



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 September 2014.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME				
	3rd Quarter Ended		Financial Period Ended	
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	RM'000	RM'000	RM'000	RM'000
Operating revenue	4,652,900	4,747,318	13,898,355	13,858,580
Operating costs				
- depreciation, impairment and amortisation	(944,215)	(853,216)	(2,675,209)	(2,559,298)
- foreign exchange (losses)/gains	(2,396)	22,397	(175,877)	48
- domestic interconnect and international outpayment	(656,832)	(633,649)	(1,847,865)	(1,967,656)
- marketing, advertising and promotion	(344,250)	(397,937)	(1,068,361)	(1,133,163)
- other operating costs	(1,619,029)	(1,486,427)	(4,757,203)	(4,286,281)
- staff costs	(332,804)	(311,901)	(993,755)	(910,217)
- other (losses)/gains - net	(6,445)	113,782	(53,820)	149,507
Other operating income	141,749	803	166,216	23,666
Operating profit before finance cost	888,678	1,201,170	2,492,481	3,175,186
Finance income	45,585	46,320	149,698	216,506
Finance cost excluding net foreign exchange losses on financing activities	(180,847)	(177,731)	(566,348)	(524,713)
Net foreign exchange losses on financing activities	(76,456)	(203,719)	(60,724)	(243,902)
	(257,303)	(381,450)	(627,072)	(768,615)
Joint ventures				
- share of results (net of tax)	(5,630)	5,533	(18,043)	4,332
Associates				
- share of results (net of tax)	107,594	46,486	320,227	198,097
- loss on dilution of equity interests	(31,738)	-	(43,284)	(19,033)
Profit before taxation	747,186	918,059	2,274,007	2,806,473
Taxation	(139,812)	(148,278)	(543,313)	(654,223)
Profit for the financial period	607,374	769,781	1,730,694	2,152,250
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss:				
- actuarial gains/(losses) on defined benefits plan, net of tax	1,985	3,860	(3,306)	9,321
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	130,861	(516,684)	12,342	(447,717)
- Cash flow hedge, net of tax	1,962	-	145	-
- Net investment hedge, net of tax	11,293	(38,535)	33,110	(18,880)
Other comprehensive income/(expense) for the financial period, net of tax	146,101	(551,359)	42,291	(457,276)
Total comprehensive income for the financial period	753,475	218,422	1,772,985	1,694,974
Profit/(Loss) for the financial period attributable to:				
- owners of the company	631,034	715,047	1,753,733	1,974,389
- non-controlling interests	(23,660)	54,734	(23,039)	177,861
	607,374	769,781	1,730,694	2,152,250
Total comprehensive income/(expense) for the financial period attributable to:				
- owners of the company	757,508	346,667	1,782,960	1,686,136
- non-controlling interests	(4,033)	(128,245)	(9,975)	8,838
	753,475	218,422	1,772,985	1,694,974
Earnings Per Share (sen) (Part B, Note 13)				
- basic	7.4	8.4	20.5	23.2
- diluted	7.3	8.3	20.3	23.0

(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	
	30/9/2014	31/12/2013
	RM'000	RM'000
	Unaudited	Audited
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	8,575,791	8,540,663
Share premium	2,372,563	2,223,076
Reserves	8,782,357	8,857,846
Total equity attributable to owners of the Company	19,730,711	19,621,585
Non-controlling interests	1,699,559	1,757,486
Total equity	21,430,270	21,379,071
NON-CURRENT LIABILITIES		
Borrowings	11,639,494	11,752,387
Derivative financial instruments	83,800	109,384
Deferred income	306,298	271,585
Other payables	84,729	72,119
Provision for liabilities	317,517	293,102
Deferred tax liabilities	1,587,072	1,578,687
Total non-current liabilities	14,018,910	14,077,264
	35,449,180	35,456,335
NON-CURRENT ASSETS		
Intangible assets	12,734,986	9,548,554
Property, plant and equipment	18,258,538	17,106,708
Joint ventures	38,562	56,215
Associates	7,299,172	6,999,122
Available-for-sale financial assets	554	141
Derivative financial instruments	115,741	207,157
Long term receivables	85,122	97,533
Deferred tax assets	231,533	241,955
Total non-current assets	38,764,208	34,257,385
CURRENT ASSETS		
Inventories	81,274	62,805
Trade and other receivables	2,877,674	2,679,905
Derivatives financial instruments	32,494	31,403
Financial assets at fair value through profit or loss	17	8
Tax recoverable	20,818	32,822
Deposits, cash and bank balances	4,660,958	6,432,918
	7,673,235	9,239,861
Non-current assets classified as held-for-sale	233,491	-
Total current assets	7,906,726	9,239,861
LESS: CURRENT LIABILITIES		
Trade and other payables	7,882,932	6,108,805
Borrowings	2,151,347	1,683,988
Derivative financial instruments	2,538	-
Current tax liabilities	473,451	248,118
Dividend payable	686,063	-
	11,196,331	8,040,911
Liabilities directly associated with non-current assets classified as held-for-sale	25,423	-
Total current liabilities	11,221,754	8,040,911
Net current (liabilities)/assets	(3,315,028)	1,198,950
	35,449,180	35,456,335
Net assets per share attributable to owners of the Company (sen)	230	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 SEPTEMBER 2014

