Company No.

242188	H

AXIATA GROUP BERHAD

(Incorporated in Malaysia)

REPORTS AND STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

Company No.	
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AXIATA GROUP BERHAD
(Incorporated in Malaysia)

REPORTS AND STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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AXIATA GROUP BERHAD

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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the provision of mobile communication services and network transmission related services.

The principal activities of the Company are investment holding and provision of technical and management services on an international scale, where it has investments in subsidiaries, joint ventures and associates. The principal activities of the subsidiaries are mainly the provision of mobile communication services and network transmission related services.

The principal activities of the subsidiaries are set out in Note 40 to the financial statements. There has been no significant change in the nature of the activities of the Group and the Company during the financial year.

FINANCIAL RESULTS

The results of the operations of the Group and the Company for the financial year were as follows:

	Group	Company
	RM'000	RM'000
Profit for the financial year attributable to:		
- owners of the Company	2,550,021	2,556,849
- non-controlling interests	188,556	-
	2,738,577	2,556,849

In the opinion of the Directors, the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

SHARE CAPITAL

During the financial year, the issued and paid-up capital of the Company was increased from RM8,508.2 million comprising 8,508.2 million ordinary shares of RM1 each to RM8,540.7 million. The increase in issued and paid-up capital of the Company was in line with the exercise of options and vesting of restricted share awards ("RSA") granted under the Performance-Based Employee Share Option Scheme ("ESOS") and Restricted Share Plan ("RSP") ["Axiata Share Scheme"] by the employees of the Company and its subsidiaries as disclosed in Note 14(a) to the financial statements:

The above mentioned ordinary shares rank pari-passu in all respects with the existing ordinary shares of the Company.

DIVIDENDS

The dividends paid or declared or proposed since the end of the previous financial year were as follows:

	Tax exempt dividend under the single tier system		
	Type	Per ordinary share of RM1 each	Total
		Sen	RM'000
In respect of financial year ended 31 December:			
- 2012	Final	15	1,279,305
- 2012	Special	12	1,023,444
- 2013	Interim	8	682,976
		35	2,985,725

The Board of Directors have recommended a final tax exempt dividend under the single tier system of 14 sen per ordinary share of RM1 each of the Company in respect of financial year ended 31 December 2013 amounting to a total of RM1,195.7 million, based on the issued and paid-up capital of the Company as at 31 December 2013. The proposed dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting ("AGM").

RESERVES AND PROVISIONS

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

AXIATA SHARE SCHEME

The Performance-Based ESOS of the Company was approved by its shareholders at an Extraordinary General Meeting ("EGM") held on 24 March 2009 and implemented on 16 April 2009.

On 1 June 2011, the Company's shareholders had, at the Nineteenth (19^{th}) AGM of the Company, approved the amendments to the Bye-Laws of the ESOS to include a RSP. Accordingly, the existing Performance-Based ESOS was renamed as Axiata Share Scheme.

The details of the Axiata Share Scheme are disclosed in Note 14(a) to the financial statements.

There is no Performance-Based ESOS granted to the employees of Axiata Group during the financial year.

DIRECTORS

The Directors who have held office during the period since the date of last report are as follows:

Tan Sri Dato' Azman Hj. Mokhtar
Dato' Sri Jamaludin Ibrahim
Tan Sri Ghazzali Sheikh Abdul Khalid
Datuk Azzat Kamaludin
David Lau Nai Pek
Juan Villalonga Navarro
Kenneth Shen
Dato' Abdul Rahman Ahmad
Bella Ann Almeida

In accordance with Article 93 of the Company's Article of Association, Datuk Azzat Kamaludin, Juan Villalonga Navarro and Kenneth Shen retire from the Board at the Twenty-second (22^{nd}) AGM and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

In accordance with the Register of Directors' Shareholdings, the Directors who held office at the end of the financial year and have interest in shares or options over shares in the Company are as follows:

	Number of ordinary shares of RM1 each of the Company			
	As at 1.1.2013	Additions	Disposed	As at 31.12.2013
Indirect interest				
Dato' Sri Jamaludin Ibrahim[1]	450,000	-	-	450,000

[1] 450,000 Axiata Shares held under CIMSEC Nominees (Tempatan) Sdn Bhd

	Number of options/shares over ordinary shares of RM1 each of the Company			
	As at 1.1.2013	Granted	Exercised	As at 31.12.2013
Dato' Sri Jamaludin Ibrahim[2]				
- ESOS [3]	4,301,700	-	-	4,301,700
- RSA [4]	1,354,000	1,123,600	-	2,477,600

[2] At the EGM held on 24 March 2009, the shareholders of the Company approved the grant of options to Dato' Sri Jamaludin Ibrahim to subscribe up to 5.5 million new ordinary shares of RM1 each in the Company ("Axiata Shares") to be issued under the Performance-Based ESOS for the Executive Directors and eligible employees of the Group.

Further to the above, the shareholders of the Company had at the 19th AGM held on 1 June 2011, approved the grant of entitlement, allotment and issuance of the remaining 1,198,300 new Axiata Shares to Dato' Sri Jamaludin Ibrahim, under the new Performance-Based ESOS and Restricted Share Plan ("Axiata Share Scheme") as approved at the said EGM.

Subsequently, the shareholders of the Company at the 21st AGM held on 23 May 2013, approved the grant entitlements , allotment and issuance of up to 3.6 million new Axiata Shares to Dato' Sri Jamaludin Ibrahim under the Axiata Share Scheme.

[3] 4,301,700 options of Axiata Shares pursuant to Performance-Based ESOS.

[4] Pursuant to the offer of 1,123,600 (2012: 1,354,000) Restricted Shares during the financial year ended 31 December 2013 ("Offered Shares"). The Offered Shares is the maximum number of Axiata Shares that may be vested to Dato' Sri Jamaludin Ibrahim and are conditional upon the meeting of super stretched individual performance and the Group meeting superior company performance at the point of vesting in addition to the standard vesting conditions applicable to other eligible employees. Based on the lowest performance criteria of vesting conditions, only 280,900 of the Offered Shares (2012: 338,500) shall be vested to Dato' Sri Jamaludin Ibrahim.

DIRECTORS' INTERESTS (CONTINUED)

Other than as disclosed above, in accordance with the Register of Directors' Shareholdings, none of the other Directors in office at the end of the financial year have any direct or indirect interest in any shares and options over ordinary shares in the Company, or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Director has received or become entitled to receive any benefit (except for the Directors' fees, remuneration and other emoluments as disclosed in Note 7(d) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.

During and at the end of the financial year, no arrangement subsisted to which the Company or any of its related corporations, was a party, being arrangements with the object(s) of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate other than the Axiata Share Scheme of the Company, details as disclosed in Note 14(a) to the financial statements.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of comprehensive income and financial position of the Group and the Company were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business had been written down to their expected realisable values.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or

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

No contingent or other liability of the Group and Company has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and the Company to meet its obligations when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group and the Company which has arisen since the end of the year which secures the liability of any other person; or

(b) any contingent liability of the Group and the Company which has arisen since the end of the year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and the Company, which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

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DIRECTORS' REPORT (CONTINUED)

EVENT AFTER THE REPORTING PERIOD

The event after the reporting period is disclosed in Note 45 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 19 February 2014.

TAN SRI DATO' AZMAN HJ. MOKHTAR
DIRECTOR

DATO' SRI JAMALUDIN IBRAHIM
DIRECTOR

Kuala Lumpur
19 February 2014

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AXIATA GROUP BERHAD
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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Group		Company	
	Note	2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Operating revenue	6	18,370,841	17,651,617	2,359,448	3,125,603
Operating costs					
- depreciation, impairment and amortisation	7(a)	(3,435,330)	(3,339,563)	(43,977)	(4,130)
- foreign exchange gains/ (losses)		8,182	(136,184)	417,658	(199,501)
- domestic interconnect and international outpayment		(2,580,197)	(2,284,257)	-	-
- marketing, advertising and promotion		(1,476,660)	(1,439,743)	(35,012)	(29,194)
- other operating costs	7(b)	(5,815,918)	(5,363,165)	(94,905)	(88,230)
- staff costs	7(c)	(1,226,943)	(1,139,955)	(98,971)	(84,704)
- other gains - net	8	203,648	30,155	-	-
Other operating income	9	47,881	94,044	940	656
Operating profit before finance cost		4,095,504	4,072,949	2,505,181	2,720,500
Finance income	10	261,296	262,345	82,620	53,238
Finance cost excluding net foreign exchange losses on financing activities		(720,729)	(717,799)	(30,926)	(32,338)
Net foreign exchange losses on financing activities		(358,118)	(66,214)	-	-
	10	(1,078,847)	(784,013)	(30,926)	(32,338)
Joint ventures					
- share of results (net of tax)		5,329	(1,577)	-	-
Associates					
- share of results (net of tax)		270,823	234,950	-	-
- loss on dilution of equity interests	5(a)	(21,066)	(22,860)	-	-
Profit before taxation		3,533,039	3,761,794	2,556,875	2,741,400
Taxation and zakat	11	(794,462)	(882,217)	(26)	(16)
Profit for the financial year		2,738,577	2,879,577	2,556,849	2,741,384

AXIATA GROUP BERHAD

(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

		Group		Company	
	Note	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Other comprehensive expense:					
Items that will not be reclassified to profit or loss:					
- actuarial gains/(losses) on defined benefits plan, net of tax		5,593	(6,592)	-	-
Items that may be reclassified subsequently to profit or loss:					
- currency translation differences		(491,600)	(586,456)	-	-
- net investment hedge, net of tax		(35,280)	(40,354)	-	-
Other comprehensive expense for the financial year, net of tax		(521,287)	(633,402)	-	-
Total comprehensive income for the year		2,217,290	2,246,175	2,556,849	2,741,384
Profit for the financial year attributable to:					
- owners of the Company		2,550,021	2,513,285	2,556,849	2,741,384
- non-controlling interests		188,556	366,292	-	-
		2,738,577	2,879,577	2,556,849	2,741,384
Total comprehensive income/(expense) for the financial year attributable to:					
- owners of the Company		2,242,481	2,047,141	2,556,849	2,741,384
- non-controlling interests		(25,191)	199,034	-	-
		2,217,290	2,246,175	2,556,849	2,741,384
Earnings per share (sen)					
- basic	12(a)	29.9	29.6	-	-
- diluted	12(b)	29.7	29.5	-	-

The above Statements of Comprehensive Income are to be read in conjunction with the notes to the financial statements on pages 16 to 178.

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STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	Group			Company	
		31.12.2013	31.12.2012	1.1.2012	2013	2012
		RM'000	RM'000	RM'000	RM'000	RM'000
			Restated	Restated		
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Share capital	13	8,540,663	8,508,209	8,466,182	8,540,663	8,508,209
Share premium		2,223,076	2,094,125	1,989,885	2,223,076	2,094,125
Reserves	15	8,857,846	9,498,174	9,387,015	5,127,708	5,512,330
Total equity attributable to owners of the Company		19,621,585	20,100,508	19,843,082	15,891,447	16,114,664
Non-controlling interests		1,757,486	1,906,714	1,832,415	-	-
Total equity		21,379,071	22,007,222	21,675,497	15,891,447	16,114,664
NON-CURRENT LIABILITIES						
Borrowings	16	11,752,387	10,765,691	9,231,424	823,333	762,366
Derivative financial instruments	19	109,384	194,181	127,749	-	45,249
Deferred income	20	271,585	247,188	136,056	-	-
Other payables	21	72,119	68,417	177,946	-	-
Provision for liabilities	22	293,102	338,948	343,148	-	-
Deferred tax liabilities	23	1,578,687	1,418,265	1,380,054	-	-
Total non-current liabilities		14,077,264	13,032,690	11,396,377	823,333	807,615
		35,456,335	35,039,912	33,071,874	16,714,780	16,922,279
NON-CURRENT ASSETS						
Intangible assets	24	9,548,554	8,392,514	8,297,978	-	-
Property, plant and equipment	25	17,106,708	16,910,358	16,391,183	14,707	11,425
Subsidiaries	26	-	-	-	14,732,003	13,629,758
Joint ventures	27	56,215	1,618	-	-	-
Associates	28	6,999,122	6,838,467	6,769,135	125,319	124,802
Available-for-sale financial assets		141	892	893	-	-
Derivative financial instruments	19	207,157	33,621	44,891	14,588	-
Long term receivables	29	97,533	98,750	108,858	-	-
Amount due from subsidiaries	31	-	-	-	105,236	85,772
Deferred tax assets	23	241,955	263,842	315,611	-	-
Total non-current assets		34,257,385	32,540,062	31,928,549	14,991,853	13,851,757

AXIATA GROUP BERHAD
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STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013 (CONTINUED)

		Group			Company	
	Note	31.12.2013	31.12.2012	1.1.2012	2013	2012
		RM'000	RM'000	RM'000	RM'000	RM'000
			Restated	Restated		
CURRENT ASSETS						
Inventories	30	62,805	56,455	112,185	-	-
Amount due from subsidiaries	31	-	-	-	466,927	253,570
Trade and other receivables	32	2,679,905	2,112,098	2,106,281	26,204	26,783
Derivative financial instruments	19	31,403	22,087	-	-	-
Financial assets at fair value through profit or loss		8	8	9	-	-
Tax recoverable		32,822	40,839	55,242	-	-
Deposits, cash and bank balances	33	6,432,918	7,906,204	6,616,788	1,991,480	3,524,358
		9,239,861	10,137,691	8,890,505	2,484,611	3,804,711
Assets directly associated with non-current assets classified as held-for-sale	34	-	252,848	286,807	-	-
Total current assets		9,239,861	10,390,539	9,177,312	2,484,611	3,804,711
LESS: CURRENT LIABILITIES						
Trade and other payables	21	6,108,805	5,730,997	5,556,228	78,834	70,254
Borrowings	16	1,683,988	1,892,371	2,227,939	1,901	2,325
Amount due to subsidiaries	31	-	-	-	680,949	661,610
Current tax liabilities		248,118	115,045	62,382	-	-
		8,040,911	7,738,413	7,846,549	761,684	734,189
Liabilities directly associated with non-current assets classified as held-for-sale	34	-	152,276	187,438	-	-
Total current liabilities		8,040,911	7,890,689	8,033,987	761,684	734,189
Net current assets		1,198,950	2,499,850	1,143,325	1,722,927	3,070,522
		35,456,335	35,039,912	33,071,874	16,714,780	16,922,279

The above Statements of Financial Position are to be read in conjunction with the notes to the financial statements on pages 16 to 178.

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AXIATA GROUP BERHAD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Attributable to owners of the Company											
	Note	Share capital*	Share premium	Currency translation differences	Capital contribution reserve	Merger reserve	Hedging reserve	ESOS^ and RSA# reserve	Actuarial 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)	111,044	(4,387)	9,699,802	20,100,508	1,906,714	22,007,222
Profit for the financial year		-	-	-	-	-	-	-	-	2,550,021	2,550,021	188,556	2,738,577
Other comprehensive (expense)/income:													
- Currency translation differences arising during the financial year:													
- subsidiaries		-	-	(302,286)	-	-	-	-	-	-	(302,286)	(215,743)	(518,029)
- associates		-	-	26,429	-	-	-	-	-	-	26,429	-	26,429
		-	-	(275,857)	-	-	-	-	-	-	(275,857)	(215,743)	(491,600)
- Net investment hedge, net of tax	19(e)	-	-	-	-	-	(35,280)	-	-	-	(35,280)	-	(35,280)
- Actuarial gain for the financial year, net of tax		-	-	-	-	-	-	-	3,597	-	3,597	1,996	5,593
Total comprehensive (expense)/ income for the financial year		-	-	(275,857)	-	-	(35,280)	-	3,597	2,550,021	2,242,481	(25,191)	2,217,290
Transactions with owners:													
- Issuance of new ordinary shares		32,454	92,782	-	-	-	-	-	-	-	125,236	-	125,236
- Share issue expenses		-	(255)	-	-	-	-	-	-	-	(255)	-	(255)
- Acquisition of a subsidiary	5(a)(ii)	-	-	-	-	-	-	-	-	682	682	52,610	53,292
- Additional investment in a subsidiary	5(a)(vii)	-	-	-	-	-	-	-	-	51,786	51,786	(51,786)	-
- Axiata Share Scheme:													
- value of employees' services	14(a)	-	-	-	-	-	-	80,678	-	-	80,678	-	80,678
- transferred from ESOS reserve upon exercise/vest		-	36,424	-	-	-	-	(36,424)	-	-	-	-	-
- Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(133,002)	(133,002)
- Dividends paid to shareholders	44	-	-	-	-	-	-	-	-	(2,985,725)	(2,985,725)	-	(2,985,725)
- Dilution of equity interest in a subsidiary	5(a)(xi)	-	-	-	-	-	-	-	-	6,194	6,194	8,141	14,335
Total transactions with owners		32,454	128,951	-	-	-	-	44,254	-	(2,927,063)	(2,721,404)	(124,037)	(2,845,441)
At 31 December 2013		8,540,663	2,223,076	(830,517)	16,598	346,774	(152,277)	155,298	(790)	9,322,760	19,621,585	1,757,486	21,379,071

* Issued and fully paid-up ordinary shares of RM1 each

^ Employees Share Option Scheme ("ESOS")

\# Restricted Share Awards ("RSA")

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

	Note	Share capital*	Share premium	Currency translation differences	Capital contribution reserve	Merger reserve	Hedging reserve	ESOS^ and RSA# reserve	Actuarial reserve	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to owners of the Company											
		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 2012		8,466,182	1,989,885	(133,257)	16,598	346,774	(76,643)	96,838	-	9,136,705	19,843,082	1,832,415	21,675,497
Profit for the financial year		-	-	-	-	-	-	-	-	2,513,285	2,513,285	366,292	2,879,577
Other comprehensive expense:													
- Currency translation differences arising during the financial year:													
- subsidiaries		-	-	(370,861)	-	-	-	-	-	-	(370,861)	(165,053)	(535,914)
- associates		-	-	(50,542)	-	-	-	-	-	-	(50,542)	-	(50,542)
		-	-	(421,403)	-	-	-	-	-	-	(421,403)	(165,053)	(586,456)
- Net investment hedge, net of tax	19(e)	-	-	-	-	-	(40,354)	-	-	-	(40,354)	-	(40,354)
- Actuarial loss for the financial year, net of tax		-	-	-	-	-	-	-	(4,387)	-	(4,387)	(2,205)	(6,592)
Total comprehensive (expense)/ income financial year		-	-	(421,403)	-	-	(40,354)	-	(4,387)	2,513,285	2,047,141	199,034	2,246,175
Transactions with owners:													
- Issuance of new ordinary shares		42,027	59,609	-	-	-	-	-	-	-	101,636	-	101,636
- Share issue expenses		-	(341)	-	-	-	-	-	-	-	(341)	-	(341)
- Axiata Share Scheme:													
- value of employees' services	14(a)	-	-	-	-	-	-	59,178	-	-	59,178	-	59,178
- transferred from ESOS reserve upon exercise		-	44,972	-	-	-	-	(44,972)	-	-	-	-	-
- Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(132,059)	(132,059)
- Dividends paid to shareholders	44	-	-	-	-	-	-	-	-	(1,954,275)	(1,954,275)	-	(1,954,275)
- Dilution of equity interest in a subsidiary	5(a)(xi)	-	-	-	-	-	-	-	-	4,087	4,087	7,324	11,411
Total transactions with owners		42,027	104,240	-	-	-	-	14,206	-	(1,950,188)	(1,789,715)	(124,735)	(1,914,450)
At 31 December 2012		8,508,209	2,094,125	(554,660)	16,598	346,774	(116,997)	111,044	(4,387)	9,699,802	20,100,508	1,906,714	22,007,222

The above Consolidated Statement of Changes in Equity is to be read with the notes to the financial statements on page 16 to 178.

Company No.

242188	H

AXIATA GROUP BERHAD
(Incorporated in Malaysia)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

	Note	Issued and fully paid-up ordinary shares of RM1 each: Number of shares '000	Issued and fully paid-up ordinary shares of RM1 each: Nominal value RM'000	Non-Distributable: Share premium RM'000	Non-Distributable: Capital contribution reserve RM'000	Non-Distributable: ESOS and RSA reserve RM'000	Distributable: Retained earnings RM'000	Total RM'000
At 1 January 2013		8,508,209	8,508,209	2,094,125	16,598	111,044	5,384,688	16,114,664
Profit /Total comprehensive income for the financial year		-	-	-	-	-	2,556,849	2,556,849
Transactions with owners:								
- Issuance of new ordinary shares		32,454	32,454	92,782	-	-	-	125,236
- Share issue expenses		-	-	(255)	-	-	-	(255)
- Axiata Share Scheme:								
- value of employees' services	14(a)	-	-	-	-	80,678	-	80,678
- transferred from ESOS reserve upon exercise/vest		-	-	36,424	-	(36,424)	-	-
Dividends paid to shareholders	44	-	-	-	-	-	(2,985,725)	(2,985,725)
Total transactions with owners		32,454	32,454	128,951	-	44,254	(2,985,725)	(2,780,066)
At 31 December 2013		8,540,663	8,540,663	2,223,076	16,598	155,298	4,955,812	15,891,447
At 1 January 2012		8,466,182	8,466,182	1,989,885	16,598	96,838	4,597,579	15,167,082
Profit /Total comprehensive income for the financial year		-	-	-	-	-	2,741,384	2,741,384
Transactions with owners:								
- Issuance of new ordinary shares		42,027	42,027	59,609	-	-	-	101,636
- Share issue expenses		-	-	(341)	-	-	-	(341)
- Axiata Share Scheme:								
- value of employees' services	14(a)	-	-	-	-	59,178	-	59,178
- transferred from ESOS reserve upon exercise		-	-	44,972	-	(44,972)	-	-
Dividends paid to shareholders	44	-	-	-	-	-	(1,954,275)	(1,954,275)
Total transactions with owners		42,027	42,027	104,240	-	14,206	(1,954,275)	(1,793,802)
At 31 December 2012		8,508,209	8,508,209	2,094,125	16,598	111,044	5,384,688	16,114,664

The above Company Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements on page 16 to 178.

AXIATA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

		Group		Company	
	Note	2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities	35	5,648,243	6,836,981	2,074,688	2,859,935
Cash flows (used in)/from investing activities	35	(5,367,283)	(5,143,299)	(1,124,429)	518,264
Cash flows used in financing activities	35	(2,133,663)	(334,648)	(2,860,744)	(1,852,980)
Net (decrease)/increase in cash and cash equivalents		(1,852,703)	1,359,034	(1,910,485)	1,525,219
Effect of exchange gains/ (losses) on cash and cash equivalents		30,357	(69,603)	43,296	(2,809)
Net (increase)/decrease in restricted cash and cash equivalents		(62,667)	558,627	-	418,045
Cash of a subsidiary previously held as non-current assets held-for-sale		1,342	-	-	-
Cash and cash equivalents at the beginning of the financial year		7,894,464	6,046,406	3,524,358	1,583,903
Cash and cash equivalents at the end of the financial year	33	6,010,793	7,894,464	1,657,169	3,524,358

The above Statements of Cash Flows are to be read in conjunction with the notes to the financial statements on pages 16 to 178.

AXIATA GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

1. GENERAL INFORMATION

The principal activities of the Group are the provision of mobile communication services and network transmission related services.

The principal activities of the Company are investment holding and provision of technical and management services on an international scale, where it has investments in subsidiaries, joint ventures and associates. The principal activities of the subsidiaries are mainly the provision of mobile communication services and network transmission related services.

The principal activities of the subsidiaries are set out in Note 40 to the financial statements. There has been no significant change in the nature of the activities of the Group and the Company during the financial year.

The address of the registered office of the Company is Level 5, Axiata Centre, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur.

The address of the principal place of business of the Company is Axiata Centre, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur.

The financial statements have been approved for issuance in accordance with a resolution of the Board of Directors on 19 February 2014.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group and the Company have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

The financial statements have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's and the Company's financial statements are disclosed in Note 4 to the financial statements.

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

(a) Standard early adopted by the Group and the Company

- Amendment to MFRS 136 "Impairment of Assets" removed certain disclosures of the recoverable amount of cash generating units ("CGUs") which had been included in MFRS 136 by the issuance of MFRS 13. The amendment is not mandatory for the Group and the Company until 1 January 2014, however the Group has decided to early adopt the amendment as at 1 January 2013.

(b) Standards, revised and amendments to published standards that are applicable to the Group and the Company that are effective

New and amendments to published standards

The following standards, revised and amendments to published standards have been adopted by the Group and the Company for the first time for the financial year beginning on or after 1 January 2013:

- MFRS 10 "Consolidated Financial Statements" builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

- MFRS 11 "Joint Arrangements" requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint venturer has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

- MFRS 12 "Disclosure of Interests in Other Entities" sets out the required disclosures for all forms of interest in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles. It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

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

(b) Standards, revised and amendments to published standards that are applicable to the Group and the Company that are effective (continued)

- MFRS 13 "Fair Value Measurement" aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 "Financial Instruments: Disclosures", but apply to all assets and liabilities measured at fair value, not just financial ones.

- The revised MFRS 127 "Separate Financial Statements" includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

- The revised MFRS 128 "Investments in Associates and Joint Ventures" includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.

- Amendments to MFRS 7 "Disclosures –Offsetting Financial Assets and Financial Liabilities" requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

Annual Improvements 2009–2011 Cycle

- Amendment to MFRS 101 "Presentation of Financial Statements" clarifies that an entity is required to present a third statement of financial position only if a retrospective application, retrospective restatement or reclassification has a material effect on the information in the statement of financial position at the beginning of the preceding period. Nevertheless, an entity may present comparative information in addition to the minimum comparative financial statements as long as that information is prepared in accordance with MFRSs.

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

(b) Standards, revised and amendments to published standards that are applicable to the Group and the Company that are effective (continued)

- Amendment to MFRS 116 “Property, Plant and Equipment” clarifies that items such as spare parts, stand-by equipment and servicing equipment shall be recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

- Amendment to MFRS 132 “Financial Instruments: Presentation” clarifies that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction shall be accounted for in accordance with MFRS 112 “Income Taxes”.

