiata PLC
(Sri Lanka) ‡
Dialog Television (Private) Limited
(Sri Lanka)
Dialog Broadband Networks (Private) Limited
(Sri Lanka)
Dialog Business Services (Private) Limited
(Sri Lanka)
CBN Sat (Private) Limited
(Sri Lanka)
Communiq Broadband Network (Private) Limited
(Sri Lanka)

PROFILE OF DIRECTORS

From left to right:

Tan Sri Dato' Azman Hj. Mokhtar
Dato' Sri Jamaludin Ibrahim
Juan Villalonga Navarro
Muhamad Chatib Basri
Dr. Farid Mohamed Sani
Datuk Azzat Kamaludin
David Lau Nai Pek
Tan Sri Ghazzali Sheikh Abdul Khalid

TAN SRI DATO' AZMAN HJ. MOKHTAR

British Chevening Scholar
Masters of Philosophy in Development Studies (Distinction), Darwin College, Cambridge University, UK
Chartered Financial Analyst
Fellow of the Association of Chartered Certified Accountants, UK
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 for 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 the Managing Director and co-founder of BinaFikir Sdn Bhd. From June 2004 to date, Azman holds the position of the Managing Director of Khazanah, the strategic investment arm of the Government of Malaysia.

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

Other Information: Member of Iskandar Regional Development Authority, Chairman of Valuecap Sdn Bhd and serves on various public service bodies including the Performance Management & Delivery Unit, the Advisory Board for Cluster of Excellence Schools, the Board of Governors of the Malay College Kuala Kangsar and the Executive Committee of Malaysia International Islamic Financial Centre. He is also a member of the Board of Trustees of Asia Business Council, Board of Trustees of the INSEAD East Asia Council and the Global Agenda Council for 2011 of the World Economic Forum on the role of business.

Age 50,
Malaysian

Appointed to the Board on
3 March 2008

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

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 was appointed as Managing Director/President & Group Chief Executive Officer on 24 March 2008. Prior to his appointment in Axiata, Jamaludin was with Maxis Communications Berhad (Maxis), which he joined in 1997 and was appointed Chief Operating Officer in the same year, and Chief Executive Officer in 1998. In 2006, he was re-designated as the Group Chief Executive Officer to reflect Maxis' international footprint. He retired from Maxis in July 2007 but remained as a Board member until February 2008. Prior to joining Maxis, he spent 16 years in the IT industry. He was the Managing Director and Chief Executive Officer of Digital Equipment Malaysia (then the second largest IT-company worldwide) from 1993 to 1997. Jamaludin also spent 12 years in IBM (1981-1993) as Systems Engineer and then in various positions in Sales, Marketing and Management. Prior to IBM, he was a lecturer in Quantitative Methods at California State University, USA in 1980.

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

Other Information: Member of the Board of Multimedia Development Corporation Sdn Bhd, the GSM Association and Universiti Tun Abdul Razak. 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 'Telecom CEO of the Year' by Telecom Asia Awards 2010 and Frost & Sullivan Asia Pacific ICT Awards 2010.

Age 52,
Malaysian

Appointed to the
Board on
3 March 2008

Managing Director/President &
Group Chief Executive Officer

TAN SRI GHAZZALI SHEIKH ABDUL KHALID

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 US in March 1999. Prior to his appointment to Washington, D.C., he served as the 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 with the Permanent Mission of Malaysia to the United Nations in New York, USA. His last position before his retirement in September 2010 was the Ambassador-at-large of the Ministry of Foreign Affairs, Malaysia to which he was appointed in 2006.

Directorship of Public Companies: Axiata Group Company – Robi (Chairman)

Age 65,
Malaysian

Appointed to the
Board on
24 March 2008

Independent Non-Executive Director
Chairman, Board Nomination Committee,
Board Remuneration Committee and
ESOS Committee

DATUK AZZAT KAMALUDIN

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 an 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.

Directorship of Public Companies: Axiata Group Companies – Dialog (Chairman) and Technology Resources Industries Berhad.

Others – Affin Holdings Berhad, Boustead Holdings Berhad, Boustead Heavy Industries Corporation Berhad, KPJ Healthcare Berhad, Pulai Springs Resort Berhad, Visdynamics Holdings Berhad and Malaysian Directors Academy.

Age 65, 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 ESOS Committee

DAVID LAU NAI PEK

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 of professional experience in finance and leading financial organisations in various locations in Australia, Brunei, China, Malaysia, New Zealand, the Netherlands and the UK. He has served the Shell Group for 28 years in various capacities. His last position before he returned to Malaysia in December 2008 was as Vice-President Finance, Shell International Exploration and Production B.V., the Hague, the Netherlands.

Directorship of Public Companies: Axiata Group Company – Celcom.

Others – Shell Refining Company (Federation of Malaya) Berhad and Sarawak Shell Berhad.

Age 58, Malaysian

Appointed to the Board on 23 April 2008

Independent Non-Executive Director
Chairman, Board Audit Committee

JUAN VILLALONGA NAVARRO

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

Working Experience: Juan was the Chairman and Chief Executive Officer of Telefonica, a provider of telecommunications services in Spain from 1996 to 2000. Prior to joining Telefonica, he was the Chief Executive Officer of Bankers Trust and Credit Suisse First Boston in Spain and was a partner at McKinsey & Co., for nine years. Juan is currently a global entrepreneur based in London. In 2010, he was nominated by the Harvard Business Review as one of the 50 best CEOs in the world, based on value creation.

Directorship of Public Companies: Axiata Group Company – Idea Cellular Limited.

Others – Espirito Santo Financial Holding.

Age 58,
Spanish

Appointed to the
Board on
24 March 2008

Independent Non-Executive Director
Member, Board Audit Committee

MUHAMAD CHATIB BASRI

PhD in Economics and Master of Economic Development, Australian National University, Australia
Bachelor of Science (Economics), University of Indonesia, Indonesia

Working Experience: Chatib is a Senior Lecturer in the Department of Economics at the University of Indonesia, a position he has held since 1992. He has been a Research Associate at the Institute for Economics and Social Research Indonesia since 1999, the oldest economic policy think tank in Indonesia. He has also been advisor and/or consultant for Toyota Motor Corporation, The World Bank, The Asian Development Bank, USAID, AUSAID, OECD and United Nation's Conference on Trade and Development. Chatib is presently the Vice Chairman of Indonesia's National Economic Committee, Member of the Asia Pacific Regional Advisory Group of the International Monetary Fund (IMF) and Member of the High Level Trade Expert Group. He was a Special Advisor to the Minister of Finance of the Republic of Indonesia in 2006 to 2010. Chatib has also served as the Sherpa to the President of the Republic of Indonesia for the G-20 meeting in Washington in November 2008 and from 2006 to 2009, acted as the Deputy of the Minister of Finance for G-20.

Directorship of Public Companies: PT Astra International, PT Astra Otoparts and PT Indika Energy Tbk.

Age 45,
Indonesian

Appointed to the
Board on
23 November 2010

Independent Non-Executive Director

DR. FARID MOHAMED SANI

Doctorate in Chemical Engineering, Master of Engineering (Specialisation in Chemical Engineering) and Bachelor of Arts (First Class Honours), Cambridge University, UK

Working Experience: Farid is currently a Director in the Investments Division of Khazanah. Prior to his appointment as Director in July 2010, he was the Senior Vice President of the Managing Director's office at Khazanah, a position he held from July 2007. He has been with Khazanah since 2004 and has also served in Khazanah's Transformation Management office. Prior to that, Farid was a consultant at McKinsey & Co. for two years. Farid was Alternate Director on the Board of Axiata prior to his appointment as Director.

Directorship of Public Companies: Axiata Group Company – Celcom.

Others – Telekom Malaysia Berhad (Alternate Director).

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 2010.
For information on Directors' attendance at Board Meetings held during the financial year, please refer to page 69 of the Statement on Corporate Governance

Age 35, Malaysian

Appointed to the Board on 8 January 2010

Non-Independent Non-Executive Director (Representative of Khazanah)
Member, Board Audit Committee, Board Nomination Committee, Board Remuneration Committee and ESOS Committee

PROFILE OF MANAGEMENT TEAM

From left to right:
Dato' Sri Jamaludin Ibrahim, Azwan Khan Osman Khan, Donald James Rae, Rema Devi Nair, Datin Badrunnisa Mohd Yasin Khan, Suryani Hussein, Tan Gim Boon, Nik Hasnan Nik Abd Kadir, Norman Donald Price IV

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

Please refer to page 49 of the Annual Report.

AZWAN KHAN OSMAN KHAN
Group Chief Strategy Officer

Azwan is an engineering graduate (First-Class Honours) from Imperial College, University of London, UK with a broad mix of telecommunications and non-telecommunications experience across a range of companies. His professional experience includes extensive time with The Boston Consulting Group and Shell Malaysia. He was formerly the Senior Vice President, Corporate Strategy and Development in Celcom, a position he held from mid-2005.

Azwan is also a member of the Chief Strategy Officers' Group (CSOG) of the GSM Association (GSMA).

DONALD JAMES RAE
Senior Vice President, Group Business Development & Regional Operations

Don Rae graduated with a Bachelor of Commerce from University of Guelph Ontario, Canada and an MBA from University of Western Ontario, Canada in 1983 and 1987 respectively.

He started his career with Deloitte & Touche Management Consulting from 1987 to 1998, working in Canada, Hong Kong, Malaysia and Singapore, and was made Partner of the firm in 1994. His professional experience also includes extensive time with Smart Communications and Essar Telecom Business Group.

Prior to joining Axiata in February 2010, Don Rae was an independent consultant for the Group focused on reviewing and improving operations in its Dialog business unit.

REMA DEVI NAIR
Head, Group Regulatory Affairs

Rema graduated from the University of Malaya, Kuala Lumpur with Bachelor of Arts (Honours) and Master in Philosophy (M.Phil) degrees in 1983 and 1987 respectively.

She has over 20 years experience in the telecommunications industry commencing in 1988 as a specialist telecommunications writer at the Business Times, Malaysia's financial daily. This was followed by over eight years in TM, primarily in corporate planning and strategy. In early 1999, she joined the newly established Malaysian Communications & Multimedia Commission (MCMC), serving in various positions including Manager (Economic Regulation) and Industry Policy and Regulation. She joined TMI as Head, Regulatory and Corporate Affairs in August 2003 and undertook her current position as Head, Group Regulatory Affairs in April 2008.

Rema is a member of the Chief Regulatory Officers' Group (CROG) of the GSM Association (GSMA).

DATIN BADRUNNISA MOHD YASIN KHAN
Head, Group Human Resource

Badrunnisa holds a Bachelor of Science (Honours) 1981, in Biochemistry and Pharmacology, University of Aston in Birmingham, UK.

Badrunnisa has had over 25 years of working experience. Her career has predominantly been with Shell Malaysia with the first half focusing on IT software application and the second half in Human Resources. Before Axiata, she was with TM where she was General Manager, Leadership & Talent Management, Group HR.

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. She became the Group Company Secretary of Axiata upon its listing in April 2008. Suryani retains her leadership role as Head of Legal in Celcom.

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.

He joined TMI in 2004 and upon the listing of Axiata became its General Counsel. Prior to joining Axiata, he was in private practice, having practised in Malaysia and Sydney, Australia. His areas of practice were predominantly in the fields of mergers and acquisitions, equity capital markets and corporate finance. Gim's last post before joining Axiata, was with Malaysia's largest law firm, Zaid Ibrahim & Co.

NIK HASNAN NIK ABD KADIR

Group Chief Internal Auditor

Hasnan graduated with a Bachelor of Science (Honours) in Accounting & Financial Analysis, University of Warwick, UK. He is a Certified Internal Auditor (CIA) and a Chartered Member of the Institute of Internal Auditors, Malaysia (CMIIA).

Hasnan was appointed Group Chief Internal Auditor upon Axiata's listing in 2008. He 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 Shell Global Solutions, a member of Shell Global Audit Network and Secretary of ATRACC Audit Committee, a Shell Accounting Transaction Services Company for Asia Pacific and Middle East, and General Manager, Finance, for a Shell International BV joint venture Company.

NORMAN DONALD PRICE IV

Group Chief Technology Officer

Don was appointed Group Chief Technology Officer in November 2008.

He started his career in the US Navy, where he initially taught reactor physics, specialising in nuclear propulsion but later moved on to communications. He joined McCaw Communications Group (McCaw) in the US, for whom he also spent considerable amount of time with various telecommunication operators in Asia. His work at McCaw also led him to China, Indonesia and Philippines.

Don has more than 25 years experience in establishing and scaling new business operations in fiercely competitive environments in the region, seven years of which was with Bharti Airtel.

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 in 1982, 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; C-Mobile Sdn Bhd; Celcom Mobile Sdn Bhd, Celcom Transmission (M) Sdn Bhd and 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 three years in a row since 2008. In his own capacity, Shazalli was recognised for his leadership and tenacity, receiving various awards, including that of Masterclass CEO of the Year Award 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 in 1981 with a degree in Electrical Engineering before earning his MBA from the University of Hawaii, USA, in 1992.

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 much admired for his leadership and was awarded Best CEO by SWA Magazine for two consecutive years (2010 and 2009), CEO Idaman (Desirable CEO) 2009 within the Telecommunication Industry by Warta Ekonomi magazine and Outstanding Entrepreneurship Award by Asia Pacific Entrepreneurship Awards in 2008.

DR HANS WIJAYASURIYA
Director and Group Chief Executive
Dialog Axiata PLC

Hans was appointed Group Chief Executive of Dialog in 1997. Hans is a Chartered Engineer and Fellow of the Institute of Engineering Technology (IET) UK. He holds a Degree in 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 has served as Chairman of GSM Asia Pacific – the regional interest group of the GSM Association representing 22 Asia Pacific member countries.

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

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 the 'Sri Lankan of the Year' in 2008 by LMD, Sri Lanka's premier business journal.

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 32 years in various international assignments. Michael has spent considerable time in Asia. Prior to taking up the appointment with Robi he was the Head of India/Nepal Sub-Region with Nokia Siemens Networks.

In earlier roles, Michael has held executive positions in Sales and Marketing, Service and Project Management, where 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.

Under Michael's able leadership, Robi was conferred with the recognition of Emerging Market Service Provider of the Year by the Frost & Sullivan Asia Pacific ICT Awards 2010. Robi also received the Robintex – The Financial Mirror 11th Bangladesh Business Award 2009-2010 for Best Stakeholders Management.

SIMON J PERKINS
Chief Executive Officer
Hello Axiata Company Limited

Simon was appointed Chief Executive Officer of Hello in June 2009.

Simon has been involved in various telecommunication companies during his career and prior to the appointment at Hello, was CEO for Vietnamobile, a mobile network operator in Vietnam. Simon spent more than 20 years with British Telecom in the UK and its operations in the USA as well as India (Bharti), Singapore (StarHub) and the regional office in Asia Pacific. Subsequently he spent five years in Indochina, as CEO of Millicom Cellular's Vietnam operations and later as CEO of its regional operations for the whole of Indochina. He also spent three years in Australia with Silk Telekom before returning to Indochina.

Simon graduated from Loughborough University of Technology, UK with an Honours Degree in Electrical and Electronic Engineering in 1983, and gained his MBA in 1993 from the University of Warwick, UK. Simon is also a Graduate Member of the Australian Institute of Company Directors.

PROFILE OF OPERATING COMPANIES' MANAGEMENT TEAM

SANJEEV AGA
Managing Director
Idea Cellular Limited

Sanjeev was appointed Managing Director of Idea on 1 November 2006. He is a Director on the Board of the Aditya Birla Management Corporation, and has been the Chairperson of the Cellular Operators Association of India.

Sanjeev has held positions in Asian Paints, Jenson & Nicholson, and Blow Plast Ltd. where he was the Managing Director from 1993 to 1998. In 1998, he was appointed CEO of Birla AT&T Ltd. He led the company through expansion, mergers and acquisitions, to be what became Idea. From May 2005 until October 2006, he was Managing Director of Aditya Birla Nuvo Ltd., a conglomerate whose interests span diverse group businesses.

Sanjeev is an Honours graduate in Physics from St. Stephen's College, Delhi, India (1971) with post graduate studies from the Indian Institute of Management, Kolkata (1973).

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 experience in General and Financial Management.

Karen is a Fellow of the Association of Chartered Certified Accountants (UK) and holds a Master of Business Administration degree in Investment and Finance (Distinction) from the University of Hull, UK.

SHAHRAM SETAYESH
Managing Director
Mobile Telecommunications Company of Esfahan

Shahram was appointed Managing Director of MTCE in January 2009. He has spent 18 years in various positions within the Telecommunication Company of Iran (TCI) group of companies. Prior to joining MTCE he was a Manager in the IT department for Telecommunications Company of Fars.

Shahram graduated from Shiraz University, Iran in 1988 with a Bachelor of Science, majoring in Computer Science. He then completed his Masters of Information Technology from the same university in 2008.

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 the 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.

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 and the National Defence College of Thailand.

Good governance is the foundation of a successful and performing company. It ensures that the company is being managed properly and soundly. More importantly the results, that stem from good governance, through efficient monitoring and risk management, ensure value is added to a company whilst ensuring key stakeholders interests are protected and corporate performance and accountability are enhanced.

STATEMENT ON CORPORATE GOVERNANCE

As one of the largest telecommunication companies in the region, with revenue of RM15.6 billion and EBITDA of RM7.1 billion for FY10, Axiata continued to register strong results and exceeded all key targets set for the year. At the end of 2010, Axiata's market capitalisation reached approximately RM40.1 billion, making it amongst the top ten largest companies on Bursa Securities. In addition to the strong financial and operational performance, Axiata also saw its share price increasing by 55.7% in the year and was the only telecommunication company that outperformed the KLCI in 2010. Given this backdrop, the Board strongly believes that striving for improvements, including pursuing excellence in corporate governance, plays a crucial part in the Company's continued success.

The Company's high corporate governance standards and practices continued to be recognised in the Malaysian Corporate Governance (MCG) Index 2010. For the MCG Index 2010, the Company scored 'A' and improved its position marginally from 15th to 14th place and was ranked 3rd in the 'A' list comprising of 13 companies in the overall list of 24 companies. The above signifies that some improvements and refinements need to be implemented where it is practical to do so.

During 2010, the Board embarked on a number of improvements and/or refinement of its Board administration matters and tools, and improved its corporate governance systems in tandem with not only the stipulations of the Malaysian Code of Corporate Governance (Revised 2007) (Code), the Government-link Company Transformation Manual– Enhancing Board Effectiveness a.k.a 'The Green Book' and Main LR of Bursa Securities but also developments in market expectations, regulations and international best practices. This statement outlines how the Company has applied the key principles and extent of its compliance with best practices set out in the Code throughout FY10.

THE BOARD OF DIRECTORS

Role and Responsibilities of the Board

Collectively, the Board is accountable to you, our shareholders, to oversee the overall management and affairs of the Company and takes full responsibility for the performance of the Company and the Group. In setting the Company's overall strategy and governance and in the pursuit of the Company's objectives, the Board takes into account the interests of all stakeholders and is guided by its documented Terms of Reference (ToR) and the Limits of Authority (LOA). Through the LOA, the Board has delegated the day-to-day management of the Company to the President & GCEO, whilst some reserved matters are specifically retained for the Board. This formal structure of delegation is further cascaded by the GCEO to the senior management team within the Company's Corporate Centre.

The Board's role includes the following:-

1. Provide strategic drive for the Company by guiding top management in developing the Company's 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 business or activities or termination of existing business or activities which specifically change the nature 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 these risks; and
9. Review the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. Board must ensure that there is a satisfactory framework of reporting on internal financial controls and regulatory compliance.

Although the Board has delegated specific responsibilities to several Board Committees, the Board acknowledges that the ultimate responsibility on all matters lies with the entire Board. In this respect, deliberations and/or recommendations of the Board Committees are reported to the Board for notation and/or decisions.

Board Composition and Balance

As of the date of this statement, the Board of the Company comprises of 8 members, comprising 5 Independent Non-Executive Directors (INED), 2 Non-Independent Non-Executive Directors (NINED), including Chairman (representing the interest of Khazanah, the major shareholder of the Company) and 1 Executive Director (ED). The current Board composition and integrity of the individual Directors provide a sound foundation for good corporate governance for the Group and ensures that no single individual or group dominates the decision making process. The INEDs not only bring quality on impartiality and challenge decisions made by the Board, but also provide sound and valuable input in reaching such decisions.

More than 50% of the Board members are Independent Directors, exceeding the one-third requirement as set out in the Code and the Main LR, hence reflecting the commitment of the Board to maintain strong representation of independent Directors on the Board. The directorships held by Directors of the Company in public listed companies and non-listed companies do not exceed the provisions of the Main LR of 10 and 15 directorships respectively.

In FY10, the Board Nomination Committee (BNC) reaffirmed the general framework on the composition of the Board of the Company as determined prior to its listing. The framework which takes into consideration the complexity and geographical spread of the Group's business is as follows:-

i) Maximum 10 Board members of whom 2 shall be Executive Directors;
ii) 2 NINEDs representing Khazanah; and
iii) Half of the Board to comprise of INEDs with various functional skills and 3 of them to be of foreign nationality or candidates with relevant geographical experience as the Company's footprint such as Indonesia, Indian sub-continent and international experience.

The Board is of the view that the above size would be the optimum size for the Board to function effectively taking into consideration the complexity and scale of the Group's operations.

Based on the above, the Board, assisted by BNC, taking into consideration inter-alia, the primary business of the Company and its Group, the qualification/experience of current members and skill-sets lost due to vacancy of directorships has determined the selection criteria for the candidates for appointment as INED as follows:-

i) Experience in mergers and acquisitions and human capital management;
ii) Knowledge or exposure in telecommunication and internet/new media; and
iii) Ability to commit at least 20-25 days/annually.

The candidates should have a combination of either one or more of the above with either one of the following geographical experience:-

i) Indonesia;
ii) Indian sub-continent; or
iii) International (In circumstances where a suitable candidate having Indonesian and Indian sub-continent experience could not be found).

The Board also approved the processes for identification and timeframe for appointment of the new INED. The identification process involved feedback from internal parties and extensive search by external advisors who were specifically appointed for this purpose. After disciplined review and deliberations, particularly at the BNC level, Mr Muhamad Chatib Basri (Chatib), was appointed as the Company's INED on 23 November 2010. Chatib is a well-known figure in Indonesia and was selected from a large number of candidates. With his appointment, the Company acquired a Board member with strong knowledge of macroeconomics and familiar with the telecommunications industry. He is also able to bring more value to XL, one of the Company's major OpCos.

In January 2011, the Company appointed Ms Ann Almeida (Ann) as Independent Member of the Company's BNC, Board Remuneration Committee (BRC) and Employee Share Option Scheme (ESOS) Committee. Ann, who is currently the Group Managing Director, Human Resource, HSBC Holdings plc in the UK, was selected due to her extensive experience in human capital and talent management, one of the areas of competencies identified by the Board.

While she is only a member of the Board Committees and not the Board, she is still able to provide meaningful insights, guidance and contribution.

Overall, although there are still gaps to be addressed, the Board considers its present Board size and composition to be appropriate and functionally and administratively effective.

Directors' Independence

Directors' independence is measured in accordance with the provisions of the Main LR. In furtherance, none of the Independent Directors engage in the day-to-day management of the Company and participate in any business dealings or are involved in any other relationship with the Company. This ensures that the INEDs are free of any conflict of interest and, more importantly, allows them to function independently and in an unbiased manner in discharging their roles and responsibilities as INEDs. During the financial year 2010, none of the INEDs had any relationship that could materially interfere with his unencumbered and independent judgement.

As the Company has only been listed for approximately 3 years, the Board is of the view that, at this juncture, it is premature for the Company to set a policy on term limits for its INEDs. This may be reviewed in future with full cognisance of the fact that the Board may not want to lose individuals who are of high calibre and integrity and still able to perform independently and effectively despite the long tenure. The Board is of the view that the tenure of directorship should not be set arbitrarily and imposition of fixed term limits does not necessarily assure independence.

In order to assess Directors' independence, on an annual basis, the Company incorporates questions in its annual Board assessment on whether its Directors view its members as able to exercise judgment in problem solving and having independence and objectivity in decision making. Based on the latest effectiveness evaluation for the period between January to December 2010, the members of the Board have demonstrated a Board environment which is open, consultative, expressive of individual viewpoints and participative in dealings on issues at hand.

Appointments to the Board

In 2010, the Board adopted the Axiata Group Framework on Board Appointments which outlines not only the process to be followed on Board appointments but also the selection criteria of candidates such as skill-sets and experience, process for identification of candidates, timeframe and mandate for the President & GCEO to engage third party specialists or consultants. This framework incorporates provisions and/or guidelines embedded in the Green Book and the ToR of the BNC. The appointment of Chatib was guided by this framework.

For new Board appointments a formal induction programme has been put in place. The module generally covers the following:-

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 Programmes;
v) Technology updates and initiatives;
vi) Mergers and Acquisitions updates;
vii) Regulatory issues and recent developments; and
viii) Corporate, Board and Governance structure.

Re-Appointment and Re-Election of Directors

In accordance with the Articles of Association of the Company, newly appointed Directors during the year must submit themselves to the shareholders for re-election at the first AGM following their appointment and 1/3 of Directors are subject to re-appointment by rotation at every AGM.

At this forthcoming AGM, Chatib, the newly appointed INED will be retiring and has submitted himself for re-election whilst the 2 Directors retiring by rotation are Datuk Azzat Kamaludin (Datuk Azzat) and Juan Villalonga Navarro (Juan Villalonga). Both Datuk Azzat and Juan Villalonga, being eligible, offer themselves for re-election.

Senior Independent Director

Taking into account the interest of all shareholders and stakeholders, the Board has appointed Datuk Azzat as the Senior INED. No shareholders have asked to meet with Datuk Azzat during the year.

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 2000 878
+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

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

There is a clear division of responsibilities between the Chairman and the President & GCEO. The Chairman is responsible for leadership of the Board, ensuring its effectiveness and assumes the formal role as the leader in chairing all Board meetings and shareholders' meetings and leads the Board in overseeing the management of the Company. The Chairman's principal activities are also to ensure that the Board fulfills its obligations under the Board's ToR and as required under relevant legislation. Some of the specific responsibilities of the Chairman include:-

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 facilitate the Board to perform effectively and able to make an informed decision and to monitor the effective implementation of the Board's decision;
iii) Ensures meeting of the shareholders are conducted in an open and proper manner with appropriate opportunity to ask questions; and
iv) As a representative of major shareholder of the Company, ensures the Board, collectively, understands their views.

Board Meetings

Board meetings for each financial year are scheduled a year in advance so as to enable the Directors to plan accordingly and fit the year's Board meetings into their respective schedules.

The Board annual meeting calendar, providing scheduled dates for meeting of the Board (including Pre-Board and Board retreat session), Board Committees and AGM is prepared and circulated to all Directors during the first quarter of each new financial year. For FY10, Axiata had also taken the step to identify Board meeting agendas, 12 months in advance. This 'board calendar' is synchronised with some key events in the management planning cycle.

Where any direction or decision is required expeditiously or urgently from the Board, between the scheduled meetings, Special Board meetings are convened by the Group Company Secretary, in consultation with the Chairman and/or President & GCEO. Where appropriate, decisions are taken by way of Directors' Circular Resolutions between the scheduled and special meetings.

The Board has a regular annual schedule of matters which are tabled to the Board for their approval and/or notation which includes business performance updates, unaudited quarterly results, report from major OpCos, strategy, investor relations, risk profile and material litigation updates.

In FY10, some of the Board agenda items (including pre-Board informal discussion) include:-

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,
iv) Business Models;
v) Business Plan;
vi) Corporate Responsibility,
vii) Updates on mergers and acquisitions;
viii) Regulatory updates;
ix) Investor relations updates and plans;
x) Human resources strategy;
xi) Succession planning and talent management;
xii) EDs Key Performance Indicators (KPIs) and achievements;
xiii) Board appointment framework;

xiv) Key Annual Report statements (such as Corporate Governance Statement, Board Audit Committee Report and Internal Control Statement); and
xv) Findings on Board assessment and review of the Company's position against the MCG Index 2009.

In order for Board meetings to be more effective and in-depth deliberations of matters are achieved, the meeting 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 upfront for each agenda item in order for Board meetings to be conducted efficiently.

Whenever necessary, senior management or external advisors were also invited to attend Board and Board Committee meetings 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

During FY10, the Board met 8 times including the Board retreat sessions and excluding pre-Board. Below are details of attendance of Board members who remained in office as at 31 December 2010 at Board and Board Committee meetings:-

Members	BOD	BAC	BNC	BRC	ESOS Committee
Tan Sri Dato' Azman Hj. Mokhtar	8/8 (Chair)	n/a	n/a	n/a	n/a
Dato' Sri Jamaludin Ibrahim	8/8	n/a	n/a	n/a	n/a
Tan Sri Ghazzali Sheikh Abdul Khalid	8/8	n/a	9/9 (Chair)	6/6 (Chair)	2/2 (Chair)
Datuk Azzat Kamaludin	8/8	5/5	8/9	5/6	2/2
Juan Villalonga Navarro	5/8	3/5	n/a	n/a	n/a
David Lau Nai Pek	8/8	5/5 (Chair)	n/a	n/a	n/a
Dr. Farid Mohamed Sani#	8/8	n/a	9/9	6/6	2/2
Muhamad Chatib Basri*	1/1	n/a	n/a	n/a	n/a

Note:
n/a - Not Applicable
- Appointed on 8 January 2010
* - Appointed on 23 November 2010

In 2010, the Board agreed to incorporate an additional off-site mid-year Board retreat to discuss the Group's broad strategy. This sets the tone for the regular annual Board retreat session which is normally held in the third quarter. During this annual Board retreat session the business plan including that of major OpCos are presented in a challenge-session with the Board.

Board Access To Management, Group Company Secretary And Independent Professional Advice

Complete and unrestricted access is provided to the Board, either collectively or in their individual capacities, to senior management and the 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. On a number of occasions, several selected Board members were invited by senior management to deliberate and/or provide their input on matters in which senior management intends to propose to the Board for approval.

Authority is also given to the Board to seek independent professional advice, if necessary, at the Company's expense from time to time in the performance of their duties. All Board Committees also have access to independent professional advice on the same basis. No Director has exercised this right during FY10.

Supply of Information

The Board regularly reviews reports on progress against financial objectives, business development and also receives regular reports and presentations on strategy and updates on mergers and acquisitions, investor relations, risks profiles and material litigation. Regular reports are also provided by Board Committees on their deliberations and recommendations. The agenda and supporting papers are distributed in advance of all Board and Board Committee meetings to allow time for appropriate review and to facilitate full discussion at the meetings.

Board meeting agenda and Board meeting papers which include, among others, comprehensive management reports, minutes of meetings, project proposals and supporting documents are targeted for dissemination to the Directors at least 14 days and 7 days respectively prior to Board meetings in line with the Green Book.

Presentations to the Board are prepared and delivered in a manner that ensures a clear and adequate presentation of the subject matter. The Board paper format includes an Executive Summary which outlines the salient key points of matters to be deliberated.

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. 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.

The Board is constantly advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities. As and when the need arises, Directors are also provided with ad-hoc reports, information papers and relevant training where necessary to ensure they are appraised on key business, operational, corporate, legal, regulatory and industry matters.

Directors' Training

The Company acknowledges that continuous education is crucial for the Board members to gain insight into the state of economy, technological advances, regulatory updates and management strategies to enhance the Board's skills and knowledge in discharging its responsibilities.

The Group Company Secretary has on a continuous basis, identified conferences and seminars which are considered relevant and useful in enhancing the Directors business acumen and professionalism in carrying out their duties. Internal briefings on key corporate governance requirements and update on changes to the Main LR, laws and regulations are also provided on a regular basis where Directors are fully informed of the impact of such developments or changes to the Company and/or the Directors.

All Directors appointed to the Board, apart from attending the Mandatory Accreditation Programme accredited by Bursa Securities, have also attended other relevant training programmes and seminars organised by the relevant regulatory authorities and professional bodies to further enhance their business acumen and professionalism in discharging their duties to the Group.

Members of the Board have also been invited to participate in forums and/or seminars in their capacity as speakers, moderators or panelists in their areas of expertise. Some of the training/conferences/seminars and/or workshops in which members of the Board have participated during FY10 are listed in Appendix 1 of this Statement.

Board Effectiveness Evaluation (BEE)

In continuation of the preceeding BEE exercise undertaken by the Board and to provide a degree of benchmarking from previous BEE results, similar set of criteria and questionnaire were used to evaluate the Board effectiveness for FY10. The criteria that the Board determined are important to its success include the Board's composition, communication, effectiveness and responsibilities. In addition, the BEE also incorporates additional sets of questions in which the Board provides their input on how well the Board has addressed the areas identified from the earlier BEE for improvement.

These areas include succession planning for senior management, investor relations, Board administration, meeting frequency, Board composition, monitoring of risk management and internal controls, as well as the quality, and timeliness of Board papers.

The Chairman of the BNC was actively involved throughout the BEE process. Upon finalisation of the BEE questionnaire by the BNC Chairman, the Group Company Secretary circulated the same to the Directors to ascertain their views on the performance of the Board collectively and individually and the Board Committees. These are compiled into a report for the BNC Chairman who is at liberty to discuss with the external consultant appointed to assist in the BEE exercise and the Chairman of the Board. Subsequently, the report is presented to the BNC and then to the Board for evaluation and consideration. The Chairman led the full board in the discussion on the results and/ or findings of the BEE.

The BEE findings for 2010, presented to the Board in March 2011, concluded that the Board works well as a group and demonstrated competence to successfully address immediate pressing issues as well as to pursue long-term strategic goals of the Company. As for the Board Committees, it has been concluded that they have been effective in discharging their responsibilities in assisting the Board. Most of the areas requiring address identified in 2009 have been improved while continued focus is required in some areas.

Board Committees

In discharging its duties and responsibilities, the Board is assisted mainly by the following 4 Board committees:-

i) Board Audit Committee (BAC);
ii) BNC;
iii) BRC; and
iv) ESOS Committee.

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

Each of the Board Committees is governed by its own set of ToR which clearly defines its duties and responsibilities, function, authority and powers. The ToR are 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.

Operationally, 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 Chairmen of the various Committees provide summary reports of the decisions and recommendations made by the Board Committees, and highlight to the Board should any further deliberation be required at the Board level.

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

BAC

The members of BAC are as follows:-

i) David Lau Nai Pek – Chairman, INED
ii) Datuk Azzat Kamaludin – Senior INED
iii) Juan Villalonga Navarro – INED
iv) Dr Farid Mohamed Sani – NINED

Further details of the summary of activities of the BAC during FY10 and BAC ToR are set out separately in the BAC Report on pages 92 to 101 of this Annual Report.

BNC, BRC, ESOS Committee

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

i) Tan Sri Ghazzali Sheikh Abdul Khalid – Chairman, INED
ii) Datuk Azzat Kamaluddin – Senior INED
iii) Dr Farid Mohamed Sani – NINED
iv) Ann Almeida – Independent Member

BNC

The primary functions of the BNC are as follows:-

i) To recommend new nominees to the Board and any Board Committee;

ii) To recommend or approve, as the case may be based on the ToR, the appointment of the key management of the Group;

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

iv) 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.

To ensure that the Company's key directions are cascaded down and implemented in its local and overseas OpCos, one of the key functions of the BNC is to review and recommend Board candidates for directorship or the Company's nominees in major OpCos. All decisions and appointments are made by the respective Boards of the companies after considering BNC's recommendations.

On the succession planning for the Board, it is viewed that there are practical issues in maintaining a 'pipeline' of potential candidates to fill in the vacancy of office by the NED. Due to the dynamic nature of the Group's business and the robustness of the process for identifying potential candidates, it is best that the vacancy be addressed as it arises based on the general framework that is already in place.

The Company recognises and places great emphasis on identifying and developing talents for future leaders of the Group and this is attained through amongst others, a structured development programme for its employees overseen by the President & GCEO and OpCos CEOs. The President & GCEO and the OpCos CEOs form the Axiata Group Talent Council and meets at least twice a year to discuss and review the readiness level of the Group Accelerated Development Programme participants who are being groomed to take on CXO and CEO roles in the next one to five years. Multiple data points of the talents such as past functional experience, leadership competencies, behavioural profiles and learning agility will be used in the groupwide top management succession planning. In 2010, the succession plans were discussed with the Board and the list of successors endorsed.

During FY10, the BNC met 9 times where key activities were as follows:-

i) Reviewed and recommended the Group's Framework on Board appointments;
ii) Reviewed the findings and report on the position of the Company with regard to items considered by Minority Shareholders' Watchdog Group (MSWG) in their survey in relation to MCG Index 2009;
iii) Reviewed and recommended the appointment of Chatib as INED of the Company;
iv) Reviewed and recommended the appointment of additional Director on the Board of Celcom;
v) Reviewed and recommended the appointment of Axiata and OpCos Senior Management Positions; and
vi) Reviewed Axiata's 2010 Organisation Chart.

BRC

The primary functions 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 EDs and key management of the Group; and

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

During FY10, the BRC met 6 times where key activities were as follows:-

i) Reviewed and recommended to the Board for approval, KPIs of both EDs encompassing both qualitative and quantitative aspects and thereafter, reviewed the performance and achievements of EDs against the pre-determined KPIs and recommended the rewards of the EDs for approval by the Board;
ii) Reviewed and recommended the performance rating of EDs, recommended development areas for both EDs and reprioritisation of focus towards good balance of growth in revenue, profit and absolute performance and weightages of major OpCos;
iii) Reviewed and recommended the pool for the Company's corporate centre bonus and salary increment for FY10 taking into consideration the achievements of the Company's financial performance targets;
iv) Reviewed and recommended the proposed Group Remuneration and Benefits Policy for NEDs of the Group;
v) Reviewed the Company's Long-Term Incentive Plan and proposed Long Term Incentive Plan of XL;
vi) Reviewed and recommended the renewal of employment and remuneration package for Corporate Centre & OpCos Senior Management; and
vii) Reviewed and recommended the renewal of the employment contract of GCEO of Dialog Group.

ESOS Committee

The primary functions of the ESOS Committee are as follows:-

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

ii) Construe and interpret the ESOS Bye-Laws and options granted under it, define the terms therein and recommend to the Board to establish, amend and revoke rules and regulations relating to the ESOS and its administration to expedite and make the ESOS fully effective in accordance with the Bye-Laws; and

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

During FY10, the ESOS Committee met 2 times where key activities were as follows:-

i) Reviewed the underlying principles on determining the individual performance rating to be adopted to determine the number of options to be offered to eligible employees; and

ii) Reviewed and approved the proposed Long Term Incentive (LTI) for Executive Officers of the Group's OpCos.

DIRECTORS' REMUNERATION

Executive Director

A level of remuneration which attracts, retains and motivates ED of the highest calibre to manage the Company successfully is critical. Consideration has also been given to link the remuneration package with inter alia, corporate and individual performance as well as relative shareholders' returns and the value of similar packages at comparable companies.

The BRC reviews and recommends the remuneration package of the ED for the Board's approval and it is the responsibility of the Board as a whole to approve the total remuneration package of the ED. The remuneration of the ED consists of salary, bonus, benefits-in-kind, EPF contributions and share options respectively. The ED is not entitled to monthly fees nor is he entitled to receive any meeting allowance for the Board and Board committee 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 ROIC and relative performance of the OpCos but also qualitative targets which are 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 evaluation on the achievement of each of the KPI 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 EDs for their achievement of their respective KPIs comprise of annual bonuses and long term incentive plan in the form of options over the shares of the Company. In the case of stock options, its vesting is further subject to further performance conditions.

Non-Executive Directors

For NEDs, their remuneration reflects their experience, expertise and levels 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 duties 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. Individual Directors do not participate in decisions regarding their own remuneration packages.

Details of NED remuneration on monthly fees and meeting allowances are 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
ESOS Committee	–	RM750.00 per meeting (Chairman)
		RM500.00 per meeting

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

The Board does not have any intention to increase the above remuneration during the FY11.

The Directors' aggregate remuneration for FY10 distinguishing between ED and NEDs as set out on page 207 of this Annual Report is reproduced below:-

	Fees (RM'000)	Salaries, allowances and bonus and ex-gratia (RM'000)	Contribution to EPF (RM'000)	ESOS Expense (RM'000)	Monetary Value of Benefits -in-Kinds (RM'000)
Executive Directors	–	6,939	1,129	918	96
Non-Executive Director[1]	1,581	226	–	–	316

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 following band is as follows:-

	No. of Directors
Executive Director	
RM2,850,000.00 – RM2,900,000.00	1
RM6,200,000.00 – RM6,250,000.00	1
Non-Executive Directors	
RM 0– RM50,000.00	1
RM250,001.00 – RM300,000.00	3
RM300,001.00 – RM350,000.00	2
RM550,001.00 – RM600,000.00	1

The Board is of the view that the non-disclosure of the remuneration of individual Directors and Top 5 Executives will not significantly affect the understanding and evaluation of the Group's governance and hence the band disclosures as provided for under the Main LR.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

NEDs are also indemnified under a Directors' and Officers' Liability Insurance against any liability incurred by them in the discharge of their duties while holding office as Directors. However, no indemnification will be provided when there is any negligence, fraud, breach of duty or breach of trust if proven against them.

RELATIONSHIP WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

Communication with Shareholders and Investors

The Company acknowledges the importance of maintaining transparency and accountability to its shareholders and investors as good corporate practice. In this respect, the Company continues to strive to keep a high standard in providing relevant and pertinent information on the development of the Group and to ensure not only that regulatory requirements are met but also the interests of other stakeholders are being addressed. In this regard, in ensuring fairness and promoting greater transparency in its communication to the market, the Company places strong emphasis on the importance of timely and equitable dissemination of information.

The Company communicates with its shareholders and stakeholders through the following channels of communications:-

1. **Annual Report**
   The Annual Report is a major channel of communication providing information on its business, financials and other key activities, which contents are continuously enhanced taking into account developments in areas like corporate governance. In this regard, the Board places great importance on the content of the Annual Report to provide as comprehensive information as possible and for the Annual Report to become the main source of reference for pertinent information concerning the Group.

   To ensure the accuracy of information published in the Annual Report, a Working Committee which includes senior management of the Company and comprising of personnel from various divisions is formed and tasked in the development and production of the Annual Report. Confirmation and sign-offs from internal sources are obtained for information to be included in the Annual Report. At a higher level, a 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**
Announcements of quarterly financial results, circulars and various announcements are made throughout the year via Bursa LINK in full compliance with regulatory authorities' disclosure requirements. Announcements released to Bursa Securities are subject to review and approval by President & GCEO, BAC or Board as applicable. Routine announcements are approved by designated persons authorised by President & GCEO. In many instances, announcements are also being reviewed by external advisors to ensure that its contents are not only accurate but the relevant information is included taking into consideration disclosure requirements and market perspectives.

3. **Media Releases**
Media releases are made to the media on all significant corporate developments and business initiatives. Media releases are subject to approval by President & GCEO and whenever necessary, also released to Bursa Securities to increase the visibility of media releases.

Primary contact for corporate communications:-

Faridah Hashim, Head Media and Communications
Tel : +603 2263 8881
Fax : +603 2278 7755
E-mail : faridah@axiata.com
Postal Address : Axiata Centre, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia

4. **Quarterly Results Analyst Briefings**
A results briefing, chaired by the President & GCEO, is held subsequent to each announcement of quarterly results to Bursa Securities. The briefing which is normally held immediately after the release of the Group's quarterly results is held via conference call. The analysts briefing which is also attended by senior management of the major OpCos provides a platform for analysts and fund managers to have a clearer understanding of the Group's financial and operational performance.

To date, there are a total of 63 equity research analysts covering the Company.

5. **Half-Year Results Media Conference**
A media conference is held half-yearly upon release of half-year and full-year results. The media conference is held separately from analyst briefings to cater for the different requirements of each group and for it to be more productive and efficient for all parties. Management however, ensures that all information is equally disseminated and both materials for the analyst briefing and media conference are made available on the Axiata website.

6. **Investor Relations**
The Group CEO, Group CFO and Investor Relations unit regularly engage with the investing community through conferences, non-deal roadshows, and one-on-one meetings with equity analysts, fund managers and institutional shareholders to provide updates on the Company's quarterly financial performance, as well as discuss strategic matters, regulatory issues or any changes in operating environment which may impact the Group's performance.

For FY10, Axiata participated in 9 investor relations activities which include, conferences and road-shows, and met with a total of 319 investors via one-to-one meetings and conferences calls.

Axiata is covered by a significant number of brokerages, with 29 equity research analysts covering the stock.

Primary contact for investor relations:-

Nora Junita Dato' Seri Mohd Hussaini, Head, Investor Relations
Tel : +603 2263 8817
Fax : +603 2278 3335
E-mail : jun@axiata.com
Postal Address : Axiata Centre, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia

5. **Company Website**
An online investor relations section provides timely information on share price, financial reports, stock exchange filings, presentations, financial calendar, ownership profile and media releases. In addition, audio cast of quarterly results briefings to analysts are also available for streaming or download from the Company's website at www.axiata.com.

For queries regarding shareholding in Axiata, 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 the main event for the Board to meet the shareholders of the Company. At the AGM, the President & GCEO provides a comprehensive presentation on the financial performance of the Company, as well as on the Company's progress and initiatives. Presentations are accompanied by visual and graphical illustrations to facilitate the shareholders' understanding. The AGM is also the venue for shareholders to raise questions pertaining to all affairs of the Company unlike Extraordinary General Meetings where questions are raised on matters being tabled. In this regard the Chairman, subject to the line of questions and relevance, entertains questions raised at the AGM so long as there is sufficient time.

The President & GCEO also shares with the meeting the responses to questions submitted in advance by the MSWG. The Board, Management and the Company's external legal counsels and auditors, PricewaterhouseCoopers Malaysia, are present to answer questions raised and provide clarification as required by the shareholders.

Since its listing in 2008, the Company has always appointed its auditors to act as independent scrutineers for its general meetings. The appointment comes under a separate engagement letter of which 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 votes by show of hands and tabulating the results.

While the media is not invited into the AGM meeting hall, a media conference is held immediately after the AGM where the Chairman, the President & GCEO and GCFO update the 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 to their satisfaction. Results of all resolutions are also announced on the same day via Bursa LINK.

Dividend Policy

The Company, which turned free cash flow positive at the end of 2009, announced in August 2010 a significant change in its dividend policy. Under the new dividend policy, the Company intends to pay dividends of at least 30% of its consolidated 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 on the Group's financial and cashflow 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 this regard, and consistent with the above, dividend policy, the Board is seeking its shareholders approval for payment of a final tax exempt dividend (single-tier) of RM0.10 sen per ordinary share which is equivalent to approximately 32% of its normalised PATAMI for FY10 of RM2,611.0 million.

Key Performance Indicators

On 23 February 2011, the Company announced the Headline KPIs set and agreed by the Board of Directors and Management of Axiata as follows:-

	FY11 Headline KPIs
Revenue Growth (%)	10.0
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) Growth (%)	10.3
Return on Invested Capital (ROIC) (with associates) (%)	16.5
ROIC (without associates) (%)	12.6

The Headline KPI shall not be construed as forecasts, projections or estimates of the Group or representations of any future performance, occurrence or matter 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 assumptions that the Group shall operate under the current business environment underwhich they had been determined.

