



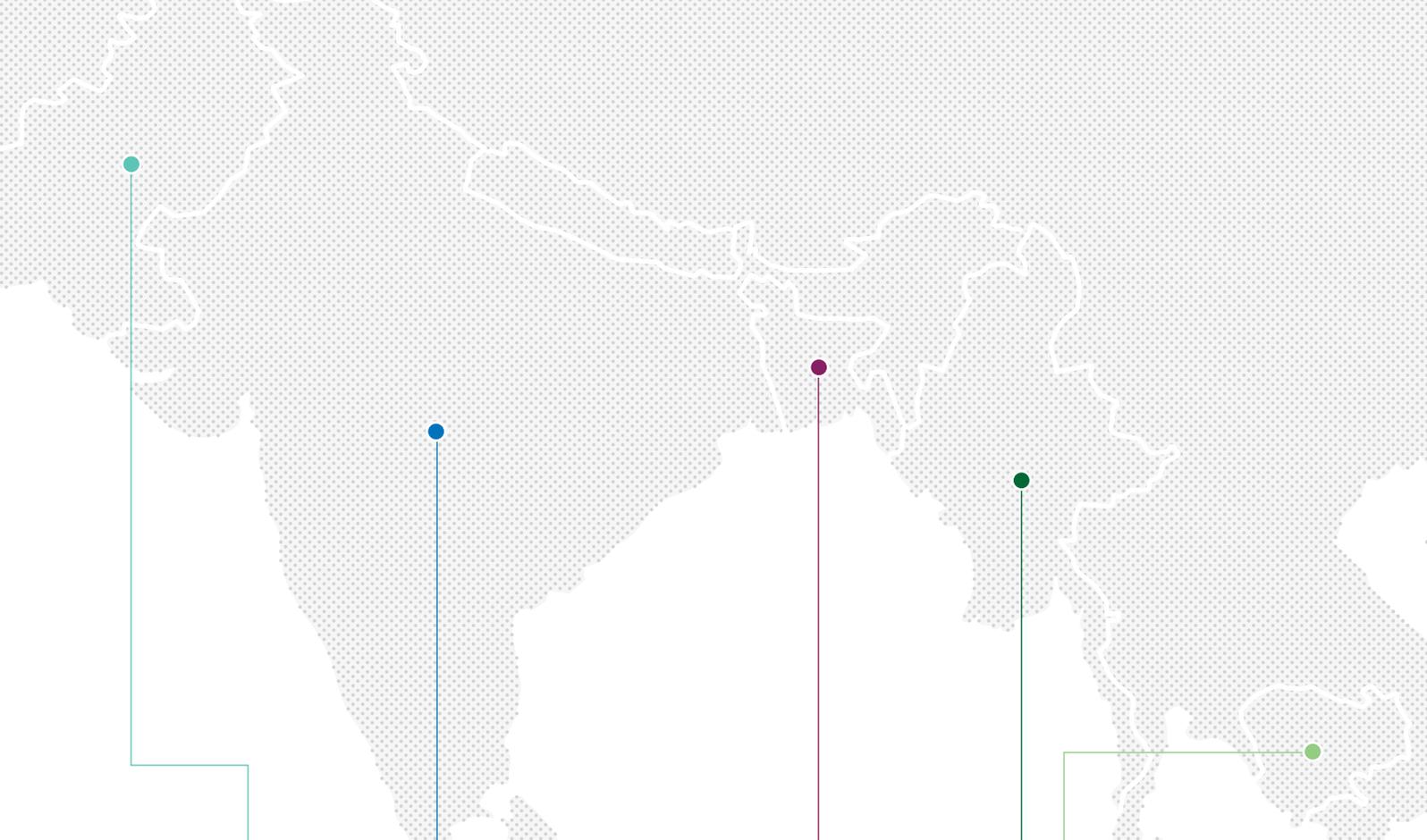
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**SHAPING  
THE FUTURE**