- Amendment to MFRS 134 “Interim Financial Reporting” clarifies that an entity shall disclose the total assets and liabilities for a particular reportable segment only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

The adoption of standards, revised and amendments to published standards did not have any material impact to the financial statements of the Group and the Company except for amendment to MFRS 116 as stated below:

	Note	As previously reported RM’000	Amendment to MFRS 116 RM’000	As restated RM’000
Consolidated statement of financial position as at				
31 December 2012				
PPE	25	16,585,314	325,044	16,910,358
Inventories	30	381,499	(325,044)	56,455
1 January 2012				
PPE	25	16,161,531	229,652	16,391,183
Inventories	30	341,837	(229,652)	112,185

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

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

The Group and the Company will apply the new standards, amendments to standards and interpretation in the following period:

(i) Financial year beginning on/after 1 January 2014

- Amendments to MFRS 10, MFRS 12 and MFRS 127 introduce an exception to consolidation of investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both and evaluate the performance of its investments on fair value basis. The amendments require investment entities to measure particular subsidiaries at fair value instead of consolidating them.

- Amendment to MFRS 132 does not change the current offsetting model in MFRS 132. It clarifies the meaning of 'currently has a legally enforceable right of set-off' that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

- IC Interpretation 21 "Levies" sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant registration that triggers the payment of levy.

(ii) Financial year beginning on/after 1 January 2017

- MFRS 9 "Financial Instruments-Classification and Measurement of Financial Assets and Financial Liabilities" replaces the parts of MFRS 139 "Financial Instruments: Recognition and Measurement" that relate to the classification and measurement of financial instruments. MFRS 9 requires financial assets to be classified into two measurement categories: those measured at amortised cost and those measured at fair value. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The impact of MFRS 9 and IC Interpretation 21 are still being assessed. Aside from MFRS 9 and IC Interpretation 21, the adoption of amendments to published standards are not expected to have a material impact to the financial statements of the Group and the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies in the preparation of these financial statements are set out below:

(a) Economic entities in the Group

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The existence and effect of potential voting rights that are currently exercisable or convertible are considered only if the rights are substantive when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest ("NCI") in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the NCI's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Under the predecessor method of merger accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Economic entities in the Group (continued)

(i) Subsidiaries (continued)

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred by the Group, the amount of any NCI in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, NCI recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement. The accounting policy of goodwill is stated in Note 3(b)(i) to the financial statements. Goodwill is carried at cost less accumulated impairment losses, if any.

Inter-company transactions, balances and unrealised gains on transactions between the Group's companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with NCIs that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCIs are also recorded in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Economic entities in the Group (continued)

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in consolidated profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, a joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in consolidated other comprehensive income are reclassified to consolidated profit or loss.

(iv) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group's interest in joint venture is accounted for in the consolidated financial statements using the equity method as stated in Note 3(a)(v) to the financial statements. Where necessary, in applying the equity method, adjustments are made to the financial statements of joint venture to ensure consistency of the accounting policies with those of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Economic entities in the Group (continued)

(v) Associates

Associates are all entities which the Group has significant influence, but no control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is power to participate in the financial and operating policy decisions of the associates but not power to exercise control or jointly control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group’s share of the post-acquisition results and changes of the associate’s reserves in other comprehensive income after the date of acquisition and net off with any accumulated impairment loss. The Group’s investment in associates includes goodwill identified on acquisition.

When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group’s consolidated financial statements only to the extent of unrelated investor’s interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Equity accounting is discontinued when the Group ceases to have significant influence over the associates.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The cost of acquiring an additional stake in an associate is added to the carrying amount of associate and equity accounted. Goodwill arising on the purchase of additional stake is computed using fair value information at the date the additional interest is purchased. The previously held interest is not re-measured.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Economic entities in the Group (continued)

(v) Associates (continued)

Dilution gains and losses arising in investments in associates are recognised in the consolidated profit or loss.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the difference in the consolidated profit or loss.

(b) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries over the Group's share of the fair value of the identifiable net assets including contingent liabilities of subsidiaries at the date of acquisition.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Intangible assets (continued)

(ii) Licenses

The Group's licenses are mainly consisting acquired telecommunication licences with allocated spectrum rights and tower operating license. Acquired licenses are shown at cost. Licenses have finite useful lives and are carried at cost less accumulated amortisation. Amortisation is calculated using straight-line method, from the effective date of commercialisation of services, subject to impairment, to the end of the assignment period. Licenses are not revalued. The estimated useful lives of the acquired telecommunication licenses with allocated spectrum rights and tower operating license of the Group are as follows:

Malaysia	10 years
Indonesia	10 years
Sri Lanka	10 – 15 years
Bangladesh	15 years
Cambodia	30 years

(iii) Subscriber acquisition costs

Subscriber acquisition costs incurred in providing the customer a free or subsidised handset, provided the customer signs a non-cancellable contract for a predetermined contractual period, are amortised over the contractual period on a straight line method.

Subscriber acquisition costs are assessed at each reporting date whether there is any indication that the subscriber acquisition cost may be impaired.

(c) Property, plant and equipment ("PPE")

PPE are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items.

(i) Cost

The cost of telecommunication network includes cost of equipment, site surveys, contractors' charges, materials and related overhead. The cost of other PPE comprises their purchase cost and any incidental cost of acquisition. These costs include the costs of dismantling, removal and restoration, the obligation which was incurred as a consequence of installing the asset.

PPE also include telecommunication equipment and maintenance spares acquired for the purpose of replacing damaged or faulty plant or spares and supplies to be used in constructing and maintaining the network.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment ("PPE") (continued)

(i) Cost (continued)

Borrowing costs directly incurred to finance the construction of PPE that takes more than twelve (12) months are capitalised as part of the cost of the assets during the period of time that is required to complete and prepare the qualified asset for its intended use.

Subsequent cost is included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefit associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying value of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the period in which they are incurred.

(ii) Depreciation and residual value

Freehold land is not depreciated as it has an infinite life. Other PPE are depreciated on a straight-line basis to write off the cost of the assets to their residual values over their estimated useful lives in years, as summarised below:

Leasehold land	3 - 99 years
Buildings	3 - 50 years
Telecommunication network equipment	2 - 20 years
Movable plant and equipment	3 - 10 years
Computer support systems	3 - 10 years

Depreciation on assets under construction or capital work-in-progress commence when the assets are ready for their intended use. Depreciation on PPE ceases at the earlier of derecognition or classification as held-for-sale.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

(iii) Impairment

At the end of the reporting period, the Group and the Company assess whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying value of the asset is fully recoverable. A write down is made if the carrying value exceeds the recoverable amount. See significant accounting policies Note 3(e) to the financial statements on impairment of non-financial assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment ("PPE") (continued)

(iv) Gains or losses on disposals

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount of the related asset and are included in the profit or loss.

(v) Asset exchange transaction

PPE may be acquired in exchange for a non-monetary asset or for a combination of monetary and non-monetary assets and is measured at fair value unless;

- the exchange transaction lacks commercial substance; or
- the fair value of neither the assets received nor the assets given up can be measured reliably.

The acquired item is measured in this way even if the Group and the Company cannot immediately derecognise the assets given up. If the acquired item cannot be reliably measured at fair value, its cost is measured at the carrying amount of the asset given up.

(vi) Repairs and maintenance

Repairs and maintenance are charged to the profit or loss during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group and the Company. This cost is depreciated over the remaining useful life of the related asset.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investments in subsidiaries and associates

In the Company's separate financial statements, investments in subsidiaries and associates are stated at cost less accumulated impairment losses.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(e) to the financial statements on impairment of non-financial assets.

On disposal of an investment, the difference between the disposal proceed and its carrying amount of the investment is recognised in profit or loss. Disposal-related costs are expensed as incurred.

(e) Impairment of non-financial assets (excluding goodwill)

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, and as and when events or circumstances occur indicating that an impairment may exist.

Assets with definite useful life are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell ("FVLCS") and value-in-use ("VIU"). For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (CGUs). Assets that suffered an impairment are reviewed for possible reversal at the end of reporting period.

For investment in associates, when assessing FVLCS, the unit of account is the investment in associate as a whole. Accordingly, for listed associates, the quoted price is adjusted to reflect management's estimate of block discounts on similar purchases of non-controlling interests.

The impairment loss is charged to profit or loss. Any subsequent increase in recoverable amount is recognised in the profit or loss.

(f) Financial assets

(i) Classification

The Group and the Company classify its financial assets in the following categories: at FVTPL, loans and receivables, available-for-sale ("AFS") and held-to-maturity ("HTM"). The classification depends on the purpose for which the financial assets were acquired. Management determines the classification at initial recognition.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(i) Classification (continued)

(a) Financial assets at FVTPL

Financial assets at FVTPL are financial assets held for trading. A financial asset is classified in this category if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term. Derivatives are also categorised as held for trading unless they are designated as hedges. See Note 19 to the financial statements on derivative financial instruments and hedging activities. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve (12) months after the end of the reporting period. These are classified as non-current assets.

(c) AFS financial assets

AFS financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within twelve (12) months from the end of the reporting period.

(d) HTM financial assets

HTM financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's and Company's management have the positive intention and ability to hold to maturity. If the Group and the Company were to sell other than an insignificant amount of HTM financial assets, the whole category would be tainted and reclassified as AFS. HTM financial assets are included in non-current assets, except for those with maturities less than twelve (12) months from the end of the reporting period, which are classified as current assets.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(ii) Recognition and initial measurement

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group and the Company commit to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at FVTPL. Financial assets carried at FVTPL are initially recognised at fair value and transaction costs are expensed in profit or loss.

(iii) Subsequent measurement – gains and losses

AFS financial assets and financial assets at FVTPL are subsequently carried at fair value. Loans and receivables and HTM financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at FVTPL, including the effects of currency translation are recognised in profit or loss in the period in which the changes arise.

Changes in the fair value of AFS financial assets are recognised in other comprehensive income, except for impairment losses (see accounting policy Note 3(f)(iv)(b)) and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

(iv) Subsequent measurement - Impairment of financial assets

(a) Assets carried at amortised cost

The Group and the Company assess at the end of the reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Group and the Company use to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(iv) Subsequent measurement - Impairment of financial assets (continued)

(a) Assets carried at amortised cost (continued)

- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio; and
  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If 'loans and receivables' or a 'HTM investment' has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group and the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

When an asset is uncollectible, it is written off against the related accumulated impairment losses account. Such assets are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(iv) Subsequent measurement - Impairment of financial assets (continued)

(b) Assets classified as AFS

The Group and the Company assess at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, the Group and the Company uses criteria and measurement of impairment loss applicable for ‘assets carried at amortised cost’ above.

In the case of equity securities classified as AFS, in addition to the criteria for ‘assets carried at amortised cost’ above, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for AFS financial assets, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss. The amount of cumulative loss that is reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as AFS are not reversed through profit or loss.

(v) De-recognition

Financial assets are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

Receivables that are factored out to banks and other financial institutions with recourse to the Group and the Company are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group and the Company designate certain derivatives as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
- Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

The Group and the Company document at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group and the Company also document its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 19 to the financial statements. Movements on the hedging reserve in other comprehensive income are shown in the statement of changes in equity of the financial statements. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than twelve (12) months and as a current asset or liability when the remaining maturity of the hedged item is less than twelve (12) months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group and the Company only apply fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of cross currency interest rate swaps (“CCIRS”) hedging fixed rate borrowings is recognised in the profit or loss within ‘finance costs’. The gain or loss relating to the ineffective portion is recognised in the profit or loss within ‘other gains/(losses) - net’. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the profit or loss within ‘finance cost’.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used and is amortised to profit or loss over the period to maturity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Derivative financial instruments and hedging activities (continued)

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss within ‘other gains/(losses) - net’.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the profit or loss within ‘finance costs’. The gain or loss relating to the ineffective portion is recognised in the profit or loss within ‘other gains/(losses) - net’. However, when the forecast transaction that is hedged, results in the recognition of a non-financial asset, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of PPE.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the profit or loss within ‘other gains/(losses) - net’.

(iii) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss within ‘other gains/(losses) - net’.

Gains and losses accumulated in equity are included in the profit or loss when the foreign operation is partially disposed of or sold.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Inventories

Inventories are stated at lower of cost and net realisable value.

Certain items such as spare parts, stand-by equipment and servicing equipment shall be recognised as PPE when they meet the definition of PPE under MFRS 116. Otherwise, the items are classified as inventory.

Cost is determined on a weighted average basis and comprises all cost of purchase and other cost incurred in bringing the inventories to their present location.

Net realisable value represents the estimated selling price in the ordinary course of business, less all estimated costs to completion and applicable variable selling expenses. In arriving at the net realisable value, due allowance is made for all obsolete and slow moving items.

(j) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one (1) year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. Otherwise, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less accumulated impairment losses.

(k) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term, highly liquid investments with original maturities of three (3) months or less and bank overdrafts. Deposits held as pledged securities for term loans granted are not included as cash and cash equivalents.

Bank overdrafts are included within borrowings in current liabilities in the statements of financial position.

(l) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one (1) year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extend there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least twelve (12) months after the end of the reporting period.

(n) Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Current and deferred tax (continued)

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Tax benefit from investment tax incentive is recognised when the tax credit is utilised and no deferred tax asset is recognised when the tax credit is claimed.

(o) Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group and the Company expect a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in a settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

Provision for liabilities is mainly provisions for dismantling, removal or restoration on identified sites. Provisions are reviewed at the end of the reporting period and adjusted to PPE to reflect the current best estimation. Where the time value of money is material, the amount of a provision is the present value of the future period expenditure expected to be required to settle the obligation.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise a contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any NCI.

The Group recognises separately the contingent liabilities of the acquirers as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions.

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of MFRS 137 "Provisions, contingent liabilities and contingent assets" and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with MFRS 118 "Revenue".

(q) Share capital

(i) Classification

Ordinary share with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Distribution to holders of a financial instrument classified as an equity instrument is charged directly to equity.

(ii) Share issue expenses

Incremental external costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax from the proceeds.

(iii) Dividends to shareholders of the Company

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final and special dividends which are subject to approval by the Company's shareholders.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

Accounting by lessee

(i) Finance leases

Leases of PPE where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance lease is charged to the profit or loss over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

PPE acquired under finance leases are depreciated over the estimated useful life of the asset, in accordance with the annual rates stated in Note 3(c)(ii) to the financial statements. Where there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term or its estimated useful life.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease expense.

(ii) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the lease period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Leases (continued)

Accounting by lessor

(i) Finance leases

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method so as to reflect a constant periodic rate of return.

(ii) Operating leases

When assets are leased out under an operating lease, the asset is included in the statements of financial position based on the nature of the asset. Lease income is recognised over the term for the lease on a straight-line basis.

(s) Income recognition

The Group's operating revenue comprises the fair value of the consideration received or receivable for the sale of products and rendering of services net of returns, duties, sales discounts and sales taxes paid, after eliminating sales within the Group. The Group's and the Company's operating revenues are recognised or accrued at the time of the provision of the products or services.

(i) Mobile and interconnect services revenue

Revenue from mobile telephony services are recognised based on actual traffic volume, net of rebates or discounts.

Revenue from sales of prepaid starter packs and prepaid phone cards are deferred (as disclosed as deferred revenue in trade and other payables) and recognised as revenue based on the actual use of the cards, net of service tax and discounts. Any amounts not recognised are deferred, after which such amounts will be recognised as revenue.

Revenue from interconnection with other operators is recognised on the basis of actual recorded call traffic.

(ii) Lease of passive infrastructure

Income from lease of passive infrastructure is recognised on an accrual basis based on prices agreed with customers.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Income recognition (continued)

(iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group and the Company reduce the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using original effective interest rate.

(iv) Dividend income

Dividend income from investment in subsidiaries, joint ventures, associates and other investments is recognised when a right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

(v) Technical and management services fees

Technical and management services fees comprise of fees for provision of support services to certain subsidiaries, which are recognised on an accrual basis.

(vi) Other revenues

All other revenues are recognised net of rebates or discounts upon the rendering of services or sale of products, when the transfers of risks and rewards have been completed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Company.

(ii) Contribution to Employees Provident Fund ("EPF")

The Group's and the Company's contributions to EPF are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(iii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits that is within the scope of MFRS 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve (12) months after the end of the reporting period are discounted to present value.

(iv) Share-based compensation

The Group and the Company operate an equity-settled and share-based compensation plan for its employees which are Employee Share Option Scheme ("ESOS") and Restricted Share Plan ("RSP") ["Axiata Share Scheme"].

Employee services received in exchange for the grant of the share options and/or restricted shares awards ("RSA") are recognised as an expense in the profit or loss over the vesting period of the grant, with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options and/or RSA granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement for employees to save).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits (continued)

(iv) Share-based compensation (continued)

Non-market vesting conditions are included in the assumptions about the number of options and/or RSA that are expected to vest. At the end of reporting period, the Group and the Company revise its estimates of the number of share options and/or RSA that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

When RSA is vested, the fair value is credited to share capital (nominal value) and share premium with corresponding debit to ESOS and RSA reserve.

Recharges made by the Company in respect of options and/or RSA granted to subsidiaries are accounted for as amounts due from subsidiaries.

(v) Post-employment benefit obligations

The Group operates various defined benefit plans in accordance with local conditions and practices in the countries in which it operates. The plans are generally funded through payments to insurance companies or trustee-administrated funds, determined by periodic actuarial calculations. A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The Group determines the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for actuarial gains/losses and unrecognised past-service costs.

The defined benefit obligation is calculated annually by independent actuaries using projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximately to the terms of related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits (continued)

(v) Post-employment benefit obligations (continued)

Remeasurement, comprising actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, are charged or credited to equity in other comprehensive income in the period in which they arise and will not be reclassified to profit or loss.

Past-service costs are recognised immediately in income.

(u) Deferred revenue

Deferred revenue comprises:

(i) The unutilised balance of airtime and access fee in respect of prepaid cards sold to customers. Such revenue amounts are recognised as revenue upon utilisation of airtime and activation of access right by the customer.

(ii) The value of advance billings made to customers in respect of the rental of fibre optic network. Such amounts are recognised as revenue systematically over the period covered by the advance billings.

(v) Indefeasible right of use ("IRU")

The Group has entered into certain IRU agreements with its customers. An IRU is a right to use a specified amount of capacity for a specific time period that cannot be revoked or voided. Such agreements are accounted for either as lease or service transactions.

Those IRU agreements that provide the lessee with exclusive right to the purchased capacity and limit the purchased capacity to a specified fibre are accounted as lease transactions. Other IRUs are accounted for as service contracts.

IRU agreements that transfer substantially all the risks and rewards of ownership to the lessee are classified as sale-type leases. All other IRU leases are classified as operating leases.

(w) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in RM, which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Foreign currencies (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities (inclusive of advances to subsidiaries treated as quasi-investments) denominated in foreign currencies are recognised in the net profit for the financial year, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the profit or loss within ‘finance cost’. All other foreign exchange gains and losses are presented in profit or loss within ‘foreign exchange gains/(losses)’.

Changes in the fair value of monetary securities denominated in foreign currency classified as AFS are analysed between translation differences resulting from changes in the amortised cost of the securities and other changes in the carrying amount of the securities. Translation differences related to changes in amortised cost are recognised in the profit or loss for the financial year, and other changes in carrying amount are recognised in other comprehensive income.

(iii) Group companies (Consolidated financial statements)

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statements of financial position;
- income and expenses for each statements of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Goodwill and fair value adjustments arising on the acquisitions of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Foreign currencies (continued)

(iii) Group companies (Consolidated financial statements) (continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in consolidated other comprehensive income and accumulated in the separate component of equity are reclassified to consolidated profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to NCIs and are not recognised in consolidated profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to consolidated profit or loss.

(x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision maker. The Chief Operating Decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

(y) Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered as highly probable. They are stated at the lower of carrying amount and FVLCS.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Government grants

As a Universal Service Provider ("USP"), the Group is entitled to claim certain qualified expenses from the relevant authorities in relation to USP projects. The claim qualifies as a government grant and is recognised at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are recognised in the profit of loss over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of assets are included in non-current liabilities as deferred income and are credited to the profit or loss on the straight line basis over the expected life of the related assets.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the Group's and Company's accounting policies

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy could materially affect the reported results and financial position of the Group and the Company. The following accounting policies require subjective judgements, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Intangible assets – Acquired telecommunication licences with allocated spectrum rights

The Group has applied judgement in determining the treatment of the annual fees payable over ten (10) years in respect of a 3G spectrum license granted to a foreign subsidiary. The annual fee is charged to the profit or loss when incurred based on management's judgement that future annual fees will no longer be payable upon the decision by the subsidiary to return the license. The Group considers the annual payment to be usage fees based on interpretation of the license conditions, written confirmation from the Directorate General of Post and Telecommunication, Indonesia and current financial year assessment of 3G operations. The annual fees are therefore not considered part of the acquisition cost of the license.

Should the regulations and conditions with regards to the payment of the annual fees be amended in the future with the consequence that payment of the remaining outstanding annual fees cannot be avoided upon the subsidiary surrendering the license, the Group will recognise an intangible asset and a corresponding liability at the present value of the remaining annual fees at that point in time.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The Group, and to a large extent the activities, are governed by the legal, regulatory and business environment in the countries which the Group operates in and which the Group has investments in. The business of the Group is subject to a number of risks, many of which are beyond the Group's control.

The main risks relating to the Group's business are as follows:

- Increasing competition in the countries the Group operates in
- Challenges in expanding business in certain emerging markets
- Political, regulatory and social developments in the region the Group operates in
- Significant expansion of capital investments required
- Increasing substitution for traditional voice and data market

To enhance the information content of the estimates, certain key variables that are anticipated to have material impact to the Group's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are mentioned below.

(i) Impairment assessment of goodwill

The Group tests goodwill for impairment annually in accordance with its accounting policy and whenever events or change in circumstances indicate that this is necessary within the financial year. Recoverable amount is measured at the higher of the FVLCS for that asset and its VIU.

The recoverable amounts of certain CGUs have been determined based on VIU calculations. These calculations require the use of estimates. The calculations are inherently judgemental and susceptible to change from period to period because they require the Group to make assumptions about revenue growth, exchange rates, an appropriate discount rate and terminal growth rate.

The assumptions used, results and sensitivity of the impairment assessment of goodwill are disclosed in Note 24(a) to the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting estimates and assumptions (continued)

(ii) Impairment assessment of PPE and investments

The Group and the Company assess impairment of the assets or CGUs mentioned above whenever the events or changes in circumstances indicate that the carrying amount of an asset or CGU may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount. Recoverable amount is measured at the higher of the FVLCS for that asset or CGU and its VIU.

Projected future cash flows used in impairment testing of the assets or CGUs mentioned above are based on Group's and Company's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

The recoverable amounts of the asset or CGUs have been determined based on VIU calculations. These calculations require the use of estimates. The calculations are inherently judgemental and susceptible to change from period to period because they require the Group and the Company to make assumptions about revenue growth, exchange rates, an appropriate discount rate and terminal growth rate.

(iii) Estimated useful lives of PPE

The Group reviews the estimated useful lives of PPE based on factors such as business plan and strategies, expected level of usage and future technological developments at the end of each reporting period. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of PPE would increase the recorded depreciation charge and decrease the PPE balance.

The impact of the review of the useful lives of PPE is disclosed in Note 25 to the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting estimates and assumptions (continued)

(iv) Taxation

Income taxes

The Group and the Company are subject to income tax in numerous jurisdictions. Judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise liabilities for tax matters based on estimates of whether additional taxes will be due. If the final outcome of these tax matters result in a difference in the amounts initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made.

Deferred tax assets

Deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. This involves judgement regarding future financial performance of a particular entity in which the deferred tax asset has been recognised.

(v) Contingent liabilities

Determination of the treatment of contingent liabilities is based on the Group’s view of the expected outcome of contingencies after consulting legal counsel for litigation cases and internal and external experts of the Group for matters in the ordinary course of business. Please refer to Note 28 and Note 36(d) to the financial statements for legal proceedings that the Group is involved in as at the end of each reporting period.

(vi) Fair value of derivatives and other financial instruments

Certain financial instruments such as investments, derivative financial instruments and certain elements of borrowings are carried on the statement of financial position at fair value, with changes in fair value reflected in the profit or loss.

Fair values are estimated by reference in part to published price quotations and in part by using valuation techniques. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group and the Company use its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each financial reporting period.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting estimates and assumptions (continued)

(vii) Provision for dismantling, removal or restoration

Fair value estimates of provision for dismantling, removal or restoration generally involve discounted future cash flows, and periodic accretion of such liabilities due to the passage of time is recorded as finance cost. The significant assumptions used in estimating the provision are: timing of assets removals; cost of assets removals; expected inflation rates; and the weighted average cost of capital. There can be no assurances that actual costs and the probability of incurring obligations will not differ from these estimates.

(viii) FVLCS of investment in associates

In assessing the impairment testing for the Group's investment in a public listed associate, the quoted price has been adjusted by applying a block discount.

The unit of account for an investment in associate is the investment as a block, rather than the underlying shares that make up the investment. FVLCS of an investment in associate as a whole is estimated by reference to evidence of past transactions on block purchases of non-controlling interests in various companies across industries and various geographical locations. The range of observable block discount is between 5.00% to 10.00%. The Group estimates a block discount of 8.50% on quoted price as at reporting date, representing the adjusted quoted price. The adjusted quoted price is used to determine the FVLCS of the investment.

5. INCORPORATIONS, ACQUISITIONS, MERGERS, DISPOSALS AND DILUTIONS OF INTERESTS

(a) Incorporation, acquisitions, merger, disposal and dilutions of interests during the financial year

(i) Disposal of 49.00% equity interest in Mobile Telecommunication Company of Esfahan ("MTCE")

On 18 May 2011, the Group entered into a Sale and Purchase Agreement ("SPA") with Telecommunication Company of Esfahan on the disposal of its entire shareholding in MTCE representing 49.00% of the total issued and paid-up share capital in MTCE. The disposal of MTCE was completed on 2 January 2013.

The disposal of MTCE has no significant financial impact to the Group during the financial year.

(ii) Acquisition of Glasswool Holdings Limited ("Glasswool") by Axiata Investments (Cambodia) Limited ("AIC")

On 13 December 2012, the Company and its wholly-owned subsidiary, AIC have entered into a SPA with Timeturns Holdings Limited for the acquisition of the entire ordinary shares in issue of Glasswool, which became the owner of the entire ordinary shares in issue of Smart Axiata Co., Ltd [formerly known as Latelz Co., Ltd] ("Smart") in Cambodia upon completion of the acquisition of Smart.

5. INCORPORATIONS, ACQUISITIONS, MERGERS, DISPOSALS AND DILUTIONS OF INTERESTS (CONTINUED)

(a) Incorporation, acquisitions, merger, disposal and dilutions of interests during the financial year (continued)

(ii) Acquisition of Glasswool Holdings Limited ("Glasswool") by Axiata Investments (Cambodia) Limited ("AIC") (continued)

Subsequently, it was the Group's intention to merge the operations of Hello Axiata Company Limited ("Hello") and Smart as one combined entity. The acquisition was settled via a combination of cash considerations and a 10.00% stake in a combined entity to be held by the remaining partner. On 19 February 2013, the acquisition and the transfer of Hello's telecommunication business and assets were completed and Smart became a 90.00% owned subsidiary of the Group effectively.

