AXIATA GROUP BERHAD (242188-H)

The Board of Directors of Axiata Group Berhad is pleased to announce the following unaudited results of the Group for the financial period ended 31 March 2014.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	1st Quarter Ended		Financial Period Ended	
	31/3/2014	31/3/2013	31/3/2014	31/3/2013
	RM '000	RM '000	RM '000	RM '000
Operating revenue	**4,515,022**	4,481,877	**4,515,022**	4,481,877
Operating costs				
- depreciation, impairment and amortisation	**(838,057)**	(851,699)	**(838,057)**	(851,699)
- foreign exchange (losses)/gains	**(16,605)**	15,304	**(16,605)**	15,304
- domestic interconnect and international outpayment	**(567,124)**	(682,866)	**(567,124)**	(682,866)
- marketing, advertising and promotion	**(350,842)**	(354,817)	**(350,842)**	(354,817)
- other operating costs	**(1,485,008)**	(1,376,121)	**(1,485,008)**	(1,376,121)
- staff costs	**(323,263)**	(288,363)	**(323,263)**	(288,363)
- other losses - net	**(72,981)**	(4,281)	**(72,981)**	(4,281)
Other operating income	**18,492**	6,088	**18,492**	6,088
Operating profit before finance cost	**879,634**	945,122	**879,634**	945,122
Finance income	**54,970**	72,037	**54,970**	72,037
Finance cost excluding net foreign exchange gains on financing activities	**(189,492)**	(163,736)	**(189,492)**	(163,736)
Net foreign exchange gains on financing activities	**177,776**	2,651	**177,776**	2,651
	(11,716)	(161,085)	**(11,716)**	(161,085)
Joint ventures				
- share of results (net of tax)	**2,231**	-	**2,231**	-
Associates				
- share of results (net of tax)	**101,396**	67,058	**101,396**	67,058
- loss on dilution of equity interests	**(11,546)**	(7,429)	**(11,546)**	(7,429)
Profit before taxation	**1,014,969**	915,703	**1,014,969**	915,703
Taxation	**(285,003)**	(240,497)	**(285,003)**	(240,497)
Profit for the financial period	**729,966**	675,206	**729,966**	675,206
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss:				
- actuarial losses on defined benefits plan, net of tax	**-**	(21,346)	**-**	(21,346)
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	**231,056**	84,813	**231,056**	84,813
- cash flow hedge, net of tax	**(458)**	-	**(458)**	-
- net investment hedge, net of tax	**5,632**	7,462	**5,632**	7,462
Other comprehensive income for the financial period, net of tax	**236,230**	70,929	**236,230**	70,929
Total comprehensive income for the financial period	**966,196**	746,135	**966,196**	746,135
Profit for the financial period attributable to:				
- owners of the Company	**674,878**	614,565	**674,878**	614,565
- non-controlling interests	**55,088**	60,641	**55,088**	60,641
	729,966	675,206	**729,966**	675,206
Total comprehensive income for the financial period attributable to:				
- owners of the Company	**824,656**	684,769	**824,656**	684,769
- non-controlling interests	**141,540**	61,366	**141,540**	61,366
	966,196	746,135	**966,196**	746,135
Earnings per share (sen) (Note B,13)				
- basic	**7.9**	7.2	**7.9**	7.2
- diluted	**7.8**	7.2	**7.8**	7.2

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013)

AXIATA GROUP BERHAD (242188-H)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31/3/2014 RM '000 Unaudited	As at 31/12/2013 RM '000 Audited
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	8,547,598	8,540,663
Share premium	2,256,230	2,223,076
Reserves	9,531,492	8,857,846
Total equity attributable to owners of the Company	20,335,320	19,621,585
Non-controlling interests	1,725,228	1,757,486
Total equity	22,060,548	21,379,071
NON-CURRENT LIABILITIES		
Borrowings	12,558,433	11,752,387
Derivative financial instruments	117,176	109,384
Deferred income	259,833	271,585
Other payables	77,974	72,119
Provision for liabilities	362,295	293,102
Deferred tax liabilities	2,182,260	1,578,687
Total non-current liabilities	15,557,971	14,077,264
	37,618,519	**35,456,335**
NON-CURRENT ASSETS		
Intangible assets	13,419,709	9,548,554
Property, plant and equipment	18,970,657	17,106,708
Joint ventures	62,221	56,215
Associates	7,049,204	6,999,122
Available-for-sale financial asset	50	141
Derivative financial instruments	136,774	207,157
Long term receivables	78,997	97,533
Deferred tax assets	227,740	241,955
Total non-current assets	39,945,352	34,257,385
CURRENT ASSETS		
Inventories	110,102	62,805
Trade and other receivables	3,326,860	2,679,905
Derivative financial instruments	23,201	31,403
Financial assets at fair value through profit or loss	19	8
Tax recoverable	35,361	32,822
Deposits, cash and bank balances	5,565,557	6,432,918
Total current assets	9,061,100	9,239,861
LESS : CURRENT LIABILITIES		
Trade and other payables	8,542,945	6,108,805
Borrowings	2,544,027	1,683,988
Current tax liabilities	300,961	248,118
Total current liabilities	11,387,933	8,040,911
Net current (liabilities)/assets	(2,326,833)	1,198,950
	37,618,519	**35,456,335**
Net assets per share attributable to owners of the Company (sen)	238	230