**TOWARDS A  
DIGITAL COMPANY**

---

ANNUAL  
REPORT 2015



SOUTH ASIA PRESENCE

PAKISTAN



INDIA



SRI LANKA



BANGLADESH



SOUTHEAST ASIA PRESENCE

MYANMAR



CAMBODIA



MALAYSIA

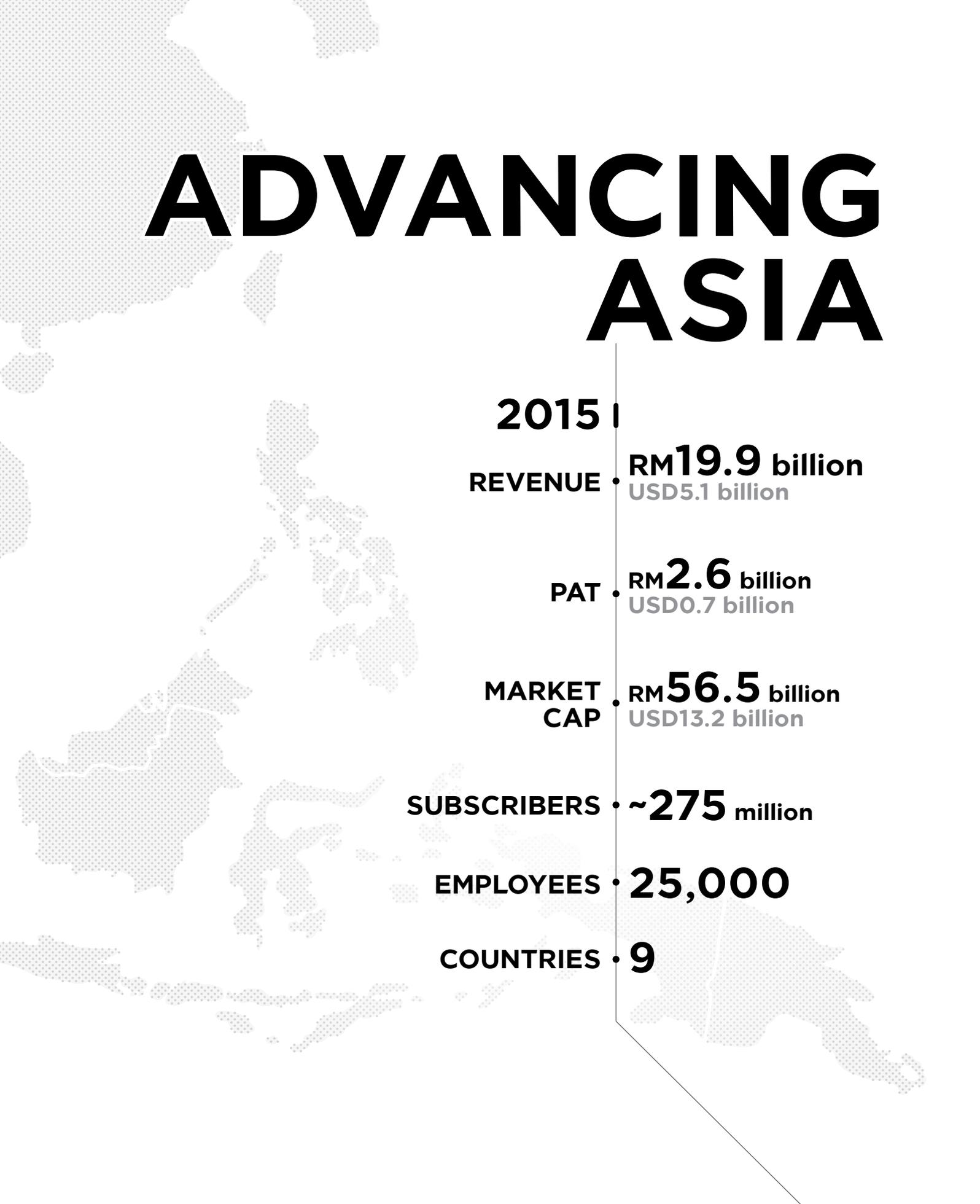


SINGAPORE



INDONESIA





# ADVANCING ASIA

2015 |

REVENUE • **RM19.9 billion**  
USD5.1 billion

PAT • **RM2.6 billion**  
USD0.7 billion

MARKET  
CAP • **RM56.5 billion**  
USD13.2 billion

SUBSCRIBERS • **~275 million**

EMPLOYEES • **25,000**

COUNTRIES • **9**

# OUR JOURNEY

Access our Digital Annual Report 2015

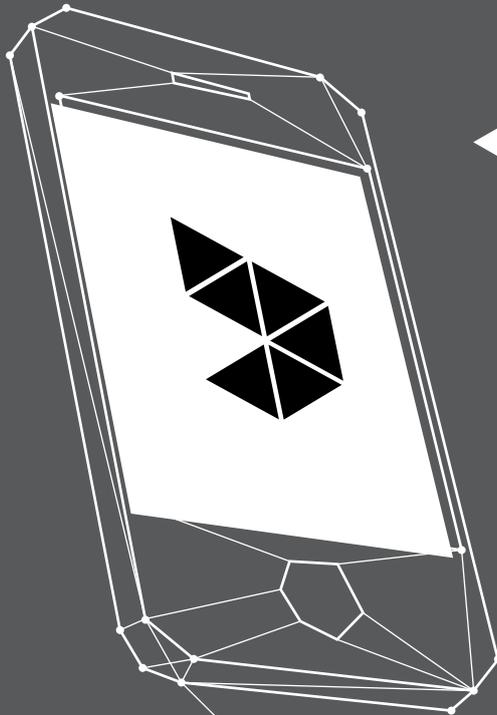
on

[www.axiata.com](http://www.axiata.com)

or

Download the App

on



# SHAPING THE FUTURE TOWARDS A DIGITAL COMPANY

## Towards a Digital and Greener Future

Axiata is increasingly committed towards a digital and greener future as we transition ourselves into a New Generation Telco, where digitalisation is a priority. We strive to apply this in all areas of our business, including the way we present our Annual and Sustainability Reports to our shareholders and stakeholders.

Last year, close to 6000 readers accessed our reports on digital platforms through the web and App downloads. This is well over three times the number of printed copies. In our efforts to further digitalise our ecosystem, whilst being mindful of our carbon footprint, we continue to expand our digital reports.

For these reasons, we have reduced our printed Annual Report by 100 pages in being more efficient with the layout and in using less photos. Further to this, we have used environmentally friendly paper and have reduced the use of colour printing by going black and white with this Annual Report. Incorporating these changes, we have remained uncompromising on our required disclosure and content.

For multimedia rich content of these reports, please log on to [www.axiata.com](http://www.axiata.com)

The app version can be downloaded on



\* Unless otherwise stated, all information contained in this Annual Report is as at 31 March 2016.

\* Unless otherwise stated, all USD figures used in this Annual Report are based on the indicative exchange rate of 3.9010.