The following summarises the consideration paid for Smart, the fair value of assets acquired, liabilities assumed and NCI at the acquisition date.

	Note	RM'000
Net purchase consideration in cash		483,290
Fair value of 10.00% of Hello's identifiable net assets and business transferred to Smart		16,621
Purchase consideration		499,911
Details of the net assets acquired are as follows:		
PPE	25	174,776
Intangible assets	24	278,565
Inventories		2,326
Trade and other receivables		16,245
Cash and bank balances		33,136
Deferred tax liability	23	(55,680)
Trade and other payables		(82,658)
Total net assets		366,710
Less: NCI		(36,671)
Total net assets acquired		330,039
Goodwill on acquisition	24	169,872
		499,911

The goodwill arising from the acquisition is attributable to economies of scale.

5. INCORPORATIONS, ACQUISITIONS, MERGERS, DISPOSALS AND DILUTIONS OF INTERESTS (CONTINUED)

(a) Incorporation, acquisitions, merger, disposal and dilutions of interests during the financial year (continued)

(ii) Acquisition of Glasswool Holdings Limited ("Glasswool") by Axiata Investments (Cambodia) Limited ("AIC") (continued)

In conjunction with the transfer of Hello's telecommunication business and assets on 19 January 2013, Hello disposed of 10.00% equity interest to NCI of Smart as summarised below:

	RM'000
Consideration received from NCI	16,621
Carrying amount of NCI disposed off	(15,939)
Increase in parent's equity	682

Acquisition related costs of RM8.8 million have been charged to the consolidated other operating costs during the financial year.

The impact of acquisition of Smart, had it occurred on 1 January 2013, is not material to the consolidated financial statements.

(iii) Acquisition of Sky Television and Radio Network (Private) Limited ("Sky TV")

Dialog Broadband Networks (Private) Limited ("DBN"), a wholly-owned subsidiary of Dialog Axiata PLC ("Dialog") had, on 13 May 2013, completed the acquisition of the entire ordinary shares in issue of Sky TV at a consideration of RM19.0 million (SLR800.0 million). Subsequently the amalgamation of Sky TV with DBN was completed on 3 July 2013. As a consequence of the amalgamation, Sky TV ceased to exist as a corporate entity from the date of amalgamation and all its assets, liabilities and operations were accordingly succeeded by DBN.

Acquisition of Sky TV was concluded as acquisition of asset and has no significant financial impact to the Group during the financial year.

(iv) Incorporation of PT XL Planet Digital ("Planet Digital")

On 16 May 2013, PT XL Axiata Tbk ("XL") entered into an agreement with SK Planet Co Ltd ("SKP") and SK Planet Global Holdings Pte Ltd ("SKGH") whereby SKP and XL agreed to enter into a joint venture arrangement by incorporating a new limited liability company namely Planet Digital. SKGH and XL were to contribute IDR equivalent of RM59.3 million (USD18.3 million) each for the initial share capital and respectively hold 50.00% of the total share capital of Planet Digital. Planet Digital was incorporated under Deed of establishment No.9 dated 8 July 2013. Effectively, Planet Digital became a joint venture of the Group.

The incorporation of Planet Digital has no significant financial impact to the Group during the financial year.

5. INCORPORATIONS, ACQUISITIONS, MERGERS, DISPOSALS AND DILUTIONS OF INTERESTS (CONTINUED)

(a) Incorporation, acquisitions, merger, disposal and dilutions of interests during the financial year (continued)

(v) Divestment by Celcom Axiata Berhad ("Celcom") of its wholly-owned subsidiary, Celcom Childcare Sdn Bhd ("Celcom Childcare")

Celcom had, on 29 August 2012, completed the incorporation of CCSB, a private company limited by shares, under the Companies Act, 1965.

On 11 June 2013, Celcom entered into a Share Sale Agreement with Early Impression Sdn Bhd ("Early Impression") on the divestment of its entire shareholding in Celcom Childcare for a cash consideration of RM0.2 million. The disposal of Celcom Childcare to Early Impression was completed on 18 October 2013.

The above has no significant financial impact to the Group during the financial year.

(vi) Acquisition of equity interest in Digital Commerce Lanka (Pvt) Ltd ("Digital")

On 10 December 2012, Dialog entered into an Investment Agreement ("IA") for the acquisition of 26.00% equity interest in Digital for a purchase consideration of RM4.9 million (SLR205.6 million). Effectively, Digital became an associate of the Group.

Alongside with the IA, Dialog has also entered into a shareholders' agreement with the shareholders of Digital to provide opportunities to increase its equity interest in Digital by Dialog in the future.

During the financial year, Dialog further increased its equity interest in Digital from 26.00% to 28.32%.

The above has no significant financial impact to the Group during the financial year.

5. INCORPORATIONS, ACQUISITIONS, MERGERS, DISPOSALS AND DILUTIONS OF INTERESTS (CONTINUED)

(a) Incorporation, acquisitions, merger, disposal and dilutions of interests during the financial year (continued)

(vii) Acquisition of additional equity interest in Robi Axiata Limited ("Robi")

During the financial year, the Registrar of Joint Stock Companies and Firms of Bangladesh approved the new allotment of shares by Robi with the date of allotment on 28 July 2013. The new allotment was satisfied via the capitalisation of RM1,035.4 million (USD321.0 million) convertible shareholder's advance by Axiata Investments (Labuan) Limited ("AIL"). Accordingly, the Group's equity interest increased from 70.00% to 91.59%. The Group recorded an increase in retained earnings arising from the transaction with NCI amounting to RM51.8 million during the financial year.

(viii) Dilution of equity interest in Idea Cellular Limited ("Idea")

During the financial year, the Group's equity interest in Idea, decreased from 19.93% to 19.90% (2012: 19.96% to 19.93%) following the issuance of new ordinary shares under Idea's ESOS. The Group recognised a loss on dilution of equity interest amounting to RM4.0 million (2012: RM12.2 million) during the financial year.

(ix) Dilution of equity interest in M1 Limited ("M1")

During the financial year, the equity interest in M1, held through Axiata Investments (Singapore) Limited ("AIS"), a wholly owned subsidiary of the Company decreased from 29.06% to 28.74% (2012: 29.23% to 29.06%) following the issuance of the shares under M1's ESOS scheme. The Group recognised a loss on dilution of equity interest amounting to RM15.2 million (2012: RM10.7 million) during the financial year.

(x) Dilution of equity interest in Samart I-Mobile Public Company Limited ("SIM")

During the financial year, the Group's equity interest in SIM, decreased from 24.40% to 24.08% following the issuance of new ordinary shares under SIM's warrant. The Group recognised a loss on dilution of equity interest amounting to RM1.9 million during the financial year.

(xi) Dilution of equity interest in XL

The Group's equity interest in XL, decreased from 66.55% to 66.48% (2012: from 66.61% to 66.55%) following the issuance of new ordinary shares under XL's shares-based compensation plan as disclosed in Note 14(c) to the financial statements.

The Group recognised a gain on dilution amounting to RM6.2 million (2012: RM4.1 million) during the financial year.

5. INCORPORATIONS, ACQUISITIONS, MERGERS, DISPOSALS AND DILUTIONS OF INTERESTS (CONTINUED)

(b) Incorporations, acquisitions and dilutions of interests in the previous financial year

(i) Entry by Celcom into Shareholders' Agreement with PLDT Global Corporation ("PGC") and PLDT Malaysia Sdn Bhd ("PLDT MY")

On 30 November 2011, Celcom entered into a Shareholders' Agreement ("SA") with PGC and PLDT MY for the purpose of collaborating in establishing mobile virtual network operator services in Malaysia. Under the terms of the SA, the issued and paid-up share capital of PLDT MY shall be RM6.0 million divided into 6.0 million PLDT MY shares of which Celcom and PGC would subscribe in cash in the ratio of 49:51.

The acquisition of 49.00% equity interest in PLDT MY by Celcom was completed on 25 January 2012 and it became a joint venture of the Group.

The above had no significant financial impact to the Group in the previous financial year.

(ii) Acquisition of entire equity interest in Suntel Limited ("Suntel")

DBN had, on 14 December 2011 entered into a SPA with the shareholders of Suntel for the acquisition of the entire ordinary shares of Suntel. The acquisition was completed on 22 March 2012. Effectively, Suntel became an 84.97% owned subsidiary of the Group.

Following the completion of the amalgamation of Suntel with DBN effective from 15 May 2012, the shares of Suntel were cancelled with no new shares issued/swapped and Suntel continues to operate as part of DBN.

The following summarised the consideration paid for acquisition of Suntel, the fair value of assets acquired and liabilities assumed at the acquisition date.

	Note	RM'000
Purchase consideration in cash		96,984
Details of the net liabilities assumed are as follows:		
PPE	25	46,566
Intangible assets	24	4,933
Inventories		5,349
Trade and other receivables		32,079
Cash and bank balances		4,110
Trade and other payables		(147,898)
Total net liabilities assumed		(54,861)
Goodwill on acquisition	24	151,845
		96,984

5. INCORPORATIONS, ACQUISITIONS, MERGERS, DISPOSALS AND DILUTIONS OF INTERESTS (CONTINUED)

(b) Incorporations, acquisitions and dilutions of interests in the previous financial year (continued)

(ii) Acquisition of entire equity interest in Suntel Limited ("Suntel") (continued)

Acquisition related costs of RM9.0 million (SLR 372.1 million) was charged to the consolidated other operating costs in the previous financial year.

The impact of the acquisition of Suntel, had it occurred on 1 January 2012, was not material to the consolidated financial statements.

During the financial year, the Group has finalised the fair values attributable to the net assets. An amount of RM9.1 million was further adjusted to goodwill on acquisition.

(iii) Incorporation of Axiata SPV2 Berhad ("Axiata SPV2")

The Company had, on 4 June 2012 completed the incorporation of Axiata SPV2, a public company limited by shares, under the Companies Act, 1965. Axiata SPV2 was incorporated with an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1 each of which RM2 had been issued and paid-up.

The incorporation above had no significant financial impact to the Group and the Company in the previous financial year.

(iv) Incorporation of Axiata Towers (Cambodia) Company Limited ("ATC") [now known as edotco (Cambodia) Co., Ltd]

Hello had, on 7 June 2012 completed the incorporation of ATC, a private company limited by shares with an authorised share capital of Khmer Riel ("KHR") 16.0 million (equivalent to USD4,000) subdivided into 1,000 ordinary shares of KHR16,000 each, which had been fully issued and paid-up.

On 10 January 2014, Ministry Of Commerce of Cambodia approved the transfer of its entire equity interest in ATC by Hello to Smart. Accordingly, ATC became a wholly-owned subsidiary of Smart effective on 19 February 2013. On the same day, ATC changed its name to edotco (Cambodia) Co., Ltd ("edotcoC").

On 14 January 2014, edotcoC increased its paid-up share capital to KHR4.0 billion (equivalent to USD1.0 million) by issuance of additional 249,000 ordinary shares of KHR16,000 each to Smart.

The incorporation above had no significant financial impact to the Group in the previous financial year.

5. INCORPORATIONS, ACQUISITIONS, MERGERS, DISPOSALS AND DILUTIONS OF INTERESTS (CONTINUED)

(b) Incorporations, acquisitions and dilutions of interests in the previous financial year (continued)

(v) Acquisition of 51.00% equity interest in Digital Milestone Sdn Bhd ("DMSB")

Celcom had, on 23 July 2012, completed the acquisition of 255,000 ordinary shares of RM1 each representing 51.00% of the equity interest in DMSB. The acquisition of DMSB shares by Celcom is in accordance with the Teaming Agreement entered by Celcom dated 3 July 2012 in which Celcom and Media Broadcast GmbH will establish a joint-venture entity and jointly act in relation to pre-bid activities and formulation of bid for the development, supply, commissioning, marketing and operation of digital television transmission infrastructure in Malaysia via a common infrastructure provider for the digital terrestrial transmission services to be rolled-out under Malaysia's National Digitisation Project ("Tender Bid").

Celcom, through DMSB, had participated in the Tender Bid but was not shortlisted. With this and pursuant to the Teaming Agreement dated 3 July 2012, DMSB which was set-up for the Tender Bid was no longer required. The Company and Celcom approved the winding up on 6 February 2013 and 18 March 2013 respectively.

The Group is in the process of seeking the necessary approvals from members of DMSB to proceed with the winding-up proceedings.

(vi) Incorporation of Bangladesh Infrastructure Company Limited ("BICL") [now known as edotco Bangladesh Co Ltd]

Robi had, on 1 October 2012 incorporated a new subsidiary, BICL, a public company limited by shares, under the Companies Act, 1994 of the Republic of Bangladesh. BICL was incorporated with an authorised share capital of BDT300.0 million represented by 30.0 million ordinary shares of BDT10 each, of which its issued and paid-up capital was BDT100.0 million.

BICL subsequently changed its name to edotco Bangladesh Co Ltd on 18 November 2013.

The incorporation above had no significant financial impact to the Group in the previous financial year.

5. INCORPORATIONS, ACQUISITIONS, MERGERS, DISPOSALS AND DILUTIONS OF INTERESTS (CONTINUED)

(b) Incorporations, acquisitions and dilutions of interests in the previous financial year (continued)

(vii) Incorporation of Axiata SPV3 Sdn Bhd (“SPV3”) [now known as edotco Group Sdn Bhd]

The Company had, on 31 October 2012 completed the incorporation of Axiata SPV3 Sdn Bhd, a private company limited by shares, under the Companies Act, 1965 with an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1 each. The issued and paid-up share capital was RM2.

SPV3 subsequently changed its name to edotco Group Sdn Bhd on 20 September 2013.

The incorporation above had no significant financial impact to the Group and the Company in the previous financial year.

(viii) Incorporation of Axiata Investments (Cambodia) Limited (“AIC”)

The Company had, on 7 December 2012 completed the incorporation of AIC, a private company limited by shares, under the Labuan Companies Act, 1990. AIC was incorporated with an authorised share capital of USD100,000 divided into 100,000 ordinary shares of USD1 each. The issued and paid-up share capital was USD2.

The incorporation above had no significant financial impact to the Group and the Company in the previous financial year.

6. OPERATING REVENUE

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Mobile services	15,391,568	15,101,192	-	-
Interconnect services	1,352,899	1,218,304	-	-
Dividend income:				
- Malaysia	-	-	2,301,815	3,093,837
- Overseas	-	-	8,056	1,038
Lease of passive infrastructure	308,769	331,345	-	-
Technical and management services fees	-	-	49,577	30,728
Others*	1,317,605	1,000,776	-	-
Total	18,370,841	17,651,617	2,359,448	3,125,603

* Others include revenue from leased services, pay television transmission, sale of devices and other data services.

7(a). DEPRECIATION, IMPAIRMENT AND AMORTISATION

	Note	Group		Company	
		2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Depreciation of:					
- PPE	25	3,078,359	2,998,679	3,662	3,702
- PPE of non-current assets classified as held-for-sale		17,869	17,604	-	-
Reversal of impairment of PPE	25	(9,554)	(1,264)	-	-
Impairment of :					
- Investment in a subsidiary	26	-	-	39,982	-
- PPE ^	25	21,288	155,493	-	-
Write off of PPE	25	60,524	587	333	428
Amortisation of :					
- intangible assets	24	264,909	167,674	-	-
- intangible assets of non-current assets classified as held-for-sale		882	444	-	-
Others		1,053	346	-	-
Total		3,435,330	3,339,563	43,977	4,130

^ Comparative was restated in conjunction with amendment to MFRS 116 as disclosed in Note 2(b) to the financial statements.

7(b). OTHER OPERATING COSTS

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Impairment of:					
- trade and other receivables	32	110,904	88,566	-	-
- trade and other receivables of non-current assets classified as held-for-sale		1,821	-	-	-
Business license fees		577,302	492,122	-	-
Charges and commissions		80,155	72,369	244	30
Cost of SIM and recharge cards		107,047	117,909	-	-
Revenue sharing outpayment		376,837	259,980	-	-
Leased circuit charges		202,677	237,112	-	-
Maintenance		1,077,581	1,067,442	1,090	899
Professional fees		203,051	226,795	51,039	47,254
Rental-land and buildings		933,479	819,219	4,538	4,390
Rental-equipment		166,275	186,706	233	210
Rental-others		55,832	57,244	21	4
Roaming costs		246,110	207,407	-	-
Supplies and inventories		340,554	248,712	455	-
Transportation and travelling		76,461	70,402	7,678	5,949
USP/ Obligation contribution		480,853	490,867	-	-
Utilities		256,335	281,097	446	390
Others[1]		522,644	439,216	29,161	29,104
Total		5,815,918	5,363,165	94,905	88,230

[1] Others include:

	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Audit fees:				
- PricewaterhouseCoopers Malaysia ("PwCM")	2,685	2,169	1,551	1,132
- Member firm of PwC International Limited ("PwCI")*	2,408	2,422	-	-
- Others	35	33	-	-
Audit related fees[(i)] :				
- PwCM and PwCI	4,512	3,097	3,323	2,712
	9,640	7,721	4,874	3,844
Other fees paid to PwCM and PwCI:				
- Tax and tax related services[(ii)]	1,368	1,736	969	775
- Other non-audit services[(iii)]	3,995	1,917	3,110	1,782
	15,003	11,374	8,953	6,401

7(b). OTHER OPERATING COSTS (CONTINUED)

* Separate and independent legal entity from PwCM.

(i) Fees incurred in connection with performance of quarterly reviews, review of purchase price allocation, agreed-upon procedures and regulatory compliance.

(ii) Fees incurred for assisting the Group in connection with tax compliance and advisory services.

(iii) Fees incurred primarily in relation to due diligences on potential acquisitions, project management and other advisory services.

In order to maintain the independence of the external auditors, the Audit Committee has determined policies as to what non-audit services can be provided by external auditors of the Group and the approval processes related to them. Under these policies and guidelines, non-audit services can be offered by external auditors of the Group if there are clear efficiencies and value-added benefits to the Group.

7(c). STAFF COSTS (including remuneration of Executive Directors of the Company)

		Group		Company	
	Note	2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Staff costs excluding Directors:					
- salaries, allowances, overtime and bonus		877,407	816,178	55,329	51,772
- termination benefits		28,055	21,344	-	-
- contribution to EPF		68,417	79,338	9,918	8,315
- other staff benefits		154,083	136,601	8,029	7,500
- ESOS and RSA expenses	14(a)	78,698	57,717	16,385	7,182
- Share based compensation expense of a subsidiary	14(c)	10,973	18,842	-	-
Remuneration of Executive Directors of the Company	7(d)	9,310	9,935	9,310	9,935
		1,226,943	1,139,955	98,971	84,704

7(d). DIRECTORS' REMUNERATION

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Remuneration of Executive Directors of the Company:					
- salaries, allowances and bonus		6,160	5,280	6,160	5,280
- contribution to EPF		1,170	1,003	1,170	1,003
- ESOS and RSA expenses	14(a)	1,980	3,652	1,980	3,652
		9,310	9,935	9,310	9,935
Remuneration of Non- Executive Directors of the Company:					
- fees and allowances		2,592	2,304	2,287	1,946
		11,902	12,239	11,597	11,881

Estimated money value of benefits of Directors amounting to RM544,026 (2012: RM505,290) for the Group and the Company.

8. OTHER GAINS- NET

	Group 2013 RM'000	Group 2012 RM'000
Derivative financial instruments:		
- Forward foreign currency contracts ("FFC")	59,577	13,515
- CCIRS	161,883	10,662
- Interest rate swap contracts ("IRS")	(17,812)	5,978
Total	203,648	30,155

9. OTHER OPERATING INCOME

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Gain on disposal of PPE	13,977	21,673	174	-
Bad debts recovered	13,358	17,736	-	-
Others	20,546	54,635	766	656
Total	47,881	94,044	940	656

10. FINANCE INCOME/(COST)

	Note	Group		Company	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Finance income					
Islamic Financial Instruments		158,546	71,643	77,832	26,069
Other deposits, cash and bank balances		102,750	190,702	4,788	27,169
		261,296	262,345	82,620	53,238
Finance cost					
Other borrowings		(489,033)	(485,959)	(11,171)	(13,480)
Profit on Islamic Private Debt Securities		(216,645)	(216,200)	-	-
Finance (expense)/income on IRS:					
- fair value hedge		(19,755)	(18,858)	(19,755)	(18,858)
- net investment hedge		4,704	3,218	-	-
Finance cost excluding net foreign exchange losses on financing activities		(720,729)	(717,799)	(30,926)	(32,338)
Net foreign exchange losses on:					
- financing activities		(416,368)	(39,464)	(58,250)	26,750
- fair value hedge	19(f)	58,250	(26,750)	58,250	(26,750)
Net foreign exchange losses on financing activities		(358,118)	(66,214)	-	-
Total finance cost		(1,078,847)	(784,013)	(30,926)	(32,338)
Net finance (cost)/income		(817,551)	(521,668)	51,694	20,900

AXIATA GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

11. TAXATION AND ZAKAT

		Group		Company	
	Note	2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Current taxation:					
- Malaysian income tax		330,865	433,252	-	-
- Overseas taxation		310,151	278,194	26	16
		641,016	711,446	26	16
Deferred taxation	23	144,946	162,271	-	-
Total taxation		785,962	873,717	26	16
Zakat		8,500	8,500	-	-
Taxation and zakat		794,462	882,217	26	16
Current taxation:					
Malaysia					
Income tax:					
- Current year		478,484	524,596	-	-
- Over accrual in previous financial years		(147,619)	(91,344)	-	-
		330,865	433,252	-	-
Overseas					
Income tax:					
- Current year		298,968	278,297	26	16
- Under/(over) accrual in previous financial years		11,183	(103)	-	-
		310,151	278,194	26	16
Deferred taxation:					
- Net origination of temporary differences	23	144,946	162,271	-	-
Total taxation		785,962	873,717	26	16
Zakat		8,500	8,500	-	-
Total taxation and zakat		794,462	882,217	26	16

The current income tax is calculated at the statutory tax rate of 25% of the estimated assessable profit for the financial year.

11. TAXATION AND ZAKAT (CONTINUED)

Numerical reconciliation between taxation and the product of accounting profit multiplied by the Malaysian tax rate:

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	3,533,039	3,761,794	2,556,875	2,741,400
Taxation calculated at the applicable Malaysian tax rate of 25% (2012: 25%)	883,260	940,449	639,219	685,350
Tax effects of:				
- income not subject to tax	(76,431)	(106,552)	(675,911)	(773,459)
- share of results of associates	(67,706)	(58,738)	-	-
- share of results of joint ventures	(1,332)	394	-	-
- change of taxation basis	-	(47,855)	-	-
- different tax rates in other countries	78,714	27,347	(1,960)	(244)
- change in statutory tax rate	(14,000)	-	-	-
- tax incentive	(105,797)	(111,171)	-	-
- utilisation of previously unrecognised tax losses	(9,482)	-	-	-
- unrecognised tax losses	18,142	30,657	17,118	8,369
- expenses not deductible for tax purposes	217,030	290,633	16,169	76,250
- group relief	-	-	5,391	3,750
- over accrual of income tax	(136,436)	(91,447)	-	-
- zakat	8,500	8,500	-	-
Total taxation and zakat	794,462	882,217	26	16

Included in the taxation of the Group are tax savings amounting to RM21.6 million (2012:RM15.0 million) where group relief is available and tax losses in loss-making entities in a particular year of assessment may be offset against taxable profits of profitable entities in the same group in the same year of assessment.

12. EARNINGS PER SHARE

(a) Basic earnings per share (“EPS”)

Basic EPS of the Group is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares of the Company in issue during the financial year.

	Group	
	2013	2012
Profit attributable to owners of the Company (RM'000)	2,550,021	2,513,285
Weighted average number of shares in issue ('000)	8,527,631	8,492,277
Basic EPS (sen)	29.9	29.6

(b) Diluted earnings per share

For the diluted EPS calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has share options and RSA granted to employees under the Axiata Share Scheme as disclosed in Note 14(a) to the financial statements which are dilutive potential ordinary shares and is assumed to have been converted into ordinary shares.

In respect of share options over the ordinary shares and RSA of the Company, a calculation is performed to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. The calculation serves to determine the unexercised share options and RSA outstanding for the purpose of computing the dilution. No adjustment is made to profit attributable to owners of the Company for the share options and RSA calculation.

	Group	
	2013	2012
Profit attributable to owners of the Company (RM'000)	2,550,021	2,513,285
Weighted average number of ordinary shares in issue ('000)	8,527,631	8,492,277
Adjusted for ESOS and RSA ('000)	55,325	41,032
Weighted average number of ordinary shares for the purpose of computing diluted EPS ('000)	8,582,956	8,533,309
Diluted EPS (sen)	29.7	29.5

13. SHARE CAPITAL

	Group and Company			
	2013		2012	
	No. of shares	Nominal value	No. of shares	Nominal value
	'000	RM'000	'000	RM'000
Ordinary shares of RM1 each:				
Authorised:				
At the beginning/end of the financial year	12,000,000	12,000,000	12,000,000	12,000,000
Issued and fully paid-up:				
At the beginning of the financial year	8,508,209	8,508,209	8,466,182	8,466,182
Issuance of new ordinary shares under Axiata Share Scheme:				
(a) Performance-Based ESOS at exercise price per ordinary share of:				
- RM1.81	3,706	3,706	26,275	26,275
- RM3.15	1,021	1,021	957	957
- RM3.45	14,059	14,059	14,782	14,782
- RM5.07	13,190	13,190	13	13
(b) RSA issued	478	478	-	-
At the end of the financial year	8,540,663	8,540,663	8,508,209	8,508,209

The above mentioned ordinary shares rank pari-passu in all respects with the existing ordinary shares of the Company.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME

(a) Performance-Based ESOS and RSP [“Axiata Share Scheme”]

The Performance-Based ESOS of the Company was approved by its shareholders at an Extraordinary General Meeting (“EGM”) held on 24 March 2009 and implemented on 16 April 2009.

On 1 June 2011, the Company’s shareholders had, at the Nineteenth (19th) Annual General Meeting (“AGM”) of the Company, approved the amendments to the Bye-Laws of the ESOS to include a RSP. Accordingly, the existing Performance-Based ESOS was renamed as Axiata Share Scheme.

