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AXIATA GROUP BERHAD ANNUAL REPORT (242188-H)

2011

Axiata Group Berhad (242188-H)
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Malaysia

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axiata
advancing asia

Annual Report 2011

axiata
advancing asia

Axiata Group Berhad (242188-H)

axiata
advancing asia

RM16.4 BILLION
REVENUE

RM2.7 BILLION
PAT

10
COUNTRIES

25,000
EMPLOYEES

200 MILLION
SUBSCRIBERS

celcom
MALAYSIA

XL
INDONESIA

Dialog
SRI LANKA

robi
BANGLADESH

hello
CAMBODIA

!dea
INDIA

m1
SINGAPORE

i-mobile by SAMART
THAILAND

multinet
PAKISTAN

MTCE
Mobile Telecommunications Company Of Esfahan
IRAN

CONTENTS

Unless otherwise stated, all information contained in this Annual Report is as at 31 March 2012.

FINANCIAL CALENDAR 2011

QUARTERLY RESULTS

31 May 2011
(Tuesday)
Unaudited consolidated results for the 1st quarter ended 31 March 2011

23 August 2011
(Tuesday)
Unaudited consolidated results for the 2nd quarter and half-year ended 30 June 2011

30 November 2011
(Wednesday)
Unaudited consolidated results for the 3rd quarter ended 30 September 2011

23 February 2012
(Thursday)
Audited consolidated results for the 4th quarter ended 31 December 2011

NOTICE OF 20TH ANNUAL GENERAL MEETING AND ISSUANCE OF ANNUAL REPORT 2011

30 April 2012
(Monday)

20TH ANNUAL GENERAL MEETING

23 May 2012
(Wednesday)

DIVIDENDS

9 May 2011
(Monday)
Notice of Book Closure for Final Tax Exempt Dividend under Single Tier System of 10 sen per Ordinary Share of RM1.00 each

8 June 2011
(Wednesday)
Date of Entitlement for Final Tax Exempt Dividend under Single Tier System of 10 sen per Ordinary Share of RM1.00 each

22 June 2011
(Wednesday)
Payment of Final Tax Exempt Dividend under Single Tier System of 10 sen per Ordinary Share of RM1.00 each

7 October 2011
(Friday)
Notice of Book Closure for Interim Tax Exempt Dividend under Single Tier System of 4 sen per Ordinary Share of RM1.00 each

24 October 2011
(Monday)
Date of Entitlement for Interim Tax Exempt Dividend under Single Tier System of 4 sen per Ordinary Share of RM1.00 each

21 November 2011
(Monday)
Payment for Interim Tax Exempt Dividend under Single Tier System of 4 sen per Ordinary Share of RM1.00 each

CORPORATE INFORMATION

BOARD OF DIRECTORS

Chairman
Non-Independent Non-Executive Director
TAN SRI DATO' AZMAN HJ. MOKHTAR

Managing Director/President & Group Chief Executive Officer
DATO' SRI JAMALUDIN IBRAHIM

Independent Non-Executive Director
TAN SRI GHAZZALI SHEIKH ABDUL KHALID

Senior Independent Non-Executive Director
DATUK AZZAT KAMALUDIN

Independent Non-Executive Director
JUAN VILLALONGA NAVARRO

Independent Non-Executive Director
DAVID LAU NAI PEK

Independent Non-Executive Director
DR MUHAMAD CHATIB BASRI

Non-Independent Non-Executive Director
KENNETH SHEN

INDEPENDENT MEMBER OF BOARD COMMITTEES

Independent Member
ANN ALMEIDA

GROUP COMPANY SECRETARY	SURYANI HUSSEIN (LS0009277)
REGISTERED OFFICE	Level 5, Axiata Centre, 9 Jalan Stesen Sentral 5 Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia Tel: +60 3 2263 8888 Fax: +60 3 2263 8903
SHARE REGISTRAR	**Tricor Investor Services Sdn Bhd** (Company No. 118401-V) Level 17, The Gardens North Tower, Mid Valley City Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia Tel: +60 3 2264 3883 Fax: +60 3 2282 1886 Email: is.enquiry@my.tricorglobal.com
AUDITORS	**PricewaterhouseCoopers** (AF: 1146) Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, 50470 Kuala Lumpur Malaysia. Tel: +60 3 2173 1188 Fax: +60 3 2173 1288
WEBSITE	www.axiata.com
INVESTOR RELATIONS	Tel: +60 3 2263 8801 Fax: +60 3 2278 3337 Email: ir@axiata.com
STOCK EXCHANGE LISTING	**Listed on Main Market of Bursa Malaysia Securities Berhad** Listing Date : 28 April 2008 Stock Date : 6888 Stock Name : Axiata Stock Sector : Trading/Services

RAISING THE BAR

Axiata is focused on its journey of transformation and is continuously raising the bar to ensure its sustainability. Axiata has grown in leaps and bounds and is on its way towards achieving its vision to be a Regional Champion by 2015.

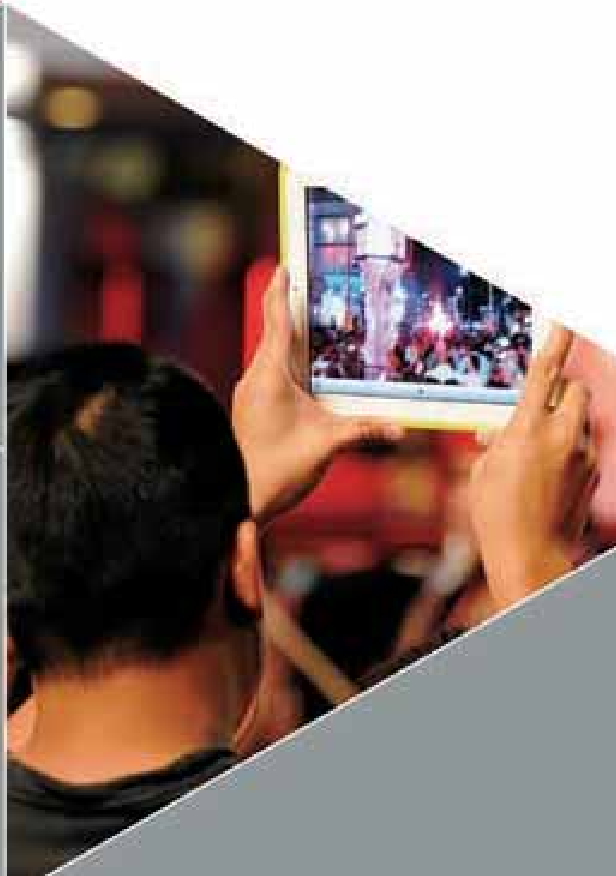
CHAIRMAN'S STATEMENT

TAN SRI DATO' AZMAN HJ. MOKHTAR
CHAIRMAN

200 million SUBSCRIBERS

DEAR SHAREHOLDERS,

Axiata continued to make great strides towards achieving its regional ambitions and transforming itself into a new generation telecommunications company. The year's significant achievements were made against a backdrop of intensifying competition and increasingly challenging market conditions. It also was a year where we saw further uncertainty in the global economy with the USD weakening and the RM strengthening against most other currencies and thus affecting our results.



CHAIRMAN'S STATEMENT

Alongside this, our traditional revenues saw a decline with voice slowing at a faster rate than expected. Amidst this difficult landscape, data emerged as a new area of growth with both Celcom and XL seeing solid traction in the segment. Axiata managed to strengthen its position in its various markets and improve its capacity for innovation as we prepare ourselves for the new digital age. 2011 was a year where Axiata proved it could swiftly adapt to a rapidly changing industry.

Despite these conditions, I am pleased to report that your company managed to navigate the difficult terrain and close the year in a position of strength. The Group's cash position at the end of the year increased from RM6.3 billion to RM6.6 billion and ROIC improved from 11.8% to 12.2%. Diversification saw further progress with 56% of revenue now generated outside of Malaysia.

Revenue grew by 5% YoY, 7.5% excluding the effects of foreign exchange movements, to RM16.4 billion and PAT surged by 28% to RM2.7 billion. 2011 was also the year when the Group, through its subsidiaries and associates, touched 200 million subscribers in 10 countries, truly a regional footprint we can all be proud of.

I was also very encouraged to see significant strengthening of our balance sheet which saw Axiata's gross debt to EBITDA ratio now at 1.6x, representing one of the healthiest balance sheets in the industry. In light of this, together with the Group's strong performance in 2011, Axiata announced an accumulative increased payout in dividends of 19 sen per share (single tier including interim dividend of 4 sen per share paid in 2011), representing a 60% payout ratio which is double the 32% from last year.

The Group is extremely mindful of balancing returns to shareholders together with facilitating future growth and maintaining a healthy financial position

The final dividend, based on the group's normalised PATAMI, is subject to the approval of the shareholders at the forthcoming annual general meeting.

We will continue with our policy of progressively increasing the payout ratio. At the same time, the Group is extremely mindful of balancing returns to shareholders together with facilitating future growth and maintaining a healthy financial position. With this in mind, and consistent with our policy as a guidance for next year, it is our intention to increase the payout ratio to approximately 65%, subject to a number of factors. This includes 2012 overall actual financial performance, capital requirements and growth expansion strategies as well as dividends received from subsidiaries.

The market recognised these efforts and our share price outperformed the Kuala Lumpur Composite Index for the second consecutive year.

Alongside our focus on financial results, Axiata remained committed to our role in nation development and advancing Asia. January 2012 saw the official launch of our corporate responsibility programme, the Axiata Young Talent Programme (YTP).

Axiata will be investing at least RM100 million for the programme through the Axiata Foundation, sponsoring high performing, well-rounded students at leading academic institutions in Malaysia and elsewhere in the world. With talent development being one of the three pillars of Axiata, we are excited to be able to nurture young minds and develop these individuals with the appropriate skills to ensure that these talented students realise their full potential. It is our hope that these young individuals will be highly successful and be the pride of Axiata. Starting in Malaysia, we are now looking to extend Axiata's YTP to our other markets.

Our targets go beyond financial measures. Axiata's economic, technological and social contributions aim to push the countries in which we operate to higher income levels, with the creation of world class processes, services and talent for our sustainable growth. Axiata's future is closely linked to the economic and social well-being of these countries and we aim to make a real difference to people's lives and help to transform the economies. Telecommunications is a strategic enabler for socio-economic advancement and ultimately economic growth. According to a recent World Bank report, for every 10 percentage point increase in mobile penetration, there will be a 0.81 percentage point increase in GDP per capita in low and middle-income countries.

CHAIRMAN'S STATEMENT

Our focus on developing human capital remains at the top of our agenda. Both the Board and senior management are committed to ensure that not only do we have the best management teams across the Group, but that we also develop future leaders of the Group. With this in mind, the year also saw Axiata further strengthening our leadership pipeline. We now have more than 100 senior management professionals, across all OpCos identified as part of our overall talent pipeline. Out of this, 14 are now deployed across our footprint.

The Board remains fully committed to maintain transparency and accountability as part of good corporate governance and practices. Axiata plays a pivotal role in ensuring this across the Group, towards the protection of Axiata's shareholders and minority shareholders/partners. We have very clear and detailed guidelines and a code of conduct for effective communications as well as a fair and transparent procurement policy, adopting latest best practices. Whilst governance practices may vary, based on the individual country in which we are operating, the Board's principles in managing in an ethical and transparent manner remain universal.

Looking ahead, Axiata will continue to face challenges, both from an economic and industry perspective, but we believe we are in a good position to face them.

The financial turmoil generated by the intensification of the fiscal crisis in Europe has spread to both developing and high-income countries However, Axiata is financially sound with RM6.6 billion cash with recurring cash flow generation. Added to this, the telecommunications industry is generally resilient. During the 2008 crisis for example, we did not see any contraction in our core voice and messaging revenues. It is conceivable that a global slowdown may impact the growth of personal mobile broadband for example, discretionary mobile such as second broadband lines. This could slow growth marginally in our more developed markets such as Malaysia and Singapore, but overall we remain cautiously confident that our business will remain robust even in these trying economic times.

The global mobile industry is a rapidly changing one. Devices, consumer behaviour, network technologies, content and services as well as increasing competition from both traditional and non-traditional sectors are changing at a furious pace as the global economy becomes increasingly digitalised. This presents a challenge as well as an opportunity at the same time for the Group, as more and more devices able to connect to the internet are made available. The internet is growing at a rapid rate in developing countries, 25% for the past five years in developing countries as compared to 5% in developed markets. This is partly due to the high rates of adoption of mobile phones in developing countries which have increased from 53% of worldwide mobile subscriptions in 2005 to over 70% in 2011. Many internet users also are gaining access to the internet through mobile devices. The Group is preparing itself for this new connected world as more industries such as finance, government and entertainment are made available through digital applications leading to an exponential growth in data traffic. This factor, together with the low average age of our markets, bodes well for Axiata.

The Group is financially sound, with stable cash flow generation and strong performances from our regional OpCos. We have the right assets and experience to ensure we stay ahead of the industry and deliver attractive returns to shareholders. In light of these factors, I believe Axiata is on track to meet its vision of becoming a regional champion and is ready to take on any challenges coming its way.

I would like to express my gratitude to Dr. Farid Mohamed Sani, who retired from the Board. Dr. Farid was absolutely instrumental in the founding of Axiata and the demerger from TM that preceded it. Axiata appreciates his invaluable leadership and contributions during his tenure with the Group and wishes him well in his new role. This year, we welcomed Mr Kenneth Shen as a non-independent, non-executive director, who brings with him more than 25 years' experience in global investment, corporate finance and mergers and acquisitions, gained in New York, Hong Kong and Qatar.

Axiata is on track to meet its vision of becoming a Regional Champion and is ready to take on any challenges coming its way

His wealth of global experience and knowledge will be an important addition to Axiata's Board, providing us with a fresh perspective as we move towards our goal of becoming a regional champion.

Together with the change in the Board, we also appointed a new Group Chief Financial Officer, James Maclaurin. We have been strengthening our organisation by bringing in world class talent at all levels and we welcome James to the Axiata team.

As always, I thank shareholders for your continued support and trust. I would also like to take this opportunity to thank the Board, Management, led very ably by the GCEO Dato' Sri Jamaludin Ibrahim, and employees for 2011's significant achievements. None of our successes would have been possible without their dedication and professionalism in their relentless pursuit for operational excellence and raising the bar for the competition.

In this aspect, I am especially pleased to share that Axiata was awarded the Frost & Sullivan Asia Pacific ICT Award for Best Telecommunications Group for the third consecutive year in 2011. We also won Telecom Asia Best Regional Mobile Group for the second consecutive year.

In addition, our Indonesian operations, XL, took the prize for Best Emerging Market Carrier whilst CEO, Hasnul Suhaimi, was voted Telecommunications CEO of the Year for his performance at the helm of the company. I am also happy to note that our continued focus and strict adherence to good corporate governance saw the Group winning two awards at the Malaysian Corporate Governance (MCG) Index Awards 2011. Axiata was one of only 16 publicly listed companies which made the A+ list, winning a 'Distinction Award'.

2011 also saw Axiata make the Forbes Asia's Fab 50 list, the only Malaysian company to do so. Picked from a list of 1,073 companies, the list takes into account companies with exceptional track records for revenue, results, return on capital (ROC), outlook and shareprice, amongst other things.

These are but a few of among the many more accolades across the Group and are tremendous acknowledgements and well deserved, given that it has only been three short years since Axiata came into being as a new identity.

It thus gives me great pleasure to present Axiata's Annual Report 2011.

TAN SRI DATO' AZMAN HJ. MOKHTAR
CHAIRMAN

PRESIDENT & GCEO'S BUSINESS REVIEW

DATO' SRI JAMALUDIN IBRAHIM
MANAGING DIRECTOR/PRESIDENT &
GROUP CHIEF EXECUTIVE OFFICER

Another strong year

DEAR SHAREHOLDERS,

2011 proved to be another good year for the Group, ending the year with a PAT of RM2.7 billion, despite a slow start and amidst difficult market conditions. Our OpCos performed well, especially against industry, ending the year with a strong momentum into 2012.

PRESIDENT & GCEO'S BUSINESS REVIEW

We are particularly pleased with XL's and Dialog's all-round excellent performance, Celcom's profitability as well as Robi's revenue growth

GROUP PERFORMANCE REVIEW

Aggressive execution by all OpCos saw positive quarterly revenue trends continuing with the Group recording annual revenue growth of 5% to RM16.4 billion. Revenue was impacted by translation loss due to the weakening currencies outside of Malaysia. Excluding forex fluctuations, revenue growth would have been 7.5%. The robust performance was on the back of higher data usage in key markets particularly at Celcom and XL, and subscriber growth at Dialog and Robi.

The Group's EBITDA growth remained steady at 1% to RM7.1 billion, 3% without forex fluctuations, due to the growth in data and broadband at Celcom and XL in particular. Margins dipped by 1.9 percentage points due to aggressive network roll-out at Celcom and XL to support future growth in data.

PAT in the period was up 28% to RM2.7 billion whilst PATAMI was up by 33% to RM2.3 billion. Celcom in particular, saw normalised PATAMI increasing by 11%. After adjusting for exceptional items, such as impairment, forex and one-off gains on disposal/merger, normalised Group PATAMI was up by 2%.

The Group's total subscriber base expanded to close to 200 million, up 25% from a year ago, growing an average of 3.3 million per month, making the Group one of the largest telecommunications companies in the region.

Axiata ended the year in a position of strength with RM6.6 billion in cash, balance sheet significantly strengthened, and Axiata's gross debt to EBITDA ratio now at 1.6x.

OPERATING COMPANIES REVIEW

Our OpCos continue to perform well in most metrics in 2011, especially against industry. Despite the challenges faced in the first half, such as slower than expected industry growth, changes in revenue mix as well as the strengthening Ringgit, the Group ended the year in a position of strength, demonstrating our ability to respond and navigate our way through increasingly difficult market conditions.

We are particularly pleased with XL's and Dialog's all-round excellent performance, Celcom's profitability as well as Robi's revenue growth. Our performance resulted in strong balance sheets, not only at Group level but all major OpCos.

Hello in Cambodia saw improved performance, with subscriber base doubling, despite the highly competitive market.

Idea, our Indian affiliate, continued to post strong results, maintaining its strong position of the previous year. Despite hyper competition and exacting regulatory conditions, Idea remained one of the best performers in a challenging market. M1, in Singapore, maintained its strong position in the year.

I am happy to report that the continued positive performances seen across the Group in 2011 has enabled us to increase dividends at the Group as well as XL and Dialog.

PRESIDENT & GCEO'S BUSINESS REVIEW

Malaysia – Positive Data Trends Continue

Celcom closed the year with the highest ever PATAMI. Even in a relatively mature market, Celcom saw a robust 6% growth in revenue, driven by data and mobile broadband, to RM7.2 billion. Advanced data grew 26% YoY amounting to a 21% contribution to revenue.

Celcom defended its market leadership in mobile broadband closing the year with 937,000 subscribers, a growth of 9% YoY, making Celcom the undisputed market leader. Good take up of smartphones and tablets drove data usage which increased in the same period. At 4.6 million, data users now represent 38% of Celcom's total subscribers.

Celcom saw excellent growth traction in total subscribers, via successful voice resuscitation initiatives. Favourable take up of usage stimulation campaigns saw Celcom adding 542,000 subscribers in the fourth quarter.

EBITDA for the period rose 2%[1] to RM3.3 billion, from aggressive pursuit of smart spend initiatives. Celcom continued to generate healthy cash balance and saw double digit PATAMI growth, the highest profit to-date, of RM1.8 billion. Excluding allocated charges, normalised PATAMI surpassed the RM2 billion mark.

For 2012, Celcom will enhance its focus on mobile data. Work has already begun on improving network quality and capacity for better customer data experience. The company will also be driving greater cost efficiencies with a high focus on network infrastructure sharing. This has already started with the network collaboration agreement signed with DiGi, aimed at significantly improving network efficiency which is on track.

Indonesia – Performs Better than Industry and Data Sees Continued Traction

XL closed the year in a position of strength with excellent overall performance. Revenue increased 7% YoY to IDR18.9 trillion (RM6.6 billion) driven by strong momentum in data revenue which grew 61%. XL saw tremendous increase in the adoption of advanced data with usage growing fourfold contributing 15% to revenue from 10% a year ago. At 25.5 million, data users now represent more than half of XL's total subscribers.

Non-voice services now contribute close to 50% of revenue. Concurrently, efforts on mitigation of voice substitution saw continued traction. XL's innovative packages focused on customers' share of voice wallet gained momentum even after the festive season which saw a further 3 million increase in subscribers for XL in the fourth quarter bringing the total subscribers at year end 2011 to 46.4 million.

EBITDA in the period increased 4%[2] YoY to IDR9.6 trillion (RM3.3 billion) with margins at 51% whilst PAT[3] remained strong at IDR3.2 trillion (RM1.1 billion).

With excellent execution in expanding the network to improve data coverage, XL rolled out more than 6,000 new 2G base stations and an 81% increase in 3G base stations. To further improve network quality and increase long term productivity, XL will embark on the outsourcing of its managed network services initiative in the first quarter of 2012. While it has caused margins to dip, in the long term it should improve.

Given the positive results of 2011, XL announced a higher dividend payout of 35%, from 30% in 2010, of normalised PAT for 2011. The proposed dividend will be paid in 2012 and subject to XL shareholders' approval at the forthcoming AGM.

Note:

1 Normalised for holding company charge and tax relief, Sukuk profit, additional accelerated USP and depreciation.
2 Normalised EBITDA excluding provision for severance payment.
3 Normalised for severance payment, accelerated depreciation and forex.

Axiata ended the year in a position of strength with RM6.6 billion in cash and balance sheet significantly strengthened.

Sri Lanka – Consolidation of Turnaround

Dialog saw continued growth in all financial indicators, posting double digit revenue growth of 10% YoY, marking an eleventh consecutive quarter of growth. This was primarily driven by growth in prepaid revenue and television. EBITDA increased by 9% in the same period, on the back of revenue growth and continued focus on cost management across the group. PAT grew by 6% from 2010. Dialog Television also turned PAT positive for the first time since acquisition in 2006.

Positive free cash flow was maintained at Dialog for the eighth consecutive quarter. Accordingly, Dialog continued to maintain a structurally strong balance sheet with gross debt to EBITDA ratio at 1.3x in 2011.

In light of Dialog Group's strong performance, Dialog announced a dividend payout ratio of 39%, from 34% in 2010, amounting to SLR2 billion (RM55 million). The dividend is subject to shareholders' approval at the forthcoming AGM.

Bangladesh – Double Digit Growth Continues

Robi continued its strong trajectory with double digit growth in both revenue and EBITDA. Despite intense competition, revenue growth continued, surging by 18% due to healthy revenue from voice and VAS. In tandem, EBITDA grew by 15% with stable margins despite aggressive drive for growth. PAT for the period was down, primarily caused by forex losses arising from the weakening of BDT against USD. YoY, the USD has strengthened against BDT by a significant 13.8%. Excluding non-cash translation loss, PAT would have been BDT1.9 billion (RM77.2 million). After normalising for other impairment and amortisation, PAT would have grown by 23%.

Cambodia – Challenges Remain

Hello saw great traction in its subscriber base in 2011. Aggressive marketing campaigns conducted in the year, doubled subscriber growth. Revenue was also up a healthy 8% in the year. However, the extremely competitive market with eight mobile operators in a population of less than 15 million, did have an impact on PAT which dropped by 21%.

REGIONAL AFFILIATES

India – Strong Performance Despite Regulatory Challenges

Against a tough backdrop of hyper competition and regulatory challenges, Idea continued to record strong growth with revenue and EBITDA up by an impressive 26% and 38% respectively. Year-to-date PAT did however decline, due to competitive pressures and investment in new circles.

Idea's 3G investment plans are on track and high speed broadband services are now available across 2,300 towns in 20 service areas in India. To help promote better take up, the company introduced affordable Idea branded 3G smart phones starting from as low as RM380.

Despite challenging regulatory decisions, we remain confident in Idea's growth potential. The company maintained its growth momentum and became the third largest mobile operator, in terms of revenue. Last year, Idea was also the fastest growing operator, with an annual revenue growth of 25.3% as against industry growth of 16%.

PRESIDENT & GCEO'S BUSINESS REVIEW

Singapore – Strong Performance Maintained

M1 ended the year on a positive note with operating revenue up 8.8% to SGD1.1 billion (RM2.6 billion). Service revenue grew 2.4% to SGD750.5 million (RM1.8 billion), benefiting from growth in mobile customer base, as well as higher contribution from fixed services. PAT increased 4.5% to SGD164.1 million (RM398.1 million).

Revenue from non-voice services rose by 3.7 percentage points to make up 35.6% of service revenue, driven by continued growth in smartphone customer base. This customer base now accounts for about 67% of total postpaid customers. With the coverage of the next generation nationwide broadband network (NGNBN) expected to be nationwide by mid-year coupled with the soon to be completed nationwide LTE network, M1 is well placed to capture data growth in both the fixed and mobile segments.

TRANSFORMATION INTO A NEW GENERATION TELCO

2012 will be both challenging and exciting. Significant changes are happening affecting the industry. This includes consumer behaviour, demographics, rapid increase in smart phones, new non-traditional competitors and players, regulatory, etc. While these changes are already taking place, it will accelerate further within the next few years.

One clear resulting trend in our more mature markets is the decline in voice revenue and the rapid increase in demand for data and content services.

Axiata as a Group has already begun to prepare itself for these changes. 2012 will be the year where these changes will become more apparent.

Broadly speaking, we need to evolve our traditional offerings to reflect the changing consumer needs and preferences. Voice and SMS will continue to be relevant for a while to come, but the effect of substitution to data services like 'Skype' and 'WhatsApp' will require us to rethink about how we package, price, deliver, manage and value add these services.

The biggest change however, will be on data. We need to have a more comprehensive and holistic approach. In that respect, we need to look at it from the following five key areas – revenue opportunities, cost structure, customer experience, organisational reforms and new business models.

More and more useful and affordable applications, content and devices are driving the exponential demand for data. Just providing basic data services, as a 'carriage' or 'transport', to support third party applications and content will already drive healthy revenue growth for us. However, we need to also directly and proactively get involved in certain applications generally known as digital services. These include m-payment, m-commerce, m-entertainment, etc. Our strategy is to work with partners and even our competitors to build the respective ecosystems to support this. We have already built an m-commerce hub, and all the OpCos are also already spearheading some of these digital services.

Unlike basic data services, these more advanced services will generally take much longer to nurture due to the need to build full ecosystems, each of them involving other industries, such as financial institutions, retail/merchants outlets, content providers, agencies, etc.

One major challenge in data is the cost structure. Today, profit margins for data are much smaller than voice and SMS. Hence, as the revenue mix shifts towards data, margins will decline in the short term. To ensure long term margins improvement, we need to drive data volume significantly to reach a critical mass and bring down the cost per byte.

But that's not sufficient. We need to also redesign our network and introduce new technologies. The network today is primarily designed for voice. Celcom, XL and Dialog are already modernising their networks replacing the old equipment. The new networks are not only more efficient for data, but also for voice, and requires significantly less running costs. At the same time, we need to convert all switch-based networks to IP-based networks where we are already progressing well. Technology migration from 2G to 3G, and 3G to LTE, will not only drive faster speed to the users, but also provide much better cost efficiency. Network sharing with other players from cell sites to fibre and microwaves, and in the future, active network elements, will also substantially alter the cost structure of our networks.

This is the case with the Celcom-DiGi network sharing which has already started. Outsourcing is yet another initiative. We started last year at XL, with cost savings expected within two years. IT too needs a major revamp especially billing and many business support systems (BSS) and operations support systems (OSS).

To compete effectively, the most important area of differentiation is customer experience. For voice and SMS services, most of the customer touch points and network elements are within our control. For data, there are a lot more elements and many applications, content, devices, international gateways, etc., which are not totally within our control. Yet, from the customer point of view, we are the main service provider. The Group is now at the advanced stage of developing a state-of-the art network management centre with advanced tools to manage the customer network experience involving elements even outside our own domain.

To support revenue opportunities, cost reduction and customer experience, we have to redesign our organisation to be managed differently. Celcom and XL have both appointed senior executives to be responsible for the end-to-end customer experience. Changes are required in almost all divisions; marketing, sales, IT, network, products, customer services, etc.

PRESIDENT & GCEO'S BUSINESS REVIEW

Finally, new business models are required to support data transformation, from pricing, distribution and marketing to service delivery, product development, content management and financial management. Even the brand needs to evolve to reflect all the above changes.

ENSURING SUSTAINABILITY VIA TALENT

In addition to our focus on performance and financials, the Group will continue its focus on talent. This is to ensure a more robust and sustainable organisation as the Group moves closer towards its ambition to be a regional champion by continually raising the bar to achieve world-class performance. With this in mind, the Group Human Resources role was split to achieve a better focus on talent. The new position of Group Chief Talent Officer was created to reflect Axiata's strong commitment towards building a talent pipeline for future leaders across the Group. We continue to invest in our people, harnessing their capabilities to drive innovation and performance. Axiata's extensive regional footprint provides us a unique opportunity to provide invaluable exposure and field experience in some of the fastest growing and exciting markets in the region.

2011 saw tremendous cross country movements of our talent, with a significant number of cross postings across our footprint. The deployment of employees across the region falls in line with our philosophy of providing opportunities to our internal talent whilst also bringing in external talent into the Group.

The mobile industry is evolving at an unprecedented pace. Competition has not let up and regulatory challenges continue, which makes urgency and the ability to adapt crucial. Axiata's strategy however, has always taken into account the dynamic nature of the industry, preparing the Group for the future. Our healthy balance sheet, strong cash flow generation as well as continued underlying performances from our OpCos put us on solid footing to face the upcoming challenges. This, together with the teams we have working with us across our markets, makes me very confident and excited in facing the new world of telecommunications in the digital world.

ACKNOWLEDGEMENTS

As always I would like to thank our Board for their continued guidance, the governments and regulators for their co-operation and facilitation, and our stakeholders – the shareholders, partners, collaborators and media for their continued support. More importantly, a special thanks to all our employees who have worked hard to get us to where we are today.

2012 will be a pivotal year for Axiata as we progress in our transformation beyond a traditional telecommunications company. I am confident that with our continued focus, as evidenced by our three consecutive years of strong results, we will achieve what we have set out to do.

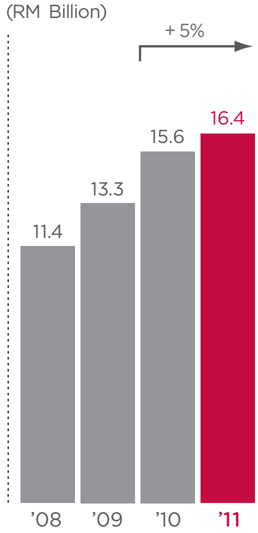
DATO' SRI JAMALUDIN IBRAHIM
MANAGING DIRECTOR/PRESIDENT & GROUP CHIEF EXECUTIVE OFFICER

The teams we have working with us across our markets, makes me very confident and excited in facing the new world of tele-communications in the digital world

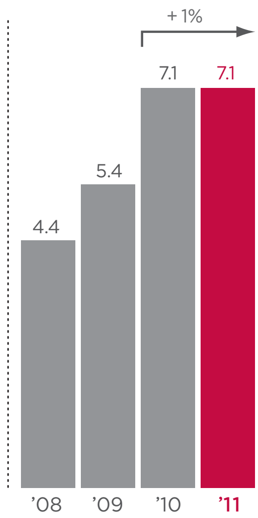
AXIATA GALLERY

FOUR-YEAR GROUP FINANCIAL HIGHLIGHTS

OPERATING REVENUE
(RM Billion)



EBITDA
(RM Billion)



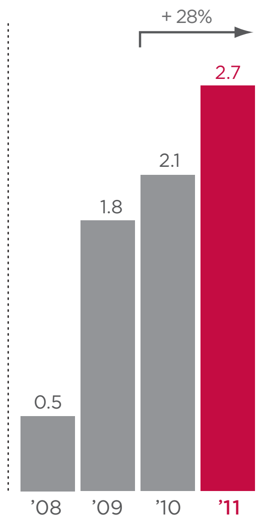
Note 1 – 2011 normalised PATAMI excludes acquisition and provision (+RM107.7 million), XL severance payment (+RM46.8 million), Celcom network impairment (+RM105.1 million), Celcom tax incentive (-RM140.0 million) and foreign exchange loss (+RM73.2 million).

Note 2 – 2010 normalised PATAMI excludes gains on disposal/merger (-RM388.4 million), impairment/FRS adjustment (+RM1.2 billion), XL minority interest (-RM49.2 million) and foreign exchange gain (-RM54.9 million). FY2010 restated for comparison purposes.

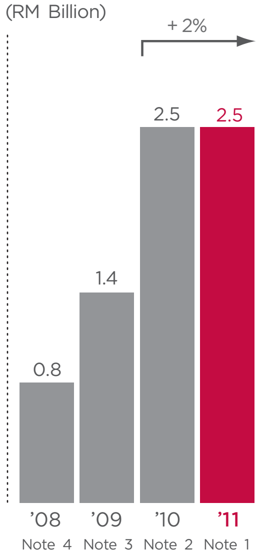
Note 3 – 2009 normalised PATAMI excludes XL one-off gains on finance lease arrangement (-RM132.5 million), accelerated depreciation/asset impairment (+RM235.6 million) and foreign exchange gains (-RM349.2 million).

Note 4 – 2008 normalised PATAMI excludes foreign exchange loss (+RM284.7 million).

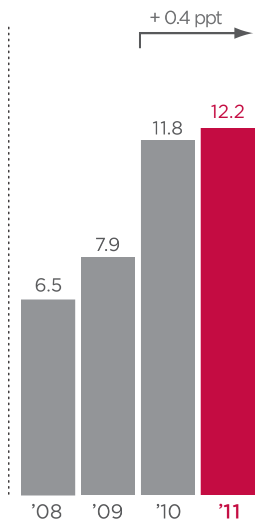
PAT
(RM Billion)



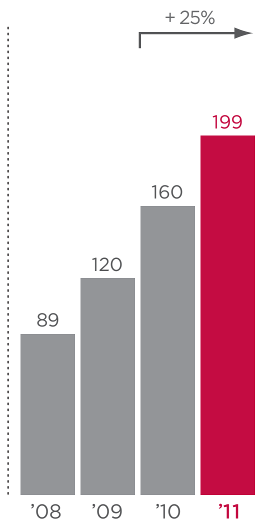
NORMALISED PATAMI
(RM Billion)



ROIC
(%)

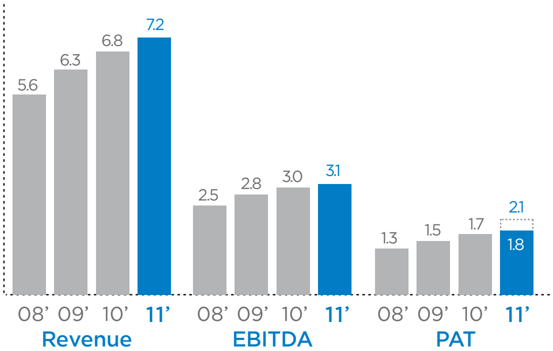


SUBSCRIBERS
(Million)

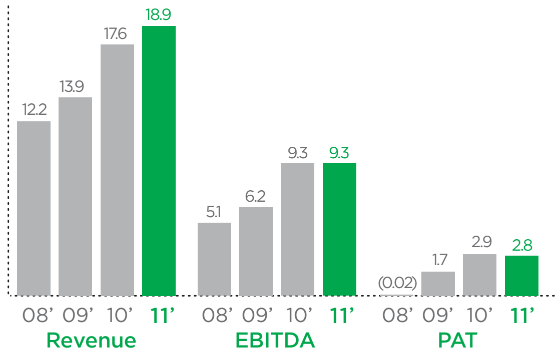


REPORTING BY GEOGRAPHICAL LOCATION

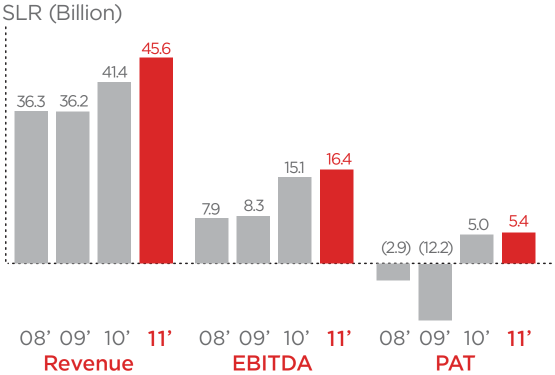
MALAYSIA
RM (Billion)



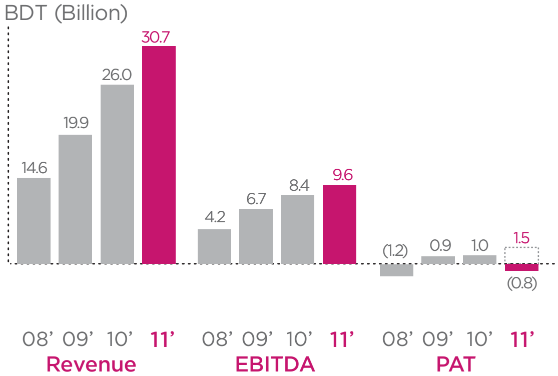
INDONESIA
IDR (Trillion)



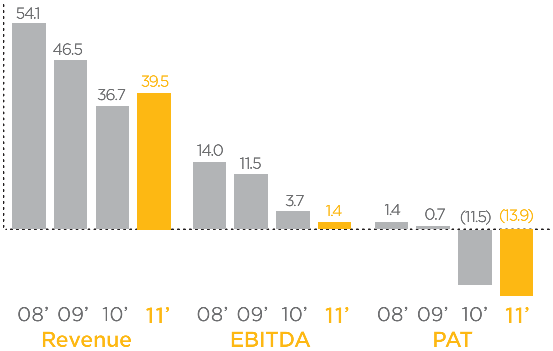
SRI LANKA
SLR (Billion)



BANGLADESH
BDT (Billion)



CAMBODIA
USD (Million)



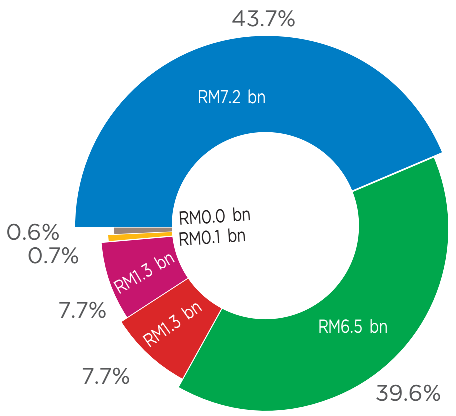
* All financial numbers are based on audited financial figures and following respective country GAAP.

Normalised results for OpCos.

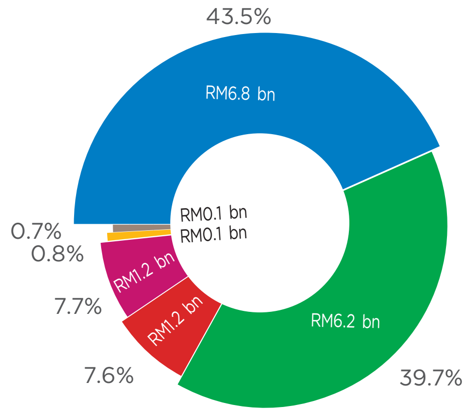
SUMMARY BREAKDOWN OF OPERATING REVENUE & EBITDA

OPERATING REVENUE

Celcom
XL
Dialog
Robi
Hello
Others



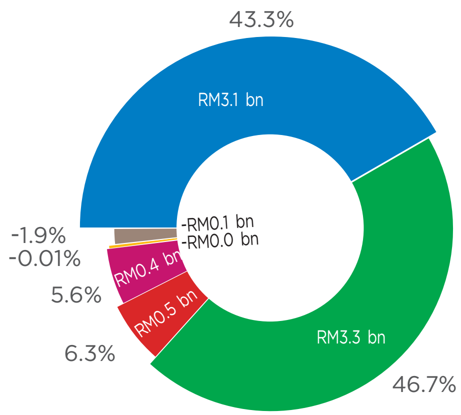
2011



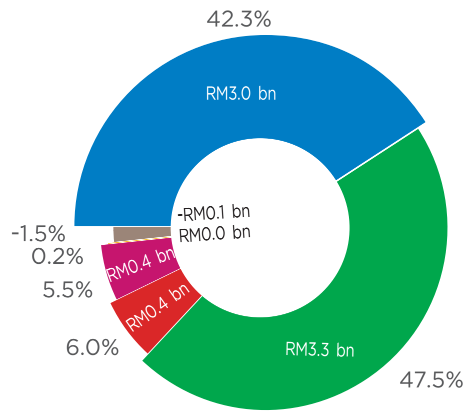
2010

EBITDA

Celcom
XL
Dialog
Robi
Hello
Others



2011

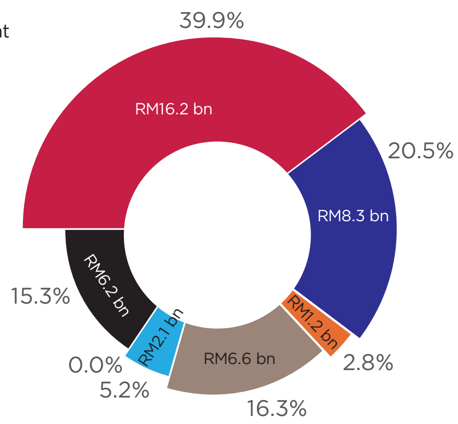


2010

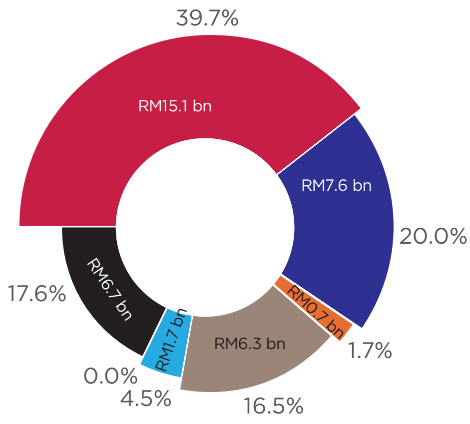
SUMMARY BREAKDOWN OF ASSETS & LIABILITIES

TOTAL ASSETS

- Property, plant and equipment
- Intangible assets
- Other assets
- Cash and bank balances
- Trade and other receivables
- Investments
- Associates
- Jointly controlled entity



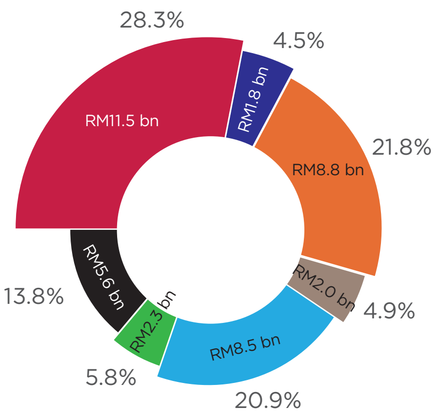
2011



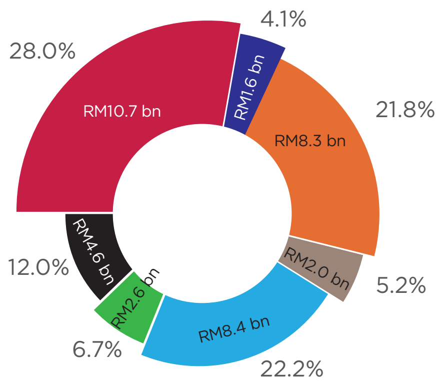
2010

TOTAL LIABILITIES & EQUITY

- Borrowings
- Non-controlling interests
- Other reserves
- Share premium
- Share capital
- Other liabilities
- Trade and other payables



2011



2010

FOUR YEAR GROUP FINANCIAL SUMMARY

OPERATIONAL HIGHLIGHTS

All in RM Million unless stated otherwise	FY2011	FY2010	FY2009	FY2008
1. Operating Revenue	16,448	15,621	13,312	11,438
2. Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)	7,124	7,054	5,420	4,446
3. Earnings from Associates & Jointly Controlled Entity	118	164	101	(59)
4. Profit Before Tax (PBT)	3,577	3,206	2,666	906
5. Profit After Tax (PAT)	2,712	2,117	1,756	471
6. Profit After Tax and Minority Interests (PATAMI)	2,346	1,770	1,653	498
7. Normalised PATAMI[1]	2,539	2,479	1,407	783
8. Total Shareholders' Equity	19,289	18,725	18,184	11,217
9. Total Assets	40,551	38,101	37,028	37,216
10. Total Borrowings	11,459	10,684	12,323	15,959
11. Subscribers (million)	199	160	120	89
GROWTH RATES YoY				
1. Operating Revenue	5.3%	17.3%	16.4%	14.4%
2. EBITDA	1.0%	30.2%	21.9%	7.5%
3. Total Shareholders' Equity	3.0%	3.0%	62.1%	15.6%
4. Total Assets	6.4%	2.9%	-0.5%	52.0%
5. Total Borrowings	7.3%	-13.3%	-22.8%	75.5%
SHARE INFORMATION				
1. Per Share				
Earnings (basic) – sen	28	21	22[a]	9[a]
Earnings (diluted) – sen	28	21	21[a]	–
Net Assets – RM	2.3	2.2	2.2	3.0
2. Share Price Information – RM				
High	5.14	4.76	3.74[b]	7.85
Low	4.57	3.07	1.77[b]	3.12
FINANCIAL RATIO				
1. Return on Invested Capital[2]	12.2%	11.8%	7.9%	6.5%
2. Gross Debt to EBITDA[3]	1.6	1.5	2.3	4.5
3. Debt Equity Ratio[4]	0.6	0.6	0.7	1.4

Notes:

1 Excludes XL one-off gains on finance lease arrangement, severance payment and XL minority interest, accelerated depreciation/FRS adjustment, gains on disposal/merger, Celcom network impairment and Celcom tax incentive, acquisition and provision and foreign exchange gains/loss. FY2010 figures are restated for comparison purposes

2 EBIT less tax over average invested capital

3 Gross debt over EBITDA

4 Total borrowings over total shareholders' equity

(a) After adjustment for Rights Issue

(b) Share price traded ex-rights from 8 April 2009 adjusting for the rights issuance of RM5.25 billion

AWARDS & RECOGNITION

AXIATA GROUP BERHAD

Asia Pacific Brands Foundation (APBF)
BrandLaureate CEO of the Year 2010-2011

Forbes Asia's Fab 50

Frost & Sullivan Asia Pacific ICT Award 2011
Best Telecommunications Group of the Year

Malaysian Corporate Governance Index Awards 2011
Best Conduct of AGM
Distinction Award

Telecom Asia Awards 2011
Best Regional Mobile Group

CELCOM AXIATA BERHAD

Customer Relationship Management & Contact Centre Association Malaysia (CCAM)
Gold – Best Contact Centre Support Professional >100 seats
Silver – Best Video in Contact Centre
Silver – Best Process Excellence
Bronze – Best People Contact Centre
Bronze – Best Contact Centre Support Professional >100 seats

Frost & Sullivan Malaysia Excellence Awards 2011
Service Provider of the Year

Malaysia 1000 Award
Return on Capital Employed Award 2011

TATA Consultancy Services (TCS)
Best Business Enabler Award

11th PC.com Awards
Best Wireless Broadband Award 2011

PT XL AXIATA TBK

Best of 2010
Marketing Dream Team Champion
Best Chief Marketing Officer 2010

FORSEL Award 2010
Most Innovative BlackBerry Service

All Asia Executive Team Rankings 2011
Best CEO – Second Place
– Hasnul Suhaimi
– Nominated by sell side analysts
Best CFO – First Place
– Willem Timmermans
– Nominated by buy side analysts
Best CFO – Second Place
– Willem Timmermans
– Nominated by sell side analysts

Best Contact Center 2011
Best Contact Center Operations
Best Technology Innovation
Best Business Contribution
Best HR Retention
Best Team Work
Best Team Leader
Best Quality Assurance

CCAS Contact Centre Awards 2011
Best Outsourced Contact Centre Above 100 Seats

Cellular Award 2011
Best CEO of the Year for GSM (Global Mobile Media)
Best BlackBerry Service

Contact Center World APAC (Asia Pacific) 2011
Silver Award for Best Technology Innovation – corporate category
Best Contact Center Trainer for Customer Service

AWARDS & RECOGNITION

Customer Loyalty Award 2011
GSM Prepaid category
GSM Postpaid category

Frost & Sullivan Asia Pacific ICT Awards 2011
Wireless Service Provider of the Year
Service Provider of the Year
CEO of the Year

Indonesia Brand Champion Award 2011
Most Popular GSM Operator
Most Popular Internet/Data GSM Operator

Indonesia Cellular Award 2011
Best Data Package
Best Customer Growth
Best GSM Operator
Best BlackBerry Service

Indonesian Golden Ring Award 2011
Best Customer Service

Investor Award 2011
Best Entity – Infrastructure Sector
Top Executive of Listed Company – Hasnul Suhaimi – CEO

MAKE (Most Admired Knowledge Enterprise) Award 2011
One of the leading companies in Indonesia

Marketing Award 2011
Best in Marketing Campaign

Program & PR People of the Year 2011
Gold Award for PR Person (CEO Category)
Hasnul Suhaimi
Gold Award for PR Person (Spokesperson Category)
Head of Corporate Communications
Bronze Winner for PR Program (Marketing Category)
XL Network Rally

SCTV Award 2011 – Viewer's Choice Commercial
XL's Advertisement – *Insecticides version*

Service Quality Award 2011
Excellent Service – Total Service Quality Satisfaction

SWA 100 Indonesia Best Wealth Creators 2011
Best Indonesian Public Company Based – Telecommunications Services Category
ASEAN Best Public Company
Indonesia Best Public Company

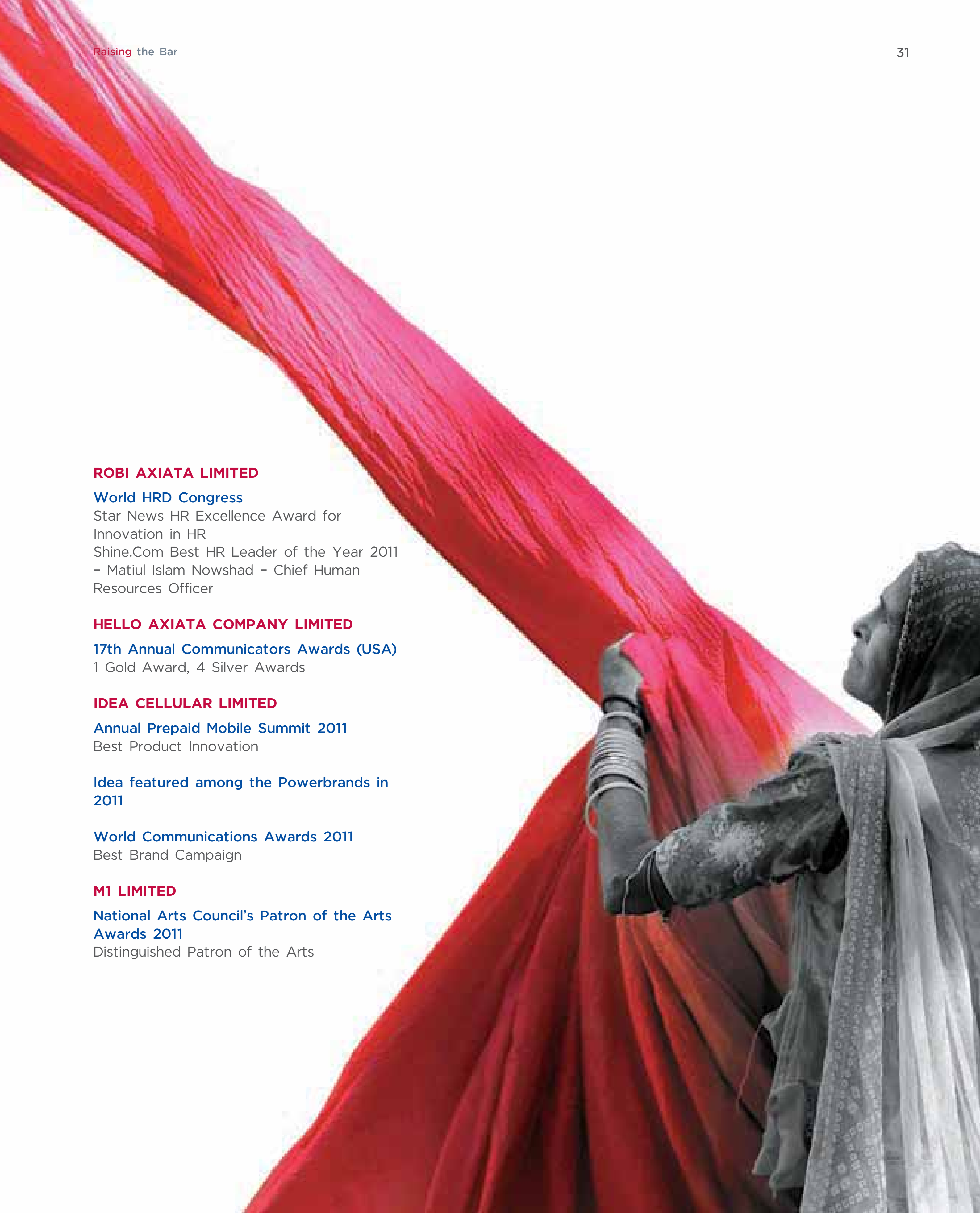
Telecom Asia Awards 2011
Best Emerging Market Carrier
Telecommunications CEO of the Year

DIALOG AXIATA PLC

Corporate Accountability Rating by LMD and Sting Consultants
Platinum Award

6th Annual Prepaid Mobile Summit – Prepaid Mobile Excellence Awards
Best Loyalty and Retention Campaign – Star Points

SLIM-Nielsen People's Awards 2011
Telecommunications Service Brand of the Year
Youth Brand of the Year



ROBI AXIATA LIMITED

World HRD Congress

Star News HR Excellence Award for Innovation in HR

Shine.Com Best HR Leader of the Year 2011 – Matiul Islam Nowshad – Chief Human Resources Officer

HELLO AXIATA COMPANY LIMITED

17th Annual Communicators Awards (USA)

1 Gold Award, 4 Silver Awards

IDEA CELLULAR LIMITED

Annual Prepaid Mobile Summit 2011

Best Product Innovation

Idea featured among the Powerbrands in 2011

World Communications Awards 2011

Best Brand Campaign

M1 LIMITED

National Arts Council's Patron of the Arts Awards 2011

Distinguished Patron of the Arts

MAJOR MILESTONES

’11

JANUARY 2011

Celcom entered into a network collaboration with DiGi Tel to jointly implement the proposed long-term collaboration of sharing network infrastructure in Malaysia.

JANUARY 2011

Axiata introduced a new landmark to the KL Sentral skyline, ‘Prisms by Axiata’, an 83 feet steel sculpture by renowned Malaysian sculptor, Ramlan Abdullah.

JANUARY 2011

The first cohort of students were selected under the Axiata Young Talent Programme.

FEBRUARY 2011

Celcom entered into an MOU with TM on a strategic collaboration to provide fixed and mobile solutions covering high speed broadband services via wholesale long term lease from Celcom’s network and MVNOs.

APRIL 2011

Celcom entered into a shareholders agreement with 23 other parties to form a consortium under the name of ‘Konsortium Rangkaian Serantau Sdn Bhd’ to implement an entry point project for the purpose of adding bandwidth capacity for Malaysia in anticipation of increasing demand requirements.

MAY 2011

Dialog entered into a shareholders agreement with Firstsource Solutions Limited (FSL) for the establishment of a joint venture for the provision of information technology enabled and business process outsourcing services in Sri Lanka and also for the international market.

NOVEMBER 2011

Celcom entered into a shareholders’ agreement with PLDT Global Corporation and PLDT Malaysia Sdn Bhd to collaborate in establishing MVNO services for the Filipino community in Malaysia.

DECEMBER 2011

Dialog entered into a share purchase agreement with the shareholders of Suntel Ltd for the acquisition of the entire ordinary shares in issue in Suntel Ltd.

'94

FEBRUARY 1994

A joint venture agreement was entered into between TMI and Sunpower Systems (Private) Limited to set up MTN (now known as Dialog).

'96

OCTOBER 1996

TMIB was incorporated in Bangladesh as a joint venture company between A.K. Khan & Co. Ltd. and TM.

NOVEMBER 1996

Sunpower Systems (Private) Limited divested its stake in MTN to TMI, which resulted in Dialog becoming wholly-owned by TMI.

'98

MAY 1998

TMI via TM purchased 51.0% of Cambodia Samart Communications Company Limited (Casacom) (now known as HACL) from Samart.

'05

JANUARY 2005

TMI through TMIL acquired the entire equity interest of Indocel, which had a 23.1% equity interest in XL.

FEBRUARY 2005

TMI through TMIL entered into a share sale agreement to acquire a 78% stake in Multinet from Nasser Khan Ghazi and Adnan Asdar.

JUNE 2005

Indocel acquired an additional 4.2% equity interest in XL from Rogan Partners, Inc.

JULY 2005

Dialog was listed on the Colombo Stock Exchange.

AUGUST 2005

TMI, Khazanah and SunShare entered into a joint venture and shareholders' agreement to establish SunShare as a joint venture company for the acquisition of equity interest in M1.

SEPTEMBER 2005

A restated joint venture and shareholders' agreement was entered into by SunShare, TMI, Khazanah and TM as a new party to the earlier agreement to participate in the affairs of SunShare.

SEPTEMBER 2005

XL was listed on the Jakarta Stock Exchange (now known as the Indonesia Stock Exchange).

OCTOBER 2005

TMI through SunShare, acquired 12.1% of the equity shares in M1 from Great Eastern Telecommunications Ltd. Prior to March 2006, SunShare made on-market purchases, bringing its total equity interest in M1 to 29.8%.

OCTOBER 2005

Indocel increased its shareholding in XL to 56.9% through the exercise of its call and put option.

DECEMBER 2005

TMI through TMIL acquired a 49.0% ownership interest in MTCE through a transfer from TRI, a wholly-owned subsidiary of Celcom.

DECEMBER 2005

Dialog acquired 100% of DBN (then known as MTT Network (Private) Limited).

'06

FEBRUARY 2006

TMI obtained a 24.4% stake in SIM from SIM's parent company, Samart. In addition, TMI has a 18.9% stake in Samart and Samart in turn holds 54.1% in SIM.

MAJOR MILESTONES

FEBRUARY 2006

TMI purchased the remaining 49.0% of Casacom (now known as HACL) from Samart, and Casacom became a wholly-owned subsidiary of TMI.

MARCH 2006

TMI acquired the entire equity interest of TMI India (then known as DCIL), which had a 49.0% equity interest in Spice.

JUNE 2006

Indocel increased its shareholding in XL to 59.7% by a purchase of additional shares from AIF (Indonesia) Ltd.

SEPTEMBER 2006

Dialog acquired 90.0% of the total issued and paid-up share capital of Dialog TV (then known as Asset Media (Private) Limited) from Nihal Seneviratne Epa and Lasantha Joseph Milroy Peiris.

SEPTEMBER 2006

TMI through TMIL entered into a share sale agreement with Nasser Khan Ghazi to acquire an additional 11.0% equity interest in Multinet.

OCTOBER 2006

Casacom changed its name to TMIC (now known as HACL).

DECEMBER 2006

Dialog, through Dialog TV, entered into a share sale and purchase agreement for the acquisition of 100% of the share capital of CBNP and CBNSP from Muhunthan Canagasooryam and Niranjan Canagasooryam.

'07

JUNE 2007

Indocel increased its shareholding in XL to 67.0% by a purchase of additional shares from AIF (Indonesia) Ltd.

JULY 2007

Spice was listed on the Bombay Stock Exchange. Due to the issuance of new shares by Spice in its IPO, TMI's stake was reduced to 39.2%.

SEPTEMBER 2007

Dialog acquired the remaining 10.0% of the total issued and paid-up share capital in Dialog TV, which resulted in Dialog TV becoming wholly-owned by Dialog.

DECEMBER 2007

TMI through TMIL entered into a shareholders' agreement with Etisalat Indonesia in relation to the acquisition of 15.97% equity interest in XL by Etisalat Indonesia from Bella Sapphire Ventures Ltd.

'08

APRIL 2008

TMI was demerged from TM, resulting in the acquisition of 100% stake in Celcom and 51.0% stake in SunShare. TMI also acquired 16.81% and 49% additional stakes in XL and SunShare respectively from Khazanah.

APRIL 2008

TMI was listed on the Main Market of Bursa Securities.

AUGUST 2008

TMI India through TMI Mauritius acquired a 14.99% stake in Indian cellular company, Idea and announced a merger of Spice with Idea.

SEPTEMBER 2008

A.K. Khan & Company Limited and affiliates disposed its entire stake in TMIB equivalent to 30% of issued and paid-up share capital to NTT DoCoMo, INC.

OCTOBER 2008

TMI through TMI Mauritius increased its stake in Spice to 49% as a result of the mandatory general offer of Spice undertaken as part of the Spice-Idea merger.

'09

MARCH 2009

TMI changed its name to Axiata Group Berhad.

APRIL 2009

Axiata unveiled its new brand identity.

MAY 2009

TMIB changed its name to Axiata (Bangladesh) Limited.

DECEMBER 2009

Indocel increased its shareholding in XL to 86.49% pursuant to a rights issue.

DECEMBER 2009

XL changed its name to PT XL Axiata Tbk.

Celcom changed its name to Celcom Axiata Berhad.

'10

FEBRUARY 2010

TMIC changed its name to Hello Axiata Company Limited.

MARCH 2010

With the completion of the merger between Spice and Idea, Axiata through TMI Mauritius and TMI India increased its stake in Idea to 19.1%.

MARCH 2010

AxB launched their new identity carrying the Axiata logo, the prism under a new name 'Robi'.

APRIL 2010

Indocel reduced its shareholding in XL to 66.69% through the exercise of an international private placement of 19.8% in XL in order to increase public shareholding spread of XL shares.

APRIL 2010

Axiata SPV1 issued USD300 million aggregate principal amount of 5.375% Notes due in 2020 guaranteed by Axiata payable semi annually in arrears on 28 October 2010 (Notes). The Notes were listed and quoted on the Stock Exchange of Hong Kong Limited on 29 April 2010 and the Labuan International Financial Exchange on 7 May 2010.

JUNE 2010

Axiata and Celcom had entered into a Memorandum of Understanding (MOU) with Digi Tel, a wholly-owned subsidiary of DiGi.Com Berhad (DiGi) and Telenor Asia Pte Ltd, major shareholder of DiGi, to explore the viability of sharing network infrastructure.

AUGUST 2010

Celcom via its wholly-owned subsidiary, CTX placed out RM4.2 billion nominal value unrated Sukuk with tenures ranging from five to ten years under a private offering to Employees Provident Fund Board (EPF), CIMB Islamic Bank Berhad and Malayan Banking Berhad.

DECEMBER 2010

Axiata completed the sale of its entire stake of 18.9% in Samart to existing shareholders, Mr. Charoenrath Vilailuck and Mr. Watchai Vilailuck.

STRENGTH IN DIVERSITY

Axiata is committed to harnessing diversity to promote a global perspective. We have amongst us more than 50 nationalities working across our OpCos and affiliates, creating a dynamic and innovative workplace, necessary to compete in the ever evolving telecommunications industry.

AXIATA PROFILE

Axiata is one of Asia's largest telecommunications companies. Axiata has controlling interests in mobile operators in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia with significant strategic stakes in India and Singapore. India represents one of the fastest growing markets in the world. In addition, the Malaysian-grown holding company has a stake in mobile telecommunications operations in Thailand.

The Group's mobile subsidiaries and associates operate under the brand name 'Celcom' in Malaysia, 'XL' in Indonesia, 'Dialog' in Sri Lanka, 'Robi' in Bangladesh, 'HELLO' in Cambodia, 'Idea' in India and 'M1' in Singapore.

