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 30 June 2014.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2nd Quarter Ended		Financial Period Ended	
	30/6/2014	30/6/2013	30/6/2014	30/6/2013
	RM'000	RM'000	RM'000	RM'000
Operating revenue	**4,730,433**	4,629,385	**9,245,455**	9,111,262
Operating costs				
- depreciation, impairment and amortisation	**(892,938)**	(854,383)	**(1,730,994)**	(1,706,082)
- foreign exchange losses	**(156,876)**	(37,653)	**(173,481)**	(22,349)
- domestic interconnect and international outpayment	**(623,908)**	(651,141)	**(1,191,032)**	(1,334,007)
- marketing, advertising and promotion	**(373,269)**	(380,409)	**(724,112)**	(735,226)
- other operating costs	**(1,653,168)**	(1,423,733)	**(3,138,174)**	(2,799,854)
- staff costs	**(337,688)**	(309,953)	**(660,951)**	(598,316)
- other gains/(losses) - net	**25,607**	40,006	**(47,375)**	35,725
Other operating income	**5,974**	16,775	**24,466**	22,863
Operating profit before finance cost	**724,167**	1,028,894	**1,603,802**	1,974,016
Finance income	**49,143**	98,149	**104,113**	170,186
Finance cost excluding net foreign exchange (losses)/gains on financing activities	**(196,008)**	(183,246)	**(385,500)**	(346,982)
Net foreign exchange (losses)/gains on financing activities	**(162,044)**	(42,834)	**15,732**	(40,183)
	(358,052)	(226,080)	**(369,768)**	(387,165)
Joint ventures				
- share of results (net of tax)	**(14,644)**	(1,201)	**(12,413)**	(1,201)
Associates				
- share of results (net of tax)	**111,237**	84,553	**212,633**	151,611
- loss on dilution of equity interests	**-**	(11,604)	**(11,546)**	(19,033)
Profit before taxation	**511,851**	972,711	**1,526,821**	1,888,414
Taxation	**(118,498)**	(265,448)	**(403,501)**	(505,945)
Profit for the financial period	**393,353**	707,263	**1,123,320**	1,382,469
Other comprehensive (expense)/income:				
Items that will not be reclassified to profit or loss:				
- actuarial (losses)/gains on defined benefits plan, net of tax	**(5,291)**	26,807	**(5,291)**	5,461
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	**(349,575)**	(15,846)	**(118,519)**	68,967
- Cash flow hedge, net of tax	**(1,359)**	-	**(1,817)**	-
- Net investment hedge, net of tax	**16,185**	12,193	**21,817**	19,655
Other comprehensive (expense)/income for the financial period, net of tax	**(340,040)**	23,154	**(103,810)**	94,083
Total comprehensive income for the financial period	**53,313**	730,417	**1,019,510**	1,476,552
Profit/(Loss) for the financial period attributable to:				
- owners of the company	**447,820**	644,777	**1,122,699**	1,259,342
- non-controlling interests	**(54,467)**	62,486	**621**	123,127
	393,353	707,263	**1,123,320**	1,382,469
Total comprehensive income/(expense) for the financial period attributable to:				
- owners of the company	**200,795**	654,700	**1,025,452**	1,339,469
- non-controlling interests	**(147,482)**	75,717	**(5,942)**	137,083
	53,313	730,417	**1,019,510**	1,476,552
Earnings Per Share (sen) (Part B, Note 13)				
- basic	**5.2**	7.6	**13.1**	14.8
- diluted	**5.2**	7.5	**13.0**	14.7

(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 30/6/2014 RM'000 Unaudited	AS AT 31/12/2013 RM'000 Audited
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	8,565,794	8,540,663
Share premium	2,362,005	2,223,076
Reserves	8,496,981	8,857,846
Total equity attributable to owners of the Company	19,424,780	19,621,585
Non-controlling interests	1,519,634	1,757,486
Total equity	20,944,414	21,379,071
NON-CURRENT LIABILITIES		
Borrowings	12,436,295	11,752,387
Derivative financial instruments	119,026	109,384
Deferred income	319,279	271,585
Other payables	83,201	72,119
Provision for liabilities	328,721	293,102
Deferred tax liabilities	1,688,394	1,578,687
Total non-current liabilities	14,974,916	14,077,264
	35,919,330	**35,456,335**
NON-CURRENT ASSETS		
Intangible assets	12,642,811	9,548,554
Property, plant and equipment	18,158,879	17,106,708
Joint ventures	43,879	56,215
Associates	6,887,701	6,999,122
Available-for-sale financial assets	50	141
Derivative financial instruments	146,339	207,157
Long term receivables	80,202	97,533
Deferred tax assets	224,613	241,955
Total non-current assets	38,184,474	34,257,385
CURRENT ASSETS		
Inventories	110,817	62,805
Trade and other receivables	3,060,378	2,679,905
Derivatives financial instruments	14,008	31,403
Financial assets at fair value through profit or loss	17	8
Tax recoverable	20,115	32,822
Deposits, cash and bank balances	4,375,155	6,432,918
	7,580,490	9,239,861
Non-current asset held for sale	143,632	-
Total current assets	7,724,122	9,239,861
LESS: CURRENT LIABILITIES		
Trade and other payables	7,815,797	6,108,805
Borrowings	1,824,775	1,683,988
Current tax liabilities	348,694	248,118
Total current liabilities	9,989,266	8,040,911
Net current (liabilities)/assets	(2,265,144)	1,198,950
	35,919,330	**35,456,335**
Net assets per share attributable to owners of the Company (sen)	**227**	**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)