Effective from 15 July 2011, the Company implemented the Axiata Share Scheme and started to offer eligible employees the entitlement to receive Restricted Share Awards under the RSP (“RSA”) in the Company on 18 July 2011 instead of ESOS.

The total number of the Performance-Based ESOS granted, percentage exercisable and the vesting period is as follows:

			Options over the Company’s shares		
ESOS	Grant date	Vesting date	% of options exercisable[1]	Number of options granted	Exercise price RM
Grant 1(a), 2009					
Tranche 1	16 April 2009	15 April 2011	50	34,555,750	1.81
Tranche 2	16 April 2009	15 April 2012	50	34,555,750	1.81
Grant 1(b), 2010[2]					
Tranche 1	18 January 2010	17 January 2012	50	2,088,050	3.15
Tranche 2	18 January 2010	17 January 2013	50	2,088,050	3.15
Grant 2, 2010					
Tranche 1	24 February 2010	23 February 2012	50	24,688,750	3.45
Tranche 2	24 February 2010	23 February 2013	50	24,688,750	3.45
Grant 3(a), 2011					
Tranche 1	23 February 2011	22 February 2013	50	32,121,450	5.07
Tranche 2	23 February 2011	22 February 2014	50	32,121,450	5.07

[1] The ESOS/RSA granted shall become exercisable/vested only upon the fulfilment of certain performance criteria for the Company and individuals.

[2] The grant was made to newly hired employees who did not receive the main cycle grants and have been confirmed as at reporting date.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The total number of RSA granted, percentage of shares to be vested and the vesting period is as follows:

			Entitlement over the Company's shares		
RSA	Reference date	Vesting date	% of shares to be vested[1]	Number of shares granted[3]	Reference price[5] RM
Grant 3(b), 2011[4]					
Tranche 1	18 July 2011	18 July 2013	50	243,350	5.03
Tranche 2	18 July 2011	18 July 2014	50 - 100	526,450	5.03
Grant 3(c), 2011[4]					
Tranche 1	30 Nov 2011	30 Nov 2013	50	23,700	5.10
Tranche 2	30 Nov 2011	30 Nov 2014	50 - 100	183,600	5.10
Grant 4(a), 2012					
Tranche 1	30 Mar 2012	30 Mar 2014	50	6,890,050	5.20
Tranche 2	30 Mar 2012	30 Mar 2015	50 - 100	10,603,550	5.20
Grant 4(b), 2012[4]					
Tranche 1	31 July 2012	31 July 2014	50	122,150	5.86
Tranche 2	31 July 2012	31 July 2015	50 - 100	444,350	5.86
Grant 4(c), 2012[4]					
Tranche 1	30 Nov 2012	30 Nov 2014	50	131,400	5.92
Tranche 2	30 Nov 2012	30 Nov 2015	50 - 100	252,500	5.92
Grant 5(a), 2013					
Tranche 1	20 Feb 2013	20 Feb 2015	50	6,585,950	6.27
Tranche 2	20 Feb 2013	20 Feb 2016	50 - 100	10,374,750	6.27
Grant 5(b), 2013[4]					
Tranche 1	15 Aug 2013	15 Aug 2015	50	268,100	6.90
Tranche 2	15 Aug 2013	15 Aug 2016	50 - 100	440,500	6.90

3 Senior and top management can only vest the RSA at the end of the third (3rd) year or contract period whichever is earlier. Number of shares originally granted are excluding the multiplier effects to be offered to management upon fulfilment of certain performance conditions on the day of vesting.

4 The grant was made to newly hired employees who did not receive the main cycle grant and have been confirmed as at reporting dates.

5 Refers to the price at reference date for the purpose of granting the number of shares to the employees.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The salient terms and conditions of the Axiata Share Scheme are as follows:

(i) Maximum number of new ordinary shares of the Company available under the Axiata Share Scheme

The maximum amount of shares which may be:

(a) Offered for subscription and allotted on the exercise of the total amount of Share Options under this Axiata Share Scheme; and

(b) Allotted upon the vesting of RSA under a RSP,

(collectively referred to as "Aggregate") shall not be more than 7% of the issued and paid–up ordinary share capital of the Company at any point of time during the duration of this Axiata Share Scheme.

If the Company undertakes a share buy-back exercise or any other corporate proposal resulting in the total number of the Company's shares issued and/or to be issued under the Axiata Share Scheme exceeding 7% of the Company's issued and fully paid-up ordinary share capital, all shares under the Axiata Share Scheme offered and/or granted prior to the said variation of the issued and paid-up ordinary share capital of the Company shall remain valid and exercisable in accordance with the provisions of this Axiata Share Scheme as if that reduction had not occurred.

(ii) Basis of allocation and maximum allowable allotment

The total number of new ordinary shares of the Company that can be offered and allotted to any Eligible Employees (as defined in the Bye-Laws in relation to the Axiata Share Scheme shall be at the absolute discretion of the Board (or the Axiata Share Scheme Committee that has been established to administer the Axiata Share Scheme from time to time) after taking into consideration such criteria as may be determined by the Board or the Axiata Share Scheme Committee in its/their absolute discretion.

Further, not more than 50% of the Company's new ordinary shares made available under the Axiata Share Scheme shall be allocated, in aggregate, to Eligible Employees who are Executive Directors of the Company or any corporation within the Group or who are in senior management. In addition, not more than 10% of the Company's new ordinary shares available under the Axiata Share Scheme will be allocated to any individual Eligible Employee who, either singly or collectively through persons connected with the Eligible Employees, holds 20% or more of the Company's issued and fully paid-up share capital.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

(iii) Eligibility

Any employee of the Group (other than subsidiaries which are dormant) shall be eligible to participate in the Axiata Share Scheme if the employee, as at the dates of the respective offers of options:

(a) has attained the age of eighteen (18) years;

(b) has entered into a full-term contract of employment with, and is on the payroll of, a corporation within the Group and whose service has been confirmed;

(c) is not a non-executive or independent Director of the Company; and

(d) fulfils any other criteria as may be set by the Board or the Axiata Share Scheme Committee in its absolute discretion.

Eligibility under the Axiata Share Scheme does not confer on any Eligible Employee any claim, right to participate in, or any other right whatsoever under the Axiata Share Scheme, and an Eligible Employee does not acquire or have any right over, or in connection with, any Share Option or the RSA under this Axiata Share Scheme unless an Offer has been made by the Board to that Eligible Employee and that Eligible Employee has accepted the Offer in accordance with the terms of the Offer and the Bye-Laws governing the Axiata Share Scheme.

(iv) Option price and RSA reference price

The subscription price payable for each of the Company's shares upon exercise of options is the five (5) day volume weighted average market price of the Company's shares immediately preceding the date of the Offer and is not lower than the nominal value of the Company's shares.

The reference price at which the Grantees shall be allotted new Shares pursuant to a RSA will be based on the fair value of the shares on the date of offer, but shall not in any event be lower than the nominal value of the ordinary shares.

(v) Duration of the Axiata Share Scheme

The Axiata Share Scheme shall be in force for a period of eight (8) years from the effective date of implementation of the ESOS and RSP, being a date of full compliance with the relevant requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") in relation to the initial Long Term Performance Based Share Option Scheme. All Share Options, whether or not exercisable, shall forthwith lapse upon the expiry of the Scheme. All unvested Shares under the RSA which are not vested shall forthwith lapse upon the expiry of the Scheme on 15 April 2017.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP [“Axiata Share Scheme”] (continued)

(vi) Retention period

The new ordinary shares of the Company allotted and issued pursuant to the exercise of any Share Option or upon the vesting of RSA under the Axiata Share Scheme will not be subject to any retention period.

(vii) Ranking of the new shares to be issued under the Axiata Share Scheme

The Company’s new shares to be issued pursuant to Axiata Share Scheme shall, upon allotment and issuance, rank pari-passu in all respects with the existing issued shares of the Company except that they shall not be entitled to any dividend, right, allotment and/or other distribution in respect of which the entitlement date is before the date of allotment of such new ordinary shares.

Eligible Employees who are residents in Malaysia and who have been granted share options have the option to elect whether to exercise the options by way of:

(i) Selling Flexibility; or

(ii) To directly subscribe for shares.

Whichever option once selected shall be applicable to the exercise of the Share Options for the full duration of the Axiata Share Scheme unless otherwise determined by the Board in their sole discretion but subject always to the provisions of the Bye-Laws and the terms of the Selling Flexibility.

Eligible Employees who are not residents in Malaysia and who have been granted Share Options shall exercise their Share Options by way of Selling Flexibility for the full duration of the Axiata Share Scheme but subject always to the provisions of the Bye-Laws and the terms of the Selling Flexibility for Foreign Guarantees.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The movement during the financial year and its comparative in the number of options over the new ordinary shares of RM1 each of the Company, in which the employees of the Group and the Company are entitled to, is as follows:

	Exercise price RM	At 1 January 2013	Granted	Exercised	Lapsed/ forfeited	At 31 December 2013	Fair value at grant date RM
Group							
Grant 1(a), 2009							
Tranche 1	1.81	2,139,777	-	(638,966)	(5,700)	1,495,111	0.54
Tranche 2	1.81	9,726,274	-	(3,067,530)	(8,450)	6,650,294	0.57
		11,866,051	-	(3,706,496)	(14,150)	8,145,405	
Grant 1(b), 2010							
Tranche 1	3.15	495,450	-	(244,100)	(43,050)	208,300	0.93
Tranche 2	3.15	1,324,250	-	(777,051)	(46,150)	501,049	0.98
		1,819,700	-	(1,021,151)	(89,200)	709,349	
Grant 2, 2010							
Tranche 1	3.45	7,650,438	-	(2,367,056)	(66,750)	5,216,632	1.09
Tranche 2	3.45	21,493,025	-	(11,692,109)	(144,700)	9,656,216	1.15
		29,143,463	-	(14,059,165)	(211,450)	14,872,848	
Grant 3, 2011							
Tranche 1	5.07	29,803,690	-	(13,189,700)	(241,900)	16,372,090	1.05
Tranche 2	5.07	29,802,750	-	-	(1,051,850)	28,750,900	1.10
		59,606,440	-	(13,189,700)	(1,293,750)	45,122,990	
Total		102,435,654	-	(31,976,512)	(1,608,550)	68,850,592	

The related weighted average share price at the time of exercise was RM4.29 (2012: RM5.47).

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The movement during the financial year and its comparative in the number of options over the new ordinary shares of RM1 each of the Company, in which the employees of the Group and the Company are entitled to, is as follows: (continued)

	Exercise price RM	At 1 January 2012	Granted	Exercised	Lapsed/ forfeited	At 31 December 2012	Fair value at grant date RM
Group							
Grant 1(a), 2009							
Tranche 1	1.81	8,612,539	-	(6,472,762)	-	2,139,777	0.54
Tranche 2	1.81	29,640,350	-	(19,802,062)	(112,014)	9,726,274	0.57
		38,252,889	-	(26,274,824)	(112,014)	11,866,051	
Grant 1(b), 2010							
Tranche 1	3.15	1,452,450	-	(957,000)	-	495,450	0.93
Tranche 2	3.15	1,452,450	-	-	(128,200)	1,324,250	0.98
		2,904,900	-	(957,000)	(128,200)	1,819,700	
Grant 2, 2010							
Tranche 1	3.45	22,463,325	-	(14,781,350)	(31,537)	7,650,438	1.09
Tranche 2	3.45	22,463,325	-	-	(970,300)	21,493,025	1.15
		44,926,650	-	(14,781,350)	(1,001,837)	29,143,463	
Grant 3, 2011							
Tranche 1	5.07	30,965,650	-	(13,300)	(1,148,660)	29,803,690	1.05
Tranche 2	5.07	30,965,650	-	-	(1,162,900)	29,802,750	1.10
		61,931,300	-	(13,300)	(2,311,560)	59,606,440	
Total		148,015,739	-	(42,026,474)	(3,553,611)	102,435,654	

The related weighted average share price at the time of exercise was RM5.47 (2011: RM4.92).

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The movement during the financial year and its comparative in the number of options over the new ordinary shares of RM1 each of the Company, in which the employees of the Group and the Company are entitled to, is as follows: (continued)

	Exercise price RM	At 1 January 2013	Adjusted [6]	Exercised	Lapsed/ forfeited	At 31 December 2013	Fair value at grant date RM
Company							
Grant 1(a), 2009							
Tranche 1	1.81	1,215,650	-	(181,250)	-	1,034,400	0.54
Tranche 2	1.81	1,808,350	-	(213,150)	-	1,595,200	0.57
		3,024,000	-	(394,400)	-	2,629,600	
Grant 1(b), 2010							
Tranche 1	3.15	177,000	-	(74,700)	-	102,300	0.93
Tranche 2	3.15	515,900	-	(290,951)	-	224,949	0.98
		692,900	-	(365,651)	-	327,249	
Grant 2, 2010							
Tranche 1	3.45	1,986,875	-	(330,200)	-	1,656,675	1.09
Tranche 2	3.45	2,977,825	-	(576,200)	-	2,401,625	1.15
		4,964,700	-	(906,400)	-	4,058,300	
Grant 3, 2011							
Tranche 1	5.07	3,532,550	-	(749,100)	-	2,783,450	1.05
Tranche 2	5.07	3,532,550	(30,850)	-	(219,250)	3,282,450	1.10
		7,065,100	(30,850)	(749,100)	(219,250)	6,065,900	
Total		15,746,700	(30,850)	(2,415,551)	(219,250)	13,081,049	

[6] Adjusted due to the transfer of staff between entities in the Group.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The movement during the financial year and its comparative in the number of options over the new ordinary shares of RM1 each of the Company, in which the employees of the Group and the Company are entitled to, is as follows: (continued)

	Exercise price RM	At 1 January 2012	Adjusted [6]	Exercised	Lapsed/ Forfeited	At 31 December 2012	Fair value at grant date RM
Company							
Grant 1(a), 2009							
Tranche 1	1.81	1,966,150	-	(750,500)	-	1,215,650	0.54
Tranche 2	1.81	3,228,700	-	(1,373,850)	(46,500)	1,808,350	0.57
		5,194,850	-	(2,124,350)	(46,500)	3,024,000	
Grant 1(b), 2010							
Tranche 1	3.15	526,000	-	(349,000)	-	177,000	0.93
Tranche 2	3.15	526,000	-	-	(10,100)	515,900	0.98
		1,052,000	-	(349,000)	(10,100)	692,900	
Grant 2, 2010							
Tranche 1	3.45	3,527,875	(144,350)	(1,386,750)	(9,900)	1,986,875	1.09
Tranche 2	3.45	3,527,875	(179,050)	-	(371,000)	2,977,825	1.15
		7,055,750	(323,400)	(1,386,750)	(380,900)	4,964,700	
Grant 3, 2011							
Tranche 1	5.07	4,135,550	(354,350)	(13,300)	(235,350)	3,532,550	1.05
Tranche 2	5.07	4,135,550	(354,350)	-	(248,650)	3,532,550	1.10
		8,271,100	(708,700)	(13,300)	(484,000)	7,065,100	
Total		21,573,700	(1,032,100)	(3,873,400)	(921,500)	15,746,700	

[6] Adjusted due to the transfer of staff between entities in the Group.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The movement during the financial year in the number of RSA shares of RM1 each of the Company, in which the employees of the Group are entitled to, is as follows:

	Closing price at grant date	At 1 January 2013	Granted	Adjusted[7]	Vested	Lapsed/ forfeited	At 31 December 2013	Fair value at grant date
Group								
Grant 3(b), 2011								
Tranche 1	5.03	222,000	-	-	(201,800)	(4,050)	16,150	4.21
Tranche 2	5.03	480,500	-	14,600	(30,400)	(10,000)	454,700	3.90
		702,500	-	14,600	(232,200)	(14,050)	470,850	
Grant 3(c), 2011								
Tranche 1	5.10	19,700	-	-	(16,600)	-	3,100	4.15
Tranche 2	5.10	159,500	-	-	(3,950)	-	155,550	3.74
		179,200	-	-	(20,550)	-	158,650	
Grant 4(a), 2012								
Tranche 1	5.39	6,721,250	-	42,600	(63,900)	(170,850)	6,529,100	4.39
Tranche 2	5.39	10,331,550	-	107,600	(161,400)	(202,250)	10,075,500	4.26
		17,052,800	-	150,200	(225,300)	(373,100)	16,604,600	
Grant 4(b), 2012								
Tranche 1	6.00	122,150	-	-	-	-	122,150	4.93
Tranche 2	6.00	444,350	-	-	-	-	444,350	4.69
		566,500	-	-	-	-	566,500	

[7] Adjusted refer to the additional number of shares vested to the senior management due to multiplier effects offered at the time of vesting .

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The movement during the financial year in the number of RSA shares of RM1 each of the Company, in which the employees of the Group are entitled to, is as follows: (continued)

	Closing price at grant date	At 1 January 2013	Granted	Adjusted [7]	Vested	Lapsed/ forfeited	At 31 December 2013	Fair value at grant date
Group								
Grant 4(c), 2012								
Tranche 1	6.19	131,400	-	-	-	-	131,400	4.46
Tranche 2	6.19	252,500	-	-	-	-	252,500	4.11
		383,900	-	-	-	-	383,900	
Grant 5(a), 2013								
Tranche 1	6.60	-	6,585,950	-	-	(157,700)	6,428,250	4.76
Tranche 2	6.60	-	10,374,750	-	-	(182,500)	10,192,250	4.28
		-	16,960,700	-	-	(340,200)	16,620,500	
Grant 5(b), 2013								
Tranche 1	6.90	-	268,100	-	-	(6,600)	261,500	4.88
Tranche 2	6.90	-	440,500	-	-	(6,600)	433,900	4.10
		-	708,600	-	-	(13,200)	695,400	
Total		18,884,900	17,669,300	164,800	(478,050)	(740,550)	35,500,400	

[7] Adjusted refer to the additional number of shares vested to the senior management due to multiplier effects at the time of vesting.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The movement during the previous financial year in the number of RSA shares of RM1 each of the Company, in which the employees of the Group are entitled to, is as follows:

	Closing price at grant date	At 1 January 2012	Granted	Adjusted	Vested	Lapsed/ forfeited	At 31 December 2012	Fair value at grant date
Group								
Grant 3(b), 2011								
Tranche 1	5.03	243,350	-	-	-	(21,350)	222,000	4.21
Tranche 2	5.03	526,450	-	-	-	(45,950)	480,500	3.90
		769,800	-	-	-	(67,300)	702,500	
Grant 3(c), 2011								
Tranche 1	5.10	23,700	-	-	-	(4,000)	19,700	4.15
Tranche 2	5.10	183,600	-	-	-	(24,100)	159,500	3.74
		207,300	-	-	-	(28,100)	179,200	
Grant 4(a), 2012								
Tranche 1	5.39	-	6,890,050	-	-	(168,800)	6,721,250	4.39
Tranche 2	5.39	-	10,603,550	-	-	(272,000)	10,331,550	4.26
		-	17,493,600	-	-	(440,800)	17,052,800	

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The movement during the previous financial year in the number of RSA shares of RM1 each of the Company, in which the employees of the Group are entitled to, is as follows: (continued)

	Closing price at grant date	At 1 January 2012	Granted	Adjusted	Vested	Lapsed/ forfeited	At 31 December 2012	Fair value at grant date
Group								
Grant 4(b), 2012								
Tranche 1	6.00	-	122,150	-	-	-	122,150	4.93
Tranche 2	6.00	-	444,350	-	-	-	444,350	4.69
		-	566,500	-	-	-	566,500	
Grant 4(c), 2012								
Tranche 1	6.19	-	131,400	-	-	-	131,400	4.46
Tranche 2	6.19	-	252,500	-	-	-	252,500	4.11
		-	383,900	-	-	-	383,900	
Total		977,100	18,444,000	-	-	(536,200)	18,884,900	

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The movement during the financial year in the number of RSA shares of RM1 each of the Company, in which the employees of the Company are entitled to, is as follows:

	Closing price at grant date	At 1 January 2013	Granted	Adjusted[7]	Vested	Lapsed/ forfeited	At 31 December 2013	Fair value at grant date
Company								
Grant 3(b), 2011								
Tranche 1	5.03	4,300	-	-	(4,300)	-	-	4.21
Tranche 2	5.03	242,400	-	14,600	(30,400)	-	226,600	3.90
		246,700	-	14,600	(34,700)	-	226,600	
Grant 3(c), 2011								
Tranche 1	5.10	4,550	-	-	(4,550)	-	-	4.15
Tranche 2	5.10	136,450	-	-	-	-	136,450	3.74
		141,000	-	-	(4,550)	-	136,450	
Grant 4(a), 2012								
Tranche 1	5.39	508,350	-	42,600	(63,900)	-	487,050	4.39
Tranche 2	5.39	2,294,250	-	107,600	(161,400)	-	2,240,450	4.26
		2,802,600	-	150,200	(225,300)	-	2,727,500	
Grant 4(b), 2012								
Tranche 1	6.00	7,500	-	-	-	-	7,500	4.93
Tranche 2	6.00	281,900	-	-	-	-	281,900	4.69
		289,400	-	-	-	-	289,400	

[7] Adjusted refer to the additional number of shares vested to the senior management due to multiplier effects at the time of vesting.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The movement during the financial year in the number of RSA shares of RM1 each of the Company, in which the employees of the Company are entitled to, is as follows: (continued)

	Closing price at grant date	At 1 January 2013	Granted	Adjusted[7]	Vested	Lapsed/ forfeited	At 31 December 2013	Fair value at grant date
Company								
Grant 4(c), 2012								
Tranche 1	6.19	14,850	-	-	-	-	14,850	4.46
Tranche 2	6.19	118,450	-	-	-	-	118,450	4.11
		133,300	-	-	-	-	133,300	
Grant 5(a), 2013								
Tranche 1	6.60	-	349,850	-	-	-	349,850	4.76
Tranche 2	6.60	-	2,243,750	-	-	-	2,243,750	4.28
		-	2,593,600	-	-	-	2,593,600	
Grant 5(b), 2013								
Tranche 1	6.90	-	51,950	-	-	-	51,950	4.88
Tranche 2	6.90	-	192,750	-	-	-	192,750	4.10
		-	244,700	-	-	-	244,700	
Total		3,613,000	2,838,300	164,800	(264,550)	-	6,351,550	

[7] Adjusted refer to the additional number of shares vested to the senior management due to multiplier effects offered at the time of vesting .

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The movement during the previous financial year in the number of RSA shares of RM1 each of the Company, in which the employees of the Company are entitled to, is as follows:

	Closing price at grant date	At 1 January 2012	Granted	Adjusted[6]	Vested	Lapsed/ forfeited	At 31 December 2012	Fair value at grant date
Company								
Grant 3(b), 2011								
Tranche 1	5.03	12,700	-	-	-	(8,400)	4,300	4.21
Tranche 2	5.03	250,800	-	-	-	(8,400)	242,400	3.90
		263,500	-	-	-	(16,800)	246,700	
Grant 3(c), 2011								
Tranche 1	5.10	4,550	-	-	-	-	4,550	4.15
Tranche 2	5.10	156,550	-	-	-	(20,100)	136,450	3.74
		161,100	-	-	-	(20,100)	141,000	
Grant 4(a), 2012								
Tranche 1	5.39	-	580,750	(11,000)	-	(61,400)	508,350	4.39
Tranche 2	5.39	-	2,357,750	(11,000)	-	(52,500)	2,294,250	4.26
		-	2,938,500	(22,000)	-	(113,900)	2,802,600	

[6] Adjusted due to the transfer of staff between entities in the Group.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP [“Axiata Share Scheme”] (continued)

The movement during the previous financial year in the number of RSA shares of RM1 each of the Company, in which the employees of the Company are entitled to, is as follows: (continued)

	Closing price at grant date	At 1 January 2012	Granted	Adjusted[6]	Vested	Lapsed/ forfeited	At 31 December 2012	Fair value at grant date
Company								
Grant 4(b), 2012								
Tranche 1	6.00	-	7,500	-	-	-	7,500	4.93
Tranche 2	6.00	-	281,900	-	-	-	281,900	4.69
		-	289,400	-	-	-	289,400	
Grant 4(c), 2012								
Tranche 1	6.19	-	14,850	-	-	-	14,850	4.46
Tranche 2	6.19	-	118,450	-	-	-	118,450	4.11
		-	133,300	-	-	-	133,300	
Total		424,600	3,361,200	(22,000)	-	(150,800)	3,613,000	

[6] Adjusted due to the transfer of staff between entities in the Group.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP [“Axiata Share Scheme”] (continued)

The fair value of the Performance-based ESOS granted in which MFRS 2 applies, were determined using the Black-Scholes valuation model. The significant inputs in the model are as follows:

	Options over the Company’s shares			
	Grant 1(a)	Grant 1(b)	Grant 2	Grant 3(a)
Exercise price	RM1.81	RM3.15	RM3.45	RM5.07
Option expected term:				
- Tranche 1	5.0 years	4.5 years	4.5 years	4.0 years
- Tranche 2	5.5 years	5.0 years	5.0 years	4.5 years
Weighted average share price at grant date	RM1.81	RM3.15	RM3.45	RM5.07
Expected dividend yield	1%	1%	1%	2%
Risk free interest rates (Yield of Malaysian Government securities)	3.0%-3.7%	3.0%-3.7%	3.0%-3.9%	3.3%-3.6%
Expected volatility	31.3%[8]	31.1%[8]	34.4%	24.7%

[8] The expected volatility rate of the Company’s options was derived after considering the pattern and level of historical volatility of entities in the same industry since the Company did not have sufficient information on historical volatility as it was only listed on the Bursa Securities on 28 April 2008.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

a) Performance-Based ESOS and RSP [“Axiata Share Scheme”] (continued)

The fair value of the RSA granted in which MFRS 2 applies, were determined using the Monte Carlo valuation model. The significant inputs in the model are as follows:

	Entitlement over the Company's shares						
	Grant 3 (b)	Grant 3 (c)	Grant 4 (a)	Grant 4 (b)	Grant 4 (c)	Grant 5 (a)	Grant 5 (b)
Reference price	RM5.03	RM5.10	RM5.20	RM5.86	RM5.92	RM6.27	RM6.90
Valuation at grant date *	18 Jul 2011	30 Nov 2011	16 Apr 2012	17 Aug 2012	10 Dec 2012	29 Mar 2013	15 Aug 2013
Vesting date:							
- Tranche 1	18 Jul 2013	30 Nov 2013	30 Mar 2014	31 Jul 2014	30 Nov 2014	20 Feb 2015	15 Aug 2015
- Tranche 2	18 Jul 2014	30 Nov 2014	30 Mar 2015	31 Jul 2015	30 Nov 2015	20 Feb 2016	15 Aug 2016
Closing share price at grant date*	RM5.03	RM5.10	RM5.39	RM6.00	RM6.19	RM6.60	RM6.90
Expected dividend yield	2.54%	3.12%	4.23%	4.06%	4.15%	4.58%	4.20%
Risk free interest rates (Yield of Malaysian Government Securities)	3.19%-3.32%	2.92%-3.23%	3.09%-3.18%	2.97%-3.04%	3.00%-3.08%	2.88%-3.09%	3.17%-3.36%
Expected volatility#	19.9%	18.7%	27.5%	19.2%	18.6%	18.7%	17.4%

\# The expected volatility rate of the Company's RSA was derived using 520 days historical volatility due to availability of data with more data points to increase the credibility of assumptions.