2007	VS	2011
Revenue		↑ 64.5%
EBITDA		↑ 72.3%
PAT		↑ 46.8%
Subscribers		↑ 400.3%

The Group, including its subsidiaries and associates, has over 200 million mobile subscribers in Asia. Revenue for 2011 was RM16.4 billion. The Group provides employment to over 25,000 people across Asia. Axiata's vision is to be a regional champion by 2015 by piecing together the best throughout the region in connectivity, technology and talent, uniting them towards a single goal: advancing Asia.

Axiata was awarded the Frost & Sullivan 2009, 2010 and 2011 Asia Pacific ICT Award for Best Telecommunications Group and the Telecommunications Asia Best Regional Mobile Group 2010 and 2011 for its operations in multiple Asian markets.

Axiata made it to the Forbes Asia Fab 50 List, the only Malaysian company to do so.

AXIATA'S JOURNEY TO DATE

The Axiata story has been a remarkable one – incorporated in Malaysia on 12 June 1992 as a private limited company under the name TMI, operating as a division within TM. The initial focus was on expanding the Group's footprint, primarily through mergers and acquisitions, building a portfolio which balances interest in emerging markets with low mobile penetration rates and Best-in-Class and innovation driven subsidiaries in mature markets.

In 2008, the TM Group completed a strategic demerger exercise that saw the separation of the mobile business from TM. The demerger resulted in an enhanced TMI, which was merged with Celcom – enabling it to focus on its own core business and accelerate operational improvements and growth initiatives; emerging as an independent entity in the regional mobile telecommunications market.

TMI was subsequently listed on Bursa Securities on 28 April 2008, marking a new chapter in its transformation towards becoming a regional giant in the mobile communications market.

In March 2009, TMI changed its name to Axiata Group Berhad and launched a new identity, as part of a rebranding exercise aimed at enhancing its position as a leading regional mobile operator. The move was a requisite step to reinforce the Group's new business philosophy and its commitment to advancing Asia by addressing the unfulfilled communication needs of local populations with affordable and innovative products and services. Axiata has blazed a path across the region; from 6 million customers to over 200 million across 10 countries, in a matter of 7 years, making Axiata one of the largest mobile players in South East Asia.

THE NEXT WAVE

The telecommunications industry is undergoing a transformation and headed for convergence where there is a marriage of smartphones, fixed and mobile broadband services, service delivery platforms and social networking. As demand for products and services increases, and technology continues to innovate, change is inevitable. We have to quickly adapt ourselves and position our business model to capitalise on these developments.

In the last year we have already begun to invest in network modernisation and network sharing to facilitate the explosive growth in data. 2012 will be a pivotal year for Axiata as we progress in our transformation beyond a traditional telecommunications company.

In advancing Asia, we remain committed to our core role in nation development, to make a difference to people's lives and help transform the countries in which we operate.

- MALAYSIA
- INDONESIA
- SRI LANKA
- BANGLADESH
- CAMBODIA
- INDIA
- SINGAPORE
- THAILAND
- PAKISTAN
- IRAN

REGIONAL PRESENCE

MAJOR SUBSIDIARIES

MALAYSIA

CELCOM AXIATA BERHAD
Year of investment/Shareholding: 2008/100%
Nature of business: Mobile
Subscribers: 12.0 Million
Technology deployed: GSM, GPRS, EDGE, 3G, HSPA
No. of BTS (2G/3G): 12,200
Network coverage (By population coverage): 2G-95% 3G-81.7%

INDONESIA

PT XL AXIATA TBK.
Year of investment/Shareholding: 2005/66.6%
Nature of business: Mobile
Subscribers: 46.4 Million
Technology deployed: GSM, GPRS, EDGE, 3G
No. of BTS (2G/3G): 28,273
Network coverage (By population coverage): >90%

BANGLADESH

ROBI AXIATA LIMITED
Year of investment/Shareholding: 1995/70%
Nature of business: Mobile
Subscribers: 23.3 Million
Technology deployed: GSM, GPRS, EDGE
No. of BTS (2G): 8,265
Network coverage (By population coverage): 97.8%

Note: Robi's active sub-base as reported to BTRC *(Bangladesh Telecommunications Regulatory Commission)* is 16.1 million (as of December 2011).

SRI LANKA

DIALOG AXIATA PLC
Year of investment/Shareholding: 1996/85%
Nature of business: Mobile, internet services and international data and voice service, fixed wireless and direct-to-home satellite television
Subscribers: 7.2 Million
Technology deployed: GSM, GPRS, EDGE, 3G, HSPA, WiFi, WiMax, LTE (non-commercial), DVB-S
No. of BTS (2G/3G): 4,469
Network coverage (By population coverage): 96%

CAMBODIA

HELLO AXIATA COMPANY LIMITED
Year of Investment/Shareholding: 1998/100%
Nature of Business: Mobile
Subscribers: 1.8 Million
Technology deployed: GSM, GPRS, EDGE, 3G, HSPA
No. of BTS (2G/3G): 886
Network coverage (By population coverage): 90%

MAJOR ASSOCIATES/ AFFILIATES

INDIA

IDEA CELLULAR LIMITED
Year of investment/Shareholding: 2008/19.9%
Nature of business: Mobile
Subscribers: 106.4 Million

SINGAPORE

M1 LIMITED
Year of investment/Shareholding: 2005/29.1%
Nature of business: Mobile and broadband
Subscribers: 2.0 Million

OTHERS

THAILAND

SAMART I-MOBILE PUBLIC COMPANY LIMITED
Year of investment/Shareholding: 2006/24.4%
Nature of business: Mobile devices and accessories, multimedia and international business

PAKISTAN

MULTINET PAKISTAN (PRIVATE) LIMITED
Year of investment/Shareholding: 2005/89%
Nature of business: Broadband & long distance and international services

IRAN

MOBILE TELECOMMUNICATIONS COMPANY OF ESFAHAN
Year of investment/Shareholding: 2005/49%
Nature of business: Mobile (Province of Esfahan)

GROUP CORPORATE STRUCTURE*

Axiata Group Berhad

Celcom Axiata Berhad (Malaysia)

- **Technology Resources Industries Berhad** (Malaysia)
- **Celcom Transmission (M) Sdn Bhd** (Malaysia)
- **Celcom Technology (M) Sdn Bhd** (Malaysia)
- **Celcom Mobile Sdn Bhd** (Malaysia)
- **Alpha Canggih Sdn Bhd** (Malaysia)
- **Celcom Multimedia (Malaysia) Sdn Bhd** (Malaysia)
- **CT Paging Sdn Bhd** (Malaysia)
  - **C-Mobile Sdn Bhd** (Malaysia)
- **80% Celcom Timur (Sabah) Sdn Bhd** (Malaysia)
- **49% PLDT Malaysia Sdn Bhd** (Malaysia)
- **35% Tune Talk Sdn Bhd** (Malaysia)
- **15.12% Sacofa Sdn Bhd** (Malaysia)

Hello Axiata Company Limited (Cambodia)

Axiata Investments (Singapore) Limited (Labuan)

- **29.14% M1 Limited** (Singapore) ‡

24.41% Samart I-Mobile Public Company Limited (Thailand) ‡

The complete list of subsidiaries, jointly controlled entities and their respective principal activities, country of incorporation and the Group's effective interest are shown in notes 41 and 42 to the financial statements on pages 277 to 283 of this Annual Report.

LEGEND:

- * = Depicting Active Subsidiaries, Associates and Affiliates
- (light blue) = Key Operating Companies
- ‡ = Listed Companies
- (red) = Wholly-owned Subsidiaries
- (dark blue) = Non wholly-owned Subsidiaries
- (green) = Associates/Affiliates

Axiata Investments 1 (India) Limited
(Mauritius)

Axiata Investments 2 (India) Limited
(Mauritius)

5.91%

14.05%

19.96%
Idea Cellular Limited
(India) ‡

Axiata SPV1 (Labuan) Limited
(Labuan)

Axiata Management Services Sdn Bhd
(Malaysia)

Axiata Investments (Labuan) Limited
(Labuan)

Axiata Investments (Indonesia) Sdn Bhd
(Malaysia)

66.61%
PT XL Axiata Tbk
(Indonesia) ‡

89%
Multinet Pakistan (Private) Limited
(Pakistan)

84.97%
Dialog Axiata PLC
(Sri Lanka) ‡

Dialog Television (Private) Limited
(Sri Lanka)

Dialog Television Trading (Private) Limited
(Sri Lanka)

Communiq Broadband Network (Private) Ltd
(Sri Lanka)

Dialog Broadband Networks (Private) Limited
(Sri Lanka)

Suntel Limited
(Sri Lanka)

26%
Firstsource-Dialog Solutions (Private) Limited
(Sri Lanka)

70%
Robi Axiata Limited
(Bangladesh)

49%
Mobile Telecommunications Company of Esfahan
(Iran)

PROFILE OF DIRECTORS

Datuk Azzat Kamaludin

Dato' Sri Jamaludin Ibrahim

Tan Sri Dato' Azman Hj. Mokhtar

Tan Sri Ghazzali Sheikh Abdul Khalid

Dr Muhamad Chatib Basri David Lau Nai Pek Juan Villalonga Navarro Kenneth Shen

Age 51, Malaysian

Appointed to the Board on
3 March 2008

Chairman,
Non-Independent Non-Executive Director
(Representative of Khazanah)

PROFILE OF DIRECTORS

TAN SRI DATO' AZMAN HJ. MOKHTAR

British Chevening Scholar
Masters of Philosophy in Development Studies (Distinction), Darwin College, Cambridge University, UK
Fellow of the Association of Chartered Certified Accountants, UK
Chartered Financial Analyst
Diploma in Islamic Studies, International Islamic University, Malaysia

Working Experience: Azman started his career in September 1983 at the then National Electricity Board (now known as Tenaga Nasional Berhad) until August 1994. Between 1994 and 1998, he was a Director and Head of Research, Union Bank of Switzerland in Malaysia. Thereafter, he was a Director and Head of Research at Salomon Smith Barney in Malaysia. From 2002 until May 2004, he was Managing Director and co-founder of BinaFikir Sdn Bhd, a financial consultancy firm. From June 2004 to-date, Azman holds the position of Managing Director of Khazanah, the strategic investment arm of the Government of Malaysia.

Directorships of Public Companies: Iskandar Investment Berhad (Chairman) and Yayasan Khazanah.

Other Information: Member of Iskandar Regional Development Authority and serves on various public service bodies including the Performance Management & Delivery Unit, Executive Committee of Malaysia International Islamic Financial Centre, Bumiputera Agenda Action Council and Governance Council of Malaysian Innovation Agency. He is also a member of the Board of Trustees of Asia Business Council, the INSEAD East Asia Council and the Global Agenda Council on the Role of Business for 2011 World Economic Forum.

Age 53, Malaysian

Appointed to the Board on
3 March 2008

Managing Director/President & Group Chief Executive Officer

DATO' SRI JAMALUDIN IBRAHIM

MBA, Portland State University, USA
Bachelor of Science in Business Administration (Minor in Mathematics), California State University, USA

Working Experience: Jamaludin is Managing Director/President & Group Chief Executive Officer of Axiata Group Berhad, which he joined in March 2008. He has worked for about 31 years in the ICT industry – 16 years in the IT industry and 15 years in the telecommunications industry.

Prior to Axiata, Jamaludin was with Maxis Communications Berhad, which he joined in 1997 and was appointed Chief Executive Officer in 1998. In 2006, he was redesignated Group Chief Executive Officer. He retired from Maxis in July 2007 and continued to be Non-Executive Director until February 2008.

Before joining Maxis, he was Chief Executive Officer of Digital Equipment Malaysia (the Malaysian branch of Digital Equipment, then the second largest IT company worldwide) from 1993 to 1997. Jamaludin also spent 12 years in IBM (1981-1993), the first five years as Systems Engineer and then in various positions in Sales, Marketing and Management.

Jamaludin started his career as a lecturer in Quantitative Methods at California State University, USA in 1980.

Directorships of Public Companies: Axiata Group Companies – Celcom (Chairman), XL, Dialog, M1 and Axiata Foundation.

Other Information: Member of the Board of Financial Reporting Foundation Malaysia (FRF) and GSM Association (GSMA).

Jamaludin earned the accolade of Malaysia's 'CEO of the Year' 2000 by American Express & Business Times and was inducted into the Hall of Fame for 'Services to the Mobile Telecommunications Industry' by Asian Mobile News in 2004. He was also named 'Asian Mobile Operator CEO of the Year' by Asian Mobile News Awards 2007 and 'Telecommunications CEO of the Year' by Telecom Asia Awards 2010 and Frost & Sullivan Asia Pacific ICT Awards 2010.

PROFILE OF DIRECTORS

Age 66, Malaysian

Appointed to the Board on
24 March 2008

Independent Non-Executive Director
Chairman, Board Nomination Committee,
Board Remuneration Committee
and Share Scheme Committee

TAN SRI GHAZZALI SHEIKH ABDUL KHALID

Degree in Economics, La Trobe University, Australia

Working Experience: Ghazzali has made his career as a diplomat since 1971 and became the Ambassador of Malaysia to USA in March 1999. Prior to his appointment to Washington, D.C., he served as Deputy Secretary-General at the Ministry of Foreign Affairs, Malaysia. Over the years, his overseas appointments have included postings to Austria, Germany, Hong Kong, Thailand, the United Kingdom, Zimbabwe and the Permanent Mission of Malaysia to the United Nations in New York, USA. His last position before his retirement in September 2010 was the Ambassador-at-large of the Ministry of Foreign Affairs, Malaysia to which he was appointed in 2006.

Directorships of Public Companies: Axiata Group Companies – Robi (Chairman), Axiata Foundation (Chairman).

Age 66, Malaysian

Appointed to the Board on
24 March 2008

Senior Independent Non-Executive Director
Member, Board Audit Committee, Board Nomination Committee, Board Remuneration Committee and Share Scheme Committee

DATUK AZZAT KAMALUDIN

Barrister-at-Law, Middle Temple, London, UK
Degrees in Law and International Law, University of Cambridge, UK

Working Experience: Azzat is a lawyer by profession and is a partner of the law firm of Azzat & Izzat. Prior to being admitted as advocate and solicitor of the High Court of Malaya in 1979, he served as an administrative and diplomatic officer with the Ministry of Foreign Affairs, Malaysia from 1970 to 1979. Between 1 March 1993 to 21 March 1999, he served as a member of the Securities Commission.

Directorships of Public Companies: Axiata Group Companies – Dialog (Chairman) and Technology Resources Industries Berhad. Others – Boustead Holdings Berhad, Boustead Heavy Industries Corporation Berhad, KPJ Healthcare Berhad, Pulai Springs Resort Berhad, Visdynamics Holdings Berhad and Malaysian Directors Academy.

PROFILE OF DIRECTORS

Age 59, Malaysian

Appointed to the Board on 23 April 2008

Independent Non-Executive Director
Chairman, Board Audit Committee

DAVID LAU NAI PEK

Member of the Malaysian Institute of Accountants
Member of the New Zealand Institute of Chartered Accountants
Bachelor of Commerce, Canterbury University, New Zealand

Working Experience: David has over 35 years professional experience in finance and leading financial organisations in various locations in Australia, Brunei, China, Malaysia, New Zealand, the Netherlands and UK. David recently retired from Shell Malaysia in August 2011 after serving the Shell Group for about 30 years. His major assignments include the Finance Director for Shell Malaysia, Finance Director for Shell China, Global Controller for the Exploration & Production Division of Royal Dutch Shell, and Vice-President Finance for Shell International Exploration and Production B.V., the Netherlands.

Directorships of Public Companies: Axiata Group of Company – Celcom (Chairman of Board Audit Committee). Others – Shell Refining Company (Federation of Malaya) Berhad, Malaysian Airline System Berhad, KKB Engineering Berhad and Employees Provident Fund.

Age 59, Spanish

Appointed to the Board on
24 March 2008

Independent Non-Executive Director
Member, Board Audit Committee

JUAN VILLALONGA NAVARRO

MBA, IESE, Spain
Degree in Law, Deusto University, Spain

Working Experience: Juan was Chairman and Chief Executive Officer of Telefonica, a provider of telecommunications services in Spain from 1996 to 2000. Prior to joining Telefonica, he was Chief Executive Officer of Bankers Trust and Credit Suisse First Boston in Spain and was a partner at McKinsey & Co., for nine years. Juan is currently a global entrepreneur based in London. In 2010, he was nominated by the Harvard Business Review as one of the 50 best CEOs in the world, based on value creation.

Directorships of Public Companies: Axiata Group Company – Idea Cellular Limited.

PROFILE OF DIRECTORS

Age 46, Indonesian

Appointed to the Board on 23 November 2010

Independent Non-Executive Director

DR MUHAMAD CHATIB BASRI

PhD in Economics and Master of Economic Development, Australian National University, Australia
Bachelor of Science (Economics), University of Indonesia, Indonesia

Working Experience: Dr Chatib is a Senior Lecturer at the Department of Economics at the University of Indonesia, a position he has held since 1992. He has been a Research Associate at the Institute for Economic and Social Research Indonesia since 1999, the oldest economic policy think tank in Indonesia. He has also been advisor and/or consultant for Toyota Motor Corporation, the World Bank, the Asian Development Bank, USAID, AUSAID, OECD and United Nation's Conference on Trade and Development. Dr Chatib is presently Vice Chairman of Indonesia's National Economic Committee, Member of the Asia Pacific Regional Advisory Group of the International Monetary Fund (IMF) and Member of the High Level Trade Expert Group. He was Special Advisor to the Minister of Finance of the Republic of Indonesia in 2006-2010. Dr Chatib has also served as the Sherpa to the President of the Republic of Indonesia for the G-20 meeting in Washington in November 2008 and from 2006 to 2009, acted as the Deputy of the Minister of Finance for G-20.

Directorships of Public Companies: Axiata Group Company – XL. Others – PT Astra International Tbk, PT Astra Otoparts Tbk and PT Indika Energy Tbk.

Age 47, American

Appointed to the Board on
5 October 2011

Non Independent Non-Executive Director
(Representative of Khazanah)
Member, Board Audit Committee, Board Nomination Committee, Board Remuneration Committee and Share Scheme Committee

KENNETH SHEN

Bachelor of Arts degree (magna cum laude) in East Asian Languages and Civilisations (Japanese) and Economics from Harvard College, USA
MBA from the Harvard Graduate School of Business Administration
Completed studies at Keio University, Japan

Working Experience: Kenneth joined Khazanah as Executive Director of Investments in 2011. He has more than 25 years of global investment, corporate finance and mergers and acquisitions experience gained in New York, Hong Kong and Qatar. Prior to joining Khazanah, Kenneth was with Qatar Investment Authority (QIA) from 2006 where he most recently was Advisor to the CEO and a member of the Board of Directors of Qatar Holding LLC. In addition, Kenneth had responsibility for QIA's direct investments in public and private companies as well as its investments in private equity, special situations and venture capital funds. Prior to that, he was with Salomon Brothers Inc and its successor companies from 1996 where his most recent role was Co-Head, Corporate Finance at Citigroup Global Markets Asia Limited. Prior to Salomon Brothers, Kenneth was with Lehman Brothers Inc. from 1992 in Lehman's Merchant Banking and Principal Investments Groups in New York.

Directorships of Public Companies: Yayasan Amir

Notes:-
None of the Directors have:-
Any family relationship with any Director and/or major shareholder of Axiata.
Any conflict of interest with Axiata.
Any conviction for offences within the past ten years (other than traffic offences).
Any sanctions and/or penalties imposed on them by any regulatory bodies during the financial year ended 31 December 2011.
For information on Directors' attendance at the Board Meeting held during the financial year, please refer to page 68 of the Statement on Corporate Governance.

PROFILE OF INDEPENDENT MEMBER OF BOARD COMMITTEES

ANN ALMEIDA

Age 56, British

Appointed as Member of Board Nomination Committee, Board Remuneration Committee and Share Scheme Committee on 17 February 2011

MA in Economics, Cambridge University, UK
MBA, Imperial College, London, UK

Working Experience: Ann has been Group Managing Director, Human Resources of the Hongkong and Shanghai Banking Corporation Limited since February 2008 and is a member of the Group Management Board. In 2011, her remit widened to include Corporate Sustainability.

Ann joined HSBC Group in 1992 and by 1995 she was appointed Head of HR for James Capel (Stockbroking). Since 1996, Ann has been Director, HR for the Investment Bank, Transaction Bank, Private Bank, Islamic Bank and Asset Management, before taking up her present role.

Other Information: Ann has been non-executive member of the Remuneration and HR Strategy Committees of the London School of Economics and non-executive Chairman of the Human Resources Committee of Jadwa Investments, a Saudi Islamic bank.

PROFILE OF MANAGEMENT TEAM

from left to right: Nik Hasnan Nik Abd Kadir, Darke M Sani, Donald James Rae, Suryani Hussein, Norman Donald Price IV, Dato' Sri Jamaludin Ibrahim, Datin Badrunnisa Mohd Yasin Khan, James Maclaurin, Azwan Khan Osman Khan, Rema Devi Nair, Tan Gim Boon, Annis Sheikh Mohamed

PROFILE OF MANAGEMENT TEAM

DATO' SRI JAMALUDIN IBRAHIM

Managing Director/President & Group Chief Executive Officer

Please refer to page 47 of the Annual Report.

NIK HASNAN NIK ABD KADIR

Group Chief Internal Auditor

Hasnan graduated with a Bachelor of Science (Honours) in Accounting & Financial Analysis, University of Warwick, UK. He is a Certified Internal Auditor (CIA) and a Chartered Member of the Institute of Internal Auditors, Malaysia (CMIIA). Hasnan also holds the additional role of the Chief Internal Auditor of Celcom, a position he has held since 2005. Prior to that, he was Financial Controller, Asia Pacific Service Centre, for a major multinational oil and gas company and before that; he was a member of the multinational's Global Audit Network and Secretary of the Audit Committee of its Accounting Transaction Services Company for Asia Pacific and Middle East.

DARKE M SANI

Group Chief Human Resources Officer

Darke has had over 25 years experience both in Malaysia and in the region, in the telecommunications and IT industry and most recently in leadership development and management consulting. His strong business experience, mainly as Managing Director or head of a business, include stints in various multinational companies including Maxis, Apple and Digital Equipment Corporation (now part of Hewlett-Packard).

DONALD JAMES RAE

Senior Vice President, Group Business Development & Regional Operations

Don graduated with a Bachelor Commerce from University of Guelph (1983), Ontario Canada and an MBA from University of Western Ontario, Canada (1987).

He started his career with Deloitte & Touche Management Consulting from 1987 to 1998, working in Canada, Hong Kong, Malaysia and Singapore, and was made a Partner in the firm in 1994.

In 1999, he joined Smart Communications in the Philippines as Chief Operations Advisor. In 2003, concurrently in his role at Smart, Don took on the role of assisting the CEO of PLDT in the Philippines in the development of their fixed line business and creation of converged infrastructure and services with Smart which is a 100% subsidiary of PLDT.

In 2007, Don ventured into India where he was CEO of the Essar Telecommunications Business Group and oversaw the development of the Vodafone Essar business as well as other telecommunications businesses for the Essar group.

Prior to joining Axiata in February 2010, Don worked as an independent consultant for the Group, focused on reviewing and improving operations in its Dialog business unit.

SURYANI HUSSEIN

Group Company Secretary

Suryani, a qualified advocate and solicitor of the High Court of Malaya and licenced Company Secretary, spent the early years of her career in legal practice. She subsequently joined the corporate sector and was appointed Head of Legal and Secretarial, Celcom in 2002. Suryani joined Axiata upon its listing in 2008 and until June 2011 retained her leadership role as Head of Legal in Celcom.

NORMAN DONALD PRICE IV

Group Chief Technology Officer

Don started his career in the US Navy, where he initially taught reactor physics, specialising in nuclear propulsion but later moved on to communications. He joined McCaw Communications Group (McCaw) in the US, for whom he also spent considerable amount of time with various telecommunications operators in Asia. Don's work at McCaw also led him to China, Indonesia and Philippines. Don has more than 25 years experience in establishing and scaling new business operations in fiercely competitive environments in the region, seven years of which was with Bharti Airtel.

DATIN BADRUNNISA MOHD YASIN KHAN
Group Chief Talent Officer

Badrunnisa holds a Bachelor of Science (Honours) 1981, in Biochemistry and Pharmacology, University of Aston in Birmingham, UK. She has had over 25 years of working experience. Badrunnisa's career has predominantly been with Shell in Malaysia with the first half focusing on IT software application and the second half in Human Resources, where her last stint was in a global position reporting to Shell's Group HR. Before Axiata, she was with TM where she was General Manager, Leadership & Talent Management, Group HR. She was also the Head of Group Human Resources in Axiata before the function was split to allow her to focus on Talent Management across the Group.

JAMES MACLAURIN
Group Chief Financial Officer

James is a member of the Institute of Chartered Accountants of Scotland (qualified 1992) and holds degrees in Engineering and Finance from the Universities of Dundee and Heriot Watt in Edinburgh respectively. He has worked in the telecommunications industry for 15 years and has held a number of senior finance leadership positions including Chief Financial Officer for Africa and Central Europe at Vodafone, Group Chief Financial Officer of Celtel, the pan-African mobile operator, Chief Financial Officer of UbiNetics, the 3G technology developer and Executive Vice President Finance of Marconi, the UK based telecommunications vendor subsequently sold to Ericsson. In the mid 1990's James worked in Asia and served as the Finance Director of General Electric Co of Singapore and prior to joining Axiata he was the Finance Director of General Electric Co of Bangladesh.

AZWAN KHAN OSMAN KHAN
Group Chief Strategy Officer

Azwan is an engineering graduate (First-Class Honours) from Imperial College, University of London, UK with a broad mix of telecommunications and non-telecommunications experience across a range of companies. His professional experience includes extensive time with the Boston Consulting Group and Shell Malaysia. Azwan was formerly the Senior Vice President, Corporate Strategy and Development in Celcom, a position he held from mid-2005.

Azwan is also a member of the Chief Strategy Officers' Group (CSOG) of the GSM Association (GSMA).

REMA DEVI NAIR
Head, Group Regulatory Affairs

Rema graduated from the University of Malaya, Kuala Lumpur with Bachelor of Arts (Honours) and Master in Philosophy (M.Phil) degrees in 1983 and 1987 respectively. She has over 20 years experience in the telecommunications industry commencing as a specialist telecommunications writer at the Business Times, Malaysia's financial daily. This was followed by stints in TM, primarily in corporate planning and strategy, and Malaysian Communications & Multimedia Commission (MCMC), serving in various positions including Manager (Economic Regulation) and Industry Policy and Regulation. Before joining Axiata, Rema headed Corporate and Regulatory Affairs at TMI.

She is a member of the Chief Regulatory Officers' Group (CROG) of the GSM Association (GSMA).

TAN GIM BOON
Group General Counsel

Gim graduated with a Bachelor of Commerce in 1993 and a Bachelor of Laws in 1995 from University of Adelaide, Australia. In 2000, he completed a Master of Laws from University of New South Wales, Australia. Gim was admitted as an Advocate and Solicitor of the High Court of Malaya in 1997 and admitted as a solicitor in New South Wales, Australia in 2002. Prior to joining Axiata, he was working with law firms in Malaysia and Sydney, Australia predominantly in corporate finance, equity capital markets and mergers and acquisitions. He joined Axiata in 2004.

ANNIS SHEIKH MOHAMED
Head, Corporate Development

Annis graduated from the University of Wisconsin-Madison, U.S.A. with a Bachelor of Business Administration (Dean's List), majoring in Finance, Investment and Banking. He has close to 17 years experience in the banking industry with extensive knowledge and experience in the areas of financial advisory, structured finance, acquisition finance and project finance. Annis started his career at Citibank Berhad and later joined Macquarie Malaysia and RHB Sakura Merchant Bankers Bhd. Before joining Axiata, he was Chief Officer and Head of Investment Banking in Kuwait Finance House (Malaysia) Berhad (KFHMB).

PROFILE OF OPERATING COMPANIES' MANAGEMENT TEAM

1

DATO' SRI MOHAMMED SHAZALLI RAMLY
Chief Executive Officer
Celcom Axiata Berhad

Shazalli was appointed Chief Executive Officer and Director of Celcom on 1 September 2005. Prior to that, he was Chief Executive Officer of ntv7, Malaysia's seventh terrestrial TV station, a position he held for eight years since its launch in 1998.

Shazalli had earlier left his mark in the fast moving consumer goods industry, with Lever Brothers (1987-1993), followed by the Malaysian Tobacco Company (MTC) and British American Tobacco (BAT) (1993-1996) both in Malaysia and the UK. He also served as Astro's Marketing Director for two years where he pioneered the launch of Astro digital satellite services in Malaysia.

Shazalli graduated from Universiti Teknologi MARA Perlis in 1982, holds a Bachelor of Science (Marketing) from Indiana University, Bloomington, Indiana, USA and an MBA from St. Louis University, Missouri, USA.

Shazalli is currently director of several companies which include Celcom; C-Mobile Sdn Bhd; Celcom Mobile Sdn Bhd, Celcom Transmission (M) Sdn Bhd and Technology Resources Industries Berhad. He is also a board member of the Kuala Lumpur Business Club and Yayasan Kebajikan Negara Malaysia.

Under his helm, Celcom clinched the Service Provider of the Year Award by Frost & Sullivan for three years in a row since 2008. In his own capacity, Shazalli was recognised for his leadership and tenacity, receiving various awards, including that of Masterclass CEO of the Year Award and the Business Leadership Award for the Telecommunications Sector at the Malaysia Business Leadership Awards organised by the Kuala Lumpur Malay Chamber of Commerce.

2

HASNUL SUHAIMI
President Director
PT XL Axiata Tbk

Hasnul was appointed President Director of XL in September 2006. Prior to joining XL, he was President Director of Indosat. He has extensive experience in the telecommunications industry, having held directorship positions at PT IM3 and PT Telkomsel.

Hasnul started his career as an Instrument Engineer at Schlumberger in 1981. He graduated from Bandung Institute of Technology (ITB), Indonesia in 1981 with a degree in Electrical Engineering before earning his MBA from the University of Hawaii, USA, in 1992.

Under his leadership, XL has transformed to become the second largest cellular provider in Indonesia and has been recognised as one of Asia's Best Managed Companies 2009 by Euromoney magazine for Overall Most Convincing and Coherent Strategy.

Hasnul is much admired for his leadership and was awarded Best CEO by SWA Magazine for two consecutive years (2010 and 2009), CEO Idaman (Most Desirable CEO) 2009 within the telecommunications Industry by Warta Ekonomi magazine and Outstanding Entrepreneurship Award by Asia Pacific Entrepreneurship Awards in 2008.

In 2011, Hasnul was recognised with several awards, including Telecommunications CEO of the Year by Telecommunications Asia, CEO of the Year by Frost & Sullivan Asia Pacific ICT Awards, Gold award for PR Person of the Year 2011 (CEO Category), and the Top Executive for Listed Companies 2011 by Investor Magazine.

3

DR HANS WIJAYASURIYA

Director and Group Chief Executive
Dialog Axiata PLC

Hans was appointed Group Chief Executive of Dialog in 1997. Hans is a past Chairman of GSM Asia Pacific – the regional interest group of the GSM Association representing 22 Asia Pacific member countries.

Hans is a Chartered Engineer and Fellow of the Institute of Engineering Technology (IET) UK. He holds a Degree in Electrical and Electronic Engineering from the University of Cambridge, UK. He also holds a Doctorate in Digital Mobile Communications from the University of Bristol, UK and an MBA from the University of Warwick, UK.

Hans is a recipient of the CIMA Janashakthi Business Leader of the Year award in its inaugural year of presentation in 2003, and was named 'Sri Lankan of the Year' in 2008 by LMD, Sri Lanka's premier business journal.

Under Hans' leadership, Dialog has retained its position as the undisputed leader in Sri Lanka's mobile industry.

4

MICHAEL KUEHNER

Managing Director and
Chief Executive Officer
Robi Axiata Limited

Michael has had an extensive career in the telecommunications and IT industry spanning more than 32 years in various international assignments. Michael has spent considerable time in Asia. Prior to taking up the appointment with Robi he was the Head of India/Nepal Sub-Region with Nokia Siemens Networks.

In earlier roles, Michael has held executive positions in Sales and Marketing, Service and Project Management, when he was based in Germany, Russia and several North African countries.

Michael has a Masters Degree in Mathematics and Economic Science from the University of Cologne, Germany.

Under Michael's able leadership, Robi was conferred with the recognition of Emerging Market Service Provider of the Year by the Frost & Sullivan Asia Pacific ICT Awards 2010. Robi also received the Robintex – the Financial Mirror 11th Bangladesh Business Award 2009-2010 for Best Stakeholders Management.

PROFILE OF OPERATING COMPANIES' MANAGEMENT TEAM

5

SIMON J PERKINS
Chief Executive Officer
Hello Axiata Company Limited

Simon has over 35 years experience in telecommunications, the last 15 years of which in Asia, with 10 years in Operator CEO roles, combined with several Board Directorships. His extensive work experience in Asia Pacific covers Australia, Cambodia, India, Laos, Philippines, Singapore and Vietnam. He is the recipient of several awards including the prestigious Gold Medal for Services to Telecommunications in Vietnam awarded by the government of Vietnam in 2002.

He is a founding member of the Telecommunications Association of Cambodia, which has recently been registered with the Government Ministries. He is a Chartered Engineer, Fellow of the Institution of Engineering and Technology UK, Fellow of the Institution of Engineers Australia, and Graduate Member of the Australian Institute of Company Directors.

Simon has an Engineering Degree from Loughborough University, UK and an MBA from Warwick University, UK.

6

HIMANSHU KAPANIA
Managing Director
Idea Cellular Limited

Himanshu was appointed Managing Director of Idea on 1 April 2011. Himanshu has had two separate stints with Idea. In his first stint, he joined the company in 1997 and was responsible for managing its operations in the service areas of Maharashtra and Gujarat, and later launched services in Delhi Metro. Subsequently, he worked with Reliance Infocomm Ltd. where he was responsible for its operations in the northern region.

Himanshu rejoined Idea in 2006, and has since been instrumental in driving the company's growth in South and Western India.

He was responsible for strengthening Idea's dominance in established service areas, while also launching services in new service areas and expanding brand presence in other major markets in India.

Himanshu holds a Bachelor degree in Electrical and Electronics Engineering from Birla Institute of Technology, Mesra, India (1979-83) and postgraduate studies from the Indian Institute of Management, Bangalore, India (1988-90).

7

KAREN KOOI
Chief Executive Officer
M1 Limited

Karen was appointed Chief Executive Officer and Executive Director of M1 on 22 April 2009. Karen was also the Acting Chief Executive Officer of M1 from 1 February 2009 to 22 April 2009.

Karen joined M1 as Chief Financial Officer in August 1995. She was a key member of the senior management team responsible for the planning, development and launch of M1's commercial operations.

Prior to joining M1, Karen held various senior financial positions in large public listed companies, including Singapore Press Holdings Limited and City Developments Limited. She has over 30 years experience in General and Financial Management.

Karen is a Fellow of the Association of Chartered Certified Accountants (UK) and holds a Master of Business Administration degree in Investment and Finance (Distinction) from the University of Hull, UK.

8

WATCHAI VILAILUCK
Executive Chairman and
Chief Executive Officer
Samart I-Mobile Public Company Limited

Watchai has been Executive Chairman and Chief Executive Officer of SIM since 2003. He also holds several senior management positions in other SAMART subsidiaries.

Watchai graduated from Thammasart University, Thailand with a degree in Accounting.

He has also obtained Certification from the Thai Institute of Directors Association, the National Defence College of Thailand, and the Executive Education Center, University of Michigan Business School, USA.

9

ADNAN ASDAR
Chief Executive Officer
Multinet Pakistan (Private) Limited

Adnan, one of the pioneers of Multinet, is the driving force behind the company and has been responsible for spearheading the successful deployment of the nationwide optical fibre network.

Adnan has over 25 years experience in structural and forensic engineering, construction management, quality control and project management.

He also plays advisory roles in several non-profit organisations primarily focused on education and health and is on the Executive Council Board for the Citizen's Foundation, Hunar Foundation and Indus Hospital.

Adnan has a degree in Science (Civil Engineering) from Wisconsin, USA and a Masters in Science (Civil Engineering) from Minnesota, USA.

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HAMIDREZA ABOUTALEBI
Managing Director
Mobile Telecommunications Company of Esfahan

Hamidreza was appointed Managing Director of MTCE in 2011. Prior to joining MTCE, he was Managing Director and also a Board member of Aryana Gostar Spadana Company. He has extensive experience in telecommunications and information technology having held positions in design and implementation as well as project management related to VOIP, NGN, Billing and Customer Care, BSS management system, IVR and mobile networks.

Hamidreza holds a Bachelor of Engineering from Telecommunications and Post University, Iran.

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PURSUANT TO PARAGRAPH 15.25 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Axiata's high standards of corporate governance, critical to business integrity, plays an important part towards the Group's continued growth and success. This is especially so when conducting business in a global, highly competitive and changing market. The Board is committed to managing business ethically and in a transparent manner to ensure equitable long term value for all its shareholders.

Axiata reported strong results for 2011, ending the year in a position of strength with RM6.6 billion in cash and a significantly strengthened balance sheet. Axiata's Gross Debt to EBITDA ratio is now at 1.6x, representing one of the healthiest balance sheets in the industry.

Axiata's share price continued to perform well, outperforming the KLCI for a second consecutive year. Axiata's total subscriber base expanded to close at 200 million, up 25% from a year ago, making Axiata one of the largest telecommunications companies in the region.

In view of the Group's strong performance, Axiata announced an accumulative increased payout in dividends, a 60% payout, doubled from the 32% last year, subject to shareholders' approval in case of final dividend.

In maintaining its strong corporate governance, Axiata's corporate governance model has been built and enhanced based on the following requirements and guidelines:-

(i) Malaysian Code on Corporate Governance (Revised 2007) (Code);

(ii) Bursa Malaysia Securities Berhad (Bursa Securities);

(iii) Green Book on Enhancing Board Effectiveness (Green Book) by the Putrajaya Committee on Government Linked Companies (GLCs); and

(iv) Corporate Governance Guide: Towards Boardroom Excellence (CG Guide) by Bursa Securities.

Apart from the above requirements and guidelines, Axiata also benchmarks itself against the Minority Shareholder Watchdog Group (MSWG) Corporate Governance Scorecard. In addition, the Board has reviewed the 5-year Corporate Governance Blueprint issued by the Securities Commission of Malaysia (SC) (CG Blueprint) and provided its views and/or recommendations with regards to the proposals outlined in the CG Blueprint to the SC. In general, Axiata is fully supportive of the proposals in the CG Blueprint.

Axiata's efforts in Corporate Governance were recognised at the recent Malaysian Corporate Governance Index (MCGI) 2011 Awards. Axiata was one of only 16 public listed companies which made the A+ list winning a 'Distinction Award'. In addition, Axiata also won the 'Best Conduct of AGM' award.

The Board is pleased to provide hereunder the statement on how the Company has applied the key principles and extent of its compliance with best practices set out in the Code throughout the financial year ended 31 December 2011 (FY11). This statement had been made in accordance with the resolution and authority of the Board dated 22 February 2012.

THE BOARD OF DIRECTORS

Roles and Responsibilities of the Board

The Board is collectively responsible for the overall conduct of the Group's business on behalf of the shareholders and takes full responsibility for the performance of the Company and the Group. In setting the Company's overall strategy and governance and in the pursuit of the Company's objectives, the Board takes into account the interests of all stakeholders in its decision-making. In this regard, the Board is guided by its documented Terms of Reference (ToR) and the Limits of Authority (LoA) which define matters that are specifically reserved for the Board and the delegated day-to-day management of the Company to the President & Group Chief Executive Officer (GCEO). This formal structure of delegation is further cascaded by the President & GCEO to the senior management team within the Company's Corporate Centre. However, the President & GCEO and the Senior Management team remain accountable to the Board for the authority that is delegated, and for the performance of the Company and the Group as the Board continues to monitor the same.

The role of the Board in its Charter/ToR includes the following:-

1. Provide strategic drive for the Company by guiding top management in developing corporate broad strategy, challenging and approving the corporate strategy and performance objectives and parameters, monitoring developments and approving variations;

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2. Oversee the conduct of the Company's business and evaluate whether the business is being properly managed;
3. Approve the Group Business Plan and changes thereon, creation of new businesses or activities or termination of existing businesses or activities which specifically change the nature of the Group;
4. Approve mergers, acquisitions and divestures (including strategic business alliances, acquisitions or disposal of investments and equity interests);
5. Approve quarterly, annually unaudited and audited accounts or any audited accounts for special purposes;
6. Approve Group Policies, LoA and any revisions or amendments thereto;
7. Recommend matters that are specifically reserved for the approval of the Company's shareholders in general meetings;
8. Identify principal risks and ensure the implementation of appropriate systems to manage these risks; and
9. Review the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. The Board must ensure that there is a satisfactory framework of reporting on internal financial controls and regulatory compliance.

The full version of the Board's ToR is available on the Company's website.

Although all the Directors have equal responsibility at Board level, the Independent Non-Executive Directors (INEDs) by virtue of their roles and responsibilities, effectively represent the interests of the minority shareholders and hence play a pivotal role in corporate accountability. This is evident in their role in bringing impartiality and scrutiny to the Board's deliberations and decision-making, and also serve to stimulate, challenge and probe the Management in an objective and constructive manner and, more importantly, taking into account the long-term interests, not only of the Company and the Group but also of the shareholders, employees, customers, suppliers and the many communities with which the Company and the Group conduct business.

The differing roles of Executive Director (ED) and Non-Executive Directors (NEDs) are delineated, both having fiduciary duties towards shareholders. The practicing full time ED takes direct responsibility for business operations. NEDs are appointed on a part-time basis and have the necessary skills and experience to bring independent judgment to bear on issues of strategy, performance and resources brought before the Board. NEDs are therefore seen as the 'guardian' of corporate governance and act as 'buffers' between the ED and the Company's shareholders i.e they monitor and challenge executive actions and decisions where appropriate, to ensure that the Company is acting in a responsible manner and in the best interests of its shareholders and other stakeholders.

Certain specific responsibilities of the Board are also delegated to several Board Committees, which operate within a clearly defined ToR. However, the ultimate responsibility for final decision on all matters lies with the entire Board. In this respect, key deliberations and/or recommendations of the Board Committees are reported to the Board for notation and/or endorsement.

Board Composition and Balance

The Board, as at the date of this Statement, comprises of 8 members, 7 of whom served throughout the year. Out of 8, 5 are INEDs, 2 Non-Independent Non-Executive Directors (NINEDs), including the Chairman (representing the interests of Khazanah, the major shareholder of the Company) and 1 ED. Appointed during FY11 was Kenneth Shen, NINED, representing the interests of Khazanah replacing Dr Farid Mohamed Sani who resigned on 15 December 2011.

The size and composition of the Board is appropriate and commensurate with the complexity and scale of the Group's operations. The current number of Board members is also conducive for efficient deliberations at Board meetings and effective conduct of Board decision-making. The Board Nomination Committee (BNC) and the Board had previously deliberated on the general framework on the composition of the Board, taking into account the complexity and geographical spread of the Group's business, and continue to be guided by this framework.

The high proportion of INEDS, which is more than 50% of the Board members, reflect the Board's commitment to maintain strong representation of independent directors on the Board. The number exceeds the one-third requirement as set out in the Code and the Main LR and this ensures strong, effective and meaningful oversight over Management. All the 5 INEDs not only fulfil the criteria of independence, as defined in the Main LR, but are also knowledgeable and high calibre individuals or professionals who are highly respected in their respective fields.

The directorships of Directors of Axiata in other public listed companies and private companies not only do not exceed the prescribed limits under the Main LR, but also do not exceed the provisions of the Green Book of 5 and 10 directorships in public listed and private companies respectively. This ensures that their commitment, resources and time are more focused and enables them to discharge their duties effectively. They should advise the Chairman in advance before accepting an invitation to serve on another Board of Directors or any significant commitment involving an affiliation with other businesses or governmental units.

The Board is of the view that with the diverse and effective blend of professional backgrounds/qualifications, skills, extensive experience and knowledge in the areas of telecommunications, finance, business, legal, general management, mergers and acquisitions and strategy, it has the optimum size and mix to function effectively. In terms of gender diversity, in 2011, the Company appointed Ann Almeida as Independent Member of the BNC, Board Remuneration Committee (BRC) and Share Scheme Committee (SSC). Ann Almeida is the Group Managing Director, Human Resources of the Hongkong and Shanghai Banking Corporation Limited and the non-executive member of the Remuneration and HR Strategy Committee of the London School of Economics and non-executive Chairman of the Human Resources Committee of Jadwa Investments, a Saudi Islamic Bank.

Directors' Independence

Axiata defines an independent director in accordance with the Main LR. The Main LR's definition of independence includes a series of objective tests such as a director is not an employee of the Company and is not engaged in any type of business dealings with the Company. As it is not possible to anticipate or explicitly provide for all potential conflicts of interest that may affect independence, the Board is also responsible to affirmatively determine as to each INED that no relationship exists which, in the opinion of the Board, would interfere with the exercise of independent judgement in carrying out the responsibilities of a director. In making these determinations, the Board will review information provided by the INEDs and the Company with regards to each INED's business and personal activities as they may relate to the Company and the Company's Management.

So far, none of the INEDs engage in the day-to-day management of the Company, participate in any business dealings or are involved in any other relationship with the Company (other than in situations permitted by the applicable regulations). This not only brings an additional element of balance to the Board but ensures that the INEDs are free of any conflict of interest and more importantly, allows them to function independently and in an unbiased manner in discharging their roles and responsibilities as INEDs. During FY11, none of the INEDs had any relationship that could materially interfere with his unfettered and independent judgement.

Axiata has continuously and progressively assessed Directors' independence from the perspectives, principles and criteria associated with independence. These areas cover demonstration by INEDs of character and mindset associated with independence such as impartiality, objectivity and observing all shareholders' interests. Although Axiata's INEDs have only served for a tenure of less than 5 years, such assessment, emphasising on assessment of character and mindset aspired from INEDs, has always formed part of Axiata's annual Board Effectiveness Evaluation (BEE) assessment. In conducting the assessment, the inputs of external consultants are taken into consideration in determining the dimensions to be measured on independence and examples in which Axiata's INEDs have exhibited qualities and behaviour deemed to reflect independence during the Board's interactions and/or Board's discussions.

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As of now, the Board does not believe that it should establish term limits for its INEDs. The Board is of the view that while term limits could help to ensure that there are fresh ideas and viewpoints available to the Board, they do pose the disadvantage of losing experienced INEDs who over time have developed increased insight into the Company, the Group and their operations and therefore provide an increasing contribution to the effectiveness of the Board as a whole. The Board further noted that imposing a fixed term limit for INEDs does not necessarily assure independence.

Appointments to the Board

The Board has previously adopted the Axiata Group Framework on Board Appointments which outlines the process for Board appointments. The appointment of the last INED closely adhered to this process including the engagement of third party consultants to assist in the selection process. This framework incorporates provisions and/or guidelines embedded in the Green Book. These are detailed in the ToR of the BNC.

The selection criteria therefore are based exclusively on the personal merits of the candidates and hence there is no implicit bias capable of impeding the selection of female directors, if within the potential candidates, there are female candidates who meet the professional profile sought.

An induction programme jointly coordinated by the Group Company Secretary and the President & GCEO is usually conducted for newly appointed Directors. This programme enables them to have the necessary information and overview to assist them in understanding the operations of the Company, current issues and corporate strategies as well as the structure and management of the Company. The module generally covers the following subject matters:-

(i) Company vision, mission and objectives,

(ii) Overview of Group Strategy, Finance, Procurement, Corporate Finance, Treasury, Human Resources, Internal Audit, Treasury and Investor Relations;

(iii) OpCos engagement process, background and major developments;

(iv) Risk Management, Talent Management and Leadership Development Programme;

(v) Technology updates and initiatives;

(vi) Mergers and Acquisitions updates;

(vii) Regulatory issues and recent developments; and

(viii) Corporate, Board and Governance structure.

Re-Election of Directors

In accordance with the Articles of Association of the Company, newly appointed Directors during the year must offer themselves to the shareholders for re-election at the first Annual General Meeting (AGM) following their appointment and 1/3 of Directors are subject to retirement by rotation at every AGM but shall be eligible for re-election. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-election.

At this forthcoming AGM, Kenneth Shen, the newly appointed NINED will be retiring and has offered himself for re-election whilst the 2 Directors retiring by rotation are Tan Sri Dato' Azman Haji Mokhtar and David Lau Nai Pek. Both Tan Sri Dato' Azman Haji Mokhtar and David Lau Nai Pek, being eligible, have offered themselves for re-election.

Senior Independent Director

Datuk Azzat Kamaludin continues to play his role as the Senior INED to whom concerns of shareholders and stakeholders may be conveyed. He is responsible for addressing concerns that may be raised by the shareholders. During FY11, no shareholders have asked to meet with Datuk Azzat.

Shareholders and other interested parties may contact Datuk Azzat to address any concerns in writing or via telephone, facsimile or electronic mail as follows:-

Tel	: +60 19 200 0878 +60 3 7725 6050
Fax	: +60 3 7725 6070
Email	: azzat@axiata.com or azzat@azzatizzat.com
Postal Address	: Axiata Centre, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral 50470 Kuala Lumpur, Malaysia

Division of Roles and Responsibilities between the Chairman and President & GCEO

Axiata recognises the importance of separating the roles of the Chairman and the President & GCEO. This is reflected in the division of their responsibilities which are clearly set out in the Board's Charter/ToR. This ensures that no person has unfettered powers of decision. The Chairman is responsible for the operations, leadership and governance of the Board, ensuring its effectiveness and assumes the formal role as the leader in chairing all Board meetings and shareholders' meeting. He leads the Board in management oversight. The Chairman's principal roles are also to ensure that the Board fulfills its obligations under the Board's Charter/ToR and as required under relevant legislations. Some of the specific responsibilities of the Chairman include the following:-

(i) Facilitates open and professional discussions where Directors are encouraged to provide their views, leading to objective, robust analysis and debate on matters being deliberated;

(ii) Works closely with the President & GCEO to ensure sufficient information is channeled to facilitate the Board to perform effectively and able to make an informed decision and to monitor the effective implementation of Board's decisions; and

(iii) Ensures meetings of the shareholders are conducted in an open and proper manner with appropriate opportunity for them to ask questions.

While the Chairman is a NINED, by virtue of him being the representative of the major shareholder of the Company, he has never assumed an executive position in the Company.

The President & GCEO is responsible for the management of the Company's business, organisational effectiveness and implementation of Board strategies, policies and decisions. By virtue of his position as a Board member, he also acts as the intermediary between the Board and senior management.

Board Meetings

The calendar for Board meetings providing scheduled dates for meetings of the Board (including Pre-Board and Board retreat sessions), Board Committees and AGM as well as the Board Annual Calendar providing major items of the agenda for each financial year are fixed in advance for the whole year so as to enable the Directors to plan ahead and ensure the Board meetings are booked into their respective schedules. The agenda items are determined taking into consideration the Board's key roles as well as management annual planning cycle and are updated as the year progresses.

The Board annual meeting schedule, together with the Board Annual Calendar, are prepared and circulated to all Directors at year end or early in the year.

Special Board meetings are convened by the Group Company Secretary, in consultation with the Chairman and/or President & GCEO, where specific directions or decisions are required expeditiously or urgently from the Board. Decisions can be taken by way of Directors' Circular Resolutions (DCR) between the scheduled and special meetings, where appropriate.

The Board has a regular annual schedule of subject/matters based risk assessment which is tabled to the Board for their approval and/or notation. This includes business performance updates, unaudited quarterly results, reports from major OpCos, strategy, new business development, competitors, analysis, investor relations, risk profile and material litigation updates.

In FY11, some of the Board agenda items (including pre-Board informal discussion) include:-

(i) Quarterly unaudited consolidated results;

(ii) Half-year financial performance report;

(iii) Strategic matters which include inter-alia, group-broad strategy, trends and direction e.g. infrastructure/technology, devices and strategic directions for India,

(iv) Business models;

(v) Business plan;

(vi) Proposals and updates on mergers and acquisitions;

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(vii) Regulatory updates;

(viii) Investor relations updates;

(ix) Succession planning and talent management;

(x) Organisational structure changes;

(xi) Renewal of contract for Senior Management;

(xii) Restricted Share Plan for the Company and Long Term Incentive Plan for XL;

(xiii) GCEOs Key Performance Indicators and achievements;

xiv) Capital structure review and treasury proposals and updates;

(xv) Key Annual Report statements (such as Statement on Corporate Governance, Board Audit Committee Report and Statement on Internal Control); and

(xvi) Findings on Board assessment and review of the Company's position against the MCGI 2010.

In order for Board meetings to be more effective and to enable in-depth deliberations of matters, the meeting agenda at Board meetings are sequenced in such a way taking into consideration the complexity of the proposals and/or whether they are items for approval, discussion or notation by the Board. Time allocation is also determined for each agenda item in order for Board meetings to be conducted efficiently.

Whenever necessary, Senior Management or external advisors are also invited to attend Board and Board committee meetings to explain the matters within their competencies, to provide further clarity on agenda items being discussed to enable the Board and/or Board Committees to arrive at a considered and informed decision.

Attendance at Board and Board Committee Meetings

During FY11, the Board met 10 times including Mid-Year Board Strategy Retreat and year-end Board Retreat sessions and excluding pre-Board. Details of attendance of Board and Board committee members who remained in office as at 31 December 2011 are provided below:-

Members	BOD	BAC	BNC	BRC	SSC
Tan Sri Dato' Azman Hj. Mokhtar	10/10 (Chair)	n/a	n/a	n/a	n/a
Dato' Sri Jamaludin Ibrahim	10/10	n/a	n/a	n/a	n/a
Tan Sri Ghazzali Sheikh Abdul Khalid	9/10	n/a	4/5 (Chair)	1/2 (Chair)	3/4 (Chair)
Datuk Azzat Kamaludin	8/10	5/5	5/5	2/2	4/4
Juan Villalonga Navarro	6/10	4/5	n/a	n/a	n/a
David Lau Nai Pek	9/10	5/5 (Chair)	n/a	n/a	n/a
Dr. Muhamad Chatib Basri	10/10	n/a	n/a	n/a	n/a
Kenneth Shen*	3/3	#	n/a	n/a	n/a
Ann Almeida**	n/a	n/a	3/5	1/2	3/4

Note:
n/a – Not Applicable
* – Appointed on 5 October 2011. Appointed as Member of BAC, BNC, BRC and SSC on 30 November 2011
** – Not a Board Member. Appointed as Member of BNC, BRC & SSC on 17 February 2011
# – Appointed as Member of BAC on 30 November 2011

Axiata has 2 board retreats in a year. The Mid-Year Board Strategy Retreat session discusses the Group's broad strategy and sets the tone and general direction for the year-end Board Retreat session where the business plan including those of major OpCos are presented in a challenge session with the Board. Discussions are robust and to further gauge the effectiveness of the sessions, the Board's feedback is sought on the quality of the board-management engagement.

Board Access to Management, Group Company Secretary and Independent Professional Advice

The Directors have complete and unrestricted access either collectively or in their individual capacities to the senior management and Group Company Secretary. In addition to regular presentations by Senior Management to the Board and Board Committees, Directors may seek briefing from senior management on specific matters. Directors may also interact directly with, or request further explanation, information or update on any aspects of the Company's operations from the senior management. In some instances, selected Board members were invited on several occasions by Senior Management to deliberate and/or provide their inputs on matters in which Senior Management intends to propose to the Board for approval.

The Group Company Secretary ensures good information flow within the Board and its Committees and between the NEDs and Senior Management. The Group Company Secretary is also responsible for advising the Board, through the Chairman, on all governance matters. The Group Company Secretary attends all meetings of the Board and relevant Board Committees. The appointment and removal of the Group Company Secretary is also a matter for the Board to decide to ensure a qualified and suitable individual is selected.

In addition, the Board is also authorised, whether as a full Board or in their individual capacities, to seek independent professional advice, if necessary, at the Company's expense from time to time to enable the Board to discharge its duties in relation to matters being deliberated. Similar access is also extended to all Board Committees on the same basis. The Chairman shall accordingly be notified and shall determine whether the external advice will be circulated to the Board. During FY11, none of the Directors exercised the right.

Directors' Code of Ethics

During FY11, the Board adopted the Directors' Code of Ethics as prescribed by the Companies Commission of Malaysia. The Code of Ethics sets out the requirement for the Directors to observe the code at all times in relation to corporate governance, relationship with shareholders, employees, creditors and customers as well as social responsibility and the environment.

Supply of Information

The Board adopts appropriate measures to ensure that the Directors receive the necessary information to prepare themselves for the meetings of the Board and Board Committees. Board meeting agenda and Board meeting papers which include among others, comprehensive management reports, minutes of meetings, project proposals and supporting documents are targeted for dissemination to the Directors at least 14 days and 7 days respectively prior to Board meetings in line with the Green Book. This is to allow sufficient time for the Board members to peruse the Board papers and seek any clarification or further details from Management or the Group Company Secretary, if required. This enables the Board meetings to be run more effectively by focusing on the deliberations and any questions from the Directors on the subject matter. In special and exceptional circumstances, additional or supplementary items are permitted to be taken up as any other business.

Presentations to the Board are prepared and delivered in a manner that ensures clear and adequate presentation of the subject matter. The Board paper format includes an Executive Summary which outlines the salient key points of matters to be deliberated.

The Directors also receive regular updates of the latest developments on statutory and regulatory requirements pertaining to their duties and responsibilities, and affecting the Company. As and when the need arises, the Directors are also provided with ad-hoc reports, information papers and relevant training where necessary to ensure they are well informed on key business, operational, corporate, legal, regulatory and industry matters.

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For better accessibility and more effective board administration, board papers are also made accessible electronically through secured means. This is to support the Group wide initiative of leveraging on information technology for effective dissemination of information.

Further, as the information received by the Board to a considerable extent influences its decisions, the Board has adopted a rating process for Board papers and presentations by Management at each Board meeting with constructive feedback on the quality of information and analysis covered. The process has led to higher quality and standards of Board papers and more effective decisions by the Board. During FY11, the overall average of the Board ratings on the quality of Management papers and presentations was at 4.5 points out of 5.0 points.

As the Group's quarterly results are one of the regular annual schedule of matters which are tabled to the Board for their approval at the quarterly Board meetings, the notices on the closed period for trading in Axiata's securities are also prepared and circulated to Directors, key management personnel and principal officers who are deemed to be privy to any sensitive information, and knowledge in advance of whenever the closed period is applicable based on the targeted date of announcement of quarterly results of the Group. This is to comply with the Main LR and the Capital Markets & Services Act 2007 requirements where key management personnel and principal officers of the Company and the Group are prohibited from trading in securities or any kind of property based on price sensitive information which have not been publicly announced. In 2011, none of the Directors dealt in Axiata's securities during the closed period.

All issues raised, discussions, deliberations, decisions and conclusions including dissenting views made at Board meetings along with clear actions to be taken by responsible parties are recorded in the minutes. Decisions made, policies approved and follow-up actions at Board meetings will be communicated to Management after the Board meetings.

In accordance with formal procedures for managing compliance on conflicts of interest in the Company's Articles of Association, where the Board is considering a matter in which a Director has an interest, the relevant Director immediately discloses the interest and abstains from participating in any discussion or voting on the subject matter. In the event a corporate proposal is required to be approved by shareholders, interested Directors will abstain from voting in respect of their shareholdings in Axiata on the resolutions relating to the corporate proposal, and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions.

Directors' Training

Acknowledging the need for the Company to maintain the current overall effectiveness of its Board, the Company provides a dedicated training budget for Directors' continuing education to enhance the Board's skills, credibility and knowledge in the Boardroom. Since FY11, the Board has adopted 'Guidelines for Axiata Board Training Programme' (BTP Guidelines) to provide a framework to effectively address the training needs of the Board including types of training applicable to Directors (newly appointed and existing Directors), budget provision, internal process and reporting on Directors' Training.

In order to address the developmental needs of the Board as a whole with a view to enhancing its effectiveness as a team, the Group Company Secretary, in line with the BTP Guidelines, has on a continuous basis, identified conferences and seminars which are considered relevant and useful in enhancing Directors' business acumen and professionalism in discharging their duties. Internal briefings on key corporate governance requirements and updates on changes to the Main LR, laws and regulations are also provided on a regular basis where Directors are fully informed of the impact of such developments or changes to the Company and/or the Directors. Regular briefings/ updates by external advisers on various subjects are held at the Mid-Year Board Strategy Retreat and Board Retreat which are also attended by the Management.

For FY11, all Directors appointed to the Board, apart from attending the Mandatory Accreditation Programme accredited by Bursa Securities, have also attended other relevant training programmes and seminars organised by the relevant regulatory authorities and professional bodies to further enhance their business acumen and professionalism in discharging their duties to the Company and the Group. Members of the Board have also been invited to participate in forums and/or seminars in their capacity as speakers, moderators or panelists in areas of their expertise.

Kenneth Shen who was recently appointed to the Board, has completed the Mandatory Accreditation Programme as required under the Main LR within the stipulated timeframe, on 30 and 31 January 2012.

Some of the training/conferences/seminars and/or workshops in which members of the Board have participated during FY11 are listed in **Appendix 1** of this Statement.

Board Effectiveness Evaluation (BEE)

As performance evaluation of the Board provides an effective avenue to assess not only the Board's performance but also brings to light improvement areas and remedial actions on the Board's administration and process, a formal evaluation of the Board's effectiveness assessment continues as an integral part of Axiata Board's annual activities. Similar to previous years, the Board has entrusted the BNC with the responsibility of carrying out the annual BEE with an external consultant being engaged to facilitate the evaluation process to ensure objectivity, and that the process remains robust and thorough.

During the FY11, the BNC has reviewed the progress on areas for improvement from previous BEE assessments and concluded that tremendous improvements have been made and gaps identified in areas of succession planning of key positions in the Group, investor relations and Board administration and processes have been closed.

On the BEE for FY11 (2011BEE), a similar set of criteria and questionnaire were used to evaluate the Board's effectiveness to ensure continuity of the preceding BEE exercises and to provide a degree of benchmarking from previous BEE results. The evaluation areas identified by the Board as important to be effective include the Board's discharge of its responsibilities, the Board's composition, administration and processes, training, conduct at meetings, engagement and communications with Management and stakeholders, and effectiveness of Board Committees. This also includes self and peer assessment to evaluate the mix of skills, experience and other relevant qualities the NEDs should bring to the Board.

In designing the questionnaire, local principles and good governance practices from latest guidance materials such as the CG Blueprint were taken into consideration. Notwithstanding this, the BEE is not only intended to address local compliance and/or governance issues but also to measure the Board's performance against good Board practices from international organisations. For FY11, as requested by the BNC, Axiata's BEE ratings and findings will be compared against a population of comparable entities identified by the external consultant. A more granular approach has also been adopted for 2011BEE including a more comprehensive assessment on character and/or behavioural tenets of independence. As recommended by the Board, an assessment on the effectiveness of the retreats undertaken by the Board to discuss the Group's long-term strategy has also been embodied in 2011BEE.

Similar to the previous years, the Chairman of the BNC plays a key and active role throughout the 2011BEE process. The Group Company Secretary circulated the questionnaire to the Directors, upon finalisation of the BEE questionnaire and endorsement of the same by the BNC Chairman. The responses were compiled into a report for the BNC Chairman who is at liberty to discuss the report with the consultant appointed and the Chairman of the Board.

At the time of the publication of this Annual Report, the 2011BEE has been completed; however, findings have yet to be presented to the Board. Barring any unforeseen circumstances, the 2011BEE findings is expected to be tabled to the Board at its Board meeting scheduled in May 2012.