In establishing the FY11 Headline KPIs, Management has taken into consideration the following challenges:-

1. Increasing competition in the mobile market space of the Group's major operating countries of Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia which may impact the revenue performance in these countries. Notwithstanding this, the OpCos are expected to perform better than the industry in their respective countries.
2. Concentration of the Group's business activities is in the emerging markets of the South and Southeast Asian region. The Group's operating revenues, financial performance as well as business growth is dependent on the growth of these economies, as well as the political and social developments in these countries.
3. Currency volatility, liquidity shortages and higher interest rates would materially and adversely affect the economies of many countries in the Asia-Pacific region in general, and in Southeast Asia in particular. These factors will impact the overall performance of the Group.
4. No significant change in foreign exchange rate versus actual exchange rate in FY10.

RISK MANAGEMENT

In such a complex and dynamic business environment in which it operates, the Group is susceptible to various risks which require effective management by the Board to mitigate and/or minimise the impact of these risks. The effective management of these risks enables the Company to continue to achieve its objectives and, most importantly, safeguard its assets which form the platform for the Group to create value for its shareholders and satisfy its customers. Recognising this, the Company has established a Risk Management Committee (RMC) comprising of senior management of the Company and chaired by the Chairman of the BAC. In FY10, the RMC held 2 meetings in which it has deliberated on the proposed ToR in the Enterprise Risk Management (ERM) framework, revision of the risk matrix and risk classifications, group risk profile and revised ERM framework.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board ensures that shareholders are presented with a clear, balanced and comprehensive Group financial performance and prospects through the audited financial statements, quarterly announcement of results, Chairman's statement, President & GCEO's Business Review in the Annual Report as well as corporate announcements on significant developments affecting the Company in accordance with the Main LR. The BAC reviews financial statements and quarterly announcement 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 and the Group financial statements for FY10 can be found from page 161 to 303 of the Annual Report.

Related Party Transactions

The Company has put in place processes and procedures to ensure that RRPT are entered into on terms not more favourable to related parties than to 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 AGM, to ensure that all the relevant approvals for the 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 BAC's review and endorsement.

Internal Control

The Board recognises that the ultimate responsibility for ensuring the Group's sound internal control system and reviewing its effectiveness lies with the Board in order to protect the Group's assets and the Company's shareholders investments.

The Statement on Internal Control which provides an overview of the state of internal control within the Group is set out in pages 82 to 91 of this Annual Report.

Relationship with Auditors

The Company's relationship with the external auditors is primarily maintained through the BAC and the Board. Key features underlying the BAC's relationship with both, internal auditors and the external auditors are detailed in the BAC Report on pages 92 to 101 of this Annual Report. A summary of the activities of the BAC during the year are set out on pages 93 to 94 of the Annual Report.

COMPLIANCE STATEMENT

The Board is satisfied that the Company has complied with the Best Practices in Corporate Governance as set out in Part 2 of the Code.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors dated 22 February 2011.

Appendix 1

Directors	List of Training/Conference/Seminar/Workshop Attended/Participated
Tan Sri Dato' Azman Hj. Mokhtar	• 27 January-3 February 2010, World Economic Forum, Davos, Switzerland • 5 April 2010, Axiata 7th ASEAN Leadership Forum, Kuala Lumpur • 16 May 2010, OMFIF Symposium with Bank Negara – Plenary Session: Differing Policy Response to the Macro-Economic Environment, Kuala Lumpur • 19-20 May 2010, 6th World Islamic Forum, KL Convention Centre, Kuala Lumpur • 7 August 2010, "Developing a Content and Media Strategy for Malaysia" presentation by Value Partners, Axiata Board Mid-Year Retreat, Pulau Pinang • 7 August 2010, "Axiata - An Investor's Viewpoint" presentation by Morgan Stanley, Axiata Board Mid-Year Retreat, Pulau Pinang

Directors	List of Training/Conference/Seminar/Workshop Attended/Participated
	• 22-26 September 2010, LSE Conference – Panel of Sovereign Capital Flows : Policy & Tools – "What Is the Nature of SWF Internal & Best Price", London • 27 September 2010, World Capital Market Symposium, Securities Commission of Malaysia, Kuala Lumpur • 29-30 September 2010, ASEAN 100 Leadership Forum, Kuala Lumpur • 8-11 November 2010, World Congress of Accountants – Panel of Plenary Session on 'Sustaining Value Creation in the Borderless Economy', Kuala Lumpur
Dato' Sri Jamaludin Ibrahim	• 5 April 2010, Axiata 7th ASEAN Leadership Forum, Kuala Lumpur • 15-18 June 2010, CommunicAsia, 21st International Communications and Information Technology Exhibition & Conference, Singapore • 7 August 2010, "Developing a Content and Media Strategy for Malaysia" presentation by Value Partners, Axiata Board Mid-Year Retreat, Pulau Pinang • 7 August 2010, "Axiata - An Investor's Viewpoint" presentation by Morgan Stanley, Axiata Board Mid-Year Retreat, Pulau Pinang • 4-5 October 2010, Khazanah Megatrends Forum 2010, Kuala Lumpur
Tan Sri Ghazzali Sheikh Abdul Khalid	• 5 April 2010, Axiata 7th ASEAN Leadership Forum, Kuala Lumpur • 22-23 July 2010, Telco Primer Talk on 'Essentials of Mobile for Management', Celcom Axiata Infinity Centre, Kuala Lumpur • 7 August 2010, "Developing a Content and Media Strategy for Malaysia" presentation by Value Partners, Axiata Board Mid-Year Retreat, Pulau Pinang • 7 August 2010, "Axiata - An Investor's Viewpoint" presentation by Morgan Stanley, Axiata Board Mid-Year Retreat, Pulau Pinang • 4-5 October 2010, Khazanah Megatrends Forum 2010, Kuala Lumpur
Datuk Azzat Kamaludin	• 5 April 2010, Axiata 7th ASEAN Leadership Forum, Kuala Lumpur • 22-23 July 2010, Telco Primer Talk on 'Essentials of Mobile for Management', Celcom Axiata Infinity Centre, Kuala Lumpur • 7 August 2010, "Developing a Content and Media Strategy for Malaysia" presentation by Value Partners, Axiata Board Mid-Year Retreat, Pulau Pinang • 7 August 2010, "Axiata - An Investor's Viewpoint" presentation by Morgan Stanley, Axiata Board Mid-Year Retreat, Pulau Pinang • 4-5 October 2010, Khazanah Megatrends Forum 2010, Kuala Lumpur
Juan Villalonga Navarro	• 7 August 2010, "Developing a Content and Media Strategy for Malaysia" presentation by Value Partners, Axiata Board Mid-Year Retreat, Pulau Pinang • 7 August 2010, "Axiata - An Investor's Viewpoint" presentation by Morgan Stanley, Axiata Board Mid-Year Retreat, Pulau Pinang
David Lau Nai Pek	• 5 February 2010, MINDA Breakfast Talk - Moral Foundation for Good Governance, Kuala Lumpur • 29 March 2010, ISSA Seminar on Social Security – Co-Organised by Employee Provident Fund, Kuala Lumpur • 5 April 2010, Axiata 7th ASEAN Leadership Forum, Kuala Lumpur

Directors	List of Training/Conference/Seminar/Workshop Attended/Participated
	• 18 May 2010, IBM Cognos Finance Forum 2010 held at One World Hotel, Kuala Lumpur • 2 June 2010, KPMG Audit Committee Roundtable Discussion, Kuala Lumpur • 27-29 June 2010, PWC Global Communications Forum 2010, London • 22-23 July 2010, Telco Primer Talk on 'Essentials of Mobile for Management', Celcom Axiata Infinity Centre, Kuala Lumpur • 7 August 2010, "Developing a Content and Media Strategy for Malaysia" presentation by Value Partners, Axiata Board Mid-Year Retreat, Pulau Pinang • 7 August 2010, "Axiata - An Investor's Viewpoint" presentation by Morgan Stanley, Axiata Board Mid-Year Retreat, Pulau Pinang • 4-5 October 2010, Khazanah Megatrends Forum 2010, Kuala Lumpur • 21-22 October 2010, Shell Refining Company (SRC) Directors' CEP Training, Langkawi • 1 December 2010, MINDA Luncheon Talk with Prof Muhammad Yunus, Kuala Lumpur • 6 December 2010, Luncheon Talk on Eradicating Corruption for the Future Generation, Kuala Lumpur
Dr. Farid Mohamed Sani	• 5 April 2010, Axiata 7th ASEAN Leadership Forum, Kuala Lumpur • 21 April 2010, Coaching for Performance Excellence Program, SNA Consult, Kuala Lumpur • 19 May 2010, MINDA Tea Talk with Dag Detter, former CEO of Stattum, Swedish State-Owned Enterprise Holding Company, Kuala Lumpur • 7 August 2010, "Developing a Content and Media Strategy for Malaysia" presentation by Value Partners, Axiata Board Mid-Year Retreat, Pulau Pinang • 7 August 2010, "Axiata - An Investor's Viewpoint" presentation by Morgan Stanley, Axiata Board Mid-Year Retreat, Pulau Pinang • 25 August 2010, Talk on Personal Data Protection Act, 2010 by Zaid Ibrahim & Co., Kuala Lumpur • 3 September 2010, FRS139 and Tax Training, Kuala Lumpur • 21 October 2010, Presentation on National Key Economic Area (NKEA) from Government's Perspective and Expectations, Kuala Lumpur • 26 November 2010, Talk by Analyst : Challenges in Driving Profitability – Moving Forward for TM, Kuala Lumpur
Muhamad Chatib Basri	Appointed Director of Axiata on 23 November 2010 – Attended Mandatory Accreditation Programme on 23-24 February 2011

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main LR of Bursa Securities, the Board of Directors of listed companies are required to include in their annual report, a "statement about the state of 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 Internal Control: Guidance for Directors of Public Listed Companies" as endorsed by Bursa Securities which outlines the nature and scope of the 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 internal control and risk management practices to safeguard the shareholders' investment 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 of internal control, the system of internal control put in place can only manage risks to 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 business objectives of the Group. The processes which have 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 Management in the implementation of the approved policies and procedures on risks and controls whereby Management identifies and assesses the risks faced and then designs, implements and monitors appropriate internal controls to mitigate and control these risks.

The Board is of the view that the system of 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 the shareholders' investment and the Group's assets.

RISK AND INTERNAL CONTROL FRAMEWORK

The Group has policies on risk and internal controls to continuously identify, assess and monitor risks by establishing a Group Wide Risk Management Framework and has formulated an effective system of internal controls to mitigate the risks. The Group Wide Risk Management Framework enables the identification, assessment and management of business risk in the overall context of business management. This includes the day-to-day operations, planning and strategic initiatives throughout the Group, to provide assurance to the Board and stakeholders. The effectiveness of the Group's risk management policies and internal controls are reviewed on a regular basis and, where necessary, improved both at management and Board levels. The major 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 system 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 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 Code of Conduct covers areas such as compliance with respective 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 Group has put in place a training programme to increase employee awareness of the Code of Conduct, including business integrity awareness at both Group and OpCo levels. To date, 600 employees in Celcom have undergone such training.

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

1.2 Board Committees

- **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 Board Committees also ensure the effectiveness of the Group's operations and that the Group's actions and operations are in accordance with approved strategies, objectives, business plans and policies. The responsibilities and authority of the Board and Board Committees are governed by clearly defined ToR.

- **BAC**
  The main responsibilities of the BAC, comprising of independent non-executive members of the Board, are to assist the Board in discharging its statutory and other responsibilities relating to internal controls, financial reporting and accounting matters, compliance and risk management. The BAC reviews and approves the Internal Audit Charter and approves a risk-based internal and external audit plan.

  The BAC holds regular meetings to deliberate on findings and recommendations for improvements from both the internal and external auditors on the state of the system of internal controls, management actions and monitor the implementation of preventive and corrective actions for areas with significant and high risks. The BAC has the authority to investigate any matter within its terms of reference and has full cooperation of and access to Management. It has direct access to the internal and external auditors and full discretion to invite any Director to attend its meeting.

1.3 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.

1.4 *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.

  A redraft of the procurement policy document covering dealings with suppliers/contractors and requirement of suppliers to adhere to Axiata's Code of Conduct is currently in progress and is expected to be rolled out to all OpCos in 2011.

- **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 level 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.

1.5 *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 greater heights through ongoing emphasis on performance management and employee development.

  The Group has in place a Key Performance Indicator System (KPI) 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 functional 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 talent demands. At the top portion of the pipeline, the Group is targeting to have 100 C-suite potentials who will be ready to lead the Group in the future. The succession plan for top key positions in the Group, including the GCEO, is therefore taken from this talent pool and any gaps identified are being worked on. This plan is presented to the Board on a regular basis.

2.0 RISK ASSESSMENT

Risk assessment involves the identification and analysis by management of risk relevant to the achievement of predetermined objectives, forming a basis for determining how the risks should be managed. Key activities involved 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.

2.2 Risk Identification and Analysis

- **Group Risk Management Framework**
  Group Risk Management oversees the Group's risk management framework, and risk profile, monitors the implementation of risk mitigating action plans, and reviews and assesses the applicability of the control environment in mitigating risk. It also provides quarterly consolidated Group risk profile and mitigating action plans and their progress to the BAC which will then be presented to the Board.

  The Risk Management Committee, comprising all Axiata SLTs and chaired by the Chairman of the BAC, was established with the objective of having a focused discussion on the Group's risks. The committee is supported by a Group Risk Manager and is responsible for setting the direction of corporate risk management and monitoring the implementation of risk management policies and procedures.

  Group Internal Audit undertakes independent reviews to ensure compliance of the Group Policies and to assess the effectiveness of policy implementation.

- **Control Self Assessment (CSA)**
  CSA is an effective tool used by the Group for improving the business' internal controls and business processes. It allows employees of the Group to identify the risks involved in achieving the business objectives, to evaluate adequacy and effectiveness of the controls in place and activities designed to manage those risks. CSA is performed on selected areas in certain OpCos on a quarterly basis.

2.3 Managing Change

- **Constantly Changing Business Environment**

  Risk management initiatives within the Group is strengthened continuously to ensure that the Group is able to respond effectively to the constantly changing business environment and thus able to protect and enhance stakeholders' value. For example, the Group also recognises the importance of complying with the Malaysian Competition Act 2010, expected to be implemented in January 2012. As the new anti-competition law is expected to have significant impact to the business, the Group is currently in the process of strategising and streamlining its processes towards compliance with the new Act.

  An improved enterprise risk management framework is being developed, which is targeted to be rolled out group wide in 2011. This enhanced framework will ensure that:

  1. Clear mandate and commitment from the Board of Directors and senior management to ensure that the risk management culture is seen as one of the prioritised areas
  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
  4. Risks derived from the risk management process is adequately and consistently reported and that more focus is given to the implementation of the mitigation strategies

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**

  There are documented procedures in place that cover management accounting, financial reporting, procurement, information systems security, compliance and other risk management issues. Examples of the policy documents at Group and OpCo levels are the Limits of Authority and Axiata Group Policies covering Financials and Controls.

  The objective of the policies and procedures is to ensure that internal control principles or mechanisms are embedded in our operations. This enables the Group to respond quickly to evolving risks and immediately report on any significant control failure.

- **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 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 actions where necessary. Similar performance review at OpCo Board level takes place monthly or quarterly.

- **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 email, 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, to the extent possible, be protected from reprisal.

  The Group is considering to have the whistleblower hotline administered by an independent third party in 2011.

- **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)**
  DRP have been identified and are being put in place for all of the Group's subsidiary companies. The Group has identified "Dependability", which includes DRP/BCP as one of the four primary strategic focus areas for 2010/2011. This includes planning for resumption of applications, data, hardware, communications and other technical infrastructure.

  BCP include planning for non-technical related aspects such as key personnel, facilities, crisis communication and reputation protection, and refer to the DRP for technology related infrastructure recovery/continuity. While all OpCos have adopted DRP/BCP policies, the implementation plans for some OpCos are being improved and there are plans in place to test them in 2011.

- **Information Technology (IT) Policy**
  IT policies and procedures are in place to achieve and maintain confidentiality, integrity, availability, authenticity and reliability of information or information processing facilities. The Board understands the necessity to leverage and optimise IT investments and resources for the best interest of the Group and to safeguard its IT resources, intellectual property management and information. The Group is currently working towards strengthening the controls over the use of system access password. Additionally, in view of the fast changing IT environment and customer needs, the Group recognises the need to build a holistic IT strategy and plan over a period of 5 years, all of which will be addressed in 2011.

3.3 *Regulatory and Compliance*

- **Group Regulatory Affairs (GRA)**
  The regulatory environments in most Axiata markets pose challenges typical of emerging markets, marked by insufficient consultation from the regulators, as well as potential political influence. These difficulties further compound the challenge of influencing regulatory outcomes which are optimal for both industry as well as the countries concerned.

  Some of the regulatory risks that emerged during the year included those associated with access pricing and interconnection rate reviews, spectrum management and allocation, public policy issues around taxation, licencing and international roaming regulations.

GRA's approach to managing the diversity of issues confronting our markets (both of a jurisdictional as well as global nature) includes:

1. The development of annual Regulatory Action Plans for each OpCo focusing on the top 3 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 roaming regulations, spectrum positioning, as well as honing essential skills such as access pricing;
4. Ensuring a common baseline of best practice regulatory skills Group-wide, through the development and adoption of a Regulatory Best Practices Manual.

Process-wise, the group regulatory policy outlined in the Group Policy document establishes internal policies and procedures that attempt to avert potential liabilities arising from adverse regulatory decisions. Under the Group Regulatory Policy, the Group shall comply with all applicable laws and regulations, regulatory obligations and governmental policies in the jurisdictions in which it operates and ensure that it is properly protected from potential regulatory liabilities and that regulatory advice is obtained in an efficient and cost effective manner as and when required,

4.0 Information and Communication

Information and communication 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 Communication Policy*

There is a Corporate Communication Policy in place to ensure that communications across the Group and to investors inside and outside 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 investor analysts as well as with the media moving forward.

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 loss. Six such incident reportings were shared with all subsidiaries in 2010.

5.0 Monitoring

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

5.1 *On-going Monitoring*

- **Internal Audit Division (IAD)**
  IAD is independent and reports functionally to the BAC and administratively to the President & GCEO. IAD provides independent, objective assurance and consulting services designed to add value and improve the Group's operations. It helps the Group accomplish its business objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Its work practices are governed by the IA Charter.

IAD adopts a risk-based approach in formulating the annual audit plan, which aligns its activities to the key risks identified across the Group. This plan is reviewed and approved by the BAC. The reviews performed by IAD are aimed at assisting the BAC and Board in promoting sound risk management and good corporate governance by assessing the design and operating effectiveness of controls that govern key business processes and risks identified in the overall risk framework of the Group.

- **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.

5.2 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 2010, there were 10 SLT meetings held at Group Level. Similar SLT 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 controls requirements of the Group.

- **Headline Performance KPIs**
  Headline Performance KPIs have been set and agreed upon by the Board of Directors and management of the Group 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 or aspirations for the year and are announced publicly as a transparent performance management practice.

- **Control Health Check KPI**
  The Group plans to introduce a Control Health Check KPI or scorecard, starting with one OpCo and eventually rolling out to the other OpCos.

KEY RISK AREAS IDENTIFIED

APPENDIX 1

1. Competition Risk: Increased competition from existing and new mobile operators would result in price wars and competitive product offerings.

2. Change in Regulatory Framework: Any adverse change in the regulatory framework in the key markets in Asia in which the Group operates, could materially affect the growth, prospects, financial condition or results of operations of the Group.

3. Investment Risk: Axiata's financial results depend on the contribution of two major OpCos, namely Celcom and XL, which account for more than 70% of its revenue and 90% of its PATAMI. Any adverse developments in these two OpCos could adversely affect the Group's financial condition.

4. Treasury Risk: Axiata is exposed to treasury risks such as currency exchange rates and interest rates due to the various countries it operates in. It is not commercially viable for the Group to hedge all its currency and interest rate exposures. Therefore, volatility of interest rate and currency in the countries in which the Group operates could adversely affect the Group's financial condition and results of operations.

5. Investment in Associates: Axiata has no management control over its investments in its associates, Idea and M1, which reduces the ability to identify and manage risks. Although the Group may participate in the management of such companies through representatives on the boards of these companies, such representation does not constitute the majority of those boards.

6. 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 plan is in place at each OpCo to ensure business continuity.

7. Litigation Risk: Risk of old litigations in Celcom materialising and potential new ones. Any adverse judgement against Celcom Group to pay damages or new litigations could adversely affect the Group's reputation and have a material adverse effect on the Group's business and financial condition.

The Board of Directors of Axiata is pleased to present the report on the Board Audit Committee (BAC) for the FY10.

The establishment of the BAC was formalised by a resolution of the Board of Directors on 24 March 2008 in line with the Main LR.

BOARD AUDIT COMMITTEE REPORT

COMPOSITION AND MEETINGS

Throughout the year the BAC, comprising of the Directors listed below, met five times on 23 February 2010, 12 April 2010, 27 May 2010, 24 August 2010 and 23 November 2010. The composition and the attendance record of the BAC members are listed below.

Name of Directors	Status of directorship	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	3 out of 5

A fourth member, Dr. Farid Mohamed Sani (Non-Independent Non-Executive Director), was appointed to the BAC effective 10 February 2011.

SUMMARY OF ACTIVITIES OF THE BAC

During the FY10, 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

- An enterprise risk committee called 'Axiata Risk Management Committee' was formed in 2010 to enhance the identification and management of existing and emerging major business risks within the Group. A revised enterprise risk management framework, based on ISO 31000-2009, was also introduced in 2010 that will be further enhanced in 2011 from learnings of 2010.
- 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.

Internal Audit

- Reviewed and approved the Group Internal Audit (GIA) Annual Business Plan inclusive of Budget and resourcing plan. The Audit Plan was prepared using a 'risk-based' approach and ensures that adequate and competent resources are available to carry out the audit plan, especially in the areas or entities with high risks.
- Reviewed internal audit reports issued by GIA 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 GIA 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 three private meetings with the External Auditors on 23 February 2010, 27 May 2010 and 24 August 2010 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.

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 the financial reporting and disclosures are in compliance with the provisions of the Companies Act 1965, Main LR and applicable accounting and FRS standards in Malaysia.
- Reviewed the cashflow assumptions and working papers on a quarterly basis in order to determine the recoverability of some of the major assets, one of which led to the Idea impairment.

Annual Reporting

- Reviewed and recommended Statement on Corporate Governance, Statement on Internal Control and the 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 18th AGM of the Company held on 22 June 2010 and the reporting of these transactions in the 2010 Annual Report.

Others

- Reviewed and approved Axiata Audit Charter;
- Reviewed status of resolution of external and internal audit issues every quarter;
- Reviewed current matters in relation to compliance with legal, regulatory and statutory requirements;
- Identified cases of control weaknesses for sharing of lessons learnt within the Group to avoid similar incidents; and

- Verified the allocation of 50,108,450 share options given to the Group's eligible employees in accordance with the Long Term Performance Based ESOS for FY10. The BAC was satisfied that the allocation of the said share options was in compliance with the criteria set out in the ESOS Bye-Laws and ESOS Committee.

GROUP INTERNAL AUDIT

The internal audit function is under the purview of GIA 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 subsidiaries report directly to Board Audit Committees of the respective subsidiaries with a dotted reporting line to the GCIA. GIA has direct control and supervision for internal audit activities in those subsidiaries that do not have an audit function. GCIA also acts as the secretary to the BAC.

GIA provides independent, objective assurance on areas of operations reviewed, and recommendation based on best practices that will improve and add value to the Group. GIA 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 subsidiaries' audit functions to standardise the internal audit activities within the Group.

GIA adopts a systematic and disciplined approach to evaluate adequacy and effectiveness of the risk management, financial, operational, compliance and governance processes. A structured risk-based approach is 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.

As against the 2010 Audit Plan, a total of 138 internal audit assignments were completed at Corporate Centre and all subsidiaries. The areas of coverage include finance, sales, marketing, information and technology, billing, network, corporate governance, human resource, customer service and procurement.

The audit reports of these assignments provided independent and objective assessment on 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 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 subsidiary's BAC and summary of the key findings to BAC for due deliberation to ensure that 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 2010 include:

- Procurement
- Capex Process
- SAP Review
- Mobile Broadband/Data Business
- Site Acquisition/Procurement
- Network Contract Review
- Management Control Review - Post Implementation Review (on a subsidiary)

The total cost incurred by GIA in 2010, inclusive of all the subsidiaries, was RM7.85 million, which is almost similar to that in 2009.

There are a total of 51 internal auditors across the Group whilst GIA at Corporate Centre has 5 approved headcount and operates on a resource sharing basis with other OpCos' IA. All the internal auditors have tertiary qualifications and the level of expertise and professionalism within GIA at the end of 2010 is shown below:

Expertise Category	Percentage of total auditors
Finance	31%
IT/MIS	24%
Network/Engineering	22%
Marketing	14%
General/Others	9%

Professional Category	Percentage of total auditors
PROFESSIONAL CERTIFICATION	
CPA, ACCA, CA, CIMA	16%
Certified Internal Auditor (CIA)	10%
Certified IS Auditor (CISA)	16%
CPA, ACCA, CA, CIMA Internship	16%
CIA/CISA Internship	61%
Institute of Internal Auditors Membership	86%
Others	14%
POST GRADUATE	
MBA and other Masters	37%
Masters Internship	12%

TERMS OF REFERENCE

In performing its duties and discharging its responsibilities, the BAC is guided by the ToR as follows:

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 The members of the BAC shall elect a Chairman among themselves who shall be an Independent Non-Executive Director.

2.3 The BAC shall be appointed by the Directors from amongst their members. The members of the BAC shall be nominated by Axiata's BNC and shall be appointed by resolution of the Board. No alternate director shall be appointed as a member of the BAC.

2.4 All members of the BAC, including the Chairman, will hold office only so long as they remain as Non-Executive Directors of Axiata.

2.5 Members of the BAC may relinquish their membership in the BAC with prior written notice to the Company Secretary and may continue to serve as Director of Axiata. In the event of any vacancy in the BAC resulting in non-compliance with the Main LR, Axiata must fill the vacancy within three months. The BNC will review and recommend, to the Board for approval, another director to fill up the vacancy.

2.6 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 required to avoid BAC members from participating in matters that will create conflict of interest.

2.7 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 is not a member of the MIA, he must have at least three years working experience and:
      a) He must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Acts 1967; or
      b) He 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) Fulfills such other requirements as may be prescribed or approved by Bursa Securities.

3.0 SECRETARY OF THE BAC

3.1 The GCIA or any other person appointed by the BAC shall be the Secretary of the BAC.

3.2 The Secretary shall:
   i) ensure all appointments to the BAC are properly made;
   ii) ensure that the BAC receives information and papers in a timely manner to enable full and proper consideration to be given to issues;
   iii) prepare the minutes of the BAC meetings and record the conclusions of the BAC in discharging its duties and responsibilities.
   iv) circulate the minutes of the BAC meetings promptly to all members of the BAC and make the same available to Board members who are not members of the BAC; and
   v) ensure that the minutes of the BAC meetings are properly kept and produced for inspection if required.

4.0 MEETING GUIDELINES OF THE BAC

4.1 Quorum

4.1.1 In order to form a quorum, minimum two BAC members must be present and that the majority of those present must be Independent Non-Executive Directors.

4.2 Meetings

4.2.1 The BAC shall meet at least four times a year and such additional meetings as the Chairman shall decide. The BAC meetings shall be governed by the provisions of the Company's Articles of Association relating to Board meetings unless otherwise provided for in this ToR. The BAC may establish procedures from time to time to govern its meetings, keeping of minutes and its administration.

4.2.2 Upon the request of the External Auditors, the Chairman of the BAC shall convene a meeting of the BAC to consider any matter the External Auditors believe should be brought to the attention of the Directors or Shareholders.

4.2.3 A member of BAC may participate in a meeting of BAC by means of a telephone conference or video conference or any other means of audio-visual communications and the person shall be deemed to be present in person at the meeting and shall be entitled to vote or be counted in a quorum accordingly.

4.2.4 Decision of BAC may be made by a Circular Resolution provided it is signed by all members.

4.2.5 The Notice and agenda for each BAC meeting with due notice of the issues to be discussed shall be sent to all members of the BAC and any other persons who may be required to attend.

4.2.6 The Chairman of the BAC shall report to the Board on any matter that should be brought to the Board's attention and provide recommendations of the BAC that requires the Board's approval at the Board meeting.

4.2.7 The BAC may invite the GCFO, the GCIA or any other management personnel, any representative of the External Auditors, other members of the Board and any other persons as deemed necessary by the BAC to be present at any meeting of the BAC.

5.0 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:

5.1 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, focusing particularly on:
   a) Any changes in or implementation of accounting policies and practices;
   b) Significant or material adjustments with financial impact arising from the audit;
   c) Significant and unusual events or exceptional activities;
   d) Decision making with material financial impact;
   e) The going concern assumptions; and
   f) Compliance with approved accounting standards, stock exchange and other regulatory requirements.

ii) Review with the External Auditors the financial statements of Axiata before the audited financial statements are presented to the Board for approval, including:
   a) Whether the External Auditors' report contains any qualifications which must be properly discussed and acted upon for purposes of resolving the contentious point of disputes in the current audit and to remove the cause of the External Auditors' concern in the conduct of future audits;
   b) Any changes in or implementation of accounting policies and practices;
   c) Significant and unusual events;
   d) Significant changes and adjustments in the presentation of the financial statements;
   e) Compliance with local and international accounting standards and other legal requirements;
   f) Material fluctuations in balances in the financial statements;
   g) Significant variations in audit scope and approach; and
   h) Significant commitments or contingent liabilities.

   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 where necessary).

iv) Propose best practices on disclosure in 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 operation 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.

5.2 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 with the External Auditors before the audit commences the audit plan 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, Internal Auditors or both, at least twice in the financial year (without the presence of other directors and employees of listed issuer, 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 Auditors' audit report, and report the same to the Board.

x) Review the External Auditors' management letter and 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 relationship 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.

5.3 Internal Audit Function

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

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

iii) Review the Internal Audit Plan and results of the internal audit process and where necessary to ensure:

a) that appropriate action is taken on the recommendations of GIA and report the same to the Board.

b) that the scope, functions, competency and resources of GIA 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 GIA commensurate with corporate goals.

iv) Review any appraisal or assessment of the performance of the members of GIA.

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 subsidiary to report functionally to the subsidiary BAC and on dotted line basis to the GCIA for purposes of standardising the operations of internal audit in Axiata and its subsidiaries 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 subsidiary 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 GIA.

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

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

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

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, 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 resource policies and guidelines, including disciplinary proceedings/investigations and actions.

xii) Review the assistance and co-operation given by the Group and its employees to the External Auditors and report the same to the Board.

xiii) Ensure that GIA should be independent of the activities they audit which in turn should be performed with impartiality, proficiency and due professional care. The Board or the BAC should determine the remit of GIA.

xiv) Where there is an audit assignment initiated by GIA that has a bearing upon all subsidiaries or that the subsidiaries' financial results will affect the audit opinion of the Group, the respective subsidiaries Internal Audit office shall adhere to the request and include such audit assignment in its respective audit plan.

5.4 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 management's response.

iv) Review 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 situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity and report the same to the Board.

vii) Verify the allocation of share options given to the Group's eligible employees is in accordance with the criteria for the employees share option 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.

5.5 Other matters

Consider other matters as prescribed to the BAC by the Board.

6.0 POWERS OF THE BAC

6.1 In carrying out its duties and responsibilities, the BAC shall have the following power and authority, in accordance with the procedures to be determined by the Board and at cost to the Group:

i) Have explicit authority to investigate any matters within its ToR.

ii) Have the resources which are required to perform its duties.

iii) Have full, free and unrestricted access to any information, records, properties and personnel of Axiata and of any other companies within the Group including the minutes, reports and information of all subsidiary BACs.

iv) Have direct communication channels with the External Auditors and person(s) carrying out the Internal Audit function or activity.

v) Be able to obtain independent professional or other advice and to invite outsiders with relevant experience to attend the BAC meetings (if required) and to brief the BAC thereof.

vi) The attendance of any particular BAC meeting by other Directors and employees of the Group is at the BAC's invitation and discretion and must be specific to the relevant meeting.

vii) Be able to convene meetings with External Auditors, Internal Auditors or both, excluding the attendance of other directors and Group's employees, whenever deemed necessary.

viii) The BAC Chairman shall continuously engage with the Chairman of the Board and Senior Management, such as, the President/GCEO, the GCFO, the GCIA and the External Auditors in order to be kept informed of matters affecting the Group.

ix) Have immediate access to reports on findings and recommendations from GIA in respect of any fraud or irregularities discovered and referred to GIA by the management. Any unresolved matters resulting in breach of any regulatory requirements shall be reported to the Board.

x) Have access to advice and services of the Company Secretary.

xi) Requires the Head of Internal Audit at subsidiaries and the GCIA to escalate and inform the BAC immediately on matters which has extreme risk rating.

7.0 REVIEW & EVALUATION PROCEDURES OF THE BAC

7.1 The BAC shall at least annually perform a review and an evaluation of its performance to ensure that it is meeting its responsibilities as set forth in this ToR. The review shall specifically include consideration of the following:

i) Frequency and timeliness of the BAC meetings.

ii) Adequacy and quality of information and materials provided to the BAC.

iii) Effectiveness of the BAC in carrying out the duties as set out in this ToR.

iv) Contribution of individual BAC member.

v) Appropriateness and adequacy of this ToR. The Committee shall recommend to the Board such changes to this ToR in such manner as the BAC deems appropriate.

8.0 BAC REPORT

8.1 The BAC is required to prepare a BAC Report at the end of each financial year to be included and published in the Group's annual report to include the following:

i) The composition of the BAC including the name, designation and directorship of the members (whether the Directors are independent or otherwise);

ii) The ToR of the BAC;

iii) The number of BAC meetings held during the financial year and details of attendance of each BAC member;

iv) A summary of the activities of the BAC in the discharge of its functions and duties for that financial year; and

v) A summary of the activities of the Internal Audit function.

9.0 STATEMENT ON CORPORATE GOVERNANCE

9.1 The BAC is required to recommend the statement on corporate governance at the end of each financial year for the Board's approval to be included and published in the Group's annual report:

i) a narrative statement of how the Group has applied the principles set out in Part I of the Malaysian Code on Corporate Governance to its particular circumstances; and

ii) a statement on the extent of the Group's compliance with the Best Practices in Corporate Governance set out in Part II of the Malaysian Code on Corporate Governance. The statement shall specifically identify and give reasons for any areas of non-compliance with Part II and the alternatives to the Best Practices adopted by the Group (if any).

10.0 ADDITIONAL STATEMENTS

10.1 The BAC is required to recommend the following additional statements for the Board's approval to be included and published in the Group's annual report:

i) A statement explaining the Board's responsibility for preparing the Group's annual audited financial statements.

ii) A statement on the Group's state of internal control after the same is reviewed by the External Auditors with regard to the state of internal control and report the results thereof to the Board.

iii) A statement verifying allocation of share options given to the Group's eligible employees is in accordance with the criteria set out in the share option scheme for employees.

ENHANCING CONNECTIVITY

BUSINESS REVIEW

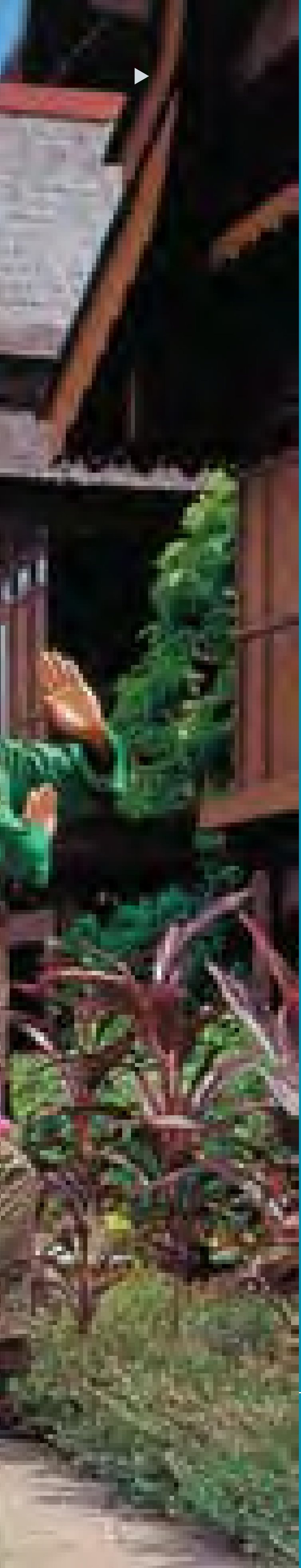
MALAYSIA

celcom

CELCOM AXIATA BERHAD

Joget

The Joget is the most popular traditional dance in Malaysia. It is a couple dance with a fairly quick tempo with playful and often teasing gestures between the partners. Its origins can be traced to the Portugese Branyo dance which is believed to have spread to Malacca during the spice trade in the 16th century.

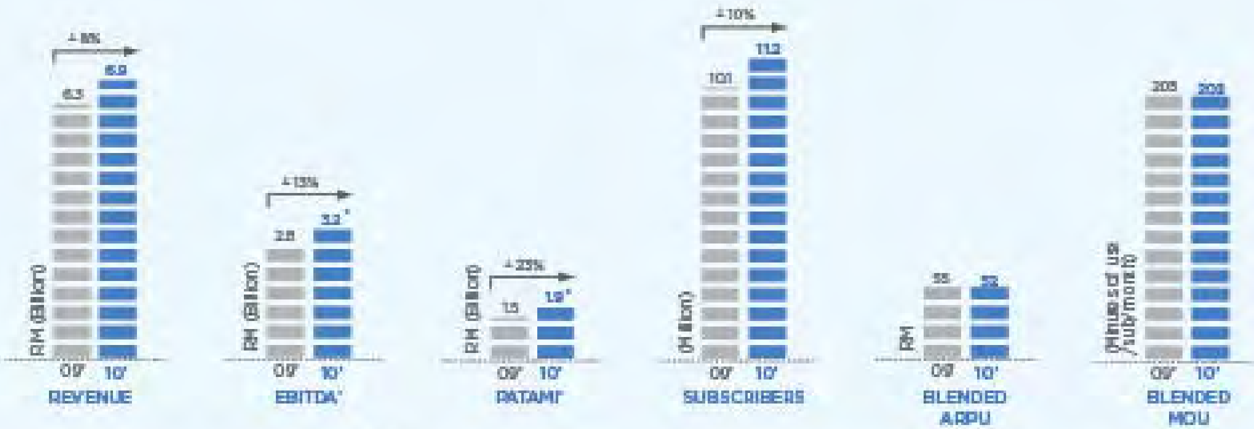


ABOUT CELCOM

Celcom is the country's most experienced and premier mobile telecommunications company with over 11.2 million customers. It offers the widest network coverage in the country with its 2G and 3G networks covering 94.9% and 81.1% of the population respectively. Celcom continues to invest in network coverage, capacity and performance, and intends to maintain its technology leadership and position as the country's best mobile service provider.

Celcom's core business is in providing prepaid and postpaid mobile voice services. Its strong growth has been further supplemented by the growing data services segment and mobile broadband business. Celcom is also achieving significant growth in other areas of business namely content, enterprise solutions and bulk wholesale services. Celcom is proud to have successfully partnered with four increasingly prominent MVNOs.

Celcom currently offers international roaming service in 167 countries and over 465 networks worldwide and, as a Vodafone Partner Network, is an integral part of a global alliance spanning 108 Vodafone operating companies and partner markets worldwide. This partnership provides Celcom's customers with unrivalled global coverage, the lowest IDD and roaming rates and the latest mobile technologies. It also gives Celcom access to Vodafone's global purchasing and economies of scale.



Note:
[1] Amount in 2009 and 2010 excludes holding company charge, Sukuk interest and tax relief if any.
[2] Excludes one time charges on additional USP.

BUSINESS REVIEW

In an increasingly competitive market Celcom continues to stride ahead, ending 2010 with encouraging results. Celcom strengthened its number two position in the Malaysian mobile telecommunications market and saw its customer base cross the 11 million mark in the third quarter of 2010. Celcom also exceeded all financial performance targets for the year with the highest PATAMI ever of RM1.9 billion and surpassing RM3 billion in EBITDA.

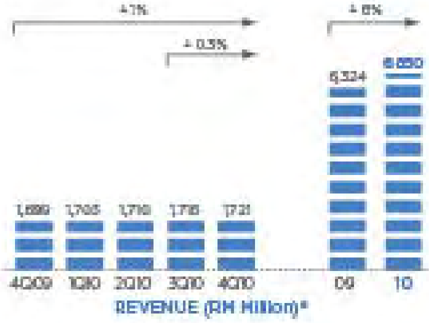
The company once again added over one million net new lines to its network during 2010, mainly from new prepaid and broadband subscriptions. Celcom added close to 350 thousand new subscriptions during the year, maintaining its leadership of the mobile broadband market with over 857 thousand subscribers. The company also successfully executed its strategies for its new business areas such as mobile advertising and mobile commerce, solidified its MVNO partnerships, and expanded its client base for mobile enterprise.

Through its Enterprise segment, Celcom maintained its position as the corporate market leader in Malaysia, with a majority share of BlackBerry users, and a dominant presence among large multinationals, government and GLC accounts. It also increased its visibility in the Small Medium Enterprises market through ongoing programmes with trade associations and also expanded its Value-Added Partner programme with revamped and revised incentive structures for its resellers.

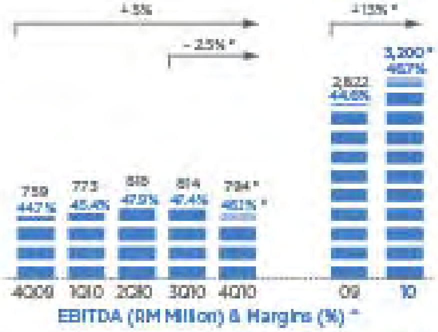
Leadership in Broadband

The year 2010 was a great year for Celcom, as the No 1 Mobile Broadband operator in Malaysia, recording a total subscriber base of 857 thousand, a growth of 68% YoY. Celcom Broadband contributed a total of RM638 million in revenue for the year, a strong growth of 76% YoY. Celcom Broadband's ARPU continues to remain strong at RM71.

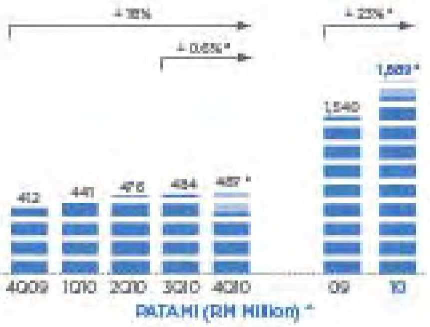
REVENUE
+8%



EBITDA
+13%



PATAMI
+23%



In 2010, Celcom embarked on several initiatives to further grow the broadband business. Celcom Broadband was the first operator to launch the FREE USB modem campaign in January 2010. In conjunction with the 2010 FIFA World Cup, a limited edition Celcom Broadband USB modem was introduced alongside rewards and prizes to be won by customers. This campaign contributed towards the highest ever gross registration of 87 thousand subscribers for Celcom Broadband in July 2010.

As part of its initiative to cater to the needs of the lower end broadband users, Celcom Broadband introduced the new Celcom Broadband Lite package. Celcom Broadband Lite subscribers account for 12% of the entire Celcom Broadband subscriber base. Celcom Broadband re-priced their Celcom Broadband Prepaid pack, lowering the entry barrier from RM25 to RM12.50 and also lowered the cost of its daily and weekly prepaid Broadband packs. The initiatives were part of the plan to make broadband access more affordable to the masses and drive broadband penetration in Malaysia.

Small Screen

The small screen Broadband segment is beginning to represent a significant business opportunity for Celcom Broadband. This was accelerated by the launch of two new Mobile Internet plans in October 2010, namely Celcom Broadband mLite at RM28/month and Celcom Broadband mBasic at RM38/month. Both plans were developed to drive higher mobile Internet usage.

^ PATAMI and EBITDA exclude holding company charge, on Sukuk interest and tax relief if any.
* Normalising the impact of one off USP charges of RM111 million.
\# All revenue figures are inclusive of other operating income.

Devices

As the market leader in BlackBerry, Celcom exceeded its revenue target by 359% in 2010 with 126 thousand subscribers by the end of the year. In 2010, 89% of BlackBerry revenue was generated from the BlackBerry Internet Service (BIS)/BlackBerry Enterprise Service (BES).

Celcom continues to stay ahead of the pack by launching three out of four BlackBerry devices in 2010 ahead of the other players in the country. Celcom also introduced the Xpax BlackBerry Messenger Plan, a new prepaid plan priced at 50sen/day, for unlimited access to BlackBerry Messenger. Celcom was also active with other new devices and was the first telco in Malaysia to offer its customers the Nokia C3 and the LG Optimus 7, the latest Windows Phone 7 device.

Enterprise

Celcom Biz, Celcom's enterprise arm, is the leading provider of corporate mobile services and wireless business solutions in Malaysia. Through strategic partnerships and by leveraging on the latest technologies, Celcom Biz offers a broad portfolio of intelligent products and services tailored to specific industries and company sizes, delivering greater business efficiency and cost savings for large multinationals and small and medium businesses alike.

In 2010, Celcom Biz moved aggressively into the SME market through strategic partnerships with key SME Associations, providing cost saving communication bundles and solutions, tailored to the needs of SMEs.

Celcom Biz is also the largest and leading Machine-to-Machine (M2M) solutions provider in the country, recording revenue growth of 11.6%. Celcom also renewed its Vodafone partnership, which enabled the enterprise sales team to tap into the Vodafone Global Enterprises (VGE) accounts, resulting in a number of key MNC customer acquisitions in 2010.

Enhancing Customer Service

Celcom began 2010 by making 'Customer Experience' improvement a top priority for change. Various initiatives were put in place resulting in a positive customer experience for Celcom subscribers throughout 2010.

The Online Customer Service (OCS), which serves as an alternative channel for customers to manage their mobile phone accounts, witnessed an increase in usage of 175% in 2010 from 28.6% in 2009. Other self service channels, such as the Celcom payment kiosks, also saw an upward trend with transactions increasing from 16.1% in 2009 to 24.2% in 2010.

The latest initiative introduced to enhance customer experience with Celcom was the launch of a real time payment platform in mid 2010. This customised Payment Gateway System offers a seamless and secure platform for online payments.

In line with Celcom's business direction to be a customer-centric company, the Consumer Lab and Behaviour Centre (CLBC) was established in late April 2010 with the objective of understanding customers' behaviour in the context of their telecommunication needs. CLBC ended the year completing 5 major and 14 minor research projects. The results of several projects, related to areas such as broadband, postpaid and youth, proved invaluable in helping Celcom refine its strategies in addressing those segments.

Technology

Celcom will remain focused on its mobile business and plans to invest RM1 billion in 2011 towards enhancing network coverage, capacity and quality to meet consumers' demand for better access and faster connectivity. In 2010, Celcom completed additional site deployments bringing the total number of 3G/HSDPA sites to 4,300, giving Celcom the widest 3G/HSDPA network, covering 81.1% of the population. Nearly all 3G/HSDPA sites have been upgraded to support data speeds of up to 14.4Mbps.

To support the growing surge in mobile data traffic, Celcom will undertake the fiberisation of all its main network sites and aggregation points. At the same time, the next phase of Celcom's network modernisation exercise towards an all-IP infrastructure has begun, which will result in all Celcom sites eventually being migrated to a single-RAN architecture and ready for next-generation LTE services. Further, investments in Business Intelligence systems and the continued implementation of a Next Generation Intelligent Network (NGIN) are also well underway to better serve the needs of its customers.