* Grant date refers to the date where majority of employees accepted the offer.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based ESOS and RSP ["Axiata Share Scheme"] (continued)

The amounts recognised in the financial statements as disclosed in Note 7(c) and 7(d) to the financial statements for all employees (including Directors) arising from the Performance-Based ESOS and RSA are summarised as below:

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Equity settlement arrangement:				
- Options and RSA granted to employees under the Scheme	80,768	59,178	18,365	8,643
Cash settlement arrangement*:				
- value of options granted to Senior Management	-	2,191	-	2,191
Total	80,678	61,369	18,365	10,834

* This cash settlement arrangement is given to selected Senior Management as part of the long term remuneration package at an exercise price of RM5.36.

(b) ESOS of Dialog

On 11 July 2005, the Board of Directors of Dialog resolved and issued 199,892,741 ordinary shares of Dialog at the Initial Public Offering ("IPO") price of SLR twelve (12) to an ESOS Trust, being 2.7% of the issued share capital of Dialog.

Of the total ESOS shares that were transferred to the ESOS Trust, 88,841,218 shares (44.4%) were granted at the point of the IPO. The balance 111,051,523 shares (56.6%) shall be allocated to employees as an on-going performance incentive. The ESOS Trust entitlement via the rights issue was 15,452,020 shares. From the total entitlement, 5,668,600 shares were sold in the stock market. On the Trustees' approval, the remaining rights entitlement amounting to 9,783,420 shares was exercised by the ESOS Trust.

The principal features of ESOS are as follows:

(i) The eligibility for participation in ESOS is at the discretion of the ESOS Committee appointed by the Board of Directors of Dialog;

(ii) Except the existing tranche, the exercise price of the ESOS shares will be based on the five (5) days weighted average market price of Dialog's shares immediately preceding the offer date for options, with the ESOS Committee having the discretion to set an exercise price up to 10% lower than that derived weighted average market price; and

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(b) ESOS of Dialog (continued)

(iii) Options are conditional on an employee satisfying the following:
- has attained the age of eighteen (18) years;
- is employed full-time by and on the payroll of a company within Dialog Group; and
- has been in the employment of Dialog Group for a period of at least one (1) year of continuous service prior to and up to the offer date, including service during the probation period.

The total number of share options granted in relation to Tranche 0 was 88,649,600. As at 31 December 2013, 51,103,699 share options have been exercised, 11,441,501 share options have been forfeited and 26,104,400 share options remain unexercised and are exercisable before 25 October 2014 further to the extension of the exercise period as resolved by the Board of Directors of Dialog.

The movement in the number of ESOS shares is as follows:

Grant Date	Exercise price SLR	At 1 January '000	Granted '000	Exercised '000	Forfeited* '000	At 31 December '000	Fair value at grant date SLR
2013							
11 July 2005	12	26,564	-	-	(269)	26,295	4.4
2012							
11 July 2005	12	28,030	-	-	(1,466)	26,564	4.4

* Options forfeited are allocated back to the ESOS Trust for future reallocation. Total forfeited options to be reallocated as at 31 December 2013 are 11,441,501 (2012: 11,172,801).

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(b) ESOS of Dialog (continued)

The fair values of options granted in which MFRS 2 applies, were determined using the Black-Scholes Valuation model. The significant inputs into the model are as follows:

Exercise price	SLR12
Option life (number of days to expiry)	1,826
Weighted average share price at grant date	SLR12
Expected dividend yield	2.1%
Risk free interest rates (Yield of treasury bond of Central Bank of Sri Lanka)	10.0%
Expected volatility	28.2%

The above expected volatility rate was derived after considering the pattern and level of historical volatility of entities in the same industry since Dialog does not have sufficient information on historical volatility as it was only listed on the Colombo Stock Exchange in July 2005 during the grant date.

The volatility measured at the standard deviation of continuously compounded share return is based on statistical analysis of daily share prices of these entities over the last two (2) years from the grant date.

There was no share-based compensation expense recognised during the financial year (2012: Nil).

(c) Share-based compensation plan of XL

In April 2010, the Nomination and Remuneration Committee of XL approved a share-based compensation plan for certain employees under which XL's shares are to be given as a compensation for services provided by the employees with no cash consideration. Members of the Board of Directors and certain employees of XL who have been employed during the performance year and met certain criteria are eligible to participate in the program.

Under the program, on each end of fourth (4^{th}) month subsequent to completion of the performance year, XL issues shares to the eligible employees upon XL achieving specific performance target and the employees satisfying certain performance conditions and remain in the employment at the share issuance date. Shares issued by XL vest in two (2) equal proportions and will become employees' rights if the employees remain in employment for two (2) years and three (3) years as of respective share issuance date.

The program was approved in the EGM of Shareholders on 14 April 2011. The execution of the program covers performance year 2011 up to 2015 with grant cycles divided into six (6) periods.

Total share-based compensation expense recognised in the consolidated profit or loss for the financial year ended 31 December 2013 was RM11.0 million (2012: RM18.8 million) as disclosed in Note 7(c) to the financial statements.

15. RESERVES

		Group		Company	
	Note	2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Distributable					
Retained earnings	(a)	9,322,760	9,699,802	4,955,812	5,384,688
Non-distributable					
Capital contribution reserve	(b)	16,598	16,598	16,598	16,598
Merger reserve	(c)	346,774	346,774	-	-
Hedging reserve	(d)	(152,277)	(116,997)	-	-
ESOS and RSA reserve	(e)	155,298	111,044	155,298	111,044
Actuarial reserve		(790)	(4,387)	-	-
Currency translation differences arising from translation of:					
- subsidiaries		(675,117)	(372,831)	-	-
- associates		(155,400)	(181,829)	-	-
		(830,517)	(554,660)	-	-
Total		8,857,846	9,498,174	5,127,708	5,512,330

(a) The Company has tax exempt income accounts as at 31 December 2013 amounting to approximately RM165.1 million (2012: RM157.1 million) available for distribution as tax exempt dividends to shareholders subject to the availability of retained profits. The tax exempt income accounts are subject to agreement by the Inland Revenue Board. The remaining retained profits can be distributed as tax exempt dividends under the single tier tax system.

Pursuant to the Finance Act 2007, the single tier company income tax system was introduced to replace the tax imputation system on dividend payments to shareholders. Under the single tier system, the tax on the Company's profit is a final tax and the dividends distributed to the shareholders would be exempted from tax. A transitional period (1 January 2008 to 31 December 2013) is given for companies which have franking credits to pay franked dividends. The Company has taken the option of disregarding the section 108 balances which is of insignificant amount in order to declare single tier exempt dividends during the transitional period.

(b) The Group’s and the Company’s capital contribution reserve relates to the ESOS of Telekom Malaysia Berhad, former holding company, which were made available to the employees of the Group and the Company.

15. RESERVES (CONTINUED)

(c) The Group's merger reserve relates to the credit difference arising from the business combination accounted under the predecessor method of accounting upon completion of the Group's restructuring exercise on 25 April 2008.

(d) The Group's hedging reserve relates to the net investment hedge arising from an effective hedge as disclosed in Note 19(e) to the financial statements.

(e) The Group's and the Company's ESOS and RSA reserve relates to the Axiata Share Scheme of the Company, which were made available to the employees of the Group and the Company as disclosed in Note 14(a) to the financial statements.

16. BORROWINGS

		2013				2012			
	Note	W.A.R.F	Non-current	Current	Total	W.A.R.F	Non-current	Current	Total
		%	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000
Group									
Overseas									
Secured:									
- Borrowings from financial institutions	(a)	3.35	279,846	114,931	394,777	3.56	291,082	103,343	394,425
- Other borrowings		2.69	-	88,559	88,559	2.90	82,306	88,125	170,431
Unsecured:									
- Borrowings from financial institutions		5.90	4,477,554	741,436	5,218,990	5.58	2,964,815	1,472,829	4,437,644
- Other borrowings		1.94	158,872	160,709	319,581	2.24	295,754	151,087	446,841
- Bank overdrafts	33	9.24	-	18,759	18,759	12.51	-	5,352	5,352
		5.48	4,916,272	1,124,394	6,040,666	5.08	3,633,957	1,820,736	5,454,693

- W.A.R.F. - Weighted Average Rate of Finance as at reporting date

16. BORROWINGS (CONTINUED)

		2013				2012			
	Note	W.A.R.F	Non-current	Current	Total	W.A.R.F	Non-current	Current	Total
		%	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000
Group									
MALAYSIA									
Unsecured:									
- Notes	(b)	5.38	987,453	-	987,453	5.39	916,437	-	916,437
- Borrowings from financial institutions		1.37	828,333	12,350	840,683	1.56	772,366	7,325	779,691
- Sukuk	(c)	3.77	5,020,329	547,244	5,567,573	3.77	5,442,931	64,310	5,507,241
		3.71	6,836,115	559,594	7,395,709	3.74	7,131,734	71,635	7,203,369
Total		4.51	11,752,387	1,683,988	13,436,375	4.32	10,765,691	1,892,371	12,658,062
Company									
Unsecured:									
- Borrowings from financial institutions		1.31	823,333	1,901	825,234	1.50	762,366	2,325	764,691

16. BORROWINGS (CONTINUED)

(a) Secured by way of fixed charge on certain PPE and deposits with financial institutions of the Company and certain subsidiaries, as disclosed in Note 25(b) and Note 33 to the financial statements respectively.

(b) The USD300.0 million Guaranteed Notes (“Notes”) will mature on 28 April 2020, and is guaranteed by the Company. The Notes, which were issued at 99.939%, carry a coupon rate of 5.375% per annum (“p.a.”) (payable semi-annually in arrears) and have a tenure of 10 years from the date of issuance.

(c) Sukuk of the Group consist of a Multi-Currency Sukuk Programme and a Sukuk Murabahah Programme issued as follows:

(i) Multi-Currency Sukuk

The Group established a Multi-Currency Sukuk Programme involving the issuance of up to USD1.5 billion (or its equivalent in other currencies based on Islamic Principle). On 11 September 2012, the Group successfully priced the issuance CNY denominated 1.0 billion Sukuk pursuant to the Sukuk Programme. The Sukuk, which was issued at par, carries a coupon rate of 3.75% p.a. (payable semiannually in arrears) and has tenure of two (2) years from the date of issuance.

On 19 September 2012, the Sukuk was listed and quoted on Bursa Malaysia (under the Exempt Regime) and on the Singapore Exchange Securities Trading Limited.

16. BORROWINGS (CONTINUED)

(c) Sukuk of the Group consist of a Multi-Currency Sukuk Programme and a Sukuk Murabahah Programme issued as follows: (continued)

(ii) Sukuk Murabahah

On 14 August 2012, the Group established a Sukuk Murabahah Programme of up to RM5.0 billion in nominal value. RM3.0 billion of the Sukuk Murabahah was successfully priced via a book building process with the remaining RM2.0 billion privately allocated to strategic investors.

On 30 August 2012, the Group fully redeemed its existing unrated Sukuk of RM4.2 billion nominal value with the proceeds from the Sukuk Murabahah.

The details of the Sukuk Murabahah are as follow:

	Contractual interest rate[1]	Maturity date	Amount
	%		RM'million
Series 1	3.45	28 Aug 2015	500
Series 2	3.60	29 Aug 2017	1,000
Series 3	3.75	29 Aug 2019	1,500
Series 4	3.90	28 Aug 2020	1,200
Series 5	4.05	27 Aug 2021	400
Series 6	4.20	29 Aug 2022	400
			5,000

[1] payable semiannually

(d) The borrowings of the Group and the Company are subject to certain covenants. The covenants require that certain ratios (Debts over Assets, Earnings before interest, tax, depreciation and amortisation ("EBITDA") to Borrowing/Finance Costs and Debts to EBITDA) to be met. The Group and the Company are in compliance with the covenants of its borrowings at each reporting date.

(e) The floating interest rate borrowings of the Group are RM6,881.3 million (2012: RM6,234.4 million) as at the reporting date.

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16. BORROWINGS (CONTINUED)

The currency profile of the borrowings of the Group is as follows:

	2013						2012					
	Functional currency						Functional currency					
	RM	IDR	SLR	BDT	Others	Total	RM	IDR	SLR	BDT	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group												
CNY	547,244	-	-	-	-	547,244	492,323	-	-	-	-	492,323
RM	5,035,781	-	-	-	-	5,035,781	5,029,918	-	-	-	-	5,029,918
USD	1,812,686	1,503,061	438,675	461,278	230,586	4,446,286	1,681,128	675,163	369,464	538,299	189,865	3,453,919
IDR	-	3,346,512	-	-	-	3,346,512	-	3,649,993	-	-	-	3,649,993
SLR	-	-	10,399	-	-	10,399	-	-	5,352	-	-	5,352
BDT	-	-	-	22,058	-	22,058	-	-	-	26,557	-	26,557
PKR	-	-	-	-	28,095	28,095	-	-	-	-	-	-
Total	7,395,711	4,849,573	449,074	483,336	258,681	13,436,375	7,203,369	4,325,156	374,816	564,856	189,865	12,658,062

USD: United State Dollars
IDR: Indonesian Rupiah
SLR: Sri Lankan Rupee
BDT: Bangladeshi Taka
CNY: Chinese Yuan Renminbi
PKR: Pakistani Rupee

The borrowing of the Company is denominated in USD.

16. BORROWINGS (CONTINUED)

The carrying amounts and fair value of the Group's and the Company's non-current borrowings are as follows:

	2013		2012	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
Group				
Overseas:				
- Borrowings [1]	4,916,272	4,916,272	3,633,957	3,633,957
Malaysia:				
- Borrowings[1]	828,333	828,333	772,366	772,366
- Notes[2]	987,453	1,060,677	916,437	1,054,059
- Sukuks[1]	5,020,329	4,950,175	5,442,931	5,489,109
	6,836,115	6,839,185	7,131,734	7,315,534
	11,752,387	11,755,457	10,765,691	10,949,491
Company				
Malaysia:				
- Borrowing[1]	823,333	823,333	762,366	762,366

1 The fair value of borrowings are calculated based on cash flows discounted using a rate based on the borrowing rate which ranges from 0.65% to 13.15% (2012: 0.81% to 6.63%) p.a. and are within level 2 of the fair value hierarchy.

2 The fair value of Notes is based on quoted price in an active market and is within level 1 of the fair value hierarchy.

The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant.

17. FINANCIAL INSTRUMENTS BY CATEGORY

		2013				2012			
	Note	Loan and receivables	Assets at FVTPL	AFS	Total	Loan and receivables	Assets at FVTPL	AFS	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
Financial assets									
Derivative financial instruments	19	-	238,560	-	238,560	-	55,708	-	55,708
Long term receivables	29	97,533	-	-	97,533	98,750	-	-	98,750
Available-for-sale financial asset		-	-	141	141	-	-	892	892
Trade and other receivables		1,514,476	-	-	1,514,476	1,152,590	-	-	1,152,590
Financial assets at FVTPL		-	8	-	8	-	8	-	8
Deposits, cash and bank balances	33	6,432,918	-	-	6,432,918	7,906,204	-	-	7,906,204
Assets directly associated with non-current assets classified as held-for-sale		-	-	-	-	15,072	-	-	15,072
Total		8,044,927	238,568	141	8,283,636	9,172,616	55,716	892	9,229,224

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17. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Note	2013 Liabilities at FVTPL RM'000	2013 Other financial liabilities RM'000	2013 Total RM'000	2012 Liabilities at FVTPL RM'000	2012 Other financial liabilities RM'000	2012 Total RM'000
Group							
Financial liabilities							
Borrowings	16	-	13,436,375	13,436,375	-	12,658,062	12,658,062
Derivative financial instruments	19	109,384	-	109,384	194,181	-	194,181
Trade and other payables excluding statutory liabilities		-	4,487,311	4,487,311	-	3,846,968	3,846,968
Liabilities directly associated with non-current assets classified as held-for-sale		-	-	-	-	107,714	107,714
Total		109,384	17,923,686	18,033,070	194,181	16,612,744	16,806,925

17. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Note	2013 Asset at FVTPL RM'000	2013 Loans and receivables RM'000	2013 Total RM'000	2012 Asset at FVTPL RM'000	2012 Loans and receivables RM'000	2012 Total RM'000
Company							
Financial assets							
Amounts due from subsidiaries	31	-	572,163	572,163	-	339,342	339,342
Derivatives financial instruments	19	14,588	-	14,588	-	-	-
Trade and other receivables		-	25,561	25,561	-	23,044	23,044
Deposits, cash and bank balances	33	-	1,991,480	1,991,480	-	3,524,358	3,524,358
Total		14,588	2,589,204	2,603,792	-	3,886,744	3,886,744

	Note	2013 Liability at FVTPL RM'000	2013 Other financial liabilities RM'000	2013 Total RM'000	2012 Liability at FVTPL RM'000	2012 Other financial liabilities RM'000	2012 Total RM'000
Financial liabilities							
Borrowings	16	-	825,234	825,234	-	764,691	764,691
Derivatives financial instruments	19	-	-	-	45,249	-	45,249
Trade and other payables	21	-	78,834	78,834	-	70,254	70,254
Amounts due to subsidiaries	31	-	680,949	680,949	-	661,610	661,610
Total		-	1,585,017	1,585,017	45,249	1,496,555	1,541,804

18. CREDIT QUALITY OF FINANCIAL ASSETS

	Note	2013 RM'000	2012 RM'000
Trade receivables			
Counterparties with external credit ratings*			
A		5,712	-
A-		5,867	4,868
A-2		54,029	6,129
A-1+		596	1,741
B		1,484	2,025
B-		-	13,742
BB+		20,397	10,472
DRSK		90,227	-
NR		28,559	29,928
WR		2,295	2,960
WD		2,683	2,747
Others		1,816	3,063
		213,665	77,675
Counterparties without external credit ratings			
Group 1		467,552	396,438
Group 2		343,422	212,283
Group 3		90,613	14,862
		901,587	623,583
Total	32	1,115,252	701,258

* Credit rating by Standard & Poor's, Moody's, Fitch, Bloomberg and other local credit rating agencies.

18. CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

		Group		Company	
	Note	2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Deposits, cash and bank balances					
A-1		143,626	60,951	-	-
A-1+		23,622	189,780	-	-
A2		1,398	3,282	-	-
A3		114,815	-	-	-
A-2		2,697,012	3,659,460	201,174	21,983
B		12,306	17,724	-	-
NR		334,387	69,640	-	-
P1		2,125,716	3,501,670	1,255,932	3,500,978
P-1		530,014	-	530,014	-
P-2		51,322	-	-	-
WD		40,866	48,367	-	-
WR		113,509	55,932	-	-
idA+		40,782	-	-	-
Others		39,757	230,231	2,887	1,366
Without external credit ratings		163,786	69,167	1,473	31
Total	33	6,432,918	7,906,204	1,991,480	3,524,358
AFS financial asset					
Without external credit ratings		141	892	-	-
Derivative financial instrument assets					
A-1		115,244	29,887	14,588	-
A-1+		10,468	13,351	-	-
A-2		20,935	5,791	-	-
P-2		88,130	2,896	-	-
Without external credit ratings		3,783	3,783	-	-
Total	19	238,560	55,708	14,588	-

18. CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

	Note	Company 2013 RM'000	Company 2012 RM'000
Amounts due from subsidiaries			
Group 2	31	572,163	339,342

Group 1 - new customers/related parties [less than six (6) months]
Group 2 - existing customers/related parties [more than six (6) months] with no defaults in the past
Group 3 - existing customers/related parties [more than six (6) months] with some defaults in the past. All defaults were fully recovered.

None of the loans to related parties is past due but not impaired.

19. DERIVATIVE FINANCIAL INSTRUMENTS

		Group				Company	
	Note	2013		2012		2013	2012
		Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current							
Non-hedging derivative financial instruments:							
- FFC	(a)	64,702	-	21,151	(3,728)	-	-
- CCIRS	(b)	124,084	-	8,687	-	-	-
- IRS	(c)	-	(14,127)	-	(14,977)	-	-
- Convertible warrants in an associate	(d)	3,783	-	3,783	-	-	-
		192,569	(14,127)	33,621	(18,705)	-	-
Derivative designated as hedging instruments:							
- CCIRS	(e),(f)	14,588	(95,257)	-	(175,476)	14,588	(45,249)
		207,157	(109,384)	33,621	(194,181)	14,588	(45,249)
Current							
Non-hedging derivative financial instruments:							
- CCIRS	(b)	31,403	-	22,087	-	-	-
Total		238,560	(109,384)	55,708	(194,181)	14,588	(45,249)

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Non-hedging derivatives are classified as current/non-current assets or liabilities. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve (12) months and, as a current asset or liability, if the maturity of the hedged items is less than twelve (12) months.

Non-hedging derivatives financial instruments

(a) Forward foreign contracts

The information relating to the derivative financial instruments of a subsidiary of the Group as at 31 December 2013 is as follows:

Counterparties	Notional amount USD' million	Strike rate full amount 1 USD:IDR	Period	Premium p.a.
Standard Chartered Bank ("SCB")	59.1	9,000-9,725	18 Sept 2009-29 Sept 2015	2.25%-5.26%
J.P. Morgan Securities (S.E.A.) Ltd	18.2	9,000	31 Dec 2009-29 Sept 2015	3.45%

The premiums on the forward foreign currency contracts will be paid semi-annually.

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Non-hedging derivatives financial instruments (continued)

(b) Cross currency interest rate swaps

The information relating to the derivative financial instruments of certain subsidiaries of the Group as at 31 December 2013 is as follows:

Counter-parties	Notional amount million	Period	Swap amount	Exchange period	Fixed interest rate paid	Exchange rate per 1USD:	Interest rate received
The Bank of Tokyo Mitsubishi UFJ, Ltd ("BTMU")	USD110.0	25 March 2013-24 March 2016	IDR1.1 trillion	Quarterly	6.93%	IDR9,715	3 months' SIBOR + 0.8% margin
SCB	USD50.0	13 June 2013-13 June 2018	IDR495.9 billion	Quarterly	7.60%	IDR9,918	Fixed rate 2.3%
CIMB Bank Berhad	CNY666.7	18 Sept 2012-18 Sept 2014	USD105.2 million	Semi-annually	1.98% on USD notional amount	CNY6.34	3.75% on CNY notional amount
HSBC Bank Malaysia Berhad	CNY333.3	18 Sept 2012-18 Sept 2014	USD52.6 million	Semi-annually	1.98% on USD notional amount	CNY6.34	3.75% on CNY notional amount

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Non-hedging derivatives financial instruments (continued)

(c) Interest rate swaps

The information relating to the derivative financial instruments of a subsidiary of the Group as at 31 December 2013 is as follows:

Counterparties	Notional amount USD' million	Period	Exchange period	Fixed interest rate paid	Floating interest received
SCB	96.4	11 Feb 2009 -1 Oct 2015	Semi-annually	2.323%-2.575%	6 months' LIBOR
BTMU	100.0	28 Aug 2013 -28 Aug 2016	Annually	2.19%	3 months' SIBOR

(d) Convertible warrants in an associate

Sacofa Sdn Bhd ("Sacofa"), an associate company of the Group undertook a refinancing exercise which entails amongst others, the issuance of up to RM400.0 million Islamic Medium Term Notes, the issuance of up to RM50.0 million Islamic Commercial Paper and the 64.2 million bonus issue of warrants on the entitlement basis of one (1) free warrant for every one (1) existing Sacofa ordinary share held.

Counterparty	Underlying number of shares	Period	Strike price
Sacofa	12,834,327	28 Jan 2009 -25 Jan 2019	RM1.50/share + any adjustments

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivative designated as hedging instrument

(e) Net investment hedge, net of tax – Cross currency interest rate swaps

The underlying debt instrument for the CCIRS is the Group's Notes as disclosed in Note 16(b) to the financial statements. The hedge is designed to hedge against foreign currency and interest rate risks.

The information relating to the derivatives of a subsidiary of the Company as at 31 December 2013 is as follows:

Notional amount USD' million	Notional amount SGD' million	Period	Exchange period	Floating interest rate paid	Floating interest rate received	Fair value 2013 RM'000	Fair value 2012 RM'000
300.0	421.3	28 Oct 2010-28 Apr 2020	Semi-annually	4.315%-4.350% on SGD notional	5.375% on USD notional	95,257	130,227

The payment of the Group's SGD notional amounts of USD300.0 million is designated as a hedge of net investment in the Group's investment in its associate. The hedge has been fully effective from inception and for the financial year.

The Group recognised a loss of RM35.3 million (2012: loss of RM40.4 million) in other comprehensive income after reclassification of an unrealised foreign exchange loss of RM69.9 million (2012: gains of RM32.1 million) on the underlying Notes from the profit or loss to other comprehensive income.

The fair value changes of the derivative are attributable to future exchange rates and interest rate movements.

(f) Fair value hedge – Cross currency interest rate swap

The CCIRS is used to hedge fair value risk arising from a floating rate borrowing of the Group and the Company. The hedge is designed to hedge against foreign currency and interest rate risks.

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivative designated as hedging instrument (continued)

(f) Fair value hedge – Cross currency interest rate swap (continued)

The information relating to the derivative as at 31 December 2013 is as follows:

Notional amount USD' million	Notional amount RM' Million	Period	Exchange period	Floating interest rate paid	Floating interest rate received	Fair value 2013 RM'000 Asset	Fair value 2012 RM'000 (Liability)
250.0	800.7	6 May 2010-26 Apr 2015	Quarterly	3 months' KLIBOR + 0.64% p.a. on RM notional	3 months' LIBOR +1.05% p.a. on USD notional	14,588	(45,249)

The Group and the Company consider the CCIRS as an effective hedging instrument as the floating rate borrowing and the CCIRS have identical terms.

The Group and the Company recognised a gain of RM59.7 million (2012: loss of RM11.9 million) arising from fair value changes of a derivative of which RM58.3 million (2012: RM26.8 million) was adjusted against the unrealised foreign exchange (loss)/gain of the underlying borrowing in the profit or loss of the Group and the Company. A fair value loss on fair value hedge of RM1.5 million (2012: loss of RM14.9 million) was recognised resulting from the fair value change of the underlying borrowing.