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014

		Attributable to equity holders of the Company											
		Issued and fully paid-up ordinary shares of RM1 each											
	Note	Share capital RM '000	Share premium RM '000	Currency translation differences RM '000	Capital contribution reserve RM '000	Merger reserve RM '000	Hedging reserve RM '000	ESOS^ and RSA* reserve RM '000	Actuarial reserve RM '000	Retained earnings RM '000	Total RM '000	Non-controlling interests RM '000	Total equity RM '000
At 1 January 2014		**8,540,663**	**2,223,076**	**(830,517)**	**16,598**	**346,774**	**(152,277)**	**155,298**	**(790)**	**9,322,760**	**19,621,585**	**1,757,486**	**21,379,071**
Profit for the financial period		-	-	-	-	-	-	-	-	674,878	674,878	55,088	729,966
Other comprehensive income/(expense):													
- Currency translation differences arising during the financial period:													
- subsidiaries		-	-	184,254	-	-	-	-	-	-	184,254	86,521	270,775
- associates		-	-	(39,719)	-	-	-	-	-	-	(39,719)	-	(39,719)
		-	-	144,535	-	-	-	-	-	-	144,535	86,521	231,056
- Cash flow hedge, net of tax		-	-	-	-	-	(389)	-	-	-	(389)	(69)	(458)
- Net investment hedge, net of tax		-	-	-	-	-	5,632	-	-	-	5,632	-	5,632
Total comprehensive income		**-**	**-**	**144,535**	**-**	**-**	**5,243**	**-**	**-**	**674,878**	**824,656**	**141,609**	**966,196**
Transactions with owners:													
- Issuance of new ordinary shares		6,935	25,883	-	-	-	-	-	-	-	32,818	-	32,818
- Share issue expenses		-	(10)	-	-	-	-	-		-	(10)	-	(10)
- Dilution of equity interest in a subsidiary	A,12(b)	-	-	-	-	-	-	-	-	(11,459)	(11,459)	11,459	-
- Investment in a subsidiary		-	-	-	-	-	-	-	-	-	-	1,992	1,992
- Accretion of equity interest in a subsidiary	A,4(a)	-	-	-	-	-	-	-	-	(152,619)	(152,619)	(187,249)	(339,868)
- Axiata Share Scheme:													
- value of employees' services		-	-	-	-	-	-	20,349	-	-	20,349	-	20,349
- transferred from ESOS and RSA reserve upon exercise/vest		-	7,281	-	-	-	-	(7,281)	-	-	-	-	-
Total transactions with owners		6,935	33,154	-	-	-	-	13,068	-	(164,078)	(110,921)	(173,798)	(284,719)
At 31 March 2014		**8,547,598**	**2,256,230**	**(685,982)**	**16,598**	**346,774**	**(147,034)**	**168,366**	**(790)**	**9,833,560**	**20,335,320**	**1,725,297**	**22,060,548**

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013)

^ Employees Share Option Scheme ("ESOS")
* Restricted Share Awards ("RSA")

AXIATA GROUP BERHAD (242188-H)

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2014 (continued)

		Attributable to equity holders of the Company											
		Issued and fully paid-up ordinary shares of RM1 each											
	Note	Share capital RM '000	Share premium RM '000	Currency translation differences RM '000	Capital contribution reserve RM '000	Merger reserve RM '000	Hedging reserve RM '000	ESOS and RSA reserve RM '000	Actuarial reserve RM '000	Retained earnings RM '000	Total RM '000	Non-controlling interests RM '000	Total equity RM '000
At 1 January 2013		8,508,209	2,094,125	(554,660)	16,598	346,774	(116,997)	111,044	(4,387)	9,699,802	20,100,508	1,906,714	22,007,222
Profit for the financial period		-	-	-	-	-	-	-	-	614,565	614,565	60,641	675,206
Other comprehensive expense:													
- Currency translation differences arising during the financial period:													
- subsidiaries		-	-	50,304	-	-	-	-	-	-	50,304	7,779	58,083
- associates		-	-	26,730	-	-	-	-	-	-	26,730	-	26,730
		-	-	77,034	-	-	-	-	-	-	77,034	7,779	84,813
- Net investment hedge, net of tax		-	-	-	-	-	7,462	-	-	-	7,462	-	7,462
- Actuarial loss for the financial period									(14,292)		(14,292)	(7,054)	(21,346)
Total comprehensive income/(expense)		**-**	**-**	**77,034**	**-**	**-**	**7,462**	**-**	**(14,292)**	**614,565**	**684,769**	**61,366**	**746,135**
Transactions with owners:													
- Issuance of new ordinary shares		9,551	27,365	-	-	-	-	-	-	-	36,916	-	36,916
- Acquisition of a subsidiary		-	-	-	-	-	-	-	-	(8,023)	(8,023)	32,657	24,634
- Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(1,600)	(1,600)
- Axiata Share Scheme:													
- value of employees' services		-	-	-	-	-	-	15,590	-	-	15,590	-	15,590
- transferred from ESOS and RSA reserve upon exercise		-	9,707	-	-	-	-	(9,707)	-	-	-	-	-
Total transactions with owners		9,551	37,072	-	-	-	-	5,883	-	(8,023)	44,483	31,057	75,540
At 31 March 2013		**8,517,760**	**2,131,197**	**(477,626)**	**16,598**	**346,774**	**(109,535)**	**116,927**	**(18,679)**	**10,306,344**	**20,829,760**	**1,999,137**	**22,828,897**

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013)

AXIATA GROUP BERHAD (242188-H)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE FINANCIAL PERIOD ENDED	
	31/3/2014	31/3/2013
	RM '000	RM '000 Restated
Receipts from customers	4,427,140	4,272,293
Payments to suppliers and employees	(2,970,114)	(2,729,880)
Payment of finance cost	(198,298)	(205,527)
Payment of income taxes (net of refunds)	(182,975)	(153,432)
CASH FLOWS FROM OPERATING ACTIVITIES	**1,075,753**	**1,183,454**
Proceeds from disposal of property, plant and equipment	22,921	1,818
Purchase of property, plant and equipment	(803,888)	(1,035,691)
Acquisition of intangible assets	(27,273)	(194,247)
Investment in subsidiaries (net of cash acquired)	6,400	(326,302)
Investments in deposits maturing more than three (3) months	292,239	-
Payment made in related to an acquisition of a subsidiary	(2,836,552)	-
Dividends received from associates	-	2,764
Net repayment from employees	111	8
Interest received	54,970	72,028
CASH FLOWS USED IN INVESTING ACTIVITIES	**(3,291,072)**	**(1,479,622)**
Proceeds from issuance of shares under Axiata Share Scheme	32,743	36,916
Share issue expenses	(10)	-
Proceeds from borrowings (net of transaction costs)	1,752,710	584,753
Repayments of borrowings	(180,334)	(243,554)
Dividends paid to non-controlling interests	-	(1,600)
CASH FLOWS FROM FINANCING ACTIVITIES	**1,605,109**	**376,515**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(610,210)	80,347
NET DECREASE IN RESTRICTED CASH AND CASH EQUIVALENTS	(9,468)	(66,744)
EFFECT OF EXCHANGE RATE CHANGES	20,712	11,691
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	**6,010,792**	**7,894,464**
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**5,411,826**	**7,919,758**
Total deposits, cash and bank balances	5,565,557	7,997,465
Less :		
- Deposit pledged	(13,073)	(11,262)
- Deposit on investment in a subsidiary	(65,450)	(61,870)
- Deposits maturing more than three (3) months	(42,072)	-
- Bank overdraft	(33,136)	(4,575)
TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**5,411,826**	**7,919,758**

(The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013)

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

1. Basis of Preparation

The unaudited financial statements for the financial period ended 31 March 2014 of the Group have been prepared in accordance with the International Financial Reporting Standards compliant framework, Malaysian Financial Reporting Standards ("MFRS"), MFRS 134 "Interim Financial Reporting", Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR"), and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2013 ("2013 Audited Financial Statements").