	Attributable to equity holders of the Company											Non-controlling interests	Total equity
	Share capital #	Share premium	Currency translation differences	Capital contribution reserve	Merger reserve	Hedging reserve	Actuarial reserve	ESOS [^] and RSA [*] reserve	Retained earnings	Total			
	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	-	-	-	-	-	-	-	-	1,753,733	1,753,733	(23,039)	1,730,694	
Other comprehensive (expense)/income:													
-Currency translation differences arising during the financial period:													
-subsidiaries	-	-	59,884	-	-	-	-	-	-	59,884	14,051	73,935	
-associates	-	-	(61,593)	-	-	-	-	-	-	(61,593)	-	(61,593)	
	-	-	(1,709)	-	-	-	-	-	-	(1,709)	14,051	12,342	
-Net cash flow hedge, net of tax	-	-	-	-	-	123	-	-	-	123	22	145	
-Net investment hedge, net of tax	-	-	-	-	-	33,110	-	-	-	33,110	-	33,110	
-Actuarial loss for the financial period, net of tax	-	-	-	-	-	-	(2,297)	-	-	(2,297)	(1,009)	(3,306)	
Total comprehensive (expense)/income	-	-	(1,709)	-	-	33,233	(2,297)	-	1,753,733	1,782,960	(9,975)	1,772,985	
Transactions with owners:													
-Issuance of new ordinary shares	35,128	87,313	-	-	-	-	-	-	-	122,441	-	122,441	
-Share issue expenses	-	(53)	-	-	-	-	-	-	-	(53)	-	(53)	
-Investment in a subsidiary	-	-	-	-	-	-	-	-	-	-	1,992	1,992	
-Shares buy-back by a subsidiary	A,4(a)	-	-	-	-	-	-	-	(152,530)	(152,530)	(187,206)	(339,736)	
-Treasury shares of a subsidiary	A,4(a)	-	-	-	-	-	-	-	170,452	170,452	183,963	354,415	
-Dilution of equity interest in a subsidiary	A,12(b)	-	-	-	-	-	-	-	3,049	3,049	12,681	15,730	
-Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(59,382)	(59,382)	
-Dividends paid to shareholders	A,7	-	-	-	-	-	-	-	(1,884,881)	(1,884,881)	-	(1,884,881)	
-Axiata Share Scheme:													
-value of employees' services	-	-	-	-	-	-	-	67,688	-	67,688	-	67,688	
-transferred from ESOS and RSA reserve upon exercise/vest	-	62,227	-	-	-	-	-	(62,227)	-	-	-	-	
Total transaction with owners	35,128	149,487	-	-	-	-	-	5,461	(1,863,910)	(1,673,834)	(47,952)	(1,721,786)	
At 30 September 2014	8,575,791	2,372,563	(832,226)	16,598	346,774	(119,044)	(3,087)	160,759	9,212,583	19,730,711	1,699,559	21,430,270	

Issued and fully paid-up ordinary shares of RM1 each

[^] Employees Share Option Scheme ("ESOS")

^{*} Restricted Share Awards ("RSA")

(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 INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2014 (CONTINUED)

	Attributable to equity holders of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Currency translation differences	Capital contribution reserve	Merger reserve	Hedging reserve	Actuarial reserve	ESOS and RSA reserve	Retained earnings	Total		
	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	-	-	-	-	-	-	-	-	1,974,389	1,974,389	177,861	2,152,250
Other comprehensive (expense)/income												
-Currency translation differences arising during the financial period:												
-subsidiaries	-	-	(213,991)	-	-	-	-	-	-	(213,991)	(172,235)	(386,226)
-associates	-	-	(61,491)	-	-	-	-	-	-	(61,491)	-	(61,491)
	-	-	(275,482)	-	-	-	-	-	-	(275,482)	(172,235)	(447,717)
-Net investment hedge, net of tax	-	-	-	-	-	(18,880)	-	-	-	(18,880)	-	(18,880)
-Actuarial gain for the financial period, net of tax	-	-	-	-	-	-	6,109	-	-	6,109	3,212	9,321
Total comprehensive (expense)/income	-	-	(275,482)	-	-	(18,880)	6,109	-	1,974,389	1,686,136	8,838	1,694,974
Transaction with owners:												
-Issuance of new ordinary shares	28,999	84,653	-	-	-	-	-	-	-	113,652	-	113,652
-Share issue expense	-	(213)	-	-	-	-	-	-	-	(213)	-	(213)
-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	-	-	-	-	-	-	-	-	(2,985,725)	(2,985,725)	-	(2,985,725)
-Axiata Share Scheme:												
-value of employees' services	-	-	-	-	-	-	-	52,439	-	52,439	-	52,439
-transferred from ESOS and RSA reserve upon exercise	-	30,040	-	-	-	-	-	(30,040)	-	-	-	-
Total transactions with owners	28,999	114,480	-	-	-	-	-	22,399	(2,992,908)	(2,827,030)	(92,363)	(2,919,393)
At 30 September 2013	8,537,208	2,208,605	(830,142)	16,598	346,774	(135,877)	1,722	133,443	8,681,283	18,959,614	1,823,189	20,782,803

