

FOR IMMEDIATE RELEASE

Strong Growth Trends continue with another Robust Quarter

Axiata's actual profits surge more than 100% on the back of operational improvements

- Group wide focus on cost continues to show results with strong revenue growth but outpaced by even stronger EBITDA growth.
- Celcom's mobile Broadband hits 700,000 mark; records the highest ever quarterly profit and EBITDA
- XL surges with significant EBITDA margins of 53%
- Dialog continues turnaround with two consecutive quarters of profits; turns free cashflow positive
- Robi shows continued quarterly revenue growth with highest quarterly revenue ever

Kuala Lumpur, August 25, 2010 – Axiata Group Berhad, (**Axiata**), today announced its unaudited results for the second quarter of 2010. Strong growth trends were seen across all major operating companies (**OpCos**), again in almost all financial metrics. Revenue was up an impressive 20% year-on-year (**YoY**)¹ to RM3.9 billion from continuous overall performance from most OpCos, particularly, Celcom², XL³, Dialog⁴ and Robi⁵. More substantially, Earnings Before Interest, Tax, Depreciation and Amortisation (**EBITDA**) grew by an impressive 38% in the same period to RM1.8 billion, outpacing revenue, partly due to strategic cost initiative programmes implemented early last year. Correspondingly, EBITDA margin improved 6.3 percentage points to 47% YoY. PATAMI was up by 9% YoY to RM577 million.

On a year-to-date basis, comparing first half 2010 to first half 2009, revenue was up an impressive 25% year-on-year to RM7.7 billion. EBITDA grew by an even stronger 45% in the same period to RM3.5 billion. Correspondingly, EBITDA margin improved 6.1 percentage points to 45.5%. Even excluding the one-off gain on disposal of XL shares, PATAMI doubled.

Regional mobile subscribers for the Group saw strong growth up 39% YoY to 138 million.

Accelerated Performance Delivers Strong Growth and Margins

Malaysia

Momentum continued at Celcom with another strong performance and saw double digit growth with revenue up 11% YoY to RM1.7 billion. EBITDA was up 20% YoY with improved margin of 3.7 percentage points to 48%, through smart spend measures and well managed network costs. In tandem, PATAMI grew 30% in the same period to RM476 million.

The year also saw strong growth in non-voice services, now contributing 32% to revenue, from 27% a year ago. Mobile broadband saw particular traction, surpassing 700,000 customers and cementing Celcom's leadership position. Mobile broadband contributed 9% of revenue up from 5% YoY.

¹ YOY refers to 2Q2010 vs 2Q2009

² Celcom Axiata Berhad [formerly known as Celcom (Malaysia) Berhad]

³ PT XL Axiata Tbk

⁴ Dialog Axiata PLC

⁵ Axiata (Bangladesh) Limited

Subscribers reached 10.6 million with post paid growing from robust mobile broadband acquisition and pre paid from the Youth segment.

Now in its 17th consecutive quarter of revenue growth, the quarter marked the highest ever quarterly EBITDA and PATAMI, at RM818 million and RM476 million.

Indonesia

Another stellar quarter was seen at XL with all financial indicators showing continued significant growth. This was on the back of a balanced business model focusing on top line growth, operating profitability and asset productivity.

Revenue grew by an impressive 29% YoY to IDR4.3 trillion, driven by growth through the monetizing of minutes with innovative products. Data and VAS saw strong traction, contributing 14% of total revenue. Lean cost management in all components saw EBITDA burgeoning 57% ahead of revenue and EBITDA margin improving to an impressive 53%.

Sri Lanka

After a challenging 2009, Dialog enters into its second consecutive quarter of profitability, with a swing from a loss of SLR 7.7 billion to a profit of SLR 1.4 billion YoY. A major cost restructuring and rescaling of the company saw further quarterly improvements. Against a very challenging backdrop, revenue increased by 14% YoY to SLR10.2 billion. Furthermore, consistent focus on the strategic cost rescaling programme implemented over the past quarters continued to deliver traction with EBITDA up by more than 100% in the same period. Similarly, PAT was also up by more than 100%.