2. Accounting Policies

The accounting policies and method of computation applied in the unaudited interim financial statements are consistent with those used in the preparation of the 2013 Audited Financial Statements except for the adoption of amendments to existing standards and a new IC Interpretation that are applicable to the Group for the financial period beginning 1 January 2014 as set out below.

- Amendments to MFRS 10 "Consolidated Financial Statements", MFRS 12 "Disclosure of Interests in Other Entities" and MFRS 127 "Consolidated and Separate Financial Statements" on Investment Entities

- Amendments to MFRS 132 "Financial Instruments: Presentation" on offsetting Financial Assets and Financial Liabilities

- Amendments to MFRS 139 "Financial Instruments: Recognition and Measurement" on Novation of Derivatives and Continuation of Hedge Accounting

- IC Interpretation 21 on Levies

The adoption of the amendments to existing standards and a new IC Interpretation did not have any significant impact to the Group during the current quarter and financial period to date except for IC Interpretation 21 which is still being assessed by the Group.

3. Seasonal or Cyclical Factors

The operations of the Group were not significantly affected by any seasonal or cyclical factors.

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

The Group's performance for the current quarter and financial period to date has taken into account the following:

(a) On 26 February 2014, PT XL Axiata Tbk ("XL") bought back its issued and paid-up ordinary share of 231,114,140 at a buy back price of IDR5,280 per ordinary share from its former shareholders who disapproved the Merger Plan of XL and Axis Telekom Indonesia ("Axis") as disclosed in Part A, 12(c) of this announcement for a net consideration of RM339.9 million which subsequently paid by XL on 21 April 2014. As a result, the Group's effective equity interest in XL increased from 66.48% to 68.34%.

In conjunction with the share buy-back by XL as mentioned above, the Group derecognised RM152.6 million and RM187.3 million in consolidated retained earnings and non-controlling interests respectively during the current quarter and financial period to date;

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

(b) On 19 March 2014, XL assumed Axis's borrowings of approximately RM2,836.6 million (USD865 million) and completed the acquisition of Axis as disclosed in Part A, 12 (c) of this announcement for a total cash consideration of RM343 (USD100).

During the current quarter and financial period to date, a total goodwill of RM2,164.4 million (IDR7,489.3 billion) [which is subject to finalisation of acquisition accouting within twelve (12) months from the date of acquisition of Axis] was recognised in conjunction with the above acquisition;

(c) On 28 April 2014, the Group early redeemed a USD 250.0 million borrowing which will mature on 28 April 2015. Accordingly the Group reclassified the borrowing of RM818.9 million and its respective derivative financial asset of RM9.4 million from non-current to current during the current quarter and financial period to date; and

(d) During the current quarter and financial period to date, the Group recognised net foreign exchange gains of RM161.2 million mainly arising from the revaluation of USD borrowings and payables.

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 31 March 2014.

5. Estimates

The preparation of interim unaudited financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

There were no changes in estimates of amounts reported in prior financial years that may have a material effect in the current quarter and financial period to date.

In preparing the unaudited interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the sources of estimates uncertainty were consistent as those applied in the 2013 Audited Financial Statements.

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

(a) During the current quarter and financial period to date, the Company issued new ordinary shares under Axiata Share Scheme as below:

- 6,926,500 new ordinary shares of RM1 each at an exercise price of RM1.81, RM3.15, 3.45 and RM5.07 respectively pursuant to employee share option exercised under Performance-Based Employee Share Option Scheme; and
- 8,700 new ordinary shares of RM1 each vested under Restricted Share Awards at an issuance price of RM5.20 and RM5.67 respectively being the fair value of the RSA issued.

The detail movement of the issued and paid-up capital and share premium reserve of the Company are as follows:

	Issued and fully paid-up ordinary shares of RM1 each	Share capital	Share premium	Total
	'000	RM'000	RM'000	RM'000
At 1 January 2014	8,540,663	8,540,663	2,223,076	10,763,739
- Issuance of ordinary shares under Axiata Share Scheme	6,935	6,935	25,883	32,818
- Transferred from ESOS reserve upon exercise/vest	-	-	7,281	7,281
- Share issue expenses	-	-	(10)	(10)
As at 31 March 2014	8,547,598	8,547,598	2,256,230	10,803,828

(b) On 26 March 2014, the Company offered 31,774,800 ordinary shares of RM1 each of the Company under the Axiata Share Scheme to the eligible employees and Executive Directors of the Group.

Aside from the above, there were no other significant and unusual issues, repurchases and repayments of debt and equity securities during the financial period ended 31 March 2014.

7. Dividends

There was no dividend paid by the Company during the financial period to date.

8. Segmental Information

For the financial period ended 31 March 2014

	Malaysia	Indonesia	Bangladesh	Sri Lanka	Others	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	1,904,778	1,538,058	495,847	411,890	192,391	51,467	4,594,431
Inter-segment*	(7,263)	(34,477)	(490)	(27,308)	(15)	(9,856)	(79,409)
External operating revenue	1,897,515	1,503,581	495,357	384,582	192,376	41,611	4,515,022
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	814,819	636,038	193,088	118,740	56,558	(30,458)	1,788,785
Interest income	28,178	13,440	4,970	229	33,444	(25,291)	54,970
Interest expense	(46,590)	(107,405)	(4,855)	(4,785)	(51,077)	25,220	(189,492)
Depreciation of property, plant and equipment ("PPE")	(195,602)	(423,156)	(72,012)	(73,379)	(27,048)	12,359	(778,838)
Amortisation of intangible assets	17,497	(33,254)	(25,096)	(6,363)	(1,186)	(4,052)	(52,454)
Joint ventures:							
- Share of results (net of tax)	(36)	2,267	-	-	-	-	2,231
Associates:							
- Share of results (net of tax)	2,530	-	-	(231)	99,097	-	101,396
- Loss on dilution of equity interests	-	-	-	-	-	(11,546)	(11,546)
Impairment of PPE, net of reversal	(2,451)	(2,767)	1,054	5,943	-	-	1,779
Other non-cash income/(expenses)	10,323	79,258	3,256	(1,256)	6,484	73	98,138
Taxation	(167,541)	(59,406)	(56,102)	(7,292)	(18,233)	23,571	(285,003)
Segment profit/(loss) for the financial period	461,127	105,015	44,303	31,606	98,039	(10,124)	729,966