(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 INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS		
	FOR THE FINANCIAL PERIOD ENDED	
	<u>30/9/2014</u>	<u>30/9/2013</u>
	RM'000	RM'000
Receipt from customers	14,053,181	13,374,975
Payment to suppliers and employees	(8,701,210)	(8,112,587)
Payment of finance costs	(586,255)	(548,664)
Payment of income taxes (net of refunds)	(430,047)	(395,504)
CASH FLOWS FROM OPERATING ACTIVITIES	<u>4,335,669</u>	<u>4,318,220</u>
Proceeds from disposal of property, plant and equipment	28,778	9,231
Purchase of property, plant & equipment	(2,525,153)	(2,790,544)
Acquisition of intangible assets	(217,244)	(808,704)
Investments in subsidiaries (net of cash acquired)	6,400	(402,007)
Investments in deposits maturing more than three (3) months	284,160	-
Payment made in related to the acquisition of a subsidiary	(2,836,552)	-
Other investment	(504)	-
Additional investment in associates	(402,098)	(786)
Acquisition of joint venture	-	(59,326)
Net proceed from disposal of an associate	262,802	-
Dividends received from associates	166,708	109,800
Net repayment from employees	163	105
Interest received	149,697	216,488
CASH FLOWS USED IN INVESTING ACTIVITIES	<u>(5,082,843)</u>	<u>(3,725,743)</u>
Proceeds from issuance of shares under Axiata Share Scheme	122,441	112,464
Share issue expense	(53)	(213)
Proceeds from borrowings	2,428,779	2,159,874
Repayments of borrowings	(1,565,457)	(1,259,704)
Repayment of Sukuk	(509,306)	-
Share buy-back by a subsidiary	(339,736)	-
Treasury shares resold by a subsidiary	354,415	-
Dividends paid to non-controlling interests	(59,382)	(133,002)
Dividends paid to shareholders	(1,198,818)	(2,302,749)
CASH FLOWS USED IN FINANCING ACTIVITIES	<u>(767,117)</u>	<u>(1,423,330)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,514,291)	(830,853)
NET DECREASE IN RESTRICTED CASH AND CASH EQUIVALENT	(2,151)	(61,167)
EFFECT OF EXCHANGE RATE CHANGES	15,794	20,890
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	<u>6,010,793</u>	<u>7,894,464</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>4,510,145</u>	<u>7,023,334</u>
Total deposits, cash and bank balances	4,660,958	7,097,150
Less:		
- Deposit pledged	(22,006)	(4,345)
- Deposit on investment in a subsidiary	(49,200)	(63,210)
- Deposits maturing more than three (3) months	(50,152)	-
- Bank overdrafts	(29,455)	(6,261)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>4,510,145</u>	<u>7,023,334</u>

(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)



AXIATA GROUP BERHAD (242188-H)

**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 September 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.



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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 (treasury shares) 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.

Subsequently on 30 September 2014, XL resold the entire treasury shares in open market for a total net consideration of RM354.4 million as disclosed in Part A, 12(c) of this announcement. Accordingly, the Group's effective equity interest in XL decreased from 68.34% to 66.48%. The Group increased RM170.4 million and RM184.0 million of the consolidated retained earnings and non-controlling interests respectively during the current quarter and financial period to date.

Net impact from the above transactions, the Group reported RM17.9 million gain in the consolidated retained earnings.

- (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 RM1,764.4 million (IDR6,105.1 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) On 24 July 2014, the Group subscribed additional ordinary shares in an associate, Idea Cellular Limited ("Idea") for a total consideration of RM395.0 million as disclosed in Part A, 12(e) of this announcement.
- (d) On 30 July 2014, the Company disposed of its investment in an associate, Samart i-Mobile Public Company Limited ("SAMART i-Mobile") as disclosed in Part A, 12(d) of this announcement for a total net consideration of RM262.8 million and a gain on disposal amounting to RM116.7 million was recognised during the current quarter and financial period to date.
- (e) On 30 September 2014, XL entered into an Asset Purchase Agreement with PT Solusi Tunas Pratama Tbk ("STP") for the disposal of 3,500 of its telecommunication towers at the consideration of IDR5.6 trillion or approximately RM1,512.0 million. Resultantly, XL classified the assets and liabilities related to the towers as "Non-current assets classified as held-for-sale" and "Liabilities directly associated with non-current assets classified as held-for-sale" during the current quarter and financial period to date; and
- (f) During the current quarter and financial period to date, the Group recognised net foreign exchange losses of RM78.9 million and RM236.6 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 September 2014.