# 2015 KEY HIGHLIGHTS

## Footprint expansion into two new countries

Nepal through the proposed acquisition of #1 mobile operator, Ncell

Myanmar via edotco

▶ Serving approximately  
**275 million**  
subscribers across Asia

▶ Advancing Asia  
across 9 countries

▶ All-time highest Revenue  
**RM19.9 billion**

▶ Highest ever PATAMI  
**RM2.6 billion**

▶ GDP Contribution of  
**USD64.9 billion**  
across 7 countries over the last 5 years

▶ **24**  
Digital Brands

▶ edotco  
**14th largest tower company**  
in the world

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# GROUP PROFILE

Axiata is one of the leading telecommunications groups in Asia with approximately 275 million subscribers in nine countries.

In pursuit of our vision to be a New Generation Telecommunications provider by 2020, Axiata pieces together the best in the region in terms of connectivity, technology and talent. With a diverse portfolio in mobile network, communications infrastructure and digital services, Axiata through our operating companies, offers a range of innovative telecommunication products and services.

Axiata has controlling interests in five mobile operators under the brand names of 'Celcom' in Malaysia, 'XL' in Indonesia, 'Dialog' in Sri Lanka, 'Robi' in Bangladesh and 'Smart' in Cambodia, with strategic interests in 'Idea' in India and 'M1' in Singapore.

'edotco', our Group's infrastructure company, operates in six countries to deliver telecommunications infrastructure services, amassing a portfolio of over 16,000 towers and 12,000 km of fibre. It aims to be one of the top regional tower companies and is committed to responsible and sustainable business operations.

In 2012, Axiata established 'Axiata Digital' to capture the rapid growth in Internet-based businesses. Within three years, Axiata Digital has built a portfolio of 24 digital brands, servicing growing demands in mobile money, mobile advertising, e-commerce, entertainment and education.

Group revenue for 2015 was RM19.9 billion (USD5.1 billion) while market capitalisation stood at over RM56.5 billion (USD13.2 billion) at the end of 2015. We provide employment to over 25,000 people across Asia.