The fair value changes of the derivative are attributable to future exchange rates and interest rate movements.

20. DEFERRED INCOME

	Group 2013 RM'000	Group 2012 RM'000
At 1 January	247,188	136,056
Received during the financial year	61,599	125,438
Released to profit or loss	(38,219)	(14,306)
Currency translation differences	1,017	-
At 31 December	271,585	247,188

The deferred income relates to the government grants received by a subsidiary company for the purchase of certain qualifying assets.

21. TRADE AND OTHER PAYABLES

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Non-current:					
Defined benefits plans	(a)	63,085	68,417	-	-
Other payables		9,034	-	-	-
Total non-current		72,119	68,417	-	-
Current:					
Trade payables		1,138,488	717,884	-	-
Accrued expenses		1,516,868	1,434,078	38,606	36,093
Deferred revenue		778,113	858,160	-	-
Customer deposits		76,758	80,068	-	-
Business license payable		122,071	161,774	-	-
Payroll liabilities		245,867	214,392	27,594	27,605
Other accruals		414,920	299,527	-	-
Other payables		1,670,858	1,753,871	12,634	6,556
Spectrum license fees		144,862	211,243	-	-
Total current		6,108,805	5,730,997	78,834	70,254
Total trade and other payables		6,180,924	5,799,414	78,834	70,254

(a) Defined benefits plans

The Group operates defined benefits plans in Indonesia and Sri Lanka respectively. The defined benefit plans of the Group recognised in the consolidated statements of financial position is as follows:

	2013 RM'000	2012 RM'000
Present value of obligations	63,085	67,823
Unrecognised past service cost	-	594
	63,085	68,417

21. TRADE AND OTHER PAYABLES (CONTINUED)

(a) Defined benefits plans (continued)

The movement in present value of obligations of the defined benefit plans is as follows:

	2013 RM'000	2012 RM'000
Group		
At 1 January	68,417	52,892
Charge to profit or loss:		
- current service cost	8,036	7,989
- interest costs	5,407	4,696
- past service cost	(176)	21
	13,267	12,706
Acquisition of subsidiary	-	2,258
Benefit paid	(2,005)	(2,663)
Charge to other comprehensive income:		
- actuarial reserve	(7,676)	8,790
Currency translation differences	(8,918)	(5,566)
At 31 December	63,085	68,417

Present value of the defined benefits obligation of the Group is calculated annually by independent actuaries using the projected unit credit method. The principal actuarial valuation assumption used was as follows:

	2013 %	2012 %
Discount rate (p.a.)	9.5 - 11.9	6.5 - 12.7
Salary increment rate (p.a.)	10.0 - 12.0	10.0 - 14.0

21. TRADE AND OTHER PAYABLES (CONTINUED)

The currency profile of trade and other payables is as follows:

	2013						2012					
	Functional currency						Functional currency					
	RM	IDR	SLR	BDT	Others	Total	RM	IDR	SLR	BDT	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group												
RM	2,765,144	-	-	-	-	2,765,144	2,886,668	-	-	-	-	2,886,668
USD	75,207	503,355	59,703	100,879	173,600	912,744	12,379	441,662	107,016	58,519	63,614	683,190
IDR	-	800,874	-	-	-	800,874	-	953,735	-	-	-	953,735
SLR	-	-	608,942	-	-	608,942	-	-	541,004	-	-	541,004
BDT	-	-	-	893,698	-	893,698	-	-	-	643,733	-	643,733
SDR*	94,621	-	-	-	-	94,621	89,178	-	-	-	-	89,178
Others	1,507	761	-	-	102,633	104,901	1,245	661	-	-	-	1,906
Total	2,936,479	1,304,990	668,645	994,577	276,233	6,180,924	2,989,470	1,396,058	648,020	702,252	63,614	5,799,414
Company												
RM	70,471	-	-	-	-	70,471	56,704	-	-	-	-	56,704
USD	6,857	-	-	-	-	6,857	12,379	-	-	-	-	12,379
IDR	-	-	-	-	-	-	-	-	-	-	-	-
Others	1,506	-	-	-	-	1,506	1,171	-	-	-	-	1,171
Total	78,834	-	-	-	-	78,834	70,254	-	-	-	-	70,254

* SDR: Special Drawing Rights

Credit terms of trade and other payables for the Group and the Company vary from 7 to 90 days (2012: 30 to 90 days) depending on the terms of the contracts respectively.

22. PROVISION FOR LIABILITIES

	Note	Group 2013 RM'000	Group 2012 RM'000
At 1 January		338,948	343,148
Provision for the financial year		4,512	116,126
Accretion of interest		13,622	7,180
Currency translation differences		(14,024)	(10,219)
		343,058	456,235
Reversal of provisions from PPE	25	-	(117,047)
Reclassification to other payables		(48,873)	-
Utilised during the financial year		(1,083)	(240)
At 31 December		293,102	338,948

The provision for liabilities relates to provision for dismantling costs of existing telecommunication network and equipment as disclosed in the significant accounting policies in Note 3(o) to the financial statements.

23. DEFERRED TAXATION

Deferred tax assets and liabilities of the Group are offsetted when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes related to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	2013 RM'000	2012 RM'000
Deferred tax assets	(241,955)	(263,842)
Deferred tax liabilities	1,578,687	1,418,265
Net deferred tax liabilities	1,336,732	1,154,423

23. DEFERRED TAXATION (CONTINUED)

The movement in net deferred tax liabilities of the Group during the financial year is as follows:

	Note	2013 RM'000	2012 RM'000
At 1 January		1,154,423	1,064,443
Charge/(credit) to profit or loss:			
- PPE		71,760	105,358
- tax losses		3,533	(12,097)
- provision and others		69,653	69,010
	11	144,946	162,271
Acquisition of a subsidiary		55,680	-
Credit to other comprehensive income:			
- actuarial reserve		2,083	(2,198)
Currency translation differences		(32,758)	(67,926)
Transferred to liabilities directly associated with non-current assets classified as held-for-sale		12,358	(2,167)
At 31 December		1,336,732	1,154,423

Breakdown of cumulative balances by each type of temporary differences of the Group:

	2013 RM'000	2012 RM'000
Deferred tax assets:		
- PPE and intangible assets	14,202	12,181
- Tax losses	29,362	5,464
- Provision and others	356,235	459,581
Before offsetting	399,799	477,226
Offsetting	(157,844)	(213,384)
After offsetting	241,955	263,842
Deferred tax liabilities:		
- PPE and intangible assets	1,736,510	1,630,695
- Others	21	954
Before offsetting	1,736,531	1,631,649
Offsetting	(157,844)	(213,384)
After offsetting	1,578,687	1,418,265

23. DEFERRED TAXATION (CONTINUED)

The amounts of deductible temporary differences and unutilised tax losses for which no deferred tax asset is recognised in the statements of financial position are as follow:

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Deductible temporary differences	104,477	82,263	44,419	41,312
Unutilised tax losses	184,379	113,795	24,809	40,190
	288,856	196,058	69,228	81,502
Tax effect	72,214	49,015	17,307	20,376

The benefits of these tax losses and credit will only be obtained if the Company or the relevant subsidiaries derive future assessable income of a nature and amount sufficient for the benefits to be utilised.

24. INTANGIBLE ASSETS

					Group
	Note	Goodwill	Licenses	Others	Total
		RM'000	RM'000	RM'000	RM'000
Net book value					
At 1 January 2013		7,452,633	928,548	11,333	8,392,514
Acquisition of a subsidiary	5(a),(b)	179,019	278,565	-	457,584
Additions		-	730,973	117,265	848,238
Currency translation differences		16,865	75,915	-	92,780
Reclassification from PPE	25	-	19,825	-	19,825
Amortisation	7(a)	-	(143,445)	(121,464)	(264,909)
Reclassification from non-current assets classified as held-for-sale		-	2,522	-	2,522
At 31 December 2013		7,648,517	1,892,903	7,134	9,548,554
At 1 January 2012		7,303,698	994,280	-	8,297,978
Acquisition of a subsidiary	5(b)	151,845	4,933	-	156,778
Reclassification from trade and other receivables		-	-	11,333	11,333
Additions		-	34,047	80,207	114,254
Dilution of equity interest		(2,910)	-	-	(2,910)
Reclassification from PPE	25		3,438	-	3,438
Currency translation differences		-	(20,683)	-	(20,683)
Amortisation	7(a)	-	(87,467)	(80,207)	(167,674)
At 31 December 2012		7,452,633	928,548	11,333	8,392,514
At 31 December 2013					
Cost		7,726,014	2,285,146	208,805	10,219,965
Accumulated amortisation		-	(392,243)	(201,671)	(593,914)
Accumulated impairment losses		(77,497)	-	-	(77,497)
Net book value		7,648,517	1,892,903	7,134	9,548,554
At 31 December 2012					
Cost		7,530,130	1,166,509	144,378	8,841,017
Accumulated amortisation		-	(237,961)	(133,045)	(371,006)
Accumulated impairment losses		(77,497)	-	-	(77,497)
Net book value		7,452,633	928,548	11,333	8,392,514

The remaining amortisation period of acquired telecommunication licenses with allocated spectrum rights range from five (5) years to thirty years (30) years (2012: five (5) years to fourteen (14) years).

24. INTANGIBLE ASSETS (CONTINUED)

(a) Impairment tests for goodwill

The Group undertakes an annual test for impairment of its CGUs identified according to operating segment.

The following CGUs, being the lowest level of asset for which the management monitors the goodwill of the Group:

	Note	2013	2012
		RM'000	RM'000
Malaysia	(i)	4,031,110	4,031,110
Indonesia	(ii)	3,214,803	3,214,803
Sri Lanka	(i)	223,930	206,720
Cambodia	(i)	178,674	-
Total		7,648,517	7,452,633

(i) Key assumptions used in the VIU

The recoverable amount of the Cambodia's, Malaysia's and Sri Lanka's CGU including goodwill in this test is determined based on VIU calculation. Cambodia's and Malaysia's CGU consist of mobile business meanwhile Sri Lanka's CGUs consist of fixed telecommunication business (consist of fixed telephone, data and infrastructure) and television business respectively.

The VIU calculation apply a discounted cash flow model using cash flow projections based on forecasts and projections approved by the management covering:

- a three (3) year period for the mobile business in Malaysia;
- a five (5) year period for mobile business in Cambodia, and
- a ten (10) year period for the fixed telecommunication and television business in Sri Lanka due to the long term nature and intensive capital required in the initial phase of the business.

These forecasts and projections reflect the management's expectation of revenue growth, operating costs and margins based on past experience and future outlook of the CGUs, consistent with internal measurements and monitoring and external sources of information.

Cash flows beyond the fifth (5^{th}) year for the mobile business in Cambodia and Malaysia meanwhile tenth (10^{th}) for fixed telecommunication business and television business in Sri Lanka are extrapolated in perpetuity using estimated terminal growth rate which takes into consideration the current Gross Domestic Product, inflation and average growth rate for the telecommunication industry. These rates have been determined with regards to project growth rates for the market in which the CGUs participates and are not expected to exceed the long term average growth rates for this market.

24. INTANGIBLE ASSETS (CONTINUED)

(a) Impairment tests for goodwill (continued)

(i) Key assumptions used in the VIU (continued)

Pre-tax adjusted discount rate applied to the cash flow forecasts are derived from the CGU pre-tax plus a reasonable risk premium at the date of the assessment of the respective CGU to reflect the risk of the CGU.

The following assumptions have been applied in the VIU calculations:

	Cambodia	Malaysia		Sri Lanka	
	2013	2013	2012	2013	2012
Pre-tax adjusted discount rate	16.7%	10.6%	9.8%	14.0%	15.0%
Terminal growth rate	2.0%	-	-	3.0%	3.0%
Revenue growth rate	2.7% to 19.5% over 5 years	3.0% to 4.8% over 3 years	4.0% to 4.7% over 3 years	2.2% to 10.3% over 10 years	7.9% to14.2% over 10 years

Based on the above test, the Cambodia, Malaysia and Sri Lanka CGUs' goodwill are not impaired as the recoverable amounts exceeds the carrying amounts included in the financial statements.

The Group's review includes an impact assessment of changes in key assumptions. Based on the sensitivity analysis performed, the Directors concluded that no reasonable change in the base case assumptions would cause the carrying amounts of the CGUs to exceed its recoverable amounts.

(ii) Key assumptions used in FVLCS

The recoverable amount of the Indonesia CGUs including goodwill is determined based on FVLCS calculations.

The FVLCS calculations are made based on the CGU's securities market price less the costs of disposal of the securities. The market price as at end of reporting period was used for the calculations.

Based on the above test, the Indonesia CGUs' goodwill are not impaired as the recoverable amount exceeds the carrying amount included in the financial statements.

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25. PROPERTY, PLANT AND EQUIPMENT

	Note	Land	Buildings	Telecom-munication network equipment	Movable plant and equipment	Computer support system	Capital work-in progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Net book value								
At 1 January 2013								
As previously reported		503,190	136,125	13,847,302	228,267	527,197	1,343,233	16,585,314
Restatement due to MFRS 116	2(b)	-	-	-	-	-	325,044	325,044
As restated		503,190	136,125	13,847,302	228,267	527,197	1,668,277	16,910,358
Additions		89,865	29,687	3,113,501	93,540	540,223	126,339	3,993,155
Acquisition of a subsidiary	5(a)(ii)	-	2,403	132,126	14,311	-	25,936	174,776
Disposal		(3,262)	(623)	(31,670)	(1,142)	(289)	-	(36,986)
Written off	7(a)	-	-	(56,196)	(3,993)	(5)	(330)	(60,524)
Depreciation	7(a)	(92,646)	(20,147)	(2,545,894)	(72,882)	(346,790)	-	(3,078,359)
Impairment	7(a)	-	-	(997)	-	-	(20,291)	(21,288)
Reversal of impairment	7(a)	-	-	9,152	402	-	-	9,554
Reclassification from non-current assets held-for-sale		4,098	-	190,295	41,270	-	9,488	245,151
Currency translation differences		(58,020)	(5,575)	(811,719)	8,115	(22,966)	(119,139)	(1,009,304)
Reclassification to intangible assets	24	-	-	-	-	(19,825)	-	(19,825)
At 31 December 2013		443,225	141,870	13,845,900	307,888	677,545	1,690,280	17,106,708

25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Land	Building	Telecom-munication network equipment	Movable plant and equipment	Computer support systems	Capital work-in-progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Net book value								
At 1 January 2012								
As previously reported		495,960	162,783	13,628,949	241,197	499,059	1,133,583	16,161,531
Restatement due to MFRS 116	2(b)	-	-	-	-	-	229,652	229,652
As restated		495,960	162,783	13,628,949	241,197	499,059	1,363,235	16,391,183
Additions		134,943	3,851	3,829,288	65,139	297,451	394,273	4,724,945
Acquisition of a subsidiary	5(b)(ii)	543	2,585	29,510	12,132	1,512	284	46,566
Disposal		(145)	(227)	(1,289)	(1,234)	(64)	-	(2,959)
Written off	7(a)	-	-	(206)	(365)	(16)	-	(587)
Depreciation	7(a)	(90,090)	(22,324)	(2,554,254)	(83,842)	(248,169)	-	(2,998,679)
Impairment	7(a)	-	-	(149,496)	-	-	(5,997)	(155,493)
Reversal of impairment	7(a)	-	-	-	1,254	-	10	1,264
Currency translation differences		(38,021)	(10,543)	(818,153)	(6,014)	(19,138)	(83,528)	(975,397)
Reversal of provision for liabilities	22	-	-	(117,047)	-	-	-	(117,047)
Reclassification to intangible assets	24	-	-	-	-	(3,438)	-	(3,438)
At 31 December 2012		503,190	136,125	13,847,302	228,267	527,197	1,668,277	16,910,358

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25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land	Buildings	Telecom-munication network equipment	Movable plant and equipment	Computer software systems	Capital work-in progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
At 31 December 2013							
Cost	910,559	332,798	29,590,363	870,046	2,486,089	1,762,617	35,952,472
Accumulated depreciation	(460,269)	(163,860)	(15,276,003)	(555,408)	(1,797,332)	-	(18,252,872)
Accumulated impairment losses	(7,065)	(27,068)	(468,460)	(6,750)	(11,212)	(72,337)	(592,892)
Net book value	443,225	141,870	13,845,900	307,888	677,545	1,690,280	17,106,708
At 31 December 2012							
Cost	957,679	309,010	28,661,389	701,225	2,079,202	1,750,877	34,459,382
Accumulated depreciation	(447,423)	(145,884)	(14,345,049)	(465,882)	(1,540,814)	-	(16,945,052)
Accumulated impairment losses	(7,066)	(27,001)	(469,038)	(7,076)	(11,191)	(82,600)	(603,972)
Net book value	503,190	136,125	13,847,302	228,267	527,197	1,668,277	16,910,358

25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) In the previous financial year, the Group incurred an impairment of RM155.5 million which were primarily related to variance on physical sighting of assets at the sites and write down of certain telecommunication network assets and long outstanding projects which had been written down to its recoverable values.

(b) Net book value of PPE of certain subsidiaries pledged as security for borrowings (Note 16(a) to the financial statements) are as follows:

	Group	
	2013	2012
	RM'000	RM'000
Telecommunication network	2,081,655	1,764,442
Movable plant and equipment	87,816	92,920
Computer support system	3,114	3,909
Land	5,620	5,098
Buildings	16,911	16,252
	2,195,116	1,882,621

(c) There had been a change in the expected pattern of consumptions of future economic benefits embodied in certain telecommunication network equipment of subsidiaries within the Group due to assets replacement plans. The revision was accounted for as a change in accounting estimate and has increased the depreciation charge during the financial year by the Group by RM124.3 million (2012: RM186.2 million).

(d) XL owns land located throughout Indonesia with Building Use Rights (*Hak Guna Bangunan* or "*HGB*") for periods of 20-29 years (2012: 20-30 years) which will expire between 2014 and 2043 (2012: 2013 and 2042).

As at 31 December 2013, there are 124 locations (2012: 658 locations) with a total book value of RM25.5 million (2012: RM42.6 million) and for which HGB certificates are in the process.

(e) The Group's carrying amount of land including:

	Group	
	2013	2012
	RM'000	RM'000
Freehold	31,123	23,149
Short term leasehold	70,341	81,060
Long term leasehold	341,761	398,981
	443,225	503,190

25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

		Movable plant and equipment				
	Note	Office equipment RM'000	Furniture and fitting RM'000	Mobile equipment RM'000	Motor vehicle RM'000	Total RM'000
Company						
Net book value						
At 1 January 2013		6,322	4,706	259	138	11,425
Additions		5,764	844	25	665	7,298
Written-off	7(a)	(333)	-	-	-	(333)
Disposal		(10)	-	-	(11)	(21)
Depreciation	7(a)	(2,494)	(938)	(65)	(165)	(3,662)
At 31 December 2013		9,249	4,612	219	627	14,707
At 1 January 2012		7,019	4,647	333	275	12,274
Additions		2,422	888	11	-	3,321
Written-off	7(a)	(428)	-	-	-	(428)
Disposal		(40)	-	-	-	(40)
Depreciation	7(a)	(2,651)	(829)	(85)	(137)	(3,702)
At 31 December 2012		6,322	4,706	259	138	11,425
Company						
At 31 December 2013						
Cost		18,420	8,791	634	673	28,518
Accumulated depreciation		(9,171)	(4,179)	(415)	(46)	(13,811)
Net book value		9,249	4,612	219	627	14,707
At 31 December 2012						
Cost		13,126	7,947	609	751	22,433
Accumulated depreciation		(6,804)	(3,241)	(350)	(613)	(11,008)
Net book value		6,322	4,706	259	138	11,425

26. SUBSIDIARIES

	2013			2012		
	Malaysia RM'000	Overseas RM'000	Total RM'000	Malaysia RM'000	Overseas RM'000	Total RM'000
Company						
Unquoted shares, at cost	5,177,486	182,925	5,360,411	5,177,486	182,925	5,360,411
Accumulated impairment losses	(3,996)	(181,851)	(185,847)	(3,996)	(141,869)	(145,865)
	5,173,490	1,074	5,174,564	5,173,490	41,056	5,214,546
Advances to subsidiaries treated as quasi-investment	3,883,925	6,894,885	10,778,810	3,142,951	6,493,632	9,636,583
Accumulated impairment losses	-	(1,221,371)	(1,221,371)	-	(1,221,371)	(1,221,371)
	3,883,925	5,673,514	9,557,439	3,142,951	5,272,261	8,415,212
Total	9,057,415	5,674,588	14,732,003	8,316,441	5,313,317	13,629,758

The Group's and the Company's equity interests in subsidiaries, their respective principal activities and countries of incorporation are listed in Note 40 to the financial statements.

Due to the presence of impairment indicator during the financial year arising from cessation operation of a subsidiary, the Company has undertaken an impairment assessment on investment in the subsidiary. Based on impairment test concluded, the investment in the subsidiary has been impaired by RM40.0 million.

26. SUBSIDIARIES (CONTINUED)

(a) The currency profile of advances to subsidiaries treated as quasi-investment is as follows:

	2013 RM'000	2012 RM'000
RM	2,787,233	2,811,781
USD	6,770,206	5,603,431
	9,557,439	8,415,212

The advances are unsecured and are non-interest bearing with no fixed terms of repayment. The Company does not anticipate any prepayment of the advances and are treated as an extension of its investments in subsidiaries.

(b) Non-controlling interests

The total non-controlling interest of the Group for the financial year is RM 1,757.5 million, of which RM1,351.9 million is attributed to XL. The remaining non-controlling interests of the Group are immaterial individually.

The information below is before inter-company eliminations.

(i) The summarized statement of comprehensive income for the financial year ended 31 December are as follows:

		XL	
	Note	2013 RM'000	2012 RM'000
Profit for the financial year	38	309,690	914,174
Other comprehensive expense		(714,163)	(443,613)
Total comprehensive (expense)/income		(404,473)	470,561
Profit for the financial year attributable to NCI		103,732	305,610
Dividend paid to NCI		(120,867)	(123,875)

26. SUBSIDIARIES (CONTINUED)

(b) Non-controlling interests (continued)

(ii) The summarised statement of financial position as at 31 December are as follows:

	XL	
	2013	2012
	RM'000	RM'000
Non-current assets	9,223,678	9,834,435
Current assets	1,634,225	1,393,042
Non-current liabilities	(4,602,516)	(3,607,842)
Current liabilities	(2,141,415)	(2,754,900)
Net assets	4,113,972	4,864,735

(iii) The summarised statement of cash flows for the financial year ended 31 December are as follows:

	XL	
	2013	2012
	RM'000	RM'000
Net cash flow from operating activities	1,697,344	2,600,715
Net cash flow used in investing activities	(2,140,936)	(3,176,979)
Net cash flow from financing activities	581,139	509,895
Net increase/(decrease) in cash and cash equivalent	137,547	(66,369)
Effect of exchange rate changes on cash	4,524	763
Cash and cash equivalents at beginning of financial year	213,787	317,400
Cash and cash equivalents at the end financial year	355,858	251,794

27. JOINT VENTURES

	2013 RM'000	2012 RM'000
Group		
Unquoted investments	58,504	3,195
Share of post-acquisition reserves	(2,289)	(1,577)
Share of net assets of joint ventures	56,215	1,618

The Group's share of revenue and profit/(loss) of joint ventures is as follows:

	2013 RM'000	2012 RM'000
Revenue	91,234	3,629
Profit/(loss) for the financial year	5,329	(1,577)

The Group's equity interests in the joint ventures and countries of incorporation are listed in Note 42 to the financial statements.

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28. ASSOCIATES

			2013			2012
	Malaysia	Overseas	Total	Malaysia	Overseas	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Quoted investments	-	8,492,325	8,492,325	-	8,491,808	8,491,808
Unquoted investments	25,669	6,809	32,478	30,919	5,671	36,590
Share of post acquisition results and reserves	29,374	320,189	349,563	18,443	193,118	211,561
	55,043	8,819,323	8,874,366	49,362	8,690,597	8,739,959
Accumulated impairment losses	-	(1,085,035)	(1,085,035)	-	(1,085,035)	(1,085,035)
Currency translation differences	-	(790,209)	(790,209)	-	(816,457)	(816,457)
Share of net assets of associates	55,043	6,944,079	6,999,122	49,362	6,789,105	6,838,467
Company						
Quoted investment:						
At cost	-	125,319	125,319	-	124,802	124,802

The Group's and the Company equity interest in the associates, their respective principal activities and countries of incorporation are listed in Note 41 to the financial statements.

28. ASSOCIATES (CONTINUED)

The summarised financial information presented in the financial statements (after adjusted for differences in accounting policies between the Group and the associates) of material associates of the Group are as follows:

(a) The summarised statement of comprehensive income for the financial year ended 31 December are as follows:

	2013		2012	
	Idea	M1	Idea	M1
	RM'000	RM'000	RM'000	RM'000
Revenue	13,779,224	2,536,978	12,603,361	2,661,457
Profit for the financial year	548,533	463,523	501,139	437,127
Group's share of profit for the financial year	109,213	133,402	99,877	127,029
Dividend received from associates	10,235	98,714	-	96,049

The Group's share of profit of other immaterial associates is RM 28.2 million (2012: RM8.0 million).

(b) The summarised statement of financial position of material associates of the Group as at 31 December are as follow:

	2013		2012	
	Idea	M1	Idea	M1
	RM'000	RM'000	RM'000	RM'000
Non-current assets	20,232,592	1,912,887	20,821,972	1,824,229
Current assets	2,682,039	646,588	2,488,781	616,191
Current liabilities	(4,329,156)	(609,472)	(4,575,534)	(1,312,467)
Non-current liabilities	(7,622,160)	(925,625)	(7,824,280)	(257,288)
	10,963,315	1,024,378	10,910,939	870,665

(c) The fair value of material associates of the Group as at 31 December are as follows:

	2013		2012	
	Idea	M1	Idea	M1
	RM'000	RM'000	RM'000	RM'000
Fair value	5,351,203	2,061,298	3,820,412	1,800,168

The fair value of the associate of the Company is RM316.5 million (2012: RM231.0 million) as at reporting date.

The fair value of quoted investments are within Level 2 of the fair value hierarchy.