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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 financial period to date, the Company issued new ordinary shares under the Axiata Share Scheme as below:

- 27,091,900 new ordinary shares of RM1 each at an exercise price of either RM1.81, RM3.15, RM3.45 or RM5.07 pursuant to employee share option exercised under Performance-Based Employee Share Option Scheme; and
- 8,036,300 new ordinary shares of RM1 each vested under Restricted Share Awards at an issuance price from RM3.14 to RM5.67 being the fair value of the RSA issued.

(b) On 26 March 2014 and 28 August 2014, the Company offered 31,774,800 and 1,691,700 ordinary shares of RM1 each of the Company under the Axiata Share Scheme to the eligible employees and Executive Directors of the Group respectively.

(c) On 28 April 2014, the Group early redeemed a USD250.0 million borrowing amounting to RM800.7 million which would mature on 28 April 2015; and

(d) On 18 September 2014, the Group full settled its CNY denominated 1.0 billion Sukuk pursuant to the Multi-Currency Sukuk Programme amounting to RM509.3 million.

Aside from the above, there were no other significant unusual issues, repurchases and repayments of debt and equity securities during the financial period ended 30 September 2014.



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7. Dividends paid

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

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

(b) On 27 August 2014, the Board of Directors 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. The Company has accrued a total dividend of RM686.1 million during the current quarter and financial period to date based on issued and paid-up capital of the Company as at 30 September 2014. The dividend was subsequently paid by the Company on 24 October 2014 to its shareholders.



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8. Segmental Information

For the financial period ended 30 September 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	5,778,340	4,841,632	1,507,506	1,242,280	637,303	-	14,007,061
Inter-segment*	(5,277)	(20,166)	(60)	(17,881)	(10,275)	(55,047)	(108,706)
External operating revenue	5,773,063	4,821,466	1,507,446	1,224,399	627,028	(55,047)	13,898,355
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	2,342,732	1,816,002	585,264	383,027	149,568	(45,422)	5,231,171
Interest income	84,155	40,281	13,864	1,693	105,516	(95,811)	149,698
Interest expense	(148,631)	(345,425)	(11,466)	(14,040)	(144,850)	98,064	(566,348)
Depreciation of property, plant & equipment ("PPE")	(506,735)	(1,338,639)	(227,998)	(227,290)	(121,206)	25,336	(2,396,532)
Amortisation of intangible assets	(22,489)	(157,588)	(76,967)	(19,005)	(3,476)	(9,089)	(288,614)
Joint ventures:							
- share of results (net of tax)	(99)	(17,944)	-	-	-	-	(18,043)
Associates:							
- share of results (net of tax)	7,541	-	-	(2,205)	314,891	-	320,227
- loss on dilution of equity interests	-	-	-	-	-	(43,284)	(43,284)
Impairment of PPE, net of reversal	7,549	(7,600)	3,907	22,033	-	-	25,889
Other non-cash income/(expenses)	1,027,998	(288,076)	10,364	(4,662)	125,169	(1,010,950)	(140,157)
Taxation	(444,189)	47,846	(151,503)	(22,575)	(39,017)	66,125	(543,313)
Segment profit/(loss) for the financial period	2,347,832	(251,143)	145,465	116,976	386,595	(1,015,031)	1,730,694



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8. Segmental Information (continued)

For the financial period ended 30 September 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	6,005,869	4,948,053	1,366,468	1,144,652	471,068	-	13,936,110
Inter-segment*	(5,118)	(25,873)	(467)	(17,662)	(12)	(28,398)	(77,530)
External operating revenue	6,000,751	4,922,180	1,366,001	1,126,990	471,056	(28,398)	13,858,580
EBITDA	2,614,249	2,075,528	512,091	369,577	(10,237)	55	5,561,263
Interest income	81,981	23,356	34,919	2,561	113,535	(39,846)	216,506
Interest expense	(161,463)	(252,925)	(19,202)	(11,132)	(115,148)	35,157	(524,713)
Depreciation of PPE	(495,556)	(1,384,679)	(183,871)	(207,280)	(68,537)	49,657	(2,290,266)
Amortisation of intangible assets	(84,987)	(26,353)	(49,253)	(12,820)	(689)	-	(174,102)
Joint ventures:							
- share of results (net of tax)	(1,273)	5,605	-	-	-	-	4,332
Associates:							
- share of results (net of tax)	4,442	-	-	(609)	194,264	-	198,097
- loss on dilution of equity interests	-	-	-	-	-	(19,033)	(19,033)
Impairment of PPE, net of reversal	(68,894)	-	-	8,137	-	-	(60,757)
Other non-cash income/(expenses)	10,277	(69,021)	14,914	(28,192)	(37,521)	4,689	(104,854)
Taxation	(331,309)	(86,714)	(162,922)	(20,563)	(46,211)	(6,504)	(654,223)
Segment profit for the financial period	1,567,467	284,797	146,676	99,679	29,456	24,175	2,152,250

* 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.