Dialog also strengthened its balance sheet in the quarter, turning free cashflow positive on the back of improved operational performance and prudent capex spending. Gross Debt to EBITDA ratio also significantly improved to 1.9 x from 4.0 x a year ago.

Bangladesh

Strong momentum continued at Robi which saw the highest quarterly revenue ever, an impressive double digit growth of 37% to BDT 6.3 billion YoY. EBITDA was up 1% in the same period. However, PAT declined 43% mainly due to increased depreciation and tax expenses. On a QoQ basis however, PAT increased by more than 100% to BDT341 million.

Despite regulatory challenges and increased competition, Robi maintained healthy margins in a growing business.

Regional Affiliates

India

Idea opened the first quarter of their financial year with a 13% QoQ growth of Minutes on network, on the back of similar percentage growth in the preceding two quarters.

Idea has consistently gained revenue market share over the past three quarters and despite hyper competition, revenue and EBITDA were up by 23% and 3% respectively YoY. Difficult market conditions did however, have an impact on PAT which was down 32%.

Singapore

M1 saw another strong quarter with revenue up 17% YoY, on the back of higher service revenue and handset sales. EBITDA, at SGD80 million, was up 2% and PAT was 10% higher at SGD41 million.

Non voice services contributed 32% of revenue up from 25% YoY, driven by growth in mobile broadband and smartphone customer base.

Commentary

Commenting on the quarter's results Tan Sri Dato' Azman Hj. Mokhtar, Chairman of Axiata said "We are extremely pleased with the performance from successful execution of strategies achieved this quarter. The Group's focus on operations and cost has garnered positive results, a firm confirmation that we are on track towards building value. "

Dato' Sri Jamaludin Ibrahim, President & Group Chief Executive Officer of Axiata commented "We are happy with the continued strong results. We have held firm in our strategy and despite challenges we have continued to see strong sequential quarterly improvements across all major OpCos. I am especially pleased to see significant margins improvements across most key OpCos outpacing revenue, which also grew strongly. This indicates that whilst we are making revenue gains, our strategic cost initiatives are also gaining further traction. On the OpCos, we are especially pleased with continued strong performance seen at XL, Celcom and Robi, and, the major turnaround at Dialog. Emphasis on fundamentals has taken root and the business is robust".

DIVIDEND POLICY

Axiata, which turned free cash flow positive at the end of 2009, announced a significant change in its Dividend policy. The Company intends to pay dividends of at least 30% of its consolidated profits after taxation attributable to shareholders 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. Barring any unforeseen circumstance, Axiata plans to initiate dividend payments in 2011.

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 continuously 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.

"Strong financial performance with focus on profitability and cash, as well as, effective capital management of the last two years, has put Axiata in a unique position of being a growth story whilst offering dividends at the same time. We will endeavour to progressively increase the payout ratio over a period of time to allow shareholders to participate in our growth" added Dato' Sri Jamaludin Ibrahim.

Moving Forward

The overall focus on EBITDA and cost has so far paid off. Group-wide cost management programmes, implemented in 2009, has led to strong performances across all OpCos now showing strong signs of sustainable growth. Furthermore, focused cost management has delivered additional margin expansion.

“Going into the second half of the year, we are pleased to note that we are very much on track to meet all the KPIs announced earlier. The group has seen tremendous improvement in operational execution and effective capital management in just two years. Whilst profitability has increased substantially, moving forward we need to ensure that there is a well balanced consideration between future growth and immediate profits. Hence, in some cases, we need to reinvest our profits to ensure we can compete effectively and grow our future revenue” concluded Dato’ Sri Jamaludin.

About Axiata

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 stakes in non-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 138 million mobile subscribers in Asia. The Group revenue for 2009 was RM13.1 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 people, uniting them towards a single goal: Advancing Asia.

Axiata was awarded the Frost & Sullivan 2009 Asia Pacific ICT Award for Best Telecom Group and most recently the Best Regional Mobile Group 2010 for its operations in multiple Asian markets by Telecom Asia.

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