8. **Segmental Information (continued)**

For the financial period ended 31 March 2013

Restated	Malaysia	Indonesia	Bangladesh	Sri Lanka	Others	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	1,979,284	1,596,919	421,414	370,445	138,279	-	4,506,341
Inter-segment*	(1,611)	(8,377)	(415)	(4,544)	(4)	(9,513)	(24,464)
External operating revenue	1,977,673	1,588,542	420,999	365,901	138,275	(9,513)	4,481,877
EBITDA	851,776	667,407	154,892	119,290	(13,671)	16	1,779,710
Interest income	30,216	5,716	6,869	2,114	40,999	(13,877)	72,037
Interest expense	(51,442)	(75,578)	(5,465)	(4,158)	(39,506)	12,413	(163,736)
Depreciation of PPE	(183,393)	(439,114)	(58,204)	(64,323)	(20,133)	16,552	(748,615)
Amortisation of intangible assets	(26,422)	(7,111)	(15,597)	(2,920)	(544)	-	(52,594)
Associates:							
- Share of results (net of tax)	1,311	-	-	(288)	66,035	-	67,058
- Loss on dilution of equity interests	-	-	-	-	-	(7,429)	(7,429)
Impairment of PPE, net of reversal	(28,000)	(288)	-	(1,813)	(17,907)	-	(48,008)
Other non-cash income/(expenses)	3,645	(10,800)	15,699	(1,948)	9,220	1,464	17,280
Taxation	(128,689)	(40,712)	(54,076)	(6,733)	(13,714)	3,427	(240,497)
Segment profit for the financial period	469,002	99,520	44,118	39,221	10,779	12,566	675,206

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

9. Valuation of Property, Plant and Equipment ("PPE")

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

10. Acquisitions of PPE

During the financial period to date, the Group acquired additional PPE amounting to RM1,034.4 million mainly for its telecommunication network equipment and capital work in progress.

11. Events after the Interim Period

Other than the events after the interim period as mentioned in Part A, 4(c), 12(c) and 13 of this announcement, there was no other significant event after interim period that requires disclosure or adjustment as at 20 May 2014.

12. Effects of Changes in the Composition of the Group

(a) Incorporation of Axiata Digital Services Sdn Bhd ("ADS")

On 30 January 2014, the Company announced the incorporation of ADS, a private company limited by shares, under the Companies Act, 1965 which was incorporated on 29 January 2014.

ADS was incorporated with an authorised share capital of RM0.4 million divided into 400,000 ordinary shares of which its issued and paid-up share capital is RM2. The nature of business to be carried by ADS is as an investment holding company.

The incorporation of ADS has no significant impact to the Group during current quarter and financial period to date.

(b) Dilution of equity interest in Glasswool Holdings Limited ("Glasswool")

On 13 December 2013, Axiata Investments (Cambodia) Limited, a wholly-owned subsidiary of the Company entered into a Co-operation Agreement with Glasswool Holdings Limited ("Glasswool") and Southern Coast Ventures Inc. ("SCV").

In accordance with the Co-operation Agreement, Glasswool shall issue to SCV the following additional ordinary shares in Glasswool subject to no material adverse event as defined in the Co-operation Agreement having occurred prior to the First, Second and Third anniversary from 19 February 2013 as below:

i) 58 Ordinary Shares following the First Completion Date;
ii) 60 Ordinary Shares following the Second Completion Date; and
iii) 64 Ordinary Shares following the Third Completion Date.

On 3 March 2014, Glasswool issued 58 ordinary shares to SCV resulting in the Group's equity interest in Glasswool decreased from 90.00% to 87.46%. The Group recorded a decrease in consolidated retained earnings arising from the transaction with non-controlling interest amounting to RM11.5 million during the current quarter and financial period to date.

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

(c) Share buy-back and Acquisition of Axis by XL

On 26 September 2013, XL entered into a conditional sale and purchase agreement ("SPA") with Saudi Telecom Company ("STC") and Teleglobal Investments B.V. ("Teleglobal"), a wholly-owned owned subsidiary of STC, to purchase (or procure the purchase of) 95.00% shares in Axis. The value of transaction was USD 865.0 million whereby USD 100.0 would be used for the payment of 95.00% of Axis shares to Teleglobal and the remaining amount of USD 864,999,900 was for the payment Axis's indebtness.

Subsequently, XL received the following approvals:

- ✓ On 28 November 2013, Minister of Communication & Information approved the proposed acquisition on Axis ("Proposed Acquisition") followed by merger of XL and Axis ("Merger Plan") with some requirements should be fulfilled;
- ✓ On 23 December 2013, the Board of Commissioners and Directors of XL approved the Merger Plan;
- ✓ On 4 February 2014, Otoritas Jasa Keuangan of Indonesia approved the Merger Plan;
- ✓ Majority shareholders of XL approved the Proposed Acquisition and Merger Plan via the Extraordinary General Meeting held on 5 February 2014. Shareholders of XL who disapproved the Merger Plan required XL to buy back its ordinary shares; and
- ✓ On 18 February 2014, the Commission for the Supervision of Business Competition approved the above transactions.

The Proposed Acquisition was completed on 19 March 2014. Upon the completion of the Proposed Acquisition, Axis was further merged into XL as a single entity. The merger between XL and Axis was completed on 8 April 2014.

The impact of the share-buy-back by XL and the acquisition of Axis to the Group are disclosed in Part A, Note 4(a) and (b) of this announcement.

(d) Dilution on equity interest in M1 Limited ("M1")

During the current quarter and financial period to date, the Group's equity interest in M1, held through Axiata Investments (Singapore) Limited, a wholly-owned subsidiary of the Company, decreased from 28.74% to 28.64% following the issuance of new ordinary shares under M1's ESOS.

The dilution has no significant impact to the Group during the current quarter and financial period to date.

(e) Dilution on equity interest in Idea Cellular Limited ("Idea")

During the current quarter and financial period to date, the Group's equity interest in Idea, decreased from 19.90% to 19.89% following the issuance of new ordinary shares under Idea's ESOS.

The dilution has no significant impact to the Group during the current quarter and financial period to date.

There were no other changes in the composition of the Group for the financial period ended 31 March 2014.

13. Significant Changes in Contingent Assets or Contingent Liabilities

(a) There has been no significant change in contingent assets or contingent liabilities of subsidiaries from that disclosed in the 2013 Audited Financial Statements.

(b) There has been no significant change in contingent liabilities of an associate from that disclosed in the 2013 Audited Financial Statements except for the following:

Dispute on Legality of 3G Intra Circle Roaming Agreement*

Idea had entered into roaming arrangements with other operators to provide 3G services in service areas where it did not win 3G spectrum. Department of Telecommunications ("DoT") has sent notices to stop the 3G services in these service areas and also imposed penalty for providing 3G services in select service areas under roaming arrangements.