AXIATA GROUP BERHAD (242188-H)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2014

		Attributable to equity holders of the Company											
	Note	**Share capital [1]**	**Share premium**	**Currency translation differences**	**Capital contribution reserve**	**Merger reserve**	**Hedging reserve**	**Actuarial reserve**	**ESOS^ and RSA* reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2014		8,540,663	2,223,076	(830,517)	16,598	346,774	(152,277)	(790)	155,298	9,322,760	19,621,585	1,757,486	21,379,071
Profit for the financial period		-	-	-	-	-	-	-	-	1,122,699	1,122,699	621	1,123,320
Other comprehensive (expense)/income:													
-Currency translation differences arising during the financial period:													
-subsidiaries		-	-	(49,277)	-	-	-	-	-	-	(49,277)	(4,615)	(53,892)
-associates		-	-	(64,627)	-	-	-	-	-	-	(64,627)	-	(64,627)
		-	-	(113,904)	-	-	-	-	-	-	(113,904)	(4,615)	(118,519)
-Cash flow hedge, net of tax		-	-	-	-	-	(1,544)	-	-	-	(1,544)	(273)	(1,817)
-Net investment hedge, net of tax		-	-	-	-	-	21,817	-	-	-	21,817	-	21,817
-Actuarial loss for the financial period, net of tax		-	-	-	-	-	-	(3,616)	-	-	(3,616)	(1,675)	(5,291)
Total comprehensive (expense)/income		**-**	**-**	**(113,904)**	**-**	**-**	**20,273**	**(3,616)**	**-**	**1,122,699**	**1,025,452**	**(5,942)**	**1,019,510**
Transactions with owners:													
-Issuance of new ordinary shares		25,131	57,283	-	-	-	-	-	-	-	82,414	-	82,414
-Share issue expenses		-	(10)	-	-	-	-	-	-	-	(10)	-	(10)
-Investment in a subsidiary		-	-	-	-	-	-	-	-	-	-	1,992	1,992
-Accretion of equity interest in a subsidiary	A,4(a)	-	-	-	-	-	-	-	-	(152,530)	(152,530)	(187,206)	(339,736)
-Dilution of equity interest in a subsidiary	A,12(b)	-	-	-	-	-	-	-	-	3,049	3,049	12,681	15,730
-Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(59,377)	(59,377)
-Dividends paid to shareholders	A,7	-	-	-	-	-	-	-	-	(1,198,818)	(1,198,818)	-	(1,198,818)
-Axiata Share Scheme:													
-value of employees' services		-	-	-	-	-	-	-	43,638	-	43,638	-	43,638
-transferred from ESOS and RSA reserve upon exercise/vest		-	81,656	-	-	-	-	-	(81,656)	-	-	-	-
Total transaction with owners		25,131	138,929	-	-	-	-	-	(38,018)	(1,348,299)	(1,222,257)	(231,910)	(1,454,167)
At 30 June 2014		**8,565,794**	**2,362,005**	**(944,421)**	**16,598**	**346,774**	**(132,004)**	**(4,406)**	**117,280**	**9,097,160**	**19,424,780**	**1,519,634**	**20,944,414**

[1] Issued and fully paid-up ordinary shares of RM1 each
^ Employees Share Option Scheme (“ESOS”)
* Restricted Share Awards (“RSA”)

(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)

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AXIATA GROUP BERHAD (242188-H)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013 (CONTINUED)