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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 RM2,748.9 million mainly for its telecommunication network equipment and capital work in progress.

11. Events after the Interim Period

(a) Dilution on equity interest in Dialog Axiata Plc (“Dialog”)

From 3 October 2014 until 31 October 2014, Dialog disposed of all the ordinary shares held under Dialog Employees ESOS Trust to opened market and its employees at a selling price of SLR12.5 and exercise price of SLR12.0 each respectively. As the result, the Group’s equity interest in Dialog decreased from 84.97% to 83.32% effectively.

(b) Acquisition of equity interest in Celcom Planet Sdn Bhd (“Celcom Planet”)

On 17 October 2014, Celcom Axiata Berhad (“Celcom”) through its wholly-owned subsidiary, Celcom Intelligence Sdn Bhd (“Celcom Intelligence”) and SK Planet Global Holdings Pte Ltd (“SK Planet”); incorporated an jointly venture entity named Celcom Planet for the purpose of pursuing e-commerce opportunities in Malaysia.

Subsequently, Celcom Intelligence, SK Planet and Celcom Planet had on 28 October 2014 entered into a Shareholders’ Agreement for the said purpose.

Other than above, there was no other significant event after interim period that requires disclosure and/or adjustment as at 17 November 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.



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

(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%.

(c) Acquisition of Axis by XL and Treasury shares transactions

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 subsidiary of STC, to purchase (or procure the purchase of) 95.00% shares in Axis. The value of transaction was USD865.0 million whereby USD 100.0 would be used for the payment of 95.00% of Axis shares to Teleglobal and the remaining amount of USD864,999,900 was for the payment Axis’s indebtedness.

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 (“treasury 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.



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

(c) Acquisition of Axis by XL and Treasury shares transactions (continued)

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 treasury shares were subsequently resold to the opened market on 30 September 2014.

The impact on the acquisition of Axis and the treasury shares transaction 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 BHT2,874.7 million or RM286.5 million. The disposal was completed on 30 July 2014.

The impact of the disposal is disclosed in Part A, Note 4(d) of this announcement.

(e) Changes in equity interest of 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.

On 11 June 2014, Idea issued 223,880,597 ordinary shares under the Qualified Institutions Placement exercise. On 24 July 2014, 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. As a result, the Group's effective equity interest in Idea further diluted from 19.89% to 19.80%.

(f) 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 28.64% to 28.51% and 28.74% to 28.51% respectively 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.

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



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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:

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. 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 30/9/2014	As at 30/9/2013
	RM'000	RM'000
Commitments in respect of expenditure approved and contracted for	1,316,630	1,805,335
Commitments in respect of expenditure approved but not contracted for	1,505,801	2,741,796



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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 September 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
<u>Assets</u>						
Financial assets at fair value through profit or loss						
-Trading security	17	-	17	8	-	8
-Non-hedging derivatives	-	148,235	148,235	-	174,523	174,523
-Derivatives used for hedging	-	-	-	-	7,858	7,858
<u>Liabilities</u>						
-Non-hedging derivatives	-	(19,355)	(19,355)	-	(15,529)	(15,529)
-Derivatives used for hedging	-	(66,983)	(66,983)	-	(97,570)	(97,570)
Total	17	61,897	61,914	8	69,282	69,290



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**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 decreased by 2.0% to RM4,652.9 million in the current quarter ("Q3'14") from RM4,747.3 million recorded in the third quarter of 2013 ("Q3'13") due to decline in revenue in Malaysia and Indonesia (primarily due to translation). At constant currency revenue of the Group would have registered growth of 2.6%. Operating costs of the Group increased by 4.3% to RM2,952.9 million in Q3'14 from RM2,829.9 million in Q3'13, mainly due to higher operating costs in Malaysia and impact of Axis consolidation in Indonesia. As a result, Group EBITDA decreased by 11.3% quarter-on-quarter and margin dipped by 3.9 percentage points to 36.5%. Profit After Tax ("PAT") in the period decreased by 21.1% to RM607.4 million. However, higher profits were recorded by Cambodia operations as well as from associate companies in India and Singapore. In Q3'14, we also registered a one-off gain of RM116.7 million from disposal of our 24% stake in Samart i-Mobile ("SIM") in Thailand.

Malaysia's gross revenue declined by 4.3% in Q3'14 driven by decline in voice and SMS revenue by 6.9% and 30.6% respectively. Data segment partly compensated the revenue decline with growth of 22.1%, contributing 22.6% to total revenue. In Q3'14, operating costs grew 4.9% mainly from higher network related costs and content provider charges. Group EBITDA in the period consequently decreased by 16.4%. PAT declined by 31.0% to RM409.6 million due to lower EBITDA and higher taxation in Q3'14.