28. ASSOCIATES (CONTINUED)

The details of carrying amount of the associates of the Group after reconciled with summarised financial information of material associates are as follows:

	2013				2012			
	Idea	M1	Others	Total	Idea	M1	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group's share of net assets	2,182,796	294,816	130,231	2,607,843	2,174,550	253,015	111,138	2,538,703
Goodwill	4,000,253	1,152,612	69,868	5,222,733	3,941,209	1,163,826	69,514	5,174,549
Accumulated impairment losses (net of currency translation differences)	(831,454)	-	-	(831,454)	(874,785)	-	-	(874,785)
At 31 December	5,351,595	1,447,428	200,099	6,999,122	5,240,974	1,416,841	180,652	6,838,467

28. ASSOCIATES (CONTINUED)

The share of contingent liabilities of an associate as at 31 December are as follows:

	Description	Potential exposure 2013 RM'million	2012 RM'million
1.	One-off excess spectrum charges	1,122.2	1,179.5
2.	Tax notice	2,070.8	-

1. One-off excess spectrum charges

On 8 January 2013, the local regulator, the Department of Telecommunications ("DoT") had issued demand notices towards one time spectrum charges:

(a) for spectrum beyond 6.2 MHz in respective service areas for retrospective period from 1 July 2008 to 31 December 2012, amounting to INR3,691.3 million, and
(b) for spectrum beyond 4.4 MHz in respective service areas effective 1 January 2013 till expiry of the period as per respective licenses amounting to INR17,443.7 million.

In the opinion of the Directors, inter-alia, the above demand amounts to alteration of financial terms of the licenses issued in the past. The Directors believe, based on independent legal opinion and its evaluation, it is not probable that the claim will materialise and therefore, pending outcome of this matter, no provision has been recognised.

2. Tax notice

The Income Tax Department ("Tax Department") had issued a INR39.0 billion notice on an associate. The Tax Department alleged that the licenses, assets and liabilities transferred in between the companies in 2009 resulted in taxable capital gains which Idea and its subsidiary did not treat as taxable.

In the opinion of the Directors, based on independent legal opinion and its evaluation, it is not probable that the claim will materialise and therefore, pending outcome of this matter, no provision has been recognised.

28. ASSOCIATES (CONTINUED)

List of contingent liabilities of an associate as at 31 December are as follows: (continued)

	Description	Potential exposure 2013 RM'million	2012 RM'million
3.	Other taxes, custom duties and demands under adjudication, appeal or disputes	1,722.0	1,761.9
	As at 31 March 2013, other taxes, custom duties and demands under adjudication, appeal or disputes amounted to approximately INR32.4 billion (2012: INR31.6 billion).		
	In the opinion of the Directors, based on independent legal opinion and its evaluation, it is not probable that the claim will materialise and therefore, pending outcome of matters, no provision has been recognised.		
	Total exposure	4,915.0	2,941.4
	Total exposure of the Group	978.1	586.2

29. LONG TERM RECEIVABLES

	Group	
	2013	2012
	RM'000	RM'000
Staff loans	62	134
Finance lease receivables	97,471	98,616
	97,533	98,750

Finance lease receivables are receivables related to the lease of fiber optic cable of a subsidiary.

Details of the lease receivables according to the maturity schedule are as follows:

		Group	
	Note	2013	2012
		RM'000	RM'000
Within one (1) year		20,073	20,879
Between one (1) and five (5) years		78,896	81,869
More than five (5) years		56,301	72,961
		155,270	175,709
Unearned finance lease income		(47,728)	(69,153)
Finance lease receivables		107,542	106,556
Classified as:			
- Current	32	10,071	7,940
- Non-current		97,471	98,616
Finance lease receivables		107,542	106,556

30. INVENTORIES

		Group		
	Note	31.12.2013	31.12.2012	1.1.2012
		RM'000	RM'000	RM'000
			Restated	Restated
Trading inventories *	2(b)	62,805	56,455	112,185

* Trading inventories mainly comprise of SIM cards, handsets and other consumables.

31. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The currency profiles of the amounts due from/to subsidiaries are as follows:

				2013				2012
	RM	USD	SLR	Total	RM	USD	SLR	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amounts due from subsidiaries:								
- Non-current [1]	-	105,236	-	105,236	-	85,772	-	85,772
- Current	372,593	89,489	4,845	466,927	221,010	32,248	312	253,570
	372,593	194,725	4,845	572,163	221,010	118,020	312	339,342
Amount due to subsidiaries:								
- Current	176,378	504,571	-	680,949	183,310	478,300	-	661,610

[1] Effective interest rate of 3.85% as at 31 December 2013 (2012: 4.25%) p.a.

Except as disclosed otherwise above, amounts due from/to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

32. TRADE AND OTHER RECEIVABLES

	Note	Group 2013 RM'000	Group 2012 RM'000	Company 2013 RM'000	Company 2012 RM'000
Trade receivables		1,402,129	918,491	-	-
Less: Provision for impairment		(286,877)	(217,233)	-	-
		1,115,252	701,258	-	-
Other receivables:					
Deposits		137,404	114,203	-	-
Less: Provision for impairment		(26,997)	(27,390)	-	-
		110,407	86,813	-	-
Prepayments		873,855	820,240	643	3,739
Staff loans		755	431	-	-
Finance lease receivables	29	10,071	7,940	-	-
Other receivables		570,503	496,354	25,561	23,044
Less: Provision for impairment		(938)	(938)	-	-
		569,565	495,416	25,561	23,044
Total other receivables after provision for impairment		1,564,653	1,410,840	26,204	26,783
Total trade and other receivables after provision for impairment		2,679,905	2,112,098	26,204	26,783

32. TRADE AND OTHER RECEIVABLES (CONTINUED)

The currency profile of trade and other receivables after impairment as follows:

	2013						2012					
	Functional currency						Functional currency					
	RM	IDR	SLR	BDT	Others	Total	RM	IDR	SLR	BDT	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group												
RM	737,953	-	-	-	-	737,953	739,793	-	-	-	-	739,793
USD	7,696	198,915	113,855	304	89,054	409,824	3,848	47,152	94,838	1,913	30,801	178,552
IDR	-	1,057,728	-	-	-	1,057,728	3	807,268	-	-	-	807,271
SLR	-	-	187,269	-	-	187,269	-	-	161,187	-	-	161,187
BDT	-	-	-	236,650	-	236,650	-	-	-	210,686	-	210,686
SDR	15,583	-	-	-	-	15,583	14,241	-	-	-	-	14,241
Others	10,238	46	-	-	24,614	34,898	325	43	-	-	-	368
Total	771,470	1,256,689	301,124	236,954	113,668	2,679,905	758,210	854,463	256,025	212,599	30,801	2,112,098
Company												
RM	18,038	-	-	-	-	18,038	22,461	-	-	-	-	22,461
USD	8,166	-	-	-	-	8,166	4,319	-	-	-	-	4,319
IDR	-	-	-	-	-	-	3	-	-	-	-	3
Total	26,204	-	-	-	-	26,204	26,783	-	-	-	-	26,783

32. TRADE AND OTHER RECEIVABLES (CONTINUED)

The movement of provision for impairment of trade and other receivables are as follows:

	Note	Group 2013 RM'000	Group 2012 RM'000
Trade receivables			
At 1 January		217,233	297,787
Provision for impairment	7(b)	110,885	82,266
Acquisition of a subsidiary		-	18,059
Written off		(48,206)	(174,522)
Reclassification from non-current assets classified as held-for-sale		3,706	-
Currency translation differences		3,259	(6,357)
At 31 December		286,877	217,233
Other receivables			
At 1 January		28,328	23,940
Provision for impairment	7(b)	19	6,300
Written off		(412)	(1,912)
At 31 December		27,935	28,328

The carrying amounts of trade and other receivables approximate their fair value.

Trade receivables which are due as at the end of the reporting period are as follows:

	Not past due	Past due					Total
		Specifically impaired	Not specifically impaired				
			0-3 months	3-6 months	6-12 months	Over 12 months	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2013	329,733	86,905	293,633	150,706	128,092	126,183	1,115,252
2012	248,135	25,923	247,533	94,231	30,370	55,066	701,258

The Group is not exposed to major concentration of credit risk due to the diverse customer base. In addition, credit risk is mitigated to a certain extent by cash deposits and bankers' guarantee obtained from customers. The Group considers the accumulated impairment losses of trade receivables at the end of the reporting period to be adequate to cover the potential financial loss.

Credit terms of trade receivables for the Group range from 7 to 90 days (2012: 7 to 90 days).

33. DEPOSITS, CASH AND BANK BALANCES

		Group		Company	
	Note	2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks		825,240	794,698	25,368	332,688
Deposits under Islamic principles		4,836,021	5,816,634	1,957,162	3,186,244
Total deposits		5,661,261	6,611,332	1,982,530	3,518,932
Cash and bank balances		771,657	1,294,872	8,950	5,426
Total deposits, cash and bank balances		6,432,918	7,906,204	1,991,480	3,524,358
Less:					
Deposits pledged	16(a)	(3,165)	(6,388)	-	-
Deposit on investment in a subsidiary		(65,890)	-	-	-
Deposits maturing more than three (3) months		(334,311)	-	(334,311)	-
Bank overdraft	16	(18,759)	(5,352)	-	-
Total cash and cash equivalents at the end of the financial year		6,010,793	7,894,464	1,657,169	3,524,358

The deposits are placed mainly with a number of creditworthy financial institutions. There is no major concentration of deposits in any single financial institution. Maturity range of deposits is as follows:

		Group	Company
(In days)	From	To	To
Financial year ended 31 December 2013	Overnight	365	365
Financial year ended 31 December 2012	Overnight	270	270

33. DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

The currency profile of deposits, cash and bank balances is as follows:

	2013						2012					
	Functional currency						Functional currency					
	RM	IDR	SLR	BDT	Others	Total	RM	IDR	SLR	BDT	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group												
MYR	5,317,055	-	-	-	-	5,317,055	6,618,563	-	-	-	-	6,618,563
USD	282,130	20,023	5,670	-	102,681	410,504	613,300	36,455	122,535	-	12,175	784,465
IDR	-	338,864	-	-	-	338,864	86	217,929	-	-	-	218,015
SLR	2,694	-	40,969	-	-	43,663	2,533	-	58,885	-	-	61,418
BDT	-	-	-	201,911	-	201,911	-	-	-	178,172	-	178,172
Others	111,218	-	-	-	9,703	120,921	45,571	-	-	-	-	45,571
Total	5,713,097	358,887	46,639	201,911	112,384	6,432,918	7,280,053	254,384	181,420	178,172	12,175	7,906,204
Company												
RM	1,959,640	-	-	-	-	1,959,640	2,955,582	-	-	-	-	2,955,582
USD	31,840	-	-	-	-	31,840	568,776	-	-	-	-	568,776
Total	1,991,480	-	-	-	-	1,991,480	3,524,358	-	-	-	-	3,524,358

34. NON-CURRENT ASSETS/LIABILITIES CLASSIFIED AS HELD-FOR-SALE

(a) Proposed disposal of 89.00% equity interest in Multinet Pakistan (Private) Limited ("Multinet")

On 13 July 2010, Axiata Investment (Labuan) Limited entered into an agreement to dispose off its 89.00% equity interest from its subsidiary, Multinet to the existing shareholder in Pakistan.

However as at 31 December 2013, the Group resolved not to divest its investment on revisiting its overall business plans. Accordingly, the investment was reclassified as a subsidiary of the Group. The reclassification has no significant impact to the Group.

(i) Cash flows associated with assets/liabilities directly associated with non-current assets classified as held-for-sale

	Group	
	2013	2012
	RM'000	RM'000
Operating cash flows	-	15,949
Investing cash flows	-	(8,125)
Financing cash flows	-	(9,448)
Effect of exchange losses	-	(480)
Net cash out flows	-	(2,104)

(ii) Assets directly associated with non-current assets classified as held-for-sale

	Group	
	2013	2012
	RM'000	RM'000
PPE	-	231,312
Other intangible assets	-	2,353
Other current assets	-	15,072
Total assets directly associated with non-current assets classified as held-for-sale	-	248,737

34. NON-CURRENT ASSETS/LIABILITIES CLASSIFIED AS HELD-FOR-SALE (CONTINUED)

(a) Proposed disposal of 89.00% equity interest in Multinet Pakistan (Private) Limited (“Multinet”) (continued)

(iii) Liabilities directly associated with non-current assets classified as held-for-sale

	Group 2013 RM'000	Group 2012 RM'000
Borrowings	-	(51,215)
Deferred tax liabilities	-	(12,409)
Other current liabilities	-	(88,652)
Total liabilities directly associated with non-current assets classified as held-for-sale	-	(152,276)

(iv) In the previous financial year, cumulative expenses recognised in other comprehensive income relating to non-current assets classified as held-for-sale amounted to RM6.3 million.

(b) Disposal of 49.00% equity interest in MTCE

During the financial year, the carrying amount of the Group’s investment in MTCE amounting to RM4.1 million was derecognised in conjunction with its disposal, as disclosed in Note 5(a)(i) to the financial statements.

35. CASH FLOWS FROM/(USED IN) OPERATING, INVESTING AND FINANCING ACTIVITIES

	Note	Group		Company	
		2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Receipt from customers		17,665,841	17,637,956	-	-
Payments to suppliers and employees		(10,802,642)	(9,357,687)	(204,815)	(208,484)
Dividends received		-	-	2,301,815	3,093,837
Dividends from associates		-	-	8,026	1,038
Payment of finance cost		(817,594)	(774,241)	(30,312)	(32,084)
Payment of zakat		(8,500)	(500)	-	-
Payment of income taxes (net of refunds)		(388,862)	(668,547)	(26)	5,628
Total cash flows from operating activities		5,648,243	6,836,981	2,074,688	2,859,935
Proceeds from disposal of PPE		46,595	46,305	196	263
Purchase of PPE ^		(4,116,997)	(5,125,756)	(7,298)	(3,145)
Acquisition of intangible assets		(877,590)	(336,323)	-	-
Investments in deposits maturing more than three (3) months		(334,311)	-	(334,311)	-
Investment in subsidiaries		(402,007)	(80,380)	-	-
Additional investments in associates		(1,655)	-	(517)	-
Acquisition of an associate		-	(3,728)	-	-
Acquisition of a joint venture		(59,326)	(3,195)	-	-
Interest received		261,193	262,574	73,545	43,409
Dividends received from associates		117,005	97,087	-	-
(Advances to)/Net repayment from employees		(190)	117	-	-
Advances to subsidiaries treated as quasi-investments		-	-	(707,428)	-
Advances to subsidiaries		-	-	(158,902)	(179,563)
Advances from subsidiaries		-	-	-	657,300
Repayments from subsidiaries		-	-	10,286	-
Total cash flow (used in)/from investing activities		(5,367,283)	(5,143,299)	(1,124,429)	518,264

^ Comparative was restated in conjunction with amendment to MFRS 116 as disclosed in Note 2(b) to the financial statements.

35. CASH FLOWS FROM/(USED IN) OPERATING, INVESTING AND FINANCING ACTIVITIES (CONTINUED)

		Group		Company	
	Note	2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
Proceeds from borrowings (net of transaction costs)		3,052,971	2,519,607	-	-
Repayments of borrowings		(2,192,888)	(2,104,496)	-	-
Early repayment of existing Sukuk		-	(4,200,000)	-	-
Proceeds from Sukuk issuance		-	5,435,280	-	-
Proceeds from issuance of shares under Axiata Share Scheme		125,236	101,636	125,236	101,636
Share issue expense		(255)	(341)	(255)	(341)
Dividends paid to non-controlling interests		(133,002)	(132,059)	-	-
Dividends paid to shareholders	44	(2,985,725)	(1,954,275)	(2,985,725)	(1,954,275)
Total cash flows used in financing activities		(2,133,663)	(334,648)	(2,860,744)	(1,852,980)

36. CONTINGENCIES AND COMMITMENTS

(a) Capital commitments

	Group	
	2013 RM'000	2012 RM'000
PPE		
Commitments in respect of expenditure:		
- Approved and contracted for	1,669,688	2,169,117
- Approved but not contracted for	2,109,050	966,511
	3,778,738	3,135,628

(b) Operating lease commitments

The Group entered into non-cancellable office and tower rental and lease of head office agreements with various terms and the total commitment are as follows:

	2013 RM'000	2012 RM'000
Payable with one (1) year	190,188	175,807
Payable more than one (1) year and no later than five (5) years	637,712	683,029
Payable more than five (5) years	216,223	138,251
Total	1,044,123	997,087

The rental expenses related to the commitment for the financial year ended 31 December 2013 and 2012 amounted to RM183.8 million and RM179.0 million respectively.

(c) 3G annual fees commitment

XL has committed to pay annual fees within ten (10) years, as long as XL holds the 3G license. The amount of annual payment is based on the scheme of payment set out in Regulation No. 07/PER/M.KOMINFO/2/2006 of the Minister of Communication & Information and Decree No.323/KEP/M.KOMINFO/09/2010 of the Minister of Communication & Information. No penalty will be imposed in the event that XL returns the license.

36. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(d) List of contingent liabilities of subsidiaries of the Group as at 31 December are as follows:

Description	Potential exposure 2013 RM'million	Potential exposure 2012 RM'million
1. Celcom Trading Sdn Bhd [formerly known as Rego Multi-Trades Sdn Bhd] ("Celcom Trading") vs Aras Capital Sdn Bhd ("Aras Capital") and Tan Sri Dato' Tajudin Ramli ("TSDTR")	100.0	100.0

In 2005, Celcom Trading, a wholly-owned subsidiary of Celcom, commenced proceedings against Aras Capital and TSDTR for amounts due to Celcom Trading pursuant to an investment agreement with Aras Capital and an indemnity letter given by TSDTR. TSDTR filed its defence and instituted a counterclaim 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.

The Board of Directors, based on legal advice received, are of the view that it has good prospects of succeeding on the claim and successfully defending the counterclaim if the same were to proceed to trial.

Description	2013 RM'million	2012 RM'million
2. VIP Engineering and Marketing Limited ("VIPEM") vs Celcom Resources on TRI Telecommunications Tanzania ("Tritel")	63.7	63.7

In December 2001, vide Civil Case No. 427 of 2001, VIPEM claimed a sum of USD18.6 million from Celcom Resources as its share of loss of profits for the mismanagement of Tritel, a joint venture company between Celcom Resources and VIPEM. In light of the winding-up order made against Tritel, Celcom Resources filed its claims of RM123.4 million with the liquidator of Tritel in July 2003.

The Board of Directors, based on legal opinion received, are of the view that the allegations of mismanagement, are rhetorical and unsubstantiated. In view of the winding up proceedings, there is also a possibility that VIPEM will not pursue its claim.

36. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(d) List of contingent liabilities of subsidiaries of the Group as at 31 December of the Group are as follows: (continued)

	Description	Potential exposure 2013 RM'million	2012 RM'million
3.	Claim on Robi by National Board of Revenue of Bangladesh ("NBR")	276.7	251.0
	The Large Tax Unit of NBR issued a show case letter dated 23 February 2012 to Robi demanding payment of supplementary duty and VAT levied on the issuance of a certain number of SIM cards to new customers of Robi on the pretext that the issuance was replacement purposes with regards to Robi's existing customers. The total demand amounted to BDT6,549.9 million.		
	The Board of Directors, based on legal advice received, are of the view that it has good prospects of succeeding on the claim.		
4.	Robi's tax position	238.8	184.5
	Robi has claimed for SIM tax subsidy as a deductible expense in its tax provision computations for FY 2005 to 2013 (2012: FY 2005 to 2012). The National Board of Revenue has challenged this claim and regarded the SIM tax subsidy as non-deductible, on grounds that the subsidies are collectible from the customers and hence is not a 'business expense'. The case has been taken to the local court whereby the proceeding is still ongoing with no decision reached to-date.		
	Based on legal opinion received, the Board of Directors are of the view that Robi has good prospects of succeeding on the claim.		

36. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(d) List of contingent liabilities of subsidiaries of the Group as at 31 December of the Group are as follows: (continued)

Description	Potential exposure 2013 RM'million	2012 RM'million
5. Access Promotion Contribution ("APC") of Multinet	131.5	132.7
Multinet filed a suit during the financial year ended 31 December 2010 in the Honourable High Court of Sindh against the Federation of Pakistan, Pakistan Telecommunications Authority ("PTA"), Pakistan Telecommunication Company Limited ("PTCL") and the Universal Service Fund Company inter alia challenging the legality and enforcement of APC applicable on international incoming calls. Multinet has stopped paying APC to PTA from 30 September 2009. In the event a clawback is required, the estimated amount as per PTA monthly demand notice from January 2010 to December 2012 is PKR 4.2 billion (2012: PKR4.2 billion).		
Based on legal opinion received, the Board of Directors are of the view that Multinet has good prospects of succeeding on the claim.		
Total exposure	810.7	731.9

The Company does not have any contingent liabilities as at 31 December 2013 and 2012.

37. SIGNIFICANT NON-CASH TRANSACTIONS

Significant non-cash transactions are as follows:

	Group	
	2013	2012
	RM'000	RM'000
Asset swap arrangements	5,044	7,893
Vesting of RSA	2,213	-

38. SEGMENTAL REPORTING

By key operating companies of the Group

Management has determined the operating segments based on the reports reviewed by the Board of Directors (Chief Operating decision maker).

The Board of Directors considers the business from a geographic perspective. The Group's operating companies operate in many countries as shown in Note 40 to the financial statements. Accordingly, the Group's operations by key operating companies are segmented into these main geographic segments: Malaysia, Indonesia, Bangladesh, Sri Lanka and Others. Others comprise of investment holding entities and other operating companies in other countries that contributed less than 10% of consolidated revenue.

The reportable segments derive their revenue primarily from the provision of mobile services, leasing of passive infrastructure, and others such as provision of interconnect services, leased services, pay television transmission services and provision of other data services. Revenue is based on the country in which the customers are located.

The Board of Directors assesses the performance of the operating segment, before its respective tax charge or tax credits, based on a measure of EBITDA. EBITDA is derived after operating revenue less other operating costs, domestic interconnect and international outpayment, marketing, advertising and promotion, and staff costs.

38. SEGMENTAL REPORTING (CONTINUED)

	Malaysia RM'000	Indonesia RM'000	Bangladesh RM'000	Sri Lanka RM'000	Others RM'000	Consolidation adjustments/ eliminations RM'000	Total RM'000
Financial year ended 31 December 2013							
Operating revenue:							
Total operating revenue	8,018,256	6,443,313	1,822,587	1,543,578	676,243	-	18,503,977
Inter-segment*	(7,263)	(34,477)	(490)	(27,308)	(24,259)	(39,339)	(133,136)
External operating revenue	8,010,993	6,408,836	1,822,097	1,516,270	651,984	(39,339)	18,370,841
Results:							
EBITDA	3,452,035	2,712,361	633,769	484,439	(8,403)	(3,078)	7,271,123
Interest income	107,532	32,866	42,107	2,758	140,897	(64,864)	261,296
Interest expense	(214,489)	(371,567)	(25,283)	(16,688)	(155,042)	62,340	(720,729)
Depreciation of PPE	(733,129)	(1,801,946)	(251,993)	(280,309)	(80,379)	51,528	(3,096,228)
Amortisation of intangible assets	(125,508)	(34,878)	(73,656)	(19,294)	(4,750)	(7,705)	(265,791)
Joint ventures:							
- share of results (net of tax)	(1,938)	7,267	-	-	-	-	5,329
Associates:							
- share of results (net of tax)	5,681	-	-	(720)	265,862	-	270,823
- loss on dilution of equity interests	-	-	-	-	-	(21,066)	(21,066)
Impairment of PPE, net of reversal	(4,094)	(8,151)	(6,040)	6,551	-	-	(11,734)
Other non-cash income/(expenses)	15,927	(118,081)	17,303	(22,172)	(55,487)	2,526	(159,984)
Taxation	(419,526)	(108,181)	(186,743)	(27,384)	(45,408)	(7,220)	(794,462)
Segment profit/(loss) for the financial year	2,082,491	309,690	149,464	127,181	57,290	12,461	2,738,577

38. SEGMENTAL REPORTING (CONTINUED)

	Malaysia	Indonesia	Bangladesh	Sri Lanka	Others	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial year ended 31 December 2012 (restated)							
Operating revenue:							
Total operating revenue	7,692,866	6,920,036	1,469,777	1,366,707	318,409	-	17,767,795
Inter-segment*	(8,381)	(45,884)	(311)	(28,327)	(1,237)	(32,038)	(116,178)
External operating revenue	7,684,485	6,874,152	1,469,466	1,338,380	317,172	(32,038)	17,651,617
Results:							
EBITDA	3,360,237	3,315,155	455,842	437,434	(144,239)	68	7,424,497
Interest income	144,647	42,553	10,574	7,447	108,766	(51,642)	262,345
Interest expense	(247,016)	(287,208)	(70,234)	(15,870)	(147,340)	49,869	(717,799)
Depreciation of PPE	(838,778)	(1,737,418)	(218,674)	(255,511)	(32,111)	66,209	(3,016,283)
Amortisation of intangible assets	(84,251)	(23,873)	(53,914)	(5,636)	(444)	-	(168,118)
Joint ventures:							
- share of results (net of tax)	(1,577)	-	-	-	-	-	(1,577)
Associates:							
- share of results (net of tax)	6,995	-	-	(207)	228,162	-	234,950
- loss on dilution of equity interests	-	-	-	-	-	(22,860)	(22,860)
Impairment of PPE (net of reversal)	(86,990)	(5,708)	-	(15,556)	(45,975)	-	(154,229)
Other non-cash income/(expenses)	64,086	(63,631)	37,697	(55,379)	(63,673)	1,768	(79,132)
Taxation	(442,753)	(325,696)	(111,611)	47,711	(30,005)	(19,863)	(882,217)
Segment profit/(loss) for the financial year	1,874,600	914,174	49,680	144,433	(126,859)	23,549	2,879,577

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

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Market risks consist of:

(i) foreign currency exchange risk – risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

(ii) fair value interest rate risk – risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

(iii) cash flow interest rate risk – risk that future cash flows associated with a financial instrument will fluctuate. In the case of a floating rate debt instrument, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.

(iv) price risk – risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instrument traded in the market.

(b) credit risk – risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

(c) liquidity risk (funding risk) – risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Group's and the Company's overall financial risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and the Company. Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to the Group's and the Company's financial risk management policies. The Board of Directors regularly reviews these risks and approves the treasury policies, which covers the management of these risks. Hedging transactions are determined in the light of commercial commitments. Derivative financial instruments are mainly used to hedge underlying commercial exposures.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risks

(i) Foreign currency exchange risk

Group

The foreign exchange risk of the Group predominately arises from borrowings denominated in foreign currencies. The main currency exposure from borrowings denominated in foreign currency is USD. The Group has cross currency interest rate swaps and forward foreign currency contracts that are primarily used to hedge selected foreign currency borrowings to reduce the foreign currency exposures on these borrowings.