	Attributable to equity holders of the Company											
	Share capital	**Share premium**	**Currency translation differences**	**Capital contribution reserve**	**Merger reserve**	**Hedging reserve**	**Actuarial reserve**	**ESOS and RSA reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2013	8,508,209	2,094,125	(554,660)	16,598	346,774	(116,997)	(4,387)	111,044	9,699,802	20,100,508	1,906,714	22,007,222
Profit for the financial period	-	-	-	-	-	-	-	-	1,259,342	1,259,342	123,127	1,382,469
Other comprehensive income/(expense)												
-Currency translation differences arising during the financial period:												
-subsidiaries	-	-	105,762	-	-	-	-	-	-	105,762	12,039	117,801
-associates	-	-	(48,834)	-	-	-	-	-	-	(48,834)	-	(48,834)
	-	-	56,928	-	-	-	-	-	-	56,928	12,039	68,967
-Net investment hedge, net of tax	-	-	-	-	-	19,655	-	-	-	19,655	-	19,655
-Actuarial gain for the financial period, net of tax	-	-	-	-	-	-	3,544	-	-	3,544	1,917	5,461
Total comprehensive income	**-**	**-**	**56,928**	**-**	**-**	**19,655**	**3,544**	**-**	**1,259,342**	**1,339,469**	**137,083**	**1,476,552**
Transaction with owners:												
-Issuance of new ordinary shares	21,512	63,131	-	-	-	-	-	-	-	84,643	-	84,643
-Share issue expense	-	(197)	-	-	-	-	-	-	-	(197)		(197)
-Acquisition of a subsidiary	-	-	-	-	-	-	-	-	(10,431)	(10,431)	32,657	22,226
-Dilution of equity interest in a subsidiary	-	-	-	-	-	-	-	-	3,248	3,248	7,982	11,230
-Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(133,002)	(133,002)
-Dividends paid to shareholders	-	-	-	-	-	-	-	-	(2,302,749)	(2,302,749)	-	(2,302,749)
-Axiata Share Scheme:												
-value of employees' services	-	-	-	-	-	-	-	34,543	-	34,543	-	34,543
-transferred from ESOS and RSA reserve upon exercised	-	21,853	-	-	-	-	-	(21,853)	-	-	-	-
Total transactions with owners	21,512	84,787	-	-	-	-	-	12,690	(2,309,932)	(2,190,943)	(92,363)	(2,283,306)
At 30 June 2013	**8,529,721**	**2,178,912**	**(497,732)**	**16,598**	**346,774**	**(97,342)**	**(843)**	**123,734**	**8,649,212**	**19,249,034**	**1,951,434**	**21,200,468**

(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)

AXIATA GROUP BERHAD (242188-H)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE FINANCIAL PERIOD ENDED	
	30/6/2014	30/6/2013
	RM'000	RM'000
Receipt from customers	9,325,076	8,808,739
Payment to suppliers and employees	(5,827,564)	(5,477,719)
Payment of finance costs	(383,301)	(347,943)
Payment of income taxes (net of refunds)	(255,480)	(313,066)
CASH FLOWS FROM OPERATING ACTIVITIES	**2,858,731**	**2,670,011**
Proceeds from disposal of property, plant and equipment	10,135	10,792
Purchase of property, plant & equipment	(1,582,967)	(2,072,896)
Acquisition of intangible assets	(196,931)	(352,458)
Investments in subsidiaries (net of cash acquired)	6,400	(402,007)
Investments in deposits maturing more than three (3) months	111,988	-
Payment made in related to the acquisition of a subsidiary	(2,836,552)	-
Additional investment in an associate	-	(404)
Dividends received from associates	104,149	54,905
Net repayment from employees	139	98
Interest received	104,113	170,174
CASH FLOWS USED IN INVESTING ACTIVITIES	**(4,279,526)**	**(2,591,796)**
Proceeds from issuance of shares under Axiata Share Scheme	82,414	84,643
Share issue expense	(10)	(197)
Proceeds from borrowings	2,252,111	1,595,861
Repayments of borrowings	(1,312,403)	(613,829)
Share buy back by a subsidiary	(339,736)	-
Dividends paid to non-controlling interests	(59,377)	(133,002)
Dividends paid to shareholders	(1,198,818)	(2,302,749)
CASH FLOWS USED IN FINANCING ACTIVITIES	**(575,819)**	**(1,369,273)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,996,614)	(1,291,058)
NET DECREASE/(INCREASE) IN RESTRICTED CASH AND CASH EQUIVALENT	7,100	(58,846)
EFFECT OF EXCHANGE RATE CHANGES	30,817	29,907
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	6,010,793	7,894,464
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**4,052,096**	**6,574,467**
Total deposits, cash and bank balances	4,375,155	6,643,533
Less:		
- Deposit pledged	(13,759)	(2,024)
- Deposit on investment in a subsidiary	(48,195)	(63,210)
- Deposits maturing more than three (3) months	(222,323)	-
- Bank overdrafts	(38,782)	(3,832)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**4,052,096**	**6,574,467**

(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 30 June 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 new standards and amendments/improvements to existing standards 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 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 of 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 RM339.7 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 reduced RM152.5 million and RM187.2 million of the consolidated retained earnings and non-controlling interests respectively during the financial period to date;