Board Committees

In compliance with the Main LR and the Code, and to focus effectively on issues and ensure speedy resolution of the diverse matters, the Board has constituted various Board Committees which are governed by their own set of ToR as approved by the Board. The ToR clearly describe their duties and responsibilities, function, authority and powers and is subject to review from time to time to ensure that they are relevant and up-to-date. The members and Chairman of each Board Committee are appointed by the Board. The full versions of the ToRs of the Board Committees are available on the Company's website.

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The Board currently has 4 main Board Committees as follows:-

- BAC;
- BNC;
- BRC; and
- SSC.

The Board also delegates certain specific matters to other ad hoc Board Committees as and when necessary.

Operationally, all deliberations, recommendations and decisions of the Board Committees are recorded and minuted and subsequently confirmed by the Board Committees at the subsequent Board Committee meetings. During Board meetings, the Chairman of the various Board Committees provide summary reports of the decisions and recommendations made by the Board Committees, and highlights to the Board should any further deliberation be required at Board level. However, if the meetings of the Board Committees are held on the same day with the Board meeting, the Chairman of the various Board Committees provides a verbal report of the outcome of their board committee meetings to the Board.

A brief description of each Board Committee is provided below:-

BAC

The members of BAC are as follows:-

(i) David Lau Nai Pek – Chairman, INED
(ii) Datuk Azzat Kamaludin – Senior INED
(iii) Juan Villalonga Navarro – INED
(iv) Kenneth Shen – NINED

All BAC members are financially literate, well above the level needed for a BAC and the BAC Chairman, David Lau Nai Pek who is a member of Malaysian Institute of Accountants and member of New Zealand Institute of Chartered Accountants, fulfils the financial expertise as required by the Main LR.

Further details on the summary of activities of the BAC during FY11 and BAC ToR are set out separately in the BAC Report on pages 96 to 103 of this Annual Report.

The Group Chief Financial Officer (GCFO) attends all meetings of the BAC except when meetings are held between the BAC and external auditors without Management's presence. This happens twice a year.

BNC, BRC, SSC

The BNC, BRC and SSC currently comprise of the same members as follows:-

(i) Tan Sri Ghazzali Sheikh Abdul Khalid – Chairman, INED
(ii) Datuk Azzat Kamaludin – Senior INED
(iii) Kenneth Shen – NINED
(iv) Ann Almeida – Independent Member

BNC

The key responsibilities of the BNC are as follows:-

(i) To recommend new nominees to the Board and any Board Committee;

(ii) To recommend or approve, as the case may be, based on the ToR, the appointment of key management of the Group;

(iii) To assess the effectiveness of the Board, Board Committees and individual Directors (including the President & GCEO); and

(iv) To review, on an annual basis, the size of the Board and the required mix of skills, experience and responsibilities present on the Board in ensuring the continued effectiveness of the Board.

Another key responsibility of the BNC is to review and recommend Board candidates for directorship or the Company's nominees in major OpCos, aiming to ensure that the Company's key directions are cascaded down and implemented in its local and overseas OpCos. All decisions and appointments are made by the respective Boards of the companies after considering the BNC's recommendations. During the FY11, the BNC had on a number of occasions been involved in the review of candidates to fill key positions in Axiata and the Group.

The BNC was particularly involved in the review and selection of the GCFO of Axiata and had interviews with the candidates to fill the position of Head, Group Human Resources. In both instances, the BNC had not only relied on the input provided by Management but also reports and/or feedback from external consultants engaged for the above appointments. Prior to the appointments of the key positions above, the BNC made its recommendations on the candidate for approval by the Board.

Succession planning and talent management also comes under the purview of the BNC. The Group manages its top management succession planning process through the talent management programme, via which high potential employees are identified and developed. There are three levels of talent based on how they are managed:-

1. At the entry point level, there is a programme for high potential fresh graduates which is the Axiata Experential Programme (AXP). This is a one-year development programme which provides a bridge between academics and career. This programme is managed by the OpCos.
2. High potentials from amongst the executives and first line and middle managers are included in the Opco Accelerated Development Programme (OADP), managed by the OpCos.
3. High potentials from amongst the senior management are included in the Group Accelerated Development Programme (GADP). Here, talent is managed as a common pool across the Group and governed by a Group Talent Council, made up of OpCo CEOs and top key functional heads at the Corporate Centre including the President & GCEO. The Group Talent Council meets about three times a year.

The three programmes together create a talent pipeline, who will undergo various development programmes especially created for them. The talent pipeline is regularly reviewed to ensure that there is sufficient bench strength to succeed leadership positions. The Group has also embarked on an exercise to benchmark its top talent against global standards as well as a -360 degree feedback mechanism to identify any significant gaps that the current Talent Management Programme has yet to address.

On the succession planning for the Board, it is viewed that there are practical issues in maintaining a pipeline of potential candidates to fill in the vacancy of office by the NED. Due to the dynamic nature of the Group's business and the robustness of the process for identifying potential candidates, it is best that the vacancy be addressed as it arises based on the general framework that is already in place.

During FY11, the BNC met five times where key activities were as follows:-

(i) Reviewed and recommended the organisational changes in Corporate Centre, Celcom and XL;

(ii) Reviewed and recommended the renewal of contract for the President & GCEO and top key positions, as provided in the ToR;

(iii) Reviewed and recommended the changes of OpCos Board membership and noted the principles applied by Axiata Group for Board appointments in major OpCos;

(iv) Reviewed and approved the recommendations on actionable items to address gaps to improve Axiata's position in the MCGI;

(v) Reviewed the findings of the Board Effectiveness Evaluation – Assessment Year 2010; and

(vi) Reviewed and recommended Axiata Group's Senior Management succession plan.

Another special role of BNC members in FY11 was their active involvement in interviewing potential candidates to fill in key positions in Axiata or OpCos.

BRC

The key responsibilities of the BRC are as follows:-

(i) To assist the Board in determining the policy and structure for the compensation of NEDs and remuneration of the ED and key management of Axiata Group; and

(ii) To recommend to the Board the remuneration of the ED in all its forms and compensation of NEDs, drawing from outside advice as necessary.

STATEMENT ON CORPORATE GOVERNANCE

During FY11, the BRC met two times where key activities were as follows:-

(i) Reviewed the performance and achievements of the ED and other Corporate Centre Senior Management against pre-determined KPIs for FY10 and recommended the rewards of the ED and other Corporate Centre Senior Management against pre-determined KPIs; and

(ii) Reviewed and recommended, the pool for the Company's corporate centre bonus and salary increment for FY11 taking into consideration the achievements of the Company's financial performance targets.

SSC

The key responsibilities of the SSC are as follows:-

(i) Administer the Share Scheme in accordance with the Share Scheme Bye-Laws;

(ii) Construe and interpret the Share Scheme Bye-Laws and options granted under it, define the terms therein and recommend to the Board to establish, amend and revoke rules and regulations relating to the Share Scheme and its administration to expedite and make the Share Scheme fully effective in accordance with the Bye-Laws; and

(iii) Determine all questions of policy and expediency that may arise in the administration of the Share Scheme, including eligibility of the employees of the Group, and the method or manner in which the grants are made to and exercised by eligible employees in accordance with the Bye-Laws.

During FY11, the SSC met 4 times where key activities were as follows:-

(i) Reviewed and recommended the 2011 ESOS grant and vesting of the first tranche of the 2009 ESOS;

(ii) Reviewed and approved ESOS vesting conditions and treatment of restricted share plan for expatriates' contract employment terms;

(iii) Reviewed and approved implementation details and timeline of restricted share plan;

(iv) Reviewed and approved refinements on implementation of restricted share plan; and

(v) Reviewed and approved one-time grant of restricted share plan for strategic external hires.

DIRECTORS' REMUNERATION

Executive Director

The objective of the Company's policy on remuneration for the ED remains similar to previous years which is to ensure that the level of remuneration attracts, retains and motivates ED of the highest calibre to manage the Company successfully. The component parts of the remuneration are therefore structured to link the remuneration package with corporate and individual performance as well as relative shareholders' returns and takes into account the inflation price index as well as the value of similar packages at comparable companies (of similar size and complexity to Axiata), based on information prepared by independent consultants and survey data.

The BRC reviews and recommends the remuneration package of the ED for the Board's approval and it is the responsibility of the Board as a whole to approve the total remuneration package. The current remuneration package of the ED consists of basic salary, performance-linked bonus, benefits-in-kind, EPF contributions and restricted share awards or stock options respectively based on the recommendation of the BRC. The ED is not entitled to monthly fees nor is he is entitled to receive any meeting allowances for the Board and Board Committees he attends.

The performance of the ED is measured based on the achievements of his respective annual KPIs. These KPIs comprise of not only quantitative targets, such as annual targeted revenue, EBITDA, PATAMI or ROIC and relative performance of the OpCos, but also qualitative targets which are strategic milestones and initiatives that need to be achieved and implemented in areas such as strategy, innovation, business development, synergy, human capital management and financial management.

The evaluation on the achievement of each of the KPIs against an agreed performance standard is reviewed by the BRC and the recommendations of the BRC are tabled for approval by the Board. The rewards accorded to the ED for his achievement of the respective KPIs comprise of annual bonuses and long term incentive plan in the form of restricted share awards or options over the shares of the Company. In the case of restricted share awards or stock options, its vesting is further subject to further performance conditions.

Non-Executive Directors

The NEDs' remuneration generally reflects the experience, expertise and level of responsibilities undertaken by the NEDs concerned. NEDs are entitled to monthly fees, meeting allowances and reimbursement of expenses incurred in the course of their duties as Directors as well as benefits-in-kind. NEDs are not entitled to participate in share options. Remuneration of all Directors is decided by the Board collectively following recommendation made by the BRC. Individual Directors do not participate in decisions regarding their own remuneration packages.

Details of NEDs remuneration on monthly fees and meeting allowances are provided below:-

Monthly Fees

Chairman	– RM30,000.00 per month
NED	– RM20,000.00 per month

Meeting Allowances

Board	– RM3,000.00 per meeting (Chairman) RM2,000.00 per meeting
BAC	– RM3,000.00 per meeting (Chairman) RM2,000.00 per meeting
BNC, BRC and Other Board Committees	– RM1,500.00 per meeting (Chairman) RM1,000.00 per meeting
SSC	– RM750.00 per meeting (Chairman) RM500.00 per meeting

Meeting Allowances are payable on per meeting basis, notwithstanding any adjournment of meeting.

The Board does not have any intention to increase the above remuneration during the FY12.

The Directors' aggregate remuneration for FY11 distinguishing between ED and NEDs (including past directors) as set out on pages 209 of this Annual Report is reproduced below:

	Fees (RM'000)	Salaries, allowances and bonuses (RM'000)	Contributions to EPF (RM'000)	ESOS Expenses (RM'000)	Monetary Value of Benefits-in-Kind (RM'000)
Executive Director	–	5,974	1,135	2,103	38
Non-Executive Director[1]	1,847	265	–	–	415

[1] Fees and meeting allowances for representatives of Khazanah on the Board are paid directly to Khazanah.

STATEMENT ON CORPORATE GOVERNANCE

The number of Directors of the Company whose total remuneration during the financial year falls within the required disclosure band is as follows:-

	No. of Director
Executive Director	
RM9,250,000 – RM9,300,000	1
Non-Executive Directors	
RM0 – RM100,000.00	1
RM250,001.00 – RM300,000.00	2
RM300,001.00 – RM350,000.00	4
RM550,001.00 – RM600,000.00	1

The Board is of the view that non-disclosure of the remuneration of individual directors and top 5 executives will not significantly affect the understanding and evaluation of the Group's governance and hence the band disclosures as provided under the Main LR.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Axiata maintained a Directors' and Officers' Liability Insurance (D&O Insurance) throughout the FY11. The D&O Insurance indemnifies Directors and Officers of the Company against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers of the Company. The Directors and Officers shall not be indemnified in the event of any negligence, fraud, breach of duty or breach of trust proven against them. The Directors and the principal officers are required to contribute jointly to the premium of the D&O Insurance Policy.

RELATIONSHIP WITH SHAREHOLDERS AND OTHER STAKEHOLDERS

Communications with Shareholders and Investors

The Board recognises the importance of an effective communications channel between the Board, stakeholders, institutional investors and the investing public at large, both in Malaysia and internationally, with the objective of providing a clear and complete picture of the Group's performance and position as much as possible. In this respect, the Company is fully committed in maintaining a high standard for the dissemination of relevant and material information on the development of the Group. The Company also places strong emphasis on the importance of timely and equitable dissemination of information. Whilst efforts are made to provide as much relevant and material information as possible to the shareholders and stakeholders, the Board is cognisant of the legal and regulatory framework governing the release of material and sensitive information so as not to mislead the shareholders. Therefore, information that is price-sensitive or may be regarded as undisclosed material information about the Group is not disclosed to any party until it is already in the public domain through disclosure.

The Company uses a number of formal channels to account to shareholders and stakeholders particularly:-

1. Annual Report

   The Annual Report is a major channel of communications to provide comprehensive information on its business, financials and other key activities, which contents are continuously enhanced taking into account developments in areas such as corporate governance. In this respect, the Board places great importance on the content of the Annual Report to ensure the relevancy of the information considering the Annual Report is a vital and convenient source of essential information for the shareholders, investors and general public.

   Axiata has in place the necessary processes to track the overall development and production of the Annual Report. This includes the setting-up of a working committee comprising senior management and personnel from various divisions to ensure accuracy of information and full compliance with relevant regulatory requirements. Confirmation and sign-offs from parties responsible for the information is also obtained. At the Board level, the Board Annual Report Committee, chaired by the BAC Chairman, was established to oversee the production of the Annual Report and review its contents before it is published.

2. Announcements to Bursa Securities

   Announcement of quarterly financial results, circulars and various announcements are made via Bursa LINK in full compliance with regulatory authorities' disclosure requirements. Announcements released to Bursa Securities are subject to review and approval by the President & GCEO, GCFO, BAC or Board, as applicable.

Routine announcements are approved by designated persons authorised by the President & GCEO. In many instances however, announcements are also reviewed by external advisors to ensure that its contents are not only accurate but relevant information is included taking into consideration disclosure requirements and market perspectives.

3. Media Releases

Media releases are also provided to the media on all significant corporate developments and business initiatives to keep the investing community and shareholders updated on the Group's developments. Media releases are subject to approval by the President & GCEO and whenever necessary, also released to Bursa Securities to increase the visibility of media releases.

Primary contact for corporate communications:-

Faridah Hashim
Vice President, Corporate Communications

Tel : +60 3 2263 8881
Fax : +60 3 2278 7755
E-Mail : info@axiata.com
Postal Address : Axiata Centre
9 Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur, Malaysia

4. Quarterly Results Analyst Briefings

Axiata holds analyst results briefings chaired by the President & GCEO immediately after each announcement of quarterly results to Bursa Securities. These briefings are normally conducted via conference calls and attended by senior management of major OpCos. The briefings provide a platform for analysts and fund managers to receive a balanced and complete view of the Group's performance and the issues faced.

So far, throughout the FY11, the Group enjoyed relatively high level of coverage and exposure to the investment community with a total of 31 equity research analysts covering the Company.

5. Half-Year Results Media Conference

Media conferences are held on a half-yearly basis upon release of half-year and full-year results. The media conferences are held separately from analyst briefings to address the different requirements of each group and make the events more productive and efficient for all parties. Notwithstanding this, Management ensures that all information is equally disseminated and materials for both the analyst briefings and media conferences are made available on Axiata's website.

6. Investor Relations

Regular engagement is also held by the President & GCEO, GCFO and Investor Relations unit with the investing community through conferences, non-deal roadshows, and one-on-one meetings with equity analysts, fund managers and institutional shareholders. The objective is to provide updates on the Company's quarterly financial performance, corporate and regulatory developments as well as to discuss strategic matters and address issues that they have with respect to the business or operations of the Company.

Axiata actively participated in various investor relations activities including organising investor conferences and roadshows to engage with existing and potential institutional investors. In 2011, Axiata conducted 233 meetings with investors and analysts via face-to-face meetings and conference calls.

Primary contact for investor relations:-

Thivanka Rangala
Head, Investor Relations

Tel : +60 3 2263 8801
Fax : +60 3 2278 3337
E-Mail : ir@axiata.com
Postal Address : Axiata Centre
9 Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur, Malaysia

STATEMENT ON CORPORATE GOVERNANCE

7. Company Website

All information on share price, financial reports, stock exchange filings, presentations, financial calendar, ownership profile and media releases are posted on the Investor Relations section. In addition, audio casts on briefings of quarterly results to analysts are also available for streaming or download from the Company's corporate website at www.axiata.com.

For queries regarding shareholding in Axiata, kindly contact:

Tricor Investor Services Sdn Bhd

Tel	:	+60 3 2264 3883
Fax	:	+60 3 2282 1886
Email	:	is.enquiry@my.tricorglobal.com
Postal Address	:	Level 17 The Gardens North Tower Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur, Malaysia

Annual General Meeting

The AGM is the primary engagement platform between the Board and shareholders of the Company. Historically, the Company's AGM has been well attended and the numbers of shareholders have increased indicating a high level of engagement with shareholders. The proceedings of the AGM commences with a complete and concise presentation by the President & GCEO on the financial performance of the Company as well as the Company's progress and initiatives. The presentation, supported by visual and graphical illustrations of key points and key financial figures, facilitates the shareholders' understanding. During the AGM, the shareholders are also at liberty to raise questions on all affairs of the Company unlike Extraordinary General Meetings where questions are raised on the proposed resolution being tabled. The Chairman, subject to the line of questions and relevance, entertains questions raised at the AGM as long as there is sufficient time and they are not repetitive.

Further, the President & GCEO also shares with the meeting the responses to questions submitted in advance by the MSWG.

The Board, Management and the Company's external legal counsels and auditors, PricewaterhouseCoopers Malaysia, are in attendance to respond to questions raised and provide clarification as required by the shareholders.

Since its listing in 2008, the Company has also appointed its external auditors to act as independent scrutineers for its general meetings. The appointment comes under a separate engagement letter where the scope of work includes verifying number of shares represented by shareholders and proxy holders present and voting at general meetings as shown in proxy forms and polling slips against Register of Members/Record of Depositors determined for general meetings, administering poll, counting of votes by show of hands and tabulating the results.

While members of the media are not invited into the AGM meeting hall, a media conference is held immediately after the AGM where the Chairman, the President & GCEO and GCFO update media representatives on the resolutions passed and answer questions on matters related to Axiata Group. This approach provides the Company with a more efficient way to address both the shareholders and the media. The results of all resolutions are also announced on the same day via Bursa LINK.

Ownership Structure

Axiata's ownership structure is dominated by institutional investors. As at 30 March 2012, the top three shareholders are Khazanah, with 39.21%, Employees Provident Fund Board with 11.89% and Skim Amanah Saham Bumiputera with 7.59% accounting for 58.69%.

Although the total shareholding for these top three shareholders is more than half of Axiata's share capital, Axiata has not been subjected to any biased influence from these shareholders and they also do not hold management positions within the organisation. This not only ensures a high level of corporate governance, but also permits the Company to focus on continuously building value to its shareholders.

Axiata's shareholding structure is disclosed on pages 293 to 296 of the Annual Report. Any updates on the shareholding structure can be obtained from Axiata's website.

Dividend Policy

Axiata's existing dividend policy provides that the Company intends to pay dividends of at least 30% of its consolidated profits after taxation attributable to shareholders after minority interest (PATAMI) and endeavours to progressively increase the payout ratio over a period of time, subject to a number of factors including business prospects, capital requirements and surplus, growth/expansion strategy, considerations for non-recurring items and other factors considered relevant by the Board.

As the Company is a holding company, its income, and therefore its ability to pay dividends is dependent upon the dividends received from its subsidiaries, which in turn would depend on the subsidiaries' distributable profits, operating results, financial condition, capital expenditure plans and other factors that the respective subsidiaries' Board deem relevant.

Whilst the dividend policy reflects the Board's current views on the Group's financial and cash flow position, the dividend policy will be reviewed from time to time. It is the policy of the Board, in recommending dividends, to allow shareholders to participate in the Company's profits, as well as to retain adequate reserves for future growth.

For FY10, Axiata paid a final tax exempt dividend under single tier system of 10 sen per ordinary shares amounting to RM845.6 million on 22 June 2011, equivalent to approximately 32% of normalised PATAMI of the Group for FY10 of RM2.6 billion.

For FY11, with the interim tax exempt dividend of 4 sen per ordinary share amounting to RM338.6 million paid on 21 November 2011 and recommendation of final dividend of 15 sen per ordinary share to be approved by the shareholders at the forthcoming AGM, Axiata will be paying an accumulated dividend payout of 19 sen per ordinary share, equivalent to 60% of the Group's normalised PATAMI of RM2.5 billion. In February 2012, Axiata also gave an indicative dividend payout ratio of 65% for FY12 subject to a number of factors including its actual performance for the current FY12, cash flow and conditions as stipulated in the dividend policy such as capital requirements.

Key Performance Indicators

On 23 February 2012, the Company announced the Headline KPIs set and agreed by the Board and Management of the Group as follows:-

FY12 Headline KPIs

	FY12 Headline KPIs
Revenue Growth (%)	5.3
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) Growth (%)	1.8
Return on Invested Capital (ROIC) (%)	11.3
Return on Capital Employed (ROCE) (%)	8.9

The Headline KPIs shall not be construed as forecasts, projections or estimates of the Group or representations of any future performance, occurrence or matter as they are merely a set of targets/aspirations of future performance aligned to Axiata Group's strategy, which have been derived on the assumptions that the Group shall operate under the current business environment under which they had been determined.

In establishing the FY12 Headline KPIs, the Management has made the following assumptions:-

1. No material increase in competition in the mobile market space of the Group's major operating countries.
2. No material regulatory changes impacting the OpCos.
3. No material change in currency rates, liquidity shortages and interest rates affecting our operations.
4. No material changes in CAPEX budget spending in all OpCos.
5. No divestment, merger and acquisition.

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Axiata continuously benchmarks its performance against its competitors within the markets in which it operates. Given that Axiata's overall geographical business mix differs from that of other multinational telecommunications holding companies, a direct comparison of our targets and performance against that of other multinational telecommunications companies is less meaningful. It is more appropriate for us to benchmark individual OpCos at the individual country level. Our OpCos' targets include measures based on relative performance against other operators within the particular markets, on all dimensions. Our OpCos are measured against their competitors based on relative financial performance such as revenue, EBITDA, PAT, ROIC and also on relative operational performance such as network quality, customer satisfaction and brand perception.

RISK MANAGEMENT

The Company has established an enterprise wide risk management (ERM) framework to proactively identify, evaluate and manage key risks to an optimal level. In line with the Company's commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach entity-wide. It outlines the ERM methodology which is in line with the ISO31000, mainly promoting the risk ownership and continuous monitoring of key risks identified.

Based on the ERM framework, a risk reporting structure has been established to ensure prompt communications to the BAC and Board. Axiata has established a Group Risk Management Committee (RMC) comprising of Senior Management of the Company and chaired by the Chairman of the BAC. The RMC is mainly responsible for managing the overall ERM process and recommends quarterly ERM reports to the BAC for its onward submission to the Board. The RMC ensures continuous review of the key risks of Axiata Group, and monitors the implementation of the mitigation plans on a quarterly basis.

Although many risks remain outside the Company's direct control, a range of activities are in place to mitigate the key risks identified as set out in the Statement on Internal Control. A significant number of risks faced relate to wider operational and commercial affairs of the Company and the Group including those in relation to competition and regulatory developments.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board ensures that shareholders are presented with a clear, balanced and meaningful assessment of the Group's financial performance and prospects through the audited financial statements, quarterly announcement of results, Chairman's statement, President & GCEO's Business Review in the Annual Report as well as corporate announcements on significant developments affecting the Company in accordance with the Main LR. The Board is assisted by the BAC in overseeing the Company's financial reporting process and the quality of financial reporting. The role of the BAC, in this respect, includes reviewing financial statements and quarterly announcements of results in the presence of external auditors and internal auditors before recommending the same for the Board's approval.

The Directors' Responsibility Statement for the audited financial statements of the Company and the Group is set out in page 160 of this Annual Report. The details of the Company and the Group financial statements for FY11 can be found from page 161 to 290 of the Annual Report.

Related Party Transactions

The Company has an internal compliance framework to ensure it meets its obligations under the Main LR including obligations relating to related party transactions. In this regard, there are processes and procedures to ensure that Recurrent Related Party Transactions (RRPTs) are entered into on terms not more favourable to related parties than to public. This is achieved after taking into account the pricing and contract rates, terms and conditions, level of service and expertise required, and the quality of products and services provided, as compared with prevailing market prices and rates, industry norms and standards, as well as general practices, adopted by service providers of similar capacities and capabilities generally available in the open market. The annual internal audit plan incorporates a review of all RRPTs entered into or to be entered into under the shareholders' mandate procured at the AGM, to ensure that all the relevant approvals for RRPTs have been obtained.

RRPT transactions are recorded and the same presented to the BAC on a quarterly basis. This includes the utilisation of the RRPT mandate and/or where applicable, new RRPT transactions for the BAC's review and endorsement.

Axiata had, at its 19th AGM held on 1 June 2011, obtained a general mandate for the Group to enter into RRPT with Telekom Malaysia Berhad Group (TM Group) for transactions predominantly related to telecommunications and/or related services. The procurement of mandate for Axiata Group to enter into RRPT with TM Group was obtained as these transactions in aggregate may result with the Company having to obtain shareholders' approval prior to the Group entering into the transactions. As these transactions may be constrained by time-sensitive nature and confidentiality, it would be impractical for the Company to seek shareholders' approval on a case-by-case basis. The procurement of the mandate will also substantially reduce the expenses associated with convening of general meetings and improve administrative efficiency.

Based on the actual amount utilised from the date of the above AGM until 31 March 2012, none of the actual value of transaction has exceeded 10% or more of the estimated amount under the mandate. The amount of RRPT entered into during the FY11, pursuant to RRPT mandate, is disclosed in pages 299 to 300.

Internal Control

The Board has the overall responsibility and accountability for the Group's internal control system and continues to maintain and review its internal control system to ensure, as far as possible, the protection of the Group's assets and the Company's shareholder investments. A sound system of internal control, covering not only financial controls but also operational and compliance controls, has been designed to manage within tolerable levels, rather than trying to eliminate all risks of failure to achieve business objectives. These controls can only provide reasonable and not absolute assurance against material misstatement or loss. Clear processes, are also in place for monitoring the system of internal controls and reporting any significant control failings or weaknesses together with details of corrective actions including periodic examination of business processes on risk basis. Examples are reports on controls in the Group undertaken by the GIA, which reports directly to the BAC. The BAC also reviews reports from external auditors relating to internal financial controls.

An overview of the state of internal control within the Group, which includes the risk and internal control framework and key internal control structures, are set out in the Statement on Internal Control on pages 86 to 95 of this Annual Report.

Relationship with Auditors

The Company's transparent and professional relationship with the external auditors is primarily maintained through the BAC and the Board. Further information on the role of the BAC in relation to both, internal auditors and the external auditors are stated in the BAC Report on pages 96 to 103 of this Annual Report. A summary of the activities of the BAC during the year are set out on page 97 of the Annual Report.

The BAC is of the opinion that the external auditors are independent with respect to the Group, within the meaning of the provisions of the Bye-Laws on Professional Independence of the Malaysian Institute of Accountants. In addition, to the best of the BAC's knowledge, the BAC is not aware of any non-audit services that had compromised the external auditors' independence.

COMPLIANCE STATEMENT

The Board has deliberated, reviewed and approved this Statement on Corporate Governance. The Board is satisfied that this Statement on Corporate Governance provides the information necessary to enable shareholders to evaluate how the Company has complied with the Best Practices in Corporate Governance as set out in Part 2 of the Code save for the disclosure of details of remuneration of each Director. The Company has disclosed the Directors' Remuneration by applicable bands of RM50,000 on page 76 consistent with the disclosure requirements under the Main LR. The Company therefore has fulfilled its obligation under the Code, Main LR and all applicable laws and regulations throughout FY11.

STATEMENT ON CORPORATE GOVERNANCE

APPENDIX 1

Directors	List of Training/Conference/Seminar/Workshop Attended/ Participated in 2011
Tan Sri Dato' Azman Hj. Mokhtar	– 21 February 2011, "Impact of Convergence of Connectivity and Media on Mobile Network Operators" by International Data Corporation, Kuala Lumpur – 2 July 2011, "Telecommunications Industries: 3 Years From Now" by Boston Consulting Group, Axiata Mid-Year Board Strategy Retreat, Dhaka – 2 July 2011, "The Sky is Falling – Stories From The Edge of Music Industry" by Universal Music, Axiata Mid-Year Board Strategy Retreat, Dhaka – 6 September 2011, 3rd World Bank – Singapore Infrastructure Finance Summit: Panel Session, "Panel of Financial Leaders – Infrastructure Financing – The State of Play", Singapore – 14 September 2011, 11th Forbes Global CEO Conference: Panel Session, "Backseat Drivers – Building and Managing Your Board", Shangri-La, Kuala Lumpur – 15 September 2011, Speaking engagement to employees of TM: "Performance of Malaysia's GLC – The Challenges of Implementing Changes", Kuala Lumpur – 15 September 2011, Domestic Investment Summit 2011, Mandarin Oriental Kuala Lumpur – 23 September 2011, ASLI Conference: Panel Session – "Malaysia's Transformational Journey to a High Income Nation", Sunway Resort Hotel, Kuala Lumpur – 26-27 September 2011, Khazanah Megatrends Forum 2011, Mandarin Oriental Kuala Lumpur – 21 October 2011, "Asian Telecommunications Services" by Nomura Singapore Limited, Axiata Board Retreat, Bali – 27 October 2011, CIMB ASEAN Conference : "Is Asia Ready for the Next Financial Crisis", Mandarin Oriental Kuala Lumpur – 27-29 October 2011, Khazanah Year End Retreat, Langkawi – 9 November 2011, Iskandar Malaysia CEO Forum, Mandarin Oriental Kuala Lumpur – 11 November 2011, 2011 Caixin Summit: China and the World, China – 17 November 2011, ASEAN Business & Investment Summit, Bali – 25 November 2011, The 16th Malaysian Capital Market Summit by ASLI: "Conversation with the GLC Leaders – GLC Transformation – Drivers of Transformation Creations of Wealth", Kuala Lumpur – 28 November 2011, Forum Antarabangsa "The Politics of Economic and Social Transformation in the Era of Global Crisis", Kuala Lumpur

Directors	List of Training/Conference/Seminar/Workshop Attended/ Participated in 2011
Tan Sri Dato' Azman Hj. Mokhtar (continued)	– 6 December 2011, Khazanah Global Lecture by Prof. Dr. Ha-Joon Chang, Kuala Lumpur – 7-9 December 2011, Khazanah Board Retreat 2011, Kuala Lumpur
Dato' Sri Jamaludin Ibrahim	– 27 January 2011, XL Corporate Governance Workshop "Integrity, Team Work & Service Excellence", Jakarta – 13-14 February 2011, GSMA Leadership Summit "The Role of Regulation in the New Digital Decade", Barcelona – 2 July 2011, "Telecommunications Industries: 3 Years From Now" by Boston Consulting Group, Axiata Mid-Year Board Strategy Retreat, Dhaka – 2 July 2011, "The Sky is Falling – Stories From The Edge of Music Industry" by Universal Music, Axiata Mid-Year Board Strategy Retreat, Dhaka – 27 September 2011, Khazanah Megatrends Forum, Mandarin Oriental Kuala Lumpur, Kuala Lumpur – 21 October 2011, "Asian Telecommunications Services" by Nomura Singapore Limited, Axiata Board Retreat, Bali
Tan Sri Ghazzali Sheikh Abdul Khalid	– 21 February 2011, "Impact of Convergence of Connectivity and Media on Mobile Network Operators" by International Data Corporation, Kuala Lumpur – 6 May 2011, GE and Talentcorp; "21st Century Corporation: Driving Sustainable Leadership & Innovation" by MINDA, Le Meridien, Kuala Lumpur – 23-25 May 2011, "3 Day Course in Analysis & Interpretation of Financial Statements", Suria College, Kuala Lumpur – 6-9 June 2011, "MINDA Bulding High Performance Directors (BHPD)", MINDA, Ho Chin Minh – 21-24 June 2011, "CommunicAsia 2011 Summit", Singapore – 2 July 2011, "Telecommunications Industries: 3 Years From Now" by Boston Consulting Group, Axiata Mid-Year Board Strategy Retreat, Dhaka – 2 July 2011, "The Sky is Falling – Stories From The Edge of Music Industry" by Universal Music, Axiata Mid-Year Board Strategy Retreat, Dhaka – 25 November 2011, "The Role of Corporate Governance in Creating Effective Boards", Kuala Lumpur – 21 October 2011, "Asian Telecommunications Services" by Nomura Singapore Limited, Axiata Board Retreat, Bali

STATEMENT ON CORPORATE GOVERNANCE

Directors	List of Training/Conference/Seminar/Workshop Attended/ Participated in 2011
Datuk Azzat Kamaludin	– 21 February 2011, "Impact of Convergence of Connectivity and Media on Mobile Network Operators" by International Data Corporation, Kuala Lumpur – 2 July 2011, "Telecommunications Industries: 3 Years From Now" by Boston Consulting Group, Axiata Mid-Year Board Strategy Retreat, Dhaka – 2 July 2011, "The Sky is Falling – Stories From The Edge of Music Industry" by Universal Music, Axiata Mid-Year Board Strategy Retreat, Dhaka – 21 October 2011, "Asian Telecommunications Services" by Nomura Singapore Limited, Axiata Board Retreat, Bali – 26-27 September 2011, Khazanah Megatrends Forum 2011, Mandarin Oriental Kuala Lumpur
Juan Villalonga Navarro	– 21 October 2011, "Asian Telecommunications Services" by Nomura Singapore Limited, Axiata Board Retreat, Bali
David Lau Nai Pek	– 21 February 2011, "Impact of Convergence of Connectivity and Media on Mobile Network Operators" International Data Corporation, Kuala Lumpur – 3-4 May 2011, MACD Corporate Directors Conference 2011, Istana Hotel, Kuala Lumpur – 8-9 May 2011, Asean Leadership Forum 2011, Jakarta – 2 July 2011, "Telecommunications Industries: 3 Years From Now" by Boston Consulting Group, Axiata Mid-Year Board Strategy Retreat, Dhaka – 2 July 2011, "The Sky is Falling – Stories From The Edge of Music Industry" by Universal Music, Axiata Mid-Year Board Strategy Retreat, Dhaka – 10-12 July 2011, "IIA International Conference 2011" by The Institute of Internal Auditors, Kuala Lumpur - 2-4 October 2011, "Directors Forum 2011" by MINDA, Bandung – 27 September 2011, Khazanah Megatrends Forum, Mandarin Oriental Kuala Lumpur – 21 October 2011 "Asian Telecommunications Services" by Nomura Singapore Limited, Axiata Board Retreat, Bali

Directors	List of Training/Conference/Seminar/Workshop Attended/ Participated in 2011
Dr Muhamad Chatib Basri	– 22-23 February 2011: Bursa Malaysia Mandatory Accreditation Program, Seri Pacific Hotel, Kuala Lumpur – 21 February 2011, "Impact of Convergence of Connectivity and Media on Mobile Network Operators" by International Data Corporation, Kuala Lumpur – 2 July 2011, "Telecommunications Industries: 3 Years From Now" by Boston Consulting Group, Axiata Mid-Year Board Strategy Retreat, Dhaka – 2 July 2011, "The Sky is Falling – Stories From The Edge of Music Industry" by Universal Music, Axiata Mid-Year Board Strategy Retreat, Dhaka – 21 October 2011, "Asian Telecommunications Services" by Nomura Singapore Limited, Axiata Board Retreat, Bali
Kenneth Shen	– 19 October 2011, Axiata Board Induction Programme, Kuala Lumpur – 26-27 September 2011, Khazanah Megatrends Forum 2011, Mandarin Oriental Kuala Lumpur – 21 October 2011, "Asian Telecommunications Services by Nomura Singapore Limited", Axiata Board Retreat, Bali – 27-29 October 2011, Khazanah Year End Retreat, Langkawi. – 7-9 December 2011, Khazanah Board Retreat 2011, Kuala Lumpur – 30-31 January 2012, Bursa Malaysia Mandatory Accreditation Programme, Seri Pacific Hotel, Kuala Lumpur

STATEMENT ON INTERNAL CONTROL

INTRODUCTION

Pursuant to Paragraph 15.26(b) of the Main LR of Bursa Securities, the Board of Directors of listed companies are required to include in their annual report, a 'statement about the state of internal controls of the listed issuer as a group'. Accordingly, the Board is pleased to provide the following statement that was prepared in accordance with the 'Statement of Internal Control: Guidance for Directors of Public Listed Companies' as endorsed by Bursa Securities which outlines the nature and scope of the internal controls of the Group during the financial year under review.

BOARD'S RESPONSIBILITY

The Board is responsible and accountable for maintaining a sound system of internal control and risk management practices to safeguard shareholders' investment and the Group's assets. Such system covers not only financial controls but also operational and compliance controls. In view of the limitations inherent in any system of internal control, the system of internal control put in place can only manage risks to within tolerable levels, rather than eliminate the risk of failure to achieve business objectives.

The Board has in place an on-going process for identifying, evaluating, monitoring and managing significant risks that may affect the achievement of the Group's business objectives. The processes which have been instituted throughout the Group, except for associated companies and joint ventures which are not under the control of the Group, are updated and reviewed from time to time to respond to the changes in the business environment throughout the financial year under review. The Board is assisted by the Risk Management Committee (RMC) in ensuring that the implementation of the approved policies and procedures on risks and controls are as intended. The appropriate key internal controls have been put in place to mitigate the key risk areas which have been identified and assessed by the risk owners.

The Board is of the view that the system of internal controls in place for the year under review and up to the date of issuance of the financial statements is sound and sufficient to safeguard shareholders' investment and the Group's assets.

RISK AND INTERNAL CONTROL FRAMEWORK

The Group has established policies on risk and internal controls to continuously identify, assess and monitor risks by establishing an Enterprise Risk Management (ERM) Framework and has established internal controls to mitigate the risks. The ERM Framework enables the identification, assessment and management of key business risks in a more systematic and holistic manner, to provide assurance to the Board and stakeholders. The effectiveness of the Group's ERM policies and internal controls are reviewed on a regular basis and, where necessary, improved, both at management and Board levels. The key risks faced by the Group are listed in Appendix 1 of this statement.

The following key internal control structures are in place to assist the Board to maintain a proper internal control system:

KEY INTERNAL CONTROL STRUCTURES OF THE GROUP

1.0 Control Environment

Control environment sets the tone for the Group by providing fundamental discipline and structure. Key elements of the Group's internal control system include:

1.1 Integrity and Ethical Values

- *Code of Conduct and Practice*

  The Senior Management and Board set the tone at the top for corporate behaviour and corporate governance. All employees of the Group shall adhere to the policies and guidelines as set out in the Code of Conduct of the Group which sets out the principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing within the Group and with external parties. The Group's Code of Conduct covers areas such as compliance with respective local laws and regulations, integrity, conduct in the workplace, business conduct, protection of the Group's assets, confidentiality, conflict of interest and anti-competition practices.

- *Guidelines on Misconduct and Discipline*

  Guidelines are in place for handling misconduct and disciplinary matters. These guidelines govern the actions to be taken to manage the misconduct of employees who breach the Code of Conduct and Practice or do not comply with the expressed and implied terms and conditions of employment.

  The Code of Conduct and Practice has also been extended to contractors and suppliers of the OpCos.

STATEMENT ON INTERNAL CONTROL

1.2 Board Committees

- *Board Committees*

  To promote corporate governance and transparency, in addition to the Board, the Group has BAC, BNC and BRC (collectively 'Board Committees') in place. These Board Committees are established to assist the Board in overseeing internal controls, Board effectiveness, nomination and remuneration of the Group's Directors and the Group's top key positions. The responsibilities and authority of the Board and Board Committees are governed by a clearly defined ToR.

- *BAC*

  The primary function of the BAC is to implement and support the oversight function of the Board in relation to overseeing financial reporting and internal controls as set out in the Duties and Responsibilities herein.

  It is the objective of the BAC to assist the Board to assure Axiata's shareholders that the Directors of Axiata comply with specified financial standards and required disclosure policies developed and administered by Bursa Securities and other approved accounting standards bodies. In addition, the BAC needs to ensure consistency with Bursa Securities' commitment to encourage high standards of corporate disclosure and transparency. The BAC will endeavour to adopt certain practices aimed at maintaining appropriate standards of corporate responsibility, integrity and accountability to Axiata's shareholders.

  The BAC holds regular meetings to deliberate on findings and recommendations for improvements from both the internal and external auditors on the state of the system of internal controls, management actions and monitor the implementation of preventive and corrective actions for audit findings with significant and high risks. The BAC has the authority to investigate any matter within its ToR and has full cooperation of and access to Management.

  It has direct access to the internal and external auditors and full discretion to invite any Director to attend its meeting. For further details on the BAC, please refer to the BAC Report.

1.3 Organisation Structure

- *Clear Organisation Structure*

  The Group has an appropriate organisational structure led by functional Heads who have clear roles of responsibility and lines of reporting. The proper segregation of duties promotes ownership and accountability for risk taking and defines lines of accountability and delegated authority for planning, executing, controlling and monitoring of business operations. Competent and professional individuals have been selected as part of our team to ensure we manage our business well and to deliver business results. Regular reviews of the organisational structure are held to address the changes in the business environment as well as to keep abreast of new technologies, products and services.

- *Corporate Centre*

  The Corporate Centre plays an advisory role to add value to the subsidiaries at varying engagement levels. The broad roles of the Corporate Centre are as follows:

  1. Supporting role to the Group's Nominee Director(s)/Board;
  2. Supporting role to subsidiary management/Board; and
  3. Supporting role to subsidiary Functional Heads.

  Besides engaging in continuous day-to-day communications between subsidiaries and the Group functions, Corporate Centre also gives appropriate inputs and steers the Group on best practices through sharing of the Group's guidelines and strategies to minimise risk exposure and to increase the efficiency and effectiveness of business operations.

The Corporate Centre is also responsible for key processes and functions including plotting the future path of the Group, strategic planning, mergers and acquisitions, joint development projects, capital raising and allocation, leadership and talent development.

The Corporate Centre is also involved in leading Group initiatives on behalf of the OpCos to address current and future challenges of the Group.

1.4 Assignment of Authority and Responsibility

- *Policies and Procedures*

  Documented policies and procedures are now in place for all major aspects of the Group's business and these are regularly reviewed and updated to ensure that they remain effective and continue to support the organisation's business activities at all times as the organisation continues to grow. These policies are supported by clearly defined delegated authorities for its operating and capital expenditures, business plan and budget, and procurement of goods and services.

- *Limits of Authority (LoA)*

  The Board has approved a clearly defined and documented LoA which is to be used consistently throughout the Group. These are regularly updated to reflect changing risks or to resolve operational deficiencies.

  It establishes a sound framework of authority and accountability within the Group, including segregation of duties which facilitates timely, effective and quality decision-making at the appropriate levels in the Group's hierarchy.

  Axiata's LoA document clearly sets out the matters reserved for the Board's consideration and decision making, the authority delegated to the President & GCEO, including the limits to which the President & GCEO can execute the authority, and provides guidance on the division of responsibilities between the Board and Management.

1.5 Commitment to Competency

- *Competency Framework*

  The Group appoints employees of the necessary competencies to ensure that the people driving key operations are sufficiently skilled and exert the required qualities of professional integrity in their conduct.

- *Performance Management*

  The Group is committed to attract and retain competent, dedicated and loyal employees. Programmes and initiatives have been undertaken to ensure that the Group's human capital is equipped with the qualities and skills to drive the Group to become a world class company through ongoing emphasis on performance management and employee development.

  The Group has in place a Key Performance Indicator System (KPI) as prescribed under the Government-Linked Company Transformation (GLCT) programme to link performance and compensation in order to create a high performance work culture. This system also seeks to provide clarity, transparency and consistency in planning, reviewing, evaluating and aligning employee actions and behaviours to that of the Group's vision and mission.

- *Training and Development Framework*

  It is the Group's policy to train employees at all levels so that they would be able to perform competently in their present jobs and also to train those employees who are considered to have the potential to perform duties with wider responsibilities so that they may be ready to assume them when needed. Programmes are also implemented to ensure that employees receive continuous training in various areas of work such as knowledge, health and safety, technical training, leadership and new product development.

STATEMENT ON INTERNAL CONTROL

- *Talent Development and Succession Planning*

  There is a Group Talent Management Framework in place to identify and develop a group talent pipeline within the organisation as a supply for future leadership demands. In this respect, the Group has met its target of identifying 100 C-suite potentials from within the organisation and has been intensifying its efforts in making these talent ready to succeed the current top management across the Group. This is done via intensifying leadership development programmes, mentoring and coaching and cross-functional and cross-country assignments. This leadership talent is also being regularly reviewed via the Group Talent Council and assessed as potential successors for top key positions in the Group, via internal and external benchmarks. Succession plans and the robustness of the talent pipeline are regularly reviewed by the Board.

  The Group has also continued to strengthen the middle management level of the talent pipeline as well as its fresh graduates to ensure there is a continuous supply of the talent pipeline.

2.0 Risk Assessment

Risk assessment involves the identification and analysis of the key risk areas relevant to the achievement of predetermined objectives, forming a basis for the establishment of the mitigation strategies. Key activities involved are as follows:

2.1 Company-wide Objectives

- *Achievement of Goals and Objectives*

  The Board is responsible for setting the business direction including a clear Group vision, mission and strategic direction, which is communicated to employees at all levels. The Board also oversees the conduct of the Group's operations through various management reporting mechanisms. Through these mechanisms, the Board is informed of all major issues pertaining to internal control, regulatory compliance and risk taking.

2.2 Risk Identification and Analysis

- *Group Enterprise Risk Management (ERM) Framework*

  The group risk management function oversees the Group's ERM framework, facilitates the risk assessment process, monitors the Group's risk profile, monitors the implementation of the risk mitigating action plans established by the risk owners and ensures continuous education and awareness of the development and updates on enterprise risk management best practices.

  Group Risk Management reports on the consolidated Group risk profile and mitigating action plans to the BAC which will then be presented to the Board, on a quarterly basis.

  GIA undertakes independent reviews to ensure compliance of the Group Policies and to assess the effectiveness of policy implementation.

- *Control Self Assessment (CSA)*

  CSA is an effective tool used by the Group for improving business internal controls and business processes. It allows employees of the Group to identify the risks involved in achieving the business objectives, to evaluate adequacy and effectiveness of the controls in place and activities designed to manage those risks. CSA was performed on selected areas in certain OpCos in 2011.

2.3 Managing Change

- *Constantly Changing Business Environment*

  Risk management initiatives within the Group are strengthened continuously to ensure that the Group is able to respond effectively to the constantly changing business environment and thus able to protect and enhance stakeholders value.

An improved enterprise risk management framework was rolled out in early 2011 at Group level and subsequently rolled out to all major OpCos by mid 2011. This enhanced framework will ensure that:

1. There is clear mandate and commitment from the Board and senior management to ensure that the risk management culture is seen as one of the prioritised areas;
2. It is used as a tool/basis for objective-setting, decision-making and accountability at all relevant organisational levels;
3. Clear accountabilities and responsibilities for managing risk are provided
4. Risks derived from the risk management process are adequately and consistently reported and that more focus is given to the implementation of the mitigation strategies.

3.0 Control Activities

Control activities are the policies, procedures and practices that ensure management objectives are achieved and risk mitigation strategies are carried out. Key activities within the Group are as follows:

3.1 Policies and Procedures

- *Financial and Operational Policies and Procedures*

  There are documented procedures in place that cover management accounting, financial reporting, procurement, information systems security, compliance and other risk management issues. Examples of the policy documents at Group and OpCo levels are the Limits of Authority and Axiata Group Policies covering financials and controls.

  The objective of the policies and procedures is to ensure that internal control principles or mechanisms are embedded in our operations. This enables the Group to respond quickly to evolving risks and immediately report on any significant control failure.

- *Budgeting Process*

  A comprehensive annual budgeting process is in place to evaluate the feasibility and viability of the Group's businesses and to ensure that the Group's OpCos business plans are in line with the Group's future strategic plans. Annual budgets are prepared by the OpCos and deliberated with their respective Boards. They are then presented and discussed during the Axiata Board retreat for approval before the commencement of a new financial year. Upon approval of the budget, the Group's performance is then periodically monitored and measured against the approved budget by the SLT, which comprises the President & GCEO and all divisional heads. The Group's performance is also reported to the BAC and the Board. Reporting systems which highlight significant variances against plan are in place to track and monitor performance. On a quarterly basis, the results are reviewed by the Board to enable them to gauge the Group's overall performance, compared to the approved budgets and prior periods, and to take remedial actions where necessary. Similar performance reviews at OpCo Board level takes place on a monthly or quarterly basis.

- *Whistleblower Policy and Procedures*

  The Group has in place a whistleblower policy which enables employees to raise matters in an independent and unbiased manner.

  As part of this whistleblower policy and procedures, there is an anonymous ethics and fraud e-mail, under the administration of the GCIA, to act as a mechanism for internal and external parties to channel their complaints or to provide information in confidence on fraud, corruption, dishonest practices or other similar matters by employees of the Group. The objective of such an arrangement is to encourage the reporting of such matters in good faith, with the confidence that employees or any parties making such reports will be treated fairly, their identity remains anonymous and, to the extent possible, be protected from reprisal.

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- *Insurance and Physical Safeguard*

  The Group has an insurance programme in place to ensure that its assets are sufficiently covered against any mishap that will result in material losses. The Group also ensures that its major assets are physically safeguarded.

3.2 Security (Application and IT Network)

- *Disaster Recovery Plans (DRP) and Business Continuity Plans (BCP)*

  Dependability was one of four primary strategic focus areas for 2010/2011. The activities started then will be continued and enhanced in 2012/2013 with all operating units having a comprehensive end to end process by then. DRP and BCP requirements have been reinforced in all systems upgrades and implementation in the past year. The IT team has been strengthened with the inclusion of a Group IT Programme Director to oversee the strengthening of the Group's IT infrastructure, including the hardening of DRP specifications.

  DRP includes the timely resumption of service from the applications, data, hardware, communications and other technical infrastructure.

  BCP includes planning for non-technical related aspects such as key personnel, facilities, crisis communications and reputation protection, and refers to the DRP for technology related infrastructure recovery/continuity.

- *Information Technology (IT) Policy*

  The Corporate IT Policy continues to be a focus item. The Board recognises the importance of a well-formulated IT direction, architecture and implementation. The IT focus in the Company has been augmented with the formation of a Group IT team in the Technology division to continue the on-going improvement programmes and to implement a holistic IT strategy initiated in 2011, starting with Celcom.

  The key elements in the strategy are to move the operating environments into standards-based ones and to renew the operations support systems/business support systems value chains to successfully support the new business and corporate aspirations.

3.3 Regulatory and Compliance

- *Group Regulatory Affairs (GRA)*

  A four-pronged approach is adopted towards managing the various regulatory issues confronting our markets, supported by regular review of group risk matrix, managed as part of the enterprise risk management process. In this manner, risks which are both of jurisdictional as well as global nature are recognised and managed. The four-prong approach encompasses:

  1. The development of annual Regulatory Action Plans for each OpCo focusing on the top three issues of highest strategic, financial or reputational impact;
  2. Crafting strong submissions on issues and communicating the same with regulators through active stakeholder engagement;
  3. Developing group-wide positions on key issues such as spectrum management, roaming regulations, access pricing and licence renewal; and
  4. Ensuring a common baseline of best practice regulatory skills group-wide, through the adoption of a Regulatory Best Practices Manual, regular conference calls and annual meetings of regulatory staff group wide.

  The Group Regulatory Policy outlined in the Group Policy document also provides guidance and establishes internal policies and procedures that attempt to avert potential liabilities arising from adverse regulatory decisions. Underpinning the Group Regulatory Policy is the understanding that the Group shall comply with all applicable laws and regulations, regulatory obligations and governmental policies in the jurisdictions in which it operates, and that regulatory advice is obtained in an efficient and cost effective manner as and when required.

It is noted that the regulatory risks confronting most Axiata markets are typical of those confronting emerging markets, where regulatory frameworks are nascent, there is insufficient consultation with stakeholders, or there is potential political influence. Some of the regulatory risks that emerged during 2011 include those associated with spectrum management and allocation, and public policy issues around taxation, licencing and international roaming regulations.

Specifically on licence renewal, the operating licence in Bangladesh expired in November 2011, and was marked by active engagement to reduce the risk of onerous spectrum renewal charges and licence terms and conditions.

In India, public interest litigation against the Government of India regarding licencing of cellular mobile operators by the Department of Telecommunications during the period from September 2007 to March 2008, resulted in the Supreme Court cancelling 122 operator licences on 2 February 2012. The Supreme Court ordered the Telecommunications Regulatory Authority of India to issue fresh recommendations to the Government of India for the re-granting of the affected spectrum by way of an auction and provided a deadline of 4 months for the Government of India to complete the process. The Government of India has subsequently reverted to the Supreme Court to seek an extension of that deadline to 400 days, with a view to complete the auction process by March 2013. The Supreme Court has yet to respond to this request.

Idea has been affected in 9 of its 22 circle licences. Idea has subsequently filed an application on 21 February 2012 with the Supreme Court to clarify that its applications for the affected licences made in June 2006 should have been distinguished from the group of cellular mobile operators who made the applications during the period in contention.

The Supreme Court has yet to respond to the application. Idea and Axiata continue to monitor the situation closely and are exploring various legal options available.

4.0 Information and Communications

Information and communications support all other control components by communicating control responsibilities to employees and by providing information in a form and time frame that allows employees to carry out their duties. The key activities within the Group are as follows:

4.1 Corporate Communications Policy

There is a Corporate Communications Policy in place to ensure that communications across the Group and to investors inside and outside of Malaysia are effectively managed and meets the diverse needs of the organisation.

The Board recognises the need for a robust reporting framework given the growth of the Group's international investments and are working towards further strengthening that element of the internal control system. The Board also recognises the need for more dialogue with investor analysts as well as with the media moving forward.

4.2 Business Control Incident (BCI) Reporting

The Group has in place BCI Reporting aimed at capturing and disseminating the lessons learnt from the internal control incidents with the objective of preventing similar incidents from occurring in other OpCos within the Group and to enable monitoring of internal control incidents that have caused significant loss. Nine such incident reportings were shared with all subsidiaries in 2011.

5.0 Monitoring

Monitoring covers the oversight of internal controls by management or other parties outside the process or the application of independent methodologies, such as customised procedures or standard checklists, by employees within a process. Key monitoring activities within the Group are as follows:

STATEMENT ON INTERNAL CONTROL

5.1 Performance Reporting

- *SLT Meetings*

  SLT Meetings, which comprise of the President & GCEO and all divisional heads, are held regularly to deliberate on business performance, financial and operating risks and issues which include reviewing, resolving and approving all key business strategic measures and policies. Progress, exceptions and variations are also fully discussed and appropriate action taken. In 2011, there were seven SLT meetings held at Group Level. Similar meetings are held regularly at OpCo level.

  Significant matters identified during these meetings are highlighted on a timely basis to the Board, who are responsible for setting the business direction and for overseeing the conduct of the Group's operations.

  Through these mechanisms, the Board is informed of all major control issues pertaining to internal controls, regulatory compliance and risk taking. This ensures that business objectives stay on course.

- *Major Control Issues*

  Quarterly reports on financial and operational control issues form part of the initiative to inculcate self-awareness of the financial and operational internal controls requirements of the Group.

- *Headline Performance KPIs*

  Headline Performance KPIs have been set and agreed upon by the Board and management of the Group as part of the broader KPI framework that the Group has in place, as prescribed under the GLCT programme. The headline KPIs represent the main corporate targets or aspirations for the year and are announced publicly as a transparent performance management practice.

- *Control Health Check KPI*

  The Group's Control Health Check KPI or scorecard has been implemented in Celcom and is currently being rolled-out to other OpCos.

5.2 On-going Monitoring

- *Financial and Operational Review*

  Quarterly financial statements and the Group's performance are reviewed by the BAC, who subsequently recommends them to the Board for their consideration and approval. Monthly management accounts containing key financial results, operational performance indicators and budget comparisons are also issued to the SLT to enable them to have regular and updated information of the Group's performance.

- *Internal Audit Division (IAD)*

  IAD is independent and reports functionally to the BAC and administratively to the President & GCEO. IAD provides independent, objective assurance and consulting services designed to add value and improve the Group's operations. It helps the Group accomplish its business objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Its work practices are governed by the Internal Audit Charter.

  IAD adopts a risk and strategy based approach in formulating the annual audit plan, which aligns its activities to the key risks identified across the Group. This plan is reviewed and approved by the BAC. The reviews performed by IAD are aimed at assisting the BAC and Board in promoting sound risk management and good corporate governance by assessing the design and operating effectiveness of controls that govern key business processes and risks identified in the overall risk framework of the Group.

KEY RISK AREAS IDENTIFIED

APPENDIX 1

1. **Significant Increase in Domestic Competition:** Increased competition from existing and new mobile operators would result in price wars and competitive product offerings in voice and mobile data services. Management is continuously monitoring the development of the domestic business environment and taking measures in ensuring that the Group remains competitive.

2. **Adverse Regulatory and Legal Development:** Unclear and adverse change in the regulatory framework in the key markets in Asia in which the Group operates, could materially affect the growth, prospects, financial condition or results of operations of the Group.

3. **Dependence on Major OpCos:** The Group's financial results depend on the contribution of two major OpCos, namely Celcom and XL, which account for more than 70% of its revenue and 90% of its PATAMI. Any major adverse developments in these two OpCos could materially affect the Group's financial performance.

4. **Long Term Business Strategy:** There has been an increasing trend of subscribers spending behaviour shifting from basic mobile voice communications to mobile data services of lifestyle and value added data services. The Group is making appropriate investments, continuously reviewing and making changes proactively to its business model to meet the spending behaviour of its subscribers and ensuring the long term competitiveness and financial performance of the Group.

5. **Substitution Risk:** There is a risk that the emergence of non-traditional "Over The Top" service providers that provide free VoIP calling and messaging, could impact our core revenue base. The Group is proactively looking into the mitigation strategies to ensure that the impact of substitution is minimised, such as the bundling of voice and data.

6. **Technology Obsolescence:** The uncertainty related to the speed of development and deployment of new technology and the potential readiness of related ecosystem such as that of fourth generation networks creates potential risks (i.e. shorter technology lifecycle leading to faster technology obsolescence). The impact of such uncertainty could lead to having some OpCos needing to deploy new network capex at a faster pace than previously planned to remain competitive in their respective markets. The Group along with the OpCos constantly assesses the development of these new technology ecosystems and the readiness of the required components end-to-end and also monitors the likely preparedness of the competition.

7. **Treasury and Funding Risk:** The Group is exposed to risks such as funding, financing costs and currency exchange rates due to the diversified countries of its investment. It is not commercially viable for the Group to hedge all its currency and interest rate exposures. As a result, volatility of interest rates and currencies in the countries in which the Group operates could adversely affect the Group's financial performance and results of operations. Local liquidity constraint and high financing interest for medium and/or long term borrowing may result in funding constraints for some OpCos in some of the markets.

8. **System and Network Disruptions/Failure:** The reliability of the network infrastructure and systems in each OpCo is crucial in ensuring that the service is delivered without major disruptions/downtime. The Group continues to evaluate and ensure that adequate disaster recovery plan is in place at each OpCo to ensure seamless business continuity.

BOARD AUDIT COMMITTEE REPORT

COMPOSITION AND MEETINGS

Throughout the year the BAC, comprising of the Directors listed below, met 5 times on 21 February 2011, 22 April 2011, 31 May 2011, 19 August 2011 and 30 November 2011. The composition and the attendance record of the BAC members are listed below.

Name of Directors	Status of Directorship/Qualifications	No. of Meetings Attended
David Lau Nai Pek *(Chairman of the BAC)*	Independent Non-Executive Director	5 out of 5
Datuk Azzat Kamaludin	Senior Independent Non-Executive Director	5 out of 5
Juan Villalonga Navarro	Independent Non-Executive Director	4 out of 5
Dr. Farid Mohamed Sani	Non-Independent Non-Executive Director	4 out of 5 (resigned from the BOD effective 15 December 2011)
Kenneth Shen	Non-Independent Non-Executive Director	1 out of 1 (appointed to the BAC effective 30 November 2011)

Financial Literacy

The BAC is chaired by David Lau Nai Pek, who has 30 years experience where he has led finance units in various countries with the Royal Dutch Shell Group and been exposed to financial and business controls at all levels. David is also a member of the Malaysian Institute of Accountants and a member of the New Zealand Institute of Chartered Accountants.

Juan Villalonga was Chairman and Chief Executive Officer of a major provider of telecommunications services in Spain. He was also former Chief Executive Officer of major banking institutions in Spain.

Datuk Azzat Kamaludin and Dr. Farid Mohamed Sani have spent many years in the BACs and Boards of major companies in Malaysia and internationally.

Kenneth Shen has more than 25 years experience in global investment, corporate finance, and mergers and acquisition gained in New York, Hong Kong and Qatar.

Based on the above, members of the BAC are deemed as financially literate, well above the level needed for a BAC member.

SUMMARY OF ACTIVITIES OF THE BAC

During the FY2011, the BAC discharged its functions and carried out its duties as set out in the ToR. Key activities undertaken by the BAC include the following:

Risks and Controls

- The revised Axiata ERM Framework was approved in February 2011. This ISO 31000-based ERM framework provides clear guidance in identifying, mitigating and managing existing and emerging major business risks within the Group.

- The Group's major business risks and remedial actions were reported and deliberated at the BAC each quarter; a summary of which was reported to the Board.

Internal Audit

- Reviewed and supported the Axiata Group Internal Audit (AGIA) annual business plan inclusive of budget and resourcing plan. The audit plan was prepared using risk-based and strategy-based approaches, whilst ensuring the availability of adequate and competent resources to carry out the audit plan, especially in the areas or entities with high risks.

- Reviewed internal audit reports issued by AGIA on the adequacy, effectiveness and efficiency of risk management, operational and compliance issues, and governance processes across the Group.

- Reviewed the adequacy, effectiveness and timeliness of actions taken by management to resolve material issues raised by the internal audit reports across the Group.

- Reviewed the effectiveness of internal audit processes and the resources allocated to the audits.

- Assessed the performance of AGIA against the internal scorecard as approved by the BAC.

External Audit

- Adopted a collaborative approach in working with the external auditors. Reviewed and approved the external audit plan including the scope and fee for the annual audit.

- Reviewed the results of the external audit and reported issues arising from their audits of the quarterly and annual accounts, made recommendations to the Board for the implementation of remedial actions where necessary.

- Held two private meetings with the external auditors on 21 February 2011 and 31 May 2011 without the presence of management and internal audit.

- Reviewed the performance of the external auditors and made recommendations to the Board for their re-appointment and remuneration.

- Regularly reviewed all non-audit services carried out by the external audit firm to ensure their independence is not impaired.

BOARD AUDIT COMMITTEE REPORT

- BAC is of the opinion that the external auditors remain independent when carrying out the audit assignments within the Group, within the meaning of the provisions of the Bye-Laws on Professional Independence of the Malaysian Institute of Accountants. In addition, to the best of the BAC's knowledge, the BAC is not aware of any non-audit services that had compromised the external auditors' independence.

Financial Reporting

- Reviewed the quarterly and annual financial statements including announcements, taking into consideration the external audit findings and recommendations, and recommended them to the Board for their approval. The reviews, together with discussions with the external auditors, were to ensure the financial reporting and disclosures are in compliance with the provisions of the Companies Act 1965, Main LR and applicable accounting and IFRS standards in Malaysia.

- Reviewed the cashflow assumptions and working papers in order to determine the recoverability of major assets.

Annual Reporting

- Reviewed and recommended the Statement on Corporate Governance, Statement on Internal Control and BAC Annual Report to the Board for approval.