## Axiata's Journey

Axiata was incorporated in Malaysia on 12 June 1992 as a private limited company under the name of Telekom Malaysia International (TMI), which then operated as a division within Telekom Malaysia Berhad (TM). TMI was subsequently demerged from TM and listed on Bursa Securities on 28 April 2008. In March 2009, TMI changed its name to Axiata Group Berhad and launched a new identity, enhancing our position as a leading mobile operator in Asia.

The move was a reinforcement of our new business philosophy and commitment to Advancing Asia by addressing the unfulfilled communication needs of local populations in the region with affordable and innovative digital products and services.

Since then, we have gone from 40 million customers, pre-demergence, to approximately 275 million across nine countries, making Axiata one of the leading mobile players in Asia. Our mobile telecommunications footprint now spans across the Asian continent, covering the countries of Malaysia, Indonesia, Sri Lanka, Bangladesh, Cambodia, Myanmar, India, Singapore and Pakistan.

## Shaping The Future

Axiata has always been ahead of the curve, quickly adapting to change and positioning its business model to capitalise on developments of an increasingly digitalised world. Parallel to its investments in network and technology modernisation over the years, Axiata has also evolved its business to embrace the digital age and fast growing demand for data. 2016 will be a critical year for Axiata as it progresses in its transformation beyond a traditional telecommunications company.

In Advancing Asia, Axiata remains committed to its role as a responsible corporate citizen, to make a difference in people's lives and help transform the countries in which it operates. Further details of Axiata's sustainability and national contribution efforts are now available online. ([www.axiata.com](http://www.axiata.com))



▶ **ONE OF THE  
LEADING**  
TELECOMMUNICATIONS GROUPS IN ASIA

▶ **APPROXIMATELY  
275 MILLION**  
CUSTOMERS IN ASIA



# VISION, CODE OF CONDUCT AND CORE VALUES

## VISION

### Advancing Asia, bringing together connectivity, technology and people

---

## CODE OF CONDUCT

Axiata is committed to conduct its business fairly, impartially and in full compliance with all applicable laws and regulations in Malaysia and in countries where the Group has operations.

The Group's professionalism, honesty and integrity must at all times be upheld in all of the Company's business dealings by all employees.

Axiata has in place a Code of Conduct that serves as documentation of our commitment in ensuring our business dealings are conducted in a manner that is efficient, effective and fair. Axiata ensures that it is the responsibility of every employee to act in accordance with the policies detailed in the Group's Code of Conduct.

---

## CORE VALUES

At Axiata, there are two core values that we embrace across the Group:

Uncompromising Integrity and Exceptional Performance. These two values define who we are and how we operate.

### Uncompromising Integrity

Always doing the right thing and fulfilling promises made to earn the trust of our stakeholders.

We are committed to upholding the highest standards of lawful and ethical conduct, and in demonstrating honesty, fairness and accountability in all of our dealings.

### Exceptional Performance

Always pushing ourselves to deliver benchmarked outstanding performance.

We are determined to be the winner, leader and best-in-class in what we do. Whilst we are tough with performance standards, we are compassionate with people - we call it "Performance with a Heart"

Uncompromising Integrity and Exceptional Performance are our distinct values and key to our success as a regional champion.

We place great emphasis in building a culture based on these two values across the Axiata Group.

These two core values are incorporated into the existing values of the individual Operating Companies (OpCos) which includes, amongst others, service excellence, teamwork, creativity and customer centricity.

---

## ENHANCED PRIVACY AND DATA PROTECTION

As Axiata embarks on its journey towards becoming a New Generation Telco, we remain committed to respecting and protecting the data and privacy of our 275 million customers throughout our regional footprint of nine countries across Asia.

Our commitment on privacy and data protection is available on page 88.

# FINANCIAL CALENDAR

<b>24TH ANNUAL GENERAL MEETING</b>	<b>NOTICE OF 24TH ANNUAL GENERAL MEETING AND ISSUANCE OF ANNUAL REPORT 2015</b>
<b>25 MAY 2016</b>	<b>26 APRIL 2016</b>

## ► QUARTERLY RESULTS

2015			2016
<b>19 May</b>	<b>20 August</b>	<b>27 November</b>	<b>17 February</b>
Unaudited consolidated results for the 1st quarter ended 31 March 2015	Unaudited consolidated results for the 2nd quarter and half-year ended 30 June 2015	Unaudited consolidated results for the 3rd quarter ended 30 September 2015	Audited consolidated results for the 4th quarter and financial year ended 31 December 2015