(b) On 19 March 2014, XL assumed Axis's borrowings of approximately RM2,836.6 million (USD865.0 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 financial period to date, a total goodwill of RM1,729.6 million (IDR6,005.5 billion) [which is subject to finalisation of Purchase Price Allocation exercise within twelve (12) months from the date of acquisition of Axis] was recognised in conjunction with the above acquisition;

(c) In conjunction with the disposal of Samart i-Mobile Public Company Limited ("SAMART i-Mobile") as disclosed in Part A, Note 12(d) of this announcement, the investment in SAMART i-Mobile was reclassified as "Non-current asset held for sale" 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 losses of RM318.9 million and RM157.7 million respectively 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 30 June 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 to 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:

- 17,813,500 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
- 7,318,150 new ordinary shares of RM1 each vested under Restricted Share Awards at an issuance price of RM3.54, RM3.72, RM3.81, RM4.43, 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 follow:

	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 Performance Based ESOS Shares	6,935	6,935	25,883	32,818
Transferred from ESOS reserve upon exercise	-	-	7,281	7,281
Share issue expense	-	-	(10)	(10)
At 31 March 2014	8,547,598	8,547,598	2,256,230	10,803,828
Issuance of Performance Based ESOS Shares	18,196	18,196	31,400	49,596
Transferred from ESOS reserve upon exercise	-	-	74,375	74,375
At 30 June 2014	8,565,794	8,565,794	2,362,005	10,927,799

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 issues, repurchases and repayments of debt and equity securities during the financial period ended 30 June 2014.

7. Dividends paid

The Company declared and paid the dividends during the financial period as follow:

Date of payment	Description	Per ordinary share	Total
		Sen	**RM'000**
19 June 2014	Final tax exempt dividend under single tier in respect of financial year ended 31 December 2013	14	1,198,818
		14	1,198,818

8. Segmental Information

For the financial period ended 30 June 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	3,850,573	3,221,601	1,006,883	824,655	407,562	-	9,311,274
Inter-segment*	(4,023)	(14,291)	(47)	(14,658)	(1,770)	(31,030)	(65,819)
External operating revenue	3,846,550	3,207,310	1,006,836	809,997	405,792	(31,030)	9,245,455
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	1,613,556	1,237,185	389,887	248,945	60,674	(19,061)	3,531,186
Interest income	62,099	23,407	10,360	664	72,388	(64,805)	104,113
Interest expense	(95,670)	(234,436)	(7,675)	(8,490)	(97,059)	57,830	(385,500)
Depreciation of property, plant & equipment ("PPE")	(353,363)	(886,157)	(149,541)	(145,035)	(60,452)	12,841	(1,581,707)
Amortisation of intangible assets	(327)	(70,113)	(50,271)	(12,698)	(2,317)	(6,587)	(142,313)
Joint ventures:							
- share of results (net of tax)	(34)	(12,379)	-	-	-	-	(12,413)
Associates:							
- share of results (net of tax)	4,957	-	-	(1,821)	209,497	-	212,633
- loss on dilution of equity interests	-	-	-	-	-	(11,546)	(11,546)
Impairment of PPE, net of reversal	(2,302)	(7,271)	2,202	9,206	-	-	1,835
Other non-cash income/(expenses)	1,023,493	(176,434)	7,546	(187)	(42,158)	(1,001,727)	(189,467)
Taxation	(314,198)	3,464	(110,839)	(14,601)	(37,308)	69,981	(403,501)
Segment profit/(loss) for the financial period	1,938,211	(122,734)	91,669	75,983	103,265	(963,074)	1,123,320

8. Segmental Information (continued)

For the financial period ended 30 June 2013

	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	3,990,441	3,251,881	878,409	748,924	302,502	-	9,172,157
Inter-segment*	(4,052)	(21,971)	(435)	(15,353)	(8)	(19,076)	(60,895)
External operating revenue	3,986,389	3,229,910	877,974	733,571	302,494	(19,076)	9,111,262
EBITDA	1,741,561	1,361,018	316,162	240,666	(8,871)	(6,677)	3,643,859
Interest income	61,708	37,984	21,028	2,396	74,633	(27,563)	170,186
Interest expense	(108,376)	(166,218)	(12,327)	(7,606)	(77,873)	25,418	(346,982)
Depreciation of PPE	(352,907)	(887,722)	(117,460)	(134,381)	(42,900)	33,105	(1,502,265)
Amortisation of intangible assets	(50,472)	(16,836)	(31,647)	(7,320)	(500)	-	(106,775)
Joint venture:							
- share of results (net of tax)	(1,201)	-	-	-	-	-	(1,201)
Associates:							
- share of results (net of tax)	2,865	-	-	(469)	149,215	-	151,611
- loss on dilution of equity interests	-	-	-	-	-	(19,033)	(19,033)
Impairment of PPE, net of reversal	(68,894)	-	-	(1,155)	(17,871)	-	(87,920)
Other non-cash income/(expenses)	7,634	(34,788)	18,803	(16,639)	9,781	2,143	(13,066)
Taxation	(258,401)	(83,061)	(106,735)	(13,410)	(42,800)	(1,538)	(505,945)
Segment profit for the financial period	973,517	210,377	87,824	62,082	42,814	5,855	1,382,469

* 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 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 RM1,773.9 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, 12(d) and (f) of this announcement, there was no other significant event after interim period that requires disclosure and/or adjustment as at 20 August 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 the 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 decreasing from 90.00% to 87.46%.