- Reviewed on a quarterly basis the related party transactions entered into by Axiata pursuant to shareholders mandate on RRPT procured at the 19th AGM of the Company held on 1 June 2011 and the reporting of these transactions in the 2011 Annual Report.

Others

- Reviewed and approved revisions to Axiata Audit Charter;

- Reviewed and supported revisions to the BAC's ToR to be approved by the BOD;

- Reviewed status of resolution of external and internal audit issues every quarter;

- Reviewed latest accounting and reporting standards and policies, where applicable to Axiata;

- Reviewed current matters in relation to compliance with legal, regulatory and statutory requirements;

- Reviewed and approved revisions to Axiata Group Internal Audit Manual;

- Reviewed business control incidents and identified cases of control weaknesses including fraud for sharing of lessons learnt within the Group to avoid similar incidents; and

- Verified the allocation of 65,220,000 share options or share awards given to the Group's eligible employees in accordance with the Long Term Performance Based ESOS for FY2011. The BAC was satisfied that the allocation of the said share options or share awards was in compliance with the criteria set out in the ESOS Bye-Laws and ESOS Committee.

- The Chairman of the BAC also attended two of the OpCos' BAC meetings in 2011 in Sri Lanka and Bangladesh i.e. Dialog and Robi.

GROUP INTERNAL AUDIT

The internal audit function is under the purview of AGIA and headed by the Group Chief Internal Auditor (GCIA), who is independent and reports directly to the BAC. The internal audit reporting structure within the Group has been organised where audit departments of the OpCos report directly to BACs of the respective OpCos with a dotted reporting line to the GCIA. AGIA has direct control and supervision over internal audit activities in those OpCos that do not have an audit function. GCIA also acts as the secretary to the BAC.

AGIA provides independent, objective assurance on areas of operations reviewed, and recommendation based on best practices that will improve and add value to the Group. AGIA identifies, coordinates and conducts global audits that are to be carried out throughout the Group and also provides standards, policies, guidelines and advice to the OpCos' audit functions to standardise the internal audit activities within the Group.

AGIA adopts a systematic and disciplined approach to evaluate adequacy and effectiveness of the risk management, financial, operational, compliance and governance processes. Structured risk-based and strategic-based approaches are adopted in identifying the internal audit activities that are aligned with the Group's strategic plans to ensure those risks facing the Group are adequately reviewed.

In addition, international standards and best practices are adopted to further enhance the relevancy and effectiveness of the internal audit activities.

AGIA underwent a Quality Assurance Review by the Institute of International Auditors (IIA) Malaysia in 2011 and achieved the highest rating of 'Generally Conforms' that indicates AGIA activities have a charter, policies and processes that are judged to be in conformance with the IIA's International Professional Practices Framework (IPPF). The IPPF is the authoritative guidance on the internal audit profession and presents internationally consistent mandatory and strongly recommended guidance for the practice of internal auditing anywhere in the world.

Against the 2011 Audit Plan, a total of 139 internal audit assignments were completed at Corporate Centre and all OpCos. The areas of coverage include finance, sales, marketing, information and technology, billing, network, corporate governance, human resources, customer service and procurement. The audit reports of these assignments provided independent and objective assessment of the following:

- adequacy, effectiveness and efficiency of the internal control systems to manage operations and safeguard the Group's assets and shareholders' value; and
- adequacy and effectiveness of the risk management operations, governance and compliance functions to identify, manage and address potential risks facing the Group.

The internal audit reports were issued to management for their comments and to agree on action plans with deadlines to complete the necessary preventive and corrective actions. The reports were tabled at each OpCo's BAC and summary of the key findings to the BAC for due deliberation to ensure that management undertakes to carry out the agreed remedial actions.

Members of the management were invited to BAC meetings from time to time, where necessary, for further clarification purposes. Key audits that were completed in 2011 include:

- Network Quality
- Channel Distribution
- Win/Defend Initiatives
- Business Continuity Management (including Disaster Recovery Plan)
- Revenue Assurance
- IT Governance
- Procurement

The total cost incurred by AGIA in 2011, inclusive of all the OpCos, was RM8.7 million. This represents a 10% increase from RM7.9 million incurred in 2010.

There are a total of 55 internal auditors across the Group whilst AGIA at Corporate Centre has 5 approved headcount and operates on a resource sharing basis with other OpCos' IA. All the internal auditors have tertiary qualifications and the level of expertise and professionalism within AGIA at the end of 2011 is as below:

Expertise Category	Percentage of total auditors
Finance	33%
IT/MIS	20%
Network/Engineering	24%
Marketing	14%
General/Others	9%

Professional Category	Percentage of total auditors
Professional Certification	
• CPA, ACCA, CA, CIMA	20%
• Certified Internal Auditor (CIA)	7%
• Certified IS Auditor (CISA)	18%
• Internship of CPA, ACCA, CA, CIMA	11%
• Internship of CIA/CISA	55%
• Institute of Internal Auditors Membership	58%
• Others	15%
Post Graduate	
• MBA and other Masters	33%
• Masters Internship	13%

BOARD AUDIT COMMITTEE REPORT

TERMS OF REFERENCE – KEY SUMMARY

In performing its duties and discharging its responsibilities, the BAC is guided by the ToR. The key roles from the ToR are summarised below:

1.0 Function of the BAC

1.1 The primary function of the BAC is to implement and support the oversight function of the Board in relation to overseeing financial reporting and internal controls as set out in the Duties and Responsibilities herein.

1.2 It is the objective of the BAC to assist the Board to assure the shareholders of Axiata that the Directors of Axiata comply with specified financial standards and required disclosure policies developed and administered by Bursa Securities and other approved accounting standard bodies. In addition, the BAC needs to ensure consistency with Bursa Securities' commitment to encourage high standards of corporate disclosure and transparency. The BAC will endeavour to adopt certain practices aimed at maintaining appropriate standards of corporate responsibility, integrity and accountability to Axiata's shareholders.

2.0 Composition of the BAC

2.1 The BAC must be composed of no fewer than three members, all of whom shall be Non-Executive Directors and the majority shall be Independent Non-Executive Directors.

2.2 Members of the BAC shall possess sound judgment, objectivity, management experience, integrity and knowledge of the industry. A member of the BAC shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him/her. This is required to avoid BAC members from participating in matters that will create conflict of interest.

2.3 Members of the BAC shall be financially literate and at least one member of the BAC:

i. Must be a member of the Malaysian Institute of Accountants (MIA); or

ii. If he/she is not a member of the MIA, he/she must have at least three years working experience and:

   a. He/she must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Acts 1967; or

   b. He/she must be a member of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Acts 1967; or

iii. Have a degree/masters/doctorate in accounting or finance and at least three years post qualification experience in accounting or finance; or

iv. Have at least seven years experience of being a Chief Financial Officer of a corporation or have the function of being primarily responsible for the management of the financial affairs of a corporation; or

v. Fulfils other such requirements as may be prescribed or approved by Bursa Securities.

3.0 Duties and Responsibilities of the BAC

In carrying out its responsibilities, the BAC's policies and procedures remain flexible to changes in circumstances and conditions that are in compliance with legal and regulatory requirements. The following are the main duties and responsibilities of the BAC:

3.1 Financial Reporting and Processes

i. Review the quarterly interim results, half-yearly results and annual financial statements of the Group prior to reporting and presenting to the Board for approval.

ii. Review with the external auditors the financial statements of Axiata before the audited financial statements are presented to the Board for approval and report the same to the Board.

iii. Discuss problems and reservations arising from the interim and final audits and any matters the external auditors may wish to discuss (in the absence of the management or GCIA where necessary).

iv. Propose best practices on disclosure in financial results and annual report of the Company in line with the principles set out in the Malaysian Code on Corporate Governance, other applicable laws, rules, directives and guidelines.

v. Review the integrity of the Group's internal and external financial reporting processes and assess significant deficiencies and weaknesses in the design or operations of the Group's internal accounting procedures and controls including review and assess management's follow up actions on the weaknesses of these procedures and controls as highlighted by the external auditors and internal auditors as per the external auditors' management letters.

vi. Review and discuss with management the Group's major financial risk exposures and initiatives taken to monitor and control such exposures over financial reporting which may cause adverse effect to the management's ability to record, track changes, process and summarise financial information.

3.2 Independent External Auditors

i. Consider and recommend to the Board, for it to put to the Company's shareholders for approval in General Meetings, the appointment (and the re-appointment) of a suitable accounting firm to act as external auditors including the audit fee payable thereof and amongst the factors to be considered for the appointment are the independence, qualification, adequacy of experience and resources of the firm and the partners and resources assigned to the audit.

ii. Consider any question of resignation (including review of any letter of resignation and report the same to the Board) or removal. In the event of a removal of external auditors, the BAC shall provide reason(s) for the removal to the Board for approval and the external auditors for their records.

iii. Review whether there is a reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment and report the same to the Board.

iv. Review the external auditors' audit plan before the audit commences and report the same to the Board.

v. Discuss nature, approach and scope of the audit before the audit commences and ensure co-ordination where more than one audit firm is involved.

vi. Review the evaluation of the system of internal control with the external auditors and report the same to the Board.

vii. Be directly responsible for the compensation, evaluation and oversight of the external auditors or any other auditor preparing or issuing an audit report for the Group and where appropriate, provide reports to the Board on the terms of engagement, independence and proposed fees of the external auditors.

viii. Meet with the external auditors at least twice in the financial year (without the presence of other directors and employees, whenever deemed necessary) to discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss.

ix. Review the external auditor's audit report, and report the same to the Board.

x. Review the external auditors' management letter and management's response.

BOARD AUDIT COMMITTEE REPORT

xi. At least annually assess and report to the Board on the independence of the external auditors, obtaining from the external auditors a written statement delineating all relationship between the audit and the Group and delineating any other relationships that may adversely affect the independence of the external auditors.

xii. Monitor the extent of non-audit work to be performed by the external auditors to ensure that the provision of non-audit services does not impair their independence or objectivity. This includes a pre-approval process for any such work and the hiring of employees or former employees of the external auditors.

xiii. Resolve any disagreement between management and the external auditors regarding financial reporting.

3.3 Internal Audit Function

i. Approve the Internal Audit Charter, which defines the independent purposes, authority, scope and responsibility of AGIA.

ii. Discuss with the GCIA the annual internal audit scope, plans and objectives, resources, qualifications, independence, reporting structure and performance of AGIA.

iii. Review and recommend the Internal Audit Business Plan, including the IA Plan and budget, for final approval by the BOD, and review the results of the internal audit process. Where necessary BAC is to ensure:

a. That appropriate action is taken on the recommendations of AGIA and report-the same to the Board.

b. That the scope, functions, competency and resources of AGIA are adequate and that it has the necessary authority to carry out its work and report the same to the Board; and

c. That the goals and objectives of AGIA commensurate with corporate goals.

iv. Review any appraisal or assessment of the performance of the members of AGIA.

v. The GCIA shall report directly to the BAC and shall be responsible for the regular review and appraisal of the effectiveness of the risk management, internal control and governance processes within the Group.

vi. The Head of Internal Audit at the OpCos report functionally to the OpCo's BAC and on a dotted line basis to the GCIA for purposes of standardising the operations of internal audit in Axiata and its OpCos by furnishing reports to the GCIA in relation to matters including but not limited to major control issues, audit reports, quarterly reports, and Minutes of OpCos' BAC meetings.

vii. Review internal audit results and reports from the GCIA including the report on the Group's internal controls and progress in remedying any material control deficiencies raised by AGIA.

viii. Approve the appointment or termination of the GCIA and the senior staff members of AGIA.

ix. Take cognisance of resignations of the GCIA and staff members of AGIA and provide the resigning GCIA or staff members the opportunity to submit his/her reasons for resigning.

x. Annually review and appraise the performance of the GCIA, including the role and effectiveness of AGIA.

xi. Be informed, referred to and agree on the initiation, commencement and mechanism of any disciplinary proceeding/investigation, including the nature and reasons for the said disciplinary proceeding/investigation, as well as the subsequent findings and proposed disciplinary actions against the GCIA. As an employee of the Group, the GCIA is subject to the Group's human resources policies and guidelines, including disciplinary proceedings/investigations and actions.

xii. Ensure that AGIA be independent of the activities they audit and perform audits with impartiality, proficiency and due professional care. The Board or the BAC should determine the remit of AGIA.

xiii. Discuss problems and reservations arising from the internal audit results, reports or any matters the Internal Audit may wish to discuss in the absence of management where necessary.

3.4 Company Oversight

i. Review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, rules, directives and guidelines.

ii. Review the Company's policies and practices with respect to risk assessment and management.

iii. Consider major findings of internal investigations and management's response.

iv. Review management's monitoring of compliance with the Company's code of business ethics.

v. Monitor the process for dealing with complaints received by the Group regarding accounting issues, internal control matters or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

vi. Consider and review any significant transactions, which are not within the normal course of business and any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity and report the same to the Board.

vii. Verify the allocation of share options or awards given to the Group's eligible employees is in accordance with the criteria for the employees share option scheme and the Main LR at the end of each financial year.

viii. Report promptly to Bursa Securities if the BAC views that a matter resulting in a breach of the Main LR reported by the BAC to the Board has not been satisfactorily resolved by the Board.

(For details of the ToR, please refer to our website)

ENHANCING CONNECTIVITY

Axiata has opened up the world to our 200 million subscribers. Through our technology, we are connecting people, from remote villages to cities, giving them access to a wide range of information and services.

BUSINESS REVIEW

ABOUT CELCOM

Celcom is the country's premier and most experienced mobile telecommunications company with close to 12 million customers. It is also the leading mobile broadband service provider in Malaysia with over 937,000 subscribers. Celcom provides prepaid and postpaid mobile services and leads the industry with mobile broadband services in Malaysia. Celcom also enjoys significant market share in other areas of business namely content and VAS, enterprise solutions and bulk wholesale services. In line with the evolving technologies and changing consumer behaviour in Malaysia, Celcom is moving towards integrated multi-access and multimedia services.

With the widest network coverage in the country, its 2G and 3G networks covers 95.0% and 81.7% of the population respectively, Celcom continues to invest in network coverage, capacity and performance, and intends to maintain its technology leadership and position as the country's best mobile service provider.

Celcom always gives top priority to its customers and has set up a consumer lab to understand them better. This, as well as numerous initiatives in product and service innovation and focus on customer service and experience, has resulted in Celcom winning several accolades at both local and regional level.

Celcom has been a pioneer in Malaysia for industry leading partnerships which include mobile virtual network operators (MVNOs), domestic and international roaming, and infrastructure sharing. Celcom now has 5 MVNO partnerships riding on its strong mobile network. Its long standing partnership with Vodafone enables subscribers to enjoy international roaming service in 190 countries and over 513 networks worldwide. This partnership provides Celcom's customers with unrivalled global coverage, the lowest IDD and roaming rates and the latest mobile technologies, whilst giving Celcom access to Vodafone's global purchasing and economies of scale. The infrastructure sharing initiative with DiGi Tel is also paving the way for sustainable growth of its data networks, ensuring optimum network coverage to deliver the best overall mobile experience for its customers.

celcom

MALAYSIA

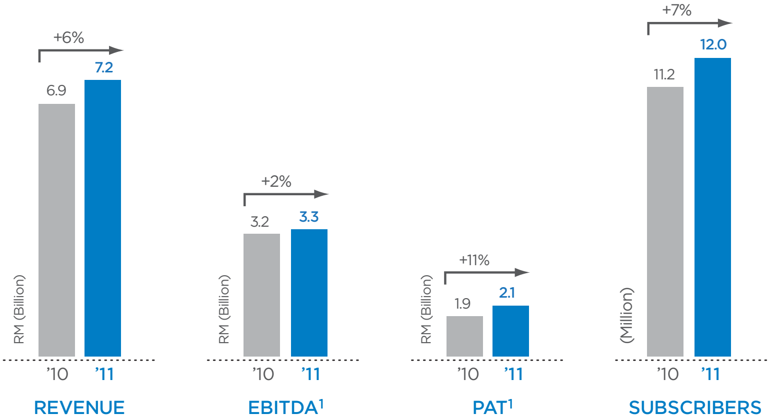
CELCOM AXIATA BERHAD

Celcom subscribers are pushing
12 million strong, fast closing the gap with the number one position in the market

Double digit PATAMI growth, exceeding the RM2 billion mark

Leading mobile broadband provider, with more than
937,000 subscribers

BUSINESS REVIEW



BUSINESS REVIEW 2011

Celcom closed the year with close to 12 million subscribers, adding 787,000 new customers. This was driven by growth in broadband and prepaid. Celcom was successful in arresting the gradual decline in voice by initiating a voice resuscitation programme which placed strong emphasis on improving voice communications, better pricing and campaigns. The decline in voice revenue was insignificant and lowest in the industry, declining less than 0.3% YoY.

One of Celcom's key agendas in 2011 was to build on new areas of growth for the next decade. Concerted focus on data saw tremendous traction with advanced data (content, VAS and broadband) revenues now representing more than 60% of non-voice revenue by the end of 2011. Celcom continued to dominate the broadband landscape with more than 937,000 subscribers and an increasing number of users on mobile internet. With the renewed interest in the small screen space, Celcom improved its device strategy with a stronger smart phone portfolio and the largest tablet offering in the market.

In 2011, Celcom was the first in Malaysia to launch a SMS-based social networking service called Kolony, ending the year with a registered base of more than 3.5 million users.

Celcom continued to lead in the large multinationals, government and Government Linked Companies (GLC) accounts. The Enterprise business now covers end-to-end business solutions as well as M2M solutions for telematics and healthcare amongst others.

Celcom also improved its sales and distribution channels across the country by focusing on market centres and refreshing its Blue Cube retail outlets. Celcom maintained its position as the preferred MVNO partner in Malaysia, now supporting 5 MVNOs. This includes Tune Talk, Merchantrade, XOX, and Red Tone. The latest addition, known as Smart Pinoy, was launched in December 2011 to address the large Filipino community in Malaysia. Combined, MVNO partners crossed the 1 million active subscriber mark in the middle of 2011, ending 2011 with more than 1.5 million active subscribers.

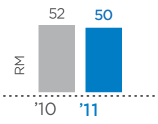
Enterprise

Celcom Biz, Celcom's enterprise arm, is the leading provider of corporate mobile services and wireless business solutions in Malaysia. Through strategic partnerships and by leveraging on the latest technologies, Celcom Biz made tremendous progress across its target business segments. In 2011, the enterprise arm worked closely with security bodies, such as the Armed Forces, offering unique value propositions with a broad portfolio of intelligent products and services. Judging by the positive response, more security related bodies are expected to come on board in the upcoming quarters.

In an effort to increase greater presence within the SME/SMI community, Celcom Biz has been extended across the entire Celcom dealer network. Apart from enhancing availability; it also eases the overall registration and customer experience process. Celcom Biz Web Builder, an easy-to-use hosting solution for SOHOs and SMEs business owners, allows them to construct and manage their business websites effectively. The websites are e-commerce ready, inclusive of the payment channel gateway feature.

Note:

[1] Amount excludes holding company charge and tax relief, Sukuk profit, additional accelerated USP and depreciation, if any



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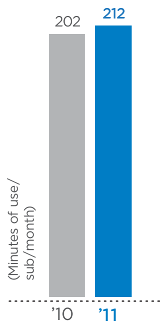
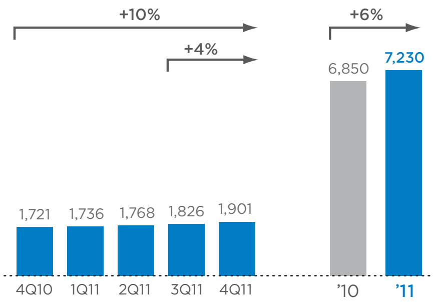


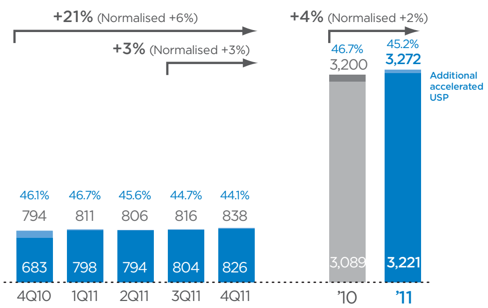
BLENDED MOU

REVENUE +6%



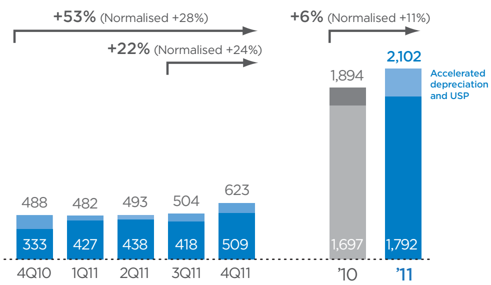
REVENUE (RM Million)

EBITDA* +2%



EBITDA (RM Million) & Margins (%)

PAT* +11%



PAT (RM Million)

Note:

* Amount excludes holding company charge and tax relief, Sukuk profit, additional accelerated USP and depreciation, if any.

BUSINESS REVIEW

Additionally, Celcom Biz also developed special offers for pilgrims performing the Haj in 2011 with attractive IDD home and roaming call rates. This was done in collaboration with Lembaga Tabung Haji (LTH) to forge stronger working ties with LTH in meeting its customers' needs. Moving forward, similar ventures will be intensified in other business verticals with the aim of providing relevant value propositions to the different customer groups.

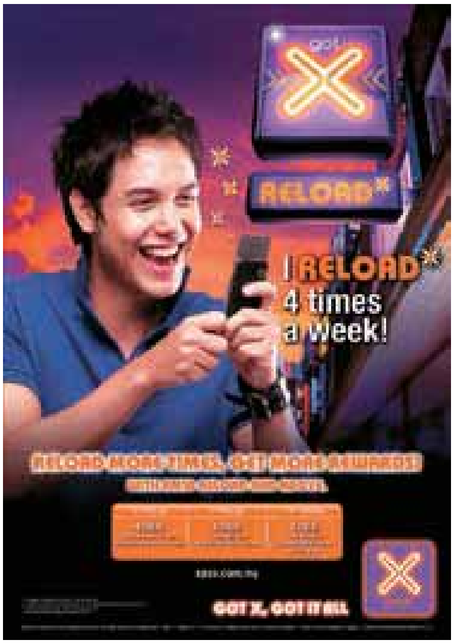
Enterprise customers also received additional offerings such as vehicle tracking to enable easier tracking of public transportation via Celcom VirtuExt™, the revolutionary new virtual PABX system. With Celcom VirtuExt™, the customer's mobile phone and office line are one, enabling them to seize every business opportunity whilst reducing cost by up to 60%.

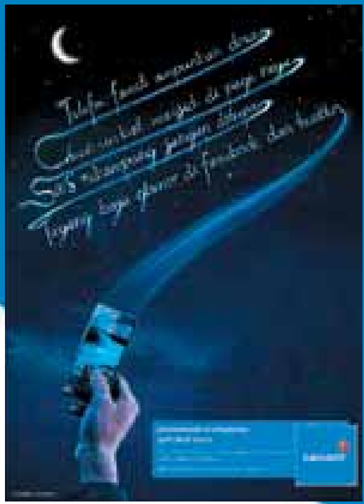
Products & Services

One of the key highlights of marketing driven initiatives was the revamp of the youth segment brand to the new Xpax. This revolutionary prepaid plan became the first plan to move away from per minute charging to charging per call (10 minutes per call), which saw improvements in both net additions and revenue growth.

Celcom Sukses gained strong momentum in the overseas foreign workers (OFW) market with a revenue increase of 98% YoY driven by strong growth in IDD revenue.

Acknowledging the need to strengthen its non-voice revenues, Celcom successfully launched its digital content channel called The Cube in September 2011, bringing the latest content and VAS to mobile phone users in Malaysia. Growth in m-commerce also gained further traction with a 66% increase in users over 2010.





Sales & Distribution Channels

In an effort to sustain its continuous growth performance, Celcom's Sales and Commercial division underwent an internal re-alignment of its resources whereby dedicated teams were established to focus on key levers for growth. This included centralised operations and planning which translates strategy to execution, whilst also ensuring execution excellence in enterprise and retail field force operations.

Concerted efforts between the sales and marketing functions on device go-to-market strategies gained fruition in 2011. Throughout the course of the year, the portfolio of devices increased to include tablets and smartphones on an exclusive basis from manufacturers which enabled unique propositions of first-best-offers to be available from Celcom.

One of the significant changes made in 2011 was the redesign of trade incentives. The change aimed to optimise the company's investment whilst rewarding dealers for acquisition of good quality customers. The move brought a change of acquisition dynamics which led to improved efficiencies, and garnered trade support at the same time.

Enhancing Customer Service

At Celcom, it has always been about customer experience and numerous efforts and initiatives were undertaken towards customer service excellence in Celcom.

Celcom's Online Customer service (OCS) is an alternative and self service online channel for customers to perform their transactions regardless of their locality. Features include electronic billing, better known as e-Billing, to enable online viewing of bills and at the same time reduce paper wastage. To date, 1.9 million customers have registered for OCS comprising of 1.25 million from postpaid and 650,000 from prepaid with an average of 70,000 registrations per month.

Celcom also established the Consumer Lab and Behaviour Centre (CLBC) and developed a unique in-depth psychological profiling of customers to better understand their needs and underlying motivations in the telecommunications market. CLBC is able to understand consumers' consumption, decision making and the key factors at play when making their choices. Expanding beyond the telecommunications business, in an experience sharing session, the Malaysian National Innovation Council (AIM) expressed appreciation for CLBC's work, resulting in a collaboration between AIM and Celcom in their triple helix programme that is geared to fulfill the Malaysian government's aspiration to achieve high-income nation status.

BUSINESS REVIEW

Technology

In 2011, Celcom undertook several initiatives to optimise its platform for smart phone users whilst also investing in new technologies, better policy management, bandwidth optimisation and innovative ways of powering its base stations.

In 2011, Celcom enhanced its network further, deploying additional sites bringing the total number of 3G/HSDPA sites to 5,139, giving Celcom the widest 3G/HSDPA network, covering 81.7% of the population. 3G/HSDPA sites have been provisioned with 100% data speeds of up to 14.4Mbps downlink and 94% with 1.92Mbps uplink. To support the growing surge in mobile data traffic and to provide better connectivity, next generation intelligent network (NGIN) has also been successfully deployed.

Celcom believes in smart industry collaborations to gain better services and long term cost savings. One such collaboration is the infrastructure sharing agreement signed with DiGi Tel in December 2010 which includes site consolidation and transmission sharing. This collaboration saw both Celcom and DiGi embarking on a pilot phase where 160 sites were consolidated in northern Perak. Further to this, Celcom sealed a collaborative partnership with TM to deliver a comprehensive suite of services across a wide variety of mediums with the primary focus of rolling out high speed broadband (HSBB).

As part of its contribution towards bridging the digital divide, Celcom successfully rolled out universal service provision (USP) projects at 162 USP 2G sites nationwide. The USP project addresses the communication needs of the extremely rural and underserved areas in Perlis, Kedah, Negeri Sembilan, Johor, Sabah and Sarawak where Community Broadband Centres were established.

FINANCIAL PERFORMANCE

2011 proved to be another great year for Celcom recording the highest ever PATAMI in Celcom's history. The normalised PATAMI denotes a double digit growth to exceed the RM2 billion mark at RM2.1 billion. EBITDA increased to RM3.3 billion, with a margin of 45.2%.

With 23 consecutive quarters of revenue growth, Celcom recorded total revenue of more than RM7.2 billion in 2011. This was achieved on the back of aggressive execution of the segmented marketing strategy combined with a well-structured sales and distribution channel. As a result, penetration in the targeted segments, especially the youth and foreign worker segments, saw robust growth. Celcom ended the year with a subscriber base of close to 12 million from 11 million a year ago.

Non-voice revenues saw strong growth and now contribute 34.3% of total revenue with advanced data revenue (content, VAS and broadband) growing in double digits at 25.5% YoY.

Celcom's commitment to providing the best network coverage and service experience saw Celcom spending about RM1 billion in capital expenditure, predominantly in building new sites for wider coverage, capacity expansion, network modernisation and IT transformation. Celcom's Gross Debt to EBITDA stood at 1.3x as at end 2011, and free cash flow grew steadily to RM2.3 billion. Celcom is now positioned as the strong number two mobile operator in Malaysia and is setting its sights on gaining overall leadership of the mobile market.

OUTLOOK FOR 2012

The telecommunications industry remains resilient with continuous quarter on quarter revenue and subscriber growth. With a wide portfolio of devices, particularly smart phones, tablets and advanced feature phones being introduced, there will be an even larger demand for data services and content in 2012. With the investments made and its strategic focus, Celcom is confident it will lead the smart phone ecosystem. It is committed to providing the most reliable and optimum platform for all smart phone users. Whilst data services continues to grow, Celcom remains optimistic that it will sustain growth in voice with innovative planned offerings.

Celcom intends to provide its customers with data ubiquity providing broadband access wherever and whenever they need it, be it fixed or mobile and across a multitude of available technologies. Consumers want to do more, interact more and consume more, and the many access devices will be driving demand. Celcom intends to be the solution for universal and ubiquitous access. Enterprise services are also growing with key M2M applications expected to take off in the coming months. Celcom also intends to introduce more relevant content and VAS over the mobile medium.

BUSINESS REVIEW

ABOUT XL

As one of Indonesia's leading cellular service providers, XL offers an array of innovative telecommunication products and services ranging from voice, SMS, VAS to mobile data covering more than 90% of the population throughout Indonesia. With over 15 years experience XL, armed with a deep understanding of its subscribers needs, is credited with bringing cellular services to ordinary Indonesians when it introduced the budget 'IDR1/second' programme in 2007, allowing more middle and lower income groups access to cellular services. XL has grown from a small company offering basic telephony services into one of the country's largest telecommunications companies, with extensive network infrastructure and services.

XL's network runs on GSM 900/DCS 1800 and IMT-2000/3G technologies and it holds several licences, including closed regular network (leased line), internet service provider (ISP), Voice over Internet Protocol (VoIP), Internet interconnection services (NAP) and an e-money (electronic money) licence from the Central Bank of Indonesia, which enables XL to provide remittance services to its subscribers. As the second largest telecommunications company in the market in terms of market capitalisation, XL continues to innovate and is transforming itself into a leading mobile data provider, serving the burgeoning demand for data amongst Indonesians. XL is dynamic in managing and operating its business, and fast in adapting to changes in the industry and market landscape, to deliver excellent service quality to its customers.

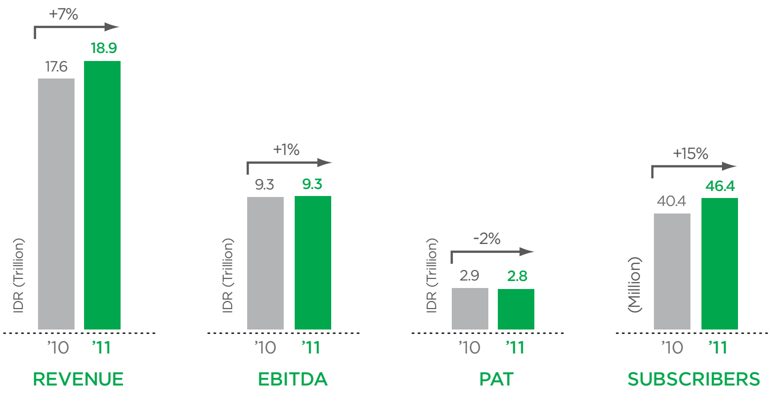
INDONESIA

PT XL AXIATA TBK

Data the fastest
growing revenue segment
with **25.5million**
users

Continued to
outperform the
industry in terms of revenue growth

BUSINESS REVIEW



BUSINESS REVIEW 2011

Transformation to Data

With low PC and fixed line penetration, Indonesians have fuelled their appetitite for data through mobile devices. With a 74% penetration in mobile device, 98% of Indonesians access the internet through mobile devices, making Indonesia the fastest growing mobile internet market in the region. Communications behaviour has increasingly shifted to messaging over IP, including BlackBerry Messenger, WhatsApp, Yahoo Messenger, Facebook, Nexian Messenger, Mig33 and Twitter to communicate with friends or broadcast messages. BlackBerry subscribers have also increased by 140% from 2010, making Indonesia the second largest country in the world for BlackBerry users.

This shift to data has been further fuelled by the availability of affordable data-capable devices. Price points for devices have come down and will continue to do so in the foreseeable future thus lowering the barriers to data adoption. 2011 saw an industry growth of 180% for smartphones and 40% for feature phones. This is further supported by the growing middle-income population and income per capita, which will allow more and more Indonesians to embrace data.

The strong appetite for data has resulted in XL's data subscribers increasing to 25.5 million, as of end December 2011, accounting for 55% of total customers, compared to 52%, or 20.8 million in the previous year. In addition, data-capable mobile phones increased to 78% from 72% of subscriber base.

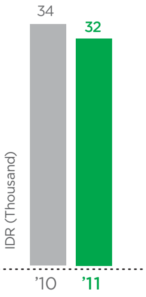
To seize the opportunities in the mobile data business, XL has accelerated four key holistic transformation initiatives: shift to data, enhancing service quality, intensifying programmes to increase customer retention, and strengthening brand positioning.

An extensive and reliable network will further encourage data adoption amongst potential subscribers. To accommodate the shift towards data, more than half of XL's IDR6.5 trillion capital expenditure for 2011 was invested in data-related network infrastructure, focusing on 3G and related transmission requirements.

In 2011, XL increased its 3G nodes B by 81% adding more than 6,000 BTSs, the highest ever incremental roll out in a year, bringing total number of BTS to 28,273. This was supported by continued migration to an IP-based network, enhanced transmission and additional core network to provide better customer experience. This will be further enhanced by the outsourcing of its managed network services in 2012. XL will continue to make smart investments to build scale, to capture the fast growing data business.

XL also launched an array of innovative and reliable data services. The Hot Rod 3G+ programme, a volume based charging package with speeds of up to 3.6 Mbps, was introduced in Jakarta, Surabaya, Medan and Denpasar offering affordable, reliable and fast connectivity.

XL also offered other data services with various charging methods to suit its subscribers preference, ranging from volume based (Hot Rod 3G+) to time based (Rp100/minute). Data is priced on a pay as you use basis with subscribers paying for only what they need.



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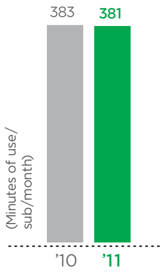
ARPU



BLENDED
MOU

Taking advantage of BlackBerry's popularity in Indonesia, XL launched attractive packages for BlackBerry services such as:

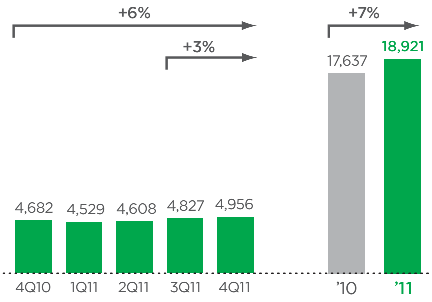
- BlackBerry 3-in-1: Bundled package of full BlackBerry services with Voice and SMS for only IDR125,000 a month.
- BlackBerry Bizz: Push email and chatting services
- BlackBerry Messenger only
- XMua 49: Full BlackBerry service for only IDR49,000 a month
- Free international roaming service for postpaid and prepaid in some countries that XL has partnerships with. The service has been extended to more countries such as Australia, Macau, Taiwan, Philippines and the US.

XL pursued collaborations with dealers for smart phones, tablets, and 3G phones to encourage mobile phone upgrades from 2G to 3G.

In addition to product offerings, XL improved its user experience by enhancing the simplicity of registration mechanism and phone setting for data services.

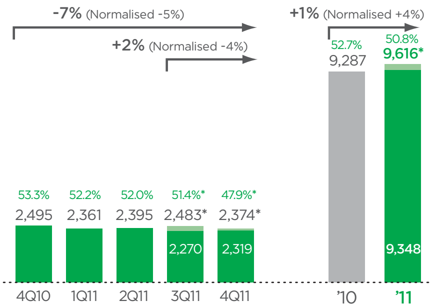
XL also implemented service oriented architecture (SOA), an IT framework to enable more efficient system development, improved governance process, business process automation, and also business events collection and elaboration. SOA plays an important role in strengthening the IT information system in anticipation of the more complex and rapid growth of data. Going forward, SOA will be enhanced to support XL's existing and new businesses such as m-commerce and m-payment.

REVENUE
+7%



REVENUE (IDR Billion)

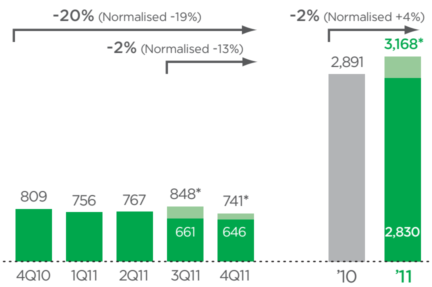
EBITDA
+4%*



EBITDA (IDR Billion) & Margins (%)

* Normalised EBITDA excluding provision for severance payment. Normalised EBITDA margin is 51%.

PAT
+4%*



PAT (IDR Billion)

* Normalised for severance payment (3Q11 & 4Q11), accelerated depreciation and forex.

BUSINESS REVIEW

XL has since 2009 enhanced its distribution channels and implemented the 'best-in-class distribution' system. Through this system, XL partnered with its best performing dealers, offering them exclusive distribution of XL's products in designated cluster areas.

At the end of 2011, XL had 161 traditional dealers responsible for managing over 300,000 independent retail outlets across 168 cluster areas in Indonesia. The total number of dealers and clusters has been optimised by remapping and resizing the cluster areas to ensure it is profitable for the dealers as well as to increase efficiency of marketing activities. XL also has 56 non-traditional dealers who manage more than 52,000 non-traditional retail outlets and 44 Mobile Data Service (MDS) modern channel dealers responsible for managing over 9,000 modern channel outlets.

With XL's accelerated focus on data, the distribution channels were further enhanced to improve access and availability of XL's data products and services. XL introduced the MDS Channel Development programme, focusing on the distribution of MDS products and introduced data products to traditional outlets.

Throughout 2011, 8,227 traditional mobile phone stores sold XL's data products, an increase of 183.2% from 2010. This expansion was made possible by extensive partnerships with branded mobile stores to sell XL's MDS products. By end 2011, XL had partnered with 1,133 such stores.

Apart from indirect distribution channels, XL also has direct distribution channels through XL Centers. As of 31 December 2011, there were 112 XL Centers throughout Indonesia. XL Centers function as direct distribution channels for XL's products as well as information channels for end customers. Through the Centers, XL is able to monitor and improve the quality of its customer service, complaint handling and customer satisfaction.

Enhancing Service Quality

Unlike voice and SMS, the data segment offers a myriad of opportunities in service differentiation as users demand better experience rather than depend solely on price as a key factor in subscribing to the services. XL aims to ensure excellent end-to-end service experience starting from customer service representatives to XL's network to providing accessible coverage with reliable and consistent service.

In 2011, XL became a more customer-centered organisation, and established the Service Management Directorate (SMD), aimed at managing service improvements and accelerating and enhancing service delivery. XL is the first operator to have a dedicated directorate unit for service management, an indication of the importance it places on customer experience. SMD manages end-to-end organisation, from people, processes to tools with the objective of delivering excellent service to improve customer satisfaction. Through service management, XL aims to mitigate the decline from traditional services and accelerate revenue from new businesses.

SMD identifies what constitutes good customer experience and aligns the company's strategy to deliver, measure and test the customer experience. This initiative was shared across all of XL ensuring everyone in the company understands and is involved in the effort to improve service quality. A comprehensive approach was adopted which included the design of products, clear marketing communications, availability of touch points, clear and easy registration, transparent and accurate charging, reliable network services as well as fast and accurate issue handling by XL's customer service.

XL launched a series of initiatives to improve various aspects of key service experience to customers. XL was the first operator to launch a user interface tool to manage VAS subscriptions *123*572#, the portal where subscribers can check, register and unregister for packages or services. XL continuously enhances its technical parameters, to ensure consistency across touch points and implemented new tools to reduce billing incidents.

Some of the early results of service quality enhancement have been encouraging. XL has been listed as one of the top three operators with less premium SMS complaints and continuous reduction in charging complaints. XL's service quality also received both national and international recognitions as reflected in the customer service awards received, including the 2011 Service Quality Award for Excellent Service based on a customer perception survey on service quality satisfaction.

Increasing Customer Retention

Whilst working to expand its services and improve service quality, XL ensures that existing customers stay and continue to use its services. Acquiring new customers is necessary to expand any business venture, but retaining existing ones ensures the company's sustainability, especially in an increasingly saturated telecommunications industry.

XL undertook various measures in 2011 to reduce its churn rate. Key initiatives include proactively addressing customer complaints and increasing the benefits and rewards given. As a result, churn rate dropped by 1.7% from 2010. The number of subscribers also increased by 6 million, bringing the total number of subscribers to 46.4 million.

XL proactively assesses and resolves root causes of top customers complaints that might drive churn behavior. For its VAS services, XL ensures that all content providers comply with XL's policy on communication clarity in providing the notification script. As a result, the total number of complaints per customer declined by 16% in 2011.

BUSINESS REVIEW

XL has a Customer Relationship Management (CRM) platform that integrates all customer facing applications which helps its customer service officers to have a better understanding on its customers profile. In 2011, XL upgraded its CRM platform, which allows for system integration leading to better complaints handling by XL's customer service. In addition, XL tailored offers to different segments through customer loyalty management (CLM) programmes, extending rewards through co-operation with food and beverage companies.

Strengthening Brand Positioning

With price no longer a key differentiator and user experience becoming increasingly important, XL launched a new tagline, 'XLangkah Lebih Maju'. This is part of XL's transformation programme to support its focus in providing better service quality to strengthen its brand position in the market.

The tagline is a testimony to XL's commitment to support Indonesia's development by continuously enhancing its network infrastructure to cater to the demand for more advanced telecommunications services. XL was previously known as an affordable operator. It has started to shift its brand perception towards that of a quality service provider. This shift from pricing is reflected in key products that were launched in 2011 such as 'Ampuh and Super Ampuh 24 hours' tariff campaigns and the 'Hot Rod 3G+' campaign.

The 'Ampuh and Super Ampuh 24 hours' tariff campaigns offer more benefits and higher service value by giving 24-hour voice, SMS and data benefits. These campaigns were to mitigate the sharp decline in voice and to focus on higher share of the customer wallet. The campaigns saw a 3% increase in voice revenue in the second half of 2011 compared to the first half of 2011. SMS revenue remained strong with a growth of 17% YoY. The programme has also increased the total outgoing minutes by 13% YoY to reach 92.5 billion minutes, and increased total outgoing SMS by 37% YoY to reach 257.1 billion SMS in 2011.

The Hot Rod 3G+ campaign is one of XL's initiatives in addressing consumer demand for better experience in communications services. With 3G+ technology, subscribers are able to enjoy faster data (video) streaming; less pending SMS or BlackBerry Messenger (BBM) and clearer voice calls.

FINANCIAL PERFORMANCE

In 2011, XL recorded a 7% growth in gross revenue at IDR18.9 trillion, mainly driven by its focus on the data business. Revenue from cellular telecommunications services which contributed 81% to total gross revenue, grew by 7% YoY. Voice revenue remained the highest percentage of total usage revenue at 52%. However, the trend is changing following the shift in consumer behaviour, from voice towards SMS and data. This is evident in XL's revenue composition, where voice revenue contribution declined from 59% in 2010 to 52% in 2011, while non-voice revenue (SMS, data and VAS) increased from 41% in 2010 to 48% in 2011. The year also saw its subscriber base increasing by 6 million to 46.4 million of which more than half are active data users.

EBITDA increased by 1% from 2010 to IDR9.3 trillion and EBITDA margin was at 49%. XL achieved a PAT of IDR2.8 trillion. This was slightly lower compared to 2010 due to accelerated business expansion in support of the data business, which led to higher operational expenses as well as higher accelerated depreciation from network modernisation projects, and provision of severance payment related to network managed service solutions.

XL's financial position remained robust through prudent financial management. With a healthy balance sheet and cash flow, XL is in a position of strength to support its strategy to invest in the growing data business. XL recorded IDR1.8 trillion free cash flow at the end of 2011, with Gross Debt to EBITDA ratio of 1.1x.

Moving Forward

XL has seen increased data take up as a result of its investments and innovative data offerings. This was also supported by the growing 3G and smartphone penetration from both supply of cheaper mobile phones and growing affluence of the middle income population. Data will be the business of the future and hence it is important that XL makes timely investments to capture that opportunity.

With the accelerated transformation initiatives in 2011, XL is confident of its ability to provide differentiated and reliable customer experience. XL is well positioned to grow its business with its high capacity, low-cost and efficient data network.

BUSINESS REVIEW

ABOUT DIALOG

Dialog is Sri Lanka's mobile telephony market leader and one of the largest companies on the Colombo Stock Exchange in terms of market capitalisation. Dialog operates Sri Lanka's largest telecommunications infrastructure spanning all provinces of the country, offering 2.5G mobile and 3.5G high speed broadband services to a subscriber base of 7.2 million. The company holds the distinction of being the first service provider in South Asia to launch 3G and HSPA+ services. In addition to its core business of mobile telephony, Dialog operates a wide range of international telecommunications services and is also the country's largest tele-infrastructure provider with a service portfolio spanning passive infrastructure and fibre optic and radio based transport services.

Building on its leadership in the mobile market and expansive telecommunications infrastructure footprint, Dialog has, through its wholly-owned subsidiaries, Dialog Broadband Networks (DBN) and Dialog Television (DTV), successfully expanded its service portfolio to achieve a quad-play formulation spanning mobile and fixed telephony, broadband and digital television services.

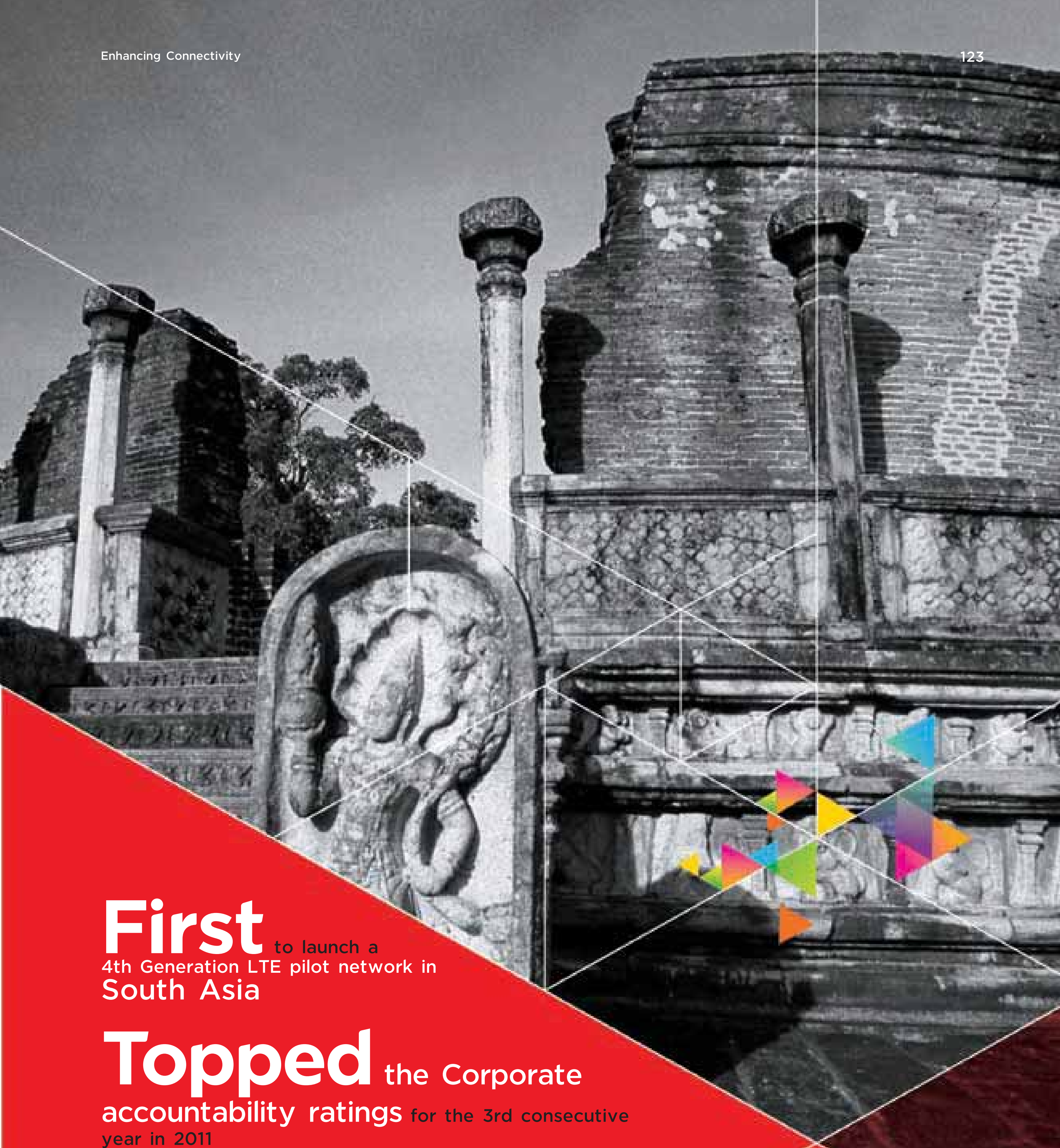
DTV is a direct-to-home digital satellite television service with a broad range of international and local television content. DBN supports a range of fixed telephony and broadband services and is also a provider of advanced data and networking services.

Over the years, Axiata and Dialog have invested over USD1 billion and the company has been recognised as the largest foreign direct investor (FDI) in the country. Dialog is an ISO 9001 certified company and has received numerous local and international awards including the National Quality Award, Sri Lanka's Business Excellence Award and 3 successive GSM World Awards. The company has also earned the distinction of being ranked No. 1 on Sri Lanka's Corporate Accountability Ratings for 3 years in succession, and being voted as the winner of Sri Lanka's Peoples Award for the most preferred telecommunications brand.

Dialog

SRI LANKA

DIALOG AXIATA PLC



First to launch a 4th Generation LTE pilot network in South Asia

Topped the Corporate accountability ratings for the 3rd consecutive year in 2011

11 consecutive quarters of revenue growth

BUSINESS REVIEW

BUSINESS REVIEW 2011

2011 was another successful year for Dialog with growth continuing in all financial metrics. Despite another challenging year in a competitive market, Dialog was able to sustain its position as the undisputed leader in the mobile telecommunications sector by retaining 55% revenue market share of the mobile industry revenue.

The high speed mobile broadband sector demonstrated significant potential with subscribers growing by 143% to reach 485,000 at the end of 2011, overtaking the fixed internet industry which grew by 19%. On a YoY basis, Dialog's mobile broadband subscriber base grew by 167%.

In line with its brand promise of 'The Future Today', Dialog made aggressive but calculated investments towards the expansion of its market leading portfolio of value added products and services. During the course of 2011, Dialog continued to deliver a wide range of socially innovative and inclusive ICT services.

In 2011, Dialog also secured the distinction of being the first service provider in South Asia to establish a 4G LTE pilot network. Dialog also made good progress in the acceleration of its fibre optic network build out, ongoing Internet Protocol (IP) transformation programme and the expansion of international telecommunications capacities to meet the increasing demand for broadband services.

Dialog also consolidated its leadership in the country's digital pay television, international telecommunications and tele-infrastructure sectors with segment growth rates in excess of 20%. Dialog also consolidated and grew its presence in the fixed telecommunications sector making penetrative inroads into Enterprise and Small Business markets.

FINANCIAL PERFORMANCE

Dialog recorded strong revenue growth, to reach SLR45.6 billion for the year 2011, an increase of 10% YoY. The revenue growth was driven by strong operational performance, particularly from its mobile, tele-infrastructure and television businesses.

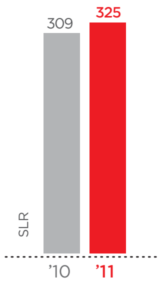
Strong revenue growth, combined with continued operational improvements led to Dialog posting a healthy EBITDA of SLR16.4 billion in 2011, a growth of 9% YoY with EBITDA margin remaining at 36%.

PAT was recorded at SLR5.4 billion, growing by 6%. Growth was impacted by one-off foreign exchange translational loss totaling SLR638 million as a result of the devaluation of the SLR during the year.

Dialog continued to make investments towards expanding its nationwide ICT infrastructure footprint and the application of cutting edge technology across its mobile, fixed and broadband businesses. Dialog's capital expenditure for 2011 amounted to SLR8.7 billion. This capital expenditure was directed towards strategic investments in high speed mobile broadband and optical fibre network (OFN) expansion projects, as well as the aggressive expansion of its mobile telephony services to meet growth in subscriber demand across all provinces of the country.

Note:

[1] Normalised for TDF refunds



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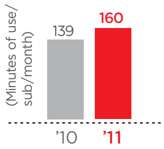

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On the back of robust EBITDA performance, Dialog continued to record positive free cash flow for the eighth consecutive quarter in Q42011 at SLR2.7 billion. In line with the generation of healthy free cash flow, Dialog's Gross Debt to EBITDA ratio improved from 1.8x in 2010 to 1.3x as at end 2011.

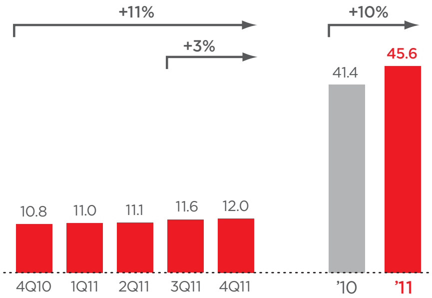
Taking into account the healthy cash position of the group, Dialog's Board has proposed a cash dividend of twenty five cents (SLR0.25) per share totaling to SLR2.0 billion, a 39% dividend payout. The dividend is subject to the approval of shareholders at its AGM.

OUTLOOK FOR 2012

Having strengthened its foundations, Dialog aims to continue to generate profitable revenue growth and increase in ROIC. To do this, Dialog intends to further deepen its relationships with its customers, ensuring it delivers value through best in class services.

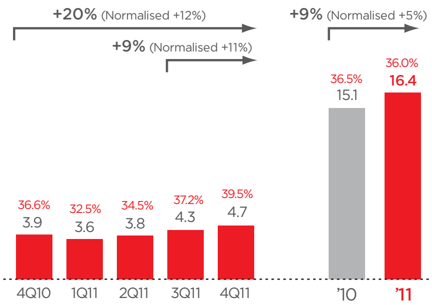
Dialog is also planning for the future and continues to invest heavily in infrastructure such as optical fibre networks and mobile and fixed high speed broadband technologies in its commitment to developing Sri Lanka's ICT infrastructure to its next phase of advancement.

REVENUE
+10%



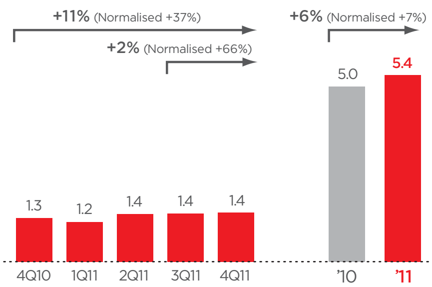
REVENUE (SLR Billion)

EBITDA
+9%



EBITDA (SLR Billion) & Margins (%)

PAT
+6%



PAT (SLR Billion)

Note:

Normalised growth percentage takes into account TDF refunds of SLR342 million and SLR311 million for 3Q11 and 4Q11 respectively.

BUSINESS REVIEW

ABOUT ROBI

Robi, the most dynamic and rapidly growing telecommunications operator in Bangladesh is developing its services to meet customer needs in voice, high speed internet services and tailor-made telecommunications solutions. It is a joint venture company between Axiata Group Berhad, Malaysia and NTT DOCOMO INC, Japan. It commenced operations in 1997 as Telekom Malaysia International (Bangladesh) with the brand name of Aktel. In 2010 it was rebranded to Robi and the company also changed its name to Robi Axiata Limited.

Robi draws from the international expertise of Axiata and NTT DOCOMO INC. It supports 2G voice, CAMEL Phase II and III, and GPRS/EDGE service with high speed internet connectivity. Its GSM service is based on a robust network architecture and cutting edge technology. It has the widest international roaming coverage in Bangladesh, connecting 600 operators across more than 200 countries. Its customer centric solutions include VAS, quality customer care, digital network security and flexible tariffs.

Robi is committed to the people of Bangladesh and will continue to ensure that its customers are able to enjoy the best experience with leading edge technology and innovative products and services.

robi

BANGLADESH

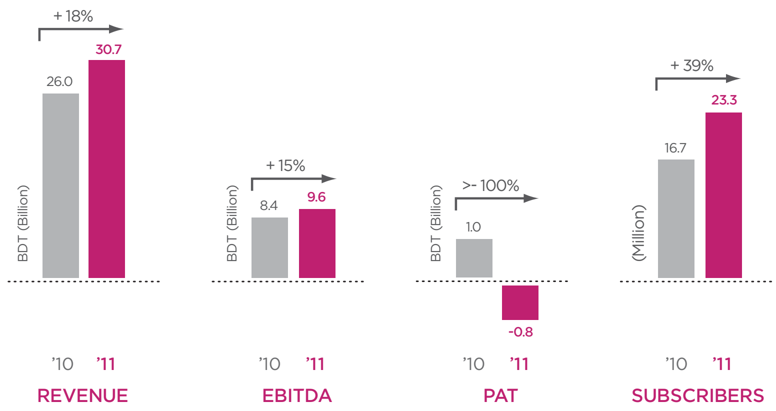
ROBI AXIATA LIMITED

23.3 million
subscribers

7 consecutive
quarters of revenue growth

strong double digit growth
for 3 consecutive years

BUSINESS REVIEW



BUSINESS REVIEW 2011

Despite the tough operating environment, Robi recorded continuous revenue growth and profitability, and ended 2011 in a position of strength.

Robi crossed the 23 million subscriber mark in 2011 by strengthening its rural footprint and distribution channels, and the introduction of innovative VAS.

2011 was an exciting year for m-commerce at Robi. After launching its basic utility bill payment services in 2010, Robi enriched its m-commerce portfolio by introducing a variety of services such as m-wallet and m-remittance. Robi was the first network operator in Bangladesh to launch domestic mobile money transfer services in 2011 in partnership with bKash, a subsidiary of BRAC Bank in Bangladesh.

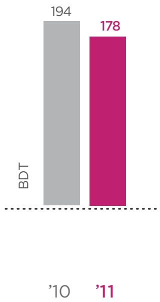
Focusing on the prepaid segment, Robi revamped its major packages and introduced Nobanno and Goti which played a big role in increasing revenue. In the Enterprise segment, the new postpaid sub-brand Robi Udoy has been well received by subscribers. This new brand, the most competitive product in the industry, is designed to provide relevant and customised solutions for enterprises and individuals, supported by unparalleled customer service together with lifestyle benefits.

Keeping customer convenience in mind, Robi has transformed its network, introduced dedicated customer service channels, and introduced home delivery of products. Robi Udoy is supported by unmatched and very attractive call charges, which includes 10 Family and Friends numbers to any operator, 1 second pulse to any call, no line rent, and free e-itemised billing. New subscribers also enjoy unlimited SMS and MMS for 1 month.

To meet its customers' demand, Robi launched per second billing plan, weekend tariff, cash back offer and many other services. Robi also introduced the long awaited Robi branded affordably priced mobile phone.

As a part of its Customer Lifecycle Management (CLM) initiative, Robi focused on building brand affinity to reduce customer churn. To support this, 2011 saw Robi building internal competencies and processes. In addition to improving process efficiency and capacity building, Robi also streamlined its CLM initiatives to target prepaid churn and yield management. The year ended with CLM campaigns contributing an average of nearly BDT160 million per month.

Along with continuous improvements in customer service quality, Robi also focused on network capacity improvements, increasing capacity and coverage. Geographical coverage increased from 85% to 89%, whilst population coverage was at 98%.



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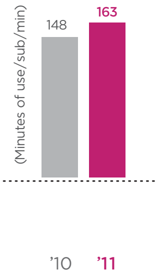

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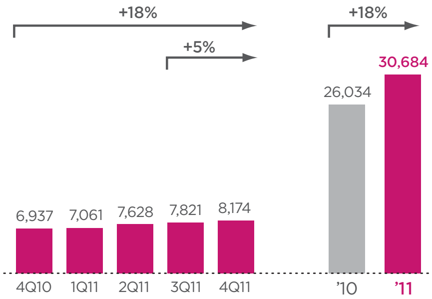
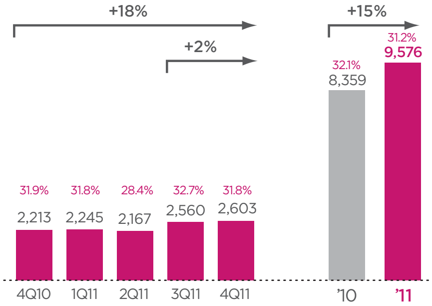
REVENUE
+18%



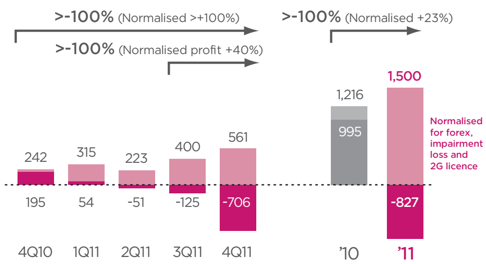
REVENUE (BDT Million)

EBITDA
+15%



EBITDA (BDT Million) & Margins (%)

PAT
+23%



PAT (BDT Million)

FINANCIAL PERFORMANCE

Amidst heightened competitive pressures, the devaluation of the Taka impacting foreign loans and licence renewal issues in Bangladesh, Robi ended the year with seven consecutive quarters of revenue growth. Growth in all streams resulted in 18% YoY revenue growth from BDT26.0 billion to BDT30.7 billion.

Robi witnessed impressive subscriber growth of 39%, with over 6.5 million, subscribers joining its network in 2011. Growth was also seen from accelerating data services, driven by flexible purchase options which recorded more than 120% growth in data revenue. 2011 recorded a 17% increase in prepaid revenue and a 45% increase in VAS revenue compared to 2010.

Alongside revenue growth, 2011 saw impressive improvement in EBITDA growing by 15% to BDT9.6 billion as compared to BDT8.4 billion in 2010. EBITDA margin was at 31.2%. Forex loss for currency fluctuation, particularly in the fourth quarter, impacted PAT growth. Normalised PAT margin was 3.9%.

OUTLOOK FOR 2012

The Bangladesh communications industry is expected to reach a size of over 100 million subscribers. Robi will pursue an even stronger customer centric approach in 2012 and continue to strengthen its strong holds. It will concentrate on accelerating mobile penetration in emerging markets as well as continue its focus in developed markets. To gain market share, Robi will focus on the five strategic areas of customer centricity, brand equity, VAS and data growth, process automation and cost efficiency.

In line with the Bangladesh government's Vision 2021 of a 'Digital Bangladesh', Robi will be working towards popularising the use of digital services across all segments. Robi will drive user adoption, through a focused approach of eco-system building and digital communications such as m-money, m-ticketing and other m-commerce services.

With a competitive cost structure and an efficient distribution network, Robi is in a better position to address the market more aggressively in 2012.

BUSINESS REVIEW

ABOUT HELLO

A pioneer in Cambodia's telecommunications industry, Hello began its services with analog mobile technology in the early 1990s and moved to GSM900/1800 in 1996. Hello has extended its network coverage to all cities, provinces and main trunk roads of Cambodia; continuing to grow market share by addressing the communication needs of the local population with affordable and innovative products and services.