## ► DIVIDENDS

2015		
<b>20 May</b>	<b>4 June</b>	<b>2 July</b>
Notice of Book Closure for Final Tax Exempt Dividend under Single Tier System of 14 sen per Ordinary Share of RM1.00 each	Date of Entitlement for Final Tax Exempt Dividend under Single Tier System of 14 sen per Ordinary Share of RM1.00 each	Payment for Final Tax Exempt Dividend under Single Tier System of 14 sen per Ordinary Share of RM1.00 each
<b>9 September</b>	<b>30 September</b>	<b>29 October</b>
Notice of Book Closure for Interim Tax Exempt Dividend under Single Tier System of 8 sen per Ordinary Share of RM1.00 each	Date of Entitlement for Interim Tax Exempt Dividend under Single Tier System of 8 sen per Ordinary Share of RM1.00 each	Payment for Interim Tax Exempt Dividend under Single Tier System of 8 sen per Ordinary Share of RM1.00 each

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### TAN SRI DATO' AZMAN HJ. MOKHTAR

Chairman

Non-Independent Non-Executive Director

### DATO' SRI JAMALUDIN IBRAHIM

Managing Director/ President &

Group Chief Executive Officer

### TAN SRI GHAZZALI SHEIKH ABDUL KHALID

Independent Non-Executive Director

### DATUK AZZAT KAMALUDIN

Senior Independent Non-Executive Director

### DATO' ABDUL RAHMAN AHMAD

Independent Non-Executive Director

### DAVID LAU NAI PEK

Independent Non-Executive Director

### JUAN VILLALONGA NAVARRO

Independent Non-Executive Director

### BELLA ANN ALMEIDA

Independent Non-Executive Director

### DR MUHAMAD CHATIB BASRI

Independent Non-Executive Director

### KENNETH SHEN

Non-Independent Non-Executive Director

## GROUP COMPANY SECRETARY

Suryani Hussein

LS0009277

## REGISTERED OFFICE

Level 5, Corporate Headquarters

Axiata Tower, 9 Jalan Stesen Sentral 5

Kuala Lumpur Sentral

50470 Kuala Lumpur, Malaysia

Tel : +603 2263 8888

Fax : +603 2263 8903

## SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

(Company No. 11324-H)

Unit 32-01, Level 32, Tower A

Vertical Business Suite, Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur, Malaysia

Tel : +603 2783 9299

Fax : +603 2783 9222

## AUDITORS

PricewaterhouseCoopers (AF: 1146)

Level 10, 1 Sentral, Jalan Rakyat

Kuala Lumpur Sentral

50706 Kuala Lumpur, Malaysia

Tel : +603 2173 1188

Fax : +603 2173 1288

## WEBSITE

[www.axiata.com](http://www.axiata.com)

## INVESTOR RELATIONS

Tel : +603 2263 8817

Fax : +603 2263 7755

Email : [ir@axiata.com](mailto:ir@axiata.com)

## STOCK EXCHANGE LISTING

Listed on Main Market of Bursa Malaysia Securities Berhad

Listing Date : 28 April 2008

Stock Code : 6888

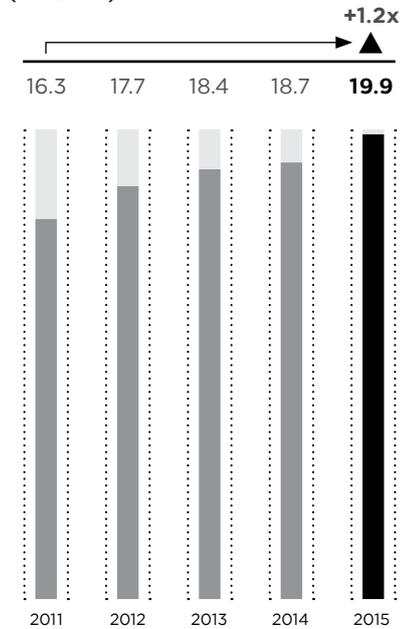
Stock Name : Axiata

Stock Sector : Trading/Services

# FINANCIAL HIGHLIGHTS

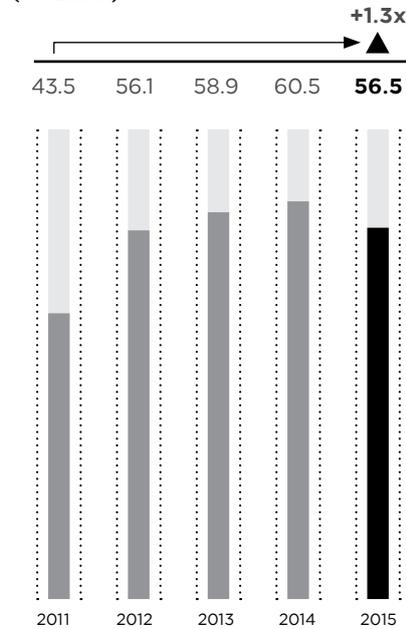
## OPERATING REVENUE

(RM Billion)