In an increasingly competitive services environment, Celcom strongly believes in industry collaborations for cutting edge solutions and services that will result in better services and long term cost savings. In particular, the infrastructure sharing agreement signed with DiGi Tel in December 2010 is expected to result in significant cost savings. The agreement, which encompasses site consolidation and transmission sharing, will save both parties an estimated RM2.2 billion combined over 10 years. Celcom has also embarked on a crucial partnership with TM that will enable Celcom to offer a comprehensive suite of access mediums, encompassing mobile, High Speed Broadband (HSBB), and Digital Subscriber Line (DSL). Other supplementary access technologies such as Wi-Fi are also in its technology roadmap for 2011.

2010 was also another remarkable year for Celcom's Network team in exploring alternative access technologies. Several trials and proof-of-concept initiatives have been successfully conducted in 2010. Celcom successfully deployed WCDMA technology using 900MHz spectrum band which offers faster deployment and better coverage. Celcom also conducted a proof-of-concept on Wi-Fi technology as an alternative solution for wireless access technology. Lastly, a LTE technology trial was deployed in the final quarter of 2010 and multiple high-speed data services successfully tested. These efforts are part of Celcom's plans to future proof its networks and deliver exceptional services to consumers.

As part of its contribution towards a Government initiative, Celcom successfully rolled out Universal Service Provision (USP) projects for 43 USP 2G sites and 37 USP Community Broadband Centre (CBC) sites nationwide. The USP project addresses the communication needs of the extremely rural and underserved areas.

New Business

Celcom Aircash, the region's first Unstructured Supplementary Service Data (USSD) based Mobile Financial Service, introduced several new initiatives. This included enabling users from our sister company in Indonesia, XL, to recharge their Roaming Vouchers, as well as the successful implementation of Online Cash In via Financial Process Exchange (FPX) and Local Airtime Share.

The company has also ventured into Mobile Advertising with its initial trial phase launched in December 2010. The initial phase of Celcom Mobile Advertising consists of three channels namely Missed Call Notification, Prepaid Top Up and WAP.

Distribution channels

In 2010, Celcom introduced a new incentive scheme for acquisitions in both postpaid and prepaid, which focused on customer's usage and length of stay. This resulted in a 2.5% reduction in dealer incentives for 2010.

Celcom saw an impressive 40% increase in gross activation of prepaid, mainly contributed by growth in the Foreign Workers segment. Celcom has begun to engage with customers at point of purchase to directly reach customers within this segment. This was carried out with the appointment of agencies that interact closely with this segment.

Celcom's Key Accounts channels have also grown to over 8,000 touch points, contributing 23% to the prepaid reload business. Broadband net additions have also increased by 22%, as compared to 2009, especially after the introduction of the Celcom branded and distributed modems programme.

Strategic Alliances

The MVNO business continues to exceed expectations. In 2010, the four alliances combined nearly doubled their contribution to the total Celcom revenue, whilst activations also doubled during the year. Combined, the four service providers collectively ended 2010 with more than 600 thousand active subscribers.

FINANCIAL PERFORMANCE

2010 was another successful year for Celcom, continuing its solid performance amidst intensified competition with the entry of new players into the market. Celcom ended the year with 19 consecutive quarters of growth in revenue whilst maintaining double digit growth in profitability. Celcom's commitment to its long term strategy has borne fruit. The company has emerged stronger, with solid building blocks in place for future growth.

Celcom posted a revenue growth of 8% YoY, from RM6.3 billion to RM6.9 billion, driven primarily by mobile broadband. Revenue from this segment soared 76% YoY and now contributes about 9% of revenue from 6% a year ago. Celcom's focus on the customer, through continuous improvement in network and customer service quality, led to a 10% subscriber growth with 11.2 million subscribers as of December 2010. This was backed by aggressive execution of the segmented marketing strategy and a structured sales and distribution channel. As a result, penetration in the targeted segments, especially youth and foreign worker segments, saw robust growth.

During the year, the company also diligently implemented various Smart Spend initiatives aimed at improving margin and inculcating a high performance work culture with strong financial awareness. Alongside revenue growth, this yielded a positive outcome and impressive improvement in EBITDA, growing 13% to RM3.2 billion as compared to RM2.8 billion in 2009. EBITDA margin was at 46.7% from 44.6%. In tandem, PAT surged to RM1.9 billion, a double-digit growth of 23% from RM1.5 billion in 2009.

In the third quarter of the year, the company had successfully placed out RM4.2 billion nominal value unrated Sukuk under a private offering as part of an internal exercise to streamline its business functions to establish a network-centric entity. The telecommunications network business has been transferred to its wholly-owned subsidiary, CTX. The exercise is in line with Axiata's group-wide initiative to transform its regional back-end operations to drive efficiencies, enhance cost savings and create value.

INDUSTRY OUTLOOK FOR 2011

Celcom began 2011 in a position of strength, with sustained momentum from 2010. Although the mobile penetration rate in Malaysia exceeded the 120% mark at the end of 2010, subscriptions continue to grow with the increased use of multiple devices and mobile broadband modems. Celcom will continue to strengthen and defend its strongholds with its segment-oriented strategy, while building an even stronger customer-centric culture.

In 2010, Celcom embarked on a transformation programme aimed towards becoming the number one provider of mobile voice and broadband services in Malaysia. The transformation initiatives have already delivered improvements in profitability, network infrastructure, human capital development, and overall customer experience.

Celcom will continue to explore new partnership models, such as the infrastructure sharing agreement with DiGi Tel, and other long term cost management initiatives with its major vendors and partners. Investments in Business Intelligence systems and the continued implementation of a Next Generation Intelligent Network are also well underway to help better serve the needs of its customers.

New Celcom Blue Cube branches are being progressively added all over Malaysia, further strengthening its branded retail presence. This activity is part of a larger initiative aimed at enhancing customer and sales experience across multiple channels. This will be done by replacing all existing retail touch points and, where viable, move into new subscriber-centric geographies.

The enterprise segment holds huge potential amidst the improving economy and Celcom intends to drive the business deeper. One focus of 2011 in the enterprise segment, will be to increase leadership in the M2M market with services for automated meter reading, wireless ATMs and vehicle tracking.

The total number of fixed and mobile broadband subscriber lines in Malaysia at the end of 2010 has exceeded the Government's 50% household broadband penetration target, thus meeting the nation's goal to become an informed and connected society. Celcom is now moving to become the number one player in the data segment as a whole, including mobile Internet and enterprise data services. We believe this, and a strong offering in content and value added services, will drive us closer to becoming the leading mobile operator in Malaysia.

INDONESIA

PT XL AXIATA TBK.

Legong

Legong is a form of Balinese dance. It is a refined dance form characterised by intricate finger movements, complicated footwork, and expressive gestures and facial expressions. Legong probably originated in the 19th century as royal entertainment. Legend has it that a prince of Sukwati fell ill and had a vivid dream in which two maidens danced to gamelan music. When he recovered, he arranged for such dances to be performed in reality.

ABOUT XL

XL is rapidly growing into one of the leading cellular providers in Indonesia. An operator with more than 14 years experience, it has a deep understanding of its subscribers' needs and offers a wide range of telecommunication products and services.

XL was the first private company in Indonesia to provide cellular mobile telephony services. and commenced commercial operations in 1996. Today, XL's network covers more than 90% of the populated areas. XL intends to further enhance its 3G penetration in the market to ensure that its subscribers enjoy the best service quality.

The Company provides services for retail customers and offers business solutions for corporate customers, including voice, data and other value-added mobile telecommunications services.

XL operates its network on GSM 900/ DCS 1800 (2G/2.5G) and W-CDMA 2100(3G) technologies. In addition to this, XL also holds a Closed Regular Network Licence (Leased Line), Internet Service Provider (ISP) Licence, Voice over Internet Protocol (VoIP) Licence, and Internet Interconnection Services Licence (NAP). Alongside these, the company also has an e-money (electronic money) licence from the Central Bank of Indonesia which will enable XL to provide remittance service for its subscribers.

BUSINESS REVIEW

In 2010, XL continued to provide affordable and dependable voice, SMS, and data services. XL's balanced business model, which focuses on growth whilst maximising revenue generation and utilisation of network capacity, has produced excellent results. XL continues to exercise prudent control of capital expenditure and operating expenses, with a view towards maximising profitability and return on equity.

The number of subscribers has increased to 40.4 million as of 31 December 2010, from 31.4 million at the end of 2009.

The year saw XL introducing several strategic initiatives. This included the Intentional Customer Experience (ICE) Project, involving key personnel from Customer Service, Distribution Channels, Finance, Marketing, Network, Sales and other related units to create differentiation beyond price. This is part of XL's plans to build customer loyalty by focusing on the customer experience.

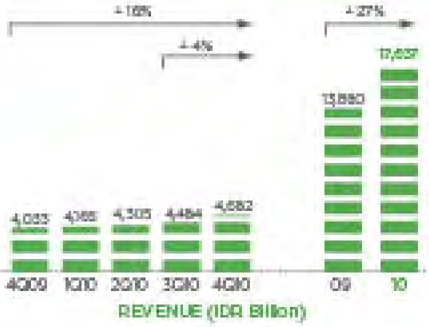
Throughout 2010, XL launched a variety of initiatives to further encourage usage of its data services. XL introduced free international roaming in 7 selected countries with its monthly Blackberry Package, the first such offer in the world.

To further stimulate voice usage, XL launched the Rp 25,-/minute voice plan in August 2010 and a further enhanced plan, the "Rp 0" campaign in December.

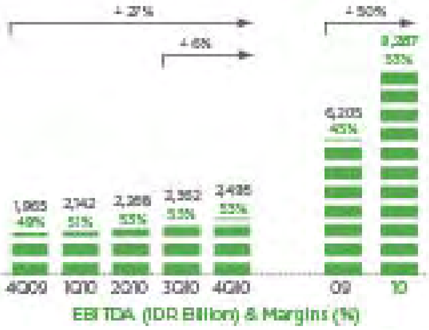
Data Focus

As social networking continues to take off, even among low-end users, XL introduced "SMS Facebook" for non-smart phone users. By subscribing to this affordable service, users have access to the most popular activities on Facebook such as status updates and comments through SMS, which would also automatically update their profile. In addition, they can receive unlimited updates from their Facebook friends through incoming SMSes.

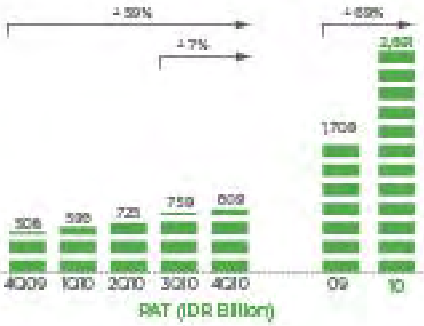
REVENUE
+27%



EBITDA
+50%



PAT
+69%



XL launched its mobile data services platform, XLgo!, a portal that gives subscribers access to several different social media networks, such as Facebook, Twitter, etc, as well as email like yahoo, gmail, etc. with a single sign on. Besides that, customers can retrieve information on XL services, such as account balance information, new tariffs and promotions, and current programmes. The portal garnered 1 million users in just 3 weeks after its launch.

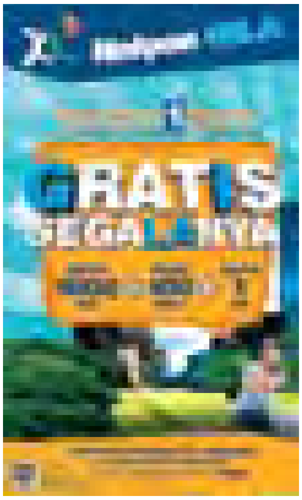
A range of innovative VAS was also introduced in 2010 to provide more relevant choices to XL subscribers and improve adoption, which include:

- XL Music Live: A music service where subscribers can download original Indonesian or International songs with per minute or per day charging.
- XL Cuaps: A voice blog where subscribers can share their thoughts in audio form and invite their friends to listen and follow them. This service also allows subscribers to follow the voiceblog of their celebrity idols, a similar concept to Twitter.

One of XL's most favorite VAS, 'XL RBT', won the Sony Music Award in 2010 as it set the record for the highest number of downloads of its RBT tunes.

FINANCIAL PERFORMANCE

XL reported its full year 2010 results with a net profit of IDR2.9 trillion, a 69% increase YoY from IDR1.7 trillion in 2009. Gross revenue was IDR17.6 trillion compared to IDR13.9 trillion for 2009. EBITDA was IDR9.3 trillion with an EBITDA margin of 53%.



INDUSTRY OUTLOOK FOR 2011

The popularity of social networking, supported by the availability of affordable 2.5G mobile phones has meant that there has been a shift from voice to data services and operators have begun to focus on Mobile Data Services (MDS). This is a new business for the Indonesian telecommunication industry where all operators are still at the start up phase. In 2010, XL invested around 30% of its 2010 total capital expenditure towards enhancing its data services and will continue to spend an additional one third of its total capital expenditure towards this in 2011.

As competition moves beyond price, XL's initiatives in 2011 will focus on strengthening customer intimacy and product propositions whilst maintaining leadership in operational excellence.

SRI LANKA

DIALOG AXIATA PLC

Kandyan

Kandyan dance developed from the period of Kandyan kings in the 18th century and is today regarded as the national dance of Sri Lanka. The dance imitates movements of animals and also depicts scenes of the Ramayana epic or stories of kings and heroes. The origins of the Kandyan dance lie in an exorcism ritual known as the Kohomba Kankariya, which was originally performed by Indian shamans who came to the island of Sri Lanka.

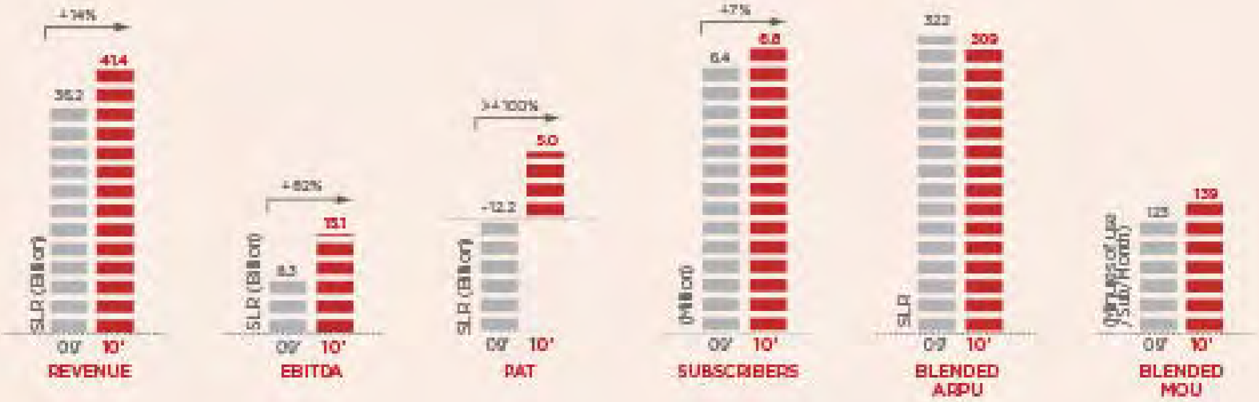
ABOUT DIALOG

Sri Lanka's flagship telecommunications service provider, Dialog operates Dialog Mobile, the country's largest mobile network with over 6.8 million subscribers. Dialog is one of the largest companies on the Colombo Stock Exchange (CSE) by market capitalisation.

In addition to its core business of mobile telephony, Dialog operates a wide portfolio of multi-sensory connectivity services. This includes Dialog Television (DTV), a direct-to-home satellite television service and Dialog Global which operates a wide portfolio of international telecommunication services. Dialog Broadband Networks (DBN) offers fixed-line services and broadband internet, whilst Dialog Tele-Infrastructure (DTI) is the company's telco infrastructure arm.

Dialog holds the leadership position in almost all of its business spheres, with innovation, superior technological solutions and world-class customer service serving as catalysts for growth.

Since the late 90's Dialog has spearheaded the exponential growth of Sri Lanka's mobile telecommunications sector, propelling it to a status on par with that of the developed world. Dialog operates on GSM and HSPA/HSPA+ networks that support download speeds of up to 28.8Mbps and the very latest in multimedia and mobile internet. Dialog holds the distinction of being the first operator to launch commercial 3G operations in South Asia.



BUSINESS REVIEW

2010 has been a turnaround year for Dialog Group. Despite the difficult operating conditions, Dialog has made a strong comeback, holding its position as the market leader and recording significant bottom line growth. Dialog has also strengthened its subscriber base, ending the year with over 6.8 million subscribers.

Nationwide mobile coverage, high speed mobile broadband services, value added product innovations, customer service excellence and an unparallel distribution network were key drivers which continued to differentiate Dialog's product offering in Sri Lanka's mobile sector. Supported by investments in network development and technology, Dialog strengthened its coverage, increasing its network of 2G and 3G base stations.

Complementing these developments, over 20 VAS products were launched in 2010. The extensive non-voice related service offerings have been well received by subscribers, with revenue generated from these services seeing continuous growth over the years.

Dialog introduced TradeNet, a repository for national-level market information built on a suite of digital technologies. It has been designed to reach multiple socio-economic segments and industrial/service sectors, empowering them to trade goods and services through a virtual market place. Dialog TradeNet was honoured with the Gold award in the Mobile-Inclusion and Empowerment category at the World Summit Awards (WSA) held in Abu Dhabi, UAE.

Dialog also introduced Prepaid Blackberry in November 2010, the first of its kind, offering unlimited e-mail and free BlackBerry Messenger usage. Another initiative, Dialog Emergency Alerts was introduced in August 2010, the World's first Emergency Alert Service for mobile phone subscribers.

Significant investments towards expansion of coverage and product portfolio throughout 2010 positioned Dialog Mobile Broadband as a leading player in the market. Dialog was the first to deploy HSPA+ in Sri Lanka. It also upgraded its Mobile Broadband network to support downlink speed of up to 28.8 Mbps.

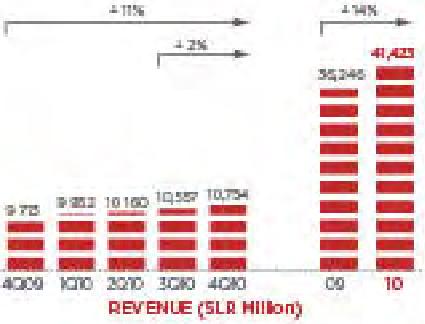
Dialog's roaming services continued to chart impressive growth, offering the most extensive roaming coverage to over 211 destinations. Dialog also expanded its 3G Roaming network to encompass 64 countries empowering travelers with access to mobile broadband and video calling services.

The international services of Dialog delivered significant results in 2010. The services offered by the international business displayed 27% growth, contributing 22% towards group revenue. By the end of 2010, Dialog's international gateway was ranked within Sri Lanka's top two external gateways in terms of revenue market share, transmitting over a billion minutes.

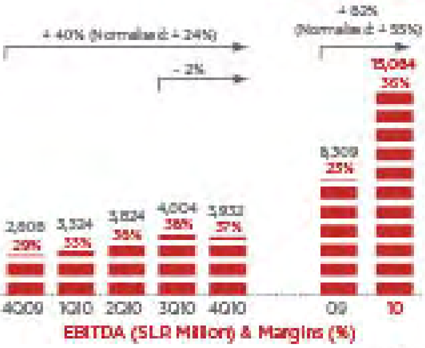
In 2010, Dialog further strengthened its partnership with a host of international carriers and achieved the milestone of 100% Global IPVPN coverage.

Dialog Tele-Infrastructure (DTI), the infrastructure arm continued to offer passive infrastructure as well as microwave and fiber optic transmission capacity to telecommunication operators and broadcasters. At the end 2010, DTI had over 900 sharable tower sites with an external tenancy ratio of 0.97 times. This is in line with the Group's vision of supplementing the revenue streams of its core business areas by continuing to be the leading provider of active and passive telecommunication infrastructure in Sri Lanka.

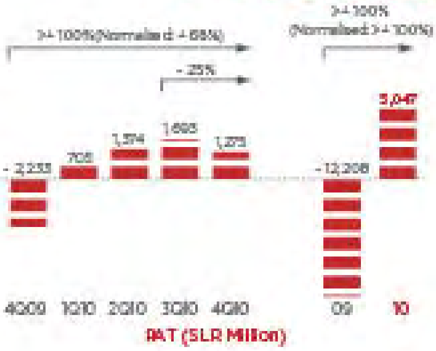
REVENUE
+14%

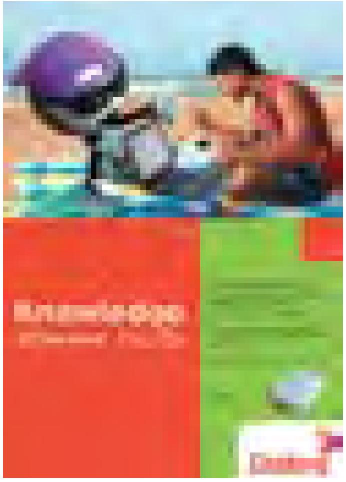


EBITDA
+82%



PAT
>+100%





Dialog Broadband Networks (DBN) and Dialog Television (DTV) also recorded a turnaround in their respective segments during 2010.

DBN is a key player in the Fixed Telecommunication space with a product portfolio spanning Broadband internet, fixed telephony, data networks and converged ICT solutions including IPVPN, VoIP and Hosted PABX offerings. DBN's transmission and data communication network spans all provinces of Sri Lanka enabling the company to be a forerunner in fixed data and voice connectivity.

During the course of 2010, Fixed broadband internet, powered by WiMAX technology was extended to all 25 districts of the country. DBN also provides fixed wireless telephony services through CDMA technology. Broadband and converged product sales continued to grow in 2010. DBN's CDMA subscriber base grew by 7% to reach 189 thousand.

2010 was a turnaround year for DTV, recording a positive EBITDA supported by the increase in ARPU and subscribers. Total active subscriber base grew by 13% YoY, connecting nearly 168 thousand Sri Lankan homes by the end of 2010. Exceptional performance in 2010 is attributed to revenue enhancement through aggressive customer acquisition and retention programmes, expansion of distribution networks, rationalisation of product offerings and cost rescaling.

FINANCIAL PERFORMANCE

2010 witnessed an unprecedented turnaround in Dialog group's performance in terms of revenue, EBITDA and profitability across all business units. This was driven by healthy momentum in revenue growth, positive outcomes of strategic cost rescaling and balance sheet restructuring initiatives, and consistent financial discipline across all aspects of the business.

The Dialog Group recorded consolidated revenue of SLR41.4 billion for 2010, up 14% YoY underpinned by strong growth in the Mobile, International, Tele-Infrastructure and Television businesses.

Growth in mobile business was bolstered by increased consumption of voice and broadband services, as well as interconnection income accruing from the introduction of the interconnection regime in June 2010. Revenue from the Tele-Infrastructure business increased by 48% YoY as a result of the company's aggressive approach aimed at monetising its vast infrastructure footprint, while revenue from International was boosted by 27% YoY.

The Group's total costs (excluding Depreciation, Amortisation and Impairment) declined by 6% YoY. Accordingly, Group EBITDA for the year was SLR15.1 billion, up by a significant 82% YoY. The Group EBITDA margin improved by 13 percentage points YoY, to reach 36%.

Total non-operating costs (net of other operating income) were at SLR10 billion resulting in a group PAT of SLR5 billion for 2010, a strong improvement of 141% YoY.

The group's mobile business recorded revenue of SLR38 billion for the year 2010, a strong increase of 14% YoY. Total revenues were bolstered by increased consumption of mobile voice and mobile broadband services, and by interconnection income accruing from the introduction of the interconnection regime in June 2010. EBITDA for 2010 grew by 69% YoY to reach SLR14.5 billion. Underpinned by strong revenue growth and cost improvements, EBITDA margin expanded from 26% in 2009 to 38% in 2010, an increase of 12 percentage points compared to 2009. PAT for 2010 was SLR6.6 billion, a significant 171% improvement relative to the SLR9.2 billion loss recorded in 2009.



DBN consolidated its performance trend with three consecutive quarters of positive EBITDA. Accordingly, DBN's EBITDA for the year was SLR285 million, a significant 169% improvement compared to 2009. However, DBN remained PAT negative in 2010 following the ongoing accelerated depreciation of the CDMA and WiMAX networks. The negative PAT of SLR1.3 billion in 2010 was however, an improvement of 50% compared to 2009.

Healthy momentum in revenue growth was further consolidated with DTV recording revenue of SLR2 billion for the year, a significant increase of 23% relative to 2009. Revenue growth in 2010 was fuelled by a strong 41% increase in subscription revenue driven by 13% growth in subscribers compared to 2009.

DTV recorded a turnaround in performance with four consecutive quarters of EBITDA growth. This marked a 243% increase YoY at SLR343 million.

Against the backdrop of revenue and cost performance initiatives, DTV reported negative PAT of SLR154 million, a tremendous improvement in profitability of 80% relative to 2009.

In early 2010, Dialog performed a strategic review of its borrowings portfolio against the backdrop of elevated finance costs and the requirement to adjust the Debt: Equity composition. The assessment was also done in order to capitalise on preferential terms/ rates arising from local/international debt and foreign exchange market dynamics. Accordingly, Dialog repaid high interest bearing local borrowings amounting to SLR4.6 billion.



The Group recorded a healthy operating cash flow of SLR14.3 billion for the year, up 32% relative to 2009, due to a prudent and strategic approach to capital expenditure. The Group generated a free cash flow of SLR8.2 billion for the year of 2010 compared to the normalised negative free cash flow of SLR133 million in 2009.

Strong recovery in EBITDA, focused capital expenditure and repayment of debts, have enabled Dialog to strengthen its balance sheet with Gross Debt to EBITDA ratio improving from 2.6x in 2009 to 1.8x in 2010.

In light of the strong turnaround in performance, the Board of Directors of Dialog have proposed a cash dividend of 20 cents (SLR0.2) per share to shareholders, totalling SLR1.6 billion. The dividend is subject to the approval of the shareholders at the company's AGM.

OUTLOOK FOR 2011

The mobile telecommunications sector in Sri Lanka has shown significant growth, with a year end penetration level of close to 82% in 2010. However, on elimination of the multiple SIM cards phenomenon, mobile telephony penetration is estimated to be at around 50-55%. This provides opportunity for further increase in penetration, especially as economic growth accelerates.

Increase in affordability of mobile communication is a key driver for the high penetration rate in Sri Lanka. The expansion of its network to the liberalised regions in the Northern and Eastern parts of the island is yet another factor contributing to the increase in the mobile user community in the country. Operators are competing to increase their market share, mainly by offering innovative value added services.

MoU per subscriber in Sri Lanka is around 40% lower compared to its regional peers, although the price points are at similar levels, indicating significant upside potential. Increased economic activities and improvement in affordability provides further headroom for growth in MoUs.

BANGLADESH

robi

ROBI AXIATA LIMITED

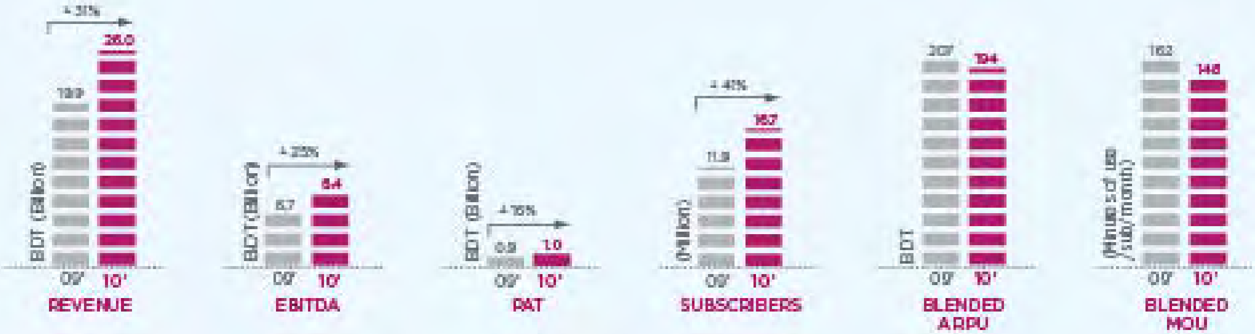
Vasant Utsav

When the chilly winds of the cold winter give way to gentle warm breezes and the bare branches of trees begin to bear new green leaves, the mind naturally finds a reason for celebration. Vasant Utsav is the expression of this joy and is one of the most ancient Aryan dances. The dance remains an integral part of the Bengali culture today.

ABOUT ROBI

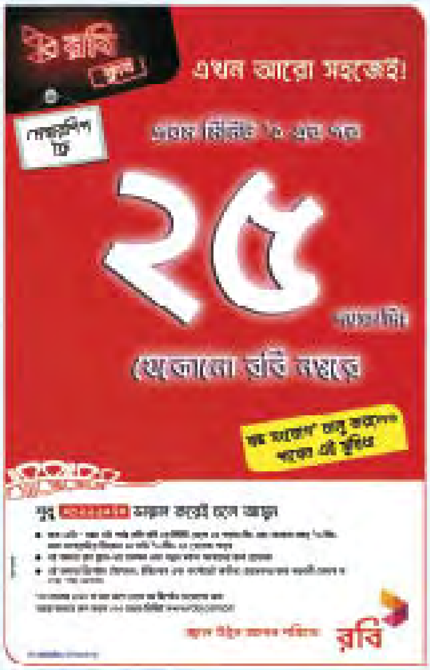
Robi is a joint venture company between Axiata Group Berhad, Malaysia and NTT DOCOMO INC, Japan. It was formerly known as TM International (Bangladesh) which commenced operations in Bangladesh in 1997 under the brand name of Aktel. Aktel was rebranded to "Robi' on 28 March 2010. The Company also changed its name to Robi Axiata Limited in August 2010.

Robi draws from the international expertise of Axiata and NTT DOCOMO INC. It supports 2G voice, CAMEL Phase II & III and GPRS/ EDGE service with high speed internet connectivity. Its GSM service is based on a robust network architecture and cutting edge technology which provides peace-of-mind solutions in terms of voice clarity, extensive nationwide network coverage and multiple global partners for international roaming. It has the widest International Roaming coverage in Bangladesh connecting 600 operators across more than 200 countries. Its customer centric solutions include value added services, quality customer care, easy access call centres, digital network security and flexible tariffs.



BUSINESS REVIEW

In 2010, Robi embarked on several initiatives to solidify its position in the market, including the strengthening of distribution and channels to improve product reach, availability and visibility. It also moved away from a strategy focused on regions to a nationwide focus. In its drive for business growth, Robi enhanced its marketing and promotional activities through aggressive campaigns.



During the year, Robi revamped its packages and initiated a reactivation campaign with the introduction of Robi Club and Empowering Bangladesh.

Robi Club played a vital role in increasing Robi's revenue. It is a new prepaid plan with flexible time band and promotional internet pack. Under the tariff plan, customers enjoy lowest on-net tariff and thus talk and save more. They can talk for only 25 paisa on on-net numbers after the first minute. This offer has contributed towards enhanced customer acquisition and retention as well as increase in MOU.

Empowering Bangladesh (Robi Uddokta) is a business package which offers the most affordable call rates for small businesses. Customers can talk for 65 paisa to any operator at any time. Empowering Bangladesh helped retain customers, pushed reactivation and also minimised the multi-SIM effect among Robi users. The competitive tariff offered by Empowering Bangladesh resulted in higher usage which translated into higher revenue.

FINANCIAL PERFORMANCE

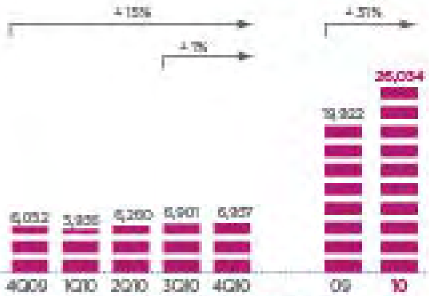
In 2010 Robi recorded impressive growth in revenue of 31% YoY. Robi also saw strong growth in its revenue generating base (RGB). Despite being in a highly competitive environment with operators competing against one another amidst fierce price wars, Robi achieved EBITDA growth of 25% YoY and sustainable bottom line growth of 16% YoY in 2010.

OUTLOOK FOR 2011

The telecom sector in Bangladesh has seen tremendous growth in mobile penetration that has exceeded all expectations with over 65.1 million subscribers as of December 2010 compared to only 4 million in 2004. The industry is expected to continue its rapid growth.

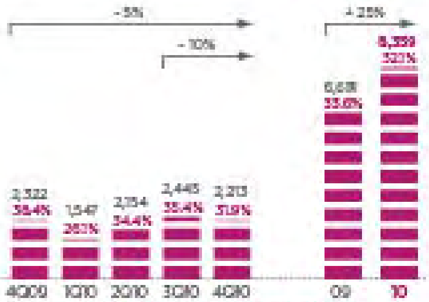
The rapid growth in mobile telephony has undoubtedly had a positive impact on the economy in terms of aggregate investment and productivity levels. There have also been substantial benefits from greater connectivity in terms of social cohesion and poverty alleviation. However, the industry also faces a number of uncertainties, including upcoming renewal of telecom licences, which expires in 2011, and the prospective auction/issuance of 3G licences where the cost of the licences and capex requirements are still unclear. Greater internet penetration is of particular relevance to Bangladesh in line with the priority given to a "Digital Bangladesh" by the Government. This initiative offers a number of potential revenue enhancing opportunities for telecom operators.

REVENUE
+31%



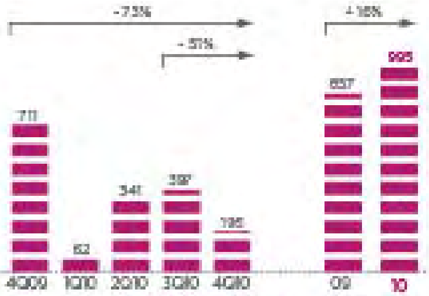
REVENUE (BDT Million)

EBITDA
+25%



EBITDA (BDT Million) & Margins (%)

PAT
+16%



PAT (BDT Million)

CAMBODIA

HELLO AXIATA COMPANY LIMITED

Apsara

Khmer classical dance, which is the indigenous ballet-like performance art of Cambodia, is frequently called "Apsara". This appellation reflects the belief that the Khmer classical dance of today is connected by an unbroken tradition to the dance practiced in the courts of the Angkorian monarchs, which in turn drew its inspiration from the mythological court of the gods and from its celestial dancers, the Apsaras.

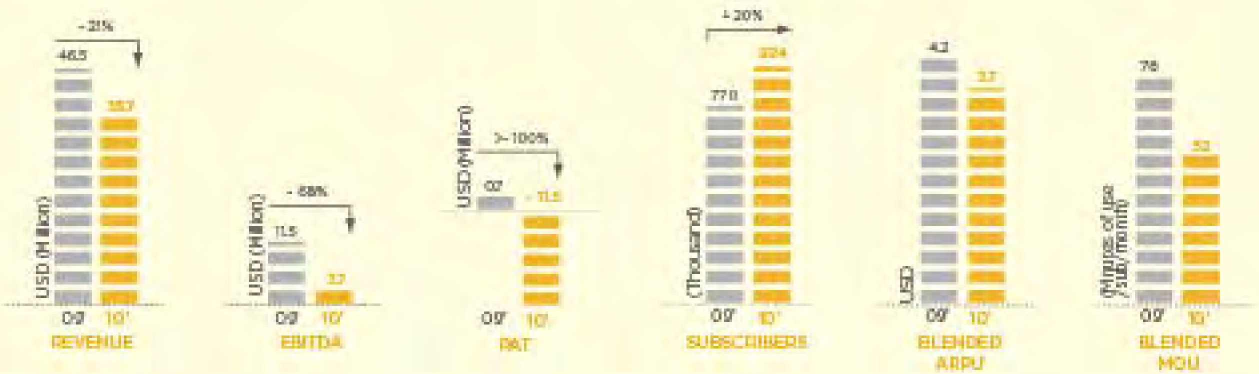
ABOUT HELLO

A pioneer in Cambodia's telecommunication industry, the company began operations in the early 1990s. A rebranding exercise saw it operating under the new brand name Hello.

The company has continued to grow by addressing the communication needs of the local population with affordable and innovative products, and network coverage in all cities, provinces and main trunk roads of Cambodia.

In February 2010, the company changed its name to Hello Axiata Company Limited. Hello is committed to bringing the latest technologies and solutions to every corner of the kingdom, delivering enhanced communications that improve the quality of life of every Cambodian.

Hello has strong presence in key provinces through its network of hellopoint branch offices and a comprehensive range of voice and rich data services.



BUSINESS REVIEW

2010 saw Hello's market share coming under pressure from intense competition. In light of the increased competition and continued pressure on margins, Hello undertook many successful cost saving measures throughout the year including a major rescaling excercise which reduced overall headcount by over 35% during the course of the year.

The focus in 2010 was to significantly improve Hello's market penetration by revamping its distribution and channel management and at the same time deliver competitively priced and innovative products and solutions to two key customer segments, namely Youth and Enterprise. This was supported by a new branding approach and an improved CLM platform.

The revamped distribution and channel management resulted in a threefold increase in its channels. The launch of Per Second Billing for Prepaid and an innovative bonus airtime campaign, under the CLM initiative, has placed Hello on a level playing field and saw churn level reduce significantly. On the device front, Hello achieved a number of firsts in Cambodia, having been the first to launch a local language low tier device and also the first to launch the new BlackBerry models.

A focus on Customer Service improvement also resulted in an increase in the Nielsen Customer Satisfaction Index for Hello over the year, positioning the company amongst the top quality service providers in Cambodia.

FINANCIAL PERFORMANCE

The intensely competitive market environment resulted in revenue declining to USD36.7 million from USD46.5 million in 2009. Despite continued diligence on cost management and capex efficiency, net loss after tax increased to USD11.5 million.

OUTLOOK FOR 2011

Cambodia is an overcrowded market with an effective regulatory framework still being developed. Against this backdrop, Cambodia continues to witness intense competition in the telecommunications sector, primarily on voice. Price wars have reduced ARPUs and eroded margins for all major operators.

The current level of price war is untenable and the industry is beginning to show the first signs of consolidation, starting with the strategic move made by Smart Mobile and Star-Cell to merge their operations in Cambodia in December 2010.

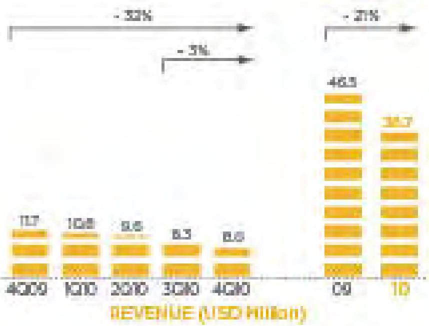
With a reduced cost structure and an effective distribution network, Hello is in a better position to address the market more aggressively in 2011, and has set targets to increase market share in both prepaid and postpaid segments.

In 2011, Hello will further its cost management programme and continue to focus on maximising infrastructure sharing and enhancing network utilisation.

Hello has also obtained the necessary numbering prefix from the Ministry of Post and Telecommunications on 17 November 2010 for its forthcoming Wireless Local Loop (WLL) services.

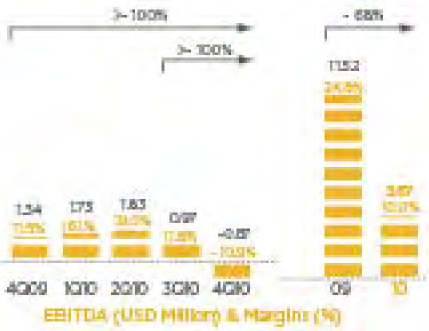
REVENUE

-21%



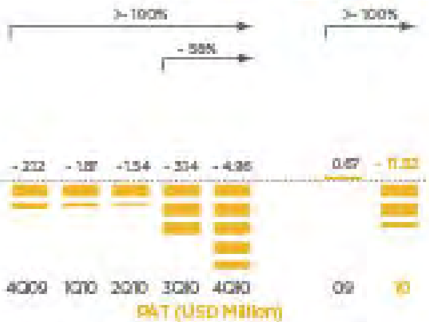
EBITDA

-68%



PAT

>-100%



INDIA

IDEA CELLULAR LIMITED

Garbha

Garbha is a dance from the Gujarat region in India. The word Garbha comes from the Sanskrit word for gestation or pregnancy. Traditionally the dance is performed around a clay lantern, with a light inside called Garbha Deep, representing life. The dance also honours Durga, the feminine form of divinity. Garbha is performed in a circle as a symbol of the Hindu view of time, which in Hinduism is cyclical.

ABOUT IDEA

Idea is part of the Aditya Birla Group, a global conglomerate from India with revenues of USD30 billion. It is a publicly listed company on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE) in India.

Idea currently has 2.75G EDGE enabled GSM network across all 22 circles in India. It also has National Long Distance and International Long Distance operations as well as an Internet Service Provider licence. Idea has won the 2.1 GHz (3G Spectrum) in 11 out of the 22 service areas and has now rolled out 3G services in multiple circles across India.

Idea has consistently expanded its network to reach out to the under penetrated areas in India. Last year, Idea added over 5,600 sites to take its overall tally to over 70,200 sites, bringing into its fold over 41,500 towns across the country.

The company represents one of the strongest brands not just in the Indian telecom space but non-telecom sectors as well. Idea's brand communication has stayed true to its DNA, its brand name 'Idea' and the tag-line 'An Idea can change your life'.

Note: 09'/10' – for 9 months ending 31 December.

BUSINESS REVIEW

Idea began 2010 as a pan-India operator for the first time in the history of its operations. Maintaining its growth momentum, the company is now the third largest mobile operator in India, in mobile service revenue terms.

Amidst hyper competition and dwindling ARPUs, Idea succesfully grew its revenue market share. This factor alongside growth in MOU on the Idea network is an indication of the company's growing size and stature in the Indian telephony sector.

The year also witnessed the auction of the 3G spectrum, a milestone in the history of the Indian telecom industry. Idea won the bid in 11 key circles which contribute over 80% of the company's revenue. The company is now offering coverage of its "Gold Standard" 3G Mobile and data services and is expected cover 4,000 towns by the first quarter of 2012.

Mobile Number Portability (MNP) was launched across India in January 2011 and Idea was the first mobile operator to actively communicate MNP through a range of marketing initiatives, taking the lead in spreading awareness amongst the over 700 million mobile subcribers across the country. In preparation, Idea made substantial investments in network, technology, processes etc to allow mobile subscribers to switch networks. Early results have shown that Idea is a major net gainer from MNP.

Idea became the first major telecom operator in India to initiate mBanking services by forging an alliance with Axis Bank for a pilot project on Money Remittance. Idea recently introduced 'Idea MyCash', a facility aimed at providing basic banking services including money transfer using the mobile platform. This is the first financial inclusion initiative in the country to go "live" on the mobile platform.

Other achievements include IdeaMall, an Application Store, aimed at providing subscribers with rich content, gaming and other applications on the web and mobile platforms. Users will get access to over 30,000 applications and games via this platform.

Concerted focus on enhancing the customer experience through superior service delivery has led to the setting up of the country's largest service network by a telecom operator. Idea now has nearly 3,000 Service Centres servicing subscribers across the country. Idea recognises the need to have a robust, scalable, integrated and state-of-the art Customer Relationship Management (CRM) application to provide consistent and quality customer experience across all Idea touch points. To this end, 'Crystal', one of the largest prepaid CRM installations in the world, has been implemented on a pan-India level.

During the year, Idea continued its brand building efforts to emerge as one of the 'Buzziest' brands not just in the sector, but across categories. The company launched some memorable brand campaigns around its popular 'What an Idea Sirji' series such as the 'Use Mobile, Save Paper' and 'Break the Language Barrier' themes.

The company was recognised with several awards including the 'Emerging Company of Year' and the 'Most Customer Responsive Company' in the Telecom sector, in 2010.

FINANCIAL PERFORMANCE

For the three quarters of 2010 (April – December) Idea recorded total revenue of INR112.7 billion and EBITDA of INR27.2 billion, while PAT was at INR6.2 billion.

INDUSTRY OUTLOOK FOR 2011

Going forward, the focus of the industry is expected to remain on Broadband, Spectrum and Infrastructure.

The launch of MNP and 3G during the first quarter of 2011 has seen many changes in the types of services being offered. With ARPU levels going down, albeit more moderately, the overall revenue growth is unlikely to mirror that of past years. The negative impact of cost pressures in the environment will result in greater focus on scale and volume to keep overall costs under control.

Customers will benefit from the launch of new services, and the pace of overall growth in the sector should continue unabated. The emergence of new devices will also boost overall usage of mobile networks. After 15 years of mobility, India is now ready to experience wireless broadband through a plethora of devices and applications. Moving forward, following trends from other more advanced markets, broadband growth is expected to be explosive.

SINGAPORE

M1 LIMITED

DunHuang

The DunHuang dance is a Silk Road style dance created in the 1980's to reflect the daily life in Dunhuang, an ancient city in Gansu Province, Western China which was the gateway to the "Silk Route". A dance of beauty and elegance, the DunHuang dance reflects the rich and distinctive tradition of the Silk Road civilisation and important aspects of the Chinese people's religious life, arts and customs.

About M1

M1 is a leading provider of mobile and fixed communications services to over 1.9 million customers in Singapore. With emphasis on quality, customer service, value and innovation, M1 aims to brighten lives by linking anyone and anything; anytime, anywhere.

M1 offers a wide range of mobile services which includes voice, data and value-added services on its nationwide Global System for Mobile Communication (GSM)/3G/High Speed Packet Access (HSPA) networks. Customers subscribe to its mobile services on either a postpaid or prepaid basis through a variety of price plans. Additionally, M1's wireless broadband service, M1 Mobile Broadband, offers customers a variety of service plans at different access speeds. Today, M1's mobile network is capable of supporting downlink and uplink throughput speeds of up to 28 Mbps and 5.76 Mbps respectively.

In the area of international call services, M1 offers mobile and fixed-line customers International Direct Dial (IDD) and International Calling Card (ICC) services. M1 also sells international wholesale minutes to other international service providers.

For fixed services, customers can choose from various broadband service plans with speeds ranging from 5 Mbps to 1 Gbps, including fixed voice and other value added services. In addition, M1 offers managed and data centre services, cloud computing services and other enterprise solutions for corporate customers. In November 2010, M1 launched 1box, a simple plug-and-play platform for customers to access internet content on TV, as well as a range of on-demand services. M1's services are further supported by mFix, a remote technical support service for computers and smartphones.

M1 is listed on the Singapore Exchange and its current major shareholders are Axiata Investments (Singapore) Limited, Keppel Telecoms Pte Ltd and SPH Multimedia Private Limited.