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 20 December 2013, the Board of Commissioners and Directors of XL approved the proposed Merger Plan;
- On 4 February 2014, Otoritas Jasa Keuangan of Indonesia approved the Merger Plan;
- The 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 (Komisi Pengawas Persaingan Usaha) issued the Favourable Opinion in respect of the Proposed Acquisition.

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) Disposal of SAMART i-Mobile

On 2 July 2014, the Company entered into an agreement with Samart Corporation Public Company Limited to dispose of its entire shareholding in SAMART i-Mobile representing 24.08% of the total issued and paid-up share capital of SAMART i-Mobile for a total gross consideration of BTH 2,874.7 million or approximately USD 89.3 million. The disposal was completed on 30 July 2014.

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

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

During the 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 financial period to date.

(f) Changes in equity interest of Idea Cellular Limited ("Idea")

From 1 January 2014 to 10 June 2014, 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 financial period to date.

On 11 June 2014, Idea issued 223,880,597 ordinary shares under the Qualified Institutions Placement ("QIP") exercise. Idea further issued 51,838,540 ordinary shares with the par value of INR10 each at an exercise price of INR144.68 per ordinary share to Axiata investments 2 (India) Limited, a wholly-owned subsidiary of the Group under Preferential Issuance on 24 July 2014 for a total consideration of approximately RM399.6 million. As the issuances above are inter-conditional transactions, the impact of the transaction under the QIP exercise to the Group is considered together with the acquisition of Idea by the Group on 24 July 2014.

There were no other changes in the composition of the Group for the financial period ended 30 June 2014.

13. Significant Changes in Contingent Assets or Contingent Liabilities

(a) There has been no significant change in contingent assets or contingent liabilities 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:

<u>Dispute on Legality of 3G Intra Circle Roaming Agreement*</u>

Idea had entered into roaming arrangements with other operators to provide 3G services in service areas where it did not win 3G spectrum. The Department of Telecommunications ("DoT") had 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, the Telecom Disputes Settlement and Appellant Tribunal quashed the penalty of RM160.3 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

	Group	
	As at 30/6/2014	As at 30/6/2013
	RM'000	RM'000
Commitments in respect of expenditure approved and contracted for	1,268,903	1,717,662
Commitments in respect of expenditure approved but not contracted for	1,785,951	3,171,520

15. Financial Instruments At Fair Value Measurements

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

The Group's financial derivative financial instruments as at 30 June were grouped as below:

Derivatives 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 security	17	-	17	9	-	9
Non-hedging derivatives	-	160,347	160,347	-	74,790	74,790
Liabilities						
Non-hedging derivatives	-	(18,590)	(18,590)	-	(11,148)	(11,148)
Derivatives used for hedging	-	(100,436)	(100,436)	-	(102,744)	(102,744)
Total	**17**	**41,321**	**41,338**	**9**	**(39,102)**	**(39,093)**

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

1. Review of Performance

(a) Quarter-on-Quarter

Group revenue grew by 2.2% to RM4,730.4 million in the current quarter ("Q2'14") from RM4,629.4 million recorded in the second quarter of 2013 ("Q2'13"), on the back of higher revenue contribution from all key Operating Companies ("OpCo") except Malaysia. At constant currency, revenue of the Group would have registered higher growth of 5.7%. Operating costs of the Group increased by 8.1% to RM2,988.0 million in Q2'14 from RM2,765.2 million in Q2'13, mainly due to Axis consolidation. As a result, Group EBITDA decreased by 6.5% quarter-on-quarter and margin dipped by 3.5 percentage points to 36.8%. Profit After Tax ("PAT") in the period decreased by 44.4% to RM393.4 million due to foreign exchange fluctuation, integration of Axis in Indonesia and lower contribution from Malaysia. However, higher profits were recorded by our Sri Lanka, Bangladesh and Cambodia operations as well as from our associate companies in Q2'14.

Malaysia's gross revenue decreased by 3.2% in Q2'14 driven by lower revenue from voice and particularly SMS, which registered decline of 3.9% and 28.0% respectively. Broadband revenue continued to show an uptrend, registering growth of 23.2% and contributing 16.7% to total revenue. In Q2'14, operating costs grew 2.3% mainly from increase in content provider charges and network related costs. Consequently, EBITDA in the period decreased by 10.2% while PAT declined 7.2% to RM468.4 million.