Gross revenue of Indonesia decreased by 4.5% mainly due to translation impact of a weaker IDR against RM. At constant currency, Indonesia revenue would have registered growth of 7.8% due to higher revenue and also consolidation of results of Axis in Indonesia. Operating costs increased by 6.1% owing also to integration of Axis in Indonesia. EBITDA consequently decreased by 19.0% or 8.4% at constant currency. Indonesia recorded loss after tax of RM128.4 million mainly due to lower EBITDA and higher depreciation and amortisation driven by Axis consolidation and weaker IDR against RM. Additionally, there was a slight unrealised loss in the current quarter as compared to gain in the same quarter last year.

Bangladesh posted revenue growth of 2.6% or 3.7% at constant currency. SMS and data revenue increased by 27.6% and 136.3% respectively. EBITDA decreased marginally by 0.3% but increased by 0.8% at constant currency. EBITDA margin decreased by 1.1 percentage points to 39.0% due to higher material costs and network related costs. PAT in the period decline 8.6% to RM53.8 million mainly due to higher depreciation and amortisation charges arising from growth driven capital expenditure investments.

1. Review of Performance (continued)**(a) Quarter-on-Quarter (continued)**

Sri Lanka gross revenue grew 5.5% on the back of 7.6% increase in mobile revenue. Operating costs increased by 6.3% due to higher customer related costs and regulatory costs. Despite the cost increase, EBITDA in the period grew 4.0%. PAT in the period registered growth of 2.0%, due to higher EBITDA coupled with lower foreign exchange losses in Q3'14 as compared to Q3'13, off-set partly by higher depreciation and amortisation in the current quarter.

Cambodia recorded a strong gross revenue growth for the quarter, resulting in higher EBITDA and PAT contribution to the Group.

Associates and joint ventures contribution in share of profit increased from RM52.0 million in Q3'13 to RM70.2 million in Q3'14 due to excellent performance by Idea in India.

(b) Year-on-Year

For the nine months period ended 30 September 2014, the Group revenue grew 0.3% to RM13,898.4 million against RM13,858.6 million recorded in the corresponding period last year. At constant currency, Group revenue would have registered higher growth of 4.2% driven by Indonesia and Cambodia operations. Operating costs of the Group increased by 4.5% to RM8,667.2 million mainly due to Axis integration in Indonesia. As a result, Group EBITDA declined by 5.9% to RM5,231.2 million and EBITDA margin declined by 2.5 percentage points to 37.6%. At constant currency, EBITDA would have declined by 2.3%. PAT decreased by 19.6% to RM1,730.7 million due to lower EBITDA in Malaysia and Indonesia. PAT was also impacted by fluctuation of foreign exchange and unrealised loss in Indonesia. This was partly off-set by higher profits from Cambodia and Sri Lanka operations as well as from associate companies, and a one-off gain of RM116.7 million from disposal of SIM in the current period.

Malaysia's gross revenue decreased by 3.8% during the period mainly due to decline in SMS and voice revenue by 28.0% and 4.1% respectively. Revenue from sales of devices was also lower by 40.6% during the period. Data revenue however continued to show an uptrend, registering growth of 20.4% year-on-year and contributing 20.9% to total revenue. Operating costs during the period increased by 1.3% from higher content provider charges and network related costs. As a result, EBITDA decreased by 10.4% to RM2,342.7 million while PAT declined 14.6% to RM1,339.1 million due to lower EBITDA and higher taxation recorded.

Gross revenue of Indonesia decreased by 2.2% from nine months results last year, mainly due to translation impact of a weaker IDR against RM in the current period. At constant currency, Indonesia revenue would have registered growth of 10.9% due to strong performance by XL in addition to consolidation of Axis results in Indonesia. Operating costs increased by 5.3% due to consolidation of results of Axis. As a result, EBITDA decreased by 12.5% in the current period or 0.9% at constant currency. Indonesia recorded loss after tax of RM251.1 million mainly due to lower EBITDA, higher depreciation and amortisation and higher net finance costs driven by Axis consolidation. Additionally, there was adverse movement in foreign exchange and unrealised loss in the current period versus previous period.



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1. Review of Performance (continued)

(b) Year-on-Year (continued)

Bangladesh gross revenue registered double-digit growth of 10.3% due to increase in data and SMS revenue by 122.7% and 34.1% respectively. EBITDA in the period grew 14.3% with margin of 38.8%, 1.3 percentage points higher compared to the corresponding period last year. PAT decreased by 0.8% to RM145.5 million impacted by higher depreciation and amortisation arising from growth driven capital expenditure investments.

Sri Lanka gross revenue grew 8.5% due to increase in mobile and television segments revenue by 7.5% and 29.7% respectively. Operating costs increased by 10.9% primarily due to higher customer related costs, overheads and network related costs, Consequently EBITDA in the period grew 3.6%. PAT increased by 14.7% to RM114.3 million mainly from higher EBITDA coupled with foreign exchange gains recorded in the current period as compared to losses in the preceding period.

Gross revenue of Cambodia registered higher growth in the current period which resulted in higher EBITDA and PAT contribution to the Group.

Associates and joint ventures contribution in share of profit increased to RM258.9 million from RM183.4 million in prior period mainly due to excellent performance by Idea.