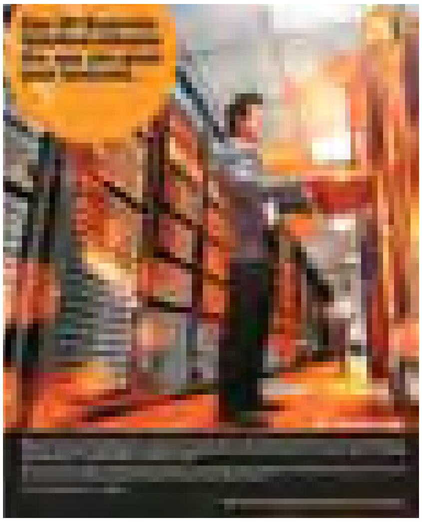
BUSINESS REVIEW

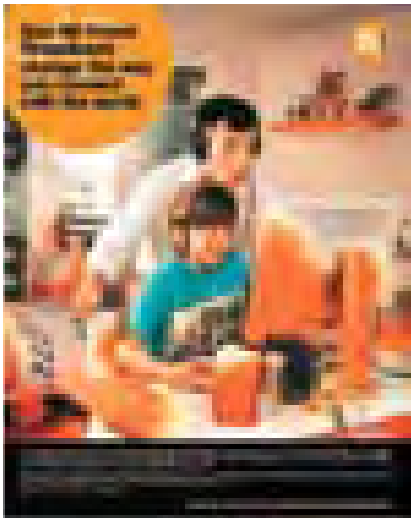
As at 31 December 2010, M1 had a total of 1.9 million customers, comprising 1 million postpaid and 910 thousand prepaid customers.

The postpaid segment remains a major contributor to M1's business, forming 52.4% of total customer base and 86.6% of total mobile telecommunications revenue in 2010. In line with its strategy to grow non-voice usage, contribution from non-voice services rose from 26% in 2009 to 31.9% of service revenue in 2010, driven by growth in mobile broadband and the smartphone customer base.

In 2010, the prepaid base grew by 7.6% over the previous year. Throughout the year, M1 continued to drive targeted promotions and introduce service enhancements to provide superior value to its prepaid customers. The service range for this segment was expanded, with prepaid data service plans for iPad and payment for downloads from the M1 AppStore being introduced. Consequently, prepaid market share rose to 25.8% in 2010, up from 24.9% a year earlier.

During the year, M1 continued to grow its fixed broadband customer base. The commercial launch of the Next Generation Nationwide Broadband Network (NGNBN) in September 2010 saw M1 becoming the first operator to offer fibre broadband services to both residential and corporate customers. M1 is now able to provide customers with a wide range of competitively priced fibre service plans, with speeds ranging from 25Mbps to 1 Gbps, including fixed voice and other value added services. For corporate customers, M1 also offers managed and data centre services, cloud computing services and customised solutions, a reflection of its enhanced suite of fixed service offerings.





2010 marked a major milestone for M1 in its transition to a full service operator. M1 is already a well-established mobile brand name. With the launch of its expanded fixed services to both residential and corporate customers, it was an opportune time to re-position the M1 brand to better reflect the Company as a multi-service operator. Consequently, M1 changed its company name from MobileOne Ltd to M1 Limited, and at the same time, launched a refreshed logo which also retained the integrity of the original.

FINANCIAL PERFORMANCE

In 2010, M1 achieved PAT of SGD157.1 million, 4.5% higher than 2009. Net profit margin on service revenue was 21.4%, comparable to 2009. Operating revenue and service revenue improved by 25.3% to SGD979.2 million and 4.6% to SGD732.9 million respectively. EBITDA increased by 1.2% to SGD313.3 million.

INDUSTRY OUTLOOK FOR 2011

Looking forward, there are positive trends for M1 within the telecommunications industry.

The mobile market will see an increased adoption of smartphones, tablets and mobile broadband devices, and consequently, higher demands on network performance, customer care and service innovation. M1's long-held focus on excellence in these areas will see the Group investing to upgrade its mobile network and adopting new initiatives to further enhance customer experience.

M1's expansion into the fixed market will continue in 2011. In addition to providing fixed broadband and fixed voice services, M1 took the first step towards a pay TV service with the launch of 1box in November 2010. This is a measured approach to gain a presence in the pay TV business and position M1 to take advantage of opportunities that will arise as a result of increasing penetration of connected devices, as well as regulatory changes that support open access for IPTV infrastructure and mandatory cross carriage of exclusive content.

On corporate business, the Internet Service Provider (ISP), acquired in September 2009, has been fully integrated within the group, and provided M1 with a ready base of corporate customers. The introduction of NGNBN has enabled businesses to have more choices in terms of service providers and at the same time, enjoy better value for their service plans. M1 has the experience, expertise and nimbleness to grow its market share in this segment, and the current year will see the group building on its suite of corporate offerings to give customers greater value.

Strategically, M1 will continue to grow and expand its service offerings across both fixed and mobile platforms, as well as embrace growth opportunities to entrench M1 as a credible and dynamic full-service operator.

PAKISTAN

MULTINET PAKISTAN (PRIVATE) LIMITED

ABOUT MULTINET

Multinet, a subsidiary of Axiata, leverages on Axiata's extensive resources and global reach to develop and deliver domestic and international communications solutions for Carriers and Enterprise.

With the availability of its own fibre infrastructure connecting 107 cities across Pakistan, Multinet is focused on services for the B2B segment with needs for fibre based broadband connectivity, both domestic and international. Multinet's network also enables it to serve the Service Provider segment which targets the growing domestic enterprise market. Multinet broadband delivers superior and scalable speeds of up to 100Mbps with services delivered through Fibre-To-The-Premises (FTTP) technology rather than copper wires. Further, it also enables multiple and leading edge business services such as two-way video calls, improved data storage facilities and highly secure bandwidth solutions for business.

Multinet is committed to leveraging its underlying end-to-end network assets to develop innovative managed solutions to meet the needs of its Carrier and Enterprise business customers.

In line with its strategy to focus on the mobile communications business, Axiata entered into an agreement to sell off its entire stake in Multinet in 2010.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2010, the company recorded a significant increase in total revenue to PKR 3.1 billion, compared to PKR2.0 billion in 2009, a YoY increase of over 54.7%. EBITDA (excluding extra-ordinary items) decreased to PKR 45.5 million in 2010 from PKR284 million in 2009.

IRAN

Mobile Telecommunication Company Of Esfahan

MOBILE TELECOMMUNICATIONS COMPANY OF ESFAHAN

ABOUT MTCE

MTCE commenced operations on 24 June 2002 as the first provider of mobile prepaid SIM cards in Iran. The company is licenced to operate a GSM 900 MHz mobile communication service with a capacity of 35,000 customers in the Esfahan province of the Islamic Republic of Iran. The licence is valid for a 15-year period commencing 19 May 2001.

As at 31 December 2010, the company operates 64 BTSs in 12 cities within the Esfahan Province.

FINANCIAL PERFORMANCE

Consumer preference for nationwide coverage offered by the existing two nationwide mobile operators has significantly affected MTCE's financial performance for the last two years. During the year, MTCE's revenue reduced slightly from IRR12 billion to IRR11.4 billion.

Nonetheless, with tighter cost control, MTCE was able to improve its EBITDA from a negative EBITDA of IRR12.9 billion a year ago to a negative EBITDA of IRR10.2 billion during the year.

THAILAND

SAMART I-MOBILE PUBLIC COMPANY LIMITED

SAMART CORPORATION PUBLIC COMPANY LIMITED

ABOUT SIM

SIM, a company listed on the Stock Exchange of Thailand (SET), is a majority-owned subsidiary of SAMART.

SIM offers instant wireless information services and mobile content, along with the distribution of mobile phones and accessories. Its business operations are divided into 3 core segments: mobile business, multimedia business and MVNO.

SIM's mobile business includes the distribution of mobile phones, both in Thailand and international markets, mobile phones bundled with content referred to as the i-mobile package, accessories and SIM cards. The multimedia business provides voice services, non-voice or multimedia services and the provision of infotainment services while its MVNO business involves the provision of 3G GSM mobile telecommunication services in the greater Bangkok area via TOT Pcl's network.

FINANCIAL PERFORMANCE

For the year ended 31 December 2010, total revenue saw a 10% decrease to THB8.1 billion from THB9 billion in 2009. The decrease was mainly due to the lower average selling price of mobile phones despite an increase in mobile phone sales from 3.6 million units in 2009 to 3.8 million units in 2010. Net profit was THB135 million compared to THB116 million in 2009.

ABOUT SAMART

SAMART's principal activities are in the design, implementation and installation of telecommunications systems, and the sale and distribution of telecommunications equipment. The Company's business activities are divided into 3 major business units: Mobile Multimedia, ICT Solutions and Services and Technology-related businesses.

Currently, the Group has more than 20 subsidiaries, 3 of which are listed on the Stock Exchange of Thailand (SET) including Samart Corporation Pcl., Samart I-Mobile Pcl., and Samart Telcoms Pcl.

In line with its strategy to focus on the mobile communications business, Axiata completed the sale of its entire stake in SAMART in December 2010.

FINANCIAL PERFORMANCE

For the year ended 31 December 2010, total revenue was THB16.3 billion, down slightly from THB17.3 billion in 2009. The slight drop in revenue is mainly due to lower revenue from ICT Solutions and lower average selling price of mobile phones.

On a consolidated basis, SAMART reported net profit of THB628 million as compared to THB455 million in 2009, an increase of 38% YoY.

ADVANCING
ASIA

CORPORATE RESPONSIBILITY

At Axiata, our corporate responsibility (CR) efforts are aligned with our strategic business priorities and are an important component of how we conduct our business. The goal is to embrace responsibility for the group's actions, maintaining the necessary controls to minimise risks, while creating positive business impact for our stakeholders. In the past year, we continued to build upon our CR efforts through dedicated programmes and refined processes.

Axiata is committed to Advancing Asia by bringing affordable connectivity, innovative technology and world class talent to the countries that we operate in.

We approach CR from the following perspectives: Marketplace, People, Environment and Community.

MARKETPLACE PERSPECTIVE

At Axiata we are focused on the long-term integrity of our business for the benefit of our stakeholders. We are committed to raising the standards of Corporate Governance within the company so that it meets shareholders expectations and have implemented various initiatives to help us maintain high standards across all of our operations which include policies, directives and guidelines for business processes and risk management.

Enterprise Risk management is integral to the Group's business especially in view of the dispersion of its operations. Managing risks enables the Group to achieve its objectives and create value for its shareholders, satisfy its customers, and protect its employees and assets. The Group is committed to manage those risks that arise in the course of Axiata's business to an acceptable level, so as to maximise opportunities and minimise negative outcomes.

Our commitment to Corporate Governance is further detailed in the Statement on Corporate Governance available within this Annual Report on pages 64 to 81.

PEOPLE PERSPECTIVE

Our people is what make us great, their diversity being a hallmark of our culture. We are aware of the need to continuously build on our people in order to evolve as a company into the future. Our intention is to grow those future competencies from within and recruit top talent from the market when necessary.

Building Our Talent Pipeline

In 2010, we continued with our efforts towards building our talent pipeline. We now have 85 senior leaders in the Group Accelerated Development Programme (GADP) whom we are grooming to be future CXOs. The 85 identified talents will undergo a holistic development programme to prepare them for their future roles.

The programme covers 4 development platforms:

- Experience-based development where they are assigned projects, different responsibilities, or cross-functional projects/ roles or cross-country assignments.
- Education-based development where they attend Group Leadership Programmes as per their Leadership Competencies gap.
- Relationship-based development where they are either assigned to coaches/mentors from the top management team in the organisation or have dialogue sessions with members of top management.
- Personal development, focusing on raising their self awareness which is crucial to their development. This is done in the form of workshops or progress review with the Talent Managers.

We have also established the Group Leadership Development Programme (GLDP) to further build the leadership capabilities of about 400 senior leaders across the Group.

Additionally, we have identified 7 Axiata Leadership Competencies of Strategic Thinking, Business Acumen, Results Achievement, Customer Orientation, Coalition Building, People Management and Development, and Personal Attributes and instituted 8 courses focusing on these skills.

As part of our talent management framework, we launched our Graduate Development Programme a programme for Fresh Graduates in 2010 using the Graduan-UKEC Career Fair in London as the attraction and selection platform and Celcom as the development platform. The development programme is a year long programme where the new graduates are placed at entry level positions within Celcom. 11 Malaysian and 5 Indonesian graduates were selected into the programme. Apart from on the job training, the graduates participate in development workshops, take part in cross-functional projects and a coaching programme.

In 2010, we continued to further strengthen the top management level across the Group, hiring some country nationals, placing Malaysian top talents and also expatriates from outside the Group into Dialog, Robi and Hello.

Enhancing Performance

We are committed to help our employees fulfil their potential with an environment that encourages innovation and stimulates creativity.

In 2010, we embarked on the first Group-wide Employee Engagement exercise, from which we have established our Employee Engagement Index. We have benchmarked ourselves against country norms, global telco norms and global high performing companies norms. This has given us a baseline to work further on our HR initiatives, such as developing a strong organisation culture and improving our talent and leadership development programme.

We also continue to drive our Performance culture by reiterating our compensation philosophy which is centred on differentiating total rewards based on performance levels.

Axiata Asean Leadership Forum

Axiata aspires to play a leadership role in the regional telecommunications industry. As part of its commitment towards the development of human capital and its support for the future of Asia, Axiata supports the Asean Leadership Forum. The Axiata ASEAN Leadership Forum brings together government, business and thought leaders to reflect on the key challenges facing the region, evaluate the business and investment opportunities as well as to feel the pulse of ASEAN. The forum is an ideal platform for sharing of ideas and best practices, and networking for the benefit of all.

The Axiata 7th Asean Leadership Forum with its theme of “Transforming ASEAN, moving forward”, was held on 5 April 2010 in Kuala Lumpur, where the Prime Minister of Malaysia, Dato’ Sri Mohd Najib Tun Razak delivered the Keynote Address and received the inaugural ASEAN Transformational Leader Award.

ENVIRONMENTAL PERSPECTIVE

The Information and Communication Technology (ICT) industry is estimated to be responsible for about 2% of global CO_2 emissions today. Whilst this is so, it is also estimated that ICT technology can make a huge difference in the way we protect our planet and enable CO_2 reduction of 15% by 2020.

As a group with an expansive footprint, we are aware of the impact of our operations on the environment. We are constantly exploring new technologies, products and solutions with transformative, sustainable innovation that brings greater efficiency to improve our own ecobalance.

In 2010, the Group continued with its efforts to manage energy efficiency in its networks. Diesel remains to be one of the main drivers for increase in energy costs and Co_2 emission.

Currently, more than 20% of the Group's total sites use diesel generators, especially in Bangladesh and Cambodia. This is due to the unreliable grid supply in these countries, whereby approximately 80% of the sites need diesel generators as backup. We have also implemented alternatives using batteries as the main power source to better control diesel operation where possible.

Green Technology Programme

The Group has consolidated its efforts under the Axiata Green Technology programme whereby the Group has established a joint programme with its vendors to push the industry to deliver renewable energy technical solutions for mass usage to substantially reduce diesel consumption with a return of investment (ROI) of less than three years.

In implementing the Group's Green Technology Programme, technical evaluation of all OpCos networks was done, inclusive of investigations on measurements and evaluation of KPIs.

The programme has achieved a reduction of over 60% of diesel consumption. The Total Cost of Ownership analysis of the potential green sites has also been encouraging. As the next step, green solution technical specifications will be incorporated for future purchases of network equipment.

Under the programme, we have also seen the successful launch of parallel green site trials for Celcom, Dialog and Robi. These successes have been achieved by developing common specifications and sharing of best practices across the Group. Moving forward, the Group will continue to explore other new green energy deployment. The target is to reduce CO_2 emissions by up to 30% by 2015.

Axiata participates in the GSMA green programme under the Green Power for Mobile (GPM) Working Group. Together with its key suppliers and GSMA, more than 5 trial sites (solar, wind, hybrid) have been built and are in operation.

Axiata is also part of the GSMA Mobile Energy Efficiency (MEE) network, an initiative that will provide a benchmark measurement of network energy efficiency and will help mobile network operators (MNOs) lower their energy costs and carbon footprint.

MEE is part of the GSMA's holistic approach to the environment and complements the activities of Green Power for Mobile (GPM), which is advancing the use of renewable energy to power base stations.

COMMUNITY PERSPECTIVE

Axiata is committed to playing an active role in sustaining development in the communities that we are present in. As a telecommunications company we see access to telecommunications as a basic human right. Our technology, solutions and services addresses human needs and provides access to a wide range of information. Our group's efforts towards community development include using ICT as an enabler for social progress, which include educational and relief programmes as well as humanitarian efforts.

Corporate Centre

One of Axiata's brand pillars focuses on developing world class talent. As such our CR initiative at Corporate Centre is aimed at developing human talent. We aspire to nurture and develop future corporate leaders. The Axiata Young Talent Programme (YTP) is our "1Malaysia: People First Programme" for young Malaysians, adopting a holistic "cradle to grave" concept where we start nurturing talent at lower secondary level. The programme is beyond academics, combining the best of education with co-curricular activities that mould talents with soft skills to prepare them for life. 2010 saw the successful launch of our first phase, a group of 30 Form one students.

There are four tiers to this programme. The first being the National Secondary School Programme where we provide scholarships to top schools in Malaysia for students who have displayed academic excellence through the Ujian Penilaian Sekolah Rendah (UPSR) and outstanding achievement in extra-curricular activities.

The second is the 2-year International Baccalaureate (IB) Pre-University Programme. IB is a reputable programme tailored to provide scholars with a well rounded education that prepares them for university and their future careers. We believe that the IB programme develops students to be inquisitive, knowledgeable and caring, thus contributing towards creating a better world, recognising and appreciating cultural differences and diversity.

At undergraduate level we offer the University Undergraduate Programme for Malaysians who have received conditional offers from selected top universities in the United Kingdom to study in the fields of engineering, business, economics and management.

The fourth tier is the Graduate Development programme where we recruit a select group of high achievers from top universities worldwide to join our OpCos as a graduate trainees. Successful candidates will undergo a 12-month training stint to familiarise themselves with the working world.

YTP is more than just a scholarship: Scholars are exposed to the Ax Factor, a specially designed curriculum that builds skill and competencies in 5 areas. The 5 competencies are Attitude, Leadership, Communication, Critical Thinking and Creativity. The aim is to supplement the school or university curriculum with activities to hone special skills needed for the scholars to excel in life.

It is our aspiration that through our programme, young Malaysians will be able to compete in the work force, becoming trailblazers in their fields, world class corporate leaders and ultimately, the pride of Malaysia.

CELCOM

Celcom recognises the importance of fundamental values such as leadership, commitment and trust that have played an integral role in its success over the years. Celcom aims give back to the community by embracing these values and more via three major initiatives under its CR umbrella.

Celcom Relief Centres (CRC)

As part of its disaster relief efforts, Celcom established the Celcom Relief Centres (CRC) in areas affected by floods to ensure that those affected can communicate with their loved ones. CRCs were identified and set up to provide telecommunications services such as SIM replacement, free starter packs with preloaded airtime an easy reload counter whereby those who reload RM10 get an additional RM10 worth of airtime, mobile phone chargers for those who needed to charge their mobile phones and free domestic calls to update their family members on their situation for a specified time limit.

League of Extraordinary Developers Challenge (LEDC)

The League of Extraordinary Developers Challenge (LEDC) is an initiative created to provide a platform for innovative and creative developers to create a wealth of applications. LEDC allows these entrepreneur-driven individuals to use the LEDC as a platform to display their talents and ideas. The programme promotes openness in the mobile world, indirectly encouraging open collaboration. At the same time, the programme also acts as a catalyst for these developers to enter the market.

In 2010, Celcom organised three series of LEDC namely, BlackBerry Applications Challenge, Android Applications Challenge and Symbian Applications Challenge. Each of these series were accompanied by their respective workshops where the developers can exchange ideas, challenge each other and share experiences in the application development area. A total of 150 mobile application developers were trained in 2010.

Celcom PUNB (Perbadanan Usahawan Nasional Berhad) Bumiputera Entrepreneur Programme

Celcom signed a Memorandum of Understanding with Perbadanan Usahawan Nasional Berhad (PUNB) and the Malaysian Ministry of Higher Education to develop local graduates especially Bumiputeras from public universities and polytechnics into skilful, competitive entrepreneurs under the Celcom PUNB Bumiputera Entrepreneur Programme.

Focusing on two programmes namely the Graduates Apprenticeship Programme and the Undergraduates Entrepreneurship Programme, the objectives of the programmes are to reduce unemployment rate, to assist these graduates to remain relevant in an increasingly global environment and to create world class employers instead of employees amongst the graduates.

The programme is Celcom's effort in growing the number of Bumiputera retailers in the telecommunications industry. In this joint programme with PUNB, Celcom undertakes the role to nurture and stimulate the participants' entrepreneurship development while PUNB provides funding for the participants in their start-up phase. The participants consist of unemployed graduates as well as undergraduates.

This partnership with MOHE and PUNB is a wholesome and holistic approach towards building a strong network of future entrepreneurs who are capable and knowledgeable to drive the country's economy forward.

XL

XL is firmly committed to make a difference, reach out and positively contribute to the development of the community. XL's CR efforts are focused towards enhancing communities through various initiatives.

Indonesia Berprestasi

XL continued with its "Indonesia Berprestasi" (Indonesia Achieves) programme. The programme, which began in 2006, focuses on two areas: Community Development and ICT Education. XL has over the past years initiated numerous programmes and activities in these areas.

Community Development

Indonesia Berprestasi Award (IB Award) is an accolade presented by XL to Indonesian citizens who have made a significant contribution to the environment and community in their respective fields. The IBA program commenced in 2007, and the selection of winners undergo a series of assessments by an independent panel of observers. The process has allowed the company to discover and appreciate individuals who have truly made inspiring changes for the nation.

The 2010 IB Award was awarded to three citizens and one community in the fields of Science and Technology, Social Community and Entrepreneurship, as well as Art and Culture. Other community development programmes included *Aku Cinta Indonesia* (ACI)/I Love Indonesia, and *Soempah Pemoeda* 2.0 (Youth Pledge), to foster a sense of pride and love for the country and its history.

ICT Education

Continuing XL's commitment in improving the quality of national education, XL launched the Computers for Schools (Komputer Untuk Sekolah/KUS) programme in 2010. The programme, specifically designed as an integrated and sustainable five-year scheme, provides computers and internet connection to 500 educational institutions and schools throughout Indonesia. XL also conducted a comprehensive evaluation of the recipient schools which included supervision and training to ensure the programme reached its target. XL has succeeded in getting the participation and support of several partners, such as PT Sun Microsystems Indonesia, PT Huawei Tech. Investment, and PT Indologistic. XL also works in partnership with Nurani Dunia Foundation to implement this programme. Besides KUS, XL continued with their Internet Sehat (Wise and Proper Internet), Taman Pintar (Science Park), Khazanah Scholarship, Mobile Library and other activities.

Disaster Relief

XL has always been at the forefront of relief efforts in times of natural disaster. To ensure that XL's efforts are carried out in the best possible way, XL has established Standard Operating Procedures that govern the method for engaging and providing assistance. XL's prompt action has been crucial in alleviating the suffering of the affected communities.

In 2010, a number of devastating disasters struck Indonesia such as the huge flood in Wasior, Papua, explosion of Mount Merapi in Central Java and the earthquake and tsunami in Mentawai, West Sumatera. XL provided vital assistance and support in the form of funding and goods for the victims. XL also built Aid Centres and provided other assistance such as, medicine, food, blankets, free XL starter packs, and other useful items.

XL also collaborated with Pundi Amal SCTV, a social foundation from a leading TV station, to rebuild an elementary school in Padang which was badly damaged by a powerful earthquake. XL and SCTV each allocated IDR750 million, making up a total amount of IDR1.5 billion. XL's contributions were in part funded by its customers through its "SMS Donation" campaign. XL also donated books, stationery, and computers to the school.

DIALOG

Dialog continues with it scholarship and Nenasa programmes. The Nenasa programme is now in its third phase whereby close to 500 schools all over Sri Lanka have been connected to the Nenasa Network, which is a high-quality rendition of the national curriculum over a digital satellite television broadcast medium. Dialog aims to connect over 1,000 schools and 500,000 students through this programme.

Dialog Tradenet

As part of its efforts to enhance the reach and availability of digital content and information across all stratum of the socio-economic pyramid, Dialog introduced 'Tradenet'. 'Dialog Tradenet' is an inclusive trade information exchange designed to reach multiple socio-economic segments and industrial/service sectors, empowering them to trade goods and services through a virtual market place.

Dialog's Tradenet was awarded the Gold award in the Mobile-Inclusion and Empowerment Category at the World Summit Mobile Awards held in Abu Dhabi, United Arab Emirates and top honours in the m-Inclusion category at the prestigious m-Billionth South Asia Awards held in New Delhi, India.

ROBI

Robi aspires to be a powerful agent of change by enriching people's lives for the better. In conjunction with the launching of its new brand in 2010, Robi redefined its CR initiatives under the five themes of Education, ICT, Health, Environment, and Culture and Heritage with a focus on women empowerment.

Education is the major thrust area of Robi's CR initiatives. In line with the Government's 'Digital Bangladesh Vision 2021', Robi is working towards ICT development across the country especially in colleges and libraries. With a special focus on women, Robi is also emphasising on women's health and entrepreneurship.

Robi Computer Corner

In today's globalised world, ICT plays a vital role. In realising this, the Bangladeshi government embarked on a programme which targets the establishment of a resourceful and modern country through effective use of ICT by 2021. The "Digital Bangladesh Vision 2021" emphasises on human resource development, people involvement, civil services and use of IT in business.

Robi believes that the combination of IT and education is a crucial factor in eliminating the digital gap between urban and rural areas, and promoting educational development as a whole. In support of this, Robi initiated a programme to increase IT literacy among Bangladeshis in the rural areas.

In 2010, Robi had established 36 Robi Computer Corners in 32 districts (small provinces) of Bangladesh, while the rest of the districts will be covered by mid 2011. Robi also donated used computers to rural colleges in all 64 districts.

Free Health Camp By Robi

Each year scores of women suffer and die from diseases that are largely preventable or curable. Despite initiatives and intervention undertaken at national and international levels, women's health is still neglected in Bangladesh, especially in the rural areas. In an effort to address this problem, Robi initiated a monthly Health Camp for underprivileged women in rural areas. Under the banner of 'Healthy Women, Healthy Family', Robi Health Camp has been visiting different districts throughout the year to provide basic health service.

In 2010, Robi provided free health service to approximately 10,000 women and their children across the country. Besides teaching the women on how to prevent and treat health problems which routinely afflict them and their families, the women are also given free on-the-spot diagnosis as well as the required medicine. The health education sessions emphasise preventive measures and cover topics concerning health and hygiene. Knowledge is the first step toward changing behaviour for health awareness and Robi hopes that its health education programme will play a significant role in preventing and treating common health hazards, and thus improving the health of the rural women and their families.

Robi Shishu

Robi believes that children of today play a crucial part in building a brighter, better and safer tomorrow for Bangladesh. On 28 March, Robi was born. In conjunction with this auspicious occasion, Robi celebrated life with others born on the same day and sponsored the medical fees for mothers who delivered on that day at Marie Stopes Clinic facilities across Bangladesh.

"Konthe O Tulite Bangladesh"

Robi has initiated a unique programme "Konthe O Tulite Bangladesh", 'Know Bangladesh Better' programme for students. It is a dancing and singing competition where students draw the map of Bangladesh, identify the important places on it and sing the national anthem in the right tune. It is held on a monthly basis for schools at district level. Hundreds of students along with teachers have participated in the programmes held in Dhaka and Rajshahi.

HELLO

As part of its CR efforts, Hello plays a supportive role in the community by providing much needed resources for education, sports, music and youth development.

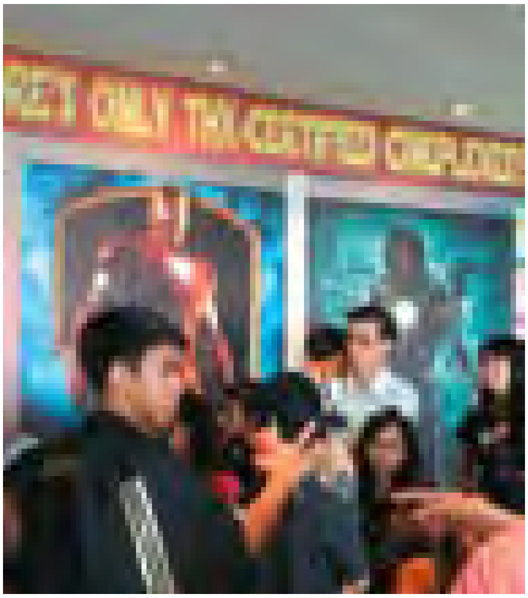
In 2010, Hello donated USD20,000 in cash and provided comfort bags and food for the victims of the Annual Water Festival where at least 378 people were killed in a stampede. Hello also initiated a SMS donation campaign where Hello subscribers contributed a total of USD7,122.25.

Hello also gave 100 folding beds and pillows, and medical supplies to 4 hospitals.

Hello contributed USD 2,500 towards Angkor Hospital for Children (AHC) to support their daily operations. AHC provides paediatric care to Cambodian children free of charge and extensive medical education programmes to Cambodian health workers.

IDEA

In India, Idea launched 'Kaho What's Your Idea', a National inter-school skills fest focused on developing the children's' all round personality. The programme engages in activities which promote logical thinking; weaving stories; application of memory skills and real-life skills; besides honing their general knowledge and current affairs. 'Kaho What's Your Idea' encourages freedom of thought and expression, help the children view situations rationally and also boost their confidence in public speaking skills. Idea's 'Kaho What's Your Idea' programme reached out to over 200,000 children in 3,000 schools across 100 Indian cities.



M1

M1 maintained its traditional focus on the arts, sports and children's causes in Singapore.

The annual M1 Singapore Fringe Festival 2010 continued to enliven the arts scene with the staging of its sixth edition. A new partnership with the National Arts Council, ascertaining M1's support and nurturing efforts to the local dance and dance talents under its Arts Adoption Scheme, will take to action in 2011.

In sports, M1's ongoing support to the Singapore Netball Association in promoting the game to schools and clubs was accented when it signed on as the exclusive telco sponsor of the 2011 World Netball Championships.

The plight of needy children in the community was not forgotten as M1's employees and business partners engaged in two successful fundraising events for the benefit of its adopted children's charities. Funds were raised for charities such as the Children's Cancer Foundation and the Singapore Children's Society. Additionally, various social activities organised throughout the year by dedicated staff volunteers from the SunCare Club, brought much cheer to the children of its adopted charities.

The M1-LASALLE T-shirt design contest enabled customers to purchase t-shirts designed by LASALLE College of the Arts students, and proceeds from the sale were donated to Beyond Social Services.

M1's title sponsorship of the Asian tour of the educational and entertaining theatrical production, Walking with Dinosaurs, brought added enjoyment to Singaporeans of all ages.

FINANCIAL STATEMENTS

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 Financial Reporting Standards, the MASB approved Accounting Standards in Malaysia for Entities other than Private Entities and the provisions 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 2010 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 keeps accounting records which disclose with reasonable accuracy the financial position of the Group and 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.

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 2010.

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 consultancy services on an international scale, where it has investments in subsidiaries 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 43 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	1,770,379	2,782,003
– non-controlling interest	346,201	–
	2,116,580	2,782,003

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.

DIVIDENDS

No dividend has been paid or declared since the end of the previous financial year.

The Directors have recommended a final tax exempt dividend under single tier system of 10 sen per ordinary share of RM1 each of the Company in respect of the financial year ended 31 December 2010. The proposed dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

EMPLOYEES' SHARE OPTIONS SCHEME ("ESOS")

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. The details of the Performance-Based ESOS are disclosed in Note 14(a) to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia vide a letter dated 21 February 2011 from having to disclose in this report the names of persons to whom options have been granted during the financial year and holdings pursuant to Section 169 (11) of the Companies Act, 1965, except for the information on employees who were granted options representing more than 300,000 ordinary shares and above.

The list of employees of the Company and its subsidiary who were granted options representing more than 300,000 ordinary shares each under the Performance-Based ESOS during the financial year are as follows:

Name	Designation	Balance a as at 1.1.2010	Number of options granted	Number of options exercised	Forfeited	Balance as at 31.12.2010
Dato' Sri Jamaludin Ibrahim	Managing Director/ President and Group Chief Executive Officer	1,146,900	1,547,000	–	–	2,693,900
Dato' Yusof Annuar Yaacob	Executive Director and Group Chief Financial Officer	464,600	555,100	–	(1,019,700)	–*
Dato' Sri Mohammed Shazalli bin Ramly	Chief Executive Officer, Celcom Axiata Berhad	557,500	376,000	–	–	933,500

* In accordance with the provisions of the Bye-Laws of the Performance-Based ESOS, the options ceased to be valid following the resignation and cessation of employment with the Company on 31 October 2010.

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
Muhamad Chatib Basri (Appointed on 23 November 2010)
Dr Farid Mohamed Sani
Dato' Yusof Annuar Yaacob (Resigned on 31 October 2010)

In accordance with Article 93 of the Company's Articles of Association, Datuk Azzat Kamaludin and Juan Villalonga Navarro retire from the Board at the Nineteenth Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 99 (ii) of the Company's Article of Association, Muhamad Chatib Basri retires from the Board at the Nineteenth Annual General Meeting and, being eligible, offers himself 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 1.1.2010	**Additions**	**Disposed**	**Balance as at 31.12.2010**
Indirect interest				
Dato' Sri Jamaludin Ibrahim^	450,000	-	-	450,000

^ Held under CIMSEC Nominees (Tempatan) Sdn Bhd

	Number of options over ordinary shares of RM1 each of the Company			
	Balance as at 1.1.2010	**Granted**	**Exercised**	**Balance as at 31.12.2010**
Dato' Sri Jamaludin Ibrahim@	1,146,900	1,547,000	-	2,693,900

@ At an EGM held on 24 March 2009, the shareholders of the Company approved the grant of options to Dato' Sri Jamaludin Ibrahim to further subscribe up to 5.5 million new ordinary shares of RM1 each of the Company respectively to be issued under the Performance-Based ESOS for the Executive Directors and eligible employees of the Group.

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 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 Performance-Based ESOS of the Company, details as disclosed in Note 14(a) to the financial statements.

DIRECTORS' REPORT

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statement and balance sheet of the Group and 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 value 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 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 Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

In the interval between the end of the financial year and the date of this report:

(a) no items, transactions or other events of material and unusual nature has arisen which, in the opinion of the Directors, would substantially affect the results of operations of the Group and the Company for the financial year in which the report is made; and

(b) no charge has arisen on the assets of any company in the Group which secures the liability of any other person nor any contingent liability arisen in any company in the Group.

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 Company to meet its obligations when they fall due.

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, which would render any amount stated in the financial statements misleading.

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 22 February 2011.

TAN SRI DATO' AZMAN HJ. MOKHTAR
DIRECTOR

DATO' SRI JAMALUDIN IBRAHIM
DIRECTOR

Kuala Lumpur

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Note	Group 2010 RM'000	Group 2009 RM'000 Restated	Company 2010 RM'000	Company 2009 RM'000
Operating revenue	6	**15,620,674**	13,312,187	**5,239,991**	3,787,241
Operating costs					
- depreciation, impairment and amortisation	7(a)	**(3,941,912)**	(2,918,910)	**(1,442,128)**	(1,881)
- foreign exchange (losses)/gains		**(124,791)**	450,000	**(744,152)**	(54,227)
- domestic interconnect and international outpayment		**(1,575,165)**	(1,507,914)	**-**	-
- marketing, advertising and promotion		**(1,471,981)**	(1,283,885)	**(20,905)**	(25,031)
- other operating costs	7(b)	**(4,548,813)**	(4,199,551)	**(57,715)**	(61,235)
- staff costs	7(c)	**(970,778)**	(901,038)	**(73,308)**	(65,491)
- other gains - net	8	**28,402**	-	**-**	-
Other operating income/(loss)	9	**434,941**	263,107	**(86,511)**	32,887
Operating profit before finance cost		**3,450,577**	3,213,996	**2,815,272**	3,612,263
Finance income	10	**153,610**	109,967	**37,808**	58,334
Finance cost					
- Finance cost excluding foreign exchange gains/(losses)		**(671,108)**	(896,256)	**(126,246)**	(313,430)
- Net foreign exchange gains/(losses) on financing activities		**108,979**	137,225	**48,750**	(11,213)
	10	**(562,129)**	(759,031)	**(77,496)**	(324,643)
Jointly controlled entity					
- share of results (net of tax)	26	**(141,939)**	(59,494)	**-**	-
- gain from merger exercise	5(I)	**173,199**	-	**-**	-
Associates					
- share of results (net of tax)	27	**138,139**	160,783	**-**	-
- loss on dilution of equity interest	5(III)(c)	**(5,719)**	-	**-**	-
Profit before taxation		**3,205,738**	2,666,221	**2,775,584**	3,345,954
Taxation	11	**(1,089,158)**	(910,313)	**6,419**	(325,207)
Profit for the financial year		**2,116,580**	1,755,908	**2,782,003**	3,020,747

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Note	Group 2010 RM'000	Group 2009 RM'000 Restated	Company 2010 RM'000	Company 2009 RM'000
Other comprehensive (expense)/income					
– net investment hedge, net of tax		**(70,423)**	–	**–**	–
– currency translation differences		**(845,256)**	156,027	**–**	–
Total comprehensive income for the financial year		**1,200,901**	1,911,935	**2,782,003**	3,020,747
Profit for the financial year attributable to:					
– owners of the Company		**1,770,379**	1,652,682	**2,782,003**	3,020,747
– non-controlling interest		**346,201**	103,226	–	–
		2,116,580	1,755,908	**2,782,003**	3,020,747
Total comprehensive income for the financial year attributable to:					
– owners of the Company		**956,189**	1,786,421	**2,782,003**	3,020,747
– non-controlling interest		**244,712**	125,514	–	–
		1,200,901	1,911,935	**2,782,003**	3,020,747
Earnings per share (sen)					
– basic	12(a)	**21**	22	**–**	–
– diluted	12(b)	**21**	21	**–**	–

The above Statements of Comprehensive Income are to be read in conjunction with the notes to the financial statements on pages 173 to 300.

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	Group 31.12.2010 RM'000	Group 31.12.2009 RM'000 Restated	Group 31.12.2008 RM'000 Restated	Company 31.12.2010 RM'000	Company 31.12.2009 RM'000 Restated	Company 31.12.2008 RM'000 Restated
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY							
Share capital	13	**8,445,154**	8,445,154	3,753,402	**8,445,154**	8,445,154	3,753,402
Share premium		**1,972,964**	1,972,964	1,494,954	**1,972,964**	1,972,964	1,494,954
Other reserves	15	**8,307,191**	7,765,967	5,968,367	**5,780,819**	3,074,400	42,474
Total equity attributable to owners of the Company		**18,725,309**	18,184,085	11,216,723	**16,198,937**	13,492,518	5,290,830
Non-controlling interest		**1,553,339**	696,363	480,790	**-**	-	-
Total equity		**20,278,648**	18,880,448	11,697,513	**16,198,937**	13,492,518	5,290,830
NON-CURRENT LIABILITIES							
Borrowings	16	**9,983,983**	10,173,464	10,546,052	**738,758**	4,756,000	3,200,000
Derivative financial instruments	19	**191,527**	-	-	**66,427**	-	-
Provision for liabilities	20	**249,433**	208,915	120,706	**-**	-	-
Deferred tax liabilities	21	**1,333,863**	1,131,115	640,757	**-**	-	-
Total non-current liabilities		**11,758,806**	11,513,494	11,307,515	**805,185**	4,756,000	3,200,000
		32,037,454	30,393,942	23,005,028	**17,004,122**	18,248,518	8,490,830
NON-CURRENT ASSETS							
Intangible assets	22	**7,605,498**	8,563,450	8,326,345	**-**	-	-
Property, plant and equipment	23	**15,130,246**	16,174,436	15,288,022	**10,085**	10,018	2,776
Investment properties	24	**2,020**	2,027	2,036	**-**	-	-
Subsidiaries	25	**-**	-	-	**13,463,536**	17,156,995	15,945,304
Jointly controlled entity	26	**-**	1,006,277	1,013,202	**-**	-	-
Associates	27	**6,698,484**	7,209,558	1,589,905	**124,802**	323,706	291,703
Available-for-sale financial assets/ Investments	28	**888**	180,567	5,914,428	**-**	179,685	179,685
Derivative financial instruments	19	**14,964**	-	-	**-**	-	-
Long term receivables	29	**111,313**	129,876	358	**-**	-	-
Amounts due from subsidiaries	30	**-**	-	-	**181,203**	47,049	48,279
Deferred tax assets	21	**117,457**	63,786	4,682	**-**	-	-
Total non-current assets		**29,680,870**	33,329,977	32,138,978	**13,779,626**	17,717,453	16,467,747

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Note	Group 31.12.2010 RM'000	31.12.2009 RM'000 Restated	31.12.2008 RM'000 Restated	Company 31.12.2010 RM'000	31.12.2009 RM'000 Restated	31.12.2008 RM'000 Restated
CURRENT ASSETS							
Inventories	31	**85,056**	35,344	77,263	**-**	-	-
Amounts due from subsidiaries	30	**-**	-	-	**151,266**	687,838	638,740
Amounts due from related companies	30	**-**	-	-	**-**	1,400	575
Trade and other receivables	32	**1,703,772**	1,559,158	1,539,878	**12,445**	11,676	95,613
Financial assets at fair value through profit or loss/Marketable securities		**10**	7	6	**-**	-	-
Tax recoverable		**68,102**	97,054	129,035	**7,097**	-	3
Cash and bank balances	33	**6,277,382**	2,006,172	3,330,731	**3,092,255**	408,500	7,210
		8,134,322	3,697,735	5,076,913	**3,263,063**	1,109,414	742,141
Assets directly associated with non-current assets classified as held for sale	34	**285,774**	-	-	**-**	-	-
Total current assets		**8,420,096**	3,697,735	5,076,913	**3,263,063**	1,109,414	742,141
CURRENT LIABILITIES							
Trade and other payables	35	**4,567,490**	4,263,067	4,538,473	**37,193**	83,747	63,635
Borrowings	16	**699,591**	2,149,374	5,413,299	**-**	300,000	4,368,025
Derivative financial instruments	19	**277,678**	-	-	**-**	-	-
Amount due to subsidiaries	30	**-**	-	-	**1,374**	190,620	222,918
Amounts due to former holding company		**-**	-	4,063,613	**-**	-	4,063,613
Current tax liabilities		**274,100**	221,329	195,478	**-**	3,982	867
		5,818,859	6,633,770	14,210,863	**38,567**	578,349	8,719,058
Liabilities directly associated with non-current assets classified as held-for-sale	34	**244,653**	-	-	**-**	-	-
Total current liabilities		**6,063,512**	6,633,770	14,210,863	**38,567**	578,349	8,719,058
Net current assets/(liabilities)		**2,356,584**	(2,936,035)	(9,133,950)	**3,224,496**	531,065	(7,976,917)
		32,037,454	30,393,942	23,005,028	**17,004,122**	18,248,518	8,490,830

The above Statements of Financial Position are to be read in conjunction with the notes to the financial statements on pages 173 to 300.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Note	Attributable to owners of the Company										
		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 reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2010 (as previously reported)		8,445,154	1,972,964	(524,717)	16,598	346,774	-	11,179	7,916,133	18,184,085	696,363	18,880,448
Effects of adoption of FRS 139	38(a)	-	-	-	-	-	-	-	(458,750)	(458,750)	(3,664)	(462,414)
At 1 January 2010 (as restated)		8,445,154	1,972,964	(524,717)	16,598	346,774	-	11,179	7,457,383	17,725,335	692,699	18,418,034
Profit for the financial year		-	-	-	-	-	-	-	1,770,379	1,770,379	346,201	2,116,580
Other comprehensive income												
- Currency translation differences arising during the financial year												
- subsidiaries		-	-	(319,325)	-	-	-	-	-	(319,325)	(101,489)	(420,814)
- jointly controlled entity		-	-	54,538	-	-	-	-	-	54,538	-	54,538
- associates		-	-	(478,980)	-	-	-	-	-	(478,980)	-	(478,980)
		-	-	(743,767)	-	-	-	-	-	(743,767)	(101,489)	(845,256)
- Net investment hedge, net of tax	19(iv)	-	-	-	-	-	(70,423)	-	-	(70,423)	-	(70,423)
Total comprehensive income for the financial year		-	-	(743,767)	-	-	(70,423)	-	1,770,379	956,189	244,712	1,200,901
Transactions with owners												
- Partial disposal of interest in a subsidiary	5(III)(a)	-	-	9,060	-	-	-	-	-	9,060	616,208	625,268
- Employees' share option scheme												
- value of employees' services	14(a)	-	-	-	-	-	-	34,725	-	34,725	-	34,725
- Dividends paid to non-controlling interest		-	-	-	-	-	-	-	-	-	(280)	(280)
Total transactions with owners		-	-	9,060	-	-	-	34,725	-	43,785	615,928	659,713
At 31 December 2010		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

* 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 173 to 300.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

		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	ESOS reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2009		3,753,402	1,494,954	(658,456)	16,598	346,774	-	6,263,451	11,216,723	480,790	11,697,513
Profit for the financial year		-	-	-	-	-	-	1,652,682	1,652,682	103,226	1,755,908
Other comprehensive income											
- Currency translation differences arising during the financial year											
- subsidiaries		-	-	248,397	-	-	-	-	248,397	22,288	270,685
- jointly controlled entity		-	-	52,219	-	-	-	-	52,219	-	52,219
- associates		-	-	(166,877)	-	-	-	-	(166,877)	-	(166,877)
		-	-	133,739	-	-	-	-	133,739	22,288	156,027
Total comprehensive income for the financial year		-	-	133,739	-	-	-	1,652,682	1,786,421	125,514	1,911,935
Transactions with owners											
- Rights issue during the financial year	13(b)	4,691,752	563,010	-	-	-	-	-	5,254,762	-	5,254,762
- Rights issue of a subsidiary		-	-	-	-	-	-	-	-	90,259	90,259
- Share issue expense		-	(85,000)	-	-	-	-	-	(85,000)	-	(85,000)
- Employees' share option scheme - value of employees' services	14(a)	-	-	-	-	-	11,179	-	11,179	-	11,179
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	-	(200)	(200)
Total transactions with owners		4,691,752	478,010	-	-	-	11,179	-	5,180,941	90,059	5,271,000
At 31 December 2009		8,445,154	1,972,964	(524,717)	16,598	346,774	11,179	7,916,133	18,184,085	696,363	18,880,448

* 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 173 to 300.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Note	Issued and fully paid ordinary shares of RM1 each		Non-Distributable			Distributable	
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Capital contribution reserve RM'000	ESOS reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2010 (as previously reported)		**8,445,154**	**8,445,154**	**1,972,964**	**16,598**	**11,179**	**3,046,623**	**13,492,518**
Effect of adoption of FRS 139	38(a)	**-**	**-**	**-**	**-**	**-**	**(110,309)**	**(110,309)**
At 1 January 2010 (as restated)		**8,445,154**	**8,445,154**	**1,972,964**	**16,598**	**11,179**	**2,936,314**	**13,382,209**
Profit/Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**2,782,003**	**2,782,003**
Transactions with owners								
- Employees' share option scheme value of employees' services	14(a)	**-**	**-**	**-**	**-**	**34,725**	**-**	**34,725**
Total transactions with owners		**-**	**-**	**-**	**-**	**34,725**	**-**	**34,725**
At 31 December 2010		**8,445,154**	**8,445,154**	**1,972,964**	**16,598**	**45,904**	**5,718,317**	**16,198,937**
At 1 January 2009		3,753,402	3,753,402	1,494,954	16,598	-	25,876	5,290,830
Profit/Total comprehensive income		-	-	-	-	-	3,020,747	3,020,747
Transactions with owners								
- Rights issue during the financial year	13(b)	4,691,752	4,691,752	563,010	-	-	-	5,254,762
- Share issue expense		-	-	(85,000)	-	-	-	(85,000)
- Employees' share option scheme value of employees' services	14(a)	-	-	-	-	11,179	-	11,179
Total transactions with owners		4,691,752	4,691,752	478,010	-	11,179	-	5,180,941
At 31 December 2009		8,445,154	8,445,154	1,972,964	16,598	11,179	3,046,623	13,492,518

The above Company Statement of Changes in Equity are to be read in conjunction with the notes to the financial statements on pages 173 to 300.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash flows from operating activities	36	**5,923,252**	4,636,315	**4,900,198**	3,021,900
Cash flows (used in)/ from investing activities	36	**(741,556)**	(3,169,985)	**1,984,278**	(1,221,848)
Cash flows used in financing activities	36	**(855,217)**	(2,768,296)	**(4,200,000)**	(1,398,750)
Net increase/(decrease) in cash and cash equivalents		**4,326,479**	(1,301,966)	**2,684,476**	401,302
Effects of exchange (losses)/ gains on cash and cash equivalents		**(48,562)**	45,438	**(721)**	(12)
Cash and cash equivalents at beginning of the financial year		**1,980,229**	3,236,757	**408,500**	7,210
Cash and cash equivalents at end of the financial year	33	**6,258,146**	1,980,229	**3,092,255**	408,500

The above Statements of Cash Flows are to be read in conjunction with the notes to the financial statements on pages 173 to 300.