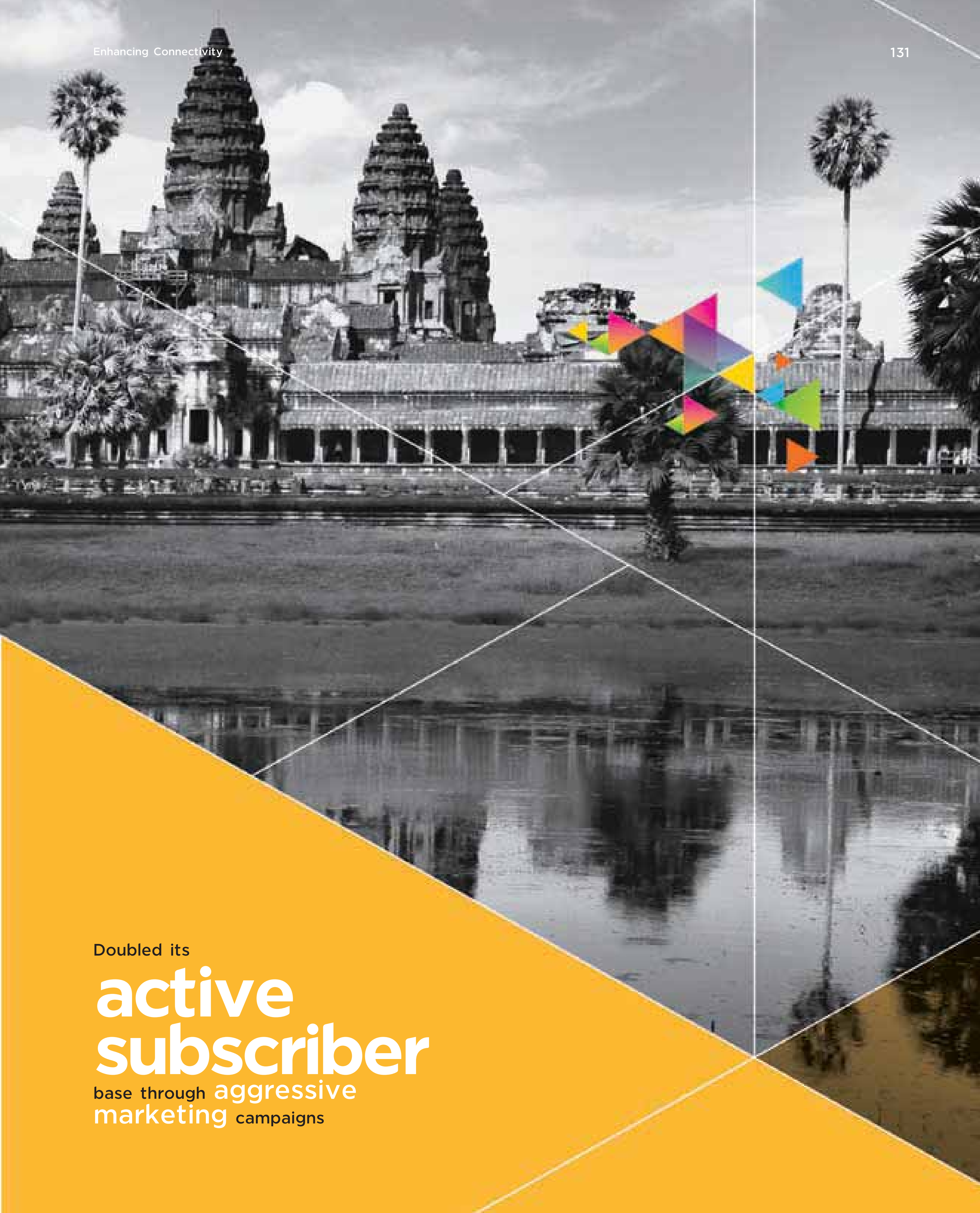
In 2009, Hello launched its 3G services and was the first to introduce BlackBerry smart phones. With excellent network quality, Hello has strong presence in key provinces through its Hello points and extensive distribution network. Hello has achieved tremendous success with the introduction of low end bundled mobile phones and innovative tariff promotions, resulting in a twofold growth in subscriber base in 2011.

Hello is committed to its customers, employees and the people of Cambodia in delivering its promise of "Saying hello to a better future"

hello

CAMBODIA

HELLO AXIATA COMPANY LIMITED

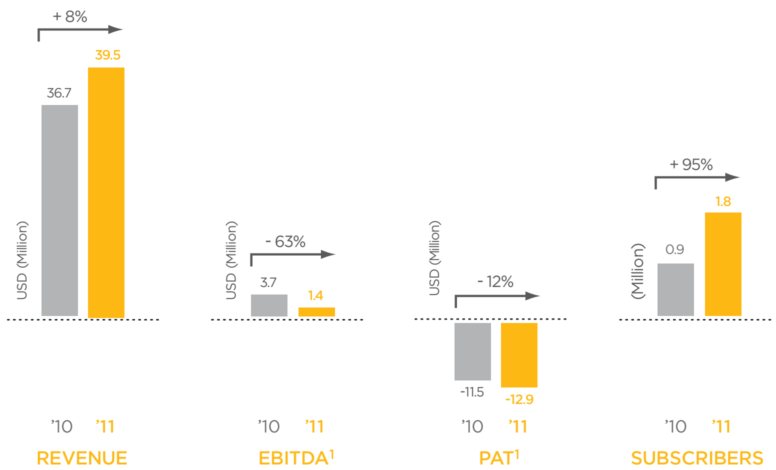


Doubled its

active subscriber

base through aggressive marketing campaigns

BUSINESS REVIEW



BUSINESS REVIEW 2011

Hello operates in a crowded, highly competitive market. In an environment of eight operating players in a country with a population of approximately 14.7 million, of which 32% are under 14 years of age, coupled by a financially constrained rural segment, most of the players are targeting the same segment. In 2011, Hello embarked on innovative marketing campaigns, introducing aggressive tariff plans and low end bundled mobile phone offers. The campaigns were highly successful resulting in Hello doubling its subscriber base.

Hello also developed a targeted device strategy to address the key segments via bundled offers. 2011 saw Hello launching the latest BlackBerry for postpaid and corporate customers, low end single and dual SIM mobile phones for the mass market, and dongles for the growing data users.

It also implemented its CLM programme, focusing on targeted campaign offers to its customer base. The CLM campaign has seen encouraging results, contributing significantly to revenue upside.

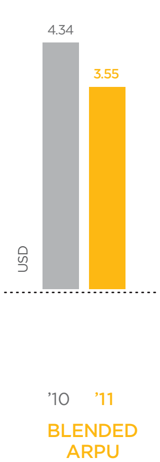
In addition, Hello continued with its focus on performance improvement and operational efficiencies, which included managed services, tower sharing and domestic roaming initiatives.

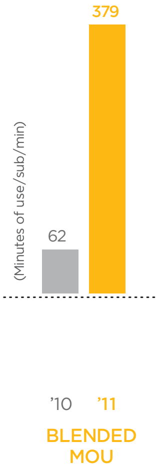
FINANCIAL PERFORMANCE

With all of these programmes in place, Hello posted a revenue growth of 8% YoY from USD36.7 million in 2010 to USD39.5 million. This was mainly contributed by the outstanding performance in its revenue generating base (RGB), an increase of more than 100%. However, given the competitive market environment, normalised EBITDA declined to USD1.4 million.

Note:

[1] Normalised for severance pay.



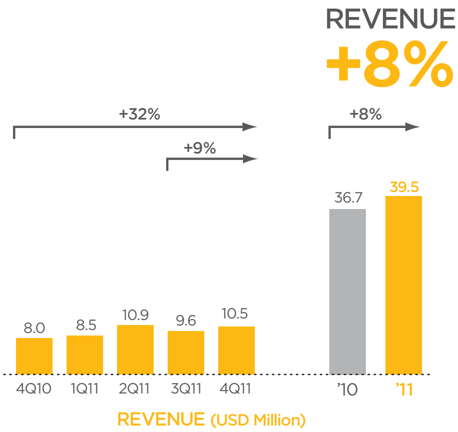


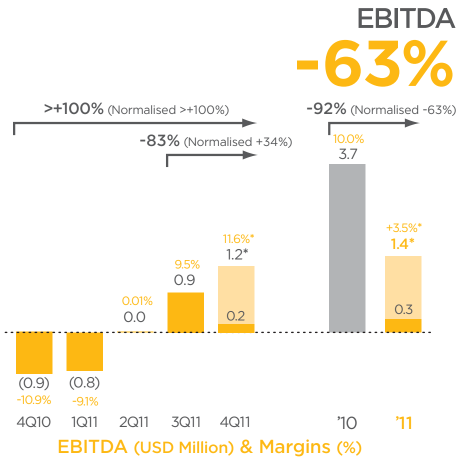
OUTLOOK FOR 2012

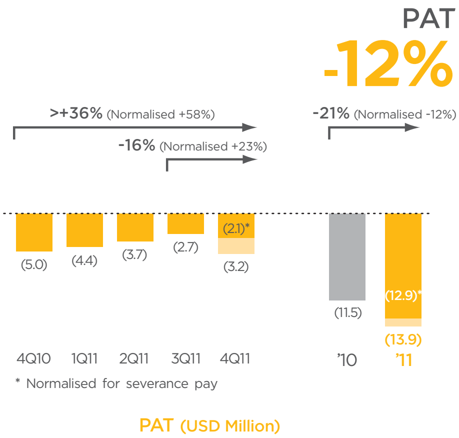
Cambodia's efforts to expand and upgrade its telecommunications infrastructure have been bearing fruit and it now boasts a vibrant telecommunications market. The market is still very much voice driven, with some traction in data, given the growing trend in social networking.

It continues to be one of the most competitive markets in the region with eight operational players and two more scheduled to be operational in 2012. In the absence of any substantial fixed-line growth however, mobile telephone services continue to completely dominate the overall telecommunications market, representing more than 99% of the total number of telephone services in the country.

Cambodia's mobile market is expected to continue to grow in 2012, albeit at a slower pace.







BUSINESS REVIEW

ABOUT IDEA

Idea is a publicly listed company on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) in India. It is a pan-India integrated GSM operator and has its own national long distance (NLD) and international long distance (ILD) operations, and internet service provider (ISP) licence.

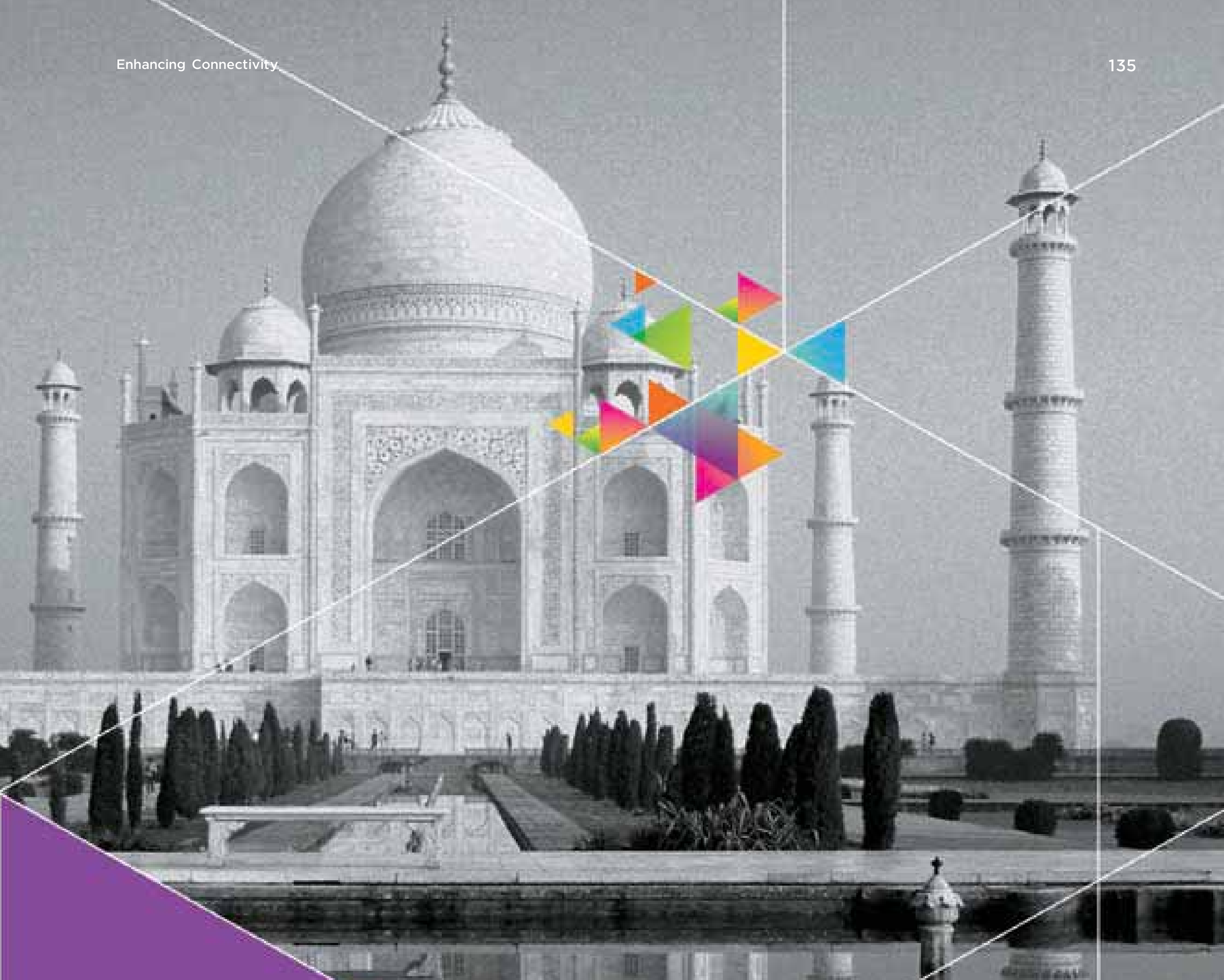
Idea operates across all 22 service areas with 2G and 3G services being progressively rolled out to cover over 3,200 towns by the end of 2012. It is the third largest mobile services operator in India with a subscriber base of over 100 million. With traffic in excess of a billion minutes a day, Idea ranks among the top 10 operators in the world.

Idea's strong growth in the Indian telephony market comes from its deep penetration in non-urban and rural markets. It has the highest share of rural subscribers as a percentage of total subscribers, amongst other GSM players. In fact, two out of every three new Idea subscriber comes from rural/semi-urban India.

Idea is an Aditya Birla Group company, India's first truly multinational corporation. The group operates in 33 countries, and is anchored by more than 132,000 employees belonging to 42 nationalities.

INDIA

IDEA CELLULAR LIMITED



Among the
fastest
growing Indian
telecommunications operators,
the third largest mobile
service provider in revenue terms

Carries over 1.1 billion minutes
a day on average, placing it among the top 10
telecommunications operators in the world
in terms of minutes of usage

Emerged as the **biggest**
net gainer nationally
in Mobile Number Portability

BUSINESS REVIEW

BUSINESS REVIEW 2011

In 2011, Idea maintained its growth momentum and became the third largest mobile operator, in terms of revenue. Idea is also the fastest growing mobile services provider in India with an annual growth of 25.3% against industry growth of 16%. The company now offers expansive coverage of 3G and data services to its over 100 million subscribers across the country.

Mobile Number Portability (MNP) was launched across India in January 2011 and Idea was the first mobile operator to actively communicate MNP through a range of marketing initiatives. By late May 2011, Idea forged ahead and became the number one MNP operator in overall net gain and net port-in.

The year 2011 also witnessed Idea launching its 'Gold Standard' 3G services in the country, which has received positive response. Within the first month of launch, Idea registered over 1 million 3G users on its network.

Idea also introduced affordable, yet fully loaded, 3G smart phones in 2011 to ensure rapid uptake by both 2G users wishing to upgrade to 3G, and existing 3G users especially in the semi-urban parts of the country which are traditional strong holds of Idea.

Idea's 'Gold Standard' 3G services connects its subscribers to the world of faster internet with speeds of up to 21 Mbps and introduced video conferencing, mobile TV, IdeaMall Application Store, as well as many other infotainment services. Idea has also set up over 650 'Experience Zones' across all markets where 3G services have been launched to provide a flavour of the services that customers can opt for.

Idea's focus on enhancing customer experience through superior service delivery led to the setting up of the country's largest customer service network. Idea now has over 3,500 service centres across the country.

During the year, Idea continued with its brand building efforts to emerge as one of the most talked about brands. Idea's efforts were globally recognised and it received the 'Best Brand Campaign' at the World Communications Awards 2011.

FINANCIAL PERFORMANCE

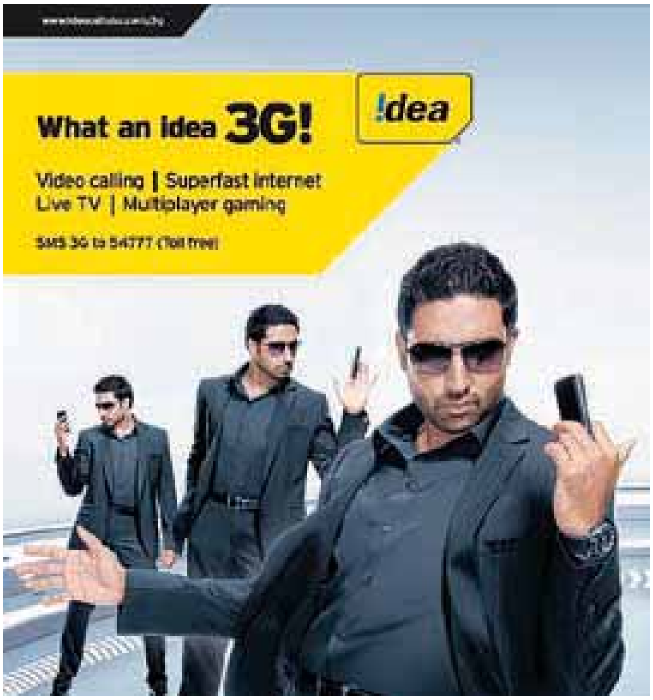
Idea recorded total revenue of INR141.7 billion for the three quarters of 2011 (April-December). EBITDA was at IDR37.4 billion while PAT was INR4.8 billion.

OUTLOOK FOR 2012

India has come to be regarded as the world's most competitive and fastest growing telecommunications markets. As of December 2011, it has the world's second largest mobile phone users with 894 million subscribers. It also has the world's third-largest internet users with over 121 million customers.

With a population of 1.2 billion people, there are another 300 to 400 million new potential customers, Idea is extremely well positioned to take advantage of the opportunities this represents.

In 2012, Idea plans to launch 3G services in 10 new towns per day, growing its network to 3,500 towns by the end of 2012. Idea is also leveraging on new technologies to provide infotainment to consumers, as well as a whole range of other utility services in the areas of banking, healthcare and education. Idea believes that the voice business will continue to grow for some time to come.



BUSINESS REVIEW

ABOUT M1

M1 is a leading full-service provider of mobile and fixed communications services to over 2 million customers in Singapore. With an emphasis on network quality, customer service, value and innovation, M1's mission is to link anyone, anytime, anywhere.

M1 operates both 2G (GSM) and 3G/HSPA networks, which will be enhanced with the island wide rollout of its LTE network this year. It offers a wide range of voice, data and value-added services on these networks.

Its wireless broadband service, M1 mobile broadband, offers customers a choice of service plans differentiated by access speed and data bundle. With the deployment of its LTE network, M1 is capable of supporting theoretical downlink and uplink throughput speeds of up to 75 Mbps and 37.5 Mbps respectively.

For international call services, M1 offers mobile and fixed-line customers International Direct Dial (IDD) services, and an International Calling Card (ICC) service. M1 also trades wholesale voice minutes with other international and local service providers.

In the fixed segment, M1 offers various broadband service plans with speeds ranging from 10 Mbps to 1 Gbps, including fixed voice and other value-added services for residential homes. For corporate customers, besides connectivity services, it offers managed and data centre services, as well as cloud-based and other enterprise solutions. M1's services are further supported by specialised teams who provide customers seamless migration from their legacy network to fibre network.

M1 is listed on the Singapore Exchange and its current major shareholders are Axiata Investments (Singapore) Limited, Keppel Telecoms Pte Ltd and SPH Multimedia Private Limited.

SINGAPORE

M1 LIMITED

First

operator to launch LTE network in South East Asia in June 2011

Launched

mData plans
- four new mobile broadband plans differentiated by data bundle sizes

BUSINESS REVIEW

BUSINESS REVIEW 2011

The mobile segment remained M1's core business and continued to be a major contributor to its operating revenue.

During the year, its postpaid customer base grew by 45,000 to reach over 1 million as at 31 December 2011. This formed 51.9% of its total mobile customer base and contributed 86.7% of M1's total mobile telecommunications revenue in 2011. Data usage trends continued to advance with the proliferation of smart devices in the mass market and contribution from non-voice services rose to 35.6% of service revenue in 2011, up from 31.9% in 2010.

M1 launched South East Asia's first LTE network in June 2011. Offering downlink speeds of up to 75 Mbps and uplink speeds of up to 37.5 Mbps, the initial launch covered major areas within the financial district. Coverage is being progressively expanded and is scheduled to be island wide by the second quarter of 2012. This represents another milestone for M1, and demonstrated its commitment to continuously invest in its networks to deliver better experience to its customers.

In the highly competitive prepaid segment, M1's customer base grew 6.5% during 2011 to 969,000 reflecting the various initiatives in catering to the different customer preferences through timely product and service launches.

Fixed services revenue increased 56.2% to SGD38.3 million in 2011. During the year, M1 grew its fixed services customer base and further entrenched M1's position in the fixed space. As at end of 2011, M1 had 44,000 fixed services customers.

M1 continued to ensure that its customers enjoy the best value fixed broadband packages, with no cap on international bandwidth and access to remote and onsite technical support. Customers also get free fixed voice service that offers unlimited local calls, with every fibre broadband sign-up. For the corporate segment, M1 offered customised solutions, including cloud-based and managed services. Specialised teams were also available to assist customers in migrating their legacy network seamlessly to the new fibre network.

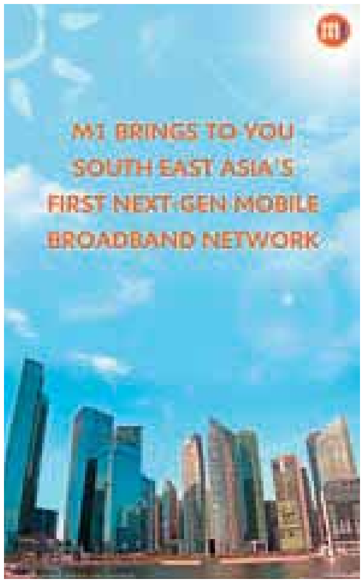
While the NGNBN achieved more than 80% island wide coverage by end 2011 and interest in M1's fibre services was high, take-up of services was impeded by a number of barriers, including installation service delays, accessibility issues relating to commercial buildings and customers being locked in on current contracts. During the year, M1 worked to resolve some of these barriers with the Infocomm Development Authority of Singapore (IDA) and various stakeholders.

In 2011, M1 launched the following innovative and exciting services:

- mData: Four new mobile broadband plans differentiated by data bundle sizes (starting from 5GB per month) and accompanied by a lower starting monthly subscription plan were launched, to provide M1 customers with a better mobile surfing experience. The new competitively priced plans, with their typical download speeds published, allowed customers to better complement their individual data usage needs with a mobile broadband plan that best suits their usage patterns.

- Next generation mobile network service: With the initial launch of M1's LTE network in the financial district, enterprise customers were able to access next generation mobile network services via USB modems on existing mobile broadband plans and experience enhanced surfing speeds. As coverage is expanded island wide and more LTE devices become available, the service will be made available to all other customers.

- Take3 Flexi: The Take3 programme allows customers to obtain a phone of their choice with no upfront costs. Take3 Flexi now offers customers the option of enjoying the Take3 service with a shorter contract tenure of 12 months, allowing them to change their mobile phones earlier.



FINANCIAL PERFORMANCE

In 2011, M1 achieved a full-year net PAT of SGD164.1 million, 4.5% higher than 2010. Net profit margin on service revenue was 21.9%, up from 21.4% in 2010. Operating revenue and service revenue improved by 8.8% to SGD1.1 billion and 2.4% to SGD750 million respectively. EBITDA was SGD310 million, representing a margin of 41.4% on service revenue. Free cash flow increased 139% to SGD161 million.

OUTLOOK FOR 2012

For 2012, growth is expected to come from data usage in both the mobile and fixed segments, and M1 is gearing up to support this growth.

Mobile services will remain core and M1 will focus on customer service and innovation to deliver even better experience for its customers. The adoption of fibre services will likely gain momentum as NGNBN coverage becomes island wide by the middle of the year, and M1 is well placed to compete and grow its fixed business.

As M1 extends its market position as a customer-centric full-service operator with a full suite of consumer and business services, it will also continue to invest in its already well established M1 brand.

With the rapid changes in technology, it is not just about offering faster or more services. Instead, M1's goal is to make its customers' lives simpler and better, and it will continue to work to make its brand synonymous with this.

BUSINESS REVIEW

THAILAND

SAMART I-MOBILE PUBLIC COMPANY LIMITED

ABOUT SIM

Samart I-Mobile Public Company Limited (SIM), a company listed on the Stock Exchange of Thailand (SET), is a majority-owned subsidiary of Samart Corporation Plc. SIM offers instant wireless information services and mobile content, along with the distribution of mobile phones and accessories. Its business operations are divided into three core segments: mobile business, multimedia business and Mobile Virtual Network Operator (MVNO).

In 2012, SIM will focus on business synergies and sustainable growth, and will capitalise on the strengths of its three business segments to provide total solution services to all segments of its customers.

FINANCIAL PERFORMANCE

For the year ended 31 December 2011, SIM recorded total revenue of THB7.0 billion, a decrease from the THB8.1 billion recorded in 2010. Net profit was THB0.1 billion.

PAKISTAN

MULTINET PAKISTAN (PRIVATE) LIMITED

ABOUT MULTINET

Multinet is a leading independent telecommunications solution provider in Pakistan, operating a nationwide optical fibre cable network, connecting the major cities across Pakistan. The network enables Multinet to offer multiple and leading edge business services solutions for the carrier and Enterprise B2B segments such as point-to-point data connectivity, domestic and global Multi Protocol Label Switching (MPLS), broadband data, two-way video, data centre facilities and secure bandwidth solutions for business. Over its 10 year history, the company has transformed and grown to become a successful enterprise with a workforce of over 750 telecommunications professionals with a blue chip carrier client portfolio, both domestic and international. The Multinet team has an unbeaten track record of consistently delivering better than 99% availability and uptime. The key to Multinet's success has been its unshaken B2B focus and its vision to be the leading IT/infostructure company in Pakistan.

FINANCIAL PERFORMANCE

For the financial year ended 31 December 2011, the company recorded a revenue of PKR4.9 billion, compared to PKR3.1 billion in 2010, a YoY increase of over 58%. EBITDA (excluding extra-ordinary items) increased to PKR1.4 billion from PKR1.28 billion in 2010.

Mobile Telecommunications Company Of Esfahan

IRAN

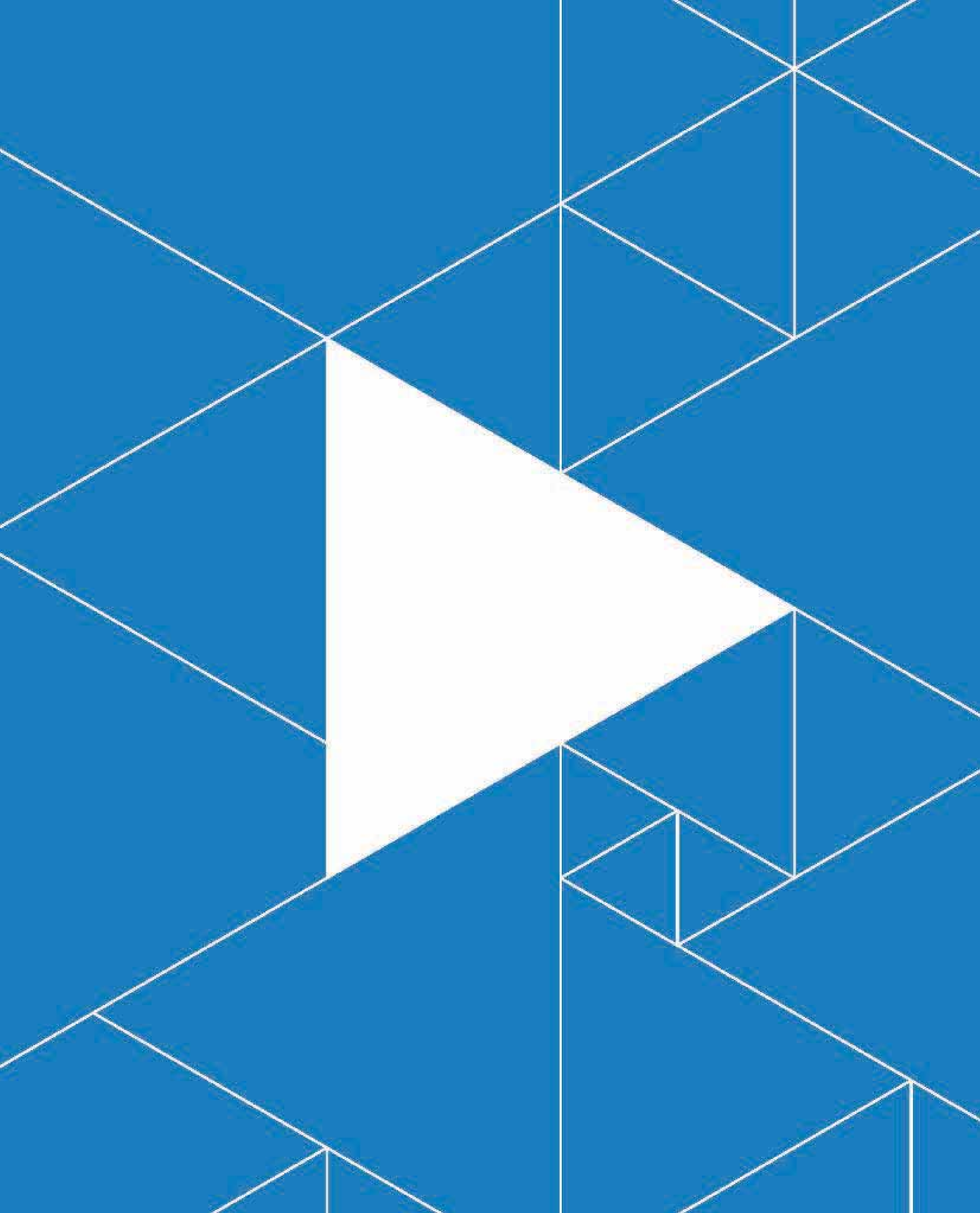
MOBILE TELECOMMUNICATIONS COMPANY OF ESFAHAN

ABOUT MTCE

MTCE commenced operations on 24 June 2002 as the first provider of mobile prepaid SIM cards in Iran. The company is licenced to operate a GSM 900 MHz mobile communications service with a capacity of 35,000 customers in the Esfahan province of the Islamic Republic of Iran. The licence is valid for a 15-year period commencing 19 May 2001.

ADVANCING ASIA

Axiata is committed to helping the countries that we operate in achieve economic, environmental and social progress. We see ICT and Telecommunications as enablers for development and apply our technology and expertise for the benefit of the community.



CORPORATE RESPONSIBILITY

Many things change in our rapidly evolving industry, but Axiata's commitment to conducting business responsibly remains constant. We are mindful of our responsibility towards our stakeholders, particularly shareholders, customers, communities and employees, and as such our Corporate Responsibility (CR) efforts integrate social, environmental, and economic concerns so as to ensure that we continue to deliver sustainable value for our long term growth and success. CR is integrated into all aspects of our business and we approach CR from the following perspectives: Marketplace, People, Environment and Community.

MARKETPLACE PERSPECTIVE

A continuous emphasis on the long-term integrity of our business benefits everyone while a strong focus on business ethics help us maintain high standards across our operations. Good governance with a strong focus on corporate ethics is essential to doing business responsibly and enhancing investor confidence and to ensure value creation for the Group, our employees, shareholders and society as a whole. This includes the policies, directives, guidelines and business processes that frame how we do business every day.

Throughout 2011, Axiata continued to enhance its processes and operations in its efforts to ensure a sustainable and responsible approach.

Our commitment to Corporate Governance is detailed in the Statement on Corporate Governance available within this Annual Report on pages 62 to 85.

PEOPLE PERSPECTIVE

Our employees are our greatest assets, the major contributors to our success and critical to achieving our sustainability aims. Realising this, we put strong emphasis on our employees and their development. We have in place various initiatives covering career development, performance management and leadership growth to ensure our employees have every opportunity to fulfil their potential.

We believe that with the right employees and skills, we will be better positioned to achieve our business objectives, attract and retain talent, respond to our customers' needs and maintain a competitive advantage.

Axiata is committed to harnessing diversity in order to promote a global perspective. To reach this goal, we aim to increase diversity in all our processes for career development and talent management. A diverse team, where everyone contributes with their unique abilities, skills and experiences, presents a competitive advantage and stimulates innovation.

Enhancing Performance

We want our employees to fulfil their potential and continue to drive a high performance culture. In 2011, we continued with our Group-wide employee engagement survey and have benchmarked ourselves against country norms, global telecommunications norms and global high performing companies' norms. The results have been used to assess and measure organisational effectiveness in driving employee engagement and driving a high performance culture across the Group. The Employee Engagement Index has also been used as part of the KPI for our business leaders.

Mobility Policy

We continued to strengthen our top management at Corporate Centre and across the Group and have hired new talent and moved our talent across the Group. We have developed a Group Mobility Policy which provides standard guidelines to institutionalise the movement of talent across the group as a key people development mechanism.

Restricted Share Plan

Axiata introduced the Restricted Share Plan (RSP) in 2011. The plan replaces the existing performance based ESOS (Employee Share Option Scheme). This enhanced plan is another tool to attract and retain talent within the organisation.

Enhancing our Talent Pipeline

Talent development is another key focus area at Axiata. We are 100% committed to developing our talent. In developing our talent pool, we include nationals of the countries where we operate. We transcend nationalities and become a contributor of talent development to these countries.

Our work on talent development is encapsulated in our talent management 'cradle-to-grave' framework where we identify talents as early as 12 years old who are just starting secondary school and provide them with a development curriculum to prepare them to be corporate leaders. This goes all the way to the group of talent working with us who are within a 5-year readiness level to be top management in our Corporate Centre as well as in our OpCos. We call this the talent pipeline.

Throughout 2011, we have continued our focus on building a robust talent pipeline. We now have 115 talent in the top tier of the pipeline undergoing the Group Accelerated Development Programme (GADP).

As part of GADP, in 2011 we teamed up with INSEAD to bring the best development programmes for functional leaders to transition to general management. This includes putting them through a highly realistic business simulation game to allow them to practise being in a top management operations team in a safe environment. These two development programmes are the latest addition to our Group Leadership Development Programme (GLDP) to further build the leadership capabilities of our top talent pool.

Our overall talent pipeline numbers undergoing leadership development in 2011 are:-

GADP: 115
OpCo Accelerated Development Programme: 302
Fresh Graduate Development Programme (Axiata Experiential Programme): 50
Pre-University and University Axiata Young Talent Programme: 9
Secondary School Axiata Young Talent Programme: 60

Different leadership development curriculums have been constructed for the different groups of the talent pipeline. What is common throughout the curriculum is our desire to build holistic business leaders that can balance the science with the arts. We recognise that what is key in developing leaders is harnessing the learning agility of the talent to learn from a solid foundation of science and knowledge coupled with the wisdom from undergoing different experiences.

In 2011, we continued to maximise on our regional platform to enable our talent to gain new experiences. At the end of 2011, we had 14 of our GADP talent pool on assignment out of their home countries, to experience different markets on different growth cycles with different intensities of competition. We believe that this will help to increase the resilience and creativity of our talent so that we continue to be relevant and competitive.

CORPORATE RESPONSIBILITY

ENVIRONMENTAL PERSPECTIVE

By 2020, the ICT industry is expected to account for about 3% of global CO_2 emissions worldwide. Of the current CO_2 emissions, the contribution from the global telecommunications systems, mobile, fixed, and communications devices is estimated to be around 230 million tons of CO_2, or approximately 0.7 percent of global emissions.

The rapid growth of the telecommunications industry means that it consumes a huge quantity of energy annually which continues to grow year on year. This coupled with rising energy costs and network growth are putting cost and carbon footprint at the top of telecommunications operators' agendas.

Telecommunications operators today face the challenge of meeting rising capacity demands, whilst at the same time reducing network energy consumption and carbon footprint

As a regional telecommunications group, Axiata is aware of the need to reduce the environmental impact of its operations, to reduce ongoing costs and efficiently use precious resources. The Group has since 2009 launched its green technology programme, aimed at exploring new technologies, products and solutions that brings greater efficiency to reduce its ecological footprint.

We want to reduce our impact on the environment, through network efficiency gains and modernisation. Over the years we have been deploying innovative solutions to help decouple growth in network traffic from emissions growth, delivering cost savings as well as to minimise environmental impact. Through network modernisation, there has been an impressive decrease of energy needed to produce data traffic, due to technology and product improvements. In 2011, the Group recorded 150.7 MWh energy savings and 99.4 tonnes CO_2 emission reduction.

Apart from maximising efficiency at the network level, other initiatives include at site level such as cooling, power management and increased focus on use of renewable energy sources such as wind and solar. This results in less equipment needed and lower energy consumption for the network to support the traffic.

We incorporate environmental performance goals throughout our operations, seeking continuous improvement in selecting new equipment and technologies. Adoption of energy efficient technologies is a key part of our efforts to conserve energy and address the issue of climate change, and alleviate the environmental impact of our business.

COMMUNITY PERSPECTIVE

Axiata is committed to helping the countries that we operate in achieve economic, environmental and social progress. We see ICT and telecommunications as enablers for development, opening up access to services that improve livelihoods and quality of life. Mobile connectivity further fuels economic growth, which is particularly vital for communities living at the base of the economic pyramid.

Our OpCos are actively engaged in addressing the needs of the local communities they are in. We apply our technology and expertise, making a difference to the quality of life, and boosting local economies and communities.

Corporate Centre

One of Axiata's brand pillars focuses on developing world class talent. As such our CR initiative at Corporate Centre is aimed at developing young Malaysians who have demonstrated academic excellence and outstanding involvement in extra-curricular activities. The Axiata Young Talent Programme (YTP) is our '1Malaysia: People First Programme', adopting a holistic 'cradle to grave' concept where we start nurturing talent from lower secondary level all the way up to University level. The programme is beyond academics, combining the best of education with co-curricular activities that mould talents with soft skills to prepare them for the future. To date, there are 67 scholars under the programme.

Axiata's YTP was officially launched by YB Tan Sri Muhyiddin Yassin, Deputy Prime Minister of Malaysia in January 2012.

There are four tiers to this programme. The first being the National Secondary School Programme where we provide scholarships for students who have displayed academic excellence through the Ujian Penilaian Sekolah Rendah (UPSR) and outstanding achievement in extra-curricular activities.

The second is the 2 year International Baccalaureate (IB) Pre-University Programme. IB is a reputable programme tailored to provide scholars with a well rounded education that prepares them for university and their future careers. We believe that the IB programme develops students to be inquisitive, knowledgeable and caring, thus contributing towards creating a better world, recognising and appreciating cultural differences and diversity.

At undergraduate level, we offer the University Undergraduate Programme for Malaysians who have received conditional offers from selected top universities in the UK to study in the fields of engineering, business, economics and management.

The fourth tier is the Axiata eXperiential Programme where we recruit a select group of high achievers from top universities worldwide to join our OpCos as graduate trainees. Successful candidates will undergo a 12 month training stint to familiarise themselves with the telecommunications industry. It is our intention that through all our programmes, young Malaysians will be able to compete in the work force, becoming trailblazers in their fields, world class corporate leaders and ultimately, the pride of Malaysia.

CORPORATE RESPONSIBILITY

Celcom

At Celcom, CR means more than just giving back to the community. In all of its CR efforts, Celcom has always strived to ensure that it adds value to the community. In 2011, Celcom had four major initiatives under its CR umbrella.

The Orphans Sponsor and Support Programme

Last year, Celcom undertook a new initiative to care and provide for the less fortunate and underprivileged children. Celcom provides financial assistance to these children to enable them to have a proper education with the hope that they will be able to secure a better future.

League of Extraordinary Developers Challenge (LEDC) – LEDC Campus Programme

The League of Extraordinary Developers Challenge (LEDC) was established to provide a platform for developers to create innovative and creative applications. It is also a platform for these entrepreneurial individuals to display their talents and ideas. The programme promotes openness in the mobile world, indirectly encouraging open collaboration. At the same time, the programme also acts as a catalyst for these developers to enter the market.

In 2011, Celcom launched the LEDC Campus Programme after receiving positive feedback from lecturers and professors who have attended Celcom's LEDC workshops.

A Memorandum of Understanding (MOU) was signed with KDU University College, marking Celcom LEDC's inaugural effort to educate the young and nurture the talents of tomorrow's leaders as aspiring 'technopreneurs'. Additionally, Celcom's goal is to increase general awareness of LEDC in the student arena as well as to encourage innovation among the young.

The LEDC Campus Programme is designed to help unleash the best talents among students, by challenging their technical skills and creativity. Besides encouraging innovation, Celcom LEDC allows these students to gain direct experience from the telecommunications industry, fostering the right mindset to prepare them for entry into the workforce after graduation

Celcom PUNB (Perbadanan Usahawan Nasional Berhad) Bumiputera Entrepreneur Programme

The Celcom Bumiputera Entrepreneur Development Programme is Celcom's initiative to support local graduates especially Bumiputeras from public universities and polytechnics to become skillful, competitive entrepreneurs.

The programme is Celcom's effort in growing the number of Bumiputera retailers in the telecommunications industry. In this joint programme with PUNB, Celcom undertakes the role of nurturing and stimulating the participants' entrepreneurship development while PUNB provides funding for the participants in their start-up phase. The participants consist of unemployed graduates and undergraduates.

This partnership with MOHE and PUNB marks Celcom's support towards building a strong network of future entrepreneurs who are capable and knowledgeable to drive the country's economy forward.

Celcom Relief Centre (CRC) – Humanitarian Aid for Flood Victims

The southern region was affected by floods in 2011. In aid of those affected by the floods, Celcom established six Celcom Relief Centres (CRC) in Johor and Negeri Sembilan. Besides providing telecommunications services such as SIM replacements, starter packs with preloaded airtime, mobile phone charging services and free calls to any domestic numbers, Celcom also contributed essential food items, mineral water and clothing to the flood victims as well as employees who were affected by the flood.

XL

As an integral part of the Indonesian society, XL is fully committed to participating and contributing to the country's development. Since its establishment, XL has actively collaborated with various stakeholders in support of several initiatives for the betterment of the Indonesian community.

Under its umbrella programme of Indonesia Berprestasi, XL carries out numerous programmes in support of the government's development programmes. These programmes are constantly being reviewed and enhanced to ensure that they meet their objectives.

Launched in 2006, Indonesia Berprestasi is specifically designed to contribute to the nation's development, especially in the social, entrepreneurship, economic, arts and culture, and environmental sectors.

XL remains strongly committed to making a difference, reaching out, and contributing positively to the development of society. The programmes under Indonesia Berprestasi, focus on education, particularly in the field of communications and information technology such as Computers for Schools or Komputer untuk Sekolah (KUS), Donation through SMS (SMS Donasi), Indonesia Berprestasi Award, and disaster response, which as a whole is XL's 'Gift to the Nation'.

By the end of 2011, XL had invested a total of IDR15.4 billion for the Indonesia Berprestasi programme, which has achieved a number of important targets through the following activities:

- Computers for Schools

  Driven by its desire to maximise development in communications and information technology, XL launched the Computer for Schools (KUS) programme in 2009, through which XL strives to help reduce the gap in the use of digital technology in schools.

  Through KUS, XL hopes to help the government achieve its computer-student ratio target, which was 1:2000 in 2009, to 1:20 by 2015.

  XL is committed to carrying out the KUS programme for five years. In 2011, XL collaborated with PT Huawei Tech Investment, PT Dimension Data Indonesia, and the national humanitarian institution PKPU, and donated more than 200 computers to 65 schools.

  By the end of 2011, XL has helped 187 schools throughout Indonesia, with each of them receiving at least three computers. Apart from donating computers, XL also organises computer training for teachers, donates modems to schools, provides free internet access, and has introduced healthy internet behaviour guide for the responsible use of the internet. XL also provides an Integrated School Informaton System (Sifoster) application, which has significantly enhanced interaction between schools, teachers, students, and parents.

  The programme has increased the computer-student ratio at recipient schools from 1:46 to 1:33. Through KUS, XL is supporting the government achieve its objectives in the education sector and raise awareness of developments in technology, especially computer and internet technology.

- SMS Donasi

  As part of XL's commitment to provide useful and meaningful telecommunications services for the nation, XL introduced the SMS Donasi programme. The SMS donation programme allows its subscribers to play a part towards supporting various areas of need, such as health, education, socio-economy and the environment. Subscribers are able to channel funds toward their chosen cause. All funds collected are channeled through to the various chosen partners.

CORPORATE RESPONSIBILITY

To date, XL has launched the SMS Donasi Sastra, a fundraising programme for the preservation and digital documentation of Indonesian literature through cooperation with H.B. Jassin Literature Documentation Centre; first phase of SMS Donasi Persembahan XL Bagi Negeri (XL's Gift to the Nation), and SMS donation for victims of various calamities such as the SMS Donasi Peduli Merapi.

In November 2011, XL launched the second phase of the SMS Donasi Persembahan XL Bagi Negeri, in cooperation with ten institutions, i.e. Dompet Dhuafa (Dhuafa), ICT Watch (ICT), Indonesian Doctors Association (IDI), PKPU (PKPU), Pundi Amal SCTV (PAS), Peradah Indonesia (Peradah), World Vision Indonesia (WVI), World Wildlife Fund (WWF), Yayasan Wakaf Center (Wakaf), and Yayasan Cinta Anak Bangsa (YCAB).

Indonesia Berprestasi Award 2011

XL also continued to organise the Indonesia Berprestasi Award (IB Award), an initiative in appreciation of Indonesian citizens under 40 years of age, whose contributions have made tremendous impact in improving the lives of others. The IB Award was first launched in 2007 with the aim of motivating and inspiring winners to continue contributing towards a better society.

In 2011, the IB awards were conferred to Indonesian citizens who had introduced innovative solutions to existing social and development problems. The IB awards were given to both individuals and groups.

On October 5, 2011, XL conferred the IB Awards 2011 to winners: Rukmini Paata Toheke, an activist fighting for gender equality in Toro Village, Sulawesi, Credit Union Pancur Solidaritas for developing social economy through assimilation process in Ketapang, Kalimantan, and Valencia Mieke Randa, founder of Blood for Life, which facilitates meetings between blood donors and recipients.

Special awards were given to Andi Arfan Sabran, founder of Rumah Ide, for introducing social movement through documentary films, and Inti Cassava, who invented the Nata De Cassava product, a starch-based food made from cassava. The five finalists received incentive funds and a three month training programme to assist them to further maximise their various projects and to ensure that they continue contributing to society.

Disaster Relief

True to its CR motto of 'XL's Gift to the Nation', XL, with the help of its partners and employees, continues to give its best to society through natural disaster relief programmes. XL's disaster relief programmes consist of disaster response and rehabilitation such as the XL Peduli Merapi. The programme is designed to help those affected by the eruption of Mount Merapi in March 2010 who lost family members and suffered huge material losses.

In cooperation with Pundi Amal SCTV, XL revitalised and cleaned up 15 kilometers of Kali Code river in Yogyakarta and planted 25,000 trees on a 40-hectare site at the foot of Mount Merapi. XL also forged a partnership with the government of Yogyakarta Special Region in developing a disaster information management system, including designing and launching an interactive portal, www.jogja.siagabencana.net.

XL is always ready to offer assistance for disaster victims and provides tents, medicine, clothes, blankets, free public telephone service, electricity and telephone charger facilities, as well as internet access for volunteers.

XL has invested huge amounts in its CR programmes over the last three years, totaling in excess of IDR37.2 billion.

Dialog

In Sri Lanka, Dialog's sustainability strategy has a short term as well as a long term dimension in order to address the varied expectations of its stakeholders. Dialog acknowledges that the sustainability approach applied in this manner enables the management of its holistic business footprint providing for social, economic, and environmental balance.

Dialog and Customers Contribute towards Flood Relief

Dialog together with its customers raised SLR5 million towards flood relief efforts in the north central and eastern provinces of Sri Lanka. Dialog launched a flood relief SMS campaign inviting its customers to donate SLR10 through an SMS pledge. Dialog in turn pledged to match each donation with a further SLR10. The campaign generated close to 200,000 SMS pledges and with additional contributions from Dialog, a total of SLR5 million was spent towards the purchase of essential items, consisting of dry rations, milk powder, water and sanitary items for the flood victims.

As a token of gratitude for the invaluable efforts of the security forces, Dialog further pledged to waive all the security forces' communications costs in the eastern and north central provinces during the rescue and resettlement efforts.

Supporting Education

The educational channel 'Nenasa' has transformed the Sri Lankan education system over the past year. 'Nenasa' is a television channel presented by Dialog that provides educational content to school children around the country. 'Nenasa' now reaches 672 schools and 17 teacher training colleges. The goal is to reach 1,000 more schools over the next two years.

Dialog also awarded technology merit scholarships to the 30 best performers at the national standardised Ordinary Level examinations and to the 27 best performers at the national standardised Advanced Level examinations in 2011.

Strengthening Stakeholders – Dialog's Retailer Network

The Dialog retailer training programme Viyapara Diriya continued in 2011, training more than 5,100 small entrepreneurs in the last four years. The programme has in turn diversified Dialog's retailer base, reduced turnover and strengthened Dialog's image in the community. Dialog collaborates in the project with the International Finance Corporation (IFC) and the GSMA.

M-Waste

Discarded mobile phones, batteries, and battery chargers are brought to Dialog's 125 collection points and then exported for recycling. Over 3,000 units of M-Waste were collected in 2011 and will be exported once an appreciable quantity is accumulated. In 2010, the company partnered with 13 other companies and the Central Environmental Authority (CEA), to launch a 'National E-Waste Management Programme' that manages hazardous e-waste management in Sri Lanka.

CORPORATE RESPONSIBILITY

Robi

As a good corporate citizen, Robi continues to make significant contributions to the country. Through its CR efforts, Robi is committed towards building a better Bangladesh and is actively involved in various CR programmes.

Robi Steps Forward Towards a Digital Bangladesh

In Bangladesh, where only approximately 10% of the population has internet access and where the broadband or Wi-Max connection is still highly expensive, bridging the digital divide is a long journey. In collaboration with the government of Bangladesh, Robi has been contributing towards this effort through various initiatives over the last few years. Having established the 'Robi Computer Corner' at 72 locations across the country, Robi went one step further to provide free internet access to the general public.

In 2011, Robi signed a Memorandum of Understanding (MOU) with the Ministry of Cultural Affairs, Government of the People's Republic of Bangladesh whereby, Robi will provide free internet service for visitors at divisional public libraries across the country as well as create awareness on the benefits of using internet in today's world. Abul Kalam Azad, Minister for Information & Cultural Affairs inaugurated Robi's first 'Internet Corner' at the National Public Library in Dhaka division.

Students who had to ask for 30 to 40 taka (USD0.50) per day from their parents to access internet services, are now able to connect themselves to the largest source of knowledge for free. In addition to reading books and journals at the public libraries, they are able to explore the world and enrich themselves with the latest information without worrying about the expenses.

Safe Drinking Water for Travellers

Robi has come forward with its 'Safe Water, Safe Life' campaign and has set up water treatment plants at major communications hubs such as divisional railway stations, bus stations and launch stations to ensure that travellers have access to pure drinking water.

After a year of extensive work with the Ministry of Communications and the Railway authority, the first Robi Water Treatment Plant at the central railway station in Dhaka came into operation in October 2011. This water treatment plant provides 4,000 gallons of pure drinking water every day to meet the needs of more than 24,000 passengers travelling through the station. Separate arrangements have also been made for women and the less able. Robi has also taken WaterAid Bangladesh on board as the technical partner who will be monitoring the water quality on a regular basis.

Protibondhita Korbo Joy (Turning Disability into Ability)

With the pledge of Protibondhita Korbo Joy, Ai Hok Prottoi, Robi is providing support to the underprivileged with a view of turning disability into ability. In the first phase, Robi is providing support to children suffering from clubfoot.

Every year an estimated 5,000 children in Bangladesh are born with clubfoot, a birth defect which causes a newborn baby's feet to point down and inward.

Most of them do not receive any treatment at all. However, if clubfoot is properly treated, the deformity can often be cured in early childhood without any surgery.

To combat this disability and create awareness, Robi has partnered with Impact Foundation Bangladesh, a charitable trust based in England, which has specialised hospitals for this treatment. Patients are treated by a team of doctors from England and Belgium. In 2011, 250 patients were treated under this initiative.

CORPORATE RESPONSIBILITY

Hello

Hello's CR efforts are centred around community projects, to make a difference to the lives of the less fortunate.

Hello Offers a Better Future in Employment to the Disabled

In Cambodia, there are about 700,000 disabled people and most of them have very little support from society. There is a belief that the disability is a result of a personal failing in a previous life and therefore there is great fear and mistrust of people with disabilities.

Working together with the National Center of Disabled Persons (NCDP), Hello is doing its part in helping the disabled integrate into society by providing employment at its call centre. Hello hopes that with the appropriate support and technology, it is helping the less able to change their lives.

Providing a Platform for Social Interaction and Donation to Orphans

Hello employees and their families also welcomed 100 orphans to join the fun-filled activities at its annual family day event. The orphans were from five different orphanages; Riverside Orphanage, Reaksmey Kampuchea, Future Life, HTC and Good Day Centre. The orphanages also received USD5,000 and 500kg in rice to assist them in the running of their centres.

Scholarship

In 2010, at least 378 people were killed in a stampede at the annual water festival, leaving many children orphaned. Hello offered two full university scholarships to orphans from the stampede, to give them a headstart for their future.

Promoting Safety

Hello worked with the Red Cross in support of its campaign to promote traffic safety and reduce motorcycle-related accidents among the youth and donated helmets towards this cause.

Expanding Minds of the Youth

Hello also lent its support to the Pour un Sourire d'Enfant (PSE) Discovery Programme. The 3 month programme gives 600 disadvantaged children the opportunity to learn about Siem Reap and the world heritage site of Angkor Wat through a bicycle tour. Hello sponsored the bicycles needed for the programme.

M1

In 2011, the key focus of M1's CR programme remained centred on the arts, sports and children causes.

Supporting The Arts And Sports

In partnership with The Necessary Stage, M1 presented the seventh edition of the M1 Singapore Fringe Festival with the theme 'Art & Education', in January 2011. The much anticipated annual arts festival continued to enthral art patrons and new enthusiasts alike.

During the year, M1 expanded its support for the arts with the sponsorship of two leading homegrown contemporary dance schools to help nurture the growth of local dance and dance talents. Under the umbrella of the National Arts Council's Arts Adoption Scheme, M1 established two three-year partnerships with T.H.E Dance Company and Frontier Danceland.

This initial support is to enliven Singapore's dance landscape for contemporary works and contribute to the advancement of this art form.

In recognition of its support to Singapore's arts scene, M1 was presented with the Distinguished Patron of the Arts Award 2011, for the eleventh consecutive year.

M1 also increased its presence in the sports arena in 2011, sponsoring a series of events, including the Mission Foods World Netball Championships and Fairprice Foundation Nations Cup 2011 for netball, the HSBC Women's Champions 2011 for golf, the inaugural BAY Challenge sailing race, as well as the Li-Ning Singapore Open 2011 for badminton. M1 also continued to partner Netball Singapore in promoting the sport in schools, at clubs and national levels.

Giving Our Underprivileged Children A Helping Hand

Causes related to children continued to be the primary focus of M1's fund-raising efforts for the less privileged segment of the community in 2011.

The M1 Charity Golf 2011 and M1 Charity Jamboree 2011 were two key fund-raising activities successfully staged during the year and received tremendous support from staff, business partners and associates.

The proceeds raised from these two events were donated to M1's five adopted charities – Beyond Social Services, Children-At-Risk Empowerment Association, Children's Cancer Foundation, Singapore Children's Society and the Spastic Children's Association of Singapore.

Beyond fund raising, M1's employees showed unwavering enthusiasm and dedication by investing their personal time to bring cheer to the children of M1's adopted charities. M1's SunCare Club's volunteers organised interesting and fun-filled activities throughout the year, including field trips to the movies, the M1 Charity Jamboree, the Jurong Bird Park and a cookie-baking school.

FINANCIAL STATEMENTS


REGIONAL
PRESENCE

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with Financial Reporting Standards, the MASB approved Accounting Standards in Malaysia for Entities other than Private Entities and the provisions of the Companies Act, 1965 so as to exhibit a true and fair view of the state of affairs of the Group and Company as at 31 December 2011 and of the results and cash flows of the Group and Company for the financial year then ended.

In preparing the financial statements, the Directors have:-

- Selected and applied the appropriate and relevant accounting policies on a consistent basis;
- Made judgments and accounting estimates that are reasonable and prudent in the circumstances; and
- Prepared the annual audited financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and Company.

The Directors also have the overall responsibilities to take such steps to safeguard the assets of the Group and for the establishment, designation, implementation and maintenance of appropriate accounting and internal control systems for the prevention and detection of fraud and other irregularities relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

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 2011.

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 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 41 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 RM'000	Company RM'000
Profit for the financial year attributable to:		
– owners of the Company	2,345,628	62,955
– non-controlling interests	366,622	–
	2,712,250	62,955

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 RM8,445,154,455 comprising of 8,445,154,455 ordinary shares of RM1 each to RM8,466,182,266 by the issuance of 21,027,811 new ordinary shares of RM1 each at the issued price of RM1.81 each in conjunction with the exercise of options granted under the Performance-Based Employee Share Option Scheme ("ESOS") by the employees of the Company and its subsidiaries as disclosed in Note 14(a) to the financial statements.

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

DIRECTORS' REPORT (CONTINUED)

DIVIDENDS

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

	RM'000
Final tax exempt dividend under the single tier system of 10 sen per ordinary share of RM1 each, in respect of financial year ended 31 December 2010	845,651
Interim tax exempt dividend under the single tier system of 4 sen per ordinary share of RM1 each, in respect of financial year ended 31 December 2011	338,579
	1,184,230

The Directors have recommended a final tax exempt dividend under the single tier system of 15 sen per ordinary share of RM1 each of the Company in respect of the financial year ended 31 December 2011. The proposed dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting.

RESERVES AND PROVISIONS

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

PERFORMANCE-BASED EMPLOYEE SHARE OPTION SCHEME ("ESOS") AND RESTRICED SHARE PLAN ("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.

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

The Company has been granted exemption by the Companies Commission of Malaysia vide a letter dated 14 February 2012 from having to disclose in this report the names of persons to whom options and/or restricted share awards ("RSA") have been granted during the financial year and holdings pursuant to Section 169 (11) of the Companies Act, 1965, except for the information on employees who were granted options and/or RSA representing more than 390,800 ordinary shares and above.

PERFORMANCE-BASED EMPLOYEE SHARE OPTION SCHEME ("ESOS") AND RESTRICED SHARE PLAN ("RSP") ["AXIATA SHARE SCHEME"] (CONTINUED)

The list of employees of the Company and its subsidiaries who were granted options and/or RSA representing more than 390,800 ordinary shares each under the Axiata Share Scheme during the financial year are as follows:

		Number of options over ordinary shares of RM1 each of the Company			
Name	**Designation**	**Balance as at 1.1.2011**	**Granted**	**Exercised**	**Balance as at 31.12.2011**
Dato' Sri Jamaludin Ibrahim	Managing Director/ President and Group Chief Executive Officer	2,693,900	1,607,800	–	4,301,700
Dato' Sri Mohammed Shazalli bin Ramly	Chief Executive Officer, Celcom Axiata Berhad	933,500	390,800	–	1,324,300

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	
Dr Muhamad Chatib Basri	
Kenneth Shen	Appointed on 5 October 2011
Dr Farid Mohamed Sani	Resigned on 15 December 2011

In accordance with Article 93 of the Company's Article of Association, Tan Sri Dato' Azman Hj. Mokhtar and David Lau Nai Pek retire from the Board at the Twentieth (20th) Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 99 (ii) of the Company's Article of Association, Kenneth Shen who was appointed during the period, retires from the Board at the Twentieth (20th) Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' REPORT (CONTINUED)

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			
	Balance as at 1.1.2011	Additions	Disposed	Balance as at 31.12.2011
Indirect interest				
Dato' Sri Jamaludin Ibrahim^	450,000	–	–	450,000

^ *Held under CIMSEC Nominees (Tempatan) Sdn Bhd*

	Number of options over ordinary shares of RM1 each of the Company			
	Balance as at 1.1.2011	Granted	Exercised	Balance as at 31.12.2011
Dato' Sri Jamaludin Ibrahim @	2,693,900	1,607,800	–	4,301,700

@ *At an EGM held on 24 March 2009, the shareholders of the Company approved the grant of options to Dato' Sri Jamaludin Ibrahim to further subscribe up to 5.5 million new ordinary shares of RM1 each of the Company to be issued under the Performance-Based ESOS for the Executive Directors and eligible employees of the Group.*

At AGM held on 1 June 2011, the shareholders of the Company further approved the issuance of up to 1.2 million new ordinary shares of RM1 each of the Company to Dato' Sri Jamaludin Ibrahim under the Axiata Share Scheme for Executive Directors and eligible employees of the Group.

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 is a member, or with a company in which he 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.

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.

DIRECTORS' REPORT (CONTINUED)

EVENTS AFTER THE REPORTING PERIOD

The events after the reporting period are disclosed in Note 37 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 22 February 2012.