Gross revenue of Indonesia increased by 1.7% due to consolidation of results of Axis and also strong performance at XL. At constant currency, 14.5% revenue growth would have been registered. Operating costs increased by 12.6% mainly due to integration of Axis in Indonesia. EBITDA consequently decreased by 13.3%. PAT also declined by 305.4% due to lower EBITDA and higher unrealised foreign exchange losses.

Bangladesh posted strong revenue growth of 11.8% on the back of 9.0% increase in prepaid revenue generating subscriber base. SMS and data revenue increased by 43.7% and 122.4% respectively. Operating costs increased by 6.3% due to higher network related and overheads costs. EBITDA increased by 22.0% to RM196.8 million and margin grew 3.2 percentage points to 38.5%. PAT in the period posted healthy growth of 8.4% to RM47.4 million despite higher depreciation and amortisation charges arising from growth driven capital expenditure investments.

Sri Lanka gross revenue grew 9.1% on the back of 24.9% increase in mobile revenue. In addition, revenue from television segment increased by 36.7% due to higher subscription revenue and connection fees. Operating costs increased by 9.9% owing to higher bad debts provision and overheads costs. Despite the cost increase, EBITDA in the period grew 7.3%. PAT in the period registered significant growth of 94.1%, due to higher EBITDA coupled by foreign exchange gains in Q2'14 as compared to losses in Q2'13.

Cambodia recorded excellent gross revenue increase of 38.5%. Voice and data revenue increased by 31.7% and 42.1% respectively. Operating costs increased 23.5% due to higher interconnect and regulatory expenses. EBITDA and PAT registered excellent growth of 66.8% and 77.4% respectively.

Associates and joint ventures contribution in share of profit increased from RM71.7 million in Q2'13 to RM96.6 million in Q2'14 due to excellent performance by Idea in India.

1. Review of Performance

(b) Year-on-Year

For the first half of the financial year 2014 ("1H'14"), the Group continued its revenue growth momentum with 1.5% increase during the period to RM9,245.5 million as compared to the first half of 2013 ("1H'13"). At constant currency, Group revenue would have registered higher growth of 4.9%. Operating costs of the Group increased by 4.5% to RM5,714.3 million mainly due to Axis integration in Indonesia. As a result, Group EBITDA declined by 3.1% to RM3,531.2 million and EBITDA margin declined by 1.8 percentage points to 38.2%. PAT decreased by 18.7% to RM1,123.3 million due to lower EBITDA and foreign exchange fluctuation in Indonesia. This was partly off-set by higher profits from our Sri Lanka, Bangladesh and Cambodia operations and associate companies in 1H'14.

Malaysia's gross revenue decreased by 3.5% in 1H'14 mainly due to decline in SMS revenue and revenue from sales of devices by 26.7% and 45.0% respectively. Broadband revenue partly compensated the revenue decline by registering growth of 20.9% year-on-year and contributing 16.3% to total revenue. Operating costs during the period remained stable. EBITDA decreased by 7.4% while PAT declined 4.5% to RM929.5 million due to decline in revenue.

Gross revenue of Indonesia decreased marginally by 0.9% from 1H'13, mainly due to translation impact of a weaker IDR against RM in 1H'14. At constant currency, Indonesia revenue would have registered growth of 12.2% due to consolidation of results of Axis in Indonesia and also strong performance by XL. Operating costs increased by 4.9% due to consolidation of results of Axis. As a result, EBITDA decreased by 9.1% in 1H'14. PAT decreased by 158.3% to RM122.7 million due to lower EBITDA, higher net finance cost and higher unrealised foreign exchange losses.

Bangladesh gross revenue registered double-digit growth of 14.6% due to increase in voice and data revenue by 3.0% and 113.7% respectively. Operating costs increased by 9.7% due to higher network and overheads costs. As a result, EBITDA in the period grew a solid 23.3% and PAT improved by 4.4% to RM91.7 million. PAT growth impacted by higher depreciation and amortisation arising from growth driven capital expenditure investments. Also, foreign exchange gains in 1H'14 were lower than 1H'13.

Sri Lanka gross revenue grew double-digit of 10.1% due to increase in mobile and television segments revenue by 8.3% and 31.3% respectively. Operating costs increased by 13.3% primarily due to higher overheads costs, bad debts provision and network related costs. EBITDA in the period grew 3.4% while PAT increased by 22.4% to RM76.0 million.

Cambodia gross revenue grew significantly by 58.9% due to voice and data revenue growth of 22.2% and 114.9% respectively. Operating costs increased by 37.0% due to higher interconnect and marketing costs. Accordingly, EBITDA and PAT registered excellent growth of 105.8% and 147.6% respectively.