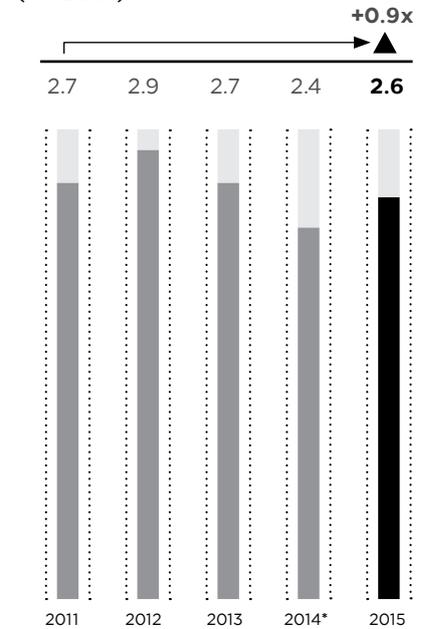
## MARKET CAPITALISATION

(RM Billion)



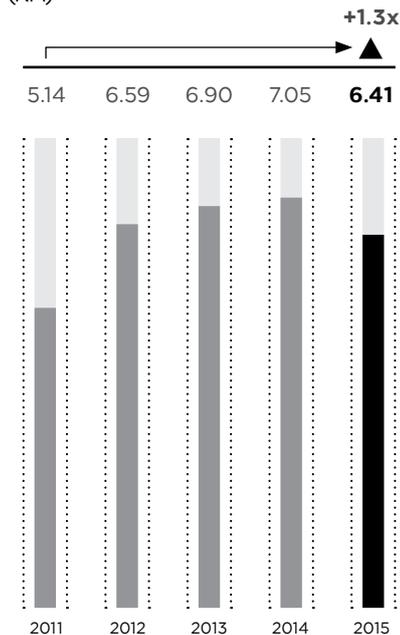
## PAT

(RM Billion)



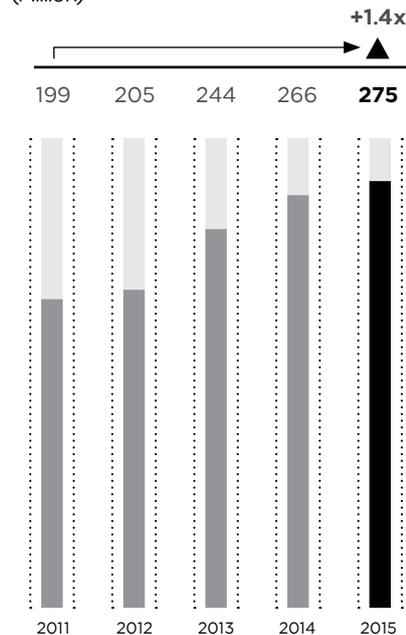
## SHARE PRICE

(RM)



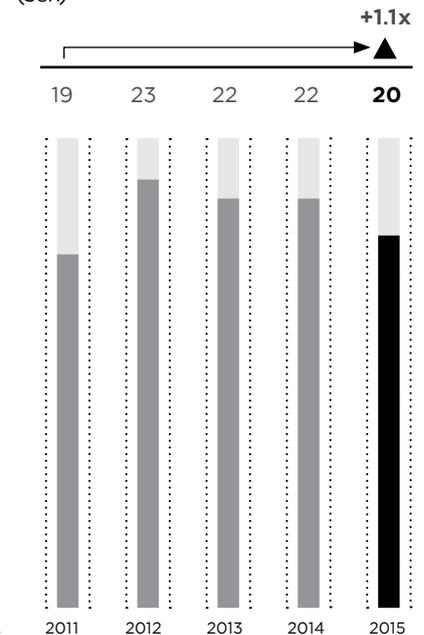
## SUBSCRIBERS

(Million)



## DIVIDEND PER SHARE

(Sen)



\* 2014 are based on Restated.