TAN SRI DATO' AZMAN HJ. MOKHTAR
Director

DATO' SRI JAMALUDIN IBRAHIM
Director

Kuala Lumpur

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Operating revenue	6	**16,447,937**	15,620,674	**50,525**	5,239,991
Operating costs					
- depreciation, impairment and amortisation	7(a)	**(3,147,063)**	(3,941,912)	**(3,065)**	(1,442,128)
- foreign exchange (losses)/gains		**(53,223)**	(124,791)	**146,617**	(744,152)
- domestic interconnect and international outpayment		**(1,675,450)**	(1,575,165)	**-**	-
- marketing, advertising and promotion		**(1,526,634)**	(1,471,981)	**(32,863)**	(20,905)
- other operating costs	7(b)	**(5,042,590)**	(4,548,813)	**(73,941)**	(57,715)
- staff costs	7(c)	**(1,078,951)**	(970,778)	**(71,272)**	(73,308)
- other (losses)/gains - net	8	**(5,008)**	28,402	**-**	-
Other operating income/(loss)	9	**80,989**	434,941	**1,860**	(86,511)
Operating profit before finance cost		**4,000,007**	3,450,577	**17,861**	2,815,272
Finance income	10	**235,781**	153,610	**80,062**	37,808
Finance cost					
- Finance cost excluding net foreign exchange (losses)/gains on financing activities		**(638,102)**	(671,108)	**(34,088)**	(126,246)
- Net foreign exchange (losses)/gains on financing activities		**(138,724)**	108,979	**-**	48,750
	10	**(776,826)**	(562,129)	**(34,088)**	(77,496)
Jointly controlled entity					
- share of results (net of tax)		**-**	(141,939)	**-**	-
- gain from merger exercise	5(b)(ii)	**-**	173,199	**-**	-
Associates					
- share of results (net of tax)	28	**137,745**	138,139	**-**	-
- loss on dilution of equity interest	5(a)(iii),(iv)	**(20,108)**	(5,719)	**-**	-
Profit before taxation		**3,576,599**	3,205,738	**63,835**	2,775,584
Taxation and zakat	11	**(864,349)**	(1,089,158)	**(880)**	6,419
Profit for the financial year		**2,712,250**	2,116,580	**62,955**	2,782,003

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Other comprehensive expense					
- net investment hedge, net of tax		**(6,220)**	(70,423)	**-**	-
- currency translation differences		**(672,653)**	(845,256)	**-**	-
Total comprehensive income for the financial year		**2,033,377**	1,200,901	**62,955**	2,782,003
Profit for the financial year attributable to:					
- owners of the Company		**2,345,628**	1,770,379	**62,955**	2,782,003
- non-controlling interests		**366,622**	346,201	**-**	-
		2,712,250	2,116,580	**62,955**	2,782,003
Total comprehensive income for the financial year attributable to:					
- owners of the Company		**1,651,581**	956,189	**62,955**	2,782,003
- non-controlling interests		**381,796**	244,712	**-**	-
		2,033,377	1,200,901	**62,955**	2,782,003
Earnings per share (sen)					
- basic	12(a)	**28**	21	**-**	-
- diluted	12(b)	**28**	21	**-**	-

The above Statements of Comprehensive Income are to be read in conjunction with the notes to the financial statements on pages 175 to 286.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	13	**8,466,182**	8,445,154	**8,466,182**	8,445,154
Share premium		**1,989,885**	1,972,964	**1,989,885**	1,972,964
Reserves	15	**8,832,445**	8,307,191	**4,711,015**	5,780,819
Total equity attributable to owners of the Company		**19,288,512**	18,725,309	**15,167,082**	16,198,937
Non-controlling interests		**1,832,355**	1,553,339	**–**	–
Total equity		**21,120,867**	20,278,648	**15,167,082**	16,198,937
NON-CURRENT LIABILITIES					
Borrowings	16	**9,231,424**	9,983,983	**773,057**	738,758
Derivative financial instruments	19	**127,749**	191,527	**33,609**	66,427
Deferred income	20	**136,056**	–	**–**	–
Other payable	21	**125,054**	–	**–**	–
Provision for liabilities	22	**343,148**	249,433	**–**	–
Deferred tax liabilities	23	**1,380,054**	1,333,863	**–**	–
Total non-current liabilities		**11,343,485**	11,758,806	**806,666**	805,185
		32,464,352	32,037,454	**15,973,748**	17,004,122
NON-CURRENT ASSETS					
Intangible assets	24	**8,327,153**	7,605,498	**–**	–
Property, plant and equipment	25	**16,161,531**	15,130,246	**12,274**	10,085
Investment properties	26	**–**	2,020	**–**	–
Subsidiaries	27	**–**	–	**13,489,816**	13,463,536
Associates	28	**6,185,330**	6,698,484	**124,802**	124,802
Available-for-sale financial asset		**893**	888	**–**	–
Derivative financial instruments	19	**44,891**	14,964	**–**	–
Long term receivables	29	**108,858**	111,313	**–**	–
Amounts due from subsidiaries	30	**–**	–	**222,612**	181,203
Deferred tax assets	23	**315,611**	117,457	**–**	–
Total non-current assets		**31,144,267**	29,680,870	**13,849,504**	13,779,626

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011 (CONTINUED)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
CURRENT ASSETS					
Inventories	31	**341,837**	85,056	**–**	–
Amounts due from subsidiaries	30	**–**	–	**173,313**	151,266
Trade and other receivables	32	**2,106,281**	1,703,772	**14,740**	12,445
Financial assets at fair value through profit or loss		**9**	10	**–**	–
Tax recoverable		**55,242**	68,102	**5,644**	7,097
Deposits, cash and bank balances	33	**6,616,788**	6,277,382	**2,001,948**	3,092,255
		9,120,157	8,134,322	**2,195,645**	3,263,063
Assets directly associated with non-current assets classified as held-for-sale	34	**286,807**	285,774	**–**	–
Total current assets		**9,406,964**	8,420,096	**2,195,645**	3,263,063
LESS: CURRENT LIABILITIES					
Trade and other payables	21	**5,609,120**	4,567,490	**65,020**	37,193
Borrowings	16	**2,227,939**	699,591	**2,071**	–
Derivatives financial instruments	19	**–**	277,678	**–**	–
Amounts due to subsidiaries	30	**–**	–	**4,310**	1,374
Current tax liabilities		**62,382**	274,100	**–**	–
		7,899,441	5,818,859	**71,401**	38,567
Liabilities directly associated with non-current assets classified as held-for-sale	34	**187,438**	244,653	**–**	–
Total current liabilities		**8,086,879**	6,063,512	**71,401**	38,567
Net current assets		**1,320,085**	2,356,584	**2,124,244**	3,224,496
		32,464,352	32,037,454	**15,973,748**	17,004,122

The above Statements of Financial Position are to be read in conjunction with the notes to the financial statements on pages 175 to 286.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		<---- Attributable to owners of the Company								---->		
	Note	Share capital* RM'000	Share premium RM'000	Currency translation differences RM'000	Capital contribution reserve RM'000	Merger reserve RM'000	Hedging reserve RM'000	ESOS^ and RSA# reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2011		8,445,154	1,972,964	(1,259,424)	16,598	346,774	(70,423)	45,904	9,227,762	18,725,309	1,553,339	20,278,648
Profit for the financial year		-	-	-	-	-	-	-	2,345,628	2,345,628	366,622	2,712,250
Other comprehensive income:												
- Currency translation differences arising during the financial year												
- subsidiaries		-	-	27,266	-	-	-	-	-	27,266	15,174	42,440
- associates		-	-	(715,093)	-	-	-	-	-	(715,093)	-	(715,093)
		-	-	(687,827)	-	-	-	-	-	(687,827)	15,174	(672,653)
- Net investment hedge, net of tax	19(f)	-	-	-	-	-	(6,220)	-	-	(6,220)	-	(6,220)
Total comprehensive income for the financial year		-	-	(687,827)	-	-	(6,220)	-	2,345,628	1,651,581	381,796	2,033,377
Transactions with owners:												
- Issuance of new shares		21,028	17,033	-	-	-	-	-	-	38,061	-	38,061
- Share issue expense		-	(112)	-	-	-	-	-	-	(112)	-	(112)
- Employee share and option scheme												
- value of employees' services	14(a)	-	-	-	-	-	-	51,471	-	51,471	-	51,471
- lapsed ESOS		-	-	-	-	-	-	(537)	537	-	-	-
- Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	(112,308)	(112,308)
- Dividends paid to shareholders	44	-	-	-	-	-	-	-	(1,184,230)	(1,184,230)	-	(1,184,230)
- Dilution of equity interest in a subsidiary	5(a)(v)	-	-	-	-	-	-	-	6,432	6,432	9,528	15,960
Total transactions with owners		21,028	16,921	-	-	-	-	50,934	(1,177,261)	(1,088,378)	(102,780)	(1,191,158)
At 31 December 2011		8,466,182	1,989,885	(1,947,251)	16,598	346,774	(76,643)	96,838	10,396,129	19,288,512	1,832,355	21,120,867

* Issued and fully paid-up ordinary shares of RM1 each
^ Employee Share Option Scheme ("ESOS")
# Restricted Share Awards ("RSA")

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

		<---- Attributable to owners of the Company								---->		
	Note	Share capital* RM'000	Share premium RM'000	Currency translation differences RM'000	Capital contribution reserve RM'000	Merger reserve RM'000	Hedging reserve RM'000	ESOS and RSA reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2010		8,445,154	1,972,964	(524,717)	16,598	346,774	-	11,179	7,457,383	17,725,335	692,699	18,418,034
Profit for the financial year		-	-	-	-	-	-	-	1,770,379	1,770,379	346,201	2,116,580
Other comprehensive income:												
- Currency translation differences arising during the financial year												
- subsidiaries		-	-	(319,325)	-	-	-	-	-	(319,325)	(101,489)	(420,814)
- jointly controlled entity		-	-	54,538	-	-	-	-	-	54,538	-	54,538
- associates		-	-	(478,980)	-	-	-	-	-	(478,980)	-	(478,980)
		-	-	(743,767)	-	-	-	-	-	(743,767)	(101,489)	(845,256)
- Net investment hedge, net of tax	19(f)	-	-	-	-	-	(70,423)	-	-	(70,423)	-	(70,423)
Total comprehensive income for the financial year		-	-	(743,767)	-	-	(70,423)	-	1,770,379	956,189	244,712	1,200,901
Transactions with owners:												
- Partial disposal of interest in a subsidiary	5(b)(iii)	-	-	9,060	-	-	-	-	-	9,060	616,208	625,268
- Employee share option scheme												
- value of employees' services	14(a)	-	-	-	-	-	-	34,725	-	34,725	-	34,725
- Dividends paid to non-controlling interest		-	-	-	-	-	-	-	-	-	(280)	(280)
Total transactions with owners		-	-	9,060	-	-	-	34,725	-	43,785	615,928	659,713
At 31 December 2010		8,445,154	1,972,964	(1,259,424)	16,598	346,774	(70,423)	45,904	9,227,762	18,725,309	1,553,339	20,278,648

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

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements on pages 175 to 286.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		Issued and fully paid ordinary shares of RM1 each		Non-Distributable			Distributable	
	Note	Number of shares '000	Nominal value RM'000	Share premium RM'000	Capital contribution reserve RM'000	ESOS and RSA reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2011		**8,445,154**	**8,445,154**	**1,972,964**	**16,598**	**45,904**	**5,718,317**	**16,198,937**
Profit/Total comprehensive income for the financial year		**-**	**-**	**-**	**-**	**-**	**62,955**	**62,955**
Transactions with owners:								
- Issuance of new shares		**21,028**	**21,028**	**17,033**	**-**	**-**	**-**	**38,061**
- Share issue expenses		**-**	**-**	**(112)**	**-**	**-**	**-**	**(112)**
- Employee share and option scheme								
- value of employees' services	14(a)	**-**	**-**	**-**	**-**	**51,471**	**-**	**51,471**
- lapsed ESOS		**-**	**-**	**-**	**-**	**(537)**	**537**	**-**
- Dividend paid to shareholders	44	**-**	**-**	**-**	**-**	**-**	**(1,184,230)**	**(1,184,230)**
Total transactions with owners		**21,028**	**21,028**	**16,921**	**-**	**50,934**	**(1,183,693)**	**(1,094,810)**
At 31 December 2011		**8,466,182**	**8,466,182**	**1,989,885**	**16,598**	**96,838**	**4,597,579**	**15,167,082**
At 1 January 2010		8,445,154	8,445,154	1,972,964	16,598	11,179	2,936,314	13,382,209
Profit/Total comprehensive income for the financial year		-	-	-	-	-	2,782,003	2,782,003
Transactions with owners:								
- Employee share option scheme								
- value of employees' services	14(a)	-	-	-	-	34,725	-	34,725
Total transactions with owners		-	-	-	-	34,725	-	34,725
At 31 December 2010		8,445,154	8,445,154	1,972,964	16,598	45,904	5,718,317	16,198,937

The above Company Statement of Changes in Equity are to be read in conjunction with the notes to the financial statements on pages 175 to 286.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from/(used in) operating activities	35	**5,785,248**	5,923,252	**(181,622)**	4,900,198
Cash flows (used in)/from investing activities	35	**(4,812,401)**	(741,556)	**234,451**	1,984,278
Cash flows used in financing activities	35	**(640,590)**	(855,217)	**(1,146,281)**	(4,200,000)
Net increase/(decrease) in cash and cash equivalents		**332,257**	4,326,479	**(1,093,452)**	2,684,476
Effects of exchange gains/(losses) on cash and cash equivalents		**7,974**	(48,562)	**3,145**	(721)
Net increase in restricted cash and cash equivalents		**(551,971)**	-	**(418,045)**	-
Cash and cash equivalents at beginning of the financial year		**6,258,146**	1,980,229	**3,092,255**	408,500
Cash and cash equivalents at end of the financial year	33	**6,046,406**	6,258,146	**1,583,903**	3,092,255

The above Statements of Cash Flows are to be read in conjunction with the notes to the financial statements on pages 175 to 286.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

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 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 41 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.

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 Companies Act, 1965 and Financial Reporting Standards, the MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities.

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 Financial Reporting Standards (“FRSs”), 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 revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group 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.

The financial statements have been approved for issuance in accordance with a resolution of the Board of Directors on 22 February 2012.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

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

(a) Standards, amendments to published standards, Interpretation Committee ("IC") Interpretations and improvements that are effective

The new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group and the Company's financial year beginning on or after 1 January 2011 are as follows:

- Revised FRS 1 "First-time Adoption of Financial Reporting Standards"
- Revised FRS 3 "Business combinations"
- Revised FRS 127 "Consolidated and separate financial statements"
- Amendment to FRS 2 "'Share-based payment – Group cash-settled share-based payment transactions"
- Amendment to FRS 7 "Financial instruments: Disclosures – improving disclosures about financial instruments"
- Amendments to FRS 1 "First-time adoption of financial reporting standards"
- Amendments to IC Interpretation 9 "Reassessment of Embedded Derivatives"
- Amendment to FRS 132 "Financial instruments: Presentation – Classification of rights issues"
- IC Interpretation 4 "Determining whether an arrangement contains a lease"
- IC Interpretation 12 "Service concession arrangements"
- IC Interpretation 16 "Hedges of a net investment in a foreign operation"
- IC Interpretation 17 "Distribution of non-cash assets to owners"
- IC Interpretation 18 "Transfers of assets from customers"
- Improvements to FRSs(2010)

The impact of the above new standards, amendments to published standards and interpretations is not material to the financial results and position of the Group and the Company.

(b) Standards early adopted by the Group and the Company

The Group and the Company did not early adopt any new accounting standards, amendments and improvements to published standards and IC Interpretations.

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

In the next financial year, the Group and the Company will be adopting the new IFRS-compliant framework, Malaysian Financial Reporting Standards ("MFRS"). In adopting the new framework, the Group and the Company will be applying MFRS 1 "First-time adoption of MFRS".

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

(i) Financial year beginning on/after 1 January 2012

- The revised FRS 124 "Related party disclosures" (effective from 1 January 2012) removes the exemption to disclose transactions between government-related entities and the government, and all other government-related entities. The following new disclosures are now required for government related entities:
  - The name of the government and the nature of their relationship;
  - The nature and amount of each individually significant transactions; and
  - The extent of any collectively significant transactions, qualitatively or quantitatively.

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

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

(i) Financial year beginning on/after 1 January 2012 (continued)

- Amendment to FRS 112 "Income taxes" (effective from 1 January 2012) introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. FRS 112 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in FRS 140 "Investment property". As a result of the amendments, IC Interpretation 121 "Income taxes - recovery of revalued non-depreciable assets" will no longer apply to investment properties carried at fair value. The amendments also incorporate into FRS 112 the remaining guidance previously contained in IC Interpretation 121 which is withdrawn.

- IC Interpretation 19 "Extinguishing financial liabilities with equity instruments" (effective from 1 July 2011) provides clarification when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. A gain or loss, being the difference between the carrying value of the financial liability and the fair value of the equity instruments issued, shall be recognised in profit or loss. Entities are no longer permitted to reclassify the carrying value of the existing financial liability into equity with no gain or loss recognised in profit or loss.

- Amendment to MFRS 7 "Financial instruments: Disclosures on transfers of financial assets" (effective from 1 January 2012) promotes transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets.

(ii) Financial year beginning on/after 1 January 2013

- MFRS 9 "Financial instruments – classification and measurement of financial assets and financial liabilities" (effective from 1 January 2013) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

  The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss ("FVTPL"). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability's credit risk directly in other comprehensive income ("OCI"). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

  The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

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

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

(ii) Financial year beginning on/after 1 January 2013 (continued)

- MFRS 10 "Consolidated financial statements" (effective from 1 January 2013) changes the definition of control. 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. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127 "Consolidated and separate financial statements" and IC Interpretation 112 "Consolidation – special purpose entities".

- MFRS 11 "Joint arrangements" (effective from 1 January 2013) 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 operator 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 "Disclosures of interests in other entities" (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 "Investments in associates". 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.

- MFRS 13 "Fair value measurement" (effective from 1 January 2013) 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" (effective from 1 January 2013) 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" (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.

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

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

(ii) Financial year beginning on/after 1 January 2013 (continued)

- Amendment to MFRS 101 "Presentation of items of other comprehensive income" (effective from 1 July 2012) requires entities *to separate items presented in 'other comprehensive income' (OCI) in the statement of comprehensive income into two groups, based on whether or not they* may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

The impact of revised FRS 124 "Related party disclosures", MFRS 1 "First-time adoption of Malaysian Financial Reporting Standards", MFRS 9 "Financial instruments – classification and measurement of financial assets and financial liabilities" and MFRS 10 "Consolidated financial statements" is still being assessed. Aside from the above mentioned, the adoption of the Standards, amendment to published standards and IC interpretation to existing standards are not expected to have a material impact to the financial statements of the Group and the Company.

(d) Standards, amendments to published standards and interpretations to existing standards that are not relevant and not yet effective for the Group and the Company

- MFRS 139 "Financial instruments: recognition and measurement" – relevant for banking institutions
- MFRS 141 "Agriculture"
- Amendments to MFRS 1 "First time adoption on fixed dates and hyperinflation"
- Amendment to MFRS 119 "Employee benefits"
- Amendments to IC Interpretation 14 "FRS 119 – The limit on a defined benefit assets, minimum funding requirements and their interaction" IC Interpretation 15 "Agreements for construction of real estates"
- IC Interpretation 20 "Stripping costs in the production phase of a surface mine"

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Economic entities in the Group

(i) Subsidiaries

Subsidiaries are those companies or other entities (including special purpose entities) in which the Group has the ability to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are consolidated using the acquisition method of accounting except for certain business combinations which were accounted for using the predecessor method of merger accounting, as follows:

- subsidiaries that were consolidated prior to 1 April 2002 in accordance with Malaysian Accounting Standard 2 "Accounting for Acquisitions and Mergers", the generally accepted accounting principles prevailing at that time.

- business combinations consolidated on/after 1 April 2002 but with agreement dates before 1 January 2006 that meet the conditions of a merger as set out in FRS 122_{2004} "Business Combinations".

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Economic entities in the Group (continued)

(i) Subsidiaries (continued)

- internal group reorganisations, as defined in FRS 122_{2004}, consolidated on/after 1 April 2002 but with agreement dates before 1 January 2006 where:
  - the ultimate shareholders remain the same, and the rights of each such shareholder, relative to the others, are unchanged; and
  - the minorities' share of net assets of the Group is not altered by the transfer.

- business combinations involving entities or businesses under common control with agreement dates on/after 1 January 2006.

The Group has adopted the exemption provided by FRS 122_{2004}, FRS 3 and Revised FRS 3 to apply these standards prospectively. Accordingly, business combinations entered prior to the respective effective dates have not been restated to comply with these standards.

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.

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The consideration transferred for acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred 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. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

In a business combination achieved in stages, the previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the gain is recognised in profit or loss. The accounting policy of goodwill is stated in Note 3(b)(i) to the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Economic entities in the Group (continued)

(i) Subsidiaries (continued)

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. At the end of reporting period, non-controlling interest consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. This may indicate an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary is recognised in profit or loss attributable to the parent.

Change in accounting policy

The Group has changed its accounting policy on business combinations and accounting for non-controlling interest when it adopted the revised FRS 3 "Business combinations" and FRS 127 "Consolidated and separate financial statements".

Previously, contingent consideration in a business combination was recognised when it is probable that payment will be made. Acquisition-related costs were included as part of the cost of business combination. Any non-controlling interest in the acquiree was measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Any adjustment to the fair values of the subsidiary's identifiable assets, liabilities and contingent liabilities relating to previously held interests of the Group was accounted for as a revaluation.

The Group has applied the new policies prospectively to transactions occurring on or after 1 January 2011.

Previously, the Group had stopped attributing losses to the non-controlling interest because the losses exceeded the carrying amount of the non controlling interest. The Group has applied this policy prospectively. On the date of adoption of the new policy, the non-controlling interest reflects its previous carrying amount (that is, zero).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Economic entities in the Group (continued)

(ii) Transactions with non-controlling interests

The Group applies a policy of treating transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. For disposals to non-controlling interests, differences between any proceeds received and the relevant share of non-controlling interests are also recognised in equity.

Change in accounting policy

Previously, the Group applied a policy of treating transactions with non-controlling interest as transactions with parties external to the Group. Accordingly, disposals resulted in gains or losses and purchases resulted in the recognition of goodwill, being the difference between consideration paid and the relevant share of the carrying value of net assets of the subsidiary acquired. The Group has applied this policy prospectively to transactions occurring on or after 1 January 2011.

(iii) Jointly controlled entities

Jointly controlled entities are companies, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operation decisions relating to the entity requires unanimous consent of the parties sharing control.

The Group's interests in jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting. Equity accounting involves recognising the Group's share of the post acquisition results of the jointly controlled entities in the consolidated profit or loss and its share of post acquisition changes of the investee's reserves in other comprehensive income. The cumulative post acquisition changes are adjusted against the cost of the investment and include goodwill on acquisition (net of accumulated impairment loss).

The Group recognises the portion of gains or losses on the sale of assets by the Group to the jointly controlled entities that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the jointly controlled entities that result from the purchase of assets by the Group from the jointly controlled entities until it resells the assets to an independent party.

However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss. Where necessary, in applying the equity method, adjustments are made to the financial statements of jointly controlled entities to ensure consistency of the accounting policies with those of the Group.

(iv) Associates

Associates are companies, partnerships or other entities in which the Group exercises significant influence but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is power to participate in financial and operating policy decisions of the associates but not power to exercise control over those policies.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Economic entities in the Group (continued)

(iv) Associates (continued)

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are initially recognised at cost. Equity accounting is discontinued when the Group ceases to have significant influence over the associates. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amounts of the investments. 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's interest is reduced to nil and recognition of further loss is discontinued except to the extent that the Group 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.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, in applying the equity method, appropriate adjustments are made to the financial statements of the associates to ensure consistency of accounting policies with those of the Group.

Cost of acquiring the additional stake 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.

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

(v) Changes in ownership interests

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in profit or loss. This fair value is its fair value on initial recognition as a financial asset in accordance with FRS 139. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

Changes in accounting policy

The Group has changed its accounting policy prospectively for transactions occurring on or after 1 January 2011 with non-controlling interests and transactions involving the loss of control, joint control or significant influence when it adopted the revised FRS 127 "Consolidated and Separate Financial Statements". The revisions to FRS 127 contained consequential amendments to FRS 128 "Investments in Associates" and FRS 131 "Interests in Joint Ventures".

Previously when the Group ceased to have control, joint control or significant influence over an entity, the carrying amount of the investment at the date control, joint control or significant influence ceased became its cost on initial measurement as a financial asset in accordance with FRS 139.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries, jointly controlled entities and associates over the Group's share of the fair value of the identifiable net assets including contingent liabilities of subsidiaries, jointly controlled entities and associates at the date of acquisition. Goodwill on acquisition occurring on or after 1 January 2002 in respect of a subsidiary is included in the consolidated statement of financial position as an intangible asset.

Goodwill is carried at cost less accumulated impairment losses. Goodwill is tested for impairment at least annually, or when events or circumstances occur indicating that an impairment may exist. Impairment of goodwill is charged to the consolidated profit or loss as and when it arises. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of a subsidiary include the carrying amount of goodwill relating to the subsidiary disposed.

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. Each CGU or a group of CGUs represents the lowest level within the Group at which goodwill is monitored for internal management purposes and which are expected to benefit from the synergies of the combination. The Group allocates goodwill to each business segment in each country in which it operates.

Goodwill on acquisition of jointly controlled entities and associates occurring on or after 1 January 2002 is included in the investments in jointly controlled entities and associates respectively. Such goodwill is tested for impairment as part of the overall carrying amount.

Goodwill on acquisitions that occurred prior to 1 January 2002 was written off against reserves in the financial year of acquisition.

(ii) Licenses

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 licenses of the Group are as follows:

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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	20 – 100 years
Buildings	5 – 50 years
Telecommunication network equipment	3 – 20 years
Movable plant and equipment	5 – 8 years
Computer support systems	3 – 5 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(f) to the financial statements on impairment of non-financial assets.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(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.

(d) Investment properties

Investment properties principally comprising freehold land and buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less accumulated depreciation and impairment losses. Investment properties are depreciated on a straight-line basis to write off the cost of investment properties to their residual values over their estimated useful lives as summarised as below:

Freehold land	Indefinite useful life
Buildings	50 years

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected, then it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised as profit or loss in the period of the retirement or disposal.

(e) 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(f) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Impairment of non-financial assets

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. PPE and other non-current non-financial assets, including intangible 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 is separately identifiable cash flows (cash generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal at the end of reporting period.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the profit or loss unless it reverses an impairment loss on revalued asset in which case it is taken to revaluation surplus.

(g) Financial assets

(i) Classification

The Group and the Company classify its financial assets in the following categories: at fair value through profit or loss ("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.

(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 3(i) to the financial statements on derivative financial instruments and hedging activities.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

(i) Classification (continued)

(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.

(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(g)(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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

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

(a) Assets carried at amortised cost (continued)

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;
- 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.

(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. If, in a subsequent period, the fair value of a debt instrument classified as AFS increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

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

(b) Assets classified as AFS (continued)

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 to related party.

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.

(h) 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.

(i) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

(a) 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 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 costs'.

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.

(b) 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'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(c) 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.

(j) Inventories

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

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.

Inventories 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.

(k) Trade and other 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.

(l) 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 statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated 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.

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the profit or loss.

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.

Borrowing costs incurred to finance the construction of PPE 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. All other borrowing costs are expensed off.

(o) Current and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) 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 reverse in the foreseeable future.

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.

(p) Provisions

(i) Provision for liabilities

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.

Provision for liabilities is mainly provisions for dismantling, removal or restoration. 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.

(ii) Other provisions

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) 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 non-controlling interest.

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.

(r) 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) Dividend to shareholders of the Company

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

(s) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Leases (continued)

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 as mentioned above. 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.

(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 period of the lease.

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.

(t) Income recognition

The Group's operating revenue comprises the fair value of the consideration received or receivables 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Income recognition (continued)

(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.

(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, jointly controlled entities, 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.

(u) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Employee benefits (continued)

(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 as a result of an offer made to encourage voluntary redundancy. 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, share-based compensation plan for its employees which are Employee Share Option Scheme ("ESOS") and Restricted Share Plan ("RSP").

Employee services received in exchange for the grant of the share options and/or restricted share 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).

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.

Recharges made by the Company in respect of options and/or RSA granted to subsidiaries are accounted for as a reduction in equity and an increase in the investment in subsidiaries.

(v) Other long term employee benefits

Other long-term employee benefits such as deferred compensation paid twelve (12) months or more after service period are calculated based on the Group's and the Company's policy using the same methodology as other post employment benefits.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) 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.

(w) 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.

Other subscriber acquisition costs under usage contracts less than one (1) year are recognised in the profit or loss as incurred.

(x) 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.

(y) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) 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 and cash and cash equivalents are presented in the profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'foreign exchange (losses)/gains'.

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 security and other changes in the carrying amount of the security. 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.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on sale.

Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(y) Foreign currencies (continued)

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

Goodwill and fair value adjustments arising on the acquisition of a foreign entity completed on or after 1 January 2006 are treated as assets and liabilities of the foreign entity and are recorded in the functional currency of the foreign entity and translated at the exchange rate prevailing at the end of the reporting period. For acquisition of foreign entities completed prior to 1 January 2006, goodwill and fair value adjustments continue to be recorded at the exchange rates at the respective date of acquisitions.

(z) 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.

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

Non-current assets (or disposal groups) are classified as assets/liabilities directly associated with non-current assets classified as held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and FVLCS if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

(ab) 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

Intangible assets – Licences

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.

(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 and social developments in the region the Group operates in
- Significant expansion of capital investments required
- Difficulties in developing new products and services at competitive prices

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 market price (FVLCS) of the Group's quoted subsidiaries were utilised in determining the recoverable amount of the quoted subsidiaries.

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.

The assumptions used, results and sensitivity of the impairment assessments of investments in subsidiaries and an associate are disclosed in Note 27 and Note 28 to the financial statements respectively.

(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(c) to the financial statements.

(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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting estimates and assumptions (continued)

(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 experts internal and external to the Group for matters in the ordinary course of business. Please refer to 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. The sensitivity of the fair values of financial instruments is disclosed in Note 40 to the financial statements.

5. SIGNIFICANT INCORPORATION, ACQUISITIONS, MERGER, DISPOSALS AND DILUTION OF INTERESTS

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

(i) Incorporation of Dialog Business Services (Private) Ltd ("DBS") and partial disposal

On 21 January 2011, a wholly-owned subsidiary of the Dialog Axiata Plc ("Dialog") incorporated a new wholly-owned subsidiary, named Dialog Business Services (Private) Ltd ("DBS") for the purpose of carrying out information technology enabled services. On 3 May 2011, Dialog signed an agreement with Firstsource Solution Limited ("FSL") and transferred 74% of its stake in DBS to FSL and holds 26% with effect from 13 May 2011. As a result, DBS was renamed as Firstsource Dialog Solution (Private) Limited and became an associate of Dialog effective on that date.

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

(ii) Incorporation of Axiata Foundation ("AF")

On 6 April 2011, AF, a company limited by guarantee was incorporated under the Companies Act 1965, with the first two (2) members being Axiata and its wholly-owned subsidiary Celcom Axiata Berhad ("Celcom") for the purpose of developing and nurturing talent pool and fostering, developing and improving education.

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

5. SIGNIFICANT INCORPORATION, ACQUISITIONS, MERGER, DISPOSALS AND DILUTION OF INTERESTS (CONTINUED)

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

(iii) Dilution and additional acquisition of equity interest in Idea

From 1 January 2011 up to 5 August 2011, the Group's equity interest in Idea, held through Axiata Investments 1 (India) Limited ("AIL 1") and Axiata Investments 2 (India) Limited ("AIL 2"), the wholly-owned subsidiaries of the Group, decreased from 19.10% to 19.08% following the issuance of new ordinary shares under Idea's ESOS.

On 5 August 2011, AIL 2 acquired an additional 29,776,341 ordinary shares of Idea, representing 0.90% of the issued and paid-up share capital of Idea for a total consideration of RM205.5 million or USD69.1 million. As a result, the Group's effective equity interest in Idea increased from 19.08% to 19.98%.

From 6 August 2011 up to 31 December 2011, the Group's equity interest in Idea further decreased from 19.98% to 19.96%, following the issuance of new ordinary shares under Idea's ESOS. The Group recognised a loss on dilution of equity interest amounting to RM8.5 million (2010: Nil) during the financial year.

(iv) 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 29.49% to 29.23% (2010: 29.66% to 29.49%) following the issuance of the shares under M1's ESOS scheme. The Group recognised a loss on dilution of equity interest amounting to RM11.6 million (2010: RM5.7 million) during the financial year.

(v) Dilution of equity interest in PT XL Axiata Tbk ("XL")

The Group's equity interest in XL, decreased from 66.69% to 66.61% following the issuance of new ordinary shares under XL's Shares Based Compensation Scheme as disclosed in Note 14(c) to the financial statements.

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

(b) Acquisitions, merger and disposals in the previous financial year

(i) Additional investment in Tune Talk Sdn Bhd ("Tune Talk")

On 22 November 2010, Celcom, a wholly-owned subsidiary of the Company completed the subscription of a further 1,575,000 ordinary shares of RM1 each in an associate, Tune Talk ("Tune Talk Shares") for a total cash consideration of approximately RM1.6 million. The additional subscription arose from a capital call resulting in Celcom holding a total of 5,250,000 Tune Talk Shares. This represents 35.00% of the enlarged issued and paid-up share capital of Tune Talk.

The subscription by Celcom of the additional Tune Talk Shares above did not have any significant impact to the Group and its shareholding in Tune Talk in the previous the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

5. **SIGNIFICANT INCORPORATION, ACQUISITIONS, MERGER, DISPOSALS AND DILUTION OF INTERESTS (CONTINUED)**

(b) Acquisitions, merger and disposals in the previous financial year (continued)

(ii) Merger between Spice Communications Limited ("Spice") and Idea Cellular Limited ("Idea")

The merger between Spice, a jointly controlled entity of the Group and Idea was completed on 17 March 2010 following the issuance to AIL 2 of 165,650,992 ordinary shares of Indian Rupees ("INR") 10 each in Idea in exchange for 338,063,250 ordinary shares of INR10 each in Spice held by AIL 2. As a result, the Group's equity interest in Idea has increased from 14.99% to 19.10% (or 19.0% on a fully diluted basis).

On the date of the merger, the fair value of Idea's shares exchanged was RM744.9 million reflecting the market price of Idea and a gain from the merger of RM173.2 million was recognised in the consolidated profit or loss. Effectively, the Group ceased to have any equity interest in the jointly controlled entity.

(iii) Partial disposal of equity interest in XL

On 29 March 2010, Axiata Investments (Indonesia) Sdn Bhd ("AIISB"), a wholly-owned subsidiary of the Company held via Axiata Investments (Labuan) Limited ("AIL"), disposed 1,531,440,000 ordinary shares of IDR100 each in XL, representing 18.00% of the issued and paid-up share capital of XL at a price of IDR3,300 per ordinary share for a total gross consideration of approximately RM1.8 billion (IDR5,053.8 billion). As a result, the Group's effective equity interest in XL decreased from 86.49% to 68.49%.

The Company had via AIISB on 9 April 2010 disposed an additional 153,144,000 ordinary shares of IDR100 each in XL at par value, representing 1.80% of the issued and paid-up capital of XL. Accordingly, the Group's effective equity interest in XL further reduced from 68.49% to 66.69%.

Details of the share of net assets disposed are as follows:

	Note	2010 RM'000
Net proceeds	35	1,942,571
Goodwill	24	(978,055)
Non-controlling interests		(616,208)
Currency translation differences		(9,060)
Gain on partial disposal of a subsidiary	9	339,248

(iv) Disposal of equity interest in Samart Corporation Public Company Limited ("Samart")

On 23 December 2010, the Group and the Company completed the disposal of its entire shareholding in an associate, Samart, representing 18.97% of the total issued and paid-up share capital in Samart to the existing shareholders for a total consideration of RM109.9 million (USD34.8 million). In the previous financial year, the Group and the Company recognised a gain of approximately RM17.0 million and a loss of RM89.0 million respectively on the disposal of Samart as disclosed in Note 9 to the financial statements.

6. OPERATING REVENUE

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Mobile services	**14,235,689**	13,609,469	**-**	-
Interconnect services	**991,062**	1,083,072	**-**	-
Dividend income:				
- Malaysia	**-**	-	**-**	5,190,221
- Overseas	**-**	-	**2,107**	4,757
Lease of passive infrastructure	**333,407**	282,083	**-**	-
Technical and management services fees	**-**	-	**48,418**	45,013
Others*	**887,779**	646,050	**-**	-
Total	**16,447,937**	15,620,674	**50,525**	5,239,991

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

7(a). DEPRECIATION, IMPAIRMENT AND AMORTISATION

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Depreciation of:					
- PPE	25	**3,073,642**	2,704,395	**3,065**	2,191
- PPE of non-current asset classified as held-for-sale		**15,382**	-	**-**	-
- investment properties	26	**1**	7	**-**	-
Reversal of impairment of PPE	25	**(7,818)**	(14,560)	**-**	-
Impairment of:					
- PPE	25	**15,416**	19,463	**-**	-
- goodwill	24	**-**	49,015	**-**	-
- an associate	28	**-**	1,085,034	**-**	-
- an AFS financial assets		**-**	325	**-**	-
- subsidiaries	27	**-**	-	**-**	145,865
- amounts due from subsidiaries	27,30	**-**	-	**-**	1,227,988
- a long term receivable	29(b)	**-**	66,084	**-**	66,084
Write off of PPE	25	**1,228**	1,030	**-**	-
Amortisation of intangible assets	24	**48,825**	30,689	**-**	-
Others		**387**	430	**-**	-
Total		**3,147,063**	3,941,912	**3,065**	1,442,128

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

7(b). OTHER OPERATING COSTS

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Impairment of trade and other receivables (Note 32)	**85,903**	116,391	**–**	–
Business license fees	**517,179**	498,833	**–**	–
Charges and commissions	**65,921**	77,566	**36**	23
Cost of SIM and recharge cards	**120,580**	126,155	**–**	–
Maintenance	**586,863**	520,872	**133**	579
Professional fees	**196,501**	124,623	**38,211**	24,385
Rental – land and buildings	**641,525**	514,808	**4,154**	4,090
Rental – equipment	**158,322**	114,968	**203**	211
Rental – others	**53,660**	50,400	**23**	57
Roaming costs	**221,215**	220,329	**–**	–
Supplies and inventories	**228,830**	127,697	**–**	1,303
Transportation and travelling	**76,522**	71,472	**4,621**	6,753
USP/Obligation Contribution	**497,497**	608,867	**–**	–
Utilities	**414,364**	386,178	**424**	130
Others[1]	**1,177,708**	989,654	**26,136**	20,184
Total	**5,042,590**	4,548,813	**73,941**	57,715

[1] Others include:

Audit fees:				
– PricewaterhouseCoopers ("PwC") Malaysia	**2,071**	1,954	**1,061**	974
– Member firm of PwC International Limited*	**2,120**	2,090	**–**	–
– Others	**27**	33	**–**	–
	4,218	4,077	**1,061**	974
Other fees paid to PwC Malaysia and member firm of PwC International Limited				
– Audit related fees[(i)]	**3,264**	3,084	**2,097**	2,850
– Tax and tax related services[(ii)]	**543**	1,606	**106**	1,112
– Other non-audit services[(iii)]	**2,953**	2,259	**2,905**	2,259
	10,978	11,026	**6,169**	7,195

* Separate and independent legal entity from PwC Malaysia.
(i) Fees incurred in connection with performance of quarterly reviews, 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 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)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Staff costs excluding Directors:					
– salaries, allowances, overtime and bonus		**723,964**	731,319	**41,823**	49,645
– termination benefits		**88,358**	23,451	**–**	–
– contribution to EPF		**69,375**	61,042	**7,671**	3,831
– other staff benefits		**124,830**	116,748	**6,659**	6,340
– ESOS or RSA expense of the Company	14(a)	**49,368**	33,807	**5,907**	4,506
– ESOS expense of a subsidiary	14(c)	**14,613**	–	**–**	–
Staff costs capitalised in PPE		**(769)**	(4,575)	**–**	–
Remuneration of Executive Directors of the Company	7(d)	**9,212**	8,986	**9,212**	8,986
		1,078,951	970,778	**71,272**	73,308

7(d). DIRECTORS' REMUNERATION

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Remuneration of Executive Directors of the Company:					
– salaries, allowances and bonus		**5,974**	5,939	**5,974**	5,939
– ex-gratia payment		**–**	1,000	**–**	1,000
– contribution to EPF		**1,135**	1,129	**1,135**	1,129
– ESOS expense of the Company	14(a)	**2,103**	918	**2,103**	918
		9,212	8,986	**9,212**	8,986
Remuneration of Non-Executive Directors of the Company:					
– fees and allowances		**2,449**	2,701	**2,112**	1,807
		11,661	11,687	**11,324**	10,793

Estimated money value of benefits of Directors amounting to RM415,222 (2010: RM412,257) for the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

8. OTHER (LOSSES)/GAINS – NET

	Group	
	2011 RM'000	**2010 RM'000**
Fair value (losses)/gains:		
Financial assets at FVTPL	**(2)**	3
Derivative financial instruments:		
– Forward foreign currency contracts	**19,904**	(6,782)
– Cross currency interest rate swaps	**22,087**	10,257
– Interest rate swap contracts	**477**	–
– Put option on the investment in an associate	**(47,474)**	24,924
	(5,006)	28,399
Total	**(5,008)**	28,402

9. OTHER OPERATING INCOME/(LOSS)

		Group		Company	
	Note	**2011 RM'000**	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Gain on disposal of PPE		**15,659**	1,852	**–**	–
Gain on disposal of investment properties		**12,157**	–	**–**	–
Gain on partial disposal of a subsidiary	5(b)(iii)	**–**	339,248	**–**	–
Gain/(loss) on disposal of an associate	5(b)(iv)	**–**	16,957	**–**	(88,996)
Penalty on breach of contract		**10,218**	31,526	**–**	–
Bad debt recovered		**11,739**	11,631	**–**	–
Others		**31,216**	33,727	**1,860**	2,485
Total		**80,989**	434,941	**1,860**	(86,511)

10. FINANCE INCOME/(COST)

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Finance income				
Interest income from deposits, cash and bank balances	**235,781**	153,610	**80,062**	37,808
Finance cost				
Other borrowings	**(404,049)**	(491,579)	**(14,966)**	(18,826)
Profit on Islamic Private Debt Securities	**(218,760)**	(169,970)	**–**	(96,850)
Finance (expense)/income on interest rate swaps derivative financial instruments:				
– fair value hedge	**(19,122)**	(10,570)	**(19,122)**	(10,570)
– net investment hedge	**3,829**	1,011	**–**	–
Finance cost excluding net foreign exchange (losses)/gains on financing activities	**(638,102)**	(671,108)	**(34,088)**	(126,246)
Net foreign exchange (losses)/gains on:				
– financing activities	**(159,974)**	145,354	**(21,250)**	85,125
– fair value hedge (Note 19(g))	**21,250**	(36,375)	**21,250**	(36,375)
Net foreign exchange (losses)/gains on financing activities	**(138,724)**	108,979	**–**	48,750
Total finance cost	**(776,826)**	(562,129)	**(34,088)**	(77,496)
Net finance (cost)/income	**(541,045)**	(408,519)	**45,974**	(39,688)

11. TAXATION AND ZAKAT

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Current taxation:				
– Malaysian income tax	**592,322**	490,148	**–**	(6,857)
– Overseas taxation	**343,378**	371,294	**35**	438
	935,700	861,442	**35**	(6,419)
Deferred tax (Note 23)	**(72,196)**	227,716	**–**	–
Total taxation	**863,504**	1,089,158	**35**	(6,419)
Zakat	**845**	–	**845**	–
Taxation and zakat	**864,349**	1,089,158	**880**	(6,419)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

11. TAXATION AND ZAKAT (CONTINUED)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current taxation:				
Malaysia				
Income taxation:				
– Current year	**530,974**	505,089	**–**	–
– Under/(over) accrual in previous financial years	**61,348**	(14,941)	**–**	(6,857)
	592,322	490,148	**–**	(6,857)
Overseas				
Income taxation:				
– Current year	**345,748**	325,771	**35**	438
– (Over)/under accrual in previous financial years	**(2,370)**	45,523	**–**	–
	343,378	371,294	**35**	438
Deferred taxation:				
– Net (reversal)/origination of temporary differences (Note 23)	**(72,196)**	227,716	**–**	–
Total taxation	**863,504**	1,089,158	**35**	(6,419)
Zakat	**845**	–	**845**	–
Total taxation and zakat	**864,349**	1,089,158	**880**	(6,419)

The Company has obtained Approved Operational Headquarters status ("OHQ") for a period of ten (10) years, effective on 1 January 2003. In the previous financial year, the Company surrendered the OHQ status.

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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit before taxation	**3,576,599**	3,205,738	**63,835**	2,775,584
Taxation calculated at the applicable Malaysian taxation rate of 25% (2010: 25%)	**894,150**	801,435	**15,959**	693,896
Tax effects of:				
– income not subject to tax	**(35,180)**	(121,815)	**(37,644)**	(1,297,555)
– shares of results of jointly controlled entities and associates	**(34,436)**	950	**–**	–
– different tax rates in other countries	**64,416**	74,462	**(317)**	(714)
– tax incentive	**(122,837)**	–	**–**	–
– utilisation of current year business loss	**(19,598)**	–	**(19,598)**	–
– expenses not deductible for tax purposes	**167,079**	298,450	**29,584**	586,185
– unrecognised tax losses	**7,850**	5,094	**7,850**	4,846
– group relief	**–**	–	**4,201**	13,780
– under/(over) accrual of tax (net)	**(57,940)**	30,582	**–**	(6,857)
– zakat	**845**	–	**845**	–
Total taxation and zakat	**864,349**	1,089,158	**880**	(6,419)

Included in the taxation of the Group are tax savings amounting to RM16.8 million (2010: RM55.1 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	
	2011	2010
Profit attributable to owners of the Company (RM'000)	**2,345,628**	1,770,379
Weighted average number of ordinary shares in issue ('000)	**8,451,437**	8,445,154
Basic EPS (sen)	**28**	21

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

12. EARNINGS PER SHARE (CONTINUED)

(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	
	2011	**2010**
Profit attributable to owners of the Company (RM'000)	**2,345,628**	1,770,379
Weighted average number of ordinary shares in issue ('000)	**8,451,437**	8,445,154
Adjusted for ESOS and RSA ('000)	**35,910**	38,279
Weighted average number of ordinary shares for purpose of computing diluted EPS ('000)	**8,487,347**	8,483,433
Diluted EPS (sen)	**28**	21

13. SHARE CAPITAL

	Group and Company			
	2011		**2010**	
	No. of shares '000	**Nominal value RM'000**	**No. of shares '000**	**Nominal value 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	**8,445,154**	**8,445,154**	8,445,154	8,445,154
Issuance of new shares				
– exercise of Performance-Based ESOS	**21,028**	**21,028**	–	–
At the end of the financial year	**8,466,182**	**8,466,182**	8,445,154	8,445,154

13. SHARE CAPITAL (CONTINUED)

During the financial year, the issued and paid-up capital of the Company was increased from RM8,445,154,455 comprising of 8,445,154,455 ordinary shares of RM1 each to RM8,466,182,266 by the issuance of 21,027,811 new ordinary shares of RM1 each at the issued price of RM1.81 each in conjunction with the exercise of options granted under the Performance-Based ESOS 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.

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 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) 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 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*	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**					
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

* The ESOS granted shall become exercisable only upon the fulfilment of certain performance criteria for the Company and individuals.

** The 18 January 2010 grant was made to newly hired employees who did not receive the April 2009 grant and have been confirmed as at 31 December 2009.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

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 shares exercisable and the vesting period is as follows:

			Entitlement over the Company's shares		
RSA	**Grant date**	**Vesting date**	**% of share exercisable***	**Number of shares granted**	**Reference price RM**
Grant 3(b), 2011**					
Tranche 1	18 July 2011	17 July 2013	50	243,350	5.03
Tranche 2	18 July 2011	17 July 2014	50-100	526,450	5.03
Grant 3(c), 2011**					
Tranche 1	30 Nov 2011	29 Nov 2013	50	23,700	5.10
Tranche 2	30 Nov 2011	29 Nov 2014	50-100	183,600	5.10

* The RSA granted shall become vested only upon the fulfilment of certain performance criteria for the Company and individuals as at vesting date. Senior and top management can only vest the RSP at the end of the third year.

** The 18 July 2011 and 30 November 2011 grant were made to newly hired employees who did not receive the February 2011 ESOS grant and have been confirmed as at 31 December 2011.

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:

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

(ii) 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.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

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

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
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14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

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

(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.

(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 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 options shall exercise their 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 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 2011	Granted	Exercised	Lapsed/ forfeited	At 31 December 2011	Fair value at grant date RM
Group							
Grant 1(a), 2009							
Tranche 1	1.81	30,613,550	-	(21,027,811)	(973,200)	8,612,539	0.54
Tranche 2	1.81	30,613,550	-	-	(973,200)	29,640,350	0.57
		61,227,100	-	(21,027,811)	(1,946,400)	38,252,889	
Grant 1(b), 2010							
Tranche 1	3.15	1,688,750	-	-	(236,300)	1,452,450	0.93
Tranche 2	3.15	1,688,750	-	-	(236,300)	1,452,450	0.98
		3,377,500	-	-	(472,600)	2,904,900	
Grant 2, 2010							
Tranche 1	3.45	23,365,475	-	-	(902,150)	22,463,325	1.09
Tranche 2	3.45	23,365,475	-	-	(902,150)	22,463,325	1.15
		46,730,950	-	-	(1,804,300)	44,926,650	
Grant 3(a), 2011							
Tranche 1	5.07	-	32,121,450	-	(1,155,800)	30,965,650	1.05
Tranche 2	5.07	-	32,121,450	-	(1,155,800)	30,965,650	1.10
		-	64,242,900	-	(2,311,600)	61,931,300	
Total		111,335,550	64,242,900	(21,027,811)	(6,534,900)	148,015,739	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

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

	Exercise price RM	At 1 January 2011	Granted	Exercised	Lapsed/ forfeited	At 31 December 2011	Fair value at grant date RM
Company							
Grant 1(a), 2009							
Tranche 1	1.81	3,464,800	–	(1,262,550)	(236,100)	1,966,150	0.54
Tranche 2	1.81	3,464,800	–	–	(236,100)	3,228,700	0.57
		6,929,600	–	(1,262,550)	(472,200)	5,194,850	
Grant 1(b), 2010							
Tranche 1	3.15	675,400	–	–	(149,400)	526,000	0.93
Tranche 2	3.15	675,400	–	–	(149,400)	526,000	0.98
		1,350,800	–	–	(298,800)	1,052,000	
Grant 2, 2010							
Tranche 1	3.45	3,767,625	–	–	(239,750)	3,527,875	1.09
Tranche 2	3.45	3,767,625	–	–	(239,750)	3,527,875	1.15
		7,535,250	–	–	(479,500)	7,055,750	
Grant 3(a), 2011							
Tranche 1	5.07	–	4,219,600	–	(84,050)	4,135,550	1.05
Tranche 2	5.07	–	4,219,600	–	(84,050)	4,135,550	1.10
		–	8,439,200	–	(168,100)	8,271,100	
Total		15,815,650	8,439,200	(1,262,550)	(1,418,600)	21,573,700	

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 and the Company are entitled to, is as follows:

	Reference price RM	At 1 January 2011	Granted	Exercised	Forfeited	At 31 December 2011	Fair value at grant date RM
Group							
Grant 3(b), 2011							
Tranche 1	5.03	–	243,350	–	–	243,350	4.21
Tranche 2	5.03	–	526,450	–	–	526,450	3.90
		–	769,800	–	–	769,800	
Grant 3(c), 2011							
Tranche 1	5.10	–	23,700	–	–	23,700	4.15
Tranche 2	5.10	–	183,600	–	–	183,600	3.74
		–	207,300	–	–	207,300	
Total		–	977,100	–	–	977,100	
Company							
Grant 3(b), 2011							
Tranche 1	5.03	–	12,700	–	–	12,700	4.21
Tranche 2	5.03	–	250,800	–	–	250,800	3.90
		–	263,500	–	–	263,500	
Grant 3(c), 2011							
Tranche 1	5.10	–	4,550	–	–	4,550	4.15
Tranche 2	5.10	–	156,550	–	–	156,550	3.74
		–	161,100	–	–	161,100	
Total		–	424,600	–	–	424,600	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

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 FRS 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%*	31.1%*	34.4%	24.7%

* 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.

The fair value of the RSA granted in which FRS 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)**
Reference price	RM5.03	RM5.10
Valuation date	18 July 2011	30 Nov 2011
Vesting date:		
- Tranche 1	17 July 2013	29 Nov 2013
- Tranche 2	17 July 2014	29 Nov 2014
Closing share price at grant date	RM5.03	RM5.10
Expected dividend yield	2.54%	3.12%
Risk free rate (Yield of Malaysian Government Securities)	3.19%-3.32%	2.92%-3.23%
Expected volatility#	19.9%	18.7%

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.

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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Equity settlement arrangement:				
– Options and RSA granted to employees under the Scheme	**51,471**	34,725	**8,010**	5,424

(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 Sri Lanka Rupee ("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 ongoing 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

(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 was 88,841,218. As at 31 December 2011, 51,103,699 share options have been exercised, 9,707,519 options have been forfeited and 28,030,000 share options remain unexercised and are exercisable before 25 October 2012 further to the extension of the exercise period as resolved by the Board of Directors of Dialog.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(b) ESOS of Dialog (continued)

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
2011							
11 July 2005	**12**	**28,335**	**–**	**–**	**(305)**	**28,030**	**4.4**
2010							
11 July 2005	12	29,124	–	–	(789)	28,335	4.4

* Options forfeited are allocated back to the ESOS Trust for future reallocation. Total forfeited options to be reallocated as at 31 December 2011 are 9,707,519.

The fair values of options granted in which FRS 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 (2010: Nil).

(c) ESOS 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 programme.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(c) ESOS of XL (continued)

Under the programme, on each end of fourth (4th) 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 programme has been approved in the Extraordinary General Meeting 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 profit or loss for the financial year ended 31 December 2011 was RM14.6 million (2010: Nil) as disclosed in Note 7(c) to the financial statements.

15. RESERVES

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Distributable					
Retained earnings	(a)	**10,396,129**	9,227,762	**4,597,579**	5,718,317
Non-distributable					
Capital contribution reserve	(b)	**16,598**	16,598	**16,598**	16,598
Merger reserve	(c)	**346,774**	346,774	**–**	–
Hedging reserve	(d)	**(76,643)**	(70,423)	**–**	–
ESOS and RSA reserve	(e)	**96,838**	45,904	**96,838**	45,904
Currency translation differences arising from translation of:					
– subsidiaries		**(595,030)**	(622,296)	**–**	–
– associates		**(1,352,221)**	(637,128)	**–**	–
		(1,947,251)	(1,259,424)	**–**	–
Total		**8,832,445**	8,307,191	**4,711,015**	5,780,819

(a) The Company has tax exempt income accounts as at 31 December 2011 amounting to approximately RM156.1 million (2010: RM154.4 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. During the year, the Company has exercised the irrevocable option to surrender the section 108 credit balances as at 31 December 2011 to self zerorise the insignificant credit balance to nil. With this, the Company has moved to the single tier dividend system.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

15. RESERVES (CONTINUED)

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

(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(f) 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

		2011				2010			
	Note	W.A.R.F.	Non-current RM'000	Current RM'000	Total RM'000	W.A.R.F.	Non-current RM'000	Current RM'000	Total RM'000
Group									
OVERSEAS									
Secured:									
- Borrowings from financial institutions	(a)	**9.54%**	**257,794**	**496,896**	**754,690**	2.98%	142,589	60,570	203,159
- Other borrowings	(b)	**2.81%**	**176,596**	**121,050**	**297,646**	2.85%	290,161	129,779	419,940
Unsecured:									
- Notes	(c)	**10.35%**	**-**	**533,080**	**533,080**	10.35%	509,250	-	509,250
- Rated cumulative redeemable preference shares	(d)	**9.53%**	**-**	**34,250**	**34,250**	9.28%	34,738	34,737	69,475
- Borrowings from financial institutions	(e)	**4.94%**	**2,411,018**	**777,464**	**3,188,482**	6.63%	2,530,862	264,578	2,795,440
- Other borrowings		**1.87%**	**455,790**	**225,603**	**681,393**	2.10%	586,103	193,221	779,324
- Bank overdrafts	33	**9.10%**	**-**	**5,367**	**5,367**	11.50%	-	6,192	6,192
		5.58%	**3,301,198**	**2,193,710**	**5,494,908**	5.85%	4,093,703	689,077	4,782,780

- W.A.R.F. - Weighted Average Rate of Finance as at the end of reporting period.

16. BORROWINGS (CONTINUED)

	Note	2011 W.A.R.F.	2011 Non-current RM'000	2011 Current RM'000	2011 Total RM'000	2010 W.A.R.F.	2010 Non-current RM'000	2010 Current RM'000	2010 Total RM'000
Group (continued)									
MALAYSIA									
Secured:									
- Borrowings from financial institutions	(f)	**4.59%**	**10,000**	**10,000**	**20,000**	4.31%	20,000	10,514	30,514
Unsecured:									
- Notes	(g)	**5.39%**	**947,169**	**-**	**947,169**	5.40%	920,732	-	920,732
- Borrowings from financial institutions	(h)	**1.52%**	**773,057**	**5,649**	**778,706**	1.38%	749,548	-	749,548
- Sukuk	(i)	**5.21%**	**4,200,000**	**18,580**	**4,218,580**	5.21%	4,200,000	-	4,200,000
		4.74%	**5,930,226**	**34,229**	**5,964,455**	4.75%	5,890,280	10,514	5,900,794
Total		**5.14%**	**9,231,424**	**2,227,939**	**11,459,363**	5.24%	9,983,983	699,591	10,683,574
Company									
Unsecured:									
Borrowings from financial institutions	(h)	**1.52%**	**773,057**	**2,071**	**775,128**	1.38%	738,758	-	738,758

- W.A.R.F. - Weighted Average Rate of Finance as at the end of reporting period.

(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) Supplier credit that bears 0% interest during the first two (2) years and is repayable from 2004 to 2014. This supplier credit is secured by way of fixed charge on PPE of a subsidiary as disclosed in Note 25(b) to the financial statements.

(c) Notes consist of the following:

	2011 RM'000	2010 RM'000
IDR1,500.0 billion, 10.35%	**533,080**	509,250

The subsidiary is required to comply with certain conditions, such as limitations on assets sale and/or leaseback transactions, and maintain its debt to EBITDA ratio not to exceed 4.5 to 1.0 over the period of borrowings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

16. BORROWINGS (CONTINUED)

(d) Consists of 5,000 million Rated Cumulative Redeemable Preference Shares ("RCRPS") of SLR1 each issued by Dialog during 2007, redeemable at par. The shares are mandatorily redeemable on 31 May 2012 with redemption schedule as set out below.

	Redemption value per RCRPS
2007	10%
2008	15%
2010	25%
2011	25%
2012	25%

The dividend is cumulative and payable semi-annually, at the Average Weighted Prime Lending Rate less a discount of 0.9%. The RCRPS issued by Dialog have been classified as liabilities and accordingly, dividends on these RCRPS are recorded in the profit or loss as finance cost.

(e) Included in the balances are borrowings of a subsidiary subjected to certain covenants.

The covenants require the subsidiary to comply with certain conditions, such as hedging, limitations on certain assets sales or transfers, maintaining the majority ownership of the subsidiary's shares directly or indirectly by the Company and maintaining its debt to EBITDA ratio not exceeding 4.5 to 1.0.

(f) The terms of the loan requires a predetermined portion of lease rental proceeds due to a subsidiary to be placed in a debt reserve account with the bank to meet the debt serving requirements. The terms of the loan also require certain financial covenants to be met.

(g) 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 tenure of 10 years from the date of issuance.

The Notes were listed and quoted on The Stock Exchange of Hong Kong Limited on 29 April 2010 and Labuan International Financial Exchange on 7 May 2010.

(h) Included in the balance is a borrowing of the Group and the Company which is subjected to certain covenants. The covenants require that certain ratios are to be met in respect of Group EBITDA/Interest Expense and Group Total Borrowings/Shareholders Funds.

16. BORROWINGS (CONTINUED)

(i) RM4.2 billion nominal value unrated Sukuk with the tenure of five (5) to ten (10) years issued based on Ijarah principal was issued on 1 September 2010. The terms of the loan require certain financial covenants to be met.

The details of the Sukuk are as follow:

	Corporate rate	Maturity date	Amount RM'million
Series 1	4.60%	1 September 2015	800
Series 2	5.02%	1 September 2017	800
Series 3	5.35%	30 August 2019	800
Series 4	5.50%	1 September 2020	1,800
			4,200

(j) The Group and the Company are in compliance with the covenants of its borrowings at each reporting date.

The currency exposure profile of borrowings is as follows:

	2011						2010					
	RM RM'000	USD RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Total RM'000	RM RM'000	USD RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Total RM'000
Functional currency												
Group												
RM	**4,242,159**	**1,722,297**	**-**	**-**	**-**	**5,964,456**	4,230,514	1,670,280	-	-	-	5,900,794
IDR	**-**	**1,121,316**	**2,650,944**	**-**	**-**	**3,772,260**	-	731,530	2,729,268	-	-	3,460,798
SLR	**-**	**433,904**	**-**	**39,617**	**-**	**473,521**	-	463,102	-	75,667	-	538,769
BDT	**-**	**593,927**	**-**	**-**	**458,409**	**1,052,336**	-	576,616	-	-	46,482	623,098
Others	**-**	**196,790**	**-**	**-**	**-**	**196,790**	-	160,115	-	-	-	160,115
	4,242,159	**4,068,234**	**2,650,944**	**39,617**	**458,409**	**11,459,363**	4,230,514	3,601,643	2,729,268	75,667	46,482	10,683,574
Company												
RM	**-**	**775,128**	**-**	**-**	**-**	**775,128**	-	738,758	-	-	-	738,758

USD : United State Dollar
IDR : Indonesia Rupiah
SLR : Sri Lanka Rupee
BDT : Bangladesh Taka

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

16. BORROWINGS (CONTINUED)

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

	Carrying amount		Fair value	
	2011	**2010**	**2011**	**2010**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
Overseas:				
– Borrowings	**3,301,198**	3,584,453	**3,301,198**	3,584,453
– Notes	–	509,250	**–**	520,000
	3,301,198	4,093,703	**3,301,198**	4,104,453
Malaysia:				
– Borrowings	**783,057**	765,230	**783,057**	765,230
– Notes	**5,147,169**	5,125,050	**5,383,488**	5,215,677
	5,930,226	5,890,280	**6,166,545**	5,980,907
	9,231,424	9,983,983	**9,467,743**	10,085,360
Company				
Malaysia:				
– Borrowings	**773,057**	738,758	**773,057**	738,758

The fair values of non-current borrowings are calculated based on cash flows discounted using a rate based on the borrowing rate which ranges from 0.40% to 6.88% (2010: 0.40% to 9.38%) p.a. and quoted market price. The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant.

17. FINANCIAL INSTRUMENTS BY CATEGORY

Group	Note	2011 Loans and receivables RM'000	2011 Assets at FVTPL RM'000	2011 AFS RM'000	2011 Total RM'000	2010 Loans and receivables RM'000	2010 Assets at FVTPL RM'000	2010 AFS RM'000	2010 Total RM'000
Financial assets									
Derivative financial instruments	19	-	44,891	-	44,891	-	14,964	-	14,964
Long term receivables	29	226	-	-	226	332	-	-	332
Available-for-sale financial asset		-	-	893	893	-	-	888	888
Trade and other receivables		1,228,988	-	-	1,228,988	1,012,453			1,012,453
Financial assets at FVTPL		-	9	-	9	-	10	-	10
Deposit, cash and bank balances	33	6,616,788	-	-	6,616,788	6,277,382	-	-	6,277,382
Assets directly associated with non-current assets classified as held-for-sale		26,761	-	-	26,761	28,612	-	-	28,612
Total		7,872,763	44,900	893	7,918,556	7,318,779	14,974	888	7,334,641

Group	Note	2011 Liabilities at FVTPL RM'000	2011 Derivatives used for hedging RM'000	2011 Other financial liabilities RM'000	2011 Total RM'000	2010 Liabilities at FVTPL RM'000	2010 Derivatives used for hedging RM'000	2010 Other financial liabilities RM'000	2010 Total RM'000
Financial liabilities									
Borrowings	16	-	-	11,459,363	11,459,363	-	-	10,683,574	10,683,574
Derivative financial instruments	19	36,888	90,861	-	127,749	326,240	142,965	-	469,205
Trade and other payables excluding statutory liabilities									
- Non-current		-	-	125,054	125,054	-	-	-	-
- Current		-	-	3,782,137	3,782,137	-	-	2,900,954	2,900,954
Liabilities directly associated with non-current assets classified as held-for-sale		-	-	158,993	158,993	-	-	241,234	241,234
Total		36,888	90,861	15,525,547	15,653,296	326,240	142,965	13,825,762	14,294,967

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

17. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Company	Note	2011 Loans and receivables RM'000	2011 Total RM'000	2010 Loans and receivables RM'000	2010 Total RM'000
Financial assets					
Amounts due from subsidiaries	30	**395,925**	**395,925**	332,469	332,469
Trade and other receivables		**10,798**	**10,798**	9,189	9,189
Deposits, cash and bank balances	33	**2,001,948**	**2,001,948**	3,092,255	3,092,255
Total		**2,408,671**	**2,408,671**	3,433,913	3,433,913

Company	Note	2011 Derivative used for hedging RM'000	2011 Other financial liabilities RM'000	2011 Total RM'000	2010 Derivative used for hedging RM'000	2010 Other financial liabilities RM'000	2010 Total RM'000
Financial liabilities							
Borrowings	16	**–**	**775,128**	**775,128**	–	738,758	738,758
Derivative financial instruments	19	**33,609**	**–**	**33,609**	66,427	–	66,427
Trade and other payables	21	**–**	**65,020**	**65,020**	–	37,193	37,193
Amounts due to subsidiaries	30	**–**	**4,310**	**4,310**	–	1,374	1,374
Total		**33,609**	**844,458**	**878,067**	66,427	777,325	843,752

18. CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are not impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Note	Group 2011 RM'000	Group 2010 RM'000
Trade receivables			
Counterparties with external credit ratings			
A-		**58,098**	17,839
A-1+		**345**	2,272
B		**1,361**	6,713
Bu		**–**	1,421
BB		**–**	8,911
BB+		**13,403**	–
CCC+		**18,364**	–
NR		**16,245**	18,043
WR		**1,709**	2,091
Others		**4,964**	3,151
		114,489	60,441
Counterparties without external credit ratings			
Group 1		**478,019**	357,264
Group 2		**286,873**	192,974
Group 3		**10,952**	76,115
		775,844	626,353
Total	32	**890,333**	686,794

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

18. CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Deposits, cash and bank balances					
A-1		**8,957**	463,291	**–**	113,911
A-1+		**470,077**	354,631	**–**	1,371
A2		**2,199**	1,717	**–**	–
A-2		**4,903,016**	4,597,066	**1,498,441**	2,974,126
B		**62,238**	7,066	**–**	–
BBBpi		**–**	8,758	**–**	–
MARC1		**–**	36,061	**–**	–
NR		**313,085**	269,873	**–**	–
P1		**40,760**	58,754	**37,846**	2,775
P-1		**520,562**	1,296	**465,597**	–
P-3		**2,448**	–	**–**	–
WD		**17,547**	–	**–**	–
WR		**38,628**	34,678	**–**	–
idA-		**52,381**	–	**–**	–
Others		**96,590**	705	**–**	–
Without external credit ratings		**88,300**	443,486	**64**	72
Total	33	**6,616,788**	6,277,382	**2,001,948**	3,092,255
AFS financial asset					
Without external credit rating		**893**	888	**–**	–
Derivative financial assets					
A		**–**	8,824	**–**	–
A+		**–**	2,357	**–**	–
A-1		**28,773**	–	**–**	–
A-1+		**12,335**	–	**–**	–
Without external credit ratings		**3,783**	3,783	**–**	–
Total	19	**44,891**	14,964	**–**	–
Amounts due from subsidiaries					
Group 2	30	**–**	–	**395,925**	332,469

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 financial assets that are fully performing has been renegotiated in the previous financial years. None of the loans to related parties is past due but not impaired.