The Group has certain investment in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operation is managed primarily through borrowings denominated in the relevant foreign currency and also the use of cross currency swap.

As at 31 December 2013, if USD has strengthen/weakened by 10% against IDR, BDT, SLR and RM with all other variables held constant, this will result in foreign exchange losses/gains to the profit or loss of RM217.0 million for the Group on translation of USD denominated non-hedged borrowings.

Company

The foreign exchange risk of the Company predominately arises from borrowings and advances to subsidiaries treated as quasi investment denominated in USD. The Company has cross currency interest rate swap that is primarily used to hedge the borrowings to reduce the foreign currency exposures.

As at 31 December 2013, if USD has strengthen/weakened by 10% against RM with all other variables held constant, this will result in foreign exchange losses/gains to the profit or loss of RM677.0 million for the Company, on translation of USD denominated advances to subsidiaries treated as quasi investment.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risks (continued)

(ii) Cash flow and fair value interest rate risk

The Group and the Company has deposits, cash and bank balances including deposits placed with creditworthy licensed banks and financial institutions. The Group and the Company manage its interest rate risk by actively monitoring the yield curve trend and interest rate movement for the various deposits, cash and bank balances.

The Group's and the Company's borrowings comprise borrowings from financial and non-financial institutions, Sukuk and Notes. The Group's and the Company's interest rate risk objective is to manage an acceptable level of rate fluctuation on the interest expense. In order to achieve this objective, the Group and the Company target a composition of fixed and floating borrowings based on assessment of its existing exposure and desirable interest rate profile. To obtain this composition, the Group and the Company use hedging instruments such as interest rate swap contracts.

As at 31 December 2013, if interest rate on different foreign currencies denominated floating interest rates non-hedged borrowings had been lower/higher by 5% with all other variables held constant, this will result in a lower/higher interest expense of the Group amounting to RM26.0 million.

(iii) Price risk

The Group is exposed to equity securities price risk because of the investments held by the Group classified on the consolidated statement of financial position as AFS and FVTPL. The Group is not exposed to commodity price risk. No financial instruments or derivatives have been employed to hedge this risk, which is deemed as insignificant.

(b) Credit risk

Credit risk arises from trade receivables, cash and cash equivalents and financial instruments used in hedging activities.

The Group has no significant concentration of credit risk due to its diverse customer base. Credit risk is managed through the application of credit assessment and approval, credit limit and monitoring procedures. Where appropriate, the Group obtains deposits or bank guarantees from customers.

The Group and the Company place its cash and cash equivalents with a number of creditworthy financial institutions. The Group's and the Company policy limit the concentration of financial exposure to any single financial institution.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risks (continued)

All hedging instruments are executed with creditworthy financial institutions with a view to limiting the credit risk exposure of the Group and the Company. The Group and the Company, however, are exposed to credit-related losses in the event of non-performance by counterparties to financial derivative instruments, but do not expect any counterparties to fail to meet their obligations.

The maximum credit risk exposure of the financial assets of the Group and the Company are approximately their carrying amounts as at the end of the reporting period.

The credit quality of the financial assets that are neither past due nor impaired is shown in Note 18 to the financial statements.

The carrying amount of trade receivables that are past due is shown in Note 32 to the financial statements.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient liquid funds to meet its financial obligations.

In the management of liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Group and the Company aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the Group's and the Company's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. As amounts included in the table are contractual undiscounted cash flows, these amounts may not be reconciled to the amounts disclosed on the statement of financial position for borrowings and trade, other payables and derivative financial instruments.

	2013				2012			
	Trade and other payables	Borrowings	Net settled derivative financial instruments	Total	Trade and other payables	Borrowings	Net settled derivative financial instruments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Below 1 year	4,487,311	2,325,058	6,119	6,818,488	3,846,968	2,401,273	7,110	6,255,351
1-2 years	-	3,013,604	3,494	3,017,098	-	2,236,384	4,524	2,240,908
2-3 years	-	1,650,851	1,220	1,652,071	-	2,755,448	1,939	2,757,387
3-4 years	-	2,461,867	-	2,461,867	-	639,540	-	639,540
4-5 years	-	867,378	-	867,378	-	2,285,738	-	2,285,738
Over 5 years	-	4,897,542	-	4,897,542	-	5,070,392	-	5,070,392
Total contractual undiscounted cash flows	4,487,311	15,216,300	10,833	19,714,444	3,846,968	15,388,775	13,573	19,249,316
Total carrying amount	4,487,311	13,436,375	14,127	17,937,813	3,846,968	12,658,062	14,977	16,520,007

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

	2013				2012			
	Other payables	Borrowings	Amounts due to subsidiaries	Total	Other payables	Borrowings	Amounts due to subsidiaries	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company								
Below 1 year	78,834	20,002	680,949	779,785	70,254	30,827	661,610	762,691
1-2 years	-	810,701	-	810,701	-	30,827	-	30,827
2-3 years	-	-	-	-	-	816,113	-	816,113
3-4 years	-	-	-	-	-	-	-	-
4-5 years	-	-	-	-	-	-	-	-
Over 5 years	-	-	-	-	-	-	-	-
Total contractual undiscounted cash flows	78,834	830,703	680,949	1,590,486	70,254	877,767	661,610	1,609,631
Total carrying amounts	78,834	825,234	680,949	1,585,017	70,254	764,691	661,610	1,496,555

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Capital risk management

The primary objective of the Group's capital risk management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder's value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may or may not make dividend payments to shareholders, return capital to shareholders or issue new shares or other instruments.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratios. This ratio is calculated as total borrowings over total equity. Total borrowings including non-current and current borrowings as shown in the consolidated statement of financial position. Total equity is calculated as 'equity' in the consolidated statement of financial position.

	Note	2013	2012
		RM'000	RM'000
Borrowings	16	13,436,375	12,658,062
Total equity		21,379,069	22,007,222
Gearing ratio		0.63	0.58

The Group's capital management strategy was to obtain and maintain an investment grade credit rating.

(e) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identified assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly [that is, as prices] or indirectly [that is, derived from prices] (Level 2).
- Inputs for the asset or liability that are not based on observable market data [that is unobservable inputs] (Level 3).

The Group measured the financial instruments based on published price quotations (Level 1) and market approach valuation technique (Level 2) with inputs of valuation technique such as interest rates and yield curves observable at commonly quoted intervals; implied volatilities; and credit spreads that are observable direct or indirectly as at reporting date.

There were no transfers between Level 1 and Level 2 during the financial year.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

The following table represents the fair value level of the financial assets and liabilities that are measured at fair value as at reporting date.

				2013				2012
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Assets								
Financial assets at FVPTL:								
- Trading securities	8	-	-	8	8	-		8
- Non-hedging derivatives	-	223,972	-	223,972	-	55,708		55,708
- Derivatives used for hedging	-	14,588	-	14,588	-	-	-	-
Financial assets at AFS:								
- Equity securities	-	-	141	141	-	-	892	892
Total assets	8	238,560	141	238,709	8	55,708	892	56,608
Liabilities								
Financial liabilities at FVPTL:								
- Non-hedging derivatives	-	(14,127)	-	(14,127)	-	18,705	-	18,705
- Derivatives used for hedging	-	(95,257)	-	(95,257)	-	175,476	-	175,476
Total liabilities	-	(109,384)	-	(109,384)	-	194,181	-	194,181
Company								
Financial asset/(liability) at FVPTL:								
- Derivatives used for hedging	-	14,588	-	14,588	-	(45,249)	-	(45,249)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of cross currency interest rate swaps and interest rate swaps is calculated as the present value of the estimated future cash flows based on observable market curves; and
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.

(iii) Financial instruments in level 3

The movement of the financial instruments in level 3 has no material impact to the results of the consolidated financial statements.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) Offsetting financial assets and financial liabilities

The following financial assets and financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

	Gross amounts RM'000	Gross amounts of recognised (financial liabilities)/ financial assets set off RM'000	Net amounts RM'000
Group			
2013			
Trade receivables	321,839	(110,611)	211,228
Trade payables	(277,601)	164,114	(113,487)
2012			
Trade receivables	262,492	(192,170)	70,322
Trade payables	(235,286)	111,219	(124,067)

AXIATA GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

40. LIST OF SUBSIDIARIES

The Group had the following subsidiaries as at 31 December 2013:

Name of company	Proportion of ordinary shares directly held by the parent (%)	Proportion of ordinary shares directly held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities	Country and place of incorporation
Axiata Investments (Labuan) Limited	100.0	100.0	-	Investment holding	Federal Territory, Labuan, Malaysia
Axiata Investments 1 (India) Limited [1]	100.0	100.0	-	Investment holding	Mauritius
Hello Axiata Company Limited [1]	100.0	100.0	-	Mobile telecommunication services	Cambodia
Axiata Management Services Sdn Bhd	100.00	100.00	-	Provision of services under Axiata's Service Assurance Centre to telecommunication service providers	Malaysia
Celcom Axiata Berhad	100.0	100.0	-	Telecommunication network capacity, infrastructure and services	Malaysia
Axiata Investments (Singapore) Limited	100.0	100.0	-	Investment holding	Federal Territory, Labuan Malaysia
Axiata SPV1 (Labuan) Limited	100.0	100.0	-	Financing	Federal Territory, Labuan, Malaysia
Axiata Foundation [4]	-	-	-	Develop and nurture talent pool and foster, develop and improve education	Malaysia
Axiata SPV2 Berhad	100.0	100.0	-	Financing	Malaysia
edotco Group Sdn Bhd [formerly known as Axiata SPV3 Sdn Bhd]	100.0	100.0	-	Investment holding	Malaysia
Axiata Investments (Cambodia) Limited	100.0	100.0	-	Investment holding	Federal Territory, Labuan, Malaysia

40. LIST OF SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 December 2013: (continued)

Name of company	Proportion of ordinary shares directly held by the parent (%)	Proportion of ordinary shares directly held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities	Country and place of incorporation
Subsidiaries held through Axiata Investments (Labuan) Limited					
Dialog Axiata PLC [1]	-	84.97	15.03	Telecommunication services, infrastructure and e-commerce	Sri Lanka
Axiata Investments (Mauritius) Limited [1]	-	100.0	-	Dormant	Mauritius
Robi Axiata Limited [2]	-	91.59	8.41	Mobile telecommunication services	Bangladesh
Axiata Lanka (Private) Limited [1]	-	100.0	-	Property development and letting of property for commercial purposes	Sri Lanka
Multinet Pakistan (Private) Limited [2]	-	89.0	11.0	Cable television services, information technology and multimedia services	Pakistan

40. LIST OF SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 December 2013: (continued)

Name of company	Proportion of ordinary shares directly held by the parent (%)	Proportion of ordinary shares directly held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities	Country and place of incorporation
Axiata Investments (Indonesia) Sdn Bhd	-	100.0	-	Investment holding	Malaysia
Subsidiaries held through Axiata Investments (Indonesia) Sdn Bhd					
PT XL Axiata Tbk [1]	-	66.48	33.52	Mobile telecommunication services	Indonesia
Subsidiaries held through PT XL Axiata Tbk					
Excelcomindo Finance Company BV [1]	-	66.48	33.52	Financing	Netherlands
GSM One (L) Limited [1]	-	66.48	33.52	Financing	Federal Territory, Labuan Malaysia
GSM Two (L) Limited [1]	-	66.48	33.52	Financing	Federal Territory, Labuan Malaysia
Subsidiaries held through Dialog Axiata PLC					
Dialog Broadband Networks (Private) Limited [1]	-	84.97	15.03	Data and backbone, fixed wireless and transmission infrastructure	Sri Lanka
Dialog Television (Private) Limited [1]	-	84.97	15.03	Television broadcasting generated services and direct –to –home satellite pay television services	Sri Lanka

40. LIST OF SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 December 2013: (continued)

Name of company	Proportion of ordinary shares directly held by the parent (%)	Proportion of ordinary shares directly held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities	Country and place of incorporation
Subsidiaries held through Dialog Television (Private) Limited					
Communiq Broadband Network(Private) Limited [1]	-	84.97	15.03	Dormant	Sri Lanka
Dialog Television Trading (Private) Limited [1]	-	84.97	15.03	Trading of electronic consumer products	Sri Lanka
Subsidiary held through Dialog Broadband Networks (Private) Limited					
Telecard (Private) Limited [1]	-	84.97	15.03	Dormant	Sri Lanka
Subsidiary held through Robi Axiata Limited					
edotco Bangladesh Co Ltd (formerly known as Bangladesh Infrastructure Company Limited [2]	-	91.59	8.41	Telecommunication infrastructure and services	Bangladesh
Subsidiary held through Axiata Investments 1 (India) Limited					
Axiata Investments 2 (India) Limited [1]	-	100.0	-	Investment holding	Mauritius

40. LIST OF SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 December 2013: (continued)

Name of company	Proportion of ordinary shares directly held by the parent (%)	Proportion of ordinary shares directly held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities	Country and place of incorporation
Subsidiaries held through Axiata Investments (Cambodia) Limited					
Glasswool Holdings Limited	-	90.0	10.0	Investment holding	Federal Territory, Labuan, Malaysia
Subsidiaries held through Celcom Axiata Berhad					
Celcom Mobile Sdn Bhd	-	100.0	-	Mobile communication , network and application services and content	Malaysia
Celcom Networks Sdn Bhd	-	100.0	-	Network telecommunication, capacity and services	Malaysia
Celcom Properties Sdn Bhd	-	100.0	-	Property investment	Malaysia
Escape Axiata Sdn Bhd	-	100.0	-	Over-The-Top and other on demand content services	Malaysia
Celcom Retail Holding Sdn Bhd [3]	-	100.0	-	Strategic and business development, management, administrative, support services and investment holding	Malaysia
Celcom Intelligence Sdn Bhd	-	100.0	-	Ceased operations	Malaysia
Celcom Timur (Sabah) Sdn Bhd	-	80.0	20.0	Fibre optic transmission network services	Malaysia
Celcom eCommerce Sdn Bhd	-	100.0	-	Electronic wallet services	Malaysia
Celcom Resources Berhad	-	100.0	-	Investment holding	Malaysia

40. LIST OF SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 December 2013: (continued)

Name of company	Proportion of ordinary shares directly held by the parent (%)	Proportion of ordinary shares directly held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)	Principal activities	Country and place of incorporation
Subsidiary held through Celcom Retail Holding Sdn Bhd					
Celcom Retail Sdn Bhd	-	100.0	-	Trading and distribution of communication devices and related products and managing retail stores	Malaysia
Subsidiaries held through Celcom Resources Berhad					
Celcom Trading Sdn Bhd [3]	-	100.0	-	Dealing in marketable securities	Malaysia
edotco Malaysia Sdn Bhd [formerly known as Celcom Services Sdn Bhd] [3]	-	100.0	-	Telecommunication infrastructure and services	Malaysia
Subsidiary of Glasswool Holdings Limited					
Smart Axiata Co. Ltd [1]	-	90.0	10.0	Mobile telecommunication services	Cambodia
Subsidiary held through Smart Axiata Co. Ltd					
edotco (Cambodia) Co., Ltd [formerly known as Axiata Towers (Cambodia) Company Limited] [1]	-	90.0	10.0	Telecommunication infrastructure and services	Cambodia

40. LIST OF SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 December 2013: (continued)

[1] Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia

[2] Audited by a firm other than a member firm of PricewaterhouseCoopers International Limited

[3] Inactive as at 31 December 2013.

[4] In accordance with IC 112-Consolidation: “Special Purpose Vehicles”, AF is consolidated in the Group as the substance of the relationship between the Company and the special purpose entity indicates that the entity is controlled by the Company.

41. LIST OF ASSOCIATES

The investments in associates are as follows:

Name of company	Group's effective shareholding 2013 (%)	Group's effective shareholding 2012 (%)	Principal activities	Country and place of incorporation
Samart I-Mobile Public Company Limited ("SIM")	24.08	24.40	Mobile phone distributor accessories, and bundled with content	Thailand
Associate held through Axiata Investments (Labuan) Limited				
Mobile Telecommunication Company of Esfahan ~	-	49.00	Mobile telecommunication services	Iran
Associate held through Celcom Axiata Berhad				
Sacofa Sdn Bhd	15.12	15.12	Telecommunication infrastructure and services	Malaysia

~ The disposal was completed during the financial year as disclosed in Note 34(b) to the financial statements

41. LIST OF ASSOCIATES (CONTINUED)

Name of company	Group's effective shareholding 2013 (%)	Group's effective shareholding 2012 (%)	Principal activities	County and place of incorporation
Associate held through Axiata Investments (Singapore) Limited				
M1 Limited	28.74	29.06	Mobile telecommunication services, sales of telecommunication equipment and accessories	Singapore
Associate held through Axiata Investments 1 (India) Limited and Axiata Investments 2 (India) Limited				
Idea Cellular Limited	19.90	19.93	Mobile telecommunication services	India
Associates held through Dialog Axiata PLC				
Firstsource Dialog Solutions (Private) Limited	22.09	22.09	Information technology enabled services	Sri Lanka
Digital Commerce Lanka (Pvt) Ltd	24.06	22.09	e-commerce	Sri Lanka

All associates have co-terminous financial year end with the Group and the Company except for MTCE with financial year ended on 20 March and Idea with financial year ended on 31 March.

42. LIST OF JOINT VENTURES

The investments in joint ventures are as follows:

Name of company	Group's effective shareholding 2013 (%)	Group's effective shareholding 2012 (%)	Principal activities	County and place of incorporation
Joint ventures held through Celcom Axiata Berhad				
PLDT Malaysia Sdn Bhd	49.00	49.00	Mobile virtual network operator	Malaysia
Digital Milestone Sdn Bhd [1]	51.00	51.00	Special purpose investment company	Malaysia
Tune Talk Sdn Bhd ("Tune Talk") [2]	35.00	35.00	Mobile communication services	Malaysia
Joint venture held through PT XL Axiata Tbk				
PT XL Planet Digital	33.24	-	e-commerce	Indonesia

[1] Winding up in progress as disclosed in Note 5(b)(v) to the financial statements.

[2] Assessment of the impact of MFRS 10 and MFRS 11 on Tune Talk requires Tune Talk to be classified as joint venture. The reclassification has no significant impact to the Group.

43. RELATED PARTY TRANSACTIONS

All related party transactions were entered into in the normal course of business and at prices available at negotiated terms. The names of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of MFRS 124: "Related Party Disclosure".

The Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are related parties of the Group. The Government of Malaysia has significant influence over the Group. The Group enters into transactions with many of these bodies, which includes but is not limited to:

– receiving telecommunications services, including interconnection revenue/charges
– purchasing of goods, including use of public utilities and amenities, and
– placing of bank deposits

The Group has established its procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

The Group provides telecommunications services as part of its ordinary operations.The Group has collectively, but not individually significant transactions with Government-related entities. These telecommunication services are carried out on commercial terms that are consistently applied to all customers.

43. RELATED PARTY TRANSACTIONS (CONTINUED)

The nature of transactions and relationship with related parties are as follows:

Related parties	Nature of the relationship with related parties	Nature of transactions
Idea	Associate	International roaming revenue and charges
M1	Associate	International roaming revenue and charges
Sacofa	Associate	Sales of prepaid cards, leaseline, charges, maintenance fees and others
Tune Talk	Associate	Sale of postpaid MVNO minutes
Firstsource Dialog Solution (Private) Limited	Associate	Call center charges
Planet Digital	Joint venture	Leaseline revenue
Celcom	Subsidiary	Dividends, technical and management services
Dialog	Subsidiary	Technical and management Services
XL	Subsidiary	Technical and management services
Robi	Subsidiary	Technical and management services
Smart	Subsidiary	Technical and management services
SIM	Associate	Dividends, technical and management services
AIL	Subsidiary	Advances treated as quasi-investment
AI1	Subsidiary	Advances treated as quasi-investment
AI2	Subsidiary	Advances treated as quasi-investment
AIS	Subsidiary	Advances

43. RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel are the persons who have authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. Key management personnel of the Group and the Company include the Senior Leadership Team who report directly to the Group Chief Executive Officer.

Whenever exist, related party transactions also includes transaction with entities that are controlled, joint ventures or significantly influenced directly by any key management personnel or their close family members.

In addition to related party transactions and balances mentioned elsewhere in the financial statements, set out below are significant related party transactions and balances which were carried out on terms and conditions negotiated amongst the related parties.

		Group		Company	
		2013	2012	2013	2012
		RM'000	RM'000	RM'000	RM'000
(a)	Sale of goods and services associates:				
	- International roaming revenue	17,739	23,713	-	-
	- Telecommunication services	138,139	126,200	-	-
		155,878	149,913	-	-
(b)	Purchase of goods and services associates:				
	- Interconnection charges	15,141	15,187	-	-
	- Leaseline charges, maintenance and others	51,900	65,673	-	-
		67,041	80,860	-	-
(c)	Intercompany service agreement:				
	- Technical and management services	-	-	49,577	30,728
(d)	Dividends received from subsidiaries/associates	-	-	2,309,871	3,094,875
(e)	Advances (from)/to subsidiaries (net of repayment)	-	-	(148,616)	477,662

The outstanding balances as at reporting date are disclosed in Note 26 and Note 31 to the financial statements.

43. RELATED PARTY TRANSACTIONS (CONTINUED)

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
(f) Key management compensation short term employee benefits :				
- Salaries, allowances and bonus	19,444	17,930	19,444	17,930
- Ex-gratia payments	-	150	-	150
- Contribution to EPF	2,400	2,375	2,400	2,375
- Estimated money value of benefits	246	232	246	232
- Other staff benefits	654	826	654	826
Share- based compensation				
- ESOS and RSA expenses	5,236	5,795	5,236	5,795

Included in key management compensation is the Executive Directors' remuneration of the Company as disclosed in Note 7(c) to the financial statements.

44. DIVIDENDS

	Tax exempt dividend under single tier system					
	2013			2012		
	Type	Per ordinary share of RM1 each	Aggregate total	Type	Per ordinary share of RM1 each	Aggregate total
		Sen	RM'000		Sen	RM'000
In respect of financial year ended 31 December:						
- 2011	-	-	-	Final	15	1,273,698
- 2012	Final	15	1,279,305	Interim	8	680,577
- 2012	Special	12	1,023,444	-	-	-
- 2013	Interim	8	682,976	-	-	-
		35	2,985,725		23	1,954,275

The Board of Directors have recommended a final tax exempt dividend under the single tier system of 14 sen per ordinary share of RM1 each of the Company in respect of financial year ended 31 December 2013 amounting to a total of RM1,195.7 million, based on the issued and paid-up capital of the Company as at 31 December 2013. The proposed dividend is subject to approval by the shareholders at the forthcoming AGM.

45. EVENT AFTER REPORTING PERIOD

(a) Proposed acquisition of PT Axis Telekom Indonesia ("Axis")

XL had on 26 September 2013 entered into a conditional sale and purchase agreement ("SPA") with Saudi Telecom Company ("STC") and Teleglobal Investments B.V. ("Teleglobal"), a 100.0% owned subsidiary of STC, to purchase (or procure the purchase of) the entire issued and paid up share capital of Axis for a cash consideration of USD100 or RM323. As part of the consideration, XL will procure the repayment of approximately USD865.0 million (equivalent to approximately RM2,792.7 million) of Axis' indebtedness.

The proposed acquisition is conditional upon the conditions set out in the SPA being fulfilled or waived. These include regulatory approvals which are beyond the control of Teleglobal, STC and XL. The proposed acquisition has yet to be completed at the date of this report.

XL had on 29 November 2013 received the written approval from the Ministry of Communications and Informatics of Indonesia for the proposed acquisition, which would result in the merger of XL and Axis.

XL had on 5 February 2014 received the approval from its shareholders for the proposed acquisition and the merger plan of XL and Axis.

SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA SECURITIES LISTING REQUIREMENTS

The following analysis of realised and unrealised retained profits/(accumulated losses) is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to “Bursa Securities” Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure is based on the prescribed format by the Bursa Securities.

	Group		Company	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Total retained profit/ (accumulated losses):				
- realised	10,138,985	10,975,875	4,517,274	5,561,980
- unrealised	(1,256,195)	(1,211,185)	438,538	(177,292)
	8,882,790	9,764,690	4,955,812	5,384,688
Total retained profit/ (accumulated losses from joint ventures:				
- realised	3,752	(1,577)	-	-
Total retained profit/ (accumulated losses) from associates:				
- realised	1,136,282	799,449	-	-
- unrealised	(180,891)	(93,492)	-	-
	955,391	705,957	-	-
	9,841,933	10,469,070	4,955,812	5,384,688
Less: consolidation adjustments	(519,173)	(769,268)	-	-
Total consolidated retained profits	9,322,760	9,699,802	4,955,812	5,384,688

The disclosure above is solely for compliance with the directive issued by the Bursa Securities and should not be used for any other purpose.

Company No.

242188	H

AXIATA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT 1965

We, Tan Sri Dato' Azman Hj. Mokhtar and Dato' Sri Jamaludin Ibrahim, two of the Directors of Axiata Group Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 8 to 178 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the financial year then ended.

The information set out on page 179 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 19 February 2014.

TAN SRI DATO' AZMAN HJ. MOKHTAR DIRECTOR	DATO' SRI JAMALUDIN IBRAHIM DIRECTOR

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, James Carl Grinwis Maclaurin, being the person primarily responsible for the financial management of Axiata Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 8 to 178 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

JAMES CARL GRINWIS MACLAURIN

Subscribed and solemnly declared by the above named James Carl Grinwis Maclaurin at Kuala Lumpur in Malaysia on 19 February 2014, before me.

PESURUHJAYA SUMPAH
No: W 626
Nama: HAJJAH JAMILAH ISMAIL
MALAYSIA

COMMISSIONER FOR OATHS

Lot 5.30, Tingkat 5
Wisma Central
Jalan Ampang
50450 Kuala Lumpur

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AXIATA GROUP BERHAD

(Incorporated in Malaysia)
(Company No. 242188 H)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Axiata Group Berhad on pages 8 to 178, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 45.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AXIATA GROUP BERHAD

(Incorporated in Malaysia)
(Company No. 242188 H)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 40 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) The audit reports on the financial statements of the subsidiaries did not contain any material qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 179 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
AXIATA GROUP BERHAD
(Incorporated in Malaysia)
(Company No. 242188 H)

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

NURUL A'IN BINTI ABDUL LATIF
(No.2910/02/15 (J))
Chartered Accountant

Kuala Lumpur
19 February 2014