1. Review of Performance (continued)**(c) Comparison with Preceding Quarter's Result**

Group revenue decreased by 1.6% to RM4,652.9 million due to slight decline in revenues in Indonesia, Malaysia and Bangladesh. At constant currency, Group revenue would have registered marginal decline of 0.4%. During the quarter, Group operating costs decreased by 1.2% to RM2,952.9 million mainly due to lower operating costs in Indonesia. Accordingly, Group EBITDA decreased by 2.4% versus preceding quarter and margin registered marginal decline of 0.3 percentage points to 36.5%. PAT however increased significantly by 54.4% to RM607.4 million mainly due to a one-off gain on disposal of SIM of RM116.7 million and lower foreign exchange losses in Indonesia.

Malaysia's gross revenue decreased by 0.9% in Q3'14 mainly due to decrease in voice and SMS revenue. Revenue from voice decreased by 2.9% while SMS revenue decreased by 8.6%. However, positive momentum from data segment continued, with growth of 7.8% in Q3'14 and contributing 22.6% to the total revenue. Meanwhile, operating costs increased by 4.5% mainly due to higher network related costs. As a result, EBITDA decreased by 8.7% versus the preceding quarter. PAT decreased by 12.5% to RM409.6 million, mainly due to lower EBITDA recorded in Q3'14 and higher taxation recorded.

Gross revenue of Indonesia decreased by 3.8% in Q3'14 mainly due to translation impact of a weaker IDR against RM in the current period. At constant currency, Indonesia revenue would decrease by only 0.9%. During the quarter, operating costs decreased by 3.8% or 1.0% at constant currency, mainly due to lower impact from Axis consolidation in the quarter. EBITDA decreased by 3.7%; 0.7% decline at constant currency. Losses after tax in the period however reduced by 43.6% from RM227.7 million to RM128.4 million due to lower foreign exchange losses in Q3'14.

Bangladesh gross revenue posted a decrease of 2.0% or 1.0% at constant currency as voice revenue decreased by 5.7%, partially off-set by 30.7% increase in data. Operating costs decreased by 2.9% owing to lower network related costs, manpower costs and bad debts provision. EBITDA decreased by 0.7% but increased by 0.3% at constant currency with margin increase of 0.5 percentage points. PAT increased by 13.6% to RM53.8 million mainly due to lower taxation recorded in Q3'14 arising from utilization of tax allowance on 2G license amortisation.

Gross revenue of Sri Lanka increased by 1.2% or 2.2% at constant currency, mainly contributed by growth in mobile revenue of 2.2%. EBITDA increased by 3.0% or 3.9% at constant currency with margin increase of 0.6 percentage points despite higher regulatory costs. However, PAT decreased by 13.5% to RM38.4 million mainly from higher depreciation and amortization in Q3'14.

Cambodia gross revenue recorded higher growth in Q3'14 versus preceding quarter, resulting in higher EBITDA and PAT contribution to the Group.

Associates and joint ventures contribution in share of profit decreased to RM70.2 million from RM96.6 million in Q2'14 due to lower contribution from M1 in Singapore and disposal of SIM in the quarter.

1. Review of Performance (continued)

(d) Economic Profit (“EP”) Statement

	3 rd Quarter Ended		Financial Period Ended	
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	RM'000	RM'000	RM'000	RM'000
EBIT	895,125	1,087,388	2,546,301	3,025,679
Less: Adjusted Tax (25%)	(223,781)	(271,847)	(636,575)	(756,420)
NOPLAT	671,344	815,541	1,909,726	2,269,259
AIC	15,159,541	14,994,966	15,159,541	14,994,966
WACC	7.08%	8.08%	7.08%	8.08%
Economic Charge [^] (AIC*WACC)	268,324	302,898	804,972	908,695
Economic Profit	403,020	512,643	1,104,754	1,360,564

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

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.



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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 for 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, foreign currency fluctuations and regulatory challenges.

The Group’s revenue growth KPI is under pressure due to challenges faced in the Malaysia operations arising from the IT transformation programme, and the delay of one quarter in the Axis acquisition in Indonesia. However the IT transformation was completed in end-October, and with this, will improve our ability to launch new products more aggressively, as well as deliver enhanced quality services to our customers.

Moving forward, the Group remains focused on its long-term transformation strategy which includes innovative measures to current business whilst intensifying initiatives in data and related offerings. The Group also remains committed to further improve operational efficiencies, implement prudent cost structure and forex mitigation strategies in order to grow our financial performance.

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 September 2014.