19. DERIVATIVE FINANCIAL INSTRUMENTS

	Note	Group Assets RM'000	Group Liabilities RM'000	Company Liabilities RM'000
2011				
Non-current				
Non-hedging derivative financial instruments				
Forward foreign currency contracts	(a)	**18,956**	**(14,129)**	**–**
Cross currency swaps contracts	(b)	**22,152**	**–**	**–**
Interest rate swap contracts	(c)	**–**	**(22,759)**	**–**
Convertible warrants in an associate	(d)	**3,783**	**–**	**–**
		44,891	**(36,888)**	**–**
Derivative designated as hedging instruments				
Cross currency interest rate swaps ("CCIRS")	(f),(g)	**–**	**(90,861)**	**(33,609)**
Total		**44,891**	**(127,749)**	**(33,609)**
2010				
Non-current				
Non-hedging derivative financial instruments				
Forward foreign currency contracts	(a)	11,181	(25,924)	–
Interest rate swap contracts	(c)	–	(22,638)	–
Convertible warrants in an associate	(d)	3,783	–	–
		14,964	(48,562)	–
Derivative designated as hedging instruments				
CCIRS	(f),(g)	–	(142,965)	(66,427)
		14,964	(191,527)	(66,427)
Current				
Non-hedging derivative financial instruments				
Put option on the investment in an associate	(e)	–	(277,678)	–
Total		14,964	(469,205)	(66,427)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Non-hedging derivatives are classified as 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 currency contracts

The information relating to the derivative financial instruments of a subsidiary of the Group as at 31 December 2011 is as follows:

Counterparties	Notional amount USD'million	Strike rate full amount 1 USD:IDR	Period	Premium p.a.
Standard Chartered Bank ("SCB")	118.2	9,000-9,725	18 September 2009 – 29 September 2015	2.25% – 5.26%
J.P.Morgan Securities (S.E.A) Ltd	36.4	9,000	31 December 2009 – 29 September 2015	3.45%

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

(b) Cross currency swaps contracts

The information relating to the derivative financial instruments of a subsidiary of the Group as at 31 December 2011 is as follows:

Counterparties	Notional amount USD'million	Period	Swap amount	Exchange period	Fixed interest rate paid	Exchange rate per 1 USD:IDR	Interest rate received
The Bank of Tokyo Mitsubishi UFJ, Ltd ("BTMU")	43.9	15 June 2011 – 17 June 2013	IDR375.0 billion	Semi annually	6.76%	8,533	6 months' SIBOR + 0.9% margin
BTMU	117.0	26 August 2011 – 26 August 2013	IDR1.0 trillion	Semi annually	6.60%	8,545	6 months' SIBOR + 0.65% margin

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Non-hedging derivatives financial instruments (continued)

(c) Interest rate swap contracts

The information relating to the derivative financial instruments of a subsidiary of the Group as at 31 December 2011 is as follows:

Counterparty	Notional amount USD'million	Period	Exchange period	Fixed interest rate paid	Floating interest received
SCB	192.9	11 February 2009 – 1 October 2015	Semi annually	2.323% – 2.575%	6 months' LIBOR

(d) Convertible warrants in an associate

In the previous financial year, 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 January 2010 – 25 January 2019	RM1.50/share + Any adjustments

(e) Put option on the investment in an associate

In conjunction with the merger as disclosed in Note 5(b)(ii) to the financial statements, the Group or the Company granted Green Acre Agro Services Private Limited ("GAASPL") a put option to require the Group, AIL 1 or AIL 2 (both wholly-owned subsidiaries of the Company) to purchase some or all of the Spice's shares held by GAASPL ("Put Option").

On 14 February 2011, AIL 1 novated all the rights and obligations under GAASPL Put Option to Merrill Lynch International, a company incorporated under the laws of England and Wales, for approximately RM330.1 million (USD108.1 million). The Group recognised a loss on the fair value change of the Put Option amounting to RM47.5 million during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivative designated as hedging instrument

(f) Net investment hedge, net of tax – CCIRS

The underlying debt instrument for the CCIRS is the Group's Notes (Note 16(g) 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 2011 is as follows:

Notional amount USD' million	Notional amount SGD' million	Period	Exchange period	Fixed interest rate paid	Fixed interest rate received	Fair value 2011 RM'000	Fair value 2010 RM'000
300.0	421.3	28 October 2010 – 28 April 2020	Semi annually	4.315% – 4.350% on SGD notional	5.375% on USD notional	**57,252**	76,538

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 RM6.2 million (2010: RM70.4 million) in other comprehensive income after reclassification of an unrealised foreign exchange loss of RM25.5 million (2010: gain of RM7.1 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.

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivative designated as hedging instruments (continued)

(g) Fair value hedge – CCIRS

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.

The information relating to the derivative as at 31 December 2011 is as follows:

Notional amount USD' million	Notional amount RM' million	Period	Exchange period	Floating interest rate paid	Floating interest rate received	Fair value 2011 RM'000	Fair value 2010 RM'000
250.0	800.7	6 May 2010 – 26 April 2015	Quarterly	3 months' KLIBOR + 0.64% p.a. on RM notional	3 months' LIBOR + 1.05% p.a. on USD notional	**33,609**	66,427

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 RM32.9 million (2010: loss of RM63.0 million) arising from fair value changes of a derivative of which RM21.3 million (2010: RM36.4 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 RM11.6 million (2010: gain of RM26.6 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 2011 RM'000	Group 2010 RM'000
At 1 January	**–**	–
Received during the financial year	**146,219**	–
Released to profit or loss	**(10,163)**	–
At 31 December	**136,056**	–

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-current:				
2G license renewal fee payable (a)	**125,054**	-	**-**	-
Current:				
Trade payables	**528,843**	485,083	**-**	-
Accrued expenses	**1,784,884**	1,272,048	**38,804**	2,186
Deferred revenue	**739,942**	659,549	**-**	-
Customer deposits	**88,707**	93,551	**-**	-
Business license payable	**231,220**	228,392	**-**	-
Payroll liabilities	**165,043**	215,884	**12,946**	18,864
Other accruals	**284,732**	206,687	**-**	-
Other payables	**1,535,642**	1,406,296	**13,270**	16,143
2G license renewal fee payable (a)	**250,107**	-	**-**	-
	5,609,120	4,567,490	**65,020**	37,193
Total trade and other payables	**5,734,174**	4,567,490	**65,020**	37,193

(a) 2G license renewal fee payable to Bangladesh Telecommunication Regulatory Commission on 2 May 2012, 2 November 2012 and 2 May 2013.

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

	2011								2010							
	RM RM'000	USD RM'000	IDR RM'000	SLR RM'000	BDT RM'000	SDR* RM'000	Others RM'000	Total RM'000	RM RM'000	USD RM'000	IDR RM'000	SLR RM'000	BDT RM'000	SDR* RM'000	Others RM'000	Total RM'000
Functional currencies																
Group																
RM	**2,396,632**	**11,850**	**248**	**-**	**-**	**112,430**	**2,283**	**2,523,443**	2,291,427	26,983	-	-	-	80,932	-	2,399,342
IDR	**-**	**546,086**	**1,151,018**	**-**	**-**	**260**	**53**	**1,697,417**	-	356,686	819,010	-	-	1,205	998	1,177,899
SLR	**-**	**28,607**	**-**	**408,133**	**-**	**-**	**-**	**436,740**	-	50,760	-	364,319	-	-	-	415,079
BDT	**-**	**46,185**	**-**	**-**	**995,665**	**-**	**-**	**1,041,850**	-	-	-	-	545,819	-	-	545,819
Others	**61**	**34,663**	**-**	**-**	**-**	**-**	**-**	**34,724**	-	29,285	-	-	-	-	66	29,351
	2,396,693	**667,391**	**1,151,266**	**408,133**	**995,665**	**112,690**	**2,336**	**5,734,174**	2,291,427	463,714	819,010	364,319	545,819	82,137	1,064	4,567,490
Company																
RM	**50,639**	**11,850**	**248**	**-**	**-**	**-**	**2,283**	**65,020**	37,193	-	-	-	-	-	-	37,193

* SDR: Special Drawing Rights

Credit terms of trade and other payables for the Group and the Company vary from 30 to 90 days (2010: 30 to 90 days) depending on the terms of the contracts respectively.

22. PROVISION FOR LIABILITIES

	Group 2011 RM'000	2010 RM'000
At 1 January	**249,433**	208,915
Provision for the financial year	**75,030**	35,128
Accretion of interest	**18,078**	10,874
Currency translation differences	**1,759**	(5,085)
	344,300	249,832
Utilised during the financial year	**(1,152)**	(399)
At 31 December	**343,148**	249,433

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(p) to the financial statements.

23. DEFERRED TAXATION

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

	Group 2011 RM'000	2010 RM'000
Deferred tax assets	**(315,611)**	(117,457)
Deferred tax liabilities	**1,380,054**	1,333,863
Total deferred taxation	**1,064,443**	1,216,406
At 1 January	**1,216,406**	1,058,289
Charge/(credit) to profit or loss (Note 11):		
– property, plant and equipment	**84,301**	263,779
– tax losses	**10,647**	5,806
– provision and others	**(167,144)**	(41,869)
	(72,196)	227,716
Currency translation differences	**(55,817)**	(67,494)
Transferred to liabilities directly associated with non-current assets classified as held-for-sale	**(23,950)**	(2,105)
At 31 December	**1,064,443**	1,216,406

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

23. DEFERRED TAXATION (CONTINUED)

Breakdown of cumulative balances by each type of temporary difference:

	Group	
	2011 RM'000	**2010 RM'000**
Deferred tax assets:		
– Property, plant and equipment	**87,168**	96,152
– Tax losses	**15,089**	4,676
– Provision and others	**452,888**	238,002
Before offsetting	**555,145**	338,830
Offsetting	**(239,534)**	(221,373)
After offsetting	**315,611**	117,457
Deferred tax liabilities:		
– Property, plant and equipment	**1,619,588**	1,554,270
– Others	**–**	966
Before offsetting	**1,619,588**	1,555,236
Offsetting	**(239,534)**	(221,373)
After offsetting	**1,380,054**	1,333,863

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

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
Deductible temporary differences	**43,458**	45,746	**2,844**	–
Unutilised tax losses	**165,668**	153,682	**31,402**	24,199
	209,126	199,428	**34,246**	24,199
Tax effect	**52,281**	49,857	**8,561**	6,050

The benefits of these tax losses and credits 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.

The Group has unutilised investment tax incentive for last mile broadband services amounting to RM229.2 million as at 31 December 2011, for which the related tax effects have not been included in the financial statements. The benefits of this tax incentive will only be recognised upon utilisation, in accordance with the Group policy.

24. INTANGIBLE ASSETS

	Note	Goodwill RM'000	Group Licenses RM'000	Total RM'000
Net book value				
At 1 January 2011		**7,313,838**	**291,660**	**7,605,498**
Additions		**–**	**753,288**	**753,288**
Dilution of equity interest	5(a)(v)	**(4,021)**	**–**	**(4,021)**
Currency translation differences		**23,056**	**(1,843)**	**21,213**
Amortisation	7(a)	**–**	**(48,825)**	**(48,825)**
At 31 December 2011		**7,332,873**	**994,280**	**8,327,153**
Net book value				
At 1 January 2010		8,413,556	149,894	8,563,450
Additions		–	178,095	178,095
Disposals	5(b)(iii)	(978,055)	–	(978,055)
Currency translation differences		(72,648)	(5,640)	(78,288)
Impairment	7(a)	(49,015)	–	(49,015)
Amortisation	7(a)	–	(30,689)	(30,689)
At 31 December 2010		7,313,838	291,660	7,605,498
At 31 December 2011				
Cost		**7,410,370**	**1,153,524**	**8,563,894**
Accumulated amortisation		**–**	**(159,244)**	**(159,244)**
Accumulated impairment losses		**(77,497)**	**–**	**(77,497)**
Net book value		**7,332,873**	**994,280**	**8,327,153**
At 31 December 2010				
Cost		7,391,335	400,372	7,791,707
Accumulated amortisation		–	(108,712)	(108,712)
Accumulated impairment losses		(77,497)	–	(77,497)
Net book value		7,313,838	291,660	7,605,498

The remaining amortisation period of acquired licenses range from six (6) years to fifteen (15) years (2010: one (1) year to seven (7) years).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

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	2011 RM'000	2010 RM'000
Malaysia	(i)	**4,031,110**	4,031,110
Indonesia	(ii)	**3,247,438**	3,227,854
Sri Lanka	(ii)	**54,325**	54,874
Total		**7,332,873**	7,313,838

(i) Key assumptions used in the VIU

The recoverable amount of the Malaysia CGU including goodwill in this test is determined based on VIU calculation.

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 periods for the mobile business in Malaysia. These forecasts and projections reflect the management's expectation of revenue growth, operating costs and margins for the Malaysia CGU based on past experience and future outlook of the CGU based on internal measurements and monitoring and external sources of information.

Cash flows beyond the third (3rd) year for the mobile business in Malaysia 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 CGU participates and are not expected to exceed the long term average growth rates for this market.

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:

	Malaysia	
	2011	2010
Pre-tax adjusted discount rate	**16.7%**	17.6%
Terminal growth rate	**–**	–
Revenue growth rate	**3.2% to 4.8% over 3 years**	4.6% to 7.3% over 3 years

24. INTANGIBLE ASSETS (CONTINUED)

(a) Impairment tests for goodwill (continued)

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

Based on the above test, the Malaysia CGU's goodwill is not impaired as the recoverable amount exceeds the carrying amount 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 Board of Directors concluded that no reasonable change in the base case assumptions would cause the carrying amount of the CGU to exceed its recoverable amount.

(ii) Key assumptions used in FVLCS

The recoverable amount of the Indonesia and Sri Lanka 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 and Sri Lanka CGUs' goodwill are not impaired as the recoverable amounts exceed the carrying amounts included in the financial statements.

25. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Land RM'000	Buildings RM'000	Telecom-munication network equipment RM'000	Movable plant and equipment RM'000	Computer support systems RM'000	Capital work-in-progress RM'000	Total RM'000
Net book value								
At 1 January 2011		373,432	156,227	12,965,637	198,250	379,025	1,057,675	15,130,246
Additions		195,553	11,415	1,844,107	48,809	136,583	2,201,201	4,437,668
Assetisation		-	25,094	1,626,579	80,610	175,800	(1,908,083)	-
Disposals		-	(2,481)	(114,341)	(1,685)	(357)	-	(118,864)
Write off	7(a)	-	-	(858)	(363)	(7)	-	(1,228)
Depreciation	7(a)	(80,588)	(26,418)	(2,692,145)	(78,537)	(195,954)	-	(3,073,642)
Impairment	7(a)	-	-	-	-	-	(15,416)	(15,416)
Reversal of impairment	7(a)	-	-	818	66	-	6,934	7,818
Currency translation differences		7,563	(1,054)	(848)	(5,953)	3,969	889	4,566
Reclassification of capital inventories from capital work-in-progress to inventories		-	-	-	-	-	(209,617)	(209,617)
At 31 December 2011		495,960	162,783	13,628,949	241,197	499,059	1,133,583	16,161,531

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Land RM'000	Buildings RM'000	Telecom-munication network equipment RM'000	Movable plant and equipment RM'000	Computer support systems RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2011								
Cost		**896,539**	**326,209**	**26,818,384**	**645,499**	**1,839,701**	**1,201,857**	**31,728,189**
Accumulated depreciation		**(393,514)**	**(137,584)**	**(12,723,065)**	**(398,846)**	**(1,329,859)**	**-**	**(14,982,868)**
Accumulated impairment losses		**(7,065)**	**(25,842)**	**(466,370)**	**(5,456)**	**(10,783)**	**(68,274)**	**(583,790)**
Net book value		**495,960**	**162,783**	**13,628,949**	**241,197**	**499,059**	**1,133,583**	**16,161,531**
Net book value								
At 1 January 2010		390,281	180,640	13,851,016	219,382	359,141	1,173,976	16,174,436
Additions		68,832	4,818	816,377	64,651	111,042	1,688,786	2,754,506
Assetisation		-	13,947	1,553,738	7,402	82,622	(1,657,709)	-
Disposals		-	(385)	(15,504)	(1,115)	(167)	-	(17,171)
Write off	7(a)	-	(58)	577	(1,547)	(2)	-	(1,030)
Depreciation	7(a)	(62,810)	(33,607)	(2,370,554)	(74,159)	(163,265)	-	(2,704,395)
Impairment	7(a)	-	-	(5,539)	(68)	(2)	(13,854)	(19,463)
Reversal of impairment	7(a)	-	-	-	-	-	14,560	14,560
Currency translation differences		(18,145)	(9,128)	(704,315)	(10,696)	(6,591)	(71,215)	(820,090)
Transferred to assets directly associated with non-current assets classified as held-for-sale	34(a)(ii)	(4,726)	-	(160,159)	(5,600)	(3,753)	(76,869)	(251,107)
At 31 December 2010		373,432	156,227	12,965,637	198,250	379,025	1,057,675	15,130,246
At 31 December 2010								
Cost		686,313	302,558	24,111,538	551,247	1,524,378	1,162,218	28,338,252
Accumulated depreciation		(305,816)	(120,487)	(10,676,400)	(347,468)	(1,134,569)	-	(12,584,740)
Accumulated impairment losses		(7,065)	(25,844)	(469,501)	(5,529)	(10,784)	(104,543)	(623,266)
Net book value		373,432	156,227	12,965,637	198,250	379,025	1,057,675	15,130,246

25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) During the financial year, the Group incurred net impairment of RM7.6 million (2010: RM4.9 million). The impairment are primarily related to the write down of certain telecommunication network assets and long outstanding projects which had been written down to its recoverable values, net of reversal of impairment of RM7.8 million (2010: RM14.6 million) in relation to capital work-in-progress made on a subsidiary's long outstanding projects which are now completed.

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

	Group	
	2011	**2010**
	RM'000	**RM'000**
Telecommunication network	**1,693,698**	1,656,038
Movable plant and equipment	**112,444**	75,474
Computer support systems	**2,834**	3,116
Land	**5,148**	5,812
Buildings	**16,706**	17,490
	1,830,830	1,757,930

(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 physical verification exercise and 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 RM171.8 million (2010: RM32.5 million).

(d) XL owns land located throughout Indonesia with Building Use Rights *(Hak Guna Bangunan* or *"HGB")* for periods of 20-30 years which will expire between 2012 and 2040.

As at 31 December 2011, there are 83 locations (2010: 88 locations) with a total book value of RM13.7 million (2010: RM13.3 million) and for which HGB certificates are in the process.

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

	Group	
	2011	**2010**
	RM'000	**RM'000**
Freehold	**24,007**	24,821
Short term leasehold	**78,422**	57,514
Long term leasehold	**393,531**	291,097
	495,960	373,432

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

		Movable plant and equipment				
Company	**Note**	**Office equipment RM'000**	**Furniture and fitting RM'000**	**Mobile equipment RM'000**	**Motor vehicles RM'000**	**Total RM'000**
Net book value						
At 1 January 2011		**4,317**	**4,942**	**403**	**423**	**10,085**
Additions		**4,763**	**491**	**–**	**–**	**5,254**
Depreciation	7(a)	**(2,061)**	**(786)**	**(70)**	**(148)**	**(3,065)**
At 31 December 2011		**7,019**	**4,647**	**333**	**275**	**12,274**
At 31 December 2011						
Cost		**12,179**	**7,059**	**598**	**751**	**20,587**
Accumulated depreciation		**(5,160)**	**(2,412)**	**(265)**	**(476)**	**(8,313)**
Net book value		**7,019**	**4,647**	**333**	**275**	**12,274**
Net book value						
At 1 January 2010		4,245	4,752	449	572	10,018
Additions		1,385	873	–	–	2,258
Depreciation	7(a)	(1,313)	(683)	(46)	(149)	(2,191)
At 31 December 2010		4,317	4,942	403	423	10,085
At 31 December 2010						
Cost		7,416	6,568	598	751	15,333
Accumulated depreciation		(3,099)	(1,626)	(195)	(328)	(5,248)
Net book value		4,317	4,942	403	423	10,085

26. INVESTMENT PROPERTIES

Group	Note	Freehold land RM'000	Buildings RM'000	Total RM'000
Net book value				
At 1 January 2011		**1,787**	**233**	**2,020**
Depreciation	7(a)	**–**	**(1)**	**(1)**
Disposal		**(1,787)**	**(232)**	**(2,019)**
At 31 December 2011		**–**	**–**	**–**
At 31 December 2011				
At cost		**–**	**–**	**–**
Accumulated depreciation		**–**	**–**	**–**
Net book value		**–**	**–**	**–**
Net book value				
At 1 January 2010		1,787	240	2,027
Depreciation	7(a)	–	(7)	(7)
At 31 December 2010		1,787	233	2,020
At 31 December 2010				
At cost		1,787	413	2,200
Accumulated depreciation		–	(180)	(180)
Net book value		1,787	233	2,020

Rental income earned from the investment property is Nil (2010: RM50,400).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

27. SUBSIDIARIES

	<-------- 2011 --------		-------->	<-------- 2010 --------		-------->
Company	Malaysia RM'000	Overseas RM'000	Total RM'000	Malaysia RM'000	Overseas RM'000	Total RM'000
Unquoted shares, at cost	**5,259,921**	**182,925**	**5,442,846**	5,216,460	182,925	5,399,385
Accumulated impairment losses	**(3,996)**	**(141,869)**	**(145,865)**	(3,996)	(141,869)	(145,865)
	5,255,925	**41,056**	**5,296,981**	5,212,464	41,056	5,253,520
Advance to subsidiaries treated as quasi-investment	**2,731,234**	**6,682,972**	**9,414,206**	3,075,761	6,355,626	9,431,387
Accumulated impairment losses	**-**	**(1,221,371)**	**(1,221,371)**	-	(1,221,371)	(1,221,371)
	2,731,234	**5,461,601**	**8,192,835**	3,075,761	5,134,255	8,210,016
Total	**7,987,159**	**5,502,657**	**13,489,816**	8,288,225	5,175,311	13,463,536

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

The currency exposure profile of the advances to subsidiaries treated as quasi-investment is as follows:

	Advances to subsidiaries treated as quasi-investment 2011 RM'000	2010 RM'000
RM	**2,716,790**	2,909,252
USD	**5,476,045**	5,300,764
	8,192,835	8,210,016

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

A reassessment has been performed during the financial year and no additional impairment charge is required.

Due to the presence of impairment indicators in the previous financial year arising from unprofitable subsidiaries and the impairment of an investment in an associate by certain subsidiaries in which the advances are treated as quasi-investment, the Company undertook an impairment assessment of the balances as follow:

27. SUBSIDIARIES (CONTINUED)

Key assumptions used in the VIU

The recoverable amounts of the Company's investment in a subsidiary and advances to subsidiaries treated as quasi-investment were determined based on VIU calculations, which apply a discounted cash flow model based on the forecasts and projections approved by the management. These forecasts and projections reflect management's expectations based on the current assessment of market share, expectations of market growth and industry growth as benchmarked with external sources.

The following assumptions have been applied in the VIU calculations:

	2010	
	Subsidiary %	Quasi-investment %
Pre-tax discount rate	20.4	13.4
Terminal growth rate	3.5	3.5

The sensitivities and key variables applied to the impairment assessment on advances treated as quasi-investment is as disclosed in Note 28 to the financial statements.

Based on the impairment tests conducted, the investments in subsidiaries and advances to subsidiaries treated as quasi-investment have been impaired by RM145.9 million and RM1,221.4 million respectively in the previous financial year.

28. ASSOCIATES

	2011			2010		
	Malaysia RM'000	Overseas RM'000	Total RM'000	Malaysia RM'000	Overseas RM'000	Total RM'000
Group						
Quoted investments	**-**	**8,491,808**	**8,491,808**	-	8,286,355	8,286,355
Unquoted investments	**30,919**	**757**	**31,676**	30,919	22,121	53,040
Share of post acquisition results and reserves	**11,448**	**85,110**	**96,558**	3,843	77,408	81,251
	42,367	**8,577,675**	**8,620,042**	34,762	8,385,884	8,420,646
Accumulated impairment losses	**-**	**(1,085,034)**	**(1,085,034)**	-	(1,085,034)	(1,085,034)
Currency translation differences	**-**	**(1,349,678)**	**(1,349,678)**	-	(637,128)	(637,128)
Share of net assets of associates	**42,367**	**6,142,963**	**6,185,330**	34,762	6,663,722	6,698,484
Market value of quoted investments	**-**	**5,048,701**	**5,048,701**	-	4,722,638	4,722,638

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

28. ASSOCIATES (CONTINUED)

	2011			2010		
	Malaysia RM'000	Overseas RM'000	Total RM'000	Malaysia RM'000	Overseas RM'000	Total RM'000
Company						
Quoted investments:						
At cost	**-**	**124,802**	**124,802**	-	124,802	124,802
Market value	**-**	**214,945**	**214,945**	-	206,721	206,721

The Group's share of revenue and profit of associates is as follows:

	2011 RM'000	2010 RM'000
Revenue	**2,610,714**	3,045,011
Profit for the financial year	**137,745**	138,139

The Group's share of assets and liabilities of associates is as follows:

	2011 RM'000	2010 RM'000
Non-current assets	**4,467,593**	4,640,624
Current assets	**1,035,638**	405,046
Current liabilities	**(1,873,122)**	(609,693)
Non-current liabilities	**(1,184,001)**	(1,798,089)
Net assets	**2,446,108**	2,637,888
Goodwill	**4,672,511**	5,145,630
Accumulated impairment losses (net of currency translation differences)	**(933,289)**	(1,085,034)
	6,185,330	6,698,484

The Group's share of contingent liabilities of associates amounted to RM540.8 million (2010: RM547.0 million).

The Group's and the Company's equity interests in the associates, their respective principal activities and countries of incorporation are listed in Note 42 to the financial statements.

During the financial year, carrying amount of an associate, Mobile Telecommunication Company of Esfahan ("MTCE") was reclassified from associates to assets held-for-sale as disclosed in Note 34(b) to the financial statements.

28. ASSOCIATES (CONTINUED)

Impairment test

During the financial year, the Group had undertaken the test of impairment of its investment in Idea following an impairment indicator arising from the shortfall between the carrying value and market value. No impairment loss was required for the carrying amount of Idea as at 31 December 2011 as its recoverable amount was in excess of its carrying amount. The investment in Idea is defined as the Group's CGUs.

In the previous financial year, an impairment loss amounted to RM1,085.0 million was recognised in respect of the Group's investment in India. An impairment test was undertaken in the previous financial year following an impairment indicator arising from the shortfall between the carrying value and market value as well as intense price competition following the entry of a number of new operators into the Indian market.

Key assumptions used in the VIU

The recoverable amount was determined based on VIU calculation, which apply a discounted cash flow model based on the forecasts and projections approved by the management. These forecasts and projections reflect management's expectations based on the current assessment of market share, expectations of market growth and industry growth as benchmarked with external sources.

The key assumptions used in determining the VIU are:

Assumptions	Basis of determination
Projection period	A ten (10) years (2010: 10 years) cash flow forecast is used as the overall penetration rate in India is relatively low, based on past experience of emerging markets, the prospects are good, notwithstanding that it would take longer time frame to achieve optimal operational levels.
Pre-tax adjusted discount rate	13.4% (2010: 13.4%) was used in line with the market analysis.
Terminal growth rate	Long term terminal growth rate is estimated to be 3.0% (2010: 3.5%) applied beyond the tenth (10^{th}) year cash flows to perpetuity.
Blended Average Revenue per user ("ARPU")	Compound Annual Growth Rate of 0.3% (2010: 0.6%) throughout the ten (10) years projection period.
Blended subscribers	Blended subscriber base ranged between 100.4 million in 2012 to 194.0 million in 2021 (2010: ranged between 84.6 million in 2011 to 144.6 million in 2020).
Blended Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") margin	Ranging from 22.06% in 2012 to 30.72% in 2021 (2010: ranging from 21.9% in 2011 to 32.4% in 2020).
Effective tax rate	20% from 2012 to 2016, 34% in 2017 and beyond (2010:20% from 2011 to 2019, 34% in 2020 and beyond).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

28. ASSOCIATES (CONTINUED)

Impairment test (continued)

The key assumptions used in determining the VIU are: (continued)

Assumptions	**Basis of determination**
Capital expenditure	The cash flow forecasts for capital expenditure are based on past experience and include the ongoing capital expenditure required to continue to roll out networks in emerging markets to provide voice and data products and services and to meet the population coverage requirements of certain of the Group's licences. Capital expenditure forecasted excludes excess spectrum charge and limit on spectrum and license renewal fees, which are currently being deliberated and at this juncture uncertain.

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of Idea to exceed its recoverable amount.

29. LONG TERM RECEIVABLES

	Group	
	2011	**2010**
	RM'000	**RM'000**
Staff loans	**226**	332
Finance lease receivables (a)	**108,632**	110,981
Investment in convertible bond (b)	**–**	–
	108,858	111,313

29. LONG TERM RECEIVABLES (CONTINUED)

(a) 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	
	2011 RM'000	**2010 RM'000**
Within one (1) year	**22,198**	21,536
Between one (1) and five (5) years	**86,981**	84,380
More than five (5) years	**97,515**	115,470
	206,694	221,386
Unearned finance lease income	**(91,223)**	(104,772)
Finance lease receivables	**115,471**	116,614
Classified as:		
Current (Note 32)	**6,839**	5,633
Non-current	**108,632**	110,981
Finance lease receivables	**115,471**	116,614

(b) The bond is an investment in a twelve (12) years, 3% convertible bond of RM179.7 million (USD55.0 million), together with interest is repayable after twelve (12) years, beginning 12 August 2008.

In the previous financial year, the Group and the Company fully impaired the investment in convertible bond amounted to RM66.1 million as disclosed in Note 7(a) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

30. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

(a) Current portion

The currency exposure profile of the current portion of amounts due from subsidiaries is as follows:

	Amounts due from subsidiaries	
	2011 RM'000	2010 RM'000
Non-interest bearing		
RM	**113,264**	67,875
USD	**19,019**	44,345
Singapore Dollar ("SGD")	**41,030**	39,046
	173,313	151,266

Amounts due from subsidiaries are net of impairment losses of RM6.6 million provided for in the previous financial year, unsecured and have no fixed terms of repayment.

The currency exposure profile of the current portion of amounts due to subsidiaries is as follows:

	Amounts due to subsidiaries	
	2011 RM'000	2010 RM'000
RM	**4,255**	1,205
USD	**55**	169
	4,310	1,374

The amounts due to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

(b) Non-current portion

The currency exposure profile of the non-current portion of amounts due from subsidiaries is as follows:

	Amounts due from subsidiaries	
	2011 RM'000	2010 RM'000
USD[1]	**83,240**	42,370
SGD	**139,372**	138,833
	222,612	181,203

[1] Effective interest rate of 4.25% as at 31 December 2011 (2010: 3.97%) p.a.

31. INVENTORIES

	Group 2011 RM'000	Group 2010 RM'000
At net realisable value:		
Telecommunication equipment	**218,211**	3,826
Spares and others *	**123,626**	81,230
	341,837	85,056

* Included in spares and others are trading inventories mainly comprise of SIM cards, handsets and other consumables.

32. TRADE AND OTHER RECEIVABLES

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Trade receivables	**1,188,120**	1,039,397	**–**	–
Less: Provision for impairment	**(297,787)**	(352,603)	**–**	–
	890,333	686,794	**–**	–
Other receivables:				
Deposits	**108,176**	107,636	**–**	–
Less: Provision for impairment	**(23,002)**	(23,002)	**–**	–
	85,174	84,634	**–**	–
Prepayments	**747,039**	568,034	**3,942**	3,256
Staff loans	**456**	538	**9**	43
Finance lease receivables (Note 29(a))	**6,839**	5,633	**–**	–
Other receivables from an associate	**314**	314	**–**	–
Other receivables	**377,064**	360,655	**10,789**	9,146
Less: Provision for impairment	**(938)**	(2,830)	**–**	–
	376,126	357,825	**10,789**	9,146
Total other receivables after provision for impairment	**1,215,948**	1,016,978	**14,740**	12,445
Total trade and other receivables after provision for impairment	**2,106,281**	1,703,772	**14,740**	12,445

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

32. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	2011								2010							
	RM RM'000	USD RM'000	IDR RM'000	SLR RM'000	BDT RM'000	SDR RM'000	Others RM'000	Total RM'000	RM RM'000	USD RM'000	IDR RM'000	SLR RM'000	BDT RM'000	SDR RM'000	Others RM'000	Total RM'000
Functional currency																
Group																
RM	**667,235**	**352**	**-**	**-**	**-**	**61,016**	**314**	**728,917**	508,237	-	-	-	-	18,250	-	526,487
IDR	**-**	**56,736**	**779,969**	**-**	**-**	**-**	**42**	**836,747**	-	53,569	586,441	-	-	-	30	640,040
SLR	**-**	**98,417**	**-**	**165,745**	**-**	**-**	**-**	**264,162**	-	103,429	-	127,596	-	-	-	231,025
BDT	**-**	**3,664**	**-**	**-**	**221,051**	**-**	**-**	**224,715**	-	-	-	-	273,244	-	-	273,244
Others	**-**	**51,644**	**-**	**-**	**-**	**-**	**96**	**51,740**	-	32,955	-	-	-	-	21	32,976
	667,235	**210,813**	**779,969**	**165,745**	**221,051**	**61,016**	**452**	**2,106,281**	508,237	189,953	586,441	127,596	273,244	18,250	51	1,703,772
Company																
RM	**14,394**	**346**	**-**	**-**	**-**	**-**	**-**	**14,740**	12,445	-	-	-	-	-	-	12,445

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

	Group 2011 RM'000	2010 RM'000
Trade receivables		
At 1 January	**352,603**	377,014
Provision for impairment during the financial year (Note 7(b))	**84,720**	115,407
Written off	**(138,268)**	(128,794)
Currency translation differences	**(1,268)**	(8,584)
Transferred to assets directly associated with non-current assets classified as held-for-sale	**-**	(2,440)
At 31 December	**297,787**	352,603
Other receivables		
At 1 January	**25,832**	52,702
Provision for impairment during the financial year (Note 7(b))	**1,183**	984
Written off	**(3,075)**	(27,854)
At 31 December	**23,940**	25,832

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

32. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Not past due RM'000	Trade receivables specifically impaired (net of impairment) RM'000	Past due and not specifically impaired: 0-3 months RM'000	3-6 months RM'000	6-12 months RM'000	Over 12 months RM'000	Total RM'000
2011	**232,604**	**18,411**	**438,785**	**96,020**	**64,426**	**40,087**	**890,333**
2010	194,718	46,651	295,246	61,112	31,878	57,189	686,794

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 (2010: 7 to 90 days).

Other receivable from an associate is unsecured and interest free with no fixed term of repayment.

33. DEPOSITS, CASH AND BANK BALANCES

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Deposits with:					
– Licensed banks		**5,352,219**	5,408,813	**1,996,148**	3,081,028
– Other financial institutions		**–**	115,821	**–**	–
Deposits under Islamic principles		**714,505**	206,560	**–**	–
Total deposits		**6,066,724**	5,731,194	**1,996,148**	3,081,028
Cash and bank balances		**550,064**	546,188	**5,800**	11,227
Total deposits, cash and bank balances		**6,616,788**	6,277,382	**2,001,948**	3,092,255
Less:					
– Deposits pledged	16(a)	**(421,338)**	(13,037)	**(418,045)**	–
– Deposits held in Escrow accounts	37(b)	**(87,135)**	–	**–**	–
– Debt reserve account	16(f)	**(56,542)**	(7)	**–**	–
– Bank overdraft	16	**(5,367)**	(6,192)	**–**	–
Total cash and cash equivalents at the end of the financial year		**6,046,406**	6,258,146	**1,583,903**	3,092,255

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

33. DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

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:

(In days)	From	Group To	Company To
Financial year ended 31 December 2011	Overnight	**360**	**90**
Financial year ended 31 December 2010	Overnight	360	30

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

	<---- 2011						---->	<---- 2010						---->
	RM RM'000	USD RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000	RM RM'000	USD RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000
Functional currencies														
Group														
RM	**5,005,629**	**538,289**	**88**	**3,054**	**-**	**-**	**5,547,060**	5,005,016	642,246	315	3,098	-	-	5,650,675
IDR	**-**	**12,145**	**336,196**	**-**	**-**	**-**	**348,341**	-	53,912	75,509	-	-	-	129,421
SLR	**-**	**11,311**	**-**	**251,774**	**-**	**-**	**263,085**	-	4,643	-	125,933	-	-	130,576
BDT	**-**	**-**	**-**	**-**	**74,711**	**-**	**74,711**	-	3,489	-	-	58,131	-	61,620
Others	**-**	**19,567**	**-**	**-**	**-**	**364,024**	**383,591**	-	16,717	-	-	-	288,373	305,090
	5,005,629	**581,312**	**336,284**	**254,828**	**74,711**	**364,024**	**6,616,788**	5,005,016	721,007	75,824	129,031	58,131	288,373	6,277,382
Company														
RM	**1,500,704**	**501,244**	**-**	**-**	**-**	**-**	**2,001,948**	2,978,166	114,089	-	-	-	-	3,092,255

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

(a) The assets and liabilities related to a subsidiary of the Group, Multinet Pakistan (Private) Limited ("Multinet") have been presented as non-current assets held-for-sale following an agreement entered into on 13 July 2010 to dispose Multinet to the existing shareholder in Pakistan. The completion of the transaction is extended as the transaction is subject to amongst others the fulfilment of certain conditions precedent.

Multinet continues to be classified as assets and liabilities directly associated with non-current assets classified as held-for-sale during the financial year under FRS5 and presented under the 'others' segment as disclosed in Note 39 to the financial statements.

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

(a) (i) Cash flows associated with assets/liabilities held-for-sale

	Group	
	2011 RM'000	**2010 RM'000**
Operating cash flows	**58,963**	15,620
Investing cash flows	**(46,285)**	(14,115)
Financing cash flows	**(21,137)**	(5,397)
Effect of exchange losses	**(544)**	(583)
Total cash flows	**(9,003)**	(4,475)

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

	Group	
	2011 RM'000	**2010 RM'000**
PPE	**251,169**	251,107
Other current assets	**31,527**	34,667
Total assets directly associated with non-current assets classified as held-for-sale	**282,696**	285,774

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

	Group	
	2011 RM'000	**2010 RM'000**
Borrowings	**(67,026)**	(80,955)
Deferred tax liabilities	**(25,994)**	(2,105)
Other current liabilities	**(94,418)**	(161,593)
Total liabilities directly associated with non-current assets classified as held-for-sale	**(187,438)**	(244,653)

(iv) Cumulative expenses recognised in other comprehensive income relating to non-current assets classified as held-for-sale amounted to RM21.8 million (2010: RM21.7 million).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

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

(b) On 18 May 2011, the Group entered into a Sales 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 completion of the sale is subject to the fulfillment of certain conditions and completion procedures in the SPA. In conjunction with the disposal of MTCE, the investment in MTCE amounted to RM4.1 million was reclassified as "Non-Current Assets Held-for-Sale" during the financial year.

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

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Receipts from customers		**15,986,440**	15,286,614	**-**	-
Payments to suppliers and employees		**(8,380,194)**	(7,901,784)	**(150,214)**	(144,016)
Dividends received		**-**	-	**-**	5,190,221
Dividends from associates		**-**	-	**2,107**	4,757
Payment of finance cost		**(635,449)**	(668,503)	**(34,088)**	(146,104)
Payment of zakat		**(845)**	-	**(845)**	-
Payment of income taxes (net of tax refunds)		**(1,184,704)**	(793,075)	**1,418**	(4,660)
Total cash flows from/(used in) operating activities		**5,785,248**	5,923,252	**(181,622)**	4,900,198
Proceeds from disposal of PPE		**134,523**	18,793	**-**	-
Proceeds from disposal of investment properties		**14,176**	-	**-**	-
Purchase of PPE		**(4,280,063)**	(2,964,295)	**(5,254)**	(2,258)
Purchase of AFS financial asset		**-**	(361)	**-**	-
Payment on intangible assets		**(378,127)**	-	**-**	-
Novation of put option of an associate		**(334,308)**	-	**-**	-
Net proceeds from partial disposal of subsidiaries	5(a)(i),5(b)(iii)	**1,452**	1,942,571	**-**	-
Proceeds from disposal of an associate	5(b)(iv)	**-**	109,908	**-**	109,908
Additional investment in associates	5(a)(iii),5(b)(i)	**(205,766)**	(1,575)	**-**	-
Interest received		**235,524**	153,276	**80,062**	37,808
Net repayment from employees		**188**	127	**-**	-
Advances from subsidiaries treated as quasi-investment		**-**	-	**17,181**	1,416,778
Net repayment of advances from subsidiaries		**-**	-	**142,462**	422,042
Total cash flows (used in)/from investing activities		**(4,812,401)**	(741,556)	**234,451**	1,984,278

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

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Proceeds from borrowings		**2,646,226**	1,646,845	**–**	–
Repayments of borrowings		**(2,145,444)**	(7,746,877)	**–**	(4,200,000)
Proceeds from bonds and Sukuk issuance		**–**	5,155,650	**–**	–
Proceeds from issuance of Performance-Based ESOS shares		**38,061**	–	**38,061**	–
Share issue expense		**(112)**	–	**(112)**	–
Dividends paid to non-controlling interests		**(112,308)**	(280)	**–**	–
Dividends paid to shareholders	44	**(1,184,230)**	–	**(1,184,230)**	–
Dividends received from associates		**117,217**	89,445	**–**	–
Total cash flows used in financing activities		**(640,590)**	(855,217)	**(1,146,281)**	(4,200,000)

36. CONTINGENCIES AND COMMITMENTS

(a) Capital commitments

	Group 2011 RM'000	Group 2010 RM'000
PPE		
Commitments in respect of expenditure		
– Approved and contracted for	**1,747,978**	1,452,194
– Approved but not contracted for	**909,877**	515,087
	2,657,855	1,967,281

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

36. CONTINGENCIES AND COMMITMENTS (CONTINUED)

(b) Operating lease commitments

In 1999, XL entered into an office rental agreement denominated in Rupiah with PT Caraka Citra Sekar Lestari (third party) for a term of ten (10) years. On 23 March 2007, XL amended the office rental agreement until 31 October 2020, with a total commitment as follows:

	2011		2010	
	IDR' million	RM'000 equivalent*	IDR' million	RM'000 equivalent*
Payable within one (1) year	**18,850**	**6,579**	18,850	6,409
Payable more than one (1) year and no later than five (5) years	**84,268**	**29,410**	103,118	35,060
Payable more than five (5) years	**69,854**	**24,379**	69,854	23,750
Total	**172,972**	**60,368**	191,822	65,219

* based on closing rate

The rental expenses related to XL's commitment for the financial year ended 31 December 2011 and 2010 amounted to RM6.6 million (IDR18,850.0 million) and RM4.4 million (IDR12,382.0 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 and Information. No penalty will be imposed in the event that XL returns the license.

36. CONTINGENCIES AND COMMITMENTS (CONTINUED)

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

	Description	Potential exposure/claims 2011 RM'million	2010 RM'million
1	**Rego Multi-Trades Sdn Bhd ("Rego") vs Aras Capital Sdn Bhd ("Aras Capital") and Tan Sri Dato' Tajudin Ramli ("TSDTR")** In 2005, Rego, a wholly-owned subsidiary of Celcom, commenced proceedings against Aras Capital and TSDTR for amounts due to Rego pursuant to an investment agreement with Aras Capital and an indemnity letter given by TSDTR. TSDTR filed its defence and instituted a counterclaim against Rego, TRI 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.	**100.0**	100.0
2	**VIP Engineering and Marketing Limited ("VIPEM") vs Technology Resources Industries Berhad ("TRI") on TRI Telecommunications Tanzania Limited ("Tritel")** In December 2001, vide Civil Case No. 427 of 2001, VIPEM claimed a sum of USD18.6 million from TRI as its share of loss of profits for the mismanagement of Tritel, a joint venture company between TRI and VIPEM. In light of the winding-up order made against Tritel, TRI 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.	**63.7**	63.7

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

36. CONTINGENCIES AND COMMITMENTS (CONTINUED)

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

	Description	Potential exposure/claims 2011 RM'million	2010 RM'million
3	**TSDTR vs Celcom** In June 2006, Celcom and TRI were served with a Defense and Counterclaim by TSDTR in connection with proceedings initiated against him by Pengurusan Danaharta Nasional Berhad and two others. Celcom, TRI and the other twenty two (22) defendants were joined in these proceedings via counterclaim. Subsequently in July 2006, TSDTR filed and served an Amended Defence and Amended Counterclaim on Celcom/TRI's solicitors. On 14 February 2012, TSDTR withdrew his appeals aforementioned with costs.	**–**	13,461.4
4	**VAT assessment on Robi Axiata Limited ("Robi") SIM card sales** By a judgment dated 24 August 2006, the Divisional Bench of the High Court Division declared that the imposition of tax on SIM card sales was illegal and without lawful authority. Robi ceased making payments to the National Board of Revenue on the basis of the said Order. However, with effect from 27 March 2007, Robi resumed payment of the VAT on SIM Card sales due to a Stay Order issued by the Appellate Division of the Supreme Court on the Order passed by the High Court on 24 August 2006. In the event a claw back is required, the estimated VAT on sales of SIM cards between August 2006 and March 2007, amounts to RM69.7 million. Based on the legal opinion received, the Board of Directors are of the view that Robi has no further obligation.	**69.7**	78.6

36. CONTINGENCIES AND COMMITMENTS (CONTINUED)

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

	Description	Potential exposure/claims 2011 RM'million	2010 RM'million
5	**Robi's tax position**	**125.8**	95.6
	Robi has claimed for SIM tax subsidy as a deductible expense in its tax provision computations for FY 2005 to 2011 (2010: FY 2005 to 2010). 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.		
6	**Access Promotion Contribution ("APC") of Multinet**	**145.2**	–
	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 claw back is required, the estimated amount as per PTA monthly demand notice from January 2010 to December 2011 is RM145.2 million. 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/claims	**504.4**	13,799.3

The Company does not have any contingent liabilities as at 31 December 2011 and 2010.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

37. EVENTS AFTER THE REPORTING PERIOD

(a) 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 ("MVNO") 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 will 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.

(b) Acquisition by entire equity interest in Suntel Limited ("Suntel")

Dialog Broadband Networks (Private) Limited, a wholly-owned subsidiary of Dialog, on 14 December 2011 entered into a SPA with the shareholders of Suntel for the acquisition of the entire ordinary shares of Suntel.

Pursuant to the Signing of the SPA, Dialog deposited a sum of RM87.1 million (USD28.0 million) in Escrow Accounts with Standard Chartered Bank who acted as the Escrow Agent as disclosed in Note 33 to the financial statements.

The SPA is subject to conditions precedent which includes regulatory approvals. The SPA stipulates the fulfillment of the conditions precedent with a maximum period of six months from the date of the SPA. Upon fulfillment of the SPA, the operations of both DBN and Suntel will be consolidated into a "merged entity" providing advance fixed line and broadband services.

Post year end, the acquisition has yet to be completed as the conditions precedent to the SPA has yet to be fulfilled.

38. SIGNIFICANT NON-CASH TRANSACTIONS

Significant non-cash transactions are as follows:

	Note	Group 2011 RM'000	Group 2010 RM'000
(a) Share swap arising from the merger	5(b)(ii)	**–**	744,825
(b) Asset swap arrangements		**116,565**	–

39. 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 41 to the financial statements. Accordingly, the Group's operations by key operating companies is segmentised into these main geographic segments: Malaysia, Indonesia, Bangladesh, Sri Lanka and Others. Others comprise of individual companies 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.

	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 2011							
Operating revenue							
Total operating revenue	7,182,493	6,512,047	1,270,331	1,263,886	345,045	-	16,573,802
Inter-segment *	(8,371)	(46,930)	-	(11,351)	(15,213)	(44,000)	(125,865)
External operating revenue	7,174,122	6,465,117	1,270,331	1,252,535	329,832	(44,000)	16,447,937
Results:							
EBITDA	3,084,377	3,325,990	395,621	451,216	(110,988)	(21,904)	7,124,312
Interest income	95,070	40,773	5,774	11,737	131,659	(49,232)	235,781
Interest expense	(220,054)	(288,375)	(33,611)	(10,095)	(135,031)	49,064	(638,102)
Depreciation of:							
- Property, plant and equipment	(839,992)	(1,684,362)	(236,684)	(275,898)	(63,115)	11,027	(3,089,024)
- Investment properties	(1)	-	-	-	-	-	(1)
Amortisation of intangible assets	(4,043)	(25,175)	(12,512)	(7,095)	-	-	(48,825)
Associates:							
- share of results (net of tax)	7,605	-	-	268	129,872	-	137,745
- loss on dilution of equity interest	-	-	-	-	-	(20,108)	(20,108)
Impairment of:							
- Property, plant and equipment, net of reversal	6,934	(13,584)	-	(948)	-	-	(7,598)
Other non cash income/(expense)	58,108	(14,601)	(121,361)	(12,486)	(27,410)	169	(117,581)
Taxation	(420,844)	(357,729)	(31,458)	(12,556)	(41,205)	(557)	(864,349)
Segment profit/(loss) for the financial year	1,767,160	982,937	(34,231)	144,143	(116,218)	(31,541)	2,712,250

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

39. 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 2010							
Operating revenue							
Total operating revenue	6,797,553	6,197,817	1,207,438	1,181,090	286,120	-	15,670,018
Inter-segment *	(4,815)	-	-	-	-	(44,529)	(49,344)
External operating revenue	6,792,738	6,197,817	1,207,438	1,181,090	286,120	(44,529)	15,620,674
Results:							
EBITDA	2,984,419	3,347,585	384,632	425,015	(103,442)	15,728	7,053,937
Interest income	40,529	22,140	9,995	2,857	109,246	(31,157)	153,610
Interest expense	(74,409)	(366,774)	(18,183)	(27,021)	(217,985)	33,264	(671,108)
Depreciation of:							
- Property, plant and equipment	(743,555)	(1,507,666)	(213,377)	(277,913)	(60,093)	98,209	(2,704,395)
- Investment properties	(7)	-	-	-	-	-	(7)
Amortisation of intangible assets	(4,044)	(17,927)	(4,123)	(4,595)	-	-	(30,689)
Jointly controlled entity:							
- share of results (net of tax)	-	-	-	-	(141,939)	-	(141,939)
- gain on merger exercise	-	-	-	-	-	173,199	173,199
Associates:							
- share of results (net of tax)	4,300	-	-	-	133,839	-	138,139
- loss on dilution of equity interest	-	-	-	-	-	(5,719)	(5,719)
Impairment of:							
- Property, plant and equipment, net of reversal	4,485	(17,362)	(475)	8,449	-	-	(4,903)
- an associate	-	-	-	-	(1,085,034)	-	(1,085,034)
- long term receivable	-	-	-	-	(66,084)	-	(66,084)
- goodwill	-	-	-	-	-	(49,015)	(49,015)
Other non cash income/(expense)	67,777	(44,030)	(19,166)	22,877	418,288	-	445,746
Taxation	(554,519)	(392,330)	(90,130)	(13,986)	(5,298)	(32,895)	(1,089,158)
Segment profit/(loss) for the financial year	1,724,976	1,023,636	49,173	135,683	(1,018,502)	201,614	2,116,580

* 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.

40. 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 used only to hedge underlying commercial exposures and are not held for speculative purposes.

(a) Market risks

(i) Foreign currency exchange risk

The foreign exchange risk of the Group and the Company predominately arises from borrowings denominated in foreign currencies. The main currency exposure from borrowings denominated in foreign currency is USD. The Group and the Company has cross currency swaps and forward foreign currency contracts that are primarily used to hedge selected long term foreign currency borrowings to reduce the foreign currency exposures on these borrowings.

The Group has certain investment in foreign operation, 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risks (continued)

(i) Foreign currency exchange risk (continued)

As at 31 December 2011, if USD has weakened by 5% against IDR, BDT, SLR and RM with all other variables held constant, this will result in foreign exchange gains to the profit or loss of RM194.0 million and RM39.6 million respectively for the Group and the Company, on translation of USD denominated borrowings.

(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, Notes and Preference Shares. 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 2011, if interest rate on different foreign currencies denominated borrowings had been lower by 5% with all other variables held constant, this will result in a lower interest expense of RM29.5 million and RM0.6 million respectively for the Group and the Company.

(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.

(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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (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 monitors and maintains 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.

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 will not be reconciled to the amounts disclosed on the statement of financial position for borrowings and trade, other payables and derivative financial instruments.

	<------ 2011 ------>							
	Below 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	Over 5 years RM'000	Total contractual undiscounted cash flows RM'000	Total carrying amount RM'000
Group								
Trade and other payables excluding statutory liabilities	3,782,137	125,054	-	-	-	-	3,907,191	3,907,191
Borrowings	2,780,541	1,999,952	1,247,766	2,606,805	318,504	5,134,915	14,088,483	11,459,363
Net settled derivative financial instruments (interest rate swaps)	9,581	7,026	4,471	1,916	-	-	22,994	22,759
	6,572,259	2,132,032	1,252,237	2,608,721	318,504	5,134,915	18,018,668	15,389,313

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

	2011							
	Below 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	Over 5 years RM'000	Total contractual undiscounted cash flows RM'000	Total carrying amount RM'000
Company								
Trade and other payables	65,020	-	-	-	-	-	65,020	65,020
Borrowings	30,907	30,907	30,907	816,154	-	-	908,875	775,128
Amounts due to subsidiaries	4,310	-	-	-	-	-	4,310	4,310
	100,237	30,907	30,907	816,154	-	-	978,205	844,458

	2010							
	Below 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	Over 5 years RM'000	Total contractual undiscounted cash flows RM'000	Total carrying amount RM'000
Group								
Trade and other payables excluding statutory liabilities	2,900,954	-	-	-	-	-	2,900,954	2,900,954
Borrowings	1,270,380	2,468,115	1,362,947	693,003	2,379,652	5,650,515	13,824,612	10,683,574
Net settled derivative financial instruments (interest rate swaps)	14,191	11,203	8,216	5,228	2,241	-	41,079	22,638
	4,185,525	2,479,318	1,371,163	698,231	2,381,893	5,650,515	16,766,645	13,607,166
Company								
Trade and other payables	37,193	-	-	-	-	-	37,193	37,193
Borrowings	29,226	29,226	29,226	29,226	815,313	-	932,217	738,758
Amounts due to subsidiaries	1,374	-	-	-	-	-	1,374	1,374
	67,793	29,226	29,226	29,226	815,313	-	970,784	777,325

40. 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 by 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.

The gearing ratios as at 31 December were as follows:

	Group	
	2011	**2010**
	RM'000	**RM'000**
Borrowings (Note 16)	**11,459,363**	10,683,574
Total equity	**21,120,867**	20,278,648
Gearing ratio	**0.54**	0.53

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)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

The following table represents the fair value level of the assets and liabilities that are measured at fair value as at 31 December 2011.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
Assets				
Financial assets at FVTPL:				
– Trading securities	9	–	–	9
– Non-hedging derivatives	–	44,891	–	44,891
Available-for-sale:				
– Equity securities	–	–	893	893
	9	44,891	893	45,793
Liabilities				
Financial liabilities at FVTPL:				
– Non-hedging derivatives	–	36,888	–	36,888
– Derivatives used for hedging	–	90,861	–	90,861
	–	127,749	–	127,749
Company				
Liabilities				
Financial liabilities at FVTPL:				
– Derivatives used for hedging	–	33,609	–	33,609

41. LIST OF SUBSIDIARIES

The subsidiaries are as follows:

Name of company	% of Group's effective shareholding 2011	2010	Principal activities	Place of incorporation
Axiata Investments (Labuan) Limited	**100.00**	100.00	Investment holding	Federal Territory, Labuan, Malaysia
Axiata Investments 1 (India) Limited#	**100.00**	100.00	Investment holding	Mauritius
Hello Axiata Company Limited ("Hello")#	**100.00**	100.00	Provision of mobile telecommunication services in Cambodia	Cambodia
Axiata Management Services Sdn Bhd	**100.00**	100.00	Provision of services under Axiata's Service Assurance Centre to telecommunication service providers to enhance service quality to customers	Malaysia
Celcom Axiata Berhad	**100.00**	100.00	Provision of telecommunication network capacity, infrastructure and services	Malaysia
Axiata Investments (Singapore) Limited	**100.00**	100.00	Investment holding	Federal Territory, Labuan, Malaysia
Axiata SPV1 (Labuan) Limited	**100.00**	100.00	Offshore non-trading	Federal Territory, Labuan, Malaysia
Axiata Foundation&	**-**	-	Develop and nurture talent pool and foster, develop and improve education	Malaysia
Subsidiaries held through Axiata Investments (Labuan) Limited				
Dialog Axiata PLC#	**84.97**	84.97	Provision of mobile telecommunication services in Sri Lanka	Sri Lanka
Axiata Investments (Mauritius) Limited#	**100.00**	100.00	Dormant	Mauritius
Robi Axiata Limited*	**70.00**	70.00	Provision of mobile telecommunication services in Bangladesh	Bangladesh
Axiata Lanka (Private) Limited #	**100.00**	100.00	To carry on engage in the business of construction high rise office complex with telecommunication tower and to provide other facilities for the occupants of the building and for the sale, leasing and renting thereof	Sri Lanka

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

41. LIST OF SUBSIDIARIES (CONTINUED)

The subsidiaries are as follows (continued):

Name of company	% of Group's effective shareholding 2011	2010	Principal activities	Place of incorporation
Subsidiaries held through Axiata Investments (Labuan) Limited (continued)				
Multinet Pakistan (Private) Limited*~	**89.00**	89.00	Provision of cable television services, information technology (including software development) telecommunication and multimedia services in Pakistan	Pakistan
Axiata Investments (Indonesia) Sdn Bhd	**100.00**	100.00	Investment holding	Malaysia
Subsidiaries held through Axiata Investments (Indonesia) Sdn Bhd				
PT XL Axiata Tbk#	**66.61**	66.69	Provision of mobile telecommunication services in Republic of Indonesia	Indonesia
Subsidiaries held through PT XL Axiata Tbk				
Excelcomindo Finance Company BV#	**66.61**	66.69	Financing	Netherlands
GSM One (L) Limited#	**66.61**	66.69	Financing	Federal Territory, Labuan, Malaysia
GSM Two (L) Limited#	**66.61**	66.69	Financing	Federal Territory, Labuan, Malaysia
Subsidiaries held through Dialog Axiata PLC				
Dialog Broadband Networks (Private) Limited#	**84.97**	84.97	To establish, maintain and operate an International Telecommunication Service including but not limited to operation of international Voice Services, provision of International Private Leased Circuit Services and Managed Services	Sri Lanka
Dialog Television (Private) Limited#	**84.97**	84.97	To establish and carry on the business of television broadcasting network including cable and pay television transmission within Sri Lanka	Sri Lanka

41. LIST OF SUBSIDIARIES (CONTINUED)

The subsidiaries are as follows (continued):

Name of company	% of Group's effective shareholding 2011	2010	Principal activities	Place of incorporation
Subsidiaries held through Dialog Television (Private) Limited				
Communiq Broadband Network (Private) Limited#	**84.97**	84.97	To undertake, market, sell, operate, maintain and provide information technology and enabled services of all types whatsoever including but not limited to data and content transmission services	Sri Lanka
CBN Sat (Private) Limited#	**84.97**	84.97	To carry on the business of importers, manufacturers, assemblers, exporters, traders, distributors, retailers and wholesalers of any electronic consumer products and ratio and visual goods	Sri Lanka
Subsidiary held through Axiata Investments 1 (India) Limited				
Axiata Investments 2 (India) Limited#	**100.00**	100.00	Investment holding	Mauritius
Subsidiaries held through Celcom Axiata Berhad@				
Celcom Mobile Sdn Bhd	**100.00**	100.00	Provision of mobile communication services, network services, application services and content	Malaysia
Celcom Transmission (M) Sdn Bhd	**100.00**	100.00	Provision of network telecommunication network capacity and services	Malaysia
Alpha Canggih Sdn Bhd	**100.00**	100.00	Property investment	Malaysia
Celcom Technology (M) Sdn Bhd	**100.00**	100.00	Provision of telecommunication value added services through cellular or other forms of telecommunication network	Malaysia

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

41. LIST OF SUBSIDIARIES (CONTINUED)

The subsidiaries are as follows (continued):

Name of company	% of Group's effective shareholding 2011	2010	Principal activities	Place of incorporation
Subsidiaries held through Celcom Axiata Berhad@ (continued)				
CT Paging Sdn Bhd+	**100.00**	100.00	Provision of strategic and business development, management, administrative, support services and investment holding	Malaysia
Celcom Trunk Radio (M) Sdn Bhd	**100.00**	100.00	Ceased operations	Malaysia
Celcom Timur (Sabah) Sdn Bhd	**80.00**	80.00	Provision of fibre optic transmission network	Malaysia
Celcom Multimedia (Malaysia) Sdn Bhd	**100.00**	100.00	Provision of electronic wallet services	Malaysia
Technology Resources Industries Berhad	**100.00**	100.00	Investment holding	Malaysia
Subsidiary held through CT Paging Sdn Bhd				
C-Mobile Sdn Bhd	**100.00**	100.00	Trading and distribution of communication devices and its related products and services and setting up and managing of concept retail stores based on intellectual property rights owned by Celcom	Malaysia

41. LIST OF SUBSIDIARIES (CONTINUED)

The subsidiaries are as follows (continued):

Name of company	% of Group's effective shareholding 2011	2010	Principal activities	Place of incorporation
Subsidiary held through Technology Resources Industries Berhad				
Alpine Resources Sdn Bhd^@	–	100.00	Inactive	Malaysia
Rego Multi-Trades Sdn Bhd+	**100.00**	100.00	Dealing in marketable securities	Malaysia
Technology Resources Management Services Sdn Bhd+	**100.00**	100.00	Inactive	Malaysia
Technology Resources (Nominees) Sdn Bhd^@	–	100.00	Dormant	Malaysia

Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia

* Audited by a firm other than a member firm of PricewaterhouseCoopers International Limited

+ Inactive as at 31 December 2011

@ Consolidated by predecessor method of merger accounting

^ Dissolved pursuant to section 254(1)(b) of the Companies Act, 1965 effective 23 June 2011

~ Reclassified to non-current assets held-for-sale as disclosed in Note 34(a) to the financial statements

& 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

42. LIST OF ASSOCIATES

The investments in associates are as follows:

Name of company	% of Group's effective shareholding 2011	2010	Principal activities	Place of incorporation
Samart I-Mobile Public Company Limited ("SIM")	**24.42**	24.42	Mobile phone distributor accessories, and bundled with content and administration of the distribution channels for, and management of customer care and billing system of 1900MHz mobile phone	Thailand
Associate held through Axiata Investments (Labuan) Limited				
Mobile Telecommunication Company of Esfahan~	**49.00**	49.00	Planning, designing, installing, operating and maintaining a GSM mobile telecommunication network to customers in the province of Esfahan, Iran	Iran
Associates held through Celcom Axiata Berhad				
Sacofa Sdn Bhd	**15.12**	15.12	Trade or business of a telecommunications infrastructure and services company including all its related businesses	Malaysia
Tune Talk Sdn Bhd	**35.00**	35.00	Principally engaged in the business of providing mobile communication services, complementary value added services and telecommunication services	Malaysia
Associate held through Axiata Investments (Singapore) Limited				
M1 Limited	**29.23**	29.49	Provision of mobile telecommunication services, international call services, mobile retail sales, after sales support, customer services, paging services, research and development of mobile communication products and services and investment holding	Singapore

~ Reclassified to non-current assets held-for-sale as disclosed in Note 34(b) to the financial statements

42. LIST OF ASSOCIATES (CONTINUED)

The investments in associates are as follows (continued):

Name of company	% of Group's effective shareholding 2011	2010	Principal activities	Place of incorporation
Associate held through Axiata Investments 1 (India) Limited and Axiata Investments 2 (India) Limited				
Idea Cellular Limited	**19.96**	19.10	Leading GSM mobile services operator engaged in providing Mobile Telephone Services	India
Associate held through Dialog Axiata PLC				
Firstsource-Dialog Solution (Private) Limited	**26.00**	–	To carry on the business of providing information technology enabled services to the Sri Lankan and International market	Sri Lanka

All associates have co-terminous financial year end with the Group and the Company except MTCE with financial year ended on 20 March and Idea with financial year end on 31 March.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

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 FRS 124: "Related Party Disclosure".