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 consultancy services on an international scale, where it has investments in subsidiaries 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 43 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 Companies Act, 1965 and Financial Reporting Standards, the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

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 Financial Reporting Standards ("FRS"), 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's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the 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 22 February 2011.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

Adoption of New and Revised FRS

(a) Standards, amendments to published standards and Interpretation Committee ("IC") Interpretations and improvements that are effective

The new accounting standards, amendments to published standards and IC Interpretations to the existing standards effective for the Group and the Company's financial year beginning 1 January 2010 are as follows:

- FRS 4 "Insurance Contract"
- FRS 7 "Financial Instruments: Disclosures" and the related Amendments
- FRS 8 "Operating Segments"
- FRS 101 (revised) "Presentation of Financial Statements"
- FRS 123 "Borrowing Costs"
- FRS 139 "Financial Instruments: Recognition and Measurement" and the related Amendments
- Amendment to FRS 1 "First-time Adoption of Financial Reporting Standards" and FRS 127 "Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate"
- Amendment to FRS 2 "Share-based Payment: Vesting Conditions and Cancellations"
- Amendments to FRS 132 "Financial Instruments: Presentation" and FRS 101 (revised) "Presentation of Financial Statements" – Puttable financial instruments and obligations arising on liquidation
- IC Interpretation 9 "Reassessment of Embedded Derivatives" and the related Amendments
- IC Interpretation 10 "Interim Financial Reporting and Impairment"
- IC Interpretation 11 "FRS 2 Group and Treasury Share Transactions"
- IC Interpretation 13 "Customer Loyalty Programmes"
- IC Interpretation 14 "FRS 119 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction"
- Improvements to FRSs (2009)

A summary of the material impact of the new accounting standard, amendments and improvements to published standards and IC Interpretations to published standards on the financial statements of the Group and the Company is set out in Note 38 to the financial statements.

The Notes to the Balances as at 31 December 2008 that were restated due to a change in accounting policy have been disclosed in the financial statements whilst the Notes to the unaffected Balances have not been included.

(b) Standards early adopted by the Group and the Company

The Group and the Company did not early adopt any new accounting standards, amendments and improvements to published standards and IC Interpretations.

(c) Standards, amendments to published standards, IC Interpretations and improvements to existing standards that are applicable to the Group and the Company but not yet effective

The Group and the Company will apply the following new standards, amendments to standards and IC Interpretations from the effective dates stated:

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

Adoption of New and Revised FRS (continued)

(c) Standards, amendments to published standards, IC Interpretations and improvements to existing standards that are applicable to the Group and the Company but not yet effective (continued)

- The revised FRS 3 "Business combinations" (effective prospectively from 1 July 2010) continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through profit or loss. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed.

- The revised FRS 124 "Related party disclosures" (effective from 1 January 2012) removes the exemption to disclose transactions between government-related entities and the government, and all other government-related entities. The following new disclosures are now required for government related entities:
  - The name of the government and the nature of their relationship;
  - The nature and amount of each individually significant transactions; and
  - The extent of any collectively significant transactions, qualitatively or quantitatively.

- The revised FRS 127 "Consolidated and separate financial statements" (applies prospectively to transactions with non-controlling interests from 1 July 2010) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. When this standard is effective, all earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss.

- Amendment to FRS 2 "Share-based payment: Group cash-settled share-based payment transactions" (effective from 1 January 2011) clarifies that an entity that receives goods or services in a share-based payment arrangement must account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash. The amendments also incorporate guidance previously included in IC Interpretation 8 "Scope of FRS 2" and IC Interpretation 11 "FRS 2 – group and treasury share transactions", which shall be withdrawn upon application of this amendment.

- Amendments to FRS 7 "Financial instruments: Disclosures" and FRS 1 "First-time adoption of financial reporting standards" (effective from 1 January 2011) requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

- Amendment to FRS 132 "Financial instruments: Presentation" on classification of rights issues (effective from 1 March 2010) addresses accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity instruments instead of as derivative liabilities, regardless of the currency in which the exercise price is denominated. Currently, these issues are accounted for as derivative liabilities.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

Adoption of New and Revised FRS (continued)

(c) Standards, amendments to published standards, IC interpretations and improvements to existing standards that are applicable to the Group and the Company but not yet effective (continued)

- IC Interpretation 4 "Determining whether an arrangement contains a lease" (effective from 1 January 2011) requires the Group to identify any arrangement that does not take the legal form of a lease, but conveys a right to use an asset in return for a payment or series of payments. This interpretation provides guidance for determining whether such arrangements are, or contain, leases. The assessment is based on the substance of the arrangement and requires assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset and the arrangement conveys a right to use the asset. If the arrangement contains a lease, the requirements of FRS 117 "Leases" should be applied to the lease element of the arrangement.

- IC Interpretation 16 "Hedges of a net investment in a foreign operation" (effective from 1 July 2010) clarifies the accounting treatment in respect of net investment hedging. This includes the fact that net investment hedging relates to differences in functional currency, not presentation currency, and hedging instruments may be held by any entity in the group. The requirements of FRS 121 "The effects of changes in foreign exchange rates" do apply to the hedged item.

Improvements to FRSs:-

- FRS 2 (effective from 1 July 2010) clarifies that contributions of a business on formation of a joint venture and common control transactions are outside the scope of FRS 2.

- FRS 3 (effective from 1 January 2011)
  - Clarifies that the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interest are measured at fair value unless another measurement basis is required by FRS.
  - Clarifies that the amendments to FRS 7, FRS 132 and FRS 139 that eliminate the exemption for contingent consideration, do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of FRS 3_{2010}. Those contingent consideration arrangements are to be accounted for in accordance with the guidance in FRS 3_{2005}.

- FRS 5 "Non-current assets held for sale and discontinued operations" (effective from 1 July 2010) clarifies that all of a subsidiary's assets and liabilities are classified as held-for-sale if a partial disposal sale plan results in loss of control. Relevant disclosure should be made for this subsidiary if the definition of a discontinued operation is met.

- FRS 101 "Presentation of financial statements" (effective from 1 January 2011) clarifies that an entity shall present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.

- FRS 138 "Intangible Assets" (effective from 1 July 2010) clarifies that a group of complementary intangible assets acquired in a business combination may be recognised as a single asset if each asset has similar useful lives.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

Adoption of New and Revised FRS (continued)

(c) Standards, amendments to published standards, IC Interpretations and improvements to existing standards that are applicable to the Group and the Company but not yet effective (continued)

- IC Interpretation 9 (effective from 1 July 2010) clarifies that this interpretation does not apply to embedded derivatives in contracts acquired in a business combination, businesses under common control or the formation of a joint venture.

The impact of the new accounting standards, amendments and improvements to published standards and IC Interpretations on the financial statements of the Group and the Company is not expected to be material.

(d) Amendments to published standards and IC interpretation that are not relevant and not yet effective for the Group's and Company's operations

No	Financial Reporting Standards/IC Interpretation	Effective dates
1	IC Interpretation 12 "Service concession arrangements"	1 July 2010
2	IC Interpretation 15 "Agreements for construction of real estates"	1 January 2012
3	IC Interpretation 17 "Distribution of non-cash assets to owners"	1 July 2010
4	IC Interpretation 18 "Transfers of assets from customers"	1 January 2011
5	IC Interpretation 19 "Extinguishing financial liabilities with equity instruments"	1 July 2011
6	Amendments to IC Interpretation 14 "FRS 119 – The limit on a defined benefit assets, minimum funding requirements and their interaction"	1 July 2011

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 consolidated using the purchase method of accounting except for certain business combinations which were accounted for using the predecessor method of merger accounting, as follows:

- subsidiaries that were consolidated prior to 1 April 2002 in accordance with Malaysian Accounting Standard 2 'Accounting for Acquisitions and Mergers', the generally accepted accounting principles prevailing at that time.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Economic entities in the Group (continued)

(i) Subsidiaries (continued)

- business combinations consolidated on/after 1 April 2002 but with agreement dates before 1 January 2006 that meet the conditions of a merger as set out in FRS 122^{2004} "Business Combinations".

- internal group reorganisations, as defined in FRS 122^{2004}, consolidated on/after 1 April 2002 but with agreement dates before 1 January 2006 where:

  - the ultimate shareholders remain the same, and the rights of each such shareholder, relative to the others, are unchanged; and
  - the minorities' share of net assets of the Group is not altered by the transfer

- business combinations involving entities or businesses under common control with agreement dates on/after 1 January 2006.

The Group has adopted the exemption provided by FRS 122^{2004} and FRS 3 to apply these Standards prospectively. Accordingly, business combinations entered prior to the respective effective dates have not been restated to comply with these standards.

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.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are excluded from consolidation from the date that control ceases. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired at the date of acquisition is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated profit or loss.

Non-controlling interest represent that portion of the profit or loss and net assets of subsidiaries attributable to equity interest that are not owned, directly or indirectly through the subsidiaries by the parent. It is measured at the non-controlling interests' share of the fair values of the subsidiaries' identifiable assets and liabilities at the acquisition date and the non-controlling interests' share of changes in subsidiaries' equity since that date. Separate disclosure is made of the non-controlling interest.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Economic entities in the Group (continued)

(i) Subsidiaries (continued)

Where more than one exchange transaction is involved, any adjustment to the fair value of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group is accounted for as a revaluation.

Intragroup transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of the subsidiary's net assets as of the date of disposal, including the cumulative amount of any exchange differences that relate to that subsidiary which were previously recognised in equity, and is recognised in the consolidated profit or loss.

(ii) Transactions with non-controlling interest

The Group applies a policy of treating transactions with non-controlling interest as transactions with parties external to the Group. Disposals of shares to non-controlling interest result in gains and losses for the Group that are recorded in the profit or loss. Purchases of shares from non-controlling interest result in goodwill, being the difference between any consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired.

(iii) 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 are accounted for in the consolidated financial statements using the equity method of accounting. Equity accounting involves recognising the Group's share of the post acquisition results of the jointly controlled entities in the consolidated profit or loss and its share of post acquisition movement within reserve in reserves. The cumulative post acquisition movements are adjusted against the cost of the investment and includes goodwill on acquisition (net of accumulated impairment loss).

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. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Economic entities in the Group (continued)

(iv) Associates

Associates are companies, partnerships or other entities in which the Group exercises significant influence but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Equity accounting is discontinued when the Group ceases to have significant influence over the associates. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated profit or loss, and its share of post-acquisition movements in reserves is recognised within reserves. The cumulative post-acquisition movements are adjusted against the carrying amounts of the investments. 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's interest is reduced to nil and recognition of further loss is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, in applying the equity method, appropriate adjustments are made to the financial statements of the associates to ensure consistency of accounting policies with those of the Group.

Dilution gains and losses are recognised in the consolidated profit or loss.

For incremental interest in associates, the date of acquisition is the date at which significant influence is obtained. Goodwill is calculated at each purchase date based on the fair value of assets and liabilities identified. The previously acquired stake is stepped up to fair value and the share of profits and equity movements for the previously acquired stake is recorded directly to equity.

(b) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries, jointly controlled entities and associates over the Group's share of the fair value of the identifiable net assets including contingent liabilities of subsidiaries, jointly controlled entities and associates at the date of acquisition. Goodwill on acquisition occurring on or after 1 January 2002 in respect of a subsidiary is included in the consolidated statement of financial position as an intangible asset.

Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested for impairment at least annually, or when events or circumstances occur indicating that an impairment may exist. Impairment of goodwill is charged to the consolidated profit or loss as and when it arises. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity disposed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Intangible assets (continued)

(i) Goodwill (continued)

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. Each CGU or a group of CGUs represents the lowest level within the Group at which goodwill is monitored for internal management purposes and which are expected to benefit from the synergies of the combination. The Group allocates goodwill to each business segment in each country in which it operates.

Goodwill on acquisition of jointly controlled entities and associates occurring on or after 1 January 2002 is included in the investments in jointly controlled entities and associates respectively. Such goodwill is tested for impairment as part of the overall carrying amount.

Goodwill on acquisitions that occurred prior to 1 January 2002 was written off against reserves in the financial year of acquisition.

(ii) Licences

Acquired licences are shown at cost. Licences 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. Licences are not revalued.

(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.

Subsequent cost is included in the carrying amount of the asset or recognised 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 charged to the 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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment ("PPE") (continued)

(ii) Depreciation and residual value (continued)

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 and classification as held-for-sale.

The assets' residual values and useful lives are reviewed and adjusted as appropriate at each statement of financial position date.

(iii) Impairment

At each statement of financial position date, 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(m) to the financial statements on impairment of non-financial assets.

(iv) Gains or losses on disposal

Gains or losses on disposal 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 as 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.

(e) Investments in subsidiaries and associates

In the Company's separate financial statement, 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(m) to the financial statements on impairment of non-financial assets.

On disposal of an investment, the difference between the net disposal proceed and its carrying amount is charged/credited to the profit or loss.

(f) Financial assets

(i) Classification

The Group and the Company has changed its accounting policy for recognition and measurement of financial assets upon adoption of FRS 139 "Financial instruments: Recognition and Measurement" on 1 January 2010.

Previously, investments in non-current investments are shown at cost; marketable securities (within current assets) are carried at the lower of cost and market value; and trade receivables are carried at invoice amount. The Group and the Company have applied the new policy according to the transitional provision of FRS 139 by re-measuring all financial assets, as appropriate, and recording any adjustments to the previous carrying amounts to opening retained earnings or, if appropriate, another category of equity, of the current financial year. Comparatives for financial instruments have not been adjusted and therefore the corresponding are not comparable. Refer to Note 38(a) to the financial statements for the impact of this change in accounting policy.

The Group and the Company classify its financial assets in the following categories: at fair value through profit or loss ("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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(i) Classification (continued)

(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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) 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 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)

(f) Financial assets (continued)

(iv) Subsequent measurement – Impairment of financial assets

(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 use criteria and measurement of impairment loss applicable for 'assets carried at amortised cost' above. If, in a subsequent period, the fair value of a debt instrument classified as AFS increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

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.

Change in accounting policy

The Group and the Company have changed their accounting policy for impairment of investments upon adoption of FRS 139 "Financial instruments: Recognition and Measurement" on 1 January 2010.

Previously, for investments in non-current investments, allowance for diminution in value was made where, in the opinion of the Directors, there was a decline other than temporary in the value of such investments. Where there had been a decline other than temporary in the value of an investment, such a decline was recognised in profit or loss in the period in which the decline was identified. Marketable securities (within current assets) were carried at the lower of cost and market value. Changes in the carrying amount of marketable securities were credited/charged to profit or loss.

The Group and the Company have applied the new policy according to the transitional provisions by re-measuring all financial assets, as appropriate, and recording any adjustments to the previous carrying amounts to opening retained earnings or, if appropriate, another category of equity, of the financial year.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(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 to related party.

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.

(g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement 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.

(h) 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 shareholders' equity 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.

Change in accounting policy

The Group and the Company have changed its accounting policy for derivatives upon adoption of FRS 139 "Financial instruments: Recognition and Measurement" on 1 January 2010. Previously, derivative gains and losses were not recognised in the financial statements on inception. Instead, they were recognised when settled, at which time they were included in the measurement of the transaction hedged.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Derivative financial instruments and hedging activities (continued)

Change in accounting policy (continued)

The Group and the Company have applied the new policy according to the transitional provisions by recognising and measuring derivatives, as appropriate, and recording any adjustments to the previous carrying amounts to the opening retained earnings or, if appropriate, another category of equity, of the financial year. Refer to Note 38(a) to the financial statements for the impact of this change in accounting policy.

(i) 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 applies 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 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 is amortised to profit or loss over the period to maturity.

(ii) 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'.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Derivative financial instruments and hedging activities (continued)

Change in accounting policy (continued)

(iii) 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.

(i) 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.

(j) Cash and cash equivalents

For the purpose of the Statement 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 statement of financial position.

(k) Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(l) 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 statement of financial position date.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Borrowings (continued)

Borrowing costs incurred to finance the construction of PPE are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the qualified asset for its intended use. All other borrowing costs are expensed off.

Change in accounting policy

The Group has changed its accounting policy for borrowing costs upon adoption of FRS 123 'Borrowing Costs' on 1 January 2010. The Group has applied the new policy according to the transitional period. The impact however, is not material.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(m) Impairment of non-financial assets

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. PPE and other non-current non financial assets, including intangible 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 is separately identifiable cash flows (CGU). Assets other than goodwill that suffered an impairment are reviewed for possible reversal at each reporting date.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the statement of comprehensive income unless it reverses an impairment loss on revalued asset in which case it is taken to revaluation surplus.

(n) 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 maintenance spares acquired for the purpose of replacing damaged or faulty plant or spares and supplies used in constructing and maintaining the network.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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.

(p) Leases

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 and its estimated useful life.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Leases (continued)

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 statement of financial position based on the nature of the asset. Lease income is recognised over the term fo the lease on a straight-line basis.

Change in accounting policy

Following the adoption of the improvement to FRS 117 “Leases”, leasehold land in which the Group has substantially all the risks and rewards incidental to ownership has been reclassified retrospectively from operating lease to finance lease. Previously, leasehold land was classified as an operating lease unless title is expected to pass to the lessee at the end of the lease term. Refer to Note 38(b) to the financial statements for the impact of this change in accounting policy.

(q) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the 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 statement of financial position date 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 income 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 statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Current and deferred income tax (continued)

Deferred income 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 income 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.

(r) 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 expects 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 each statement of financial position date 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.

(s) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Contingent liabilities and contingent assets (continued)

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.

(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.

Income from lease of passive infrastructure is recognised on an accrual basis based on prices agreed with customers.

Dividend income from investment in subsidiaries, jointly controlled entities, associates and other investments is recognised when a right to receive payment is established.

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.

(u) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick 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 recognises 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 statement of financial position date 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 for example Employees' Share Options Scheme ("ESOS").

Employee services received in exchange for the grant of the share options 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 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 that are expected to vest. At each statement of financial position date, the Group and the Company revise its estimates of the number of share options 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 granted to subsidiaries are accounted for as a reduction in equity and an increase in amounts receivable from subsidiaries.

(v) Other long term employee benefits

Other long-term employee benefits such as deferred compensation paid twelve (12) months or more after service period are calculated based on the Group's and the Company's policy using the same methodology as other post employment benefits.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Subscriber acquisition costs

Subscriber acquisition costs comprise handset and other subsidies offered under usage contracts in excess of one (1) year. Subscriber acquisition costs are amortised over the contract period and reviewed annually for impairment.

Other subscriber acquisition costs under usage contracts less than one (1) year are recognised in the profit or loss as incurred.

(x) 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.

(y) Foreign currencies

(i) Functional and presentation currency

The consolidated financial statements are presented in RM, which is the Company's 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.

(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 and cash and cash equivalents 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 (losses)/gains'.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Foreign currencies (continued)

(ii) Transactions and balances (continued)

Translation differences on non-monetary financial assets and liabilities such as equities held at FVTPL are recognised in the net profit for the financial year, as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as AFS, are included 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 statement of financial position;
- income and expenses for each statement 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.

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.

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.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity completed on or after 1 January 2006 are treated as assets and liabilities of the foreign entity and are recorded in the functional currency of the foreign entity and translated at the exchange rate prevailing at statement of financial position date. For acquisition of foreign entities completed prior to 1 January 2006, goodwill and fair value adjustments continue to be recorded at the exchange rates at the respective date of acquisitions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) 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.

Change of accounting policy

The Group has adopted FRS 8 "Operating segments" from 1 January 2010. FRS 8 replaces FRS 114 "Segment reporting" and is applied retrospectively. The adoption of FRS 8 has no significant impact in terms of reportable segments presented as disclosed in Note 41 to the financial statements.

(aa) Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets liabilities directly associated with non-current assets classified as 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 if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

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.

4.1 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.

(a) Intangible Assets

The Group has applied judgement in determining the treatment of the annual fees payable over ten (10) years in respect of a 3G spectrum licence 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 licence. The Group considers the annual payment to be usage fees based on interpretation of the licence 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 licence.

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 licence, 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 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 and social developments in the region the Group operates in
- Significant expansion of capital investments required
- Difficulties in developing new products and services at competitive prices

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 financial 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 market price (FVLCS) of the Group's quoted subsidiaries were utilised in determining the recoverable amount of the quoted subsidiaries.

The assumptions used, results and sensitivity of the impairment assessment of goodwill are disclosed in Note 22(a) to the financial statements.

(ii) Impairment assessment of PPE, Intangible Assets (other than Goodwill) 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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Critical accounting estimates and assumptions (continued)

(ii) Impairment assessment of PPE, Intangible Assets (other than Goodwill) and Investments (continued)

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 subsidiaries and associate are disclosed in Note 25 and Note 27 to the financial statements respectively.

(iii) Estimated Useful Lives of PPE

The Group reviews annually the estimated useful lives of PPE based on factors such as business plan and strategies, expected level of usage and future technological developments. 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 23(d) to the financial statements.

(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.

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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

4.2 Critical accounting estimates and assumptions (continued)

(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(c) to the financial statements for legal proceedings that the Group is involved in as at date of financial statements.

(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 are disclosed in Note 42 to the financial statements.

5. SIGNIFICANT MERGER, DISPOSALS, ACQUISITIONS AND DILUTION OF INTEREST

(I) Merger during the financial year

Merger between Spice Communications Limited ("Spice") and Idea Cellular Limited ("Idea")

On 25 June 2008, the Company and Axiata Investments 1 (India) Limited ("AIL 1"), entered into a share subscription agreement with Idea for AIL 1 to subscribe for 14.99% of the paid-up share capital of Idea, at a cash subscription price of Rs156.96 (approximately RM13.20) per Idea Share. On the same day, the Company, AIL 1, Axiata Investments 2 (India) Limited ("AIL 2"), Spice, Idea, Green Acres Agro Services Private Limited ("GAASPL") and Aditya Birla Nuvo Limited entered into the Merger Cooperation Agreement to pursue the proposed merger of Spice and Idea ('Proposed Merger'). The Merger Cooperation Agreement also includes option arrangements which enable the Group to increase its equity interest in Idea to 20.11% upon exercise of the options.

The High Court of Gujarat and the High Court of New Delhi had, on 26 November 2009 and 5 February 2010 respectively approved the Merger Scheme. Following the filings of the relevant Court Orders sanctioning the Proposed Merger with the Registrar of Company in India, the Proposed Merger became unconditional.

The merger was completed on 17 March 2010 following the issuance to AIL 2 of 165,650,992 ordinary shares of Indian Rupees ("INR") 10 each in Idea in exchange for 338,063,250 ordinary shares of INR10 each in Spice held by AIL 2. As a result, the Group's equity interest in Idea has increased from 14.99% to 19.10% (or 19.0% on a fully diluted basis).

On the date of the merger, the fair value of Idea's shares exchanged was RM744.9 million reflecting the market price of Idea and a gain from the merger of RM173.2 million was recognised in the consolidated profit or loss.

5. SIGNIFICANT MERGER, DISPOSALS, ACQUISITIONS AND DILUTION OF INTEREST (CONTINUED)

(II) Acquisition during the financial year

Additional investment in Tune Talk Sdn Bhd ("Tune Talk")

On 22 November 2010, Celcom Axiata Berhad ("Celcom"), a wholly-owned subsidiary of the Company completed the subscription of a further 1,575,000 ordinary shares of RM1 each in an associate, Tune Talk ("Tune Talk shares") for a total cash consideration of approximately RM1.6 million. The additional subscription arose from a capital call resulting in Celcom holding a total of 5,250,000 Tune Talk Shares. This represents 35% of the enlarged issued and paid-up share capital of Tune Talk.

The subscription by Celcom of the additional Tune Talk Shares above did not have any significant impact to the Group and its shareholding in Tune Talk during the current financial year.

(III) Disposals and dilution during the financial year

(a) Partial disposal of equity interest in PT XL Axiata Tbk ("XL")

On 29 March 2010, Axiata Investments (Indonesia) Sdn Bhd ("AIISB") [formerly known as Indocel Holding Sdn Bhd], a wholly-owned subsidiary of the Company held via Axiata Investments (Labuan) Limited ("AIL") [formerly known as TM International (L) Limited], disposed 1,531,440,000 ordinary shares of INR100 each in XL, representing 18.00% of the issued and paid-up share capital of XL at a price of IDR3,300 per ordinary share for a total gross consideration of IDR5,053.8 billion or approximately RM1.8 billion. As a result, the Group's effective equity interest in XL decreased from 86.49% to 68.49%.

The Company had via AIISB on 9 April 2010 disposed an additional 153,144,000 ordinary shares of IDR100 each in XL at par value, representing 1.80% of the issued and paid up capital of XL. Accordingly, the Group's effective equity interest in XL further reduced from 68.49% to 66.69%.

Details of the share of net assets disposed are as follows:

	Note	2010 RM'000
Net proceed	36	1,942,571
Goodwill	22	(978,055)
Non-controlling interest		(616,208)
Currency translation differences		(9,060)
Gain on partial disposal of a subsidiary	9	339,248

(b) Disposal of equity interest in Samart Corporation Public Company Limited ("Samart")

On 23 December 2010, the Group and the Company completed the disposal of its entire shareholding in an associate, Samart, representing 18.97% of the total issued and paid-up share capital in Samart to the existing shareholders for a total consideration of US Dollar ("USD") 34.8 million or approximately RM109.9 million. During the financial year, the Group and the Company recognised a gain of approximately RM17.0 million and a loss of RM89.0 million respectively on the disposal of Samart as disclosed in Note 9 to the financial statements.

5. SIGNIFICANT MERGER, DISPOSALS, ACQUISITIONS AND DILUTION OF INTEREST (CONTINUED)

(III) Disposals and dilution during the financial year (continued)

(c) Dilution of equity interest in M1 Limited ("M1")

During the financial year, the equity interest in M1, held through Axiata Investments Singapore Limited ("AIS") [formerly known as SunShare Investments Ltd], a wholly-owned subsidiary of the Company, decreased from 29.66% to 29.49% following the issuance of shares under M1's ESOS scheme. The Group recognised a loss on dilution of equity interest amounting to RM5.7 million during the financial year.

(IV) Acquisitions in the previous financial year

(a) Acquisition of interest in Tune Talk

On 23 December 2008, a Subscription Agreement and a Shareholders' Agreement were entered into between Celcom and Tune Ventures Sdn Bhd, Tune Strategic Investments Limited ("TSIL") and six (6) individuals and Tune Talk. Pursuant to the completion of the Subscription Agreement condition precedent, on the 12 February 2009, Celcom subscribed for 2,625,000 new Tune Talk shares at a subscription price of RM1 each for a total cash consideration of approximately RM2.6 million representing 38.16% equity interest of the enlarged issued and paid-up share capital of Tune Talk. As a result, Tune Talk became an associate of Celcom following the completion of the subscription of the above mentioned shares on 16 February 2009.

On 30 July 2009, Celcom has subscribed to a further 1,050,000 new Tune Talk shares for a total cash consideration of RM1.05 million. Pursuant to the additional share subscription, Celcom's shareholding in Tune Talk increased from 2,625,000 ordinary shares of RM1 each to 3,675,000 ordinary shares of RM1 each representing 42.78% of the enlarged issued and paid-up share capital of Tune Talk.

Tune Talk had in October and December 2009, issued additional shares of 1,908,833 to two (2) of the existing individual shareholders, TSIL and two (2) of the Directors of Tune Talk resulting in Celcom eventual shareholding in Tune Talk reducing to 35.00% of the issued and paid-up share capital of RM10.5 million.

The acquisition did not have significant impact to the Group during the previous financial year.

(b) Acquisition of additional interest in C-Mobile Sdn Bhd ("C-Mobile")

On 19 February 2009, CT Paging Sdn Bhd ("CT Paging"), a wholly-owned subsidiary of Celcom, entered into a Shares Sale Agreement with I-Mobile International Co Ltd for the purchase of 2,550,000 ordinary shares of RM1 each in C-Mobile, representing 51.00% of the issued and paid-up share capital of C-Mobile for a total purchase consideration of approximately RM2.6 million. The acquisition was completed on 2 March 2009, giving rise to goodwill amount of RM4.7 million following which C-Mobile became a wholly-owned subsidiary of CT Paging.

On 24 March 2009, CT Paging subscribed to a further 10,000,000 new ordinary shares of RM1 each in C-Mobile for a total cash consideration of RM10.0 million. Pursuant to the above, C-Mobile's paid-up share capital increased from 5,000,000 to 15,000,000 ordinary shares of RM1 each.

The acquisition did not have significant impact to the Group in the previous financial year.

5. SIGNIFICANT MERGER, DISPOSALS, ACQUISITIONS AND DILUTION OF INTEREST (CONTINUED)

(IV) Acquisitions in the previous financial year (continued)

(c) Acquisition of additional interest of 2.70% in XL

In the previous financial year, XL issued a total of 1,418.0 million new ordinary shares of IDR100 each under a rights issue exercise of USD300.0 million (in equivalent amount in IDR) on the basis of one (1) Rights Share for every five (5) existing ordinary share at an issuance price of IDR2,000 per ordinary share ("XL Rights Issue").

The Group through AIL, had subscribed its full entitlement of 1,188,187,400 new ordinary shares under the XL Rights Issue for a total cash consideration of RM855.5 million (equivalent to IDR2,376.4 billion). Pursuant to a Standby Buyer Agreement entered into by AIL with XL on 13 October 2009, AIL had further subscribed to all the unsubscribed Rights Shares of 229,584,890 ordinary shares, representing 2.70% of the enlarged issued and paid-up capital of XL after the XL Rights Issue for a total cash consideration of RM165.3 million (approximately IDR459.2 billion). The XL Rights Issue was completed on 11 December 2009 following which the Group's effective equity interest in XL had increased from 83.79% to 86.49%.

The goodwill on acquisition arising from the above transaction of RM88.2 million was included in intangible assets.

6. OPERATING REVENUE

	Group		Company	
	2010 RM'000	**2009 RM'000 Restated**	**2010 RM'000**	**2009 RM'000**
Mobile services	**13,609,469**	11,731,713	**–**	–
Dividend income:				
– Malaysia	**–**	–	**5,190,221**	3,749,730
– Overseas	**–**	–	**4,757**	4,458
Lease of passive infrastructure	**282,083**	207,133	**–**	–
Others	**1,729,122**	1,373,341	**45,013**	33,053
Total	**15,620,674**	13,312,187	**5,239,991**	3,787,241

Others include revenue from interconnect services, leased services, pay television transmission and other data services.

7(a) DEPRECIATION, IMPAIRMENT AND AMORTISATION

		Group		Company	
	Note	2010 RM'000	2009 RM'000 Restated	2010 RM'000	2009 RM'000
Depreciation of:					
- PPE	23	**2,704,395**	2,804,369	**2,191**	1,168
- investment properties	24	**7**	9	**-**	-
Reversal of impairment of PPE	23	**(14,560)**	(5,164)	**-**	-
Impairment of:					
- PPE	23	**19,463**	88,791	**-**	-
- goodwill	22	**49,015**	4,670	**-**	-
- an associate	27	**1,085,034**	-	**-**	-
- an AFS financial asset		**325**	-	**-**	-
- subsidiaries	25	**-**	-	**145,865**	-
- amounts due from subsidiaries	25, 30	**-**	-	**1,227,988**	-
- a long term receivable	29	**66,084**	-	**66,084**	-
Write off of PPE	23	**1,030**	2,747	**-**	713
Amortisation of intangible assets	22	**30,689**	21,876	**-**	-
Write-off of deferred expenditure		**430**	1,612	**-**	-
Total		**3,941,912**	2,918,910	**1,442,128**	1,881

7(b) OTHER OPERATING COSTS

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Impairment on trade and other receivables (net of bad debt recovered) (Note 32)	**116,391**	163,359	**-**	-
Business licence fees	**498,833**	489,929	**-**	-
Charges and commissions	**77,566**	78,823	**23**	29
Cost of SIM and recharge cards	**126,155**	149,484	**-**	-
Maintenance	**520,872**	486,459	**579**	757
Professional fees	**124,623**	151,995	**24,385**	32,641
Rental – land and buildings	**514,808**	439,817	**4,090**	3,356
Rental – equipment	**114,968**	135,403	**211**	175
Rental – others	**50,400**	49,790	**57**	143
Roaming costs	**220,329**	198,103	**-**	-
Supplies and inventories	**127,697**	145,980	**1,303**	979
Transportation and travelling	**71,472**	76,057	**6,753**	6,267
Universal Service Provision/Obligation Contribution	**608,867**	443,144	**-**	-
Utilities	**386,178**	365,010	**130**	299
Others[1]	**989,654**	826,198	**20,184**	16,589
Total	**4,548,813**	4,199,551	**57,715**	61,235

[1] Others include:

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Audit fees:				
– PricewaterhouseCoopers Malaysia	**1,954**	1,440	**974**	815
– Member firm of PricewaterhouseCoopers International Limited *	**2,090**	2,489	**-**	-
– Others	**33**	37	**-**	-
	4,077	3,966	**974**	815
Other fees paid to auditors of the Company:				
– Audit related fees	**3,084**	2,262	**2,850**	2,243
– Tax and tax related services	**1,606**	1,983	**1,112**	1,273
– Other non-audit services	**2,259**	1,678	**2,259**	1,187
	11,026	9,889	**7,195**	5,518

* Separate and independent legal entity from PricewaterhouseCoopers Malaysia

7(c) STAFF COSTS (including remuneration of Executive Directors of the Company)

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Staff costs excluding Directors:					
- salaries, allowances, overtime and bonus		**731,319**	683,318	**49,645**	49,875
- termination benefits		**23,451**	31,249	**-**	-
- contribution to EPF		**61,042**	60,350	**3,831**	5,558
- other staff benefits		**116,748**	113,599	**6,340**	1,895
- ESOS expense	14(a)	**33,807**	10,943	**4,506**	2,010
Staff costs capitalised in PPE		**(4,575)**	(4,574)	**-**	-
Remuneration of Executive Directors of the Company	7(d)	**8,986**	6,153	**8,986**	6,153
		970,778	901,038	**73,308**	65,491

7(d) DIRECTORS' REMUNERATION

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Remuneration of Executive Directors of the Company:					
- salaries, allowances and bonus		**5,939**	4,910	**5,939**	4,910
- ex-gratia payment		**1,000**	-	**1,000**	-
- contribution to EPF		**1,129**	933	**1,129**	933
- ESOS expense	14(a)	**918**	310	**918**	310
		8,986	6,153	**8,986**	6,153
Remuneration of Non-Executive Directors of the Company:					
- fees and allowances		**2,701**	2,123	**1,807**	1,921
		11,687	8,276	**10,793**	8,074

Estimated money value of benefits of Directors amounting to RM412,257 (2009: RM175,481) for the Group and the Company.

8. OTHER GAINS – NET

	Group 2010 RM'000
Financial assets at FVTPL:	
– Fair value gains	**3**
Derivative financial instruments – fair value (losses)/gains:	
– Forward foreign currency contracts	**(6,782)**
– Cross currency interest rate swaps	**10,257**
– Put Options on the investment in an associate	**24,924**
	28,399
Total	**28,402**

9. OTHER OPERATING INCOME/(LOSS)

	Note	Group 2010 RM'000	Group 2009 RM'000 Restated	Company 2010 RM'000	Company 2009 RM'000
Reversal of impairment in an associate		**–**	–	**–**	32,003
Gain on disposal of PPE		**1,852**	913	**–**	–
Gain on partial disposal of a subsidiary	5(III)(a)	**339,248**	–	**–**	–
Gain/(loss) on disposal of an associate	5(III)(b)	**16,957**	–	**(88,996)**	–
Penalty on breach of contract		**31,526**	15,594	**–**	–
Gain from derecognition of finance lease agreement		**–**	167,981	**–**	–
Others		**45,358**	78,619	**2,485**	884
Total		**434,941**	263,107	**(86,511)**	32,887

10. FINANCE INCOME/(COST)

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Finance income	**153,610**	109,967	**37,808**	58,334
Finance cost				
Finance cost from:				
– borrowings	**(491,579)**	(812,853)	**(18,826)**	(230,027)
– loan from former holding company, Telekom Malaysia Berhad ("TM")	**–**	(68,163)	–	(68,163)
Profit on Islamic Private Debt Securities	**(169,970)**	(15,240)	**(96,850)**	(15,240)
Finance (expense)/income on interest rate swaps derivative financial instruments:				
– fair value hedge	**(10,570)**	–	**(10,570)**	–
– net investment hedge	**1,011**	–	**–**	–
Finance cost excluding foreign exchange gains/(losses)	**(671,108)**	(896,256)	**(126,246)**	(313,430)
Net foreign exchange gain/(loss) on:				
– financing activities	**145,354**	137,225	**85,125**	(11,213)
– fair value hedge (Note 19(v))	**(36,375)**	–	**(36,375)**	–
Net foreign exchange gains/(losses) on financing activities	**108,979**	137,225	**48,750**	(11,213)
Total finance cost	**(562,129)**	(759,031)	**(77,496)**	(324,643)
Net finance cost	**(408,519)**	(649,064)	**(39,688)**	(266,309)

11. TAXATION

The taxation expense for the Group and the Company comprise:

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Malaysia				
Income tax:				
– Current year	**505,089**	513,695	**–**	324,793
– Prior year	**(14,941)**	(13,989)	**(6,857)**	4
	490,148	499,706	**(6,857)**	324,797
Overseas				
Income tax:				
– Current year	**325,771**	6,185	**438**	410
– Prior year	**45,523**	(30)	**–**	–
Deferred tax (net):				
– Originating and reversal of temporary differences	**227,716**	429,725	**–**	–
– Change in tax rate	**–**	(25,273)	**–**	–
Total	**1,089,158**	910,313	**(6,419)**	325,207

The Company has obtained Approved Operational Headquarters status ("OHQ") for a period of ten (10) years, effective on 1 January 2003. During the current financial year, the Company surrendered the OHQ status.

The current income tax is calculated at the statutory tax rate of 25% of the estimated assessable profit for the financial year.

11. TAXATION (CONTINUED)

Numerical reconciliation between taxation expense and the product of accounting profit multiplied by the Malaysian tax rate:

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Profit before taxation	**3,205,738**	2,666,221	**2,775,584**	3,345,954
Taxation calculated at the applicable Malaysian taxation rate of 25%	**801,435**	666,555	**693,896**	836,489
Tax effects of:				
- income not subject to tax	**(121,815)**	(35,371)	**(1,297,555)**	(629,863)
- shares of results of jointly controlled entities and associates	**950**	(25,322)	**-**	-
- different taxation rates in other countries	**74,462**	18,890	**(714)**	(1,065)
- expenses not deductible for taxation purposes	**298,450**	325,505	**586,185**	119,642
- unrecognised tax losses	**5,094**	(652)	**4,846**	-
- group relief	**-**	-	**13,780**	-
- change in statutory tax rate	**-**	(25,273)	**-**	-
- under/(over) accrual of income tax (net)	**30,582**	(14,019)	**(6,857)**	4
Total	**1,089,158**	910,313	**(6,419)**	325,207

Included in the income tax expense of the Group are tax savings amounting to RM55.1 million (2009: Nil) from utilisation of the Company's current year of assessment's tax losses.

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	
	2010	**2009**
Profit attributable to owners of the Company (RM'000)	**1,770,379**	1,652,682
Weighted average number of ordinary shares in issue ('000)	**8,445,154**	7,665,487
Basic EPS (sen)	**21**	22

12. EARNINGS PER SHARE (CONTINUED)

(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 granted to employees under the Performance-Based ESOS 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 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 shares options outstanding for the purpose of computing the dilution. No adjustment is made to profit attributable to owners of the Company for the share options calculation.

	Group	
	2010	**2009**
Profit attributable to owners of the Company (RM'000)	**1,770,379**	1,652,682
Weighted average number of ordinary shares in issue ('000)	**8,445,154**	7,665,487
Adjusted for ESOS ('000)	**38,279**	23,706
Weighted average number of ordinary shares for purpose of computing diluted EPS ('000)	**8,483,433**	7,689,193
Diluted EPS (sen)	**21**	21

13. SHARE CAPITAL

	Group and Company			
	2010		**2009**	
	No. of shares '000	**Ordinary shares RM'000**	**No. of shares '000**	**Ordinary shares RM'000**
Ordinary shares of RM1 each:				
Authorised:				
At beginning of financial year	**12,000,000**	**12,000,000**	5,000,000	5,000,000
Created in the financial year (Note (a))	**–**	**–**	7,000,000	7,000,000
At end of the financial year	**12,000,000**	**12,000,000**	12,000,000	12,000,000

13. SHARE CAPITAL (CONTINUED)

	Group and Company			
	2010		2009	
	No. of shares '000	Ordinary shares RM'000	No. of shares '000	Ordinary shares RM'000
Issued and fully paid up:				
At beginning of the financial year	**8,445,154**	**8,445,154**	3,753,402	3,753,402
Rights Issue (Note (b))	**–**	**–**	4,691,752	4,691,752
At end of the financial year	**8,445,154**	**8,445,154**	8,445,154	8,445,154

(a) On 24 March 2009, the Company increased its authorised share capital of the Company from RM5,000,000,000 divided into 5,000,000,000 ordinary shares of RM1 each to RM12,000,000,000 by the creation of 7,000,000,000 new ordinary shares of RM1 each; and

(b) On 6 May 2009, the issued and fully paid-up share capital of the Company was increased from RM3,753,401,980 comprising 3,753,401,980 ordinary shares of RM1 each to RM8,445,154,455 by the allotment and issuance of 4,691,752,475 new ordinary shares of RM1 each at the issue price of RM1.12 each in conjunction with the rights issue exercise.

The above mentioned share rank pari-passu in all respects with the existing ordinary shares of the Company.

14. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

(a) Performance-Based ESOS

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.

The total number of the Performance-Based ESOS options granted, percentage of options exercisable by an Eligible Employee and the vesting period is as follows:

				Options over the Company's shares	
Performance -Based ESOS	Grant date	Vesting date	% of options exercisable*	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 2(b), 2010**					
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

* The options granted shall become exercisable only upon the fulfilment of certain performance criteria for the Company and individuals.

** 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.

The salient terms and conditions of the Performance-Based ESOS are as follows:

(i) Maximum number of new ordinary shares of the Company available under the Performance-Based ESOS

The total number of ordinary shares of the Company that may be offered under the Performance-Based ESOS shall not exceed 7% of the Company's issued and fully paid-up ordinary share capital at any time during the duration of the Performance-Based ESOS.

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 Performance-Based ESOS exceeding 7% of the Company's issued and fully paid-up ordinary share capital, all options under the Performance-Based ESOS 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 the Performance-Based ESOS as if that reduction had not occurred.

14. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONTINUED)

(a) Performance-Based ESOS (continued)

(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 Performance-Based ESOS) shall be at the absolute discretion of the Board (or Performance-Based ESOS Committee that has been established to administer the Performance-Based ESOS from time to time) after taking into consideration such criteria as may be determined by the Board or ESOS Committee in its/their absolute discretion.

Further, not more than 50% of the Company's new ordinary shares made available under the Performance-Based ESOS 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 Performance-Based ESOS 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.

(iii) Eligibility

Any employee of the Group (other than subsidiaries which are dormant) shall be eligible to participate in the Performance-Based ESOS 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 ESOS Committee in its absolute discretion.

Eligibility under the Performance-Based ESOS does not confer on any Eligible Employee any claim, right to participate in, or any other right whatsoever under the Performance-Based ESOS, and an Eligible Employee does not acquire or have any right over, or in connection with, any option or the Company's shares under the Performance-Based ESOS 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 Performance-Based ESOS.

(iv) Option 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 preceeding the date of the Offer and is not lower than the nominal value of the Company's shares.

14. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONTINUED)

(a) Performance-Based ESOS (continued)

(v) Duration of the Performance-Based ESOS

The Performance-Based ESOS shall be in force for a period of eight (8) years from the effective date of implementation of the ESOS, 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 Performance-Based ESOS. The Performance-Based ESOS expires on 15 April 2017.

(vi) Retention period

The new ordinary shares of the Company allotted and issued pursuant to the exercise of any option under the Performance-Based ESOS will not be subject to any retention period.

(vii) Ranking of the new shares to be issued under the Performance-Based ESOS

The Company's new shares to be issued upon the exercise of options shall, upon allotment and issuance, rank pari-passu (equally) 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 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 Performance-Based ESOS 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 Performance-Based ESOS but subject always to the provisions of the Bye-Laws and the terms of the Selling Flexibility for Foreign Guarantees.

14. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONTINUED)

(a) Performance-Based ESOS (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 and the Company are entitled to, is as follows:

Group

	Exercise price RM	At 1 January 2010	Granted	Forfeited	At 31 December 2010	Fair value at grant date RM
Grant 1(a), 2009						
Tranche 1	1.81	34,276,600	-	(3,663,050)	30,613,550	0.54
Tranche 2	1.81	34,276,600	-	(3,663,050)	30,613,550	0.57
		68,553,200	-	(7,326,100)	61,227,100	
Grant 1(b), 2010						
Tranche 1	3.15	-	2,088,050	(399,300)	1,688,750	0.93
Tranche 2	3.15	-	2,088,050	(399,300)	1,688,750	0.98
		-	4,176,100	(798,600)	3,377,500	
Grant 2, 2010						
Tranche 1	3.45	-	24,688,750	(1,323,275)	23,365,475	1.09
Tranche 2	3.45	-	24,688,750	(1,323,275)	23,365,475	1.15
		-	49,377,500	(2,646,550)	46,730,950	
Total		68,553,200	53,553,600	(10,771,250)	111,335,550	

	Exercise price RM	At 1 January 2009	Granted	Forfeited	At 31 December 2009	Fair value at grant date RM
Grant 1(a), 2009						
Tranche 1	1.81	-	34,555,750	(279,150)	34,276,600	0.54
Tranche 2	1.81	-	34,555,750	(279,150)	34,276,600	0.57
Total		-	69,111,500	(558,300)	68,553,200	

14. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONTINUED)

(a) Performance-Based ESOS (continued)

Company

	Exercise price RM	At 1 January 2010	Granted	Forfeited	At 31 December 2010	Fair value at grant date RM
Grant 1(a), 2009						
Tranche 1	1.81	3,998,150	-	(533,350)	3,464,800	0.54
Tranche 2	1.81	3,998,150	-	(533,350)	3,464,800	0.57
		7,996,300	-	(1,066,700)	6,929,600	
Grant 1(b), 2010						
Tranche 1	3.15	-	1,037,250	(361,850)	675,400	0.93
Tranche 2	3.15	-	1,037,250	(361,850)	675,400	0.98
		-	2,074,500	(723,700)	1,350,800	
Grant 2, 2010						
Tranche 1	3.45	-	4,200,900	(433,275)	3,767,625	1.09
Tranche 2	3.45	-	4,200,900	(433,275)	3,767,625	1.15
		-	8,401,800	(866,550)	7,535,250	
Total		7,996,300	10,476,300	(2,656,950)	15,815,650	

	Exercise price RM	At 1 January 2009	Granted	Forfeited	At 31 December 2009	Fair value at grant date RM
Grant 1(a), 2009						
Tranche 1	1.81	-	4,141,250	(143,100)	3,998,150	0.54
Tranche 2	1.81	-	4,141,250	(143,100)	3,998,150	0.57
Total		-	8,282,500	(286,200)	7,996,300	

14. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONTINUED)

(a) Performance-Based ESOS (continued)

The fair value of the Performance-based ESOS granted in which FRS 2 applies, were determined using the Black-Scholes valuation model. The significant inputs in the model are as follows:

	Axiata Options		
	Grant 1(a)	Grant 1(b)	Grant 2
Exercise price	RM1.81	RM3.15	RM3.45
Option expected term			
– Tranche 1	5 years	4.5 years	4.5 years
– Tranche 2	5.5 years	5.0 years	5.0 years
Weighted average share price at grant date	RM1.81	RM3.15	RM3.45
Expected dividend yield	1%	1%	1%
Risk free interest rates (Yield of Malaysian Government securities)	3.0% to 3.7%	3.0% to 3.7%	3.0% to 3.9%
Expected volatility*	31.3%	31.1%	34.4%

* 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.