On 29 April 2014, Telecom Disputes Settlement and Appellant Tribunal has quashed the penalty of RM163.3 million (INR3.0 billion) imposed by DoT and restored the 3G Intra Circle roaming services. Resultantly, this is no longer a contingent liability of the associate of the Group as at reporting date.

* *Included in contingent liabilities on other taxes, custom duties and demands under adjudication, appeal or disputes of contingent liabilities of an associate as disclosed in the 2013 Audited Financial Statements.*

14. Capital Commitments

PPE	Group	
	As at 31/3/2014	As at 31/3/2013
	RM'000	RM'000
• Commitments in respect of expenditure approved and contracted for	**1,318,695**	1,808,025
• Commitments in respect of expenditure approved but not contracted for	**1,924,513**	3,500,802

15. Financial Instruments at Fair Value Measurement

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

- Derivative financial instruments (assets and liabilities); and
- Trading securities

The Group measured the financial instruments based on:

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

15. Financial Instruments at Fair Value Measurement (continued)

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

Derivative Financial Instruments	**2014**			2013		
	Level 1	**Level 2**	**Total**	Level 1	Level 2	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Financial assets at fair value through profit or loss:						
- Trading securities	19	-	19	8	-	8
- Non-hedging derivatives	-	150,595	150,595	-	48,937	48,937
- Derivatives used for hedging	-	9,380	9,380	-	-	-
Liabilities						
- Non-hedging derivatives	-	(21,318)	(21,318)	-	(20,492)	(20,492)
- Derivatives used for hedging	-	(95,858)	(95,858)	-	(147,542)	(147,542)
Total	**19**	**42,799**	**42,818**	8	(119,097)	(119,089)

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

1. Review of Performance

(a) Quarter-on-Quarter

The Group recorded marginal revenue growth of 0.7% to RM4,515.0 million in the current quarter ("Q1'14") from RM4,481.9 million recorded in the first quarter 2013 ("Q1'13"), on the back of higher revenue contribution from Sri Lanka, Bangladesh and Cambodia. At constant currency, the Group revenue would have registered higher growth of 4.1%. Operating costs of the Group increased by 0.9% to RM2,726.2 million in Q1'14 from RM2,702.2 million in Q1'13, also driven by Sri Lanka, Bangladesh and Cambodia. As a result, Group EBITDA increased by 0.5% quarter-on-quarter, with margin at 39.6%, a marginal decrease of 0.1 percentage points. Profit After Tax ("PAT") in the period continued the growth momentum, posted growth of 8.1% to RM730.0 million, mainly due to foreign exchange gains of RM133.3 million recorded by Indonesia in Q1'14 as compared to losses in Q1'13. Higher profit contribution in Cambodia operations and from associate in India also brought positive growth to the Group.

Malaysia gross revenue decreased by 3.8% in Q1'14 mainly due to lower prepaid and interconnect revenue and from lower sales of devices. Prepaid and interconnect revenue decreased by 5.5% and 13.9% respectively while device sales registered a decline of 55.7%. The decrease was however off-set by growth in data and broadband revenue of 7.8% and 18.5% in the current quarter. In Q1'14, Malaysia operating costs decreased by 3.3% mainly from lower material costs in line with lower device sales recorded, and lower network related cost. EBITDA in the period subsequently showed decrease of 4.3% with margin at 42.8% quarter-on-quarter, decreasing by 0.2 percentage points. PAT posted a decrease of 1.7% to RM461.1 million, mainly due to the lower EBITDA and higher taxation recorded in Q1'14.

Gross revenue of Indonesia decreased by 3.7% quarter-on-quarter mainly due to unfavourable translation impact of weakening IDR against RM in the current quarter. At constant currency, Indonesia revenue would have registered growth of 9.8% quarter-on-quarter mainly coming from prepaid, data and voice revenue, increasing 8.4%, 30.3% and 2.8% respectively. Operating costs decreased by 3.0% quarter-on-quarter, would have increased by 10.6% at constant currency from higher network cost and manpower cost. Increase in network cost was mainly due to higher network implementation with 14.5% increase in base transmission sites versus prior quarter. EBITDA in the period declined 4.7% and margin decreased by 0.4% recording at 41.4% in Q1'14. At constant currency, EBITDA would grew 8.6% from the higher gross revenue recorded. PAT in the period increased by 5.5% mainly resulted from foreign exchange gains recorded in the current quarter as compared to exchange losses in the prior quarter.

Bangladesh gross revenue registered an excellent double digit growth of 17.7% mainly from prepaid revenue, supported by 15.2% increase in prepaid revenue generating subscriber base and higher interconnect revenue. In the current quarter, Bangladesh operating costs grew 13.6% mainly due to higher network related cost and marketing cost. EBITDA in Q1'14 subsequently increased by 24.7% to RM193.1 million and margin grew 2.1 percentage points to 38.9%. PAT in the period however posted marginal growth of 0.4% to RM44.3 million affected by higher depreciation, amortisation and impairment and lower foreign exchange gains recorded in Q1'14 versus prior quarter.

1. Review of Performance (continued)

(a) Quarter-on-Quarter (continued)

Sri Lanka gross revenue grew 11.2% quarter-on-quarter mainly attributed to its mobile and television segment. In Q1'14, Sri Lanka mobile revenue continued to show its positive momentum growing 9.5% from higher prepaid revenue, which increased by 8.5% in tandem with the increase in prepaid net subscribers additions of 237.1%, and higher mobile broadband revenue of 48.6%. Television revenue recorded growth of 25.7% mainly from higher subscription revenue arising from increased customer base. During the period, tele-infrastructure segment also showed positive improvement, growing by 12.4% but global revenue registered a decline of 12.2% arising from lower termination and transit revenue recorded. Operating costs increased by 16.7% mainly from higher regulatory and network related costs. As a result, EBITDA in the period posted a marginal decrease of 0.5% with margin at 28.8%, decreasing by 3.4 percentage points. PAT in the quarter subsequently dipped by 19.4% from the lower EBITDA and higher depreciation, amortisation and impairment recorded.

Cambodia gross revenue grew significantly by 88.1% quarter-on-quarter mainly coming from higher prepaid revenue. Prepaid revenue segment remained the major revenue contributor, contributing 75% of total gross revenue in Q1'14, consistent with the increase in prepaid revenue generating subscriber base of 31.4%. Operating costs in the current quarter grew 54.6% mainly from higher sales and marketing cost. With strong revenue traction versus cost, Cambodia EBITDA and PAT registered excellent growth of 174.4% and 394.1% respectively.