Associates and joint ventures contribution in share of profit increased to RM188.7 million from RM131.4 million in 1H'13 mainly due to excellent performance by Idea.

1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result

Group revenue increased by 4.8% to RM4,730.4 million as all OpCos registered higher revenue contribution and also due to consolidation of Axis's revenue in Indonesia. At constant currency, Group revenue would have registered higher growth of 5.0%. During the quarter, operating costs increased by 9.6% to RM2,988.0 million due to consolidated of Axis in Indonesia. This resulted in decline in Group EBITDA by 2.6%. EBITDA margin also declined by 2.8 percentage points to 36.8%. PAT decreased by 46.1% to RM393.4 million due to foreign exchange fluctuation and integration of Axis in Indonesia.

Malaysia's gross revenue grew 2.2% in Q2'14 mainly due to increase in Mobile Virtual Network Operating ("MVNO") revenue and sales of devices. Revenue from MVNO increased by 18.6% while sales of devices registered growth of 90.5%. Positive momentum from broadband segment continued, with growth of 7.5% in Q2'14 and contributing 16.7% to the total revenue. Meanwhile, operating costs increased by 5.2% due to higher network costs and bad debts provision. As a result, EBITDA decreased by 2.0% versus the preceding quarter. However, PAT increased by 1.6% to RM468.4 million, mainly due to lower taxation recorded in Q2'14.

Gross revenue of Indonesia grew 9.5% in Q2'14, mainly arising from consolidation of results of Axis in Indonesia. During the quarter, operating costs increased by 20.0% due to the impact of Axis consolidation. EBITDA consequently decreased by 5.5%. PAT declined significantly by 316.9% due to lower EBITDA and unrealised foreign exchange losses in Q2'14.

Bangladesh gross revenue posted a growth of 3.1% as voice and data revenue grew by 3.5% and 28.3% respectively. Operating costs increased by 3.8% owing to higher marketing costs and bad debts provision. EBITDA grew 1.9% while PAT increased by 6.9% to RM47.4 million.

Sri Lanka gross revenue increased marginally by 0.2%. At constant currency, the increase would have been higher at 2.0%. Mobile revenue grew 2.3% whilst revenue from the television segment grew 11.1%. Operating costs decreased by 3.6% as a result of lower regulatory and international business related costs. EBITDA increased by 9.7% and PAT increased significantly by 40.4% to RM44.4 million.

Cambodia gross revenue grew 5.1% as voice and data revenue increased by 6.5% and 13.5% respectively. Operating costs meanwhile grew 3.7% due to higher overheads costs and interconnect costs. Hence, EBITDA and PAT registered excellent growth of 7.1% and 26.1% respectively.

Associates and joint ventures contribution in share of profit increased to RM96.6 million from RM92.1 million in Q1'14 due to Idea's continued excellent performance.

1. Review of Performance (continued)

(d) Economic Profit ("EP") Statement

	2nd Quarter Ended		Financial Period Ended	
	30/6/2014	30/6/2013	**30/6/2014**	**30/6/2013**
	RM'000	RM'000	**RM'000**	RM'000
EBIT*	698,560	988,888	1,651,177	1,938,291
Less: Adjusted Tax (25%)	(174,640)	(247,222)	(412,794)	(484,573)
NOPLAT	523,920	741,666	1,238,383	1,453,718
AIC	16,551,856	15,262,408	16,551,856	15,262,408
WACC	8.34%	8.44%	8.34%	8.44%
Economic Charge (AIC*WACC)	345,106	322,037	690,212	644,074
Economic Profit	178,814	419,629	548,171	809,644

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 during the current quarter and financial period to date is mainly contributed by lower EBIT achieved by the Group as disclosed in Part B, 1(a) and (b) of this announcement.

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 included 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%*

The Group continues to face challenges for the financial year ending 31 December 2014 and remains cautious in executing its business strategies. Amongst the key risks facing operating companies include intense 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 30 June 2014.

4. Taxation

The taxation charge for the Group comprises:

	2nd Quarter Ended		Financial Period Ended	
	30/6/2014	30/6/2013	**30/6/2014**	30/6/2013
	RM'000	RM'000	**RM'000**	RM'000
Income tax:				
Malaysia				
Current year	(121,348)	(130,753)	(203,100)	(241,117)
Prior year	-	(6,100)	(8,144)	15,600
	(121,348)	(136,853)	(211,244)	(225,517)
Overseas				
Current year	(16,797)	(117,888)	(145,216)	(204,266)
Prior year	-	(24)	-	1,591
	(16,797)	(117,912)	(145,216)	(202,675)
Deferred tax (net):				
Originating and reversal of temporary differences	19,647	(10,683)	(47,041)	(77,753)
Total taxation	(118,498)	(265,448)	(403,501)	(505,945)

The current quarter effective tax rate of the Group is lower than the statutory tax rate mainly due to reversal of temporary differences as a result of internal restructuring in the Group.