4. Taxation

The taxation charge for the Group comprises:

	3 rd Quarter Ended		Financial Period Ended	
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	RM'000	RM'000	RM'000	RM'000
Income tax:				
<u>Malaysia</u>				
Current year	(279,909)	(106,710)	(483,010)	(347,827)
Prior year	4,004	102,329	(4,139)	117,929
	(275,905)	(4,381)	(487,149)	(229,898)
<u>Overseas</u>				
Current year	(17,974)	(77,578)	(163,191)	(281,844)
Prior year	-	4	-	1,595
	(17,974)	(77,574)	(163,191)	(280,249)
Deferred tax (net):				
Originating and reversal of temporary differences	154,067	(66,323)	107,027	(144,076)
Total taxation	(139,812)	(148,278)	(543,313)	(654,223)

The current quarter's effective tax rate of the Group is lower than the statutory tax rate mainly due to a gain on disposal of an associate and higher non-taxable income incurred during the current quarter.

The period to date's 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.

5. Status of Corporate Proposals

As of 17 November 2014, there is no corporate proposal announced but yet to be completed.

6. Group's Borrowings and Debt Securities

- (a) Breakdown of the Group's borrowings and debt securities as at 30 September were as follows:

	2014		2013	
	Current	Non-current	Current	Non-current
	RM'000	RM'000	RM'000	RM'000
Secured	166,410	329,976	208,745	366,890
Unsecured	1,984,937	11,309,518	1,271,622	11,569,100
Total	2,151,347	11,639,494	1,480,367	11,935,990

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

Foreign Currencies	2014	2013
	RM'000	RM'000
USD	5,775,816	4,074,271
IDR	2,979,065	3,761,476
CNY	-	525,486
BDT	12,991	62,565
SLR	20,380	6,261
PKR	16,077	-
Total	8,804,329	8,430,059

7. Outstanding derivatives

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

Type of derivatives financial instruments	2014		2013	
	Notional Value	Fair Value Favourable/ (Unfavourable)	Notional Value	Fair Value Favourable/ (Unfavourable)
	RM'000	RM'000	RM'000	RM'000
Forward foreign currency contracts:				
- 1 - 3 years	158,156	31,660	249,475	57,198
Cross currency interest rate swaps:				
- 1 - 3 years	324,720	71,537	1,689,760	90,404
- > 3 years	1,148,000	(31,121)	1,129,975	(66,573)
Interest rate swaps contracts:				
- < 1 year	100,251	(1,705)	-	-
- 1 - 3 years	710,059	(9,095)	662,694	(15,531)
- > 3 years	395,787	(477)	-	-
Call spread contracts:				
- > 3 years	984,000	(7,245)	-	-
Convertible warrants in an associate:				
- > 3 years		8,343	-	3,784
Total		61,897		69,282

- (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)/gains in the consolidated profit or loss arising from the fair value changes on the derivatives financial liabilities which are marked to market as at date of statement of financial position are as follow:

	3 rd Quarter Ended		Financial Period Ended	
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
	RM'000	RM'000	RM'000	RM'000
Total net (losses)/gains	(6,490)	4,986	(19,169)	(2,618)

9. Realised and Unrealised Profits or Losses Disclosure

	As at	
	30/9/2014	30/9/2013
	RM'000	RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	11,205,472	9,646,579
- Unrealised	(1,544,699)	(1,309,613)
	9,660,773	8,336,966
Total retained profits/(accumulated losses) from associated companies:		
- Realised	1,355,949	1,052,529
- Unrealised	(187,886)	(167,831)
	1,168,063	884,698
Total (accumulated losses)/retained profits from joint ventures:		
- Realised	(14,290)	2,755
	10,814,546	9,224,419
Less : Consolidation adjustments	(1,601,963)	(543,136)
Total Consolidated Retained Profits	9,212,583	8,681,283

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 trial commenced on 3 November 2014 and has been fixed for continued hearing from 26 until 30 January 2015.

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. The Federal Court has fixed a case management date for the application for leave to appeal on 25 January 2015.

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. The Federal Court has fixed a case management date for the application for leave to appeal on 25 January 2015.

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).

The parties are currently in the exploratory stage on the areas of collaboration between the Parties and had, on 3 September 2014, agreed to extend the MOU further for another period of 1 year.

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

	3 rd Quarter Ended		Financial Period Ended	
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
Profit attributable to owners of the Company (RM'000)	631,034	715,047	1,753,733	1,974,389
Adjusted weighted average number of shares ('000)	8,546,390	8,533,426	8,557,793	8,523,761
Basic EPS (sen)	7.4	8.4	20.5	23.2

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.



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13. Earnings Per Share (“EPS”) (continued)

(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.

	3 rd Quarter Ended		Financial Period Ended	
	30/9/2014	30/9/2013	30/9/2014	30/9/2013
Profit attributable to owners of the Company (RM'000)	631,034	715,047	1,753,733	1,974,389
Adjusted weighted average number of shares ('000)	8,546,390	8,533,426	8,557,793	8,523,761
Adjusted for the Company's ESOS and RSA	76,687	71,746	64,352	55,996
Weighted average number of diluted ordinary shares for computation of diluted EPS ('000)	8,623,077	8,605,172	8,622,145	8,579,757
Diluted EPS (sen)	7.3	8.3	20.3	23.0

14. Qualification of Preceding Audited Financial Statements

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

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
24 November 2014