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
Celcom	Subsidiary	Dividend and technical and management services
Dialog	Subsidiary	Technical and management services
XL	Subsidiary	Technical and management services
Robi	Subsidiary	Technical and management services
Hello	Subsidiary	Technical and management services
SIM	Associate	Dividends, technical and management services
AIL	Subsidiary	Advances treated as quasi-investment
AIL 1	Subsidiary	Advances treated as quasi-investment
AIL 2	Subsidiary	Advances treated as quasi-investment
AIS	Subsidiary	Advances

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, jointly controlled or significantly influenced directly by any key management personnel or their close family members.

43. RELATED PARTY TRANSACTIONS (CONTINUED)

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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
(a) Sale of goods and services				
Associates:				
– International roaming revenue	**34,860**	35,951	**–**	–
– Telecommunication services	**95,306**	33,519	**–**	–
	130,166	69,470	**–**	–
(b) Purchase of goods and services				
Associates:				
– Interconnection charges	**13,843**	16,326	**–**	–
– Leaseline charges, maintenance and others	**45,034**	41,156	**–**	–
	58,877	57,482	**–**	–
(c) Intercompany service agreement				
– Technical and management services	**272**	484	**48,418**	45,013
(d) Dividends received/receivable from subsidiaries/associates	**–**	–	**2,107**	5,194,978
(e) Advances from subsidiaries/related parties (net of repayment)	**–**	–	**(159,643)**	(1,838,820)

The outstanding balances as at the financial year end are disclosed in Notes 27 and 30 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 (CONTINUED)

43. RELATED PARTY TRANSACTIONS (CONTINUED)

	Group		Company	
	2011 RM'000	**2010 RM'000**	**2011 RM'000**	**2010 RM'000**
(f) Key management compensation short term employee benefits:				
- Salaries, allowances and bonus	**17,508**	14,044	**17,508**	14,044
- Ex-gratia payments	**–**	1,000	**–**	1,000
- Contribution to EPF	**2,699**	2,441	**2,699**	2,441
- Estimated money value of benefits	**171**	256	**171**	256
- Other staff benefits	**1,006**	87	**1,006**	87
Share-based compensation				
- ESOS and RSA expense	**3,967**	2,059	**3,967**	2,059

Included in key management compensation is the Executive Directors' remuneration of the Company as disclosed in Note 7(d) to the financial statements.

44. DIVIDENDS

	RM'000
Final tax exempt dividend under the single tier system of 10 sen per ordinary share of RM1 each, in respect of financial year ended 31 December 2010	845,651
Interim tax exempt dividend under the single tier system of 4 sen per ordinary share of RM1 each, in respect of financial year ended 31 December 2011	338,579
	1,184,230

The Directors have recommended a final tax exempt dividend under the single tier system of 15 sen per ordinary share of RM1 each of the Company in respect of the financial year ended 31 December 2011. The proposed dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting.

45. 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.

	2011 RM'000	2010 RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries		
– realised	**12,001,892**	10,225,212
– unrealised	**(1,404,088)**	(1,204,245)
	10,597,804	9,020,967
Total retained profits from associates:		
– realised	**799,480**	647,510
– unrealised	**(124,493)**	(90,159)
	674,987	557,351
	11,272,791	9,578,318
Less: consolidation adjustments	**(876,662)**	(350,556)
Total consolidated retained profits	**10,396,129**	9,227,762

The disclosure above is solely for compliance with the directive issued by the Bursa Securities and should not be used for any other purpose.

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 167 to 286 are drawn up in accordance with Financial Reporting Standards, the MASB Approved Accounting Standards in Malaysia for Entities other than Private Entities 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 2011 and of their financial performance and cash flows for the financial year then ended.

The information set out in Note 45 to the financial statements 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 22 February 2012.

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 officer primarily responsible for the financial management of Axiata Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 167 to 286 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 22 February 2012, before me.

COMMISSIONER FOR OATHS

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 167 to 286, which comprise the statements of financial position as at 31 December 2011 of the Group and of the Company, and the statements of comprehensive income, changes in equity and 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 44.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities and the Companies Act, 1965 in Malaysia, and for such internal control as the Directors determine are 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.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards in Malaysia and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2011 and of their financial performance and cash flows for the financial year then ended.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF AXIATA GROUP BERHAD
(INCORPORATED IN MALAYSIA) (COMPANY NO. 242188 H)

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 41 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 in Note 45 on page 287 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.

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

DATO' SERI AHMAD JOHAN BIN MOHAMMAD RASLAN
(No. 1867/09/12 (J))
Chartered Accountant

Kuala Lumpur
22 February 2012

GROUP FINANCIAL ANALYSIS

Axiata Group Berhad (Group) closed 2011 on a positive note, delivering revenue growth of 5.3% YoY, at RM16,447.9 million and PATAMI of RM2,345.6 million, marking a double digit growth of 33%. EBITDA increased marginally at 1.0% due to several one-off charges. Normalised EBITDA would have stood at 3.2% YoY. The healthy performance is further evidenced by the increase in cash balance to RM6,616.8 million at the end of the year despite aggressive investment on capital expenditure (capex) across the OpCos.

In terms of market presence, the Group continued to make significant progress with a total subscriber base of close to 200 million at the end of 2011, a 25% increase from 160 million subscribers a year ago. Data growth continued to show positive trends particularly in Malaysia and Indonesia, with an expansion in market share, whilst an increase subscribers base continued in Sri Lanka and Bangladesh. Overall, all around excellent performances were seen by our associates.

Malaysia saw a record breaking revenue growth of 6% to RM7,182.5 million despite operating in a mature market, driven by its data and mobile broadband services. Non voice revenue grew 12% YoY, contributing 35% of total revenue. EBITDA margin remained healthy at 44.6%, with normalised EBITDA margin increasing 2 percentage points. Normalised PATAMI surpassed the RM2 billion mark, a double digit growth of 11% which included last mile tax credit contributing to the excellent PATAMI result.

Despite the stiff market competition, mobile broadband subscribers in Malaysia stood at 937,000 at the end of the year, a 9% increase YoY bringing the total subscribers base up 7%, at close to 12 million users. In parallel, aggressive marketing campaigns to promote data saw good take up of devices such as smartphones and tablets, growing device revenue by more than 100%. With continuous emphasis on data segments, Malaysia is embarking on an interesting journey of innovative data offerings and services, network sharing for better quality and capacity alongside greater cost efficiencies management, ready to take on business challenges in 2012.

Indonesia, driven by extremely strong growth in data, performed well with revenue increasing 7% YoY to RM6,512.1 million, recording data revenue growth of 61% from the previous year. Advanced data, VAS and SMS or non-voice services contributed close to 50% of revenue this year.

Investments in 3G infrastructure, expansion of new 2G base stations and continuous efforts to improve network quality played a major part in accelerating the adoption of data versus voice. Investments in data services impacted EBITDA margin which stood at 49%; excluding one-offs it would have been 51% due to severance payment to its employees for its network outsourcing project, one of the steps taken for operational and cost efficiency.

Indonesia continues to grow its data revenue whilst mitigating voice decline with a focus on customers' share of wallet on voice. Its subscriber base increased 7% in the fourth quarter bringing the total subscribers to 46.4 million at year end. Data users stood at 25.5 million representing more than half of its total subscribers. Its efforts gained recognition and XL received 'The Best in Marketing Campaign' award by Marketing Magazine during the year. A dedicated team with a data centric focus was established during the year to support its data growth, manage data services and improve customer service experience which includes end to end service delivery.

In light of the above positive results, a proposed dividend of 35% of normalised PAT was announced in Indonesia subject to approval at its forthcoming AGM.

Sri Lanka continued its positive performance trend ending the year with 10% revenue growth at RM1,263.9 million. Prepaid revenue and television remained as primary contributors with Dialog Television turning PAT positive for the first time since acquisition in 2006. EBITDA grew 9% from the previous quarter at 36% margin through its continuous aggressive cost management initiatives and the de-scaling of operating cost structures. Total subscriber base increased 5% to 7.2 million with continuous efforts to stimulate voice usage. Dialog also recorded positive free cash flow for the eighth consecutive quarter. With the strong performance in 2011, the Board of Directors in Sri Lanka announced a cash dividend of SLR0.25 per share, totaling to SLR2 billion (approximately RM55 million) to be paid out to its shareholders, subject to approval at its forthcoming AGM.

Bangladesh, one of the Group's fastest growing markets, showed a steady double digit growth both in revenue and EBITDA despite competitive pressure. Revenue saw an 18% increase coming from increased voice, VAS and inter-connect revenue. EBITDA recorded a 15% hike with disciplined control over cost structure and operational

GROUP FINANCIAL ANALYSIS

efficiency. PAT took a hit primarily due to forex losses arising from the weakening of the BDT against the USD and current year 2G license costs amortisation along with other financing costs. On a normalised basis PAT would have been at 23% growth. Number of subscribers grew 39% YoY to 23.3 million.

Cambodia posted a 9% revenue increase in the fourth quarter of 2011 mainly from prepaid mobile revenue which grew 15% whilst other revenue grew 38%, mostly from sales of dual SIM phones. Number of subscribers grew by more than 100% from the previous year as a result of its aggressive marketing campaigns throughout the year. EBITDA was positive despite one off retrenchment costs during the year.

Excellent performance from regional associates in India and Singapore helped the Group maintain its strong results in 2011.

India recorded a solid 26% YoY revenue growth together with an excellent EBITDA growth of 38%. Strong customer traction saw 30% increase in subscriber base despite a challenging regulatory and macro-economic environment. PAT was down by 22% YoY due to competitive pressure, higher depreciation and interest expenses, but QoQ saw a healthy growth of 90%.

Singapore's focus on non voice revenue paid off when it made up 35.6% of the total service revenue, a significant jump from 14.4% in the previous year. PAT increased 4.5% in 2011 (YoY). Plans are in place to capture future data growth with the ongoing nationwide LTE network.

The Group's earnings per share stands at 28 sen, an increase of 33% from the previous year with the Group's return on invested capital improving from 11.8% to 12.2% YoY.

The Group ended the year with a strong Balance Sheet with cash and bank balance of RM6,616.8 million, an increase of RM339.4 million compared to the previous year. Total assets increased 6.4% YoY. Property, plant and equipment increased to RM1,031.3 million, mainly due to higher capex spending in Indonesia to support data growth especially on network investments for both quality and capacity. Increase in intangible assets of RM721.7 million was mainly as a result of renewal fees for 2G spectrum license in Bangladesh. Debt to equity ratio remained stable at 0.5x despite the increase in net borrowings to support the Group's investment objectives. The Group's strong Balance Sheet is a good start for 2012.

During the second half of the year, the Group's Board of Directors declared an interim tax exempt dividend of 4 sen per share. Following a stong full year overall performance the Board has recommended and announced a final dividend of 15 sen, representing an accumulative increase payout in dividends of 19 sen per share, a 60% payout ratio based on the Group's normalised PATAMI, subject to the approval of the shareholders at the forthcoming AGM.

SHAREHOLDING STATISTICS
AS AT 30 MARCH 2012

ANALYSIS OF SHAREHOLDINGS

Authorised Share Capital:
- RM12,000,000,000 divided into 12,000,000,000 ordinary shares of RM1.00 each

Issued & Paid-Up Share Capital:
- RM8,477,295,440 divided into 8,477,295,440 ordinary shares of RM1.00 each
- Voting Right: 1 vote per shareholder on a show of hands
  1 vote per ordinary share on a poll

Total No. of Shareholders:
- 23,297

DISTRIBUTION OF SHAREHOLDINGS
(without aggregating the securities from different securities accounts belonging to the same Depositor)

	Shareholders				Shares			
	Malaysian		Foreign		Malaysian		Foreign	
Size of Shareholdings	**No.**	**%**	**No.**	**%**	**No.**	**%**	**No.**	**%**
Less than 100	1,203	5.16	10	0.04	12,878	0.00[1]	91	0.00[1]
100 - 1,000	5,831	25.03	82	0.35	4,864,166	0.06	60,978	0.00[1]
1,001 - 10,000	12,514	53.72	268	1.15	46,902,879	0.55	1,184,105	0.01
10,001 - 100,000	2,081	8.93	255	1.10	53,521,941	0.63	10,735,954	0.13
100,001 - 423,864,771 (less than 5% of issued and paid up share capital)	459	1.97	591	2.54	1,296,565,804	15.29	2,245,221,183	26.49
423,864,772 and above	3	0.01	-	-	4,818,225,461	56.84	-	-
Total	**22,091**	**94.82**	**1,206**	**5.18**	**6,220,093,129**	**73.37**	**2,257,202,311**	**26.63**

Note:
[1] Less than 0.01%

CATEGORY OF SHAREHOLDINGS

Category of Shareholders	**No. of Shareholders**	**% of Shareholders**	**No. of Shares Held**	**% of Issued Shares**
Individuals	18,877	81.03	90,471,413	1.07
Bank/Finance Companies	121	0.52	1,271,706,938	15.00
Investments Trusts/Foundations/Charities	25	0.11	6,177,850	0.07
Other Types of Companies	294	1.26	47,622,996	0.56
Government Agencies/Institutions	22	0.09	3,264,036,357	38.50
Nominees	3,957	16.99	3,797,273,086	44.80
Others	1	0.00[1]	6,800	0.00[1]
Total	**23,297**	**100.00**	**8,477,295,440**	**100.00**

Note:
[1] Less than 0.01%

SHAREHOLDING STATISTICS
AS AT 30 MARCH 2012

SUBSTANTIAL SHAREHOLDERS (HOLDING 5% & ABOVE)
(as per Register of Substantial Shareholders)

		Direct Interests		Indirect/Deemed Interests		Total Interests	
No.	Name	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	Khazanah Nasional Berhad	3,238,919,155	38.21	84,415,540±	1.00	3,323,334,695	39.21
2.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	1,008,056,306	11.89	-	-	1,008,056,306	11.89
3.	AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	643,108,400	7.59	-	-	643,108,400	7.59

Note:

± Includes 370,431 Axiata Shares being the outstanding number of Axiata Shares to be returned to Khazanah under the Selling Flexibility Arrangement to facilitate the sale of Axiata Shares by Axiata's employees who have exercised their Axiata ESOS options. Khazanah is deemed to have an interest in these Axiata Shares pursuant to Section 6A of the Companies Act, 1965.

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS
The Directors' direct and/or indirect interest in the Company based on the Register of Directors' Shareholdings are as follows:-

	Number of ordinary shares of RM1.00 each					
	Direct Interest		Indirect Interests		Total Interest	
Interest in the Company	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
Dato' Sri Jamaludin Ibrahim	-	-	450,000#	0.00*	450,000#	0.00*

	Number of options over ordinary shares of RM1.00 each@					
	Direct Interest		Indirect Interests		Total Interest	
Interest in the Company	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
Dato' Sri Jamaludin Ibrahim	4,301,700	0.05	-	-	4,301,700	0.05

Notes:

Held through a nominee namely, CIMSEC Nominees (Tempatan) Sdn Bhd

* Less than 0.01%

@ Options pursuant to Axiata ESOS for Eligible Employees and Executive Directors of Axiata Group.

Save as disclosed above, none of other Directors has any interest direct or indirect in the Company and its related corporations.

LIST OF TOP THIRTY LARGEST SHAREHOLDERS

(without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	No. of Shares Held	% of Issued Shares
1.	Khazanah Nasional Berhad	3,238,919,155	38.21
2.	Citigroup Nominees (Tempatan) Sdn Bhd *- Employees Provident Fund Board*	933,897,906	11.02
3.	AmanahRaya Trustees Berhad *- Skim Amanah Saham Bumiputera*	645,408,400	7.61
4.	Cartaban Nominees (Asing) Sdn Bhd *- State Street London Fund FSIB for First State Asia Pacific Leaders Fund*	186,640,600	2.20
5.	Kumpulan Wang Persaraan (Diperbadankan)	136,496,200	1.61
6.	HSBC Nominees (Asing) Sdn Bhd *- Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)*	103,148,800	1.22
7.	CIMSEC Nominees (Tempatan) Sdn Bhd *- Exempt An for Khazanah Nasional Berhad (Axiata ESOS)*	83,628,076	0.99
8.	AmanahRaya Trustee Berhad *- Amanah Saham Wawasan 2020*	74,813,713	0.88
9.	Cartaban Nominees (Asing) Sdn Bhd *- Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)*	73,485,800	0.87
10.	Cartaban Nominees (Asing) Sdn Bhd *- Exempt An for State Street Bank & Trust Company (West CLT OD67)*	71,891,762	0.85
11.	HSBC Nominees (Asing) Sdn Bhd *- Exempt An for JPMorgan Chase Bank, National Association (U.K.)*	70,165,852	0.83
12.	Malaysia Nominees (Tempatan) Sendirian Berhad *- Great Eastern Life Assurance (Malaysia) Berhad (Par 1)*	68,268,225	0.81
13.	HSBC Nominees (Asing) Sdn Bhd *- TNTC for Saudi Arabian Monetary Agency*	67,411,700	0.80
14.	Citigroup Nominees (Tempatan) Sdn Bhd *- Exempt An for Eastspring Investments Berhad*	66,296,475	0.78
15.	Valuecap Sdn Bhd	64,493,300	0.76
16.	HSBC Nominees (Asing) Sdn Bhd *- BBH and Co Boston for Blackrock Global Allocation Fund, Inc*	62,497,253	0.74
17.	Cartaban Nominees (Asing) Sdn Bhd *- State Street London Fund FSIH for First State Global Emerging Markets Leaders Fund*	61,184,900	0.72
18.	HSBC Nominees (Asing) Sdn Bhd *- Exempt An for The Bank of New York Mellon (Mellon Acct)*	59,043,327	0.70

SHAREHOLDING STATISTICS
AS AT 30 MARCH 2012

LIST OF TOP THIRTY LARGEST SHAREHOLDERS (CONTINUED)
(without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	No. of Shares Held	% of Issued Shares
19.	HSBC Nominees (Asing) Sdn Bhd *– Exempt An for JPMorgan Chase Bank, National Association (Norges BK Lend)*	49,830,725	0.59
20.	HSBC Nominees (Asing) Sdn Bhd *– BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund*	46,886,294	0.55
21.	Mayban Nominees (Tempatan) Sdn Bhd *– Mayban Trustees Berhad for Public Ittikal Fund (N14011970240)*	45,230,000	0.53
22.	AmanahRaya Trustees Berhad *– Amanah Saham Malaysia*	44,000,000	0.52
23.	HSBC Nominees (Asing) Sdn Bhd *– Exempt An for JPMorgan Chase Bank, National Association (Saudi Arabia)*	39,456,550	0.47
24.	AmanahRaya Trustees Berhad *– Public Islamic Dividend Fund*	34,428,500	0.41
25.	Amsec Nominees (Tempatan) Sdn Bhd *– AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)*	32,476,050	0.38
26.	Permodalan Nasional Berhad	29,699,975	0.35
27.	HSBC Nominees (Asing) Sdn Bhd *– BBH and Co Boston for Matthews Asian Growth and Income Fund*	29,634,423	0.35
28.	HSBC Nominees (Asing) Sdn Bhd *– Exempt An for JPMorgan Chase Bank, National Association (U.A.E.)*	29,167,626	0.34
29.	Pertubuhan Keselamatan Sosial	26,254,875	0.31
30.	AmanahRaya Trustees Berhad *– Public Islamic Equity Fund*	25,563,500	0.30
	TOTAL	**6,500,319,962**	**76.70**

ADDITIONAL COMPLIANCE INFORMATION

1. SHARE BUY-BACK

At the last AGM held on 1 June 2011, Axiata obtained the mandate from its shareholders for Axiata to purchase its own share of up to 10% of its issued and paid-up share capital (Share Buy-Back) upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company.

Axiata did not carry out any Share Buy-Back exercise for the financial year ended 2011 (FY11).

[Disclosed in accordance with Appendix 9C, Part A item 14 and Appendix 12D of Paragraph 12.23, Main LR]

2. OPTIONS OR CONVERTIBLE SECURITIES

With the exception of options over ordinary shares of Axiata (ESOS Options) and Restricted Share Awards (RSA) issued under the Performance-Based ESOS and Share Scheme (Axiata Share Scheme), the Company has not issued any options and/or convertible securities.

The Performance-Based ESOS was approved by its shareholders at an Extraordinary General Meeting held on 24 March 2009 and implemented on 16 April 2009. On 1 June 2011, the Company's shareholders had, at the 19th AGM, approved the amendments to the Bye-Laws of the Axiata Share Scheme (Bye-Laws) to include a Restricted Share Plan and the same took effect from 15 July 2011, including the existing Performance-Based ESOS renamed as Axiata Share Scheme. From thereon, the Company started to offer Eligible Employees the entitlement to receive RSA instead of ESOS Options.

Information on the Axiata Share Scheme is set out in Note 14(a) of the Audited Financial Statement for FY11 on pages 215 to 223 of this Annual Report.

Information on ESOS Options/RSA granted, vested, exercised and outstanding since the implementation of Axiata Share Scheme until FY11 are as follows:-

- Total Number of ESOS Options/RSA granted: 186,908,000 ESOS Options, 977,100 RSA

The ESOS Options and RSA granted shall be vested only upon the fulfilment of certain performance criteria for the Company and individuals as at vesting date. Senior and top management can only vest the RSA at the end of the third year.

- Total Number of ESOS Options/RSA vested: 32,734,000 ESOS Options, Nil RSA
- Total Number of ESOS Options exercised: 21,027,811 ESOS Options
- Total number of ESOS Options/RSA outstanding: 148,015,739[1] ESOS Options, 977,100 RSA

Note: [1]Excluding 17,864,450 ESOS Options declared null and void due to resignation, termination or suspension of employment in accordance with the terms of the Bye-Laws.

ADDITIONAL COMPLIANCE INFORMATION

- As provided below, with the exception of Dato' Sri Jamaludin Ibrahim, Managing Director/President & Group Chief Executive Officer of the Company, none of the Directors of Axiata have been granted ESOS Options or RSA:-

	Granted		Vested		Outstanding	
	ESOS Options	RSA	ESOS Options	RSA	ESOS Options	RSA
Dato' Sri Jamaludin Ibrahim	4,301,700	Nil	2,693,900[2]	Nil	4,301,700	Nil

Note: [2]None of the ESOS Options vested have been exercised

In accordance with Bye-Laws 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. For the FY11, the actual percentage of options/shares granted to them was 20% of the total number of options/shares granted. Since commencement of the Axiata Share Scheme the actual percentage of options/shares granted in aggregate to Eligible Employees who are Executive Directors of the Company or any corporation within the Group or who are in Senior Management is 20%.

[Disclosed in accordance with Appendix 9C, Part A item 15 and 27, Main LR]

3. DEPOSITORY RECEIPT PROGRAMME

Axiata did not sponsor any depository receipt program for the FY11.

[Disclosed in accordance with Appendix 9C, Part A item 16, Main LR]

4. SANCTION AND/OR PENALTY

There was no sanction and/or penalty imposed on Axiata and its subsidiaries, directors or management by the regulatory bodies for the FY11.

[Disclosed in accordance with Appendix 9C, Part A item 17, Main LR]

5. NON-AUDIT FEES

The amount of non-audit fees incurred for the services rendered to Axiata and the Group by its external auditors, Messrs PricewaterhouseCoopers and its affiliated companies for the FY11 are RM5,107,668 and RM6,760,003.

Services rendered by PricewaterhouseCoopers are not prohibited by regulatory and other professional requirements, and are based on globally practiced guidelines on auditors' independence. PricewaterhouseCoopers was engaged in these services when their expertise and experience of Axiata are important. It is also the Group's policy to use the auditors in cases where their knowledge of the Group means it is neither efficient nor cost effective to employ another form of accountants.

[Disclosed in accordance with Appendix 9C, Part A item 18, Main LR]

6. VARIATION IN RESULTS

There were no profit estimate, forecasts or projections made or released by Axiata for the FY11.

[Disclosed in accordance with Appendix 9C, Part A item 19, Main LR]

7. PROFIT GUARANTEE

There were no profit guarantees given by Axiata for the FY11.

[Disclosed in accordance with Appendix 9C, Part A item 20, Main LR]

8. MATERIAL CONTRACTS INVOLVING DIRECTORS'/MAJOR SHAREHOLDERS' INTEREST

There were no material contracts of Axiata and/or its subsidiaries involving directors' and major shareholders' interests either subsisting as at 31 December 2011 or entered into since the end of FY10.

[Disclosed in accordance with Appendix 9C, Part A item 21, Main LR]

9. UTILISATION OF PROCEEDS

There were no corporate proposals undertaken by Axiata during the FY11 hence no proceeds raised for FY11.

The proceeds raised from the USD300 million aggregate principal amount of 5.375% Notes Due in 2020 issued by Axiata SPV1 in 2010 and guaranteed by Axiata have been fully utilised.

[Disclosed in accordance with Appendix 9C, Part A item 13, Main LR]

10. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE IN NATURE (RRPT)

At the last AGM held on 1 June 2011, Axiata has obtained a general mandate from its shareholders on RRPT entered into by Axiata and/or its subsidiaries (RRPT Mandate). The RRPT Mandate is valid until the conclusion of Axiata's forthcoming 20th Annual General Meeting to be held on 23 May 2012 (20th AGM).

Axiata proposes to seek a new RRPT Mandate at its forthcoming 20th AGM. The new RRPT Mandate, if approved by the shareholders would be valid until the conclusion of Axiata's next AGM. Details of the RRPT mandate to be sought is provided in the circular to the shareholders dated 30 April 2012 sent together with the Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

Details of RRPT entered into during the FY11 pursuant to RRPT Mandate are disclosed as follows:-

Transacting Companies	Transacting Related Parties	Interested Major Shareholder/Director	Nature of Transaction	Value of Transactions RM'000
Axiata Group	Telekom Malaysia Berhad and/or its subsidiaries ("**TM Group**")	- Khazanah, - Tan Sri Dato' Azman Hj Mokhtar - Kenneth Shen - Dr Farid Mohamed Sani *(Resigned with effect from 15 December 2011)*	**REVENUE**	
			Telecommunications and Related Services	
			- Interconnect payment from TM Group	56,990
			- Leased-line payment from TM Group	3,250
			- Voice Over Internet Protocol ("**VOIP**") related services revenue from TM Group	5,594
			- Dark fibre and leased line from Celcom to Fibrecomm Network (M) Sdn Bhd ("**Fibrecomm**")	1,906
			- Leased-line from Celcom Group to Fiberail Sdn Bhd ("**Fiberail**")	894
			Non-telecommunications Services	
			- Joint sales and marketing services from Celcom Group to TM Group	4,007
			COSTS	
			Telecommunications and Related Services	
			- Interconnect cost to TM Group	60,988
			- VOIP related services costs to TM Group	56,034
			- Leased-line costs to TM Group	66,007
			- Provision of data and bandwidth related services by TM Group to Axiata Group	32,013
			- Internet access and broadband charges by TM Group to Celcom	4,044
			- Leasing of fibre optic core and provision of bandwidth services from Fiberail by Celcom	11,311
			- Purchase of dark fibre, bandwidth, space and facility from Fibrecomm by Celcom	20,118
			Non-telecommunications Services	
			- Site rental for telecommunications infrastructure, equipments and related charges by TM Group to Celcom	21,696
			- Commission on registration and collection to TM Group by Celcom	1,886
			- Provision of contact centre and business process outsourcing services by VADS Berhad to Axiata Group	84,017
			- Rental of office premises payable monthly by Axiata Group to TM Group	14,844
			- Leasing of vehicles by TM Group to Celcom Group	1,575
			- Provision of information technology, human resources and other general office administrative support services by TM Group to Axiata Group	182
			TOTAL	**447,356**

[Disclosed in accordance with paragraph 10.09(2)(b) and paragraph 3.1.5 of Practice Note 12, Main LR]

NET BOOK VALUE OF LAND & BUILDINGS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

Location	Freehold		Leasehold		Net book value of land	Net book value of buildings
	No. of Lots	Area ('000 sq ft)	No. of Lots	Area ('000 sq ft)	RM'000	RM'000
1 Malaysia						
(a) Federal Territory (Kuala Lumpur)	-	-	3	91.0	7,292.2	3,660.3
(b) Selangor	1	53.9	2	48.7	10,547.2	25,702.2
(c) Perak	1	43.5	4	63.0	1,254.4	185.5
(d) Pulau Pinang	7	15.3	4	129.6	2,956.5	1,818.8
(e) Kedah	-	-	1	15.9	167.5	418.4
(f) Johor	6	41.6	1	78.8	1,399.8	1,750.8
(g) Negeri Sembilan	2	50.0	-	-	990.0	246.8
(h) Terengganu	-	-	7	871.8	447.7	12.1
(i) Kelantan	-	-	3	107.2	223.6	369.4
(j) Pahang	1	37.1	17	429.6	3,869.8	1,553.5
(k) Sabah	-	-	5	224.4	1,418.6	1,423.8
(l) Sarawak	2	320.1	3	58.5	704.3	925.2
2 Indonesia	-	-	11,328	32,308.0	448,957.9	71,458.4
3 Sri Lanka	15	508.9	-	-	10,583.1	34,728.5
4 Bangladesh	257	1,371.0	983	1,491.5	5,147.8	16,705.6
5 Cambodia	-	-	-	-	-	1,823.5
Total	292	2,441.4	12,361	35,918.0	495,960.4	162,782.8

Note:
The details of the top ten properties included in the above summary are disclosed in the next page.

LIST OF TOP TEN PROPERTIES

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

No	Address/Location	Freehold/Leasehold - land and/or buildings	Current usage of land & buildings	Approximate age of buildings (years)	Date of acquisition/ capitalisation	Remaining lease period (years)	Land area (sq. metre)	Built-up area (sq. metre)	Net book value as at 31 Dec 2011 (RM)
1	Seksyen 13, Jalan Kemajuan Petaling Jaya, Selangor Malaysia	Leasehold land and building	Network Office	18 years	23.03.1998	54 years	4,383.1	10,339.0	31,599,884
2	Jl. Sumba B12-1 Mekarwangi Cikarang Barat, Bekasi-Jawa Barat Kawasan MM2100, Indonesia	Leasehold land and freehold building	Telecommunications and operations office	1 year	25.01.2010 (land) 01.02.2011 (building)	19 years	19,549.5	10,683.0	30,573,204
3	Jl. Raya Kali Rungkut No. 15A Surabaya, Indonesia	Leasehold land and freehold building	Telecommunications and operations office	2 years	17.04.2008 and 22.12.2008 (land) 08.10.2009 (building)	17 years	8,853.0	9,443.0	29,332,020
4	Jl. Soekarno Hatta, Bandung Indonesia	Leasehold land and freehold building	Telecommunications and operations office	3 years	23.10.2007 (land) 16.12.2008 (building)	16 years	4,770.0	6,731.0	15,029,680
5	Jl. Rasuna Said Kav. A5 No. 6 Bintaro, Jakarta, Indonesia	Leasehold land and freehold building	Telecommunications and operations office	4 years	29.06.2006 (land) 30.09.2007 (building)	15 years	3,350.0	1,219.0	8,076,822
6	Bandar Sri Manjalara, Mukim Batu Kuala Lumpur Wilayah Persekutuan, Malaysia	Leasehold land and building	Telecommunications and operations office	8 years	23.05.1997	66 years	7,931.6	3,041.0	7,451,634
7	Corporate Building - Union Place Colombo 02, Sri Lanka	Freehold building	Office building	10 years	31.02.2002	n/a	n/a	1,858.0	3,754,157
8	Maharaja Land - Union Place Colombo 02, Sri Lanka	Freehold land	Office building	n/a	31.12.2002	n/a	4,925.0	n/a	3,660,613
9	No. 24, Foster lane Union Place, Colombo 02, Sri Lanka	Freehold land	Transmission station	n/a	29.11.2007	n/a	972.0	n/a	3,560,904
10	No. 2 Jln 5/89 off Jalan Sekilau Kompleks Batu 3½ Cheras, Kuala Lumpur Wilayah Persekutuan, Malaysia	Leasehold land and building	Exchange and Training Centre	17 years	23.05.1997	74 years	522.0	2,643.0	3,500,820

GROUP DIRECTORY

Axiata Group Berhad
Axiata Centre
9 Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia
Tel : +60 3 2263 8888
Fax : +60 3 2263 8822
Website : www.axiata.com

Celcom Axiata Berhad
Menara Celcom
No. 82, Jalan Raja Muda Abdul Aziz
50300 Kuala Lumpur
Malaysia
Tel : +60 3 2688 3939
Fax : +60 3 2681 0361
Website : www.celcom.com.my

PT XL Axiata Tbk
grha XL
Jl. Mega Kuningan
Lot. E4-7 No. 1
Kawasan Mega Kuningan
Jakarta 12950
Indonesia
Tel : +62 21 576 1881
Fax : +62 21 576 1880
Website : www.xl.co.id

Dialog Axiata PLC
No. 475, Union Place
Colombo 2
Sri Lanka
Tel : +94 777 678 700
Fax : +94 112 678 700
Website : www.dialog.lk

Robi Axiata Limited
Robi Corporate Office
53 Gulshan South Avenue
Gulshan-1
Dhaka-1212
Bangladesh
Tel : +88 02 9887146-52
Fax : +88 02 9885463
Website : www.robi.com.bd

Hello Axiata Company Limited
Phnom Penh Center
5th & 6th corner Sihanouk (274) &
Sothearos BLVD
Sangkat Tonlebasac
Khan Chamkamorn
Phnom Penh
Kingdom of Cambodia
Tel : +855 16 810 001-3
Fax : +855 16 810 004
+855 23 219 090
Website : www.hello.com.kh

Idea Cellular Limited
5th Floor "Windsor"
Kalina, Santa Cruz (East)
Mumbai 400098
India
Tel : +91 95 9400 4000
Fax : +91 95 9400 3181
Website : www.ideacellular.com

M1 Limited
10 International Business Park
Singapore 609928
Tel : +65 6655 1111
Fax : +65 6655 1977
Website : www.m1.com.sg

Samart I-Mobile Public Company Limited
99/3 Moo 4, Software Park
Chaengwattana Rd
Klong Gluar, Pak-kred
Nonthaburi 11120
Thailand
Tel : +66 2502 6000
Fax : +66 2502 6870
Website : www.i-mobilephone.com

Multinet Pakistan (Private) Limited
Plot 1D-203, Sector 30
Korangi Industrial Area
Karachi
Pakistan
Tel : +92 21 111 021 021
Fax : +92 21 5113 6485
Website : www.multinet.com.pk

Mobile Telecommunications Company of Esfahan
Emam Khomeini Street
After Ghods Shahrak
Next to Payam Gym
Esfahan
Iran
P.O.Box 81655-1446
Tel : +98 311 324 4040
Fax : +98 311 324 0024
Website : www.mtce.ir

GLOSSARY

3G
The third generation of mobile phone technologies covered by the ITU IMT-2000 family

Advanced Data
Data, VAS & Broadband

AGM
Annual General Meeting

AIL
Axiata Investments (Labuan) Limited

AIL1
Axiata Investments 1 (India) Limited

AIL2
Axiata Investments 2 (India) Limited

ARPU
Average Monthly Revenue Per User

Axiata
Axiata Group Berhad

Axiata Indonesia
Axiata Investments (Indonesia) Sdn Bhd

Axiata Singapore
Axiata Investments (Singapore) Limited

Axiata SPV1
Axiata SPV1 (Labuan) Limited

AxB
Axiata (Bangladesh) Limited

BAC
Board Audit Committee

BNC
Board Nomination Committee

BRC
Board Remuneration Committee

BTS
Base Transceiver Station

Bursa Securities
Bursa Malaysia Securities Berhad

CAMEL
Customised Applications for Mobile network Enhanced Logic also known as CAMEL was developed as a standard for mobile intelligence across different vendor equipment for GSM network

Casacom
Cambodia Samart Communications Company Limited [now known as HACL]

CBNP
Communiq Broadband Network (Private) Limited

CBNSP
CBN Sat (Private) Limited [now known as Dialog Television Trading (Private) Limited]

CDMA
Code Division Multiple Access

Celcom
Celcom Axiata Berhad

Celcom Group
Celcom and its subsidiaries

CLM
Customer Lifecycle Management

CR
Corporate Responsibility

CTX
Celcom Transmission (M) Sdn Bhd

DBN
Dialog Broadband Networks (Private) Limited

DCIL
Distacom Communications (India) Limited [now known as TMI India]

Dialog
Dialog Axiata PLC [formerly known as Dialog Telekom Limited]

DiGi
DiGi.Com Berhad

DiGi Tel
DiGi Telecommunications Sdn Bhd

DTI
Dialog Tele-Infrastructure (Private) Limited

DTV
Dialog Television (Private) Limited [formerly known as Asset Media (Private) Limited]

EBITDA
Earnings Before Interest Taxes Depreciation and Amortisation

EDGE
Enhanced Data rates for GSM Evolution

ED
Executive Director

ESOS
Employees Share Option Scheme

ESOS Committee
Employees Share Option Scheme Committee

Etisalat Indonesia
Emirates Telecommunications Corporation (Etisalat) International Indonesia Limited

Fibrecomm
Fibrecomm Network (M) Sdn Bhd

FCF
Free Cash Flow

FRS
Financial Reporting Standards

FY11
Financial year ended 31 December 2011

FY12
Financial year ending 31 December 2012

GAAP
Generally Accepted Accounting Principles

GCEO
Group Chief Executive Officer

GCFO
Group Chief Financial Officer

GCIA
Group Chief Internal Auditor

GIA
Group Internal Audit

GLC
Government Linked Companies

GLCT
Government Linked Company Transformation

GPRS
General Packet Radio Service

GRA
Group Regulatory Affairs

GSM
Global System for Mobile Communications

GSMA
The GSM Association

HACL
Hello Axiata Company Limited [formerly known as Telekom Malaysia International (Cambodia) Company Limited (TMIC)]

HSBB
High Speed Broadband

HSDPA
High Speed Downlink Packet Access

HSPA
High Speed Packet Access

IAD
Internal Audit Division

ICC
International Calling Card

ICT
Information and Communications Technology

IDD
International Direct Dialing

Idea
Idea Cellular Limited

INED
Independent Non-Executive Director

Indocel
Indocel Holding Sdn Bhd [now known as Axiata Investments (Indonesia) Sdn Bhd]

IP
Internet Protocol

IPVPN
Internet Protocol Virtual Private Network

Khazanah
Khazanah Nasional Berhad

KLCI
Kuala Lumpur Composite Index

KPI
Key Performance Indicator

LoA
Limits of Authority

LTE
Long Term Evolution

LTI
Long Term Incentive

M1
M1 Limited [formerly known as MobileOne Ltd]

M&A
Mergers & Acquisitions

Main LR
Main Market Listing Requirements of Bursa Securities

MCG
Malaysian Corporate Governance

MDS
Mobile Data Services

MNC
Multinational Company

MNP
Mobile Number Portability

MOU
Minutes of Use

MSWG
Minority Shareholder Watchdog Group

MTCE
Mobile Telecommunications Company of Esfahan

MTN
MTN Networks (Private) Limited [now known as Dialog]

Multinet
Multinet Pakistan (Private) Limited

MVNO
Mobile Virtual Network Operator

NED
Non-Executive Director

NGIN
New Generation Intelligent Network

GLOSSARY

NGNBN
Next Generation Nationwide Broadband Network

NINED
Non-Independent Non-Executive Director

OpCo
Operating Company

PAT
Profit after Tax

PATAMI
Profit after Taxation and Minority Interest

President & GCEO
Managing Director/President & Group Chief Executive Officer

Robi
Robi Axiata Limited

ROIC
Return on Invested Capital

ROE
Return on Equity

SAMART
Samart Corporation Public Company Limited

SIM
Samart I-Mobile Public Company Limited

SLT
Senior Leadership Team

SMS
Short Message Service

Spice
Spice Communications Limited

SunShare
SunShare Investments Ltd

TM
Telekom Malaysia Berhad

TMI
TM International Berhad [now known as Axiata]

TMI India
TMI India Ltd [now known as Axiata Investments 2 (India) Limited]

TMI Mauritius
TMI Mauritius Ltd [now known as Axiata Investments 1 (India) Limited]

TMIB
TM International (Bangladesh) Limited [now known as Robi]

TMIC
Telekom Malaysia International (Cambodia) Company Limited [now known as HACL]

TMIL
TM International (Labuan) Limited

ToR
Terms of Reference

TRI
Technology Resources Industries Berhad

TSR
Total Shareholder Return

USP
Universal Service Provision

VAS
Value Added Services

VPN
Virtual Private Network

WCDMA
Wideband CDMA

WiFi
Wireless Fidelity

XL
PT XL Axiata Tbk. [formerly known as PT Excelcomindo Pratama Tbk]

YoY
Year on Year

YTP
Young Talent Programme

CURRENCIES

BDT
Bangladeshi Taka, the lawful currency of Bangladesh

IDR
Indonesian Rupiah, the lawful currency of Indonesia

INR
Indian Rupee, the lawful currency of India

PKR
Pakistani Rupee, the lawful currency of Pakistan

RM
Ringgit Malaysia, the lawful currency of Malaysia

SGD
Singapore Dollars, the lawful currency of Singapore

SLR
Sri Lankan Rupee, the lawful currency of Sri Lanka

THB
Thai Baht, the lawful currency of Thailand

USD
United States Dollars, the lawful currency of the US

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE TWENTIETH ANNUAL GENERAL MEETING OF AXIATA GROUP BERHAD WILL BE HELD AT THE GRAND BALLROOM, 1ST FLOOR, SIME DARBY CONVENTION CENTRE, 1A JALAN BUKIT KIARA 1, 60000 KUALA LUMPUR, MALAYSIA ON WEDNESDAY, 23 MAY 2012 AT 10.00 A.M. FOR THE FOLLOWING PURPOSES:

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2011 together with the Report of the Directors and the Auditors thereon. **(Ordinary Resolution 1)**

2. To declare a final tax exempt dividend under single tier system of 15 sen per ordinary share for the financial year ended 31 December 2011. **(Ordinary Resolution 2)**

3. To re-elect the following Directors who retire by rotation pursuant to Article 93 of the Company's Articles of Association and who being eligible, offer themselves for re-election:

   (i) Tan Sri Dato' Azman Haji Mokhtar **(Ordinary Resolution 3)**

   (ii) David Lau Nai Pek **(Ordinary Resolution 4)**

4. To re-elect Kenneth Shen who was appointed to the Board during the year and retires pursuant to Article 99 (ii) of the Company's Articles of Association and being eligible, offers himself for re-election. **(Ordinary Resolution 5)**

5. To approve the Directors' fees of RM1,847,096.00 payable to the Directors for the financial year ended 31 December 2011. **(Ordinary Resolution 6)**

6. To re-appoint Messrs PricewaterhouseCoopers having consented to act as the Auditors of the Company for the financial year ending 31 December 2012 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 7)**

AS SPECIAL BUSINESS:

7. To consider and, if thought fit, to pass the following Ordinary Resolutions/Special Resolutions:-

(i) PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

"**THAT**, in accordance with paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities), approval be and is hereby given for Axiata Group Berhad (Company) and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, as set out in Appendix I of the Circular to Shareholders dated 30 April 2012 despatched together with the Company's 2011 Annual Report, which are necessary for the day-to-day operations in the ordinary course of the business of the Company and/or its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company;

NOTICE OF ANNUAL GENERAL MEETING

THAT such approval will continue to be in force and effect until:-

(i) the conclusion of the next Annual General Meeting of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting;

(ii) the expiration of the period within which the Company's next Annual General Meeting is required to be held under Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is earlier;

AND THAT the Board of Directors of the Company be and are hereby authorised to complete and do all acts, deeds and things (including without limitation, to execute such documents under the common seal in accordance with the provisions of the Articles of Association of the Company, as may be required) to give effect to the aforesaid shareholders' mandate and transaction contemplated under this resolution." **(Ordinary Resolution 8)**

(ii) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF AXIATA ("PROPOSED AMENDMENTS")

"**THAT**, the proposed amendments to the Articles of Association of the Company in the form and manner as set out in Section 3 and Section A of Appendix II of the Circular to Shareholders dated 30 April 2012, be approved and adopted.

AND THAT, in order to implement, complete and give full effect to the Proposed Amendments, approval be and is hereby given to the Board of Directors of the Company to do or procure to be done all acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to implement, give full effect to and complete the Proposed Amendments with full powers to assent to any conditions, modifications, variations and/or amendments thereto as the Board of Directors of the Company may deem fit and/or as may be imposed by any relevant authorities in connection with the Proposed Amendments." **(Special Resolution 1)**

(iii) PROPOSED AMENDMENT TO ARTICLE 106(i) OF THE ARTICLES OF ASSOCIATION OF AXIATA ("PROPOSED AMENDMENT TO ARTICLE 106(i)")

"**THAT**, the proposed amendment to the Article 106(i) on Remuneration of Directors, in the form and manner as set out in Section 3 and Section B of Appendix II of the Circular to Shareholders dated 30 April 2012, be approved and adopted.

AND THAT, in order to implement, complete and give full effect to the Proposed Amendment to Article 106(i), approval be and is hereby given to the Board of Directors of the Company to do or procure to be done all acts, deeds and things and to execute, sign and deliver on behalf of the Company, all such documents as it may deem necessary, expedient and/or appropriate to implement, give full effect to and complete the Proposed Amendment to Article 106(i), with full powers to assent to any conditions, modifications, variations and/or amendments thereto as the Board of Directors of the Company may deem fit and/or as may be imposed by any relevant authorities in connection with the Proposed Amendment to Article 106(i)." **(Special Resolution 2)**

(iv) PROPOSED DETERMINATION OF THE AMOUNT OF FEES OF NON-EXECUTIVE DIRECTORS FOR THE YEAR ENDING 31 DECEMBER 2012 AND EACH SUBSEQUENT YEAR

"**THAT**, subject to and conditional upon Special Resolution 2 being passed, the aggregate fees for the Non-Executive Directors for the year ending 31 December 2012 and each subsequent year, at an aggregate amount of not more than RM3,900,000.00 per annum to be divided amongst them in such manner as the Board of Directors of the Company may agree, be and is hereby approved." **(Ordinary Resolution 9)**

8. To transact any other ordinary business for which due notice has been given in accordance with Section 151 of the Companies Act, 1965.

NOTICE ON DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a final tax exempt dividend under single tier system of 15 sen per ordinary share for the financial year ended 31 December 2011 as recommended by Directors on 22 February 2012 and if approved by the shareholders at the forthcoming Twentieth Annual General Meeting will be paid on 14 June 2012 to Depositors whose names appear in the Register of Members/Record of Depositors on 30 May 2012.

FURTHER NOTICE IS HEREBY GIVEN THAT a Depositor shall qualify for entitlement to the dividends only in respect of:-

(a) Shares deposited into the Depositor's Securities Account before 12:30 p.m. on 28 May 2012 (in respect of shares which are exempted from Mandatory Deposit);

(b) Shares transferred into the Depositor's Securities Account before 4:00 p.m. on 30 May 2012; and

(c) Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

Shareholders are reminded that pursuant to Securities Industry (Central Depositories) Act 1991 (SICDA), all shares not deposited with Bursa Malaysia Depository Sdn Bhd (Bursa Depository) by 12:30 p.m. on 1 December 1998 and not exempted from Mandatory Deposit, have been transferred to the Ministry of Finance (MoF). Accordingly, the dividend for such undeposited shares will be paid to MoF.

BY ORDER OF THE BOARD

Suryani Hussein (LS0009277)
Group Company Secretary

Kuala Lumpur, Malaysia
30 April 2012

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

PROXY AND/OR AUTHORISED REPRESENTATIVES

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company and the provisions of Section 149(1)(a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.

2. A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Where a Member appoints two (2) proxies, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.

3. Where a Member is an authorised nominee as defined under the SICDA, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

   Every appointment submitted by an authorised nominee as defined under the SICDA, must specify the CDS Account Number.

4. The instrument appointing a proxy shall:-
   (i) in the case of an individual, be signed by the appointer or by his/her attorney.
   (ii) in the case of corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

   If the instrument appointing a proxy is signed by an officer on behalf of the corporation, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document, which is still in force, no notice of revocation has been received". If the instrument appointing a proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under a power of attorney, which is still in force, no notice of revocation has been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and exercised, should be enclosed with the proxy form.

5. A corporation which is a Member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 89 of the Company's Articles of Association.

6. The instrument appointing the proxy together with the duly registered power of attorney referred to in Note 4 above, if any, must be deposited at the office of the Share Registrar, Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding of the Meeting or at any adjournment thereof.

MEMBERS ENTITLED TO ATTEND

7. For purposes of determining a member who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Depository, in accordance with Article 66 of the Company's Articles of Association and Section 34(1) of the SICDA, to issue a General Meeting Record of Depositors as at 14 May 2012. Only a depositor whose name appears on the General Meeting Record of Depositors as at 14 May 2012 shall be entitled to attend, speak and vote at the said meeting or appoint a proxy(ies) on his/her behalf.

EXPLANATORY NOTES ON SPECIAL BUSINESS

(i) PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The proposed Ordinary Resolution 8, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions with related parties in the ordinary course of business which are necessary for the Group's day-to-day operations and are on terms not more favourable to the related parties than those generally available to the public and shall lapse at the conclusion of the next Annual General Meeting unless authority for its renewal is obtained from shareholders of the Company at such general meeting.

Detailed information on the Proposed Shareholders' Mandate is set out in Appendix I of the Circular to Shareholders dated 30 April 2012 which is despatched together with the Company's 2011 Annual Report.

(ii) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF AXIATA ("PROPOSED AMENDMENTS")

The proposed Special Resolution 1, if passed, will ensure that the Company's Articles of Association comply with the additional requirements of the Listing Requirements following certain amendments that were recently made to the Listing Requirements as well as to enhance the efficiency of the Company's administration.

Detailed information on the Proposed Amendments is set out in Section 3 and Section A of Appendix II of the Circular to Shareholders dated 30 April 2012 which is despatched together with the Company's 2011 Annual Report.

(iii) PROPOSED AMENDMENT TO ARTICLE 106(i) OF THE ARTICLES OF ASSOCIATION OF AXIATA ("PROPOSED AMENDMENT TO ARTICLE 106(i)")

The proposed Special Resolution 2, if passed, would allow the shareholders to determine the maximum Directors' fees by an ordinary resolution in this AGM, and such maximum amount determined will be applicable for every subsequent year unless otherwise varied by a subsequent ordinary resolution by shareholders in a future general meeting.

Detailed information on the Proposed Amendment to Article 106(i) is set out in Section 3 and Section B of Appendix II of the Circular to Shareholders dated 30 April 2012 which is despatched together with the Company's 2011 Annual Report.

(iv) PROPOSED DETERMINATION OF THE AMOUNT OF FEES OF NON-EXECUTIVE DIRECTORS FOR THE YEAR ENDING 31 DECEMBER 2012 AND EACH SUBSEQUENT YEAR

The proposed Ordinary Resolution 9, if passed, will determine the maximum amount of Non-Executive Directors' fees for the year ending 31 December 2012 and such amount so determined shall be applicable for all calendar years subsequent to the passing of the ordinary resolution approving the determination of such amount. Where already determined, such fees shall not be increased except by an ordinary resolution of the Company in general meeting, where notice of the proposed increase has been given in the notice convening the meeting. Upon the passing of this resolution, the shareholders will not be required to approve the directors' fees at each subsequent annual general meeting as long as the fees do not exceed the maximum amount.

Detailed information on the Proposed Determination of Non-Executive Directors' Fees is set out in Section 4 of the Circular to Shareholders dated 30 April 2012 which is despatched together with the Company's 2011 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2) MAIN LR

DIRECTORS STANDING FOR RETIREMENT AND RE-ELECTION AT THE TWENTIETH ANNUAL GENERAL MEETING

The following are Directors retiring pursuant to Article 93 and Article 99(ii) of the Company's Articles of Association:-

Article 93: Retirement by rotation:

1. Tan Sri Dato' Azman Haji Mokhtar
2. David Lau Nai Pek

Article 99(ii): Retirement after appointment to fill casual vacancy

Kenneth Shen

The respective profiles of the above Directors are set out in the Profile of Directors' section of the Annual Report from pages 46 to 53.

None of the above Directors have any direct and/or indirect interest in the Company and its related corporation.

ADMINISTRATIVE DETAILS FOR THE 20TH ANNUAL GENERAL MEETING

Day & Date	:	Wednesday, 23 May 2012
Time	:	10.00 a.m.
Place	:	Grand Ballroom, 1st Floor, Sime Darby Convention Centre (SDCC), 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia

PARKING

1. Parking is free and you are advised to park your vehicle at SDCC car park.

REGISTRATION

2. Registration will start at 8.00 a.m. at the entrance of the meeting hall.
3. Please read the signage to ascertain the registration area to register yourself for the meeting and join the queue accordingly.
4. Please produce your original Identity Card (IC) to the registration staff for verification. Please make sure you collect your IC thereafter.
5. Upon verification, you are required to write your name and sign on the Attendance List placed on the registration table.
6. You will be given an identification wristband and no person will be allowed to enter the meeting hall without the wristband. There will be no replacement in the event that you lose or misplace the identification wristband.
7. If you are attending the meeting as shareholder as well as proxy, you will be registered once and will be given only one identification wristband to enter the meeting hall.
8. After registration, please leave the registration area immediately and proceed to the meeting hall.
9. No person will be allowed to register on behalf of another person even with the original IC of that other person.
10. The registration counter will handle only verification of identity and registration.

HELP DESK

11. Please proceed to the Help Desk for any clarification or queries.
12. The Help Desk will also handle revocation of proxy's appointment.

ENTITLEMENTS TO ATTEND AND VOTE

13. Only Depositor registered in the Register of Members/Record of Depositors and whose name appears on the Register of Members/Record of Depositors as at 14 May 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on their behalf in respect of the number of shares registered in their name at that time.

ADMINISTRATIVE DETAILS FOR THE 20TH ANNUAL GENERAL MEETING

PROXY

14. If you are a member of the Company at the time set out above, you are entitled to appoint not more than two (2) proxies to exercise all or any of your rights to attend, speak and vote at the Annual General Meeting. If you are unable to attend the meeting and wish to appoint a proxy to vote on your behalf, please submit your Proxy Form in accordance with the notes and instructions printed therein.
15. If you wish to attend the meeting yourself, please do not submit any Proxy Form for the meeting that you wish to attend. You will not be allowed to attend the meeting together with a proxy appointed by you.
16. If you have submitted your Proxy Form prior to the meeting and subsequently decided to attend the meeting yourself, please proceed to the Help Desk to revoke the appointment of your proxy.
17. If you wish to submit your Proxy Form by facsimile, please fax to the office of the Share Registrar, Tricor Investor Services Sdn Bhd at Fax No. +603-22821886 not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Please also ensure that the original Proxy Form is deposited at the office of the Share Registrar not less than 48 hours before the time appointed for holding the meeting.

CORPORATE MEMBER

18. Any corporate member who wishes to appoint a representative instead of a proxy to attend the meeting should submit the original certificate of appointment under the seal of the corporation to the office of the Share Registrar at any time before the time appointed for holding the meeting or to the registration staff on the meeting day for the Company's records.

ENQUIRY

19. If you have general queries prior to the meeting, please contact the Share Registrar during office hours:-

Telephone	:	General	+6 03 2264 3883
		Nor Azimah Hj Bulat	+6 03 2264 3935
		Afifah Abu Bakar	+6 03 2264 3894
Fax	:	General	+6 03 2282 1886
Email	:	nor.azimah@my.tricorglobal.com	
		afifah@my.tricorglobal.com	

PROXY FORM

(Before completing the form, please refer to the notes overleaf)

AXIATA GROUP BERHAD
(Company No.: 242188-H)
(Incorporated in Malaysia under the Companies Act, 1965)

"A" I/We, ____
(NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

with (NEW NRIC NO.) ______________ (OLD NRIC NO.) ______________ (COMPANY NO.) ______________

of ____
(FULL ADDRESS)

____

being a Member/Members of **AXIATA GROUP BERHAD** hereby appoint ______________________

____
(NAME AS PER NRIC IN CAPITAL LETTERS)

with (NEW NRIC NO.) ______________ (OLD NRIC NO.) ______________

of ____
(FULL ADDRESS)

____

or failing him/her, ____
(NAME AS PER NRIC IN CAPITAL LETTERS)

with (NEW NRIC NO.) ______________ (OLD NRIC NO.) ______________

of ____
(FULL ADDRESS)

____

or failing him/her, the Chairman of the Meeting, as my/our **first** proxy to vote for me/us on my/our behalf at the 20th Annual General Meeting of **AXIATA GROUP BERHAD** to be held at the Grand Ballroom, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Wednesday, 23 May 2012 at 10.00 a.m. or at any adjournment thereof.

"B" If you wish to appoint a second proxy, please complete this section.

I/We, ____
(NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

with (NEW NRIC NO.) ______________ (OLD NRIC NO.) ______________ (COMPANY NO.) ______________

of ____
(FULL ADDRESS)

____

being a Member/Members of **AXIATA GROUP BERHAD** hereby appoint ______________________

____
(NAME AS PER NRIC IN CAPITAL LETTERS)

with (NEW NRIC NO.) ______________ (OLD NRIC NO.) ______________

of ____
(FULL ADDRESS)

____

or failing him/her, ____
(NAME AS PER NRIC IN CAPITAL LETTERS)

with (NEW NRIC NO.) ______________ (OLD NRIC NO.) ______________

of ____
(FULL ADDRESS)

____

or failing him/her, the Chairman of the Meeting, as my/our **second** proxy to vote for me/us on my/our behalf at the 20th Annual General Meeting of the Company to be held at the Grand Ballroom, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia on Wednesday, 23 May 2012 at 10.00 a.m. or at any adjournment thereof.

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:-	
	Percentage (%)
Proxy* "A"	
Proxy* "B"	
TOTAL	100%

** Please fill in the proportion of the holding to be presented by each proxy*

My/Our proxy/proxies is/are to vote as indicated below:-

Please indicate with an 'X' in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote or abstain at his/her discretion.

			Proxy "A"		Proxy "B"	
	Resolutions		**For**	**Against**	**For**	**Against**
	Ordinary Business					
1.	Ordinary Resolution 1	– To receive the Audited Financial Statements for the financial year ended 31 December 2011 and Reports				
2.	Ordinary Resolution 2	– Declaration of a final tax exempt dividend under single tier system of 15 sen per ordinary share				
3.	Ordinary Resolution 3	– Re-election of Tan Sri Dato' Azman Haji Mokhtar				
4.	Ordinary Resolution 4	– Re-election of David Lau Nai Pek				
5.	Ordinary Resolution 5	– Re-election of Kenneth Shen				
6.	Ordinary Resolution 6	– Approval of payment of Directors' Fees				
7.	Ordinary Resolution 7	– Re-appointment of PricewaterhouseCoopers as Auditors				
	Special Business					
8.	Ordinary Resolution 8	– Proposed Shareholders' Mandate				
9.	Special Resolution 1	– Proposed Amendments				
10.	Special Resolution 2	– Proposed Amendment to Article 106(i)				
11.	Ordinary Resolution 9	Proposed Determination of Non-Executive Directors' Fees				

Signed this __________ day of ______ 2012.

No. of ordinary shares held	CDS Account No. of Authorised Nominee*
	– –

** Applicable to shares held through a nominee account*

____
Signature(s)/Common Seal of Member(s)

Notes:

Proxy and/or Authorised Representatives

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company and the provisions of Section 149(1) (a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.

2. A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Where a Member appoints two (2) proxies, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.

3. Where a Member is an authorised nominee as defined under the SICDA, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

   Every appointment submitted by an authorised nominee as defined under the SICDA, must specify the CDS Account Number.

4. The instrument appointing a proxy shall:-

   (i) in the case of an individual, be signed by the appointer or by his/her attorney.
   (ii) in the case of corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

   If the instrument appointing a proxy is signed by an officer on behalf of the corporation, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document, which is still in force, no notice of revocation has been received". If the instrument appointing a proxy is signed under the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under a power of attorney, which is still in force, no notice of revocation has been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and exercised, should be enclosed with the proxy form.

5. A corporation which is a Member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 89 of the Company's Articles of Association.

6. The instrument appointing the proxy together with the duly registered power of attorney referred to in Note 4 above, if any, must be deposited at the office of the Share Registrar, Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding of the Meeting or at any adjournment thereof.

Members Entitled to Attend

7. For purposes of determining a member who shall be entitled to attend the Annual General Meeting, the Company shall be requesting Bursa Depository, in accordance with Article 66 of the Company's Articles of Association and Section 34(1) of the SICDA, to issue a General Meeting Record of Depositors as at 14 May 2012. Only a depositor whose name appears on the General Meeting Record of Depositors as at 14 May 2012 shall be entitled to attend, speak and vote at the said meeting or appoint a proxy(ies) on his/her behalf.

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STAMP

Tricor Investor Services Sdn Bhd (118401-V)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur, Malaysia

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