The financial period to date's effective tax rate for the Group is higher than the statutory tax rate mainly due to higher expenses not allowable for tax deduction.

5. Status of Corporate Proposals

As of 20 August 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 30 June were as follows:

	2014		2013	
	Current	**Non-current**	Current	Non-current
	RM'000	**RM'000**	RM'000	RM'000
Secured	160,561	327,025	197,210	325,573
Unsecured	1,664,214	12,109,270	1,669,623	11,593,986
Total	**1,824,775**	**12,436,295**	1,866,833	11,919,559

(b) Foreign currency borrowings and debt securities in RM equivalent as at 30 June were as follows:

Foreign Currencies	**2014**	2013
	RM'000	RM'000
USD	5,535,625	3,685,004
IDR	3,103,633	4,482,419
CNY	522,490	517,355
BDT	17,893	66,247
SLR	29,579	3,832
PKR	19,789	-
Total	**9,229,009**	8,754,857

7. Outstanding derivatives

(a) The detail of the Group's outstanding net derivatives financial instruments as at 30 June are set out as follow:

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	232,389	36,831	395,063	29,780
Cross currency interest rate swaps:				
- < 1 year	516,700	14,008	92,466	11,356
- 1 - 3 years	318,087	69,648	1,652,680	6,286
- > 3 years	1,124,550	(69,877)	1,106,175	(79,160)
Interest rate swaps contracts:				
- 1 - 3 years	874,989	(15,234)	380,986	(11,148)
- > 3 years	387,702	(2,400)	-	-
Convertible warrants in an associate:				
- > 3 years	-	8,345	-	3,784
Total		**41,321**		(39,102)

(b) The risks associated with the derivative financial instrument and the policies in place for mitigating such risks were disclosed in 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 derivatives financial instruments which are marked to market as at date of statement of financial position are as follow:

	2nd Quarter Ended		Financial Period Ended	
	30/6/2014	30/6/2013	**30/6/2014**	30/6/2013
	RM'000	RM'000	RM'000	RM'000
Total net losses	(7,823)	(5,817)	(12,679)	(7,604)

9. Realised and Unrealised Profits or Losses Disclosure

	As at	
	30/6/2014	30/6/2013
	RM'000	RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	11,318,729	9,697,181
- Unrealised	(1,552,395)	(1,296,836)
	9,766,334	8,400,345
Total retained profits/(accumulated losses) from associated companies:		
- Realised	1,336,521	997,772
- Unrealised	(163,869)	(159,560)
	1,172,652	838,212
Total accumualted losses from joint ventures:		
- Realised	(8,661)	(1,201)
	10,930,325	9,237,356
Less : Consolidation adjustments	(1,833,165)	(588,144)
Total Consolidated Retained Profits	9,097,160	8,649,212

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 dates have been fixed on 3 until 7 November 2014.

10. Material Litigation (continued)

(b) Celcom Axiata Berhad (formerly known as Celcom (Malaysia) Berhad) ("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. No dates have been fixed by the Federal Court to date.

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. No dates have been fixed by the Federal Court to date.

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 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

	2nd Quarter Ended		Financial Period Ended	
	30/6/2014	30/6/2013	**30/6/2014**	30/6/2013
Profit attributable to owners of the Company (RM'000)	447,820	644,777	1,122,699	1,259,342
Adjusted weighted average number of shares ('000)	8,551,485	8,517,059	8,550,814	8,518,848
Basic EPS (sen)	**5.2**	7.6	**13.1**	14.8

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.

	2nd Quarter Ended		Financial Period Ended	
	30/6/2014	**30/6/2013**	**30/6/2014**	**30/6/2013**
Profit attributable to owners of the Company (RM'000)	447,820	644,777	1,122,699	1,259,342
Adjusted weighted average number of shares ('000)	8,551,485	8,517,059	8,550,814	8,518,848
Adjusted for the Company's ESOS	70,029	69,601	63,181	56,015
Weighted average number of diluted ordinary shares for computation of diluted EPS ('000)	8,621,514	8,586,660	8,613,995	8,574,863
Diluted EPS (sen)	**5.2**	**7.5**	**13.0**	**14.7**

14. Qualification of Preceding Audited Financial Statements

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

15. Dividend

The Board of Directors has declared an interim tax exempt dividend under single tier system of 8 sen per ordinary share of RM1 each of the Company for the financial year ending 31 December 2014 (30 June 2013: 8 sen).

Pursuant to Paragraph 8.26 of the Main LR of Bursa Securities, the interim dividend will be paid no later than 3 months from the date of declaration.

The Book Closure Date will be announced by the Company at a later date.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
27 August 2014