Other segment consist of other subsidiaries and profit contribution from associates and joint ventures, has a revenue contribution of RM102.1 million to total Group revenue in Q1'14. For the current period, associates and joint ventures contribution in share of profit increased to RM92.1 million from RM59.6 million in Q1'13, mainly due to higher share of profit contribution in India in Q1'14 as compared to Q1'13.

1. Review of Performance (continued)

(b) Comparison with Preceding Quarter's Result

Group revenue increased marginally by 0.1% to RM4,515.0 million recorded in Q1'14 from RM4,512.3 million in the fourth quarter 2013 ("Q4'13") mainly resulted from higher increase from Indonesia, Bangladesh, Sri Lanka and Cambodia. At constant currency, Group revenue registered negative growth of 1.1%. Group operating costs decreased by 2.7% to RM2,726.2 million in Q1'14 mainly coming from Malaysia and Bangladesh operations. As a result, the Group recorded EBITDA growth of 4.6% to RM1,788.8 million in Q1'14 as compared to the preceding quarter, and margin increased by 1.7 percentage points to 39.6%. During the period, PAT posted double-digit growth of 24.5% to RM730.0 million in Q1'14 mainly flowing from the higher EBITDA and foreign exchange gains in Indonesia in Q1'14 versus exchange losses in the preceding quarter.

Malaysia gross revenue decreased by 5.3% in Q1'14 mainly arising from lower prepaid and postpaid revenue and lower sales of devices. During the quarter, prepaid and postpaid revenue decreased by 4.2% and 3.3% respectively affected by post festivities and device sales recorded lower growth of 62.1%. Operating costs decreased by 7.2% compared to Q4'13, attributed to lower material cost in line with decrease in devices sales, and lower interconnect cost in line with decrease in outgoing traffic post festivities. Malaysia EBITDA subsequently decreased by 2.7% but margin increased during the quarter by 1.2 percentage points to 42.8%. In Q1'14, reversal of prior years' tax overprovision in Q4'13 coupled with the lower EBITDA in Q1'14 resulted in Malaysia's PAT registered a decline of 10.5% in the current quarter.

Gross revenue of Indonesia increased by 2.9% mainly due to higher data and interconnect revenue, increasing by 3.3% and 9.6% respectively, but offset by lower growth from voice and SMS revenue. In Q1'14, operating costs increased by 5.1% mainly coming from higher network costs to accommodate data growth, and in tandem with increase in base transmission sites. During the current period, EBITDA decreased marginally by 0.1% and margin dipped by 1.2 percentage points to 41.4% compared to the preceding quarter. Strengthening of IDR against USD in the current quarter resulted in foreign exchange gains of RM133.3 million in Q1'14 versus exchange losses in the preceding quarter. This resulted in the excellent growth in Q1'14 PAT performance by 322.0% to RM105.0 million.

Bangladesh posted gross revenue growth of 8.7% mainly from prepaid revenue which increased by 6.0%, in line with increase in prepaid revenue generating subscriber base and prepaid net additions of 5.1% and 18.3% respectively. For the quarter, Bangladesh operating costs decreased by 9.5% contributed mainly by one-off bad debts provision in Q4'13 and lower marketing cost and subscriber acquisition costs arising from lower lifting of SIM cards in Q1'14. As a result, EBITDA reported strong growth of 58.7% versus the preceding quarter, with double-digit margin growth of 12.2 percentage points to 38.9%. PAT in the current quarter subsequently increased by more than 100% to RM44.3 million, resulted mainly from the higher EBITDA recorded.

1. Review of Performance (continued)

(b) Comparison with Preceding Quarter's Result (continued)

Sri Lanka gross revenue increased by 3.2% contributed mainly from its television segment which grew 8.2% driven by growth in subscription fee revenue. Tele-infrastructure and fixed line segment also showed positive improvement, with growth of 3.0% and 0.8% respectively versus Q4'13. During the quarter, operating costs increased in tandem with revenue at 3.2% mainly coming from manpower and customer maintenance cost. EBITDA in the current quarter subsequently posted growth of 3.4% with margin remained stable at 28.8% in Q1'14. PAT in the quarter registered growth of 14.9% from the preceding quarter to RM31.6 million, mainly flowing from the higher EBITDA recorded.

Cambodia gross revenue grew by 11.1% versus preceding quarter mainly coming from higher prepaid revenue. Prepaid revenue segment remained the major revenue contributor, contributing 75% of total gross revenue in Q1'14, consistent with the increase in prepaid revenue generating subscriber base of 3.2%. Operating costs in the current quarter grew 12.0% mainly from higher network related cost and marketing cost. In Q1'14, Cambodia EBITDA registered growth of 9.8% but margin dipped slightly by 0.5 percentage points to 40.8%. Higher EBITDA coupled with lower depreciation, amortisation and impairment recorded resulted in PAT registered excellent growth of 392.2% versus the preceding quarter.

Other segment consist of other subsidiaries and profit contribution from associates and joint ventures, has a revenue contribution of RM102.1 million to total Group revenue in Q1'14. For the current period, associates and joint ventures contribution in share of profit increased to RM92.1 million from RM71.7 million in Q4'13, mainly due to higher share of profit contribution in India and Singapore in Q1'14 as compared to Q4'13.

1. Review of Performance (continued)

(c) Economic Profit ("EP") Statement

	Current and Cumulative Quarter	
	31/3/2014	31/3/2013
	RM'000	RM'000
EBIT	952,615	949,403
Less: Adjusted Tax (25%)	(238,154)	(237,351)
NOPLAT	714,461	712,052
AIC	14,160,054	14,878,627
WACC	8.49%	7.34%
Economic Charge (AIC*WACC)*	300,547	273,023
Economic Profit	413,914	439,029

The EP Statement is as prescribed under the Government Linked Companies Transformation Program and it is disclosed on a voluntary basis.

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

The factor contributing to lower EP is mainly arising from higher Economic Charge during the current quarter and financial period to date.

The Group reported a higher WACC during the current quarter and financial period to date due to higher cost of equity resulted from higher market risk premium.

Note:

EBIT = Earnings Before Interest & Taxes, excluding derivative financial instruments gains/(losses), certain non operational and one-off items as well as foreign exchange differences on financing activities.

NOPLAT= Net Operating Profit/(Loss) After Tax

AIC = Average Invested Capital, consists of average operating capital, average net PPE and average net other operating assets.