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 are summarised as below:

	Group		Company	
	2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
Equity settlement arrangement				
Options granted to employees under the Performance – Based ESOS	**34,725**	11,179	**5,424**	1,506
Options over TM shares granted to the Group's employees *	**–**	74	**–**	814
	34,725	11,253	**5,424**	2,320

* Being charges for 2008 Demerger Special ESOS designed with the intention to retain employees of the Group during the transitional period of the TM Demerger from 17 March 2008 to 16 September 2009.

14. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONTINUED)

(b) ESOS of Dialog Axiata PLC

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 Sri Lanka Rupee ("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

(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 shares granted was 88,841,218. As at 31 December 2010, 51,103,699 share options have been exercised, 9,402,519 options have been forfeited and 28,335,000 share options remain unexercised and are exercisable before 25 October 2012 further to the extension of the exercise period as resolved by the Board of Directors of Dialog.

14. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONTINUED)

(b) ESOS of Dialog (continued)

The movement in the number of ESOS shares is as follows:

2010

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
11 July 2005	**12**	**29,124**	**–**	**–**	**(789)**	**28,335**	**4.4**

2009

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
11 July 2005	12	35,008	–	–	(5,884)	29,124	4.4

* Options forfeited are allocated back to the ESOS Trust for future reallocation. Total reallocated shares as at 31 December 2010 is 9,402,201.

The fair values of options granted in which FRS 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.

14. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONTINUED)

(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 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 equal proportions and will become employees' rights if the employees remain in employment for two years and three years as of respective share issuance date.

The issuance of new shares is to be approved by the Annual General Meeting ("AGM") of Shareholders. The execution of the program covers performance year 2010 up to 2015 with grant cycles dividend into six (6) periods.

As at 31 December 2010, there was no additional share issued under this scheme.

15. OTHER RESERVES

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Retained earnings	(i)	**9,227,762**	7,916,133	**5,718,317**	3,046,623
Capital contribution reserve	(ii)	**16,598**	16,598	**16,598**	16,598
Merger reserve	(iii)	**346,774**	346,774	**–**	–
Hedging reserve	(iv)	**(70,423)**	–	**–**	–
ESOS reserve	(v)	**45,904**	11,179	**45,904**	11,179
Currency translation differences arising from translation of:					
– subsidiaries		**(622,296)**	(312,031)	**–**	–
– jointly controlled entity		**–**	(54,538)	**–**	–
– associates		**(637,128)**	(158,148)	**–**	–
Total		**8,307,191**	7,765,967	**5,780,819**	3,074,400

15. OTHER RESERVES (CONTINUED)

(i) As at 31 December 2010, subject to agreement by the Inland Revenue Board, the Company has sufficient tax credits under Section 108 of the Income Tax Act, 1967 available to pay tax franked dividends out of approximately RM5.6 million (2009: RM5.6 million) of its retained profits.

Pursuant to the Finance Act 2007, the Single Tier Company Income Tax System was introduced. Under the single tier system, the tax on a Company's profit is a final tax and the dividends distributed to its shareholders would be exempted from tax. As the unutilised section 108 credit balances is insignificant, decision has been made by the Company to elect for irrevocable option to disregard the Section 108 credit balances as at 31 December 2010.

In addition, the Company has tax exempt income accounts as at 31 December 2010 amounting to approximately RM154.4 million (2009: RM149.2 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.

(ii) The Group's and the Company's capital contribution reserve relates to the ESOS of TM, which were made available to the employees of the Group and the Company.

(iii) 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.

(iv) The Group's hedging reserve relates to the net investment hedge arising from an effective hedge as disclosed in Note 19(iv) to the financial statements.

(v) The Group's and the Company's ESOS reserve relates to the Performance-Based ESOS 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

	2010				2009			
	W.A.R.F.	Non-current RM'000	Current RM'000	Total RM'000	W.A.R.F.	Non-current RM'000	Current RM'000	Total RM'000
Group								
OVERSEAS								
Secured:								
Borrowings from financial institutions (a)	**2.98%**	**142,589**	**60,570**	**203,159**	5.04%	314,249	65,526	379,775
Other borrowings (b)	**2.85%**	**290,161**	**129,779**	**419,940**	2.89%	466,092	109,352	575,444
Unsecured:								
Notes (c)	**10.37%**	**509,250**	**-**	**509,250**	9.48%	538,405	199,376	737,781
Rated cumulative redeemable preference shares (d)	**9.28%**	**34,738**	**34,737**	**69,475**	10.22%	74,825	37,413	112,238
Borrowings from financial institutions (e)	**6.63%**	**2,530,862**	**264,578**	**2,795,440**	7.12%	3,021,588	630,007	3,651,595
Other borrowings	**2.10%**	**586,103**	**193,221**	**779,324**	2.42%	977,305	218,561	1,195,866
Bank overdrafts (Note 33)	**11.50%**	**-**	**6,192**	**6,192**	13.17%	-	7,302	7,302
	5.85%	**4,093,703**	**689,077**	**4,782,780**	5.70%	5,392,464	1,267,537	6,660,001
MALAYSIA								
Secured:								
Borrowings from financial institutions (f)	**4.31%**	**20,000**	**10,514**	**30,514**	1.62%	25,000	5,000	30,000
Unsecured:								
Notes (g)	**5.40%**	**920,732**	**-**	**920,732**	-	-	-	-
Borrowings from financial institutions (h)	**1.38%**	**749,548**	**-**	**749,548**	2.92%	4,756,000	875,372	5,631,372
Sukuk (i)	**5.21%**	**4,200,000**	**-**	**4,200,000**	-	-	-	-
Banks overdraft (Note 33)	**-**	**-**	**-**	**-**	3.48%	-	1,465	1,465
	4.75%	**5,890,280**	**10,514**	**5,900,794**	3.13%	4,781,000	881,837	5,662,837
Total	**5.24%**	**9,983,983**	**699,591**	**10,683,574**	4.64%	10,173,464	2,149,374	12,322,838

* - W.A.R.F - Weighted Average Rate of Finance

16. BORROWINGS (CONTINUED)

	2010				2009			
	W.A.R.F.	Non-current RM'000	Current RM'000	Total RM'000	W.A.R.F.	Non-current RM'000	Current RM'000	Total RM'000
Company								
Unsecured:								
Borrowings from financial institutions (g)	**1.38%**	**738,758**	**-**	**738,758**	3.13%	4,756,000	300,000	5,056,000

* – W.A.R.F – Weighted Average Rate of Finance

(a) Secured by way of fixed charge on certain PPE of certain subsidiaries, as disclosed in Note 23(c) to the financial statements.

(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 23(c) to the financial statements.

(c) Notes consist of the following:

	2010 RM'000	2009 RM'000
USD 250.0 million, 7.125%	**–**	199,376
IDR 1,500.0 billion, 10.35%	**509,250**	538,405
	509,250	737,781

XL is required to comply with certain conditions, such as limitations on assets sale and/or leaseback transactions, and maintain its debt to EBITDA ratio not to exceed 4.5 to 1.0 over the period of borrowings.

(d) Consists of 5,000 million Rated Cumulative Redeemable Preference Shares ("RCRPS") of SLR1 each issued by Dialog during 2007, redeemable at par. The shares are mandatorily redeemable on 31 May 2012 with redemption schedule as set out below.

	Redemption value per RCRPS
2008	10%
2009	15%
2010	25%
2011	25%
2012	25%

The dividend is cumulative and payable semi-annually, at the Average Weighted Prime Lending Rate less a discount of 0.9%. The RCRPS issued by Dialog have been classified as liabilities and accordingly, dividends on these RCRPS are recorded in the profit or loss as finance cost.

16. BORROWINGS (CONTINUED)

(e) Included in the balances are borrowings of a subsidiary subjected to certain covenants.

The covenants require the subsidiary to comply with certain conditions, such as hedging, limitations on certain assets sales or transfers, maintaining the majority ownership of the subsidiary's shares directly or indirectly by the Company and maintaining its debt to EBITDA ratio not exceeding 4.5 to 1.0.

(f) 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. The terms of the loan also require certain financial covenants to be met.

(g) 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 tenure of 10 years from the date of issuance.

The Notes were listed and quoted on The Stock Exchange of Hong Kong Limited on 29 April 2010 and Labuan International Financial Exchange on 7 May 2010.

(h) Included in the balance is a borrowing of the Group and the Company which is subjected to certain covenants. The covenants require that certain ratios are to be met in respect of Group EBITDA/Interest Expense and Group Total Borrowings/Shareholders Funds.

(i) RM4.2 billion nominal value unrated Sukuk with the tenure of five (5) to ten (10) years issued based on Ijarah principal was issued from 1 September 2010. The terms of the loan require certain financial covenants to be met.

The details of the Sukuk are as follow:

	Corporate rate	Maturity date	Amount RM'million
Series 1	4.60%	1 September 2015	800
Series 2	5.02%	1 September 2017	800
Series 3	5.35%	30 August 2019	800
Series 4	5.50%	1 September 2020	1,800
			4,200

16. BORROWINGS (CONTINUED)

The currency exposure profile of borrowings is as follows:

	2010						2009						
	RM RM'000	USD RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Total RM'000	RM RM'000	USD RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000
Functional currency													
Group													
RM	**4,230,514**	**1,670,280**	**-**	**-**	**-**	**5,900,794**	4,231,466	846,698	-	-	-	-	5,078,164
IDR	**-**	**731,530**	**2,729,268**	**-**	**-**	**3,460,798**	-	1,627,157	3,219,762	-	-	-	4,846,919
SLR	**-**	**463,102**	**-**	**75,667**	**-**	**538,769**	-	466,243	-	267,078	-	-	733,321
BDT	**-**	**576,616**	**-**	**-**	**46,482**	**623,098**	-	794,306	-	-	62,502	-	856,808
Others	**-**	**160,115**	**-**	**-**	**-**	**160,115**	-	134,888	-	-	-	672,738	807,626
	4,230,514	**3,601,643**	**2,729,268**	**75,667**	**46,482**	**10,683,574**	4,231,466	3,869,292	3,219,762	267,078	62,502	672,738	12,322,838
Company													
RM	**-**	**738,758**	**-**	**-**	**-**	**738,758**	4,200,000	856,000	-	-	-	-	5,056,000

16. BORROWINGS (CONTINUED)

The carrying amounts and fair value of the Group's and the Company non-current borrowings are as follows:

	Carrying Amount		Fair Value	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Group				
Overseas:				
Borrowings	**3,584,453**	4,853,785	**3,584,453**	4,853,465
Notes	**509,250**	538,679	**520,000**	538,679
Malaysia:				
Borrowings	**765,230**	4,781,000	**765,230**	4,781,000
Notes	**5,125,050**	–	**5,215,677**	–
	9,983,983	10,173,464	**10,085,360**	10,173,144

The fair values of non-current borrowings are based on cash flows discounted using a rate based on the borrowing rate which ranges from 0.40% to 9.38% (2009: 0.40% to 15.15%) and quoted market price. The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant.

	Carrying Amount		Fair Value	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Company				
Malaysia:				
Borrowings	**738,758**	4,756,000	**738,758**	4,756,000

The Group and the Company have the following undrawn borrowing facilities:

	Group	Company
	2010	2010
	RM'000	RM'000
Floating rate:		
– Expiring within one (1) year	**1,136,766**	**–**
– Expiring between one (1) and two (2) years	**1,000,000**	**1,000,000**
	2,136,766	**1,000,000**

17. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	Loans and receivables RM'000	Assets at FVTPL RM'000	AFS RM'000	Total RM'000
Group					
Financial assets as at 31 December 2010					
Derivative financial instruments	19	–	14,964	–	14,964
Available-for-sale financial assets	28	–	–	888	888
Trade and other receivables		1,012,453	–	–	1,012,453
Financial assets at fair value through profit or loss		–	10	–	10
Cash and bank balances	33	6,277,382	–	–	6,277,382
Assets directly associated with non-current assets classified as held-for-sale		28,612	–	–	28,612
Total		7,318,447	14,974	888	7,334,309

	Note	Liabilities at FVTPL RM'000	Derivatives used for hedging RM'000	Other financial liabilities RM'000	Total RM'000
Financial liabilities as at 31 December 2010					
Borrowings	16	–	–	10,683,574	10,683,574
Derivative financial instruments	19	326,240	142,965	–	469,205
Trade and other payables		–	–	2,900,954	2,900,954
Liabilities directly associated with non-current assets classified as held-for-sale		–	–	241,234	241,234
Total		326,240	142,965	13,825,762	14,294,967

17. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Note	Loans and receivables RM'000	Total RM'000
Company			
Financial assets as at 31 December 2010			
Trade and other receivables		**9,189**	**9,189**
Amount due from subsidiaries	30	**332,469**	**332,469**
Cash and bank balances	33	**3,092,255**	**3,092,255**
Total		**3,433,913**	**3,433,913**

	Note	Derivatives used for hedging RM'000	Other financial liabilities RM'000	Total RM'000
Financial liabilities as at 31 December 2010				
Borrowings	16	**–**	**738,758**	**738,758**
Derivative financial instruments	19	**66,427**	**–**	**66,427**
Trade and other payables	35	**–**	**37,193**	**37,193**
Amount due to subsidiaries	30	**–**	**1,374**	**1,374**
Total		**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	Group 2010 RM'000
Trade receivables		
Counterparties with external credit rating		
A-		**17,839**
A-1+		**2,272**
B		**6,713**
Bu		**1,421**
BB		**8,911**
NR		**18,043**
WR		**2,091**
Others		**3,151**
		60,441
Counterparties without external credit rating		
Group 1		**357,264**
Group 2		**192,974**
Group 3		**76,115**
		626,353
Total	32	**686,794**

18. CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

	Note	Group 2010 RM'000	Company 2010 RM'000
Cash and bank balances			
A-1		463,291	113,911
A-1+		354,631	1,371
A2		1,717	–
A-2		970,802	25,802
A-3		3,624,432	2,948,324
B		7,066	–
BBBpi		8,758	–
MARC1		36,061	–
NR		269,873	–
P1		60,586	2,775
P-1		1,296	–
WR		34,678	–
Others		705	–
Without external credit ratings		443,486	72
Total	33	6,277,382	3,092,255
AFS financial assets			
Without external credit rating	28	888	–
Derivative financial assets			
A		8,824	–
A+		2,357	–
Without external credit ratings		3,783	–
Total	19	14,964	–
Amounts due from subsidiaries			
Group 2	30	-	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 year. None of the loans to related parties is past due but not impaired.

19. DERIVATIVE FINANCIAL INSTRUMENTS

2010	Note	Group Asset RM'000	Group Liabilities RM'000	Company Liabilities RM'000
Current				
Non-hedging derivative financial instruments				
Put Option on the investment in an associate	(i)(a)	–	(277,678)	–
		–	(277,678)	–
Non-current				
Non-hedging derivative financial instruments				
Forward foreign currency contracts	(ii)	11,181	(25,924)	–
Interest rate swap contracts	(iii)	–	(22,638)	–
Others	(i)(b)	3,783	–	–
Derivatives designated as hedging instruments				
Cross currency interest rate swap ("CCIRS")	(iv),(v)	–	(142,965)	(66,427)
		14,964	(191,527)	(66,427)
Total		14,964	(469,205)	(66,427)

Trading derivatives are classified as 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

(i) (a) Put Option on the investment in Idea

In conjunction with the merger as disclosed in Note 5(l) to the financial statements, GAASPL granted the Group or the Company an option ("Call Option") to purchase some or all of the Spice's shares held by GAASPL at any time from the date of completion of the public offer on 24 October 2008 until the expiry of two (2) years (matures on 23 October 2010) from such date. The Group or the Company had also granted GAASPL a put option to require the Group, AIL 1 or AIL 2 (both wholly-owned subsidiaries of the Company) to purchase some or all of the Spice's shares held by GAASPL ("Put Option").

The Spice's shares have subsequently been exchanged with ordinary shares of INR10 each in Idea pursuant to the merger.

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Non-hedging derivatives financial instruments (continued)

(i) (a) Put Option on the investment in Idea (continued)

The Call Option expired unexercised on 23 October 2010 and the Group or the Company has ceased to have any rights or obligations under the Call Option.

Subsequent event after the financial position date relating to the Put Option is disclosed in Note 39 to the financial statements.

(b) Convertible warrants in Sacofa Sdn Bhd ("Sacofa")

In the previous financial year, Sacofa 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 2009 – 25 January 2019	RM1.50/share + Any adjustments

(ii) Forward foreign currency contracts

The information relating to the derivative financial instruments as at 31 December 2010 is as follows:

Counterparties	Notional amount USD million	Strike rate full amount 1 USD:IDR	Period	Premium p.a.
Standard Chartered Bank	147.7	9,000-9,725	18 September 2009 – 29 September 2015	2.25% – 5.26%
J.P.Morgan Securities (S.E.A) Ltd	45.5	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)

(iii) Interest rate swap contracts

The information relating to the derivative financial instruments as at 31 December 2010 is as follows:

Counterparty	Notional amount USD' million	Period	Exchange period	Fixed interest rate paid	Floating interest rate received
Standard Chartered Bank	241.1	11 February 2009 – 1 October 2015	Semi annually	2.323% – 2.575%	6 months' LIBOR

Derivative designated as hedging instrument

(iv) Net investment hedge, net of tax – CCIRS

The underlying debt instrument for the CCIRS is the Group's Guaranteed Notes (Note 16(g)) to the financial statements. The hedge is designed to hedge against foreign currency and interest rate risks.

The information relating to the derivatives as at 31 December 2010 is as follows:

Notional amount USD' million	Notional amount SGD' million	Period	Exchange period	Fixed interest rate paid	Fixed interest rate received	Fair value RM'000
300.0	421.3	28 October 2010 – 28 April 2020	Semi annually	4.315% – 4.350%	5.375%	76,538

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.

During the financial year, the Group recognised a loss of RM70.4 million in other comprehensive income after an unrealised foreign exchange gain of RM7.1 million on the underlying Notes was reclassified from profit or loss to other comprehensive income.

The fair value changes of the derivative are attributable to future exchange rates and interest rate movements.

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivative designated as hedging instrument (continued)

(v) 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 2010 is as follows:

Notional amount USD' million	Notional amount SGD' million	Period	Exchange period	Fixed interest rate paid	Fixed interest rate received	Fair value RM'000
250.0	800.7	6 May 2010 – 26 April 2015	Quarterly	3 months' KLIBOR + 0.64% p.a. on RM notional	3 months' LIBOR + 1.05% p.a. on USD notional	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.

During the financial year, the Group and the Company recognised a loss of RM63.0 million arising from fair value changes of a derivative of which RM36.4 million was adjusted against the unrealised foreign exchange gain of the underlying borrowing in the profit or loss of the Group and the Company. A fair value gain on fair value hedge of RM26.6 million was recognised resulting from the fair value change of the underlying borrowing.

The fair value changes of the derivate are attributable to future exchange rates and interest rate movements.

20. PROVISION FOR LIABILITIES

The provision for liabilities relates to provision for dismantling costs of existing telecommunication network and equipment.

	Group	
	2010 RM'000	2009 RM'000
At 1 January	**208,915**	120,706
Current year provision	**35,128**	83,027
Accretion of interest	**10,874**	9,541
Over accrual in previous financial year released to profit or loss	**–**	(3,572)
Currency translation differences	**(5,085)**	(149)
	249,832	209,553
Utilised during the financial year	**(399)**	(638)
At 31 December	**249,433**	208,915

21. DEFERRED TAX

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 statement of financial position:

	Note	Group 2010 RM'000	Group 2009 RM'000 Restated
Subject to income tax:			
Deferred tax assets		**(117,457)**	(63,786)
Deferred tax liabilities		**1,333,863**	1,131,115
Total deferred tax		**1,216,406**	1,067,329
At 1 January		**1,067,329**	636,075
Effect of adoption of FRS139	38(a)	**(9,040)**	-
Charge/(credit) to profit or loss:			
- PPE		**263,779**	347,566
- tax losses		**5,806**	33,572
- provision and others		**(41,869)**	23,314
		227,716	404,452
(Credit)/Charge to other comprehensive income			
- currency translation differences		**(67,494)**	26,802
Transferred to liabilities directly associated with non-current assets classified as held-for-sale	34	**(2,105)**	-
At 31 December		**1,216,406**	1,067,329

21. DEFERRED TAX (CONTINUED)

Breakdown of cumulative balances by each type of temporary difference:

	Group 2010 RM'000	Group 2009 RM'000 Restated	Group 2008 RM'000 Restated
(a) Deferred Tax Assets:			
- PPE	**96,152**	174,985	65,234
- Tax losses	**4,676**	2,034	18,075
- Provision and others	**238,002**	195,327	158,253
Offsetting	**(221,373)**	(308,560)	(236,880)
Total	**117,457**	63,786	4,682

	Group 2010 RM'000	Group 2009 RM'000 Restated	Group 2008 RM'000 Restated
(b) Deferred Tax Liabilities:			
- PPE	**1,554,270**	1,406,346	909,930
- Others	**966**	33,329	(32,293)
Offsetting	**(221,373)**	(308,560)	(236,880)
Total	**1,333,863**	1,131,115	640,757

The deductible temporary differences and unutilised tax losses of the Group and the Company for which no deferred tax asset is recognised in the statement of financial position are as follows:

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Deductible temporary differences	**45,746**	46,211	**5,500**	3,275
Unutilised tax losses	**120,736**	70,718	**23,624**	-
	166,482	116,929	**29,124**	3,275
Tax effect	**41,621**	29,232	**7,281**	819

The benefits of these tax losses and credits will only be obtained if the Company and the relevant subsidiaries derive future taxable income of a nature and amount sufficient for the benefits to be utilised.

22. INTANGIBLE ASSETS

	Note	Goodwill RM'000	Licenses RM'000	Total RM'000
Group				
Net book value				
At 1 January 2010		**8,413,556**	**149,894**	**8,563,450**
Additions		**–**	**178,095**	**178,095**
Disposals	5(III)(a)	**(978,055)**	**–**	**(978,055)**
Currency translation differences		**(72,648)**	**(5,640)**	**(78,288)**
Impairment	7(a)	**(49,015)**	**–**	**(49,015)**
Amortisation	7(a)	**–**	**(30,689)**	**(30,689)**
At 31 December 2010		**7,313,838**	**291,660**	**7,605,498**
Net book value				
At 1 January 2009		8,164,605	161,740	8,326,345
Additions		92,841	–	92,841
Currency translation differences		160,780	10,030	170,810
Impairment	7(a)	(4,670)	–	(4,670)
Amortisation	7(a)	–	(21,876)	(21,876)
At 31 December 2009		8,413,556	149,894	8,563,450
Group				
At 31 December 2010				
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**
At 31 December 2009				
Cost		8,442,038	220,151	8,662,189
Accumulated amortisation		–	(70,257)	(70,257)
Accumulated impairment losses		(28,482)	–	(28,482)
Net book value		8,413,556	149,894	8,563,450

The remaining amortisation period of acquired licences range from one (1) year to seven (7) years (2009: one (1) year to eight (8) years).

22. INTANGIBLE ASSETS (CONTINUED)

(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:

	2010 RM'000	**2009 RM'000**
Malaysia	**4,031,110**	4,031,110
Indonesia	**3,227,854**	4,272,396
Sri Lanka	**54,874**	57,891
Others	**–**	52,159
Total	**7,313,838**	8,413,556

(i) Key assumptions used in the VIU

The recoverable amount of the Malaysia CGU including goodwill in this test is determined based on VIU 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) year 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.

Cash flows beyond the third (3rd) year for the mobile business in Malaysia 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.

22. INTANGIBLE ASSETS (CONTINUED)

(a) Impairment tests for goodwill (continued)

(i) Key assumptions used in the VIU (continued)

The following assumptions have been applied in the VIU calculations:

	2010	2009	
	Malaysia %	**Malaysia %**	**XL %**
Pre-tax adjusted discount rate	**17.6**	15.2	16.4
Terminal growth rate	**-**	1.5	3.3
Revenue growth rate	**4.6 to 7.3 over 3 years**	6.0 over 3 years	9.0 to 13.6 over 5 years

Based on the above test, the Malaysia CGU's goodwill is not impaired as the recoverable amount exceeds the carrying amount 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 amount of the CGU to exceed its recoverable amount.

(ii) Key assumptions used in FVLCS

The recoverable amount of the Indonesia CGU including goodwill is determined based on FVLCS calculation for the financial year. The recoverable amount of the Sri Lanka CGU including goodwill is determined based on FVLCS calculations in the current and previous financial year.

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 31 December 2010 was used for the calculations.

Based on the above test, the Indonesia and Sri Lanka CGUs' goodwill are not impaired as the recoverable amounts exceed the carrying amounts included in the financial statements.

23. 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 2010		390,281	180,640	13,851,016	219,382	359,141	1,173,976	16,174,436
Additions		68,832	4,818	816,377	64,651	111,042	1,688,786	2,754,506
Assetisation		-	13,947	1,553,738	7,402	82,622	(1,657,709)	-
Disposals		-	(385)	(15,504)	(1,115)	(167)	-	(17,171)
Write off	7(a)	-	(58)	577	(1,547)	(2)	-	(1,030)
Depreciation	7(a)	(62,810)	(33,607)	(2,370,554)	(74,159)	(163,265)	-	(2,704,395)
Impairment	7(a)	-	-	(5,539)	(68)	(2)	(13,854)	(19,463)
Reversal of impairment	7(a)	-	-	-	-	-	14,560	14,560
Currency translation differences		(18,145)	(9,128)	(704,315)	(10,696)	(6,591)	(71,215)	(820,090)
Transferred to assets directly associated with non-current assets classified as held-for-sale	34(b)	(4,726)	-	(160,159)	(5,600)	(3,753)	(76,869)	(251,107)
At 31 December 2010		373,432	156,227	12,965,637	198,250	379,025	1,057,675	15,130,246
At 31 December 2010								
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

23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Land RM'000 Restated	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 Restated
Group								
Net book value								
At 1 January 2009		354,145	144,367	12,112,444	211,726	292,818	2,172,522	15,288,022
Additions		60,407	22,751	1,275,189	52,953	133,839	1,524,920	3,070,059
Acquisitions through business combination		–	–	–	6,331	555	–	6,886
Assetisation		–	40,940	2,381,583	24,299	77,686	(2,524,508)	–
Disposals		(9)	(911)	(120,848)	(2,095)	(5,005)	–	(128,868)
Write off	7(a)	–	(329)	(2,081)	(307)	(30)	–	(2,747)
Depreciation	7(a)	(58,564)	(27,459)	(2,490,947)	(75,826)	(151,573)	–	(2,804,369)
Impairment	7(a)	–	–	(8,495)	(54)	(5)	(80,237)	(88,791)
Reversal of impairment	7(a)	–	–	–	–	–	5,164	5,164
Currency translation differences		34,302	1,281	704,171	2,355	10,856	76,115	829,080
At 31 December 2009 (as restated)		390,281	180,640	13,851,016	219,382	359,141	1,173,976	16,174,436
At 31 December 2009								
Cost		656,133	305,158	23,307,233	536,775	1,368,220	1,294,863	27,468,382
Accumulated depreciation		(258,787)	(98,849)	(9,138,453)	(311,922)	(998,296)	–	(10,806,307)
Accumulated impairment losses		(7,065)	(25,669)	(317,764)	(5,471)	(10,783)	(120,887)	(487,639)
Net book value (as restated)		390,281	180,640	13,851,016	219,382	359,141	1,173,976	16,174,436

23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land RM'000 Restated	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 Restated
Group							
Net book value							
At 1 January 2008	346,907	123,667	9,320,947	189,610	216,983	2,283,583	12,481,697
Additions	80,493	3,641	3,068,685	53,630	164,030	2,361,037	5,731,516
Assetisation	–	39,544	2,226,719	27,817	50,396	(2,344,476)	–
Disposals	–	(56)	(56,351)	(864)	(15)	(191)	(57,477)
Write off	–	–	(4,929)	(137)	(2)	–	(5,068)
Depreciation	(45,601)	(22,999)	(2,084,926)	(60,019)	(132,902)	–	(2,346,447)
Impairment	–	–	(16,704)	(21)	–	3,887	(12,838)
Currency translation differences	(27,654)	570	(340,997)	1,710	(5,672)	(131,318)	(503,361)
At 31 December 2008 (as restated)	354,145	144,367	12,112,444	211,726	292,818	2,172,522	15,288,022
At 31 December 2008							
Cost	554,840	243,537	19,305,008	459,436	1,158,691	2,220,836	23,942,348
Accumulated depreciation	(177,345)	(73,501)	(6,882,955)	(242,291)	(855,096)	–	(8,231,188)
Accumulated impairment losses	(23,350)	(25,669)	(309,609)	(5,419)	(10,777)	(48,314)	(423,138)
Net book value (as restated)	354,145	144,367	12,112,444	211,726	292,818	2,172,522	15,288,022

23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) The net book value of plant and machineries held under hire purchase and finance lease arrangements are as follows:

	2010 RM'000	2009 RM'000
Telecommunication network equipment	**4,401**	5,587
Movable plant and equipment	**4,359**	2,019
	8,760	7,606

(b) During the financial year, the Group incurred net impairment of RM4.9 million (2009: RM83.6 million). The impairment are primarily related to the 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 RM14.5 million (2009: RM5.2 million) in relation to capital work-in-progress made on a subsidiary's long outstanding projects which are now completed.

(c) Net book value of PPE of certain subsidiaries pledged as security for borrowings (Note 16(a) and (b) to the financial statements) are as follow:

	2010 RM'000	2009 RM'000
Telecommunication network	**1,656,038**	1,761,655
Movable plant and equipment	**75,474**	66,067
Computer support systems	**3,116**	2,518
Land	**5,812**	6,013
Buildings	**17,490**	20,281
	1,757,930	1,856,534

(d) 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 charged during the financial year by the Group by RM32.5 million (2009: RM300.9 million).

(e) 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 2012-2040.

As at 31 December 2010, there are 88 locations (2009: 129 locations) with a total book value of RM13.3 million (2009: RM17.3 million) and for which HGB certificates are in the process.

23. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(f) The Group's carrying amount of land including:

	2010 RM'000	2009 RM'000	2009 RM'000
Freehold	**24,821**	31,178	25,793
Short term leasehold	**57,514**	58,165	66,630
Long term leasehold	**291,097**	300,938	261,722
	373,432	390,281	354,145

	Note	Movable plant and equipment 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 2010		**4,245**	**4,752**	**449**	**572**	**10,018**
Additions		**1,385**	**873**	**–**	**–**	**2,258**
Depreciation	7(a)	**(1,313)**	**(683)**	**(46)**	**(149)**	**(2,191)**
At 31 December 2010		**4,317**	**4,942**	**403**	**423**	**10,085**
At 31 December 2010						
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**
Net book value						
At 1 January 2009		1,294	644	159	679	2,776
Additions		3,841	4,905	377	–	9,123
Write-off	7(a)	(185)	(519)	(9)	–	(713)
Depreciation	7(a)	(705)	(278)	(78)	(107)	(1,168)
At 31 December 2009		4,245	4,752	449	572	10,018
At 31 December 2009						
Cost		6,031	5,695	598	751	13,075
Accumulated depreciation		(1,786)	(943)	(149)	(179)	(3,057)
Net book value		4,245	4,752	449	572	10,018

24. INVESTMENT PROPERTIES

	Note	Freehold land RM'000	Buildings RM'000	Total RM'000
Group				
Net book value				
At 1 January 2010		**1,787**	**240**	**2,027**
Depreciation	7(a)	**–**	**(7)**	**(7)**
At 31 December 2010		**1,787**	**233**	**2,020**
At 31 December 2010				
At cost		**1,787**	**413**	**2,200**
Accumulated depreciation		**–**	**(180)**	**(180)**
Net book value		**1,787**	**233**	**2,020**
Net book value				
At 1 January 2009		1,787	249	2,036
Depreciation	7(a)	–	(9)	(9)
At 31 December 2009		1,787	240	2,027
At 31 December 2009				
At cost		1,787	413	2,200
Accumulated depreciation		–	(173)	(173)
Net book value		1,787	240	2,027

24. INVESTMENT PROPERTIES (CONTINUED)

Details of independent professional valuations of freehold and buildings carried out by the Group is as follows:

Year of valuation	Description of property	Valuation RM'000	Basis of valuation
1988	Freehold land and building at Jalan Ampang, Kuala Lumpur	2,200	Open market basis

The land and building held at valuation has not been valued since it was first valued in 1988. The Board of Directors have not adopted a policy of regular revaluation of such assets. As permitted under the transitional provision of FRS 116 "Property, Plant and Equipments", these assets continue to be stated at their 1988 valuation less accumulated depreciation.

The fair value of the property was estimated at RM14.2 million as at 28 July 2010, based on a binding sale agreement with an external party. The sale was not completed as at 31 December 2010.

Rental income earned from the investment property is RM50,400 (2009: RM85,700). Direct operating expenses from the investment property is RM18,474 (2009 RM35,590).

25. SUBSIDIARIES

	2010			2009			2008		
	Malaysia RM'000	Overseas RM'000	Total RM'000	Malaysia RM'000 Restated	Overseas RM'000 Restated	Total RM'000 Restated	Malaysia RM'000 Restated	Overseas RM'000 Restated	Total RM'000 Restated
Unquoted shares, at cost	**5,216,460**	**182,925**	**5,399,385**	5,187,159	181,876	5,369,035	5,177,486	181,876	5,359,362
Accumulated impairment losses	**(3,996)**	**(141,869)**	**(145,865)**	-	-	-	-	-	-
	5,212,464	**41,056**	**5,253,520**	5,187,159	181,876	5,369,035	5,177,486	181,876	5,359,362
Advance to subsidiaries treated as quasi-investment	**3,075,761**	**6,355,626**	**9,431,387**	4,730,839	7,057,121	11,787,960	3,485,664	7,100,278	10,585,942
Accumulated Impairment losses	**-**	**(1,221,371)**	**(1,221,371)**	-	-	-	-	-	-
	3,075,761	**5,134,255**	**8,210,016**	4,730,839	7,057,121	11,787,960	3,485,664	7,100,278	10,585,942
Total	**8,288,225**	**5,175,311**	**13,463,536**	9,917,998	7,238,997	17,156,995	8,663,150	7,282,154	15,945,304

25. SUBSIDIARIES (CONTINUED)

The Group's and the Company's equity interests in subsidiaries, their respective principal activities and countries of incorporation are listed in Note 43 to the financial statements.

The currency exposure profile of the advances to subsidiaries treated as quasi-investment are as follows:

	Advances to subsidiaries treated as quasi-investment		
	2010 RM'000	2009 RM'000 Restated	2008 RM'000 Restated
RM	**2,909,252**	4,545,943	3,416,614
USD	**5,300,764**	7,242,017	7,169,328
	8,210,016	11,787,960	10,585,942

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.

Due to the presence of impairment indicators during the financial year arising from unprofitable subsidiaries and the impairment of an investment in an associate by certain subsidiaries in which the advances are treated as quasi-investment, the Company has undertaken an impairment assessment of the balances as follows:

Key assumptions used in the VIU

The recoverable amounts of the Company's investment in a subsidiary and advances to subsidiaries treated as quasi-investment were determined based on VIU calculations, 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 following assumptions have been applied in the VIU calculations:

	2010	
	Subsidiary	Quasi-investment
Pre-tax discount rate	20.4	13.4
Terminal growth rate	3.5	3.5

The sensitivities and key variables applied to the impairment assessment on advances treated as quasi-investment is as disclosed in Note 27 to the financial statements.

Based on the impairment tests conducted, the investments in subsidiaries and advances to subsidiaries treated as quasi-investment have been impaired by RM145.9 million and RM1,221.4 million respectively.

26. JOINTLY CONTROLLED ENTITY

	Group 2010 RM'000	Group 2009 RM'000
Share of net assets of a jointly controlled entity – quoted investment	–	1,006,277
Market value	–	1,555,153

The Group's share of the revenue and results of the jointly controlled entity is as follows:

	Group 2010 RM'000	Group 2009 RM'000
Revenue	**86,156**	483,402
Other income	**16,118**	6,725
Expenses	**(244,213)**	(549,508)
Loss before taxation	**(141,939)**	(59,381)
Taxation	–	(113)
Loss for the financial year	**(141,939)**	(59,494)

The Group's share of the assets and liabilities of the jointly controlled entity is as follows:

	Group 2010 RM'000	Group 2009 RM'000
Non-current assets	–	1,814,510
Current assets	–	129,401
Current liabilities	–	(284,963)
Non-current liabilities	–	(652,671)
	–	1,006,277

In the previous financial year, the Group's share of contingent liabilities of a jointly controlled entity amounted to RM61.9 million.

The Group's equity interest in the jointly controlled entity, the principal activity and country of incorporation is listed in Note 44 to the financial statements.

Following the completion of the merger between Spice and Idea as disclosed in Note 5(l) to the financial statements, the Group ceased to have any equity interest in the jointly controlled entity during the financial year.

27. ASSOCIATES

	2010			2009		
	Malaysia RM'000	Overseas RM'000	Total RM'000	Malaysia RM'000	Overseas RM'000	Total RM'000
Group						
Quoted investments	**–**	**8,286,355**	**8,286,355**	–	7,411,290	7,411,290
Unquoted investments	**30,919**	**22,121**	**53,040**	29,344	22,121	51,465
Share of post acquisition results and reserves	**3,843**	**77,410**	**81,253**	(457)	44,478	44,022
	34,762	**8,385,886**	**8,420,648**	28,887	7,477,889	7,506,777
Accumulated Impairment losses	**–**	**(1,085,034)**	**(1,085,034)**	–	(139,070)	(139,070)
Currency translation differences	**–**	**(637,130)**	**(637,130)**	–	(158,148)	(158,149)
Share of net assets of associates	**34,762**	**6,663,722**	**6,698,484**	28,887	7,180,671	7,209,558
Market value of quoted investments	**–**	**4,722,638**	**4,722,638**	–	3,513,504	3,513,504

	2010			2009		
	Malaysia RM'000	Overseas RM'000	Total RM'000	Malaysia RM'000	Overseas RM'000	Total RM'000
Company						
Quoted investments:						
At cost	**–**	**124,802**	**124,802**	–	323,706	323,706
Market value	**–**	**206,721**	**206,721**	–	301,050	301,050

The Group's share of revenue and profit of associates is as follows:

	2010 RM'000	2009 RM'000
Revenue	**3,045,011**	1,848,962
Profit for the financial year	**138,139**	160,783

27. ASSOCIATES (CONTINUED)

The Group's share of assets and liabilities of associates is as follows:

	2010 RM'000	2009 RM'000
Non-current assets	**4,640,624**	2,992,916
Current assets	**405,046**	1,065,989
Current liabilities	**(609,693)**	(1,136,604)
Non-current liabilities	**(1,798,089)**	(982,769)
Net assets	**2,637,888**	1,939,532
Goodwill	**5,145,630**	5,409,096
Accumulated Impairment losses	**(1,085,034)**	(139,070)
	6,698,484	7,209,558

The Group's share of contingent liabilities of associates amounted to RM547.0 million (2009: RM655.1 million).

The shareholders of Idea had at an Extraordinary General Meeting held on 25 June 2009, approved the amendments of Idea's Article of Association to incorporate "special rights" to the Group. Accordingly, the Group is deemed to be able to exercise significant influence over Idea and have thus equity accounted Idea with effect from 25 June 2009 notwithstanding the equity interest of the Group was 19.10% as at 31 December 2010 (31 December 2009: 14.99%).

The Group's and the Company's equity interests in the associates, their respective principal activities and countries of incorporation are listed in Note 45 to the financial statements.

Impairment test

During the financial year, an impairment loss amounting to RM1,085.0 million was recognised in respect of the Group's investment in India, Idea. The impairment test was undertaken following an impairment indicator arising from the shortfall between the carrying value and market value as well as intense price competition following the entry of a number of new operators into the Indian market.

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.

27. ASSOCIATES (CONTINUED)

(i) The key assumptions used in determining the VIU are:

Assumption	Basis of determination
Projection period	A ten (10) year 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. (2009: 10 years).
Pre-tax adjusted discount rate	13.4% was used in line with the market analysis (2009: 12.4%).
Terminal growth rate	Long term terminal growth rate is estimated to be 3.5% (2009: 4.0%) applied beyond the 10th year cash flows to perpetuity.
Blended Average Revenue per user (“ARPU”)	Compound Annual Growth Rate of 0.6% throughout the ten (10) years projection period.
Blended subscribers	Blended subscriber base ranged between 84.6 million in 2011 to 144.6 million in 2020.
Blended Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) margin	Ranging from 21.9% in 2011 to 32.4% in 2020.
Effective tax rate	20% from 2011 to 2019, 34% 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 of the Group’s licences. Capital expenditure forecasted excludes excess spectrum charge and limit on spectrum and license renewal fees, which are currently being deliberated and at this juncture uncertain.

27. ASSOCIATES (CONTINUED)

(ii) Sensitivity to changes in assumptions

The changes in the following table to assumptions used in the impairment review would, in isolation, lead to an (increase)/decrease to the aggregate impairment recognised during the financial year:

	Increased by		Decreased by	
	1% RM'000	3% RM'000	1% RM'000	3% RM'000
Assumptions				
Blended ARPU	45,574	136,722	(45,574)	(136,722)
Blended subscribers	46,376	139,128	(46,376)	(139,128)
EBITDA margin	75,498	226,494	(75,498)	(226,494)
Blended ARPU, subscribers and EBITDA margin	165,493	484,886	(165,493)	(484,886)

	Pre tax adjusted discount rate		
	At 12.9% RM'000	At 13.4% RM'000	At 13.9% RM'000
Terminal growth rate (%)			
At 3.0	195,645	(205,366)	(563,318)
At 3.5	435,369	–	(386,199)
At 4.0	707,056	231,036	(188,243)

Other than those disclosed above, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of Idea to exceed its recoverable amount.

28. AVAILABLE-FOR-SALE FINANCIAL ASSETS/INVESTMENTS

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Investments				
Outside Malaysia:				
Unquoted shares, at cost	–	10,684	–	–
Accumulated impairment losses	–	(9,802)	–	–
	–	882	–	–
In Malaysia:				
Unquoted shares, at cost (i)	–	30	–	–
Accumulated impairment losses	–	(30)	–	–
	–	–	–	–
Outside Malaysia:				
Convertible bond, at cost (ii)	–	179,685	–	179,685
AFS financial assets at fair value	**888**	–	–	–
	888	180,567	–	179,685

(i) The following corporations in which the Group owns more than one half (1/2) of the voting power, which, due to permanent loss of control or significant influence have been accounted as AFS financial assets/investments.

- Tripoly Communication Technology Corporation Ltd^
- TRI Telecommunication Zanzibar Limited*
- TRI Telecommunication Tanzania Limited

In view of the above, the financial statements of the respective companies have not been neither consolidated nor equity accounted for. The Board of Directors are of the view that the amounts would be insignificant to the Group.

^ Special Liquidation had commenced on 20 February 2008 pursuant to Chapter 3 of Procedures for Liquidation of Foreign-Funded Enterprise of the People's Republic of China.

* On 13 March 2006, the Company obtained an order from the High Court of Zanzibar to wind up the company pursuant to Section 218 (c) and (f) of the Zanzibar Company Decree Cap. 153.

(ii) The investment has been designated as AFS following the implementation of FRS139 on 1 January 2010. With the adoption of FRS 139, the investment in convertible bond was reclassified from investments to long term receivable as disclosed in Note 29(ii) to the financial statements.

28. AVAILABLE-FOR-SALE FINANCIAL ASSETS/INVESTMENTS (CONTINUED)

AFS financial assets/Investments are denominated in the following currencies:

	2010 RM'000	2009 RM'000
SLR	**888**	882
USD	**–**	179,685
	888	180,567

29. LONG TERM RECEIVABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Staff loans	**332**	333	**–**	–
Finance lease receivables (i)	**110,981**	129,543	**–**	–
Investments in convertible bond (ii)	**–**	–	**–**	–
	111,313	129,876	**–**	–

(i) Finance lease receivables are receivables related to the lease of fiber optic cable of a subsidiary company.

Details of the lease receivables according to the maturity schedule are as follows:

	Group	
	2010 RM'000	2009 RM'000
Within one (1) year	**21,536**	23,305
Between one (1) and five (5) years	**84,380**	91,354
More than five (5) years	**115,470**	149,122
	221,386	263,781
Unearned finance lease income	**(104,772)**	(128,679)
Finance lease receivables	**116,614**	135,102
Classified as:		
Current (Note 32)	**5,633**	5,559
Non-current	**110,981**	129,543
Finance lease receivables	**116,614**	135,102

29. LONG TERM RECEIVABLES (CONTINUED)

(ii) With the adoption of FRS 139, the investment in convertible bond is reclassified from investment to long term receivable, as disclosed in Note 28 to the financial statements.

The bond is an investment in a twelve (12) years, 3% convertible bond of RM179.7 million (USD55.0 million), together with interest is repayable after twelve (12) years, beginning 12 August 2008.

The movement of investment in convertible bond is as follows:

	Group and Company 2010 RM'000
At 1 January (as previously reported)	**–**
Effect of adoption of FRS 139 (Note 38(a))	**69,376**
At 1 January (as restated)	**69,376**
Foreign exchange losses	**(3,292)**
Impairment loss (Note 7(a))	**(66,084)**
	–

During the financial year, the Group and the Company has fully impaired the investment in convertible bond following the reassessment of its recoverability post merger of Spice with Idea, as disclosed in Note 5(l) to the financial statements.