WACC = Weighted Average Cost of Capital is calculated as weighted average cost of debts and equity taking into account the proportion of debt position and market capitalisation as at end of the period.

* Economic charge is normalised by excluding the invested capital of Axis on the date of acquisition on 19 March 2014 and borrowings of the Group related to acquisition of Axis.

2. Headline Key Performance Indicators ("KPIs") for the financial year ending 31 December 2014

On 20 February 2014, the Group announced its Headline KPIs guidance for the financial year ending 31 December 2014. The Group's 2014 Headline KPIs announced are as below:

Headline KPIs	Proposed FY2014 Headline KPIs* (%)
Revenue Growth	10.1
EBITDA Growth	1.8
Return on Invested Capital ("ROIC")	9.3
Return on Capital Employed ("ROCE")	7.8

* *The above Headline KPIs are based on 2013 average forex rates for the respective currencies. However, based on January 2014 average forex rates these Headlines KPIs are estimated to be Revenue 6.9%, EBITDA (1.0)%, ROIC 9.0% and ROCE 7.5%*

Moving forward, the Group will remain focused on its long-term transformation strategy which includes new approach to current business and continues to invest aggressively in data and related services. We will also review and improve our cost structure and forex mitigation strategy in order to optimise our financial performance.

The Group expects to face continued challenges for the financial year ending 31 December 2014 and careful execution of its business strategy remains a key focus. Amongst the key risks facing operating companies include increasing competition and regulatory challenges.

Based on performance of the Group to date, barring any unforeseen circumstances, competitive pressures and adverse foreign currency fluctuations, the Board of Directors expect the Group's performance for the financial period ending 31 December 2014 to be on track with the Headline KPIs (at constant currency) with the exception of revenue partly due to delay of Axis acquisition.

3. Variance of Actual Profit from Forecast Profit / Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in a public document in respect of the financial period ended 31 March 2014.

4. Taxation

The taxation charge for the Group comprises:

	Current and Cumulative Quarter	
	31/3/2014	31/3/2013
	RM'000	RM'000
Income Tax:		
Malaysia		
Current year	(81,751)	(110,364)
Prior year	(8,144)	21,700
	(89,895)	(88,664)
Overseas		
Current year	(128,420)	(86,378)
Prior year	-	1,615
	(128,420)	(84,763)
Deferred Tax (net):		
Originating and reversal of temporary differences	(66,688)	(67,070)
Total taxation	**(285,003)**	**(240,497)**

The current quarter and financial period to date effective tax rate for the Group is higher than the statutory tax rate mainly arising from higher non-deductible expenses incurred.

5. Status of Corporate Proposals

As of 20 May 2014, there is no other corporate proposal announced but not completed.

6. Group's Borrowings and Debt Securities

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

	2014		2013	
	Current	**Non-current**	Current	Non-current
	RM'000	**RM'000**	RM'000	RM'000
Secured	208,121	263,359	203,949	400,055
Unsecured	2,335,906	12,295,074	1,579,315	10,817,566
Total	**2,544,027**	**12,558,433**	1,783,264	11,217,621

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

Foreign Currencies	**2014**	2013
	RM'000	RM'000
USD	5,672,740	3,686,103
IDR	3,847,357	3,808,889
CNY	526,977	495,031
BDT	17,750	23,213
SLR	23,723	4,575
PKR	25,384	-
Total	**10,113,931**	8,017,811

7. Outstanding derivatives

(a) The detail of the Group's outstanding net derivatives financial instruments as at 31 March are set out as follows:

Type of derivatives financial instruments	**2014** Notional Value	**2014** Fair Value Favourable/ (Unfavourable)	2013 Notional Value	2013 Fair Value Favourable/ (Unfavourable)
	RM'000	**RM'000**	RM'000	RM'000
Forward foreign currency contracts:				
- 1 – 3 years	299,911	41,569	386,688	17,252
Cross currency interest rate swaps:				
- < 1 year	1,344,925	23,201	135,823	15,196
- 1 – 3 years	323,978	57,448	1,611,760	(31,100)
- > 3 years	1,145,375	(65,374)	928,050	(111,846)
Interest rate swaps contracts:				
- 1 – 3 years	1,247,329	(21,318)	400,216	(12,383)
- > 3 years	394,882	(1,070)	-	-
Convertible warrants in an associate:				
- > 3 years	-	8,343	-	3,784
Total		**42,799**		(119,097)

(b) The risks associated with the derivative financial instruments and the policies in place for mitigating such risks were disclosed in the 2013 Audited Financial Statements.

8. Fair value changes of financial liabilities

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

	Current and Cumulative Quarter	
	31/3/2014	31/3/2013
	RM'000	RM'000
Total net losses	(4,856)	(1,787)

9. Realised and Unrealised Profits or Losses Disclosure

	As at	
	31/3/2014	31/3/2013
	RM'000	RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	11,480,904	11,665,629
- Unrealised	(1,872,410)	(1,490,265)
	9,608,494	10,175,364
Total retained profits/(accumulated losses) from associated companies:		
- Realised	1,240,407	881,849
- Unrealised	(195,166)	(116,586)
	1,045,241	765,263
Total accumulated losses from joint ventures:		
- Realised	10,151	(1,577)
	10,151	(1,577)
Less : Consolidation adjustments	(830,326)	(632,706)
Total Consolidated Retained Profits	9,833,560	10,306,344

10. Material Litigation

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

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

In 2005, Celcom Trading, a wholly-owned subsidiary of Celcom, commenced proceedings against Aras Capital and TSDTR for amounts due to Celcom Trading of RM261.8 million as at 30 November 2004 pursuant to an investment agreement with Aras Capital and an indemnity letter given by TSDTR. TSDTR filed its defence and instituted a counterclaim of RM100.0 million against Celcom Trading, Celcom Resources Berhad (formerly known as Technology Resources Industries Berhad) ("Celcom Resources") and its directors to void and rescind the indemnity letter and claim damages. Celcom Trading, Celcom Resources and the directors filed their respective applications to strike out TSDTR's counterclaim, which were dismissed by the Court. The directors appealed and the same was dismissed on 16 October 2012.The Court allowed the parties' application to amend the pleadings on 13 May 2013. The matter is now fixed for further case management on 4 March 2014 in preparation for the trial. The full trial date fixed on 5 May 2014 has been vacated and the matter is now fixed for case management on 6 June 2014.