30. AMOUNTS DUE FROM/(TO) SUBSIDIARIES AND RELATED COMPANIES

Current portion

The currency exposure profile of the current portion of amounts due from subsidiaries and related companies is as follows:

	Amounts due from subsidiaries		Amounts due from related companies	
	2010 RM'000	**2009 RM'000 Restated**	**2010 RM'000**	**2009 RM'000**
Non-interest bearing				
RM	**67,875**	40,289	**–**	–
USD	**44,345**	37,743	**–**	201
Singapore Dollar ("SGD")	**39,046**	609,806	**–**	–
Others	**–**	–	**–**	1,199
	151,266	687,838	**–**	1,400

30. AMOUNTS DUE FROM/(TO) SUBSIDIARIES AND RELATED COMPANIES (CONTINUED)

Current portion (continued)

Amounts due from subsidiaries and related companies are unsecured and have no fixed terms of repayment. The related companies of the Company are its associates and its indirectly held jointly controlled entity.

The currency exposure profile of the current portion of amounts due to subsidiaries is as follows:

	2010 RM'000	2009 RM'000
RM	**1,205**	190,620
USD	**169**	–
	1,374	190,620

The amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

Non-current portion

The currency exposure profile of the non-current portion of amounts due from subsidiaries is as follows:

	2010 RM'000	2009 RM'000 Restated	2008 RM'000 Restated
Interest bearing			
USD[1]	**42,370**	47,049	48,279
SGD	**138,833**	–	–
	181,203	47,049	48,279

[1] – Effective interest rate of 3.97% as at 31 December 2010 (2009: 3.93% and 2008: 6.11%).

The balances include accumulated impairment losses of RM6.6 million provided during the financial year.

31. INVENTORIES

	Group	
	2010 RM'000	2009 RM'000
Telecommunication equipment	**3,826**	3,880
Spares and others *	**81,230**	31,464
Inventory net of allowances	**85,056**	35,344

* Included in spares and others are trading inventories mainly comprise of SIM cards, handsets and other consumables.

32. TRADE AND OTHER RECEIVABLES

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Trade receivables		**1,039,397**	994,594	**-**	-
Accumulated impairment losses		**(352,603)**	(377,014)	**-**	-
		686,794	617,580	**-**	-
Other receivables:					
Deposits		**107,636**	106,380	**-**	-
Impairment of deposits		**(23,002)**	(21,313)	**-**	-
		84,634	85,067	**-**	-
Prepayments		**568,034**	528,303	**3,256**	3,137
Staff loans		**538**	665	**43**	1,158
Finance lease receivables	29(i)	**5,633**	5,559	**-**	-
Other receivables from associates and jointly controlled entity		**314**	2,444	**-**	-
Others receivables		**360,655**	350,929	**9,146**	7,381
Accumulated impairment losses		**(2,830)**	(31,389)	**-**	-
		357,825	319,540	**9,146**	7,381
Total other receivables after impairment losses		**1,016,978**	941,578	**12,445**	11,676
Total trade and other receivables after impairment losses		**1,703,772**	1,559,158	**12,445**	11,676

32. TRADE AND OTHER RECEIVABLES (CONTINUED)

The currency exposure profile of trade and other receivables after impairment is as follows:

	2010								2009							
	RM RM'000	USD RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Special Drawing Rights RM'000	Others RM'000	Total RM'000	RM RM'000	USD RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Special Drawing Rights RM'000	Others RM'000	Total RM'000
Functional currency																
Group																
RM	**508,237**	**-**	**-**	**-**	**-**	**18,250**	**-**	**526,487**	492,446	1,776	-	-	-	33,501	-	527,723
IDR	**-**	**53,569**	**586,441**	**-**	**-**	**-**	**30**	**640,040**	-	47,309	466,418	-	-	-	-	513,727
SLR	**-**	**103,429**	**-**	**127,596**	**-**	**-**	**-**	**231,025**	-	73,613	-	134,731	-	-	-	208,344
BDT	**-**	**-**	**-**	**-**	**273,244**	**-**	**-**	**273,244**	-	-	-	-	241,627	-	-	241,627
Others	**-**	**32,955**	**-**	**-**	**-**	**-**	**21**	**32,976**	-	54,709	-	-	-	-	13,028	67,737
	508,237	**189,953**	**586,441**	**127,596**	**273,244**	**18,250**	**51**	**1,703,772**	492,446	177,407	466,418	134,731	241,627	33,501	13,028	1,559,158
Company																
RM	**12,445**	**-**	**-**	**-**	**-**	**-**	**-**	**12,445**	11,676	-	-	-	-	-	-	11,676

32. TRADE AND OTHER RECEIVABLES (CONTINUED)

The movement of accumulated impairment losses of trade receivables are as follows:

	Note	Group 2010 RM'000
At 1 January		(377,014)
Impairment (net of bad debt recovered)	7(b)	(115,407)
Written off		128,794
Currency translation differences		8,584
Transferred to assets directly associated with non-current assets classified as held-for-sale		2,440
At 31 December		(352,603)

The movement of impairment losses of other receivables are as follows:

	Note	Group 2010 RM'000
At 1 January		(52,702)
Impairment (net of bad debt recovered)	7(b)	(984)
Written off		27,854
At 31 December		(25,832)

The carrying amounts of trade and other receivables are approximate their fair value.

Trade receivables which are due as at date of statement of financial position are as follows:

			Past due and not specifically impaired				
	Not past due RM'000	Trade receivables specifically impaired net of provision 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
2010	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 statement of financial position date to be adequate to cover the potential financial loss.

Credit terms of trade receivables for the Group range from 7 to 90 days (2009: 7 to 90 days).

Other receivables from related parties are unsecured and interest free with no fixed terms of repayment.

33. CASH AND BANK BALANCES

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Deposits with:				
– Licensed banks	**5,408,813**	1,464,816	**3,081,028**	388,215
– Other financial institutions	**115,821**	11,473	**–**	–
Deposits under Islamic principles	**206,560**	299,122	**–**	–
Total deposits	**5,731,194**	1,775,411	**3,081,028**	388,215
Cash and bank balances	**546,188**	230,761	**11,227**	20,285
Total cash and bank balances	**6,277,382**	2,006,172	**3,092,255**	408,500
Less:				
Deposits pledged	**(13,037)**	(15,335)	**–**	–
Bank reserve account (Note 16(f))	**(7)**	(1,841)	**–**	–
Bank overdraft (Note 16)	**(6,192)**	(8,767)	**–**	–
Total cash and cash equivalents at end of the financial year	**6,258,146**	1,980,229	**3,092,255**	408,500

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 are as follows:

(In days)	From	Group To	Company To
Financial year ended 31 December 2010	Overnight	360	30
Financial year ended 31 December 2009	Overnight	360	30

33. CASH AND BANK BALANCES (CONTINUED)

The currency exposure profile of cash and bank balances is as follows:

	2010							2009						
	RM RM'000	USD RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000	RM RM'000	USD RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000
Functional currencies														
Group														
RM	**5,005,016**	**642,246**	**315**	**3,098**	**-**	**-**	**5,650,675**	826,235	333,205	-	-	-	-	1,159,440
IDR	**-**	**53,912**	**75,509**	**-**	**-**	**-**	**129,421**	-	167,428	107,349	-	-	-	274,777
SLR	**-**	**4,643**	**-**	**125,933**	**-**	**-**	**130,576**	-	96,679	-	46,726	-	-	143,405
BDT	**-**	**3,489**	**-**	**-**	**58,131**	**-**	**61,620**	-	3,944	-	-	149,283	-	153,227
Others	**-**	**16,717**	**-**	**-**	**-**	**288,373**	**305,090**	-	14,785	-	-	-	260,538	275,323
	5,005,016	**721,007**	**75,824**	**129,031**	**58,131**	**288,373**	**6,277,382**	826,235	616,041	107,349	46,726	149,283	260,538	2,006,172
Company														
RM	**2,978,166**	**114,089**	**-**	**-**	**-**	**-**	**3,092,255**	397,879	10,621	-	-	-	-	408,500

34. NON-CURRENT ASSETS/LIABILITIES CLASSIFIED AS HELD-FOR-SALE

The assets and liabilities related to a subsidiary of the Group, Multinet Pakistan ('Private') Limited ('Multinet') have 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 transaction is expected to be completed by 30 June 2011. No loss has been recognised in the profit of loss during the financial year as a result of the re-measurement to FVLCS. Multinet is presented under the 'others' segment as disclosed in Note 41 to the financial statements.

a) Cashflows associated with assets/liabilities held-for-sale

	Group 2010 RM'000
Operating cash flows	**15,620**
Investing cash flows	**(14,115)**
Financing cash flows	**(5,397)**
Effect of exchange losses	**(583)**
Total cash flows	**(4,475)**

b) Assets directly associated with non-current assets classified as held-for-sale

	Group 2010 RM'000
PPE (Note 23)	**251,107**
Other current assets	**34,667**
Total assets directly associated with non-current assets classified as held-for-sale	**285,774**

c) Liabilities directly associated with non-current assets classified as held-for-sale

	Group 2010 RM'000
Borrowings	**(80,955)**
Deferred tax liabilities (Note 21)	**(2,105)**
Other current liabilities	**(161,593)**
Total liabilities directly associated with non-current assets classified as held-for-sale	**(244,653)**

d) Cumulative expenses recognised in other comprehensive income relating to non-current assets classified as held-for-sale amounted to RM21.7 million.

35. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Trade payables	**485,083**	534,903	**–**	–
Accrued expenses	**1,272,048**	1,687,280	**2,186**	14,270
Deferred revenue	**659,549**	618,601	**–**	–
Finance cost payable	**–**	51,988	**–**	21,787
Customer deposits	**93,551**	105,437	**–**	–
Business licence payable	**228,392**	101,595	**–**	–
Payroll liabilities	**215,884**	199,083	**18,864**	16,492
Other accruals	**206,687**	244,208	**–**	–
Other payables	**1,406,296**	719,972	**16,143**	31,198
Total trade and other payables	**4,567,490**	4,263,067	**37,193**	83,747

35. TRADE AND OTHER PAYABLES (CONTINUED)

The currency exposure profile of trade and other payables is as follows:

	2010								2009							
	RM RM'000	USD RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Special Drawing Rights RM'000	Others RM'000	Total RM'000	RM RM'000	USD RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Special Drawing Rights RM'000	Others RM'000	Total RM'000
Functional currencies																
Group																
RM	**2,291,427**	**26,983**	**-**	**-**	**-**	**80,932**	**-**	**2,399,342**	1,820,848	13,338	-	-	-	99,907	-	1,934,093
IDR	**-**	**356,686**	**819,010**	**-**	**-**	**1,205**	**998**	**1,177,899**	-	540,303	719,363	-	-	233	250	1,260,149
SLR	**-**	**50,760**	**-**	**364,319**	**-**	**-**	**-**	**415,079**	-	81,921	-	380,871	-	-	-	462,792
BDT	**-**	**-**	**-**	**-**	**545,819**	**-**	**-**	**545,819**	-	-	-	-	428,435	-	-	428,435
Others	**-**	**29,285**	**-**	**-**	**-**	**-**	**66**	**29,351**	-	66,431	-	-	-	-	111,167	177,598
	2,291,427	**463,714**	**819,010**	**364,319**	**545,819**	**82,137**	**1,064**	**4,567,490**	1,820,848	701,993	719,363	380,871	428,435	100,140	111,417	4,263,067
Company																
RM	**37,193**	**-**	**-**	**-**	**-**	**-**	**-**	**37,193**	83,747	-	-	-	-	-	-	83,747

Credit terms of trade and other payables for the Group and the Company vary from 30 to 90 days (2009: 30 to 90 days) depending on the terms of the contracts respectively.

36. CASH FLOWS FROM/(USED IN) OPERATING, INVESTING AND FINANCING ACTIVITIES

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000 Restated
Receipts from customers		**15,286,614**	12,512,613	**–**	–
Payments to suppliers and employees		**(7,901,784)**	(6,595,812)	**(144,016)**	(125,889)
Dividends received		**–**	–	**5,190,221**	3,400,340
Dividends from associates		**–**	–	**4,757**	3,669
Payment of finance cost		**(668,503)**	(799,061)	**(146,104)**	(335,406)
Payment of income taxes (net of refunds)		**(793,075)**	(481,425)	**(4,660)**	(6,108)
Other receipts		**–**	–	**–**	85,294
Total cash flows from operating activities		**5,923,252**	4,636,315	**4,900,198**	3,021,900
Proceeds from disposal of PPE		**18,793**	10,971	**–**	–
Purchase of PPE		**(2,964,295)**	(3,289,755)	**(2,258)**	(9,123)
Purchase of AFS Financial Asset		**(361)**	–	**–**	–
Net proceed from partial disposal of a subsidiary	5(III)(a)	**1,942,571**	–	**–**	–
Proceed from disposal of an associate	5(III)(b)	**109,908**	–	**109,908**	–
Business combination		**–**	2,421	**–**	–
Additional investment in an associate	5(II),(IV)(a)	**(1,575)**	(3,675)	**–**	–
Interest received		**153,276**	109,967	**37,808**	58,334
Net repayment from employees		**127**	86	**–**	–
Advances from/(to) subsidiaries treated as quasi-investment		**–**	–	**1,416,778**	(1,271,059)
Repayment of advances from subsidiaries		**–**	–	**422,042**	–
Total cash flows (used in)/from investing activities		**(741,556)**	(3,169,985)	**1,984,278**	(1,221,848)
Proceeds from bonds and Sukuk issuance		**5,155,650**	–	**–**	–
Proceeds from rights issue		**–**	5,254,763	**–**	5,254,763
Proceeds from rights issue of a subsidiary		**–**	90,259	**–**	–
Proceeds from borrowings		**1,646,845**	6,180,588	**–**	4,107,145
Repayments of borrowings		**(7,746,877)**	(10,235,199)	**(4,200,000)**	(6,612,045)
Dividends paid to non-controlling interest		**(280)**	(200)	**–**	–
Repayment to former holding company		**–**	(4,063,613)	**–**	(4,063,613)
Rights issue expenses		**–**	(85,000)	**–**	(85,000)
Dividends received from associates		**89,445**	90,106	**–**	–
Total cash flows used in financing activities		**(855,217)**	(2,768,296)	**(4,200,000)**	(1,398,750)

37. CONTINGENCIES AND COMMITMENTS

(a) Capital commitments

	Group	
	2010	**2009**
	RM'000	**RM'000**
PPE		
Commitments in respect of expenditure approved and contracted for	**1,452,194**	843,073
Commitments in respect of expenditure approved but not contracted for	**515,087**	800,184
	1,967,281	1,643,257

(b) Operating lease commitments

(i) In 1999, XL entered into an office rental agreement denominated in Rupiah with PT Caraka Citra Sekar Lestari (third party) for a term of ten (10) years. On 23 March 2007, XL amended the office rental agreement until 31 October 2020, with a total commitment as follows:

	31 December 2010	
	IDR' million	**RM'000 equivalent***
Payable within one (1) year	**18,850**	6,409
Payable more than one (1) year and no later than five (5) years	**103,118**	35,060
Payable more than five (5) years	**69,854**	23,750
Total	**191,822**	65,219

* based on closing rate

(ii) The rental expenses related to XL's commitment for the financial year ended 31 December 2010 and 2009 amounted to RM4.4 million (IDR12,382.0 million) and RM3.8 million (IDR11,088.0 million) respectively.

On 6 September 2007, XL entered into an office rental agreement denominated in Rupiah with PT Wiratara Prima (third party) for a term of six (6) years, with a total commitment as follows:

Year 1 – 3 = IDR 143,000 million per square meter, per month
Year 4 – 6 = IDR 161,500 million per square meter, per month

Rental expenses related to this commitment for the financial year ended 31 December 2010 and 31 December 2009 are RM3.4 million (IDR9,639.0 million) and RM3.4 million (IDR10,049.0 million) respectively.

(iii) XL has committed to pay annual fees within ten (10) years, as long as XL holds the 3G licence. 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 licence.

37. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(c) List of contingent liabilities as at 31 December of the Group are as follows:

	Description	Potential exposure/claims 2010 RM million	2009 RM million
1	**Blanket Counter Indemnity** Blanket counter indemnity in favour of a financial institution in Labuan for USD33.0 million and USD46.0 million SBLC facilities to counter guarantee financial institutions in Karachi for Bank Guarantee issuance and Medium Term Loan Facility respectively on behalf of Multinet. As at 31 December 2010, the possibility of an outflow of resources embodying economic benefits is remote.	**-**	233.7
2	**VIP Engineering and Marketing Limited ('VIPEM') vs Technology Resources Industries Berhad ("TRI") 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 TRI as its share of loss of profits for the mismanagement of Tritel, a joint venture company between TRI and VIPEM. In light of the winding-up order made against Tritel, TRI 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 on the allegations of mismanagement, they 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
3	**Rego Multi-Trades Sdn. Bhd. ("Rego") vs Aras Capital Sdn Bhd ("Aras Capital") & Tan Sri Dato' Tajudin Ramli ("TSDTR")** In 2005, Rego, a wholly-owned subsidiary of Celcom, commenced proceedings against Aras Capital and TSDTR for amounts due to Rego pursuant to an investment agreement with Aras Capital and an indemnity letter given by TSDTR. TSDTR filed its defence and instituted a counterclaim against Rego, TRI 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

37. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(c) List of contingent liabilities as at 31 December of the Group are as follows: (continued)

	Description	Potential exposure/claims 2010 RM million	2009 RM million
4	**MCAT Gen Sdn Bhd ("MCAT") vs Celcom**	**–**	2,775.1
	In November 2005, MCAT commenced two (2) proceedings against Celcom, in particular, for (i) libel based on certain alleged press releases made by Celcom which appeared in the New Straits Times, Utusan Malaysia, Harian Metro and Berita Harian ("Local Newspapers") and (ii) breach of contract on an alleged Resellers Agreement between Celcom and MCAT. Subsequently in December 2005, MCAT's directors filed a claim against Celcom for libel based on certain alleged press releases which appeared in the Local Newspapers. Celcom and MCAT have since resolved these disputes amicably and the relevant notices of discontinuance have been filed with an order as to costs and without liberty to file afresh. The claims against Celcom no longer exists.		
5	**TSDTR vs Celcom**	**13,461.4**	13,461.4
	In June 2006, Celcom and TRI were served with a Defense and Counterclaim by TSDTR in connection with proceedings initiated against him by Pengurusan Danaharta Nasional Berhad and two others. Celcom, TRI and the other twenty two (22) defendants were joined in these proceedings via counterclaim. Subsequently in July 2006, TSDTR filed and served an Amended Defence and Amended Counterclaim on Celcom/TRI's solicitors. The Board of Directors, based on legal advice received, are of the view that the crystallisation of liability from the above is remote.		
6	**Dato' Saizo Abdul Ghani vs Celcom**	**–**	30.0
	In July 2006, Celcom was served with a Writ of Summons and Statement of Claim by the Plaintiff, Dato Saizo Abdul Ghani (trading under the name and style of Airtime Telecommunication). The claim against Celcom and Kamsani bin Haji Ahmad ("Kamsani"), a former employee of Celcom for general damages, exemplary and aggravated damages in connection with a breach of contract and alleged libel. Celcom's striking out application was dismissed by the Registrar and was subsequently over-ruled by Judge in Chambers. The plaintiff appealed to the Court of Appeal, which was later dismissed with costs.		

37. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(c) List of contingent liabilities as at 31 December of the Group are as follows: (continued)

	Description	Potential exposure/claims 2010 RM million	2009 RM million
7	**Asmawi bin Muktar vs Celcom**	-	19.0
	In July 2006, Celcom was served with a Writ of Summons and Statement of Claim by the Plaintiff, Asmawi bin Muktar (trading under the name and style of GM Telecommunication & Trading). The claim against Celcom and Kamsani is for general, exemplary and aggravated damages in connection with a breach of contract and alleged libel.		
	Celcom's striking out application was dismissed by both the Registrar and the Judge in Chambers. Celcom appealed to the Court of Appeal and the appeal was allowed with costs.		
8	**Mohd Shuaib Ishak ("MSI") vs Celcom and 13 others**	-	2.1
	In November 2007, MSI filed a legal suit against Celcom disputing the legality of the acquisition by Celcom of the shares in TM Cellular Sdn. Bhd. (now known as Celcom Mobile Sdn Bhd) ("Celcom Mobile") in 2002 and the acquisition by TESB and TM of the shares in Celcom in 2003.		
	The Board of Directors are of the view that the claims made by MSI are not sustainable and based on the legal advice received, the crystalisation of liability is highly remote.		
9	**MSI vs Celcom**	-	5,259.5
	In February 2008, MSI commenced proceedings to bring a derivative action in Celcom's name under Section 181A of the Companies Act ("Proposed Action").		
	At first instance, the Court allowed the Proposed Action. Celcom's appeal to the Court of Appeal and the same was allowed. Subsequently, MSI filed an application for leave to appeal to the Federal Court which was dismissed. This concluded the proceedings as there is no longer any avenue for appeal by MSI.		

37. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(c) List of contingent liabilities as at 31 December of the Group are as follows: (continued)

	Description	Potential exposure/claims 2010 RM million	2009 RM million
10	**Value Added Tax ("VAT") assessment for Dialog** Dialog has been issued with VAT assessments of RM25.8 million (SLR862.4 million) and penalties of RM10.6 million (SLR353.8 million) in respect of financial year 2006 (year of assessment 2006/07). Dialog was not in agreement with the assessments and has appealed against the said assessments under Section 34 of the Value Added Tax Act. Final VAT assessments have been determined by the Commissioner General on 28 February 2011 with VAT liability of RM3.7 million (SLR131.5 million). Provision has been made in full in the financial statement as at 31 December 2010.	**-**	36.4
11	**Enquiry by Sri Lanka Customs on Dialog subsidiary's shipments** In August 2008, the Sri Lanka Customs detained a shipment of CDMA Customer Premises Equipment, belonging to one of Dialog's subsidiary companies, and commenced an investigation into the eligibility of these items falling under the duty exemptions granted under the terms and conditions of the Agreement which the subsidiary entered with the Board of Investment of Sri Lanka. The shipment was subsequently cleared with the submission of bank guarantees and thereafter paying duty 'under protest'. The Board of Directors have sought the opinion of external legal counsel who are of the view that no material liability would result from the enquiry. The Board of Directors therefore are of the view that the assessments made are unlikely to result in significant liabilities.	**-**	4.8
12	**VAT assessment on Robi Axiata Limited ("Robi") SIM card sales** 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 claw back is required, the VAT on sales of SIM cards between August 2006 and March 2007, amounts to RM78.6 million (BDT1.8 billion). Based on the legal opinion received, the Board of Directors are of view that Robi has no further obligation.	**78.6**	89.5

37. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(c) List of contingent liabilities as at 31 December of the Group are as follows: (continued)

	Description	Potential exposure/claims 2010 RM million	2009 RM million
13	**Robi's tax position**	**56.8**	–
	Robi has accounted for SIM tax subsidy as a deductible expense in its tax provision computations for FY 2005 – 2009. 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.		
	Total exposure/claims	**13,760.5**	22,075.2

The Company does not have any contingent liabilities as at 31 December 2010 and 2009.

38. CHANGES IN ACCOUNTING POLICIES AND RECLASSIFICATIONS

(a) FRS 139 – Financial Instruments: Recognition and Measurement

The Group and the Company have applied the new policies in relation to financial instruments in accordance with the transitional provisions in FRS 139 by recognising and re-measuring all the financial assets and financial liabilities as at 1 January 2010 as appropriate. The related adjustments to the previous carrying amounts are made to the opening retained earnings as appropriate, comparatives are not restated.

38. CHANGES IN ACCOUNTING POLICIES AND RECLASSIFICATIONS (CONTINUED)

(a) FRS 139 – Financial Instruments: Recognition and Measurement (continued)

The impact of the adoption of FRS 139 to the opening balances of the Group and the Company is set out as below:

	Note	At 1 January 2010 As previously reported RM'000	FRS 139 RM'000	As restated RM'000
Statement of changes in equity				
Group				
Retained earnings		7,916,133	(458,750)	7,457,383
Non-controlling interest		696,363	(3,664)	692,699
Company				
Retained earnings		3,046,623	(110,309)	2,936,314
Statement of financial position				
Group				
Derivative financial instruments				
– Non-current liabilities		–	(23,212)	(23,212)
– Non-current assets		–	44,195	44,195
– Current assets		–	6,498	6,498
– Current liabilities		–	(388,630)	(388,630)
Deferred tax assets	21,38(e)	63,786	9,040	72,826
Available-for-sale financial assets/Investments	28	180,567	(179,685)	882
Long term receivables		129,876	69,380	199,256
Company				
Available-for-sale financial assets/Investments	28	179,685	(179,685)	–
Long term receivables		–	69,376	69,376

38. CHANGES IN ACCOUNTING POLICIES AND RECLASSIFICATIONS (CONTINUED)

(a) FRS 139 – Financial Instruments: Recognition and Measurement (continued)

The impact of the adoption of FRS 139 to the financial results and financial position of the Group and the Company for the financial year ended 31 December 2010 is set out as below:

	Note	As at 31 December 2010 RM'000
Statement of financial position		
Group		
Derivative financial instruments	19	
– Non-current liabilities		**(191,527)**
– Non-current assets		**14,964**
– Current liabilities		**(277,678)**
Company		
Derivative financial instruments	19	
– Non-current liabilities		**(66,427)**

The Group recognised a deferred tax asset of RM9.4 million as at 31 December 2010 on the derivative financial instruments.

		2010 RM'000
Statement of comprehensive income for the financial year ended 31 December		
Group		
Other gains – net	8	**28,402**
Foreign exchange loss on financing activities	10	**(36,375)**
Other comprehensive expense		
– net investment hedge, net of tax		**(70,423)**
Company		
Foreign exchange loss on financing activities	10	**(36,375)**

38. CHANGES IN ACCOUNTING POLICIES AND RECLASSIFICATIONS (CONTINUED)

During the financial year, the Group had also made certain reclassifications to comparatives to conform with current year presentation. The change in presentation results in the financial statements providing more relevant information about the effects of the transactions on the Group's financial performance and position.

(b) Improvement to FRS 117 – Leases

Leasehold land is classified as a finance lease if the Group has substantially all the risks and rewards incidental to ownership. Previously, leasehold land was classified as an operating lease unless title is expected to pass to the lessee at the end of the lease term. Following the amendment to FRS 117, the classification of leasehold land has been changed from operating to finance lease and from prepaid lease. The effect of the change is adjusted for retrospectively as disclosed in Note 38(e) to the financial statements.

(c) Revenue

Income from rental of towers of the Group is now classified as part of operating revenue as the Group considers the business of leased towers and leased lines as arising in the course of the ordinary activities of the Group. Comparative information has been restated as disclosed in Note 38(e) to the financial statements.

(d) Deferred taxes

Deferred taxes in respect of a subsidiary were previously recognised as deferred tax assets. This has been reclassified to off-set against deferred tax liabilities as they relate to the same entity. Comparative information is restated accordingly, as disclosed in Note 38(e) to the financial statements.

38. CHANGES IN ACCOUNTING POLICIES AND RECLASSIFICATIONS (CONTINUED)

(e) The results and impact of the changes described in Note 38(b) to (d) to the financial statements of the Group are as follows:

	2010	2009					2008			
			Change in accounting policy	Reclassifications				Change in accounting policy	Reclassification	
	RM'000	As previously reported RM'000	Improvement to FRS 117 RM'000	Deferred taxes RM'000	Revenue RM'000	As restated RM'000	As previously reported RM'000	Improvement to FRS 117 RM'000	Deferred taxes RM'000	As restated RM'000
Group										
Statement of financial position as at 31 December										
Deferred tax liabilities	**1,333,863**	1,247,758	-	(116,643)	-	1,131,115	777,263	-	(136,506)	640,757
Property, plant and equipment	**15,130,246**	15,815,333	359,103	-	-	16,174,436	14,959,670	328,352	-	15,288,022
Prepaid lease payments	**-**	359,103	(359,103)	-	-	-	328,352	(328,352)	-	-
Deferred tax assets	**117,457**	180,429	-	(116,643)	-	63,786	141,188	-	(136,506)	4,682

	2010 RM'000	As previously reported RM'000	Improvement to FRS 117 RM'000	Deferred taxes RM'000	Revenue RM'000	As restated RM'000
Statement of comprehensive income for the financial year ended 31 December						
Operating revenue	**15,620,674**	13,105,054	-	-	207,133	13,312,187
Depreciation, impairment and amortisation	**(3,941,912)**	(2,860,346)	(58,564)	-	-	(2,918,910)
Other operating costs	**(4,548,813)**	(4,255,492)	58,564	-	(2,623)	(4,199,551)
Other operating income	**434,941**	467,617	-	-	(204,510)	263,107

38. CHANGES IN ACCOUNTING POLICIES AND RECLASSIFICATIONS (CONTINUED)

(f) Non-current amounts due from subsidiaries have been reclassified to better reflect the substance of the transaction between the Company and its subsidiaries as the advances are treated as quasi investment.

	2010	2009			2008		
			Reclassi-fication			Reclassi-fication	
	RM'000	As previously reported RM'000	Amount due from subsidiaries RM'000	As restated RM'000	As previously reported RM'000	Amount due from subsidiaries RM'000	As restated RM'000
Statement of financial position as at 31 December							
Subsidiaries	**13,463,536**	5,369,035	11,787,960	17,156,995	5,359,362	10,585,942	15,945,304
Amounts due from subsidiaries	**181,203**	11,835,009	(11,787,960)	47,049	10,634,221	(10,585,942)	48,279

In addition, the Group and the Company also adopted the new accounting standards that introduced new presentation and disclosures requirements as follow:

(g) FRS 101 (revised) – Presentation of Financial Statements

Revised FRS 101 prohibits the presentation of items of income and expenses (that is "non-owner changes equity") in the statement of changes in equity, requiring "non owner changes equity" to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in the statement of comprehensive income which can be shown as a single statement or two statements (comprising the income statements and statement of comprehensive income). The Group and the Company have elected to present the statement of comprehensive income in a single statement. Comparative have been restated to conform to current financial year presentation.

	2010	2009		
	RM'000	As previously reported RM'000	FRS 101 (revised) RM'000	As restated RM'000
Group				
Statement of comprehensive income for the financial year ended				
Profit for the financial year	**2,116,580**	1,755,908	–	1,755,908
Other comprehensive income:				
– net investment hedge, net of tax	**(70,423)**	–	–	–
– currency translation differences	**(845,256)**	–	156,027	156,027
Total comprehensive income for the financial year	**1,200,901**	1,755,908	156,027	1,911,935

FRS 101 (revised) did not have significant impact to the Company.

38. CHANGES IN ACCOUNTING POLICIES AND RECLASSIFICATIONS (CONTINUED)

(h) FRS 7 – Financial Instruments: Disclosures

FRS 7 introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Group's and the Company's financial instruments. FRS 7 does not require comparative disclosures when the standard is first applied.

(i) FRS 8 – Operating segments

The Group has adopted FRS 8 "Operating segments" from 1 January 2010. FRS 8 replaces FRS 114 "Segment reporting" and is applied retrospectively. The adoption of FRS 8 has no significant impact in terms of reportable segments presented. Comparative information has been restated as disclosed in Note 41 to the financial statements.

39. SUBSEQUENT EVENT

On 14 February 2011, the Company, AIL1 and Axiata AIL2 novated all their rights and obligations under the 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).

40. SIGNIFICANT NON-CASH TRANSACTIONS

Significant non-cash transactions are as follows:

		Group		Company	
	Note	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
(a) Share swap arising from the merger	5(l)	**744,825**	–	**–**	–
(b) Asset swap arrangement		**–**	118,810	**–**	–

41. 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 43 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 charged 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.

FRS 8 has been amended so that a measure of segment assets is only required to be disclosed if the measure is regularly provided to the chief operating decision-maker. The amendment is effective for periods beginning on or after 1 January 2010 whereby no segment assets are disclosed.

41. SEGMENTAL REPORTING (CONTINUED)

	Malaysia RM'000	Indonesia RM'000	Bangladesh RM'000	Sri Lanka RM'000	Others RM'000	Consolidation Adjustments RM'000	Total RM'000
Financial year ended 31 December 2010							
Operating revenue							
Total operating revenue	6,797,553	6,197,817	1,207,438	1,181,090	286,120	-	15,670,018
Inter-segment *	(4,815)	-	-	-	-	(44,529)	(49,344)
External operating revenue	6,792,738	6,197,817	1,207,438	1,181,090	286,120	(44,529)	15,620,674
Results:							
EBITDA	2,984,419	3,347,585	384,632	425,015	(103,442)	15,728	7,053,937
Interest income	40,529	22,140	9,995	2,857	109,246	(31,157)	153,610
Interest expense	(74,409)	(366,774)	(18,183)	(27,021)	(217,985)	33,264	(671,108)
Depreciation of:							
- PPE	(743,555)	(1,507,666)	(213,377)	(277,913)	(60,093)	98,209	(2,704,395)
- Investment properties	(7)	-	-	-	-	-	(7)
Amortisation of intangible assets	(4,044)	(17,927)	(4,123)	(4,595)	-	-	(30,689)
Share of results of jointly controlled entity (net of tax)	-	-	-	-	(141,939)	-	(141,939)
Gain on merger exercise	-	-	-	-	-	173,199	173,199
Share of results of associates (net of tax)	4,300	-	-	-	133,839	-	138,139
Loss on dilution of equity interests	-	-	-	-	-	(5,719)	(5,719)
Impairment of:							
- PPE, net of reversal	4,485	(17,362)	(475)	8,449	-	-	(4,903)
- an associate	-	-	-	-	(1,085,034)	-	(1,085,034)
- long term receivable	-	-	-	-	(66,084)	-	(66,084)
- goodwill	-	-	-	-	-	(49,015)	(49,015)
Other non cash income/(expense)	67,777	(44,030)	(19,166)	22,877	418,288	-	445,746
Taxation	(554,519)	(392,330)	(90,130)	(13,986)	(5,298)	(32,895)	(1,089,158)
Segment profit/(loss) for the financial year	1,724,976	1,023,636	49,173	135,683	(1,018,502)	201,614	2,116,580

41. SEGMENTAL REPORTING (CONTINUED)

	Malaysia RM'000	Indonesia RM'000	Bangladesh RM'000	Sri Lanka RM'000	Others RM'000	Consolidation Adjustments RM'000	Total RM'000
Financial year ended 31 December 2009 (restated)							
Operating revenue							
Total operating revenue	6,292,181	4,660,057	1,020,408	1,111,559	268,980	-	13,353,185
Inter-segment *	(8,436)	-	-	-	-	(32,562)	(40,998)
External operating revenue	6,283,745	4,660,057	1,020,408	1,111,559	268,980	(32,562)	13,312,187
Results:							
EBITDA	2,749,855	2,103,636	342,716	260,489	(75,418)	38,521	5,419,799
Interest income	37,233	18,980	4,800	3,125	59,513	(13,684)	109,967
Interest expense	(456)	(463,324)	(29,807)	(75,655)	(351,533)	24,519	(896,256)
Depreciation of:							
- PPE	(807,136)	(1,316,399)	(208,484)	(500,097)	(38,462)	66,209	(2,804,369)
- Investment properties	(9)	-	-	-	-	-	(9)
Amortisation of intangible assets	(4,044)	(13,457)	-	(4,375)	-	-	(21,876)
Share of results of jointly controlled entity (net of tax)	-	-	-	-	(59,494)	-	(59,494)
Share of results of associates (net of tax)	(444)	-	-	-	161,227	-	160,783
Impairment of:							
- PPE, net of reversals	(603)	(11,921)	(530)	(70,573)	-	-	(83,627)
- Goodwill	(4,670)	-	-	-	-	-	(4,670)
Other non cash income/(expenses)	62,174	826,906	(3,166)	6,286	(46,227)	-	845,973
Taxation	(502,320)	(304,857)	(56,737)	(13,098)	(13,438)	(19,863)	(910,313)
Segment profit/(loss) for the financial year	1,529,580	839,564	48,792	(393,898)	(363,832)	95,702	1,755,908

* 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.

42. 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 used only to hedge underlying commercial exposures and are not held for speculative purposes.

(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 has 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 2010, 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 RM705.2 million and RM120.7 million respectively for the Group and the Company, on translation of USD denominated borrowings.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risks (continued)

(ii) Cash flow and fair value interest rate risk

The Group and the Company has 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 cash and bank balances.

The Group's and the Company's borrowings comprise borrowings from financial and non-financial institutions, Sukuk, Notes and Preference Shares. 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 2010, if interest rate on different foreign currencies denominated borrowings had been lower by 5% with all other variables held constant, this will result in a lower interest expense of RM24.1 million and RM0.5 million respectively for the Group and the Company.

(iii) Price risk

The Group is exposed to equity securities price risk because of the investments held by the Group and Put Option on the investment in an associate written 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 limits 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 statement of financial position date.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit Risk (continued)

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 32 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.

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 statement of financial position date 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.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity Risk (continued)

	2010							
	Below 1 year RM'000	1 – 2 years RM'000	2 – 3 years RM'000	3 – 4 years RM'000	4 – 5 years RM'000	Over 5 years RM'000	Total contractual undiscounted cash flows RM'000	Total carrying amount RM'000
Group								
Trade and other payables	2,900,954	-	-	-	-	-	2,900,954	2,900,954
Borrowings	697,325	1,749,808	948,026	511,482	2,046,200	4,691,883	10,644,724	10,683,574
Trading and net settled derivative financial instruments (interest rate swaps)	14,938	14,938	14,938	14,938	14,938	-	74,690	22,638
	3,613,217	1,764,746	962,964	526,420	2,061,138	4,691,883	13,620,368	13,607,166
Company								
Trade and other payables	37,193	-	-	-	-	-	37,193	37,193
Borrowings	-	-	-	-	770,875	-	770,875	738,758
Amount due to subsidiaries	1,374	-	-	-	-	-	1,374	1,374
	38,567	-	-	-	770,875	-	809,442	777,325

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Capital management risk

The primary objective of the Group's capital 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 statements of financial position.

The gearing ratios as at 31 December were as follows:

	2010 RM'000	2009 RM'000
Borrowings (Note 16)	**10,683,574**	12,322,838
Total equity	**20,278,648**	18,880,448
Gearing ratio	**0.53**	0.65

During the financial year, the Group's capital management strategy was to obtain and maintain an investment grade credit rating.

The decrease in gearing ratio as at December 2010 was primarily due to the repayment of debts during the financial year.

43. LIST OF SUBSIDIARIES

The subsidiaries are as follows:

Name of company	% of Group's effective shareholding 2010	2009	Principal activities	Place of Incorporation
Axiata Investments (Labuan) Limited [formerly known as TM International (L) Limited]	**100.00**	100.00	Investment holding	Federal Territory, Labuan, Malaysia
Axiata Investment 1 (India) Limited [formerly known as TM1 Mauritius 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 [formerly known as Telekom Management Services Sdn Bhd]	**100.00**	100.00	Provision of consultancy and engineering services in telecommunication and related area	Malaysia
Celcom Axiata Berhad	**100.00**	100.00	Provision of telecommunication network capacity, infrastructure and services	Malaysia
Axiata Investments (Singapore) Limited [formerly known as SunShare Investments Ltd]	**100.00**	100.00	Investment holdings	Federal Territory, Labuan, Malaysia
Axiata SPV1 (Labuan) Limited	**100.00**	100.00	Offshore non-trading	Federal Territory, Labuan, Malaysia
Subsidiaries held through Axiata Investments (Labuan) Limited [formerly known as TM International (L) Limited]				
Dialog Axiata PLC#	**84.97**	84.97	Provision of mobile telecommunication services in Sri Lanka	Sri Lanka
Axiata Investments (Mauritius) Limited	**100.00**	100.00	Dormant	Mauritius

43. LIST OF SUBSIDIARIES (CONTINUED)

Name of company	% of Group's effective shareholding 2010	2009	Principal activities	Place of Incorporation
Subsidiaries held through Axiata Investments (Labuan) Limited [formerly known as TM International (L) 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	Investment holding	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 [formerly known as Indocel Holding Sdn Bhd]	**100.00**	100.00	Investment holding	Malaysia
Subsidiaries held through Axiata Investments (Indonesia) Sdn Bhd [formerly known as Indocel Holding Sdn Bhd]				
PT XL Axiata Tbk#	**66.69**	86.49	Provision of mobile telecommunication services in Republic of Indonesia	Indonesia
Subsidiaries held through PT XL Axiata Tbk				
Excel Phoneloan 818 BV^o	**–**	86.49	Financing	Netherlands
Excelcomindo Finance Company BV#	**66.69**	86.49	Financing	Netherlands

43. LIST OF SUBSIDIARIES (CONTINUED)

Name of company	% of Group's effective shareholding 2010	% of Group's effective shareholding 2009	Principal activities	Place of Incorporation
Subsidiaries held through PT XL Axiata Tbk (continued)				
GSM One (L) Limited#	**66.69**	86.49	Financing	Federal Territory, Labuan, Malaysia
GSM Two (L) Limited#	**66.69**	86.49	Financing	Federal Territory, Labuan, Malaysia
Subsidiaries held through Dialog Axiata PLC				
Dialog Broadband Networks (Private) Limited#	**84.97**	84.97	To establish, maintain and operate 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

43. LIST OF SUBSIDIARIES (CONTINUED)

Name of company	% of Group's effective shareholding 2010	2009	Principal activities	Place of Incorporation
Subsidiaries held through Dialog Television (Private) Limited (continued)				
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 Axiata Investments 1 (India) Limited				
Axiata Investments 2 (India) Limited [formerly known as TMI 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 Transmission (M) Sdn Bhd	**100.00**	100.00	Provision of network transmission related services	Malaysia
Alpha Canggih Sdn Bhd	**100.00**	100.00	Property investment	Malaysia
Celcom Technology (M) Sdn Bhd	**100.00**	100.00	Provision of telecommunication value added services through cellular or other forms of telecommunication network	Malaysia
CT Paging Sdn Bhd	**100.00**	100.00	Provision of strategic and business development, management, administrative, support services and investment holding	Malaysia

43. LIST OF SUBSIDIARIES (CONTINUED)

Name of company	% of Group's effective shareholding 2010	2009	Principal activities	Place of Incorporation
Subsidiaries held through Celcom Axiata Berhad@ (continued)				
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
Celcom Multimedia (Malaysia) Sdn Bhd	**100.00**	100.00	Provision of electronic wallet services	Malaysia
Technology Resources Industries Berhad	**100.00**	100.00	Investment holding	Malaysia
Subsidiary held through CT Paging Sdn Bhd				
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

43. LIST OF SUBSIDIARIES (CONTINUED)

Name of company	% of Group's effective shareholding 2010	2009	Principal activities	Place of Incorporation
Subsidiary held through Technology Resources Industries Berhad				
Alpine Resources Sdn Bhd°^	**100.00**	100.00	Inactive	Malaysia
Rego Multi-Trades Sdn Bhd+	**100.00**	100.00	Dealing in marketable securities	Malaysia
Technology Resources Management Services Sdn Bhd+^	**100.00**	100.00	Inactive	Malaysia
Technology Resources (Nominees) Sdn Bhd°	**100.00**	100.00	Dormant	Malaysia
TR International Limited* ++	**-**	100.00	Investment holding	Hong Kong

Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia

° In April 2010, the registration of Excel Phoneloan 818 B.V., a wholly-owned subsidiary of XL, has been terminated by the Chamber of Commerce of the Netherlands confirming the liquidation with effect from 14 December 2009, being the resolution of the Extraordinary General Meeting of the Shareholder.

On 26 October 2010, Alpine Resources Sdn Bhd and Technology Resources (Nominees) Sdn Bhd commenced members' voluntary winding up pursuant to Section 254 (1)(b) of the Companies Act 1965.

* Audited by a firm other than a member firm of PricewaterhouseCoopers International Limited

+ Inactive as at 31 December 2010

++ Dissolved pursuant to Section 239 of the Hong Kong Companies Ordinance effective 4 February 2010

@ Consolidated by predecessor method of merger accounting

^ Members' voluntary winding up had commenced on 26 October 2010 pursuant to section 254(1)(b) of the Companies Act, 1965

44. LIST OF JOINTLY CONTROLLED ENTITY

Details of the jointly controlled entity are as follows:

Name of company	% of Group's effective shareholding 2010	2009	Principal activities	Place of Incorporation
Joint venture held through Axiata Investments 2 (India) Limited [formerly known as TMI India Limited]				
Spice Communications Limited	–	55.16	Licensed mobile cellular telecommunications service provider in the states of Punjab and Karnataka in India	India

Spice has a financial year end of 31 March. During the financial year, the proposed merger of Spice and Idea was completed as disclosed in Note 5(l) to the financial statements.

45. LIST OF ASSOCIATES

The investments in associates are as follows:

Name of company	% of Group's effective shareholding 2010	2009	Principal activities	Place of Incorporation
Samart Corporation Public Company Limited#	–	18.97	Design, implementation and installation of telecommunication systems and the sale and distribution of telecommunication equipment in Thailand	Thailand
Samart I-Mobile Public Company Limited	**24.42**	35.80	Mobile phone distributor accessories, and bundled with content and administration of the distribution channels for, and management of customer care and billing system of 1900MHz mobile phone	Thailand

45. LIST OF ASSOCIATES (CONTINUED)

Name of company	% of Group's effective shareholding 2010	2009	Principal activities	Place of Incorporation
Associate held through Axiata Investments (Labuan) Limited [formerly known as TM International (L) Limited]				
Mobile Telecommunication Company of Esfahan ("MTCE")	**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	**15.12**	15.12	Trade or business of a telecommunications infrastructure and services company including all its related business	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
Associate held through Axiata Investments (Singapore) Limited [formerly known as SunShare Investments Ltd]				
M1 Limited	**29.49**	29.66	Provision of mobile telecommunication services, international call services, mobile retail sales, after sales support, customer services, paging services, research and development of mobile communication products and services and investment holding	Singapore

45. LIST OF ASSOCIATES (CONTINUED)

Name of company	% of Group's effective shareholding 2010	2009	Principal activities	Place of Incorporation
Associate held by Axiata Investments 1 (India) Limited and Axiata Investments 2 (India) Limited				
Idea Cellular Limited	**19.10**	14.99	Leading GSM mobile services operator engaged in providing Mobile Telephone Services	India

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.

During the financial year, the Company completed the disposal of its entire shareholding in Samart as disclosed in Note 5(III)(b) to the financial statements

* The Company held directly 24.42% equity interest in Samart i-Mobile Public Company Limited.

46. RELATED PARTY TRANSACTIONS

All related party transactions were entered into in the normal course of business and at prices available to third parties or at negotiated terms. The name of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of FRS 124: "Related Party Disclosure".

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
Celcom	Subsidiary	Dividend and technical and management services
Dialog	Subsidiary	Technical and management services
Robi	Subsidiary	Technical and management services
Samart	Associate	Dividends and technical and management services
Samart I-Mobile Public Company Limited	Associate	Dividends
AIL	Subsidiary	Advances treated as quasi-investment
AIL 1	Subsidiary	Advances treated as quasi-investment
AIL 2	Subsidiary	Advances treated as quasi-investment
AIS	Subsidiary	Advances

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.

46. RELATED PARTY TRANSACTIONS (CONTINUED)

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	
		2010 RM'000	**2009 RM'000**	**2010 RM'000**	**2009 RM'000**
(a)	Sale of goods and services				
	Associate				
	– International roaming revenue	**35,951**	6,121	**–**	–
	– Telecommunication services	**33,519**	–	**–**	–
		69,470	6,121	**–**	–
(b)	Purchase of goods and services				
	Associates:				
	– Interconnection charges	**16,326**	1,275	**–**	–
	– Leaseline charges, maintenance and others	**41,156**	35,234	**–**	–
		57,482	36,509	**–**	–
(c)	Intercompany service agreement – technical and management services	**484**	491	**45,013**	33,053
(d)	Dividends received/receivable from subsidiaries/associates	**–**	–	**5,194,978**	3,754,188
(e)	Advances (from)/to subsidiaries/ related party (net of repayment)	**–**	–	**(1,838,820)**	5,871,754

The balances as at the financial year end are disclosed in Note 25 and 30 to the financial statements.