10. Material Litigation (continued)

(b) Celcom & Another vs TSDTR & 6 Others

On 24 October 2008, Celcom and Celcom Resources filed a Writ of Summons and Statement of Claim against the former directors of Celcom/Celcom Resources, namely (i) TSDTR, (ii) Bistaman Ramli ("BR"), (iii) Dato' Lim Kheng Yew ("DLKY"), (iv) Axel Hass ("AH"), (v) Oliver Tim Axmann ("OTA"). In the Writ of Summons, Celcom and Celcom Resources also named DeTeAsia Holding GmbH ("DeTeAsia") and Beringin Murni Sdn Bhd ("BM") as co-defendants (collectively with the former directors referred to as "Defendants"). Celcom and Celcom Resources are seeking damages for conspiracy against the Defendants.

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

TSDTR and BR filed an application to strike out the Writ of Summons. On 17 July 2009, the Court dismissed TSDTR and BR's striking out application with costs. TSDTR and BR filed an appeal to the Court of Appeal. The appeal was heard on 25 June 2012 and 14 August 2012. The Court of Appeal fixed the appeal for continued hearing on 28 November 2012.

DeTeAsia, AH and OTA have filed their respective Memorandum of Conditional Appearance and application to strike out these proceedings. On 25 October 2010, the Court dismissed the said application respectively and on 28 October 2010 AH, OTA and DeTeAsia filed their respective appeals to Court of Appeal against the High Court decision. The appeals were heard on 25 June 2012 and 14 August 2012 and fixed for continued hearing on 28 November 2012.

Subsequently, the Court of Appeal vacated both appeals and at the hearing fixed on 27 June 2013, the Court of Appeal heard the parties' submissions and reserved its decision to a date to be fixed. Meanwhile, this matter has been fixed for further case management in the High Court on 18 February 2014 pending outcome of the appeals.

On 11 March 2014, the appeals were dismissed with costs and the Court of Appeal ordered that the proceedings in the High Court be stayed pending disposal of the Defendants' applications for leave to appeal to the Federal Court.

On 8 and 9 April 2014 an application for leave to appeal to the Federal Court was filed by TSDTR, BR and German Directors respectively.

10. Material Litigation (continued)

(c) Celcom & Another vs TSDTR & 8 Others

In connection with the Award in DeTeAsia's favour in August 2005, Celcom and Celcom Resources instituted proceedings against 9 of its former directors alleging that they had breached their fiduciary duties in entering into a Subscription Agreement on its behalf on 25 June 1996 with Deutsche Telekom AG ("Subscription Agreement"), and the ARSA whilst they were directors of Celcom and Celcom Resources. In addition, Celcom and Celcom Resources have also made a claim against TSDTR for alleged unauthorised profits made by him in connection with the execution of the abovementioned agreements. Celcom and Celcom Resources are seeking an indemnity from the directors for the sums paid by Celcom to DeTeAsia in satisfaction of the Award against it, return of the alleged unauthorised profits by TSDTR amounting to RM446.0 million, all monies received by the directors arising out of such breaches, losses and damages in connection with the entry of Celcom and Celcom Resources into the Subscription Agreement and the ARSA.

TSDTR and BR filed an application to strike out the proceedings. On 6 February 2009, the Court dismissed TSDTR and BR's striking out application with costs. TSDTR and BR filed an appeal to the Court of Appeal. The appeal was heard on 25 June 2012 and on 14 August 2012. The Court of Appeal fixed the appeal for continued hearing on 28 November 2012.

The German directors have respectively applied to set aside these proceedings on the basis that the issues had been litigated and decided on their merits based on the Award. The said applications were respectively dismissed by the Court on 30 June 2010. The German directors filed their respective notices of appeal to the Court of Appeal. The appeals were heard on 25 June 2012 and 14 August 2012. The Court of Appeal then fixed 28 November 2012 for continued hearing.

Subsequently, the Court of Appeal vacated both appeals and at the hearing fixed on 27 June 2013, the Court of Appeal heard the parties' submissions and reserved its decision to a date to be fixed. Meanwhile, this matter has been fixed for further case management in the High Court on 18 February 2014 pending outcome of the appeals.

On 11 March 2014, the appeals were dismissed with costs and the Court of Appeal ordered that the proceedings in the High Court be stayed pending disposal of the Defendants' applications for leave to appeal to the Federal Court.

On 8 and 9 April 2014 an application for leave to appeal to the Federal Court was filed by TSDTR, BR and German Directors respectively.

11. Update on Memorandum of Understanding ("MOU") pursuant to Paragraph 9.29, Chapter 9 of the Main LR

Celcom and MY E.G Services Berhad ("MYEG") had, on 2 September 2013, entered into a MOU to jointly explore possible business opportunities and collaboration in the areas of e-Government services delivery and joint go-to-market for specific target market segments.

This MOU, which is valid for a period of one (1) year, forms the basis of the Parties collaboration until such time definitive agreements(s) are entered. The MOU may be further extended by the Parties unless earlier terminated or upon execution of the definitive agreement(s).

12. Other Disclosure Requirements under Appendix 9B of the Main LR

Other than those items disclosed in the statements of comprehensive income and notes in Part A of this announcement, there are no material impairment of receivables, inventories, gains/loss on disposal of investments, properties and assets during the current quarter and financial period to date.

13. Earnings Per Share ("EPS")

(a) Basic EPS

	Current and Cumulative Quarter	
	31/3/2014	31/3/2013
Profit attributable to owners of the Company (RM'000)	674,878	614,565
Adjusted weighted average number of shares (000)	8,543,124	8,511,001
Basic EPS (sen)	**7.9**	7.2

Basic EPS of the Group was calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares during the current quarter and financial period to date.

(b) Diluted EPS

For the diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

	Current and Cumulative Quarter	
	31/3/2014	31/3/2013
Profit attributable to owners of the Company (RM'000)	674,878	614,565
Adjusted weighted average number of shares (000)	8,543,124	8,511,001
Adjusted for the Company's ESOS/RSA	57,120	50,563
Weighted average number of diluted ordinary shares for computation of diluted EPS (000)	8,600,244	8,561,564
Diluted EPS (sen)	**7.8**	7.2

14. Qualification of Preceding Audited Financial Statements

The 2013 Audited Financial Statements were not subject to any qualification.

15. Dividend Proposed

The Board of Directors have recommended tax exempt dividends under single tier system a final dividend of 14 sen (2013: 15 sen) per ordinary share of RM1 each of the Company in respect of financial year ended 31 December 2013. The proposed dividends are subject to approval of by the shareholders at the forthcoming 22nd Annual General Meeting ("AGM") of the Company to be held on 28 May 2014. If approved by the shareholders at the 22nd AGM, the said dividend will be paid on 19 June 2014 to depositors whose names appear in the Register of Members/Record of Depositors of the Company on 4 June 2014.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
27 May 2014