46. RELATED PARTY TRANSACTIONS (CONTINUED)

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
(f) Key management compensation short term employee benefits				
– Salaries, allowances and bonus	**15,044**	10,502	**15,044**	10,502
– Ex-gratia payments	**1,000**	–	**1,000**	–
– Contribution to EPF	**2,441**	1,864	**2,441**	1,864
– Estimated money value of benefits	**256**	36	**256**	36
– Other staff benefits	**87**	11	**87**	11
Share-based payment – ESOS expense	**2,059**	627	**2,059**	627

Included in key management compensation is the Executive Directors' remuneration of the Company as disclosed in Note 7(d) to the financial statements.

47. PROPOSED DIVIDEND

The Directors have recommended a final tax exempt dividend under the single tier system of 10 sen per ordinary share of RM1 each of the Company in respect of the financial year ended 31 December 2010. The proposed dividend is subject to approval by the shareholders at the forthcoming AGM.

48. 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.

	2010 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:	
– realised	**10,225,212**
– unrealised	**(1,204,245)**
	9,020,967
Total retained profits from associated companies:	
– realised	**557,351**
	9,578,318
Less: consolidation adjustments	**(350,553)**
Total consolidated retained profits	**9,227,765**

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, being the two Directors of Axiata Group Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 165 to 300 are drawn up so as to exhibit a true and fair view of the state of affairs of the Group and the Company at 31 December 2010 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with Financial Reporting Standards, the MASB approved Accounting Standards in Malaysia for Entities other than Private Entities.

The information set out in Note 48 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 22 February 2011.

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, Yap Wai Yip, being the Officer primarily responsible for the financial management of Axiata Group Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 165 to 300 are 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.

YAP WAI YIP
OFFICER OF THE COMPANY

Subscribed and solemnly declared at Kuala Lumpur on 22 February 2011.

Before me:

AHMAD B. LAYA (No. W.259)
COMMISSIONER FOR OATHS

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, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, changes in equity and 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 pages 165 to 299.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 in Malaysia, and for such internal control as the directors determine are 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 have been properly drawn up in accordance with Financial Reporting Standards in Malaysia and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2010 and of their financial performance and cash flows for the financial year then ended.

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.

(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 43 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 48 on page 300 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

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

DATO' AHMAD JOHAN BIN MOHAMMAD RASLAN
(No. 1867/09/12 (J))
Chartered Accountant

Kuala Lumpur
22 February 2011

GROUP FINANCIAL ANALYSIS

In 2010, the Group delivered a well balanced overall financial performance highlighted by improved revenue with high double digit YoY growth of 17.3%, continued margin expansion of 30.2% YoY, healthy EBITDA margin which improved 4.5 points to 45.2% and impressive PATAMI growth of 75.7%, excluding one-off impairment charges. This performance is driven by the strength of the Group's regional business model and successful implementation of strategic cost management initiatives at our OpCos.

Across the Group's portfolio, there has been a shift from being Malaysian centric to a more balanced portfolio. Non-Malaysian contributions for revenue and EBITDA continue to increase, especially from XL. In 2010, non-Malaysian operations contributed 56% of revenue and 58% of total EBITDA of the Group. Celcom and XL continue to be the major contributors with 83% of total Group revenue and 90% of EBITDA. Robi in Bangladesh has marginally overtaken Dialog as the third largest revenue contributor with 7.7% of total Group revenue. This diversification of business concentration to our overseas OpCos is expected to continue. This will allow the Group to balance its stable financial performance in mature countries while investing in growing markets such as Bangladesh and India, to drive future growth.

Mobile services of voice and traditional SMS which make up more than 87% of total revenue continue to be the main revenue stream for the Group. The major growth drivers from non-voice business streams such as mobile broadband data services, value-added services and leasing of towers expanded rapidly in 2010, growing at 26% and 36% respectively. This growth dynamics is expected to continue at a faster pace for the coming years. The growing markets together with this shift in business stream growth will drive the future strategic investments of the Group.

The excellent financial performance produced solid cash generation of RM4.3 billion in 2010 and Group cash balance of RM6.3 billion. The Group has further streamlined its balance sheet in the year, deleveraging its debt to equity ratio to 0.53x with gross debt over EBITDA coverage at 1.5x. With the strong cash position, the Group has proposed its first maiden dividend of 10 sen per share or a payout of marginally above its dividend policy of 30% payout of net income to shareholders.

At consolidated level, the Group's regional subscriber base has grown to almost 160 million, making Axiata one of the largest telcos in the region. Excluding India, our OpCos' subscriber base stands at 77.9 million, an increase of 24.9% YoY.

Our OpCos across the Group have implemented strategic marketing programmes that have attracted and retained quality customers in their revenue generating base resulting in the strong revenue growth in 2010 especially for prepaid segments in XL, Robi and Celcom.

To support this enlarged customer base, our OpCos have increased their investments in transmission stations and networks, proportionate operating and maintenance expenses related to BTS and networks, higher marketing programmes spending, more interconnect payments to other operators and related regulatory license payments. Robi has incurred a one-off rebranding expense of RM21.4 million when it adopted a new brand in 2010. In spite of these challenges, effective costs management initiatives such as Smart-Spend in Celcom, Costs Rescaling in Dialog and XL's continued focus on lean cost management have enabled our OpCos to reap higher revenue growth as compared to operating costs. The consolidated EBITDA margin has increased 4.5 points versus 2009, reflecting the improved business mix from OpCos and business streams, and the successful execution of strategic cost management programmes.

The Group has successfully completed the merger exercise of Spice into Idea during the financial year. As a result, the Group's equity interest in Idea has increased to 19.1%. The merger also required that the license fees of RM141 million paid for spectrum licenses previously held by Spice to be written off to the profit and loss for the period. The merger has resulted in a net gain of RM173 million for the Group.

In 2010, the Group completed the rights issue and re-IPO exercise of XL, disposing about 20% of Group's shareholding which reduced the Group's equity interest in XL from 86.49% to 66.69%. The divestment exercise has resulted in a gain of RM339 million and a net proceed of RM1.9 billion cash for the Group. In December 2010, the Group completed the disposal of its entire shareholding in Samart for RM110 million and realised a gain of RM17.0 million.

In addition, the Group embarked on several initiatives to improve its debt and cash position which included issuance of the fully hedged USD300 million bond and the RM4.2 billion Sukuk loan, restructuring of several loan instruments in the OpCos and improved management of its capex spending via better price negotiation or payment terms. This has resulted in the marked reduction of almost RM270 million in the net finance costs of the Group to RM517 million in 2010. The net debt to EBITDA coverage has reduced to about 0.6x at year end.

The Group undertook an annual assessment for impairment of its cash-generating investments base on FRS accounting policies. As the projected recoverable value-in-use using discounted cashflow model was below the carrying value, the Group has taken a prudent stand to fully impair the goodwill in Hello of RM49.0 million and part of the investment in Idea of RM1.1 billion.

The strong performance of all OpCos, especially Dialog which returned to profit of RM115 million in 2010 from a loss of RM335 million a year earlier, has resulted in PATAMI for the Group to grow by 7.1% YoY. Excluding the non-cash accounting impairments, PATAMI would have grown by 75.7%.

As at 31 December 2010, the Group's balance sheet and liquidity position strengthened further versus the previous year. Cash in bank at year end was RM6.3 billion, an increase of RM4.3 billion from a year ago. Gross debt to equity ratio stands at 0.5x while gross debt to EBITDA coverage is at 1.5x. Group's total debt has reduced by RM1.6 billion to RM10.7 billion at year end. The Group has consistently generated strong cash flow from operations and also continues to have access to additional sources of liquidity through the capital markets and its local credit facility.

Key drivers in the Group's balance sheet and total cash flow are highlighted below.

- Net increase of RM1.1 billion in total assets driven by:
    - RM958 million reduction in intangibles due to the realisation of goodwill from the disposal of equity interest in XL and the impairment of goodwill in Hello
    - PPE registered a reduction of RM1.0 billion primarily due to lower capex spending in 2010 mainly due to careful capex management, timing of capitalisation and better negotiated price
    - RM1.0 billion reduction in jointly controlled entity as a result of the merger of Spice into Idea
    - RM4.3 billion improvement in cash position as a result of strong cash flow from operations and proceeds from divestment of XL and Samart
- Total liabilities stand at RM17.8 billion, a decrease of RM325 million from 31 December 2009 mainly driven by:
    - Reduction in total debt of RM1.6 billion due to the repayment of debts from cash generated from operations and divestment activities
    - Offset by:
        - Financial derivatives reserves of RM469 million from the adoption of FRS139 accounting policy
        - RM304 million increase in total trade and other payables
        - Higher tax liability provision of RM256 million for the higher profit in 2010

Total equity of the Group stands at RM20.3 billion, an increase of RM1.4 billion, contributed by the improved PAT contribution for the current financial year.

During the financial year, the Group generated RM5.9 billion in net cash flow provided by operating activities, an increase of RM1.3 billion compared to 2009, primarily driven by better receipts from customers on mobile services, partially offset by the increase in payments to suppliers, employee remuneration and benefits, and payment of taxes. Group cash balance is further boosted by the divestment activities which netted additional cash inflow of RM2.1 billion. Reduction in the YoY net capital spending of RM325 million has helped to improve the cash balance further for the year. Net cash used in financing activities of RM855 million was RM1.9 billion lower versus 2009, primarily due to the significant lower debt repayment in the current year of RM7.7 billion versus RM14.3 billion debt repayment in 2009, partially offset by new financing proceeds from bank borrowings, bonds and Sukuk issuance in 2010.

With this strong cash position, the Board of Directors has recommended a final tax exempt dividend under a single tier system of 10 sen per ordinary share of RM1 each of the Company in respect of the financial year ended 31 December 2010. The proposed dividend is subject to approval by shareholders at the forthcoming Annual General Meeting.

SHAREHOLDING STATISTICS
AS AT 31 MARCH 2011

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:
- RM8,445,154,455 divided into 8,445,154,455 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:
- 27,969

DISTRIBUTION OF SHAREHOLDINGS
(without aggregating the securities from different securities accounts belonging to the same Depositor)

Size of Shareholdings	Shareholders				Shares			
	Malaysian		Foreign		Malaysian		Foreign	
	No.	%	No.	%	No.	%	No.	%
Less than 100	1,058	3.78	9	0.03	10,458	0.00[1]	66	0.00[1]
100 – 1,000	6,663	23.82	96	0.34	5,714,699	0.07	70,785	0.00[1]
1,001 – 10,000	15,687	56.09	286	1.02	59,926,976	0.71	1,316,805	0.016
10,001 – 100,000	2,850	10.19	247	0.88	75,171,319	0.89	10,146,021	0.12
100, 001 – 422,257,721 (less than 5% of issued and paid up share capital)	508	1.82	562	2.01	1,467,142,038	17.37	1,842,961,388	21.82
422,257,722 and above	3	0.01	–	–	4,982,693,900	59.00	–	–
Total	**26,769**	**95.71**	**1,200**	**4.29**	**6,590,659,390**	**78.04**	**1,854,495,065**	**21.96**

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	22,473	80.35	125,027,674	1.48
Bank/Finance Companies	118	0.42	1,147,835,040	13.59
Investments Trusts/Foundations/Charities	30	0.11	7,399,450	0.09
Other Types of Companies	316	1.13	58,397,137	0.69
Government Agencies/Institutions	24	0.09	3,435,985,172	40.69
Nominees	5,007	17.90	3,670,503,182	43.46
Others	1	0.00[1]	6,800	0.00[1]
Total	**27,969**	**100.00**	**8,445,154,455**	**100.00**

Note:
[1] Less than 0.01%

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	3,481,028,721	41.22	-	-	3,481,028,721	41.22
2.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	1,239,161,706	14.67	-	-	1,239,161,706	14.67
3.	AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	576,758,025	6.83	-	-	576,758,025	6.83

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 Interest		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 over 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	4,301,700	0.05	-	-	4,301,700	0.05

Notes:

Held through a nominee namely, CIMSEC Nominees (Tempatan) Sdn Bhd.

* Less than 0.01%.

@ Options pursuant to a Long Term Performance-Based Employee Share Option Scheme for Eligible Employees and Executive Directors of Axiata Group. The shareholders of Axiata had, at the Extraordinary General Meeting held on 24 March 2009, approved the grant of options to Dato' Sri Jamaludin Ibrahim to subscribe for up to 5.5 million new ordinary shares of RM1.00 each of the Company.

Save as disclosed above, none of other Directors has any interest direct or indirect in the Company and its related corporations.

SHAREHOLDING STATISTICS
AS AT 31 MARCH 2011

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	3,281,490,919	38.86
2.	Citigroup Nominees (Tempatan) Sdn Bhd – *Employees Provident Fund Board*	1,124,444,956	13.31
3.	AmanahRaya Trustees Berhad – *Skim Amanah Saham Bumiputera*	576,758,025	6.83
4.	HSBC Nominees (Asing) Sdn Bhd – *Exempt An For JPMorgan Chase Bank, National Association (U.S.A.)*	181,799,275	2.15
5.	CIMSEC Nominees (Tempatan) Sdn Bhd – *Exempt An For TM Esos Management Sdn Bhd (TM ESOS)*	101,458,007	1.20
6.	AmanahRaya Trustees Berhad – *Amanah Saham Wawasan 2020*	94,268,500	1.12
7.	Valuecap Sdn Bhd	84,756,800	1.00
8.	Permodalan Nasional Berhad	78,577,275	0.93
9.	HSBC Nominees (Asing) Sdn Bhd – *Exempt An For the Bank of New York Mellon (Mellon Acct)*	76,050,672	0.90
10.	Kumpulan Wang Persaraan (Diperbadankan)	74,008,500	0.88
11.	Citigroup Nominees (Tempatan) Sdn Bhd – *Exempt An For Prudential Fund Management Berhad*	70,238,075	0.83
12.	HSBC Nominees (Asing) Sdn Bhd – *BBH And Co Boston For Merrill Lynch Global Allocation Fund*	64,491,553	0.76
13.	Malaysia Nominees (Tempatan) Sendirian Berhad – *Great Eastern Life Assurance (Malaysia) Berhad (Par 1)*	62,718,225	0.74
14.	Cartaban Nominees (Asing) Sdn Bhd – *Exempt An For State Street Bank & Trust Company (West CLT OD67)*	62,230,212	0.74
15.	AmanahRaya Trustees Berhad – *Amanah Saham Malaysia*	57,044,000	0.67
16.	HSBC Nominees (Asing) Sdn Bhd – *Exempt An For JPMorgan Chase Bank, National Association (U.K.)*	50,237,647	0.59
17.	HSBC Nominees (Asing) Sdn Bhd – *Exempt An For Clearstream Banking S.A.*	45,386,731	0.54
18.	HSBC Nominees (Asing) Sdn Bhd – *Exempt An For JPMorgan Chase Bank, National Association (Norges BK Lend)*	43,935,575	0.52
19.	Khazanah Nasional Berhad – *Exempt An*	41,843,776	0.49
20.	Citigroup Nominees (Tempatan) Sdn Bhd – *Exempt An For American International Assurance Berhad*	41,694,975	0.49
21.	HSBC Nominees (Asing) Sdn Bhd – *BBH And Co Boston For Vanguard Emerging Markets Stock Index Fund*	39,944,094	0.47
22.	AmanahRaya Trustees Berhad – *Public Islamic Dividend Fund*	38,930,500	0.46
23.	Cartaban Nominees (Asing) Sdn Bhd – *SSBT Fund HG09 For International Fund (AM Funds Ins SR)*	37,235,000	0.44

No.	Name	No. of Shares Held	% of Issued Shares
24.	Citigroup Nominees (Tempatan) Sdn Bhd *- Employees Provident Fund Board (Nomura)*	37,000,000	0.44
25.	HSBC Nominees (Asing) Sdn Bhd *- BBH And Co Boston For Matthews Asian Growth and Income Fund*	30,634,423	0.36
26.	AMSEC Nominees (Tempatan) Sdn Bhd *- AMTrustee Berhad For CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)*	30,043,350	0.35
27.	AmanahRaya Trustees Berhad *- Public Islamic Equity Fund*	28,783,300	0.34
28.	Pertubuhan Keselamatan Sosial	26,554,875	0.31
29.	HSBC Nominees (Asing) Sdn Bhd *- Exempt An For JPMorgan Chase Bank, National Association (U.A.E)*	26,273,826	0.31
30.	Citigroup Nominees (Tempatan) Sdn Bhd *- Employees Provident Fund Board (CIMB PRIN)*	26,230,925	0.31
	TOTAL	**6,535,063,991**	**77.38**

Note:

[1] Less than 0.01%

ADDITIONAL COMPLIANCE INFORMATION

NO.	ITEM/DESCRIPTION
1.	**SHARE BUY-BACK** Axiata did not carry out any share buy-back for the financial year ended 2010 (FY10). [Disclosed in accordance with Appendix 9C, Part A item 14, Main LR]
2.	**OPTIONS OR CONVERTIBLE SECURITIES** On 24 March 2009, Axiata shareholders had approved the Long Term Performance-Based Employee Share Option Scheme (Performance-Based ESOS) for eligible employees and Executive Director(s) of the Group (other than subsidiaries that are dormant). The Performance-Based ESOS shall be in force for a period of eight years commencing from 16 April 2009 being the implementation date of the same. During the FY10, a total number of 50,108,450 options were granted under the Performance-Based ESOS. The options granted shall become exercisable only upon the fulfillment of certain performance criteria for Axiata and individuals. Axiata has not issued any convertible securities for the FY10. [Disclosed in accordance with Appendix 9C, Part A item 15, Main LR]
3.	**DEPOSITORY RECEIPT PROGRAMME** Axiata did not sponsor any depository receipt programme for the FY10. [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 FY10. [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 FY10 are RM6,221,387 and RM6,949,387 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 firm of accountants. [Disclosed in accordance with Appendix 9C, Part A item 18, Main LR]

NO.	ITEM/DESCRIPTION
6.	**VARIATION IN RESULTS** There were no profit estimates, forecasts or projections made or released by Axiata for the FY10. [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 FY10. [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 2010 or entered into since the end of FY09. [Disclosed in accordance with Appendix 9C, Part A item 21, Main LR]
9.	**REVALUATION POLICY** Axiata has not adopted any revaluation policy or carried out any revaluation exercise on its landed properties for the FY2010 except for the revaluation exercise to estimate the fair value of its investment property as disclosed in Note 24 to the financial statements. [Disclosed in accordance with Appendix 9C, Part A item 24, Main LR]
10.	**UTILISATION OF PROCEEDS** On 16 April 2010, Axiata through Axiata SPV1 issued USD300 million aggregate principal amount of 5.375% Notes Due in 2020 guaranteed by Axiata payable semi annually in arrears on 28 October 2010 (Notes). 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. The net proceed from the issue of the Notes was used for repayment of principal, accrued interest and other outstanding amounts on a SGD240 million term loan from The Bank of Tokyo Mitsubishi UFJ Ltd granted to Axiata Singapore and the remainder to repay certain amounts owing by Axiata Singapore to Axiata and/or for general corporate purposes of the Group. [Disclosed in accordance with Appendix 9C, Part A item 13, Main LR]

NO.	ITEM/DESCRIPTION
11.	**RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE IN NATURE (RRPT)** At the last AGM held on 22 June 2010, Axiata has obtained a general mandate from its shareholders on the RRPT entered into by Axiata and/or its subsidiaries (RRPT Mandate). The RRPT Mandate is valid until the conclusion of Axiata's forthcoming 19th Annual General Meeting to be held on 1 June 2011. Axiata proposes to renew the RRPT Mandate at its forthcoming 19th Annual General Meeting. The renewed RRPT Mandate, if approved by the shareholders would be valid until the conclusion of Axiata's next AGM. The details of the RRPT mandate to be sought will be furnished in the circular to the shareholders dated 10 May 2011 attached to this Annual Report. Pursuant to paragraph 10.09 (1) (b) of the Main LR, the details of the RRPT entered into during the FYE2010 pursuant to the RRPT Mandate are disclosed as follows:-

Transacting Companies	Transacting Related Parties	Interested Shareholder/ Director	Nature of Transaction	Value of Transactions RM'000
Axiata Group	TM and/ or its subsidiaries **(TM Group)**	- Khazanah - Tan Sri Dato' Azman Hj Mokhtar - Dr. Farid Mohamed Sani	**REVENUE** **Telecommunication and Related Services**	
			- Interconnect payment from TM Group	74,929
			- Leased-line payment from TM Group	12,412
			- Voice Over Internet Protocol (VOIP) related services revenue from TM Group	4,564
			- Dark fibre and leased line from Celcom to Fibrecomm Network (M) Sdn Bhd (Fibrecomm)	1,534
			- Leased-line from Celcom Group to Fiberail Sdn Bhd (Fiberail)	1,056
			Non-telecommunication Services	
			- Joint sales and marketing services from Celcom Group to TM Group	2,853

Transacting Companies	Transacting Related Parties	Interested Shareholder/ Director	Nature of Transaction	Value of Transactions RM'000
			COSTS	
			Telecommunication and Related Services:	
			- Interconnect cost to TM Group	66,151
			- VOIP related services costs to TM Group	53,047
			- Leased-line costs to TM Group	41,437
			- Provision of data and bandwidth related services by TM Group to Axiata Group	8,038
			- Internet access and broadband charges by TM Group to Celcom	3,717
			- Leasing of fibre optic core and provision of bandwidth services from Fiberail by Celcom	10,073
			- Purchase of dark fibre, bandwidth, space and facility from Fibrecomm by Celcom	20,515
			Non-telecommunication Services	
			- Site rental for telecommunication infrastructure, equipments and related charges by TM Group to Celcom	21,351
			- Commission on registration and collection to TM Group by Celcom	1,008
			- Provision of contact centre and business process outsourcing services by VADS Berhad to Axiata Group	90,180
			- Rental of office premises payable monthly by Axiata Group to TM Group	13,268
			- Leasing of vehicles by TM Group to Celcom Group	6,167
			- Provision of information technology, human resources and other general office administrative support services by TM Group to Axiata Group	196
			TOTAL	**432,496**

[Disclosed in accordance with paragraph 10.09 (1) (b) and paragraph 3.1.5 of Practice Note 12, Main LR]

NET BOOK VALUE OF LAND & BUILDINGS
AS AT 31 DECEMBER 2010

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)	1	40.5	3	91.0	9,170.0	3,988.0
(b) Selangor	1	53.9	2	48.7	10,443.0	26,252.0
(c) Perak	1	43.5	4	63.0	1,268.0	191.0
(d) Pulau Pinang	7	15.3	4	129.6	3,004.0	1,903.0
(e) Kedah	–	–	1	15.9	171.0	428.0
(f) Johor	6	41.6	1	78.8	1,689.0	1,851.0
(g) Negeri Sembilan	2	50.0	–	–	990.0	253.0
(h) Terengganu	–	–	7	871.8	458.0	12.0
(i) Kelantan	–	–	3	107.2	235.0	380.0
(j) Pahang	1	37.1	17	429.6	3,925.0	1,606.0
(k) Sabah	–	–	5	224.4	1,436.0	1,461.0
(l) Sarawak	2	320.1	3	58.5	712.0	960.0
2 Indonesia	–	–	10,768	30,946.8	325,172.6	50,951.4
3 Sri Lanka	15	508.9	–	–	10,733.7	46,386.1
4 Bangladesh	257	1,371.0	782	1,211.8	5,811.6	17,490.0
5 Cambodia	–	–	–	–	–	2,347.0
Total	293	2,481.9	11,600	34,277.1	375,218.9	156,459.5

Note: The details of the top 10 properties included in the above summary are disclosed in the next page.

LIST OF TOP TEN PROPERTIES
AS AT 31 DECEMBER 2010

No.	Address/Location	Freehold/Leasehold - land and/or buildings	Current usage 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 December 2010 (RM)
1	Seksyen 13, Jalan Kemajuan, Petaling Jaya, Selangor, Malaysia	Leasehold land and building	Network office	17 years	23.03.1998	55 years	4,383.1	10,339.0	32,595,284
2	Jl. Raya Kali Rungkut No. 15A, Surabaya, Indonesia	Leasehold land and freehold building	Telecommunications and operations office	21 years	17.04.2008 and 22.12.2008 (land) 08.10.2009 (building)	18 years	8,853.0	9,443.0	30,891,481
3	Jl. Soekarno Hatta Bandung, Indonesia	Leasehold land and freehold building	Telecommunications and operations office	22 years	23.10.2007 (land) 16.12.2008 (building)	17 years	4,770.0	6,731.0	16,582,898
4	Jl. Rasuna Said Kav A5 No. 6, Bintoro Jakarta, Indonesia	Leasehold land and freehold building	Telecommunications and operations office	22 years	29.06.2006 (land) 30.09.2007 (building)	16 years	3,350.0	1,219.0	8,729,015
5	Bandar Sri Manjalara, Mukim Batu, Kuala Lumpur, Wilayah Persekutuan, Malaysia	Leasehold land and building	Telecommunications and operations office	7 years	23.05.1997	67 years	7,931.6	3,041.0	7,563,580
6	Jl. Sumba Cibitung Bekasi, Indonesia	Leasehold land	Telecommunications and operations office	20 years	25.01.2010	18 years	19,549.5	n/a	4,194,362
7	Corporate Building - Union place Colombo 02, Sri Lanka	Freehold building	Office building	9 years	31.02.2002	n/a	n/a	1,858.0	3,928,442
8	Maharaja Land - Union place Colombo 02, Sri Lanka	Freehold land	Office building	n/a	31.12.2002	n/a	4,925.0	n/a	3,712,716
9	Foster Lane - Union place Colombo, Sri Lanka	Freehold land	Transmission station	n/a	29.11.2007	n/a	972.0	n/a	3,612,631
10	No. 2 Jln 5/89 Off Jalan Sekilau Kompleks Batu 3½ Cheras, Kuala Lumpur, Wilayah Persekutuan, Malaysia	Leasehold land and building	Exchange and Training Centre	16 years	23.05.1997	75 years	522.0	2,643.0	3,574,206

GROUP DIRECTORY

Axiata Group Berhad
Axiata Centre
9 Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia
Tel : +603 2263 8888
Fax : +603 2263 8822
Website : www.axiata.com

Celcom Axiata Berhad
Menara Celcom
No. 82, Jalan Raja Muda Abdul Aziz
50300 Kuala Lumpur
Malaysia
Tel : +603 2688 3939
Fax : +603 2681 0361
Website : www.celcom.com.my

PT XL Axiata Tbk
grha XL
Jl. Mega Kuningan 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 : 0094 777 678 700
Fax : 0094 112 678 700
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

Hello Axiata Company Limited
Phnom Penh Center
5th & 6th corner Sihanouk (274) & Sothearos BLVD
Sangkat Tonlebasac,
Khan Chamkamorn
Phnom Penh, Cambodia
Tel : +855 16 810 001/3
Fax : +855 16 810 004
+855 23 219 090
Website : www.hello.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

Mobile Telecommunications Company of Esfahan
Emam Khomeini Street
After Ghods Shahrak
Next to Payam Gym
Esfahan
Iran
P.O.Box 81655-1446
Tel : +98 311 324 4040
Fax : +98 311 324 0024
Website : www.mtce.ir

Multinet Pakistan (Private) Limited
Plot 1D-203, Sector 30
Korangi Industrial Area
Karachi, Pakistan
Tel : +92 21 111 021 021
Fax : +92 21 513 6485
Website : www.multi.net.pk

Samart I-Mobile Public Company Limited
99/3 Moo 4, Software Park
33rd Floor
Chaengwattana Rd
Klong Gluar, Pak-kred
Nonthaburi 11120
Thailand
Tel : +66 2502 6000
Fax : +66 2502 6870
Website : www.i-mobilephone.com

GLOSSARY

3G
The third generation of mobile phone technologies covered by the ITU IMT-2000 family

AGM
Annual General Meeting

AIL
Axiata Investments (Labuan) Limited

AIL1
Axiata Investments (India) Limited

AIL2
Axiata Investments 1 (India) Limited

ARPU
Average Monthly Revenue Per User

Axiata
Axiata Group Berhad

Axiata Indonesia
Axiata Investments (Indonesia) Sdn Bhd

Axiata Singapore
Axiata Investments (Singapore) Limited

Axiata SPV1
Axiata SPV1 (Labuan) Limited

AxB
Axiata (Bangladesh) Limited

BAC
Board Audit Committee

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 equipments for GSM network

Casacom
Cambodia Samart Communication Company Limited [now known as HACL]

CBNP
Communiq Broadband Network (Private) Limited

CBNSP
CBN Sat (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

DBN
Dialog Broadband Networks (Private) Limited

DCIL
Distacom Communications (India) Limited [now known as TMI India]

Dialog
Dialog Axiata PLC [formerly known as Dialog Telekom Limited]

DiGi
DiGi.Com Berhad

DiGi Tel
DiGi Telecommunications Sdn Bhd

DTI
Dialog Tele-Infrastructure (Private) Limited

DTV
Dialog Television (Private) Limited [formerly known as Asset Media (Private) Limited]

EBITDA
Earnings Before Interest Taxes Depreciation and Amortisation

GLOSSARY

EDGE
Enhanced Data rates for GSM Evolution

ED
Executive Director

ESOS
Employees Share Option Scheme

ESOS Committee
Employees Share Option Scheme Committee

Etisalat Indonesia
Emirates Telecommunications Corporation (Etisalat) International Indonesia Limited

Fibrecomm
Fibrecomm Network (M) Sdn Bhd

FCF
Free Cash Flow

FRS
Financial Reporting Standards

FY09
Financial year ended 31 December 2009

FY10
Financial year ended 31 December 2010

GAAP
Generally Accepted Accounting Principles

GCEO
Group Chief Executive Officer

GCFO
Group Chief Financial Officer

GCIA
Group Chief Internal Auditor

GIA
Group Internal Audit

GLC
Government Linked Companies

GLCT
Government Linked Company Transformation

GPRS
General Packet Radio Service

GRA
Group Regulatory Affairs

GSM
Global System for Mobile Communications

GSMA
The GSM Association

HACL
Hello Axiata Company Limited [formerly known as Telekom Malaysia International (Cambodia) Company Limited (TMIC)]

HSBB
High Speed Broadband

HSDPA
High Speed Downlink Packet Access

HSPA
High Speed Packet Access

IAD
Internal Audit Division

ICC
International Calling Card

ICT
Information and Communications Technology

IDD
International Direct Dialing

Idea
Idea Cellular Limited

INED
Independent Non-Executive Director

Indocel
Indocel Holding Sdn Bhd [now known as Axiata Investments (Indonesia) Sdn Bhd]

IP
Internet Protocol

IPVPN
Internet Protocol Virtual Private Network

Khazanah
Khazanah Nasional Berhad

KLCI
Kuala Lumpur Composite Index

KPI
Key Performance Indicator

LOA
Limits of Authority

LTE
Long Term Evolution

LTI
Long Term Incentive

M1
M1 Limited [formerly known as MobileOne Ltd]

M&A
Mergers & Acquisitions

Main LR
Main Market Listing Requirements of Bursa Securities

MCG
Malaysian Corporate Governance

MDS
Mobile Data Services

MNC
Multinational Company

MNP
Mobile Number Portability

MOU
Minutes of Use

MSWG
Minority Shareholder Watchdog Group

MTCE
Mobile Telecommunications Company of Esfahan

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

NGNBN
Next Generation Nationwide Broadband 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

Robi
Robi Axiata Limited

ROIC
Return on Invested Capital

ROE
Return on Equity

SAMART
Samart Corporation Public Company Limited

SIM
Samart I-Mobile Public Company Limited

GLOSSARY

SLT
Senior Leadership Team

SMS
Short Message Service

Spice
Spice Communications Limited

SunShare
SunShare Investments Ltd

TM
Telekom Malaysia Berhad

TMI
TM International Berhad [now known as Axiata]

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]

TMIB
TM International (Bangladesh) Limited [now known as Robi]

TMIC
Telekom Malaysia International (Cambodia) Company Limited [now known as HACL]

TMIL
TM International (Labuan) Limited

ToR
Terms of Reference

TRI
Technology Resources Industries Berhad

TSR
Total Shareholder Return

USP
Universal Service Provision

VAS
Value Added Services

VPN
Virtual Private Network

WCDMA
Wideband CDMA

WiFi
Wireless Fidelity

XL
PT XL Axiata Tbk. [formerly known as PT Excelcomindo Pratama Tbk]

YoY
Year on Year

YTP
Young Talent Programme

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

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 NINETEENTH 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 WEDNESDAY, 1 JUNE 2011 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 2010 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 10 sen per ordinary share for the financial year ended 31 December 2010. **(Ordinary Resolution 2)**

3. 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) Datuk Azzat Kamaludin **(Ordinary Resolution 3)**
   (ii) Juan Villalonga Navarro **(Ordinary Resolution 4)**

4. To re-elect Muhamad Chatib Basri who was appointed to the Board during the year and retires pursuant to Article 99 (ii) of the Company's Articles of Association and being eligible, offers himself for re-election. **(Ordinary Resolution 5)**

5. To approve the Directors' fees of RM1,580,817.00 payable to the Directors for the financial year ended 31 December 2010. **(Ordinary Resolution 6)**

6. To re-appoint Messrs PricewaterhouseCoopers having consented to act as the Auditors of the Company for the financial year ending 31 December 2011 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 7)**

AS SPECIAL BUSINESS:

7. 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 II of the Circular to Shareholders dated 10 May 2011 despatched together with the Company's 2010 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 8)

(ii) PROPOSED AMENDMENTS TO THE BYE-LAWS OF THE EXISTING PERFORMANCE-BASED EMPLOYEE SHARE OPTION SCHEME OF AXIATA TO INCLUDE A RESTRICTED SHARE PLAN

"THAT:

(a) the proposed amendments to the Bye-Laws of the Performance-Based Employee Share Option Scheme of the Company established by the Company on 16 April 2009 (Existing ESOS), as described in section 2 of Main Letter of Part A of the Circular to Shareholders dated 10 May 2011 (Proposed Amendment), be and are hereby approved;

(b) the Existing ESOS, the Bye-Laws having been amended, be and is forthwith re-named "Performance-Based Employee Share Option And Share Scheme" (Axiata Share Scheme);

(c) the Directors of the Company be and are hereby authorised to:

(i) implement, administer and give effect to the Axiata Share Scheme in accordance with its Bye-Laws, as so amended;

(ii) allot and issue such number of new ordinary shares of RM1.00 each in the Company (Axiata Shares) as may be required to be issued for the purposes of the Axiata Share Scheme, provided that the aggregate number of Axiata Shares issued, pursuant to the exercise of the options already granted to Axiata Eligible Employees and in any case under the Axiata Share Scheme, does not exceed seven percent (7%) of the total issued and paid-up share capital of the Company at any time during the duration of the Axiata Share Scheme; and that these Axiata Shares shall, upon allotment and issuance, rank equally in all respects with the then existing issued Axiata Shares and will be subject to all the provisions of the Company's Articles of Association relating to transfer, transmission and otherwise;

(iii) do or procure to be done all acts, deeds and things, and to take all such decisions, as they may be in their discretion deem fit, necessary, expedient and/or appropriate, and in the best interests of the Company, including making the necessary applications at the appropriate time or times to Bursa Malaysia Securities Berhad for the listing of and quotation for the Axiata Shares which may from time to time be issued and allotted pursuant to the Axiata Share Scheme;

(iv) to modify and/or amend the Axiata Share Scheme from time to time as may be required in accordance with applicable law, provided that such modifications and/or amendments are effected and permitted in accordance with the provisions of the Bye-Laws relating to modifications and/or amendments; and

(v) execute, sign and deliver on behalf of the Company, all such agreements, arrangements, undertakings, instruments or other documents as may be necessary, with full powers to assent to any arrangement, condition, modification, variation and/or amendment thereto as the Directors of the Company may deem fit in order to give effect to the Axiata Share Scheme."

(Ordinary Resolution 9)

(iii) PROPOSED GRANT OF ENTITLEMENT TO, AND ALLOTMENT AND ISSUE OF, ORDINARY SHARES OF NOMINAL VALUE RM1.00 EACH IN THE COMPANY TO DATO' SRI JAMALUDIN IBRAHIM, MANAGING DIRECTOR/PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER OF THE COMPANY

"THAT, subject to and conditional upon Ordinary Resolution 9 being passed:

(a) approval be and is hereby given for the Company to grant entitlement to, and to allot and issue, up to 1,198,300 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 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 10)**

(iv) PROPOSED AUTHORITY FOR AXIATA TO PURCHASE ITS OWN SHARES OF UP TO 10% OF ITS ISSUED AND PAID-UP SHARE CAPITAL

"THAT subject to the passing of Ordinary Resolution 12, and subject to compliance with all applicable laws (as may be amended, modified or re-enacted from time to time), the Company's Memorandum and Articles of Association, and the regulation and guidelines applied from time to time by Bursa Malaysia Securities Berhad (Bursa Securities) and/or any other relevant regulatory authority, the Company be and is hereby authorised to purchase such number of ordinary shares of RM1.00 each in the Company's issued and paid-up ordinary share capital listed on Bursa Securities (Proposed Share Buy-Back) upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company provided that:-

(a) the aggregate number of shares to be purchased and/or held pursuant to this resolution shall not exceed ten percent (10%) of the total issued and paid-up share capital of the Company at any point in time;

(b) the maximum amount of funds to be utilised for the purpose of the Proposed Share Buy-Back shall not exceed the Company's aggregate retained profits and/or share premium account; and

(c) the authority conferred by this resolution shall commence immediately upon the passing of this resolution and shall continue to be in force until:-

    (i) the conclusion of the next Annual General Meeting of the Company; or

    (ii) the expiry of the period within which the next Annual General Meeting of the Company is required by law to be held,

    unless earlier revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting, whichever is the earlier;

THAT authority be and is hereby given to the Directors of the Company to decide in their discretion for the ordinary shares in the Company so purchased by the Company to be cancelled and/or retained as treasury shares and subsequently be cancelled, distributed as dividends and/or re-sold on Bursa Securities;

AND THAT 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 it may deem necessary, expedient and/or appropriate to implement, give full effect to and complete the Proposed Share Buy-Back, with full powers to assent to any condition, modification, variation and/or amendment thereto as the Directors may deem fit and expedient in the best interest of the Company."

(Ordinary Resolution 11)

(v) PROPOSED EXEMPTION UNDER PARAGRAPH 24 OF PRACTICE NOTE 9 OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2010 ("CODE") FOR KHAZANAH NASIONAL BERHAD FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER ON THE REMAINING VOTING SHARES IN THE COMPANY NOT ALREADY OWNED BY IT, UPON THE PURCHASE BY THE COMPANY OF ITS OWN SHARES PURSUANT TO THE PROPOSED SHARE BUY-BACK

"THAT subject to the passing of Ordinary Resolution 11 and subject to the approval of the Securities Commission (SC), approval be and is hereby given for Khazanah Nasional Berhad (Khazanah) to be exempted from the obligation to undertake a mandatory take-over offer on the remaining voting shares in the Company not already owned by them under Part III of the Code, which may arise upon the future purchase by the Company of its own shares pursuant to Ordinary Resolution 11, in conjunction with the application submitted by Khazanah to the SC under Paragraph 24 of Practice Note 9 of the Code (Proposed Exemption);

AND THAT 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 it may deem necessary, expedient and/or appropriate to implement, give full effect to and complete the Proposed Exemption, with full powers to assent to any condition, modification, variation and/or amendment thereto as the Directors may deem fit and expedient in the best interest of the Company."

(Ordinary Resolution 12)

8. 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 10 sen per ordinary share for the financial year ended 31 December 2010 as recommended by Directors on 22 February 2011 and if approved by the shareholders at the forthcoming Nineteenth Annual General Meeting will be paid on 22 June 2011 to Depositors whose names appear in the Register of Members/Record of Depositors on 8 June 2011.

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 6 June 2011 (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 8 June 2011 (in respect of Ordinary Transfers); 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 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 MoF.

BY ORDER OF THE BOARD

Suryani Hussein (LS0009277)
Group Company Secretary

Kuala Lumpur, Malaysia
10 May 2011

NOTES:

Proxy and/or Authorised Representatives

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company and the provisions of Section 149(1) (a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.

2. 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.

3. 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.

4. 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". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and exercised, should be enclosed with the proxy form.

5. 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.

6. The instrument appointing the proxy together with the duly registered power of attorney referred to in Note 4 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

7. 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 23 May 2011. Only a depositor whose name appears on the General Meeting Record of Depositors as at 23 May 2011 shall be entitled to attend the said meeting or appoint a proxy(ies) to attend and/or vote on his/her behalf.

EXPLANATORY NOTES ON SPECIAL BUSINESS

(i) PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The proposed Ordinary Resolution 8, 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 Part D of the Circular to Shareholders dated 10 May 2011 which is despatched together with the Company's 2010 Annual Report.

(ii) PROPOSED AMENDMENTS TO THE BYE-LAWS OF THE PERFORMANCE-BASED EMPLOYEE SHARE OPTION SCHEME OF AXIATA TO INCLUDE A RESTRICTED SHARE PLAN

The proposed Ordinary Resolution 9, if passed, will enable the Company to grant Axiata RSP Shares without any consideration to eligible employees, in lieu of or in addition to the grant of options under the Existing ESOS ("ESOS Options"), at a future date. If passed, the Company may grant ESOS Options, Axiata RSP Shares and/or a combination of both under the Axiata Share Scheme.

Detailed information on the Proposed Amendment is set out in Part A of the Circular to Shareholders dated 10 May 2011 which is despatched together with the Company's 2010 Annual Report.

(iii) PROPOSED GRANT OF ENTITLEMENT TO, AND ALLOTMENT AND ISSUE OF, ORDINARY SHARES OF NOMINAL VALUE RM1.00 EACH IN THE COMPANY TO DATO' SRI JAMALUDIN IBRAHIM, MANAGING DIRECTOR/ PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER OF THE COMPANY

The proposed Ordinary Resolution 10, if approved, will allow Dato' Sri Jamaludin Ibrahim to also participate under the Axiata Share Scheme and be eligible for grants of up to 1,198,300 Axiata RSP Shares, subject always that the total number of new Axiata Shares to be granted either by way of Axiata RSP Shares and/or Existing ESOS does not result in the issuance of more than 1,198,300 Axiata Shares.

(iv) PROPOSED AUTHORITY FOR AXIATA TO PURCHASE ITS OWN SHARES OF UP TO 10% OF ITS ISSUED AND PAID-UP SHARE CAPITAL

The proposed Ordinary Resolution 11, if approved, will allow the Board to exercise its power for the Company to purchase its own shares of up to 10% of its issued and paid-up share capital by utilising up to the total retained earnings and share premium of the Company. The authority under this resolution will expire at the conclusion of the Company's next Annual General Meeting or the expiry of the period within which the Company's next Annual General Meeting is required by law to be held, unless earlier revoked or varied by an ordinary resolution passed by the Company's shareholders in a general meeting, whichever is the earlier.

Detailed information on the Proposed Share Buy-Back is set out in Part B(I) of the Circular to Shareholders dated 10 May 2011 which is despatched together with the Company's 2010 Annual Report.

(v) PROPOSED EXEMPTION UNDER PARAGRAPH 24 OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2010 FOR KHAZANAH NASIONAL BERHAD FROM THE OBLIGATION TO UNDERTAKE A MANDATORY TAKE-OVER OFFER ON THE REMAINING VOTING SHARES IN THE COMPANY NOT ALREADY OWNED BY IT, UPON THE PURCHASE BY THE COMPANY OF ITS OWN SHARES PURSUANT TO THE PROPOSED SHARE BUY-BACK

The proposed Ordinary Resolution 12, if approved, will enable the SC to consider the exemption application by Khazanah from its obligation to undertake a mandatory take-over offer on the remaining shares in the Company not already owned by it, upon purchase by the Company of its own shares pursuant to the Proposed Share Buy-Back.

Detailed information on the Proposed Exemption is set out in Part B(II) of the Circular to Shareholders dated 10 May 2011 which is despatched together with the Company's 2010 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2) MAIN LR

DIRECTORS STANDING FOR RETIREMENT AND RE-ELECTION AT THE NINETEENTH 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. Datuk Azzat Kamaludin
2. Juan Villalonga Navarro

Article 99 (ii): Retirement after appointment to fill casual vacancy

Muhamad Chatib Basri

The respective profiles of the above Directors are set out in the Profile of Directors' section of the Annual Report from pages 46 to 55.

None of the above Directors have any direct and/or indirect interest in the Company and its related corporation.

ADMINISTRATIVE DETAILS FOR THE 19TH ANNUAL GENERAL MEETING

Day & Date : Wednesday, 1 June 2011
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 a Depositor registered in the Register of members/Record of Depositors and whose name appears on the Register of members/Record of Depositors as at 23 May 2011 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 19TH 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. +603-22821886 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	+603-22643883
		Suzana Abdul Rahim	+603-22643887
		Afifah Abu Bakar	+603-22643894
Fax	:	General	+603-22821886
E-mail	:	suzana@my.tricorglobal.com	
		afifah@my.tricorglobal.com	

PROXY FORM

(Before completing the form, please refer to the notes overleaf)

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 19th 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 Wednesday, 1 June 2011 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 19th Annual General Meeting of the Company to be held at Grand Ballroom, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Wednesday, 1 June 2011 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.

			Proxy "A"		Proxy "B"	
	Resolutions		**For**	**Against**	**For**	**Against**
1.	**Ordinary Business** Ordinary Resolution 1	– To receive the Audited Financial Statements for the financial year ended 31 December 2010 and Reports				
2.	Ordinary Resolution 2	– Declaration of a final tax exempt dividend under single tier system of 10 sen per ordinary share				
3.	Ordinary Resolution 3	– Re-election of Datuk Azzat Kamaludin				
4.	Ordinary Resolution 4	– Re-election of Juan Villalonga Navarro				
5.	Ordinary Resolution 5	– Re-election of Muhamad Chatib Basri				
6.	Ordinary Resolution 6	– Approval of payment of Directors' Fees				
7.	Ordinary Resolution 7	– Re-appointment of Messrs. PricewaterhouseCoopers as Auditors				
8.	**Special Business** Ordinary Resolution 8	– Proposed Shareholders' Mandate				
9.	Ordinary Resolution 9	– Proposed Amendments to the Bye-Laws of Axiata ESOS				
10.	Ordinary Resolution 10	– Proposed Grant to Dato' Sri Jamaludin Ibrahim				
11.	Ordinary Resolution 11	– Proposed Share Buy Back				
12.	Ordinary Resolution 12	– Proposed Exemption				

Signed this ______________ day of ______________ 2011

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 to attend and vote in his/her stead. A proxy needs not be a Member of the Company and the provisions of Section 149(1) (a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.

2. 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.

3. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 (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.

4. 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". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and exercised, should be enclosed with the proxy form.

5. 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.

6. The instrument appointing the proxy together with the duly registered power of attorney referred to in Note 4 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

7. 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 23 May 2011. Only a depositor whose name appears on the General Meeting Record of Depositors as at 23 May 2011 shall be entitled to attend the said meeting or appoint a proxy(ies) to attend and/or vote on his/her behalf.

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STAMP

Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia

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