# KEY PERFORMANCE INDICATORS

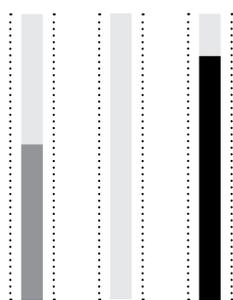
As a Group, Axiata is firm on setting its Key Performance Indicators (KPIs) based on the Group's strategic direction and vision of being a regional champion. Below is our progress on the KPIs measured and published each year.

## FY2015 KPI

### REVENUE GROWTH

Revenue growth measures overall YoY growth of the Group.

4.0% -0.2% 6.3%

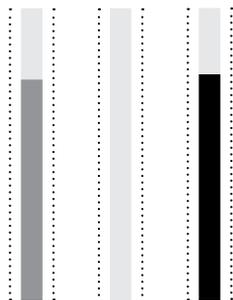


2015 KPI 2015<sup>1</sup> 2015<sup>2</sup>

### EBITDA GROWTH

EBITDA growth measures overall YoY growth of the Group.

4.0% -2.2% 4.1%

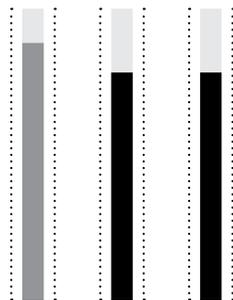


2015 KPI 2015<sup>1</sup> 2015<sup>2</sup>

### ROIC

ROIC is defined as EBIT less tax over average invested capital

8.7% 7.7% 7.7%

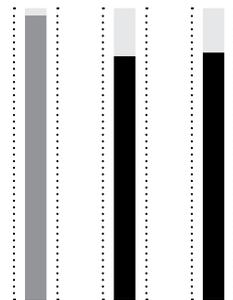


2015 KPI 2015<sup>1</sup> 2015<sup>2</sup>

### ROCE

ROCE is defined as EBIT less tax over average capital employed

7.7% 6.6% 6.7%



2015 KPI 2015<sup>1</sup> 2015<sup>2</sup>

## ACHIEVEMENTS

FY15 has been a challenging year for the Group primarily due to slowing industry growth in Malaysia as well as intense competition in most countries where we operate. Despite strong performance from Operating Companies (OpCos) in Sri Lanka, Bangladesh and Cambodia, the Group performance was adversely impacted by operational performance in Malaysia and Indonesia. Within Malaysia, Celcom's overall recovery was hampered by a flat growth market. On the other hand, XL's transformation agenda is well on track and continues to gain momentum.

The Group fell short of FY15 target by 1.0 percentage point (pp)

The Group fell short of FY15 target by 1.1 percentage point (pp)

<sup>1</sup> Based on constant currency

<sup>2</sup> Based on actual currency



**SHAPING  
THE  
FUTURE**

# CHAIRMAN'S STATEMENT

## Dear Shareholders,

The year 2015 marked another milestone year in Axiata's journey as a Regional Champion. Alhamdulillah, I am proud to report that we are now even better positioned against regional peers where we rank number two in customer base, number four in revenue and number five in market capitalisation<sup>1</sup> – highly commendable achievements by any definition. Axiata is recognised globally as a leading Asian telecommunications Group.

Over the last seven years, Axiata has grown its subscriber base by seven fold to touch the lives of approximately 275 million customers at year end 2015. The Group is present in nine countries and covers a population of close to 2 billion<sup>2</sup> people, which is approximately 24% of the world's population.

Responding to an increasingly digitalised world, Axiata is embarking on the third phase of its journey, which will transform the Group into a truly digital telecommunications company. This is in line with its ambition of becoming a New Generation Telco by 2020.

### RESILIENCE DESPITE UNPRECEDENTED CHALLENGES

Last year was challenging for the Group in each of its markets. Against the landscape of global economic volatility compounded by a sluggish regional business environment, Axiata's operating companies (OpCos) faced the added pressures of heightened competition, regulatory uncertainties and currency fluctuations.

Despite these challenges, Axiata's diverse and balanced portfolio as well as prudent cash management policies allowed us to mitigate headwinds, and as a result, I am pleased to report an overall healthy and profitable year.

Our balance sheet remains strong with a higher cash balance of RM5.5 billion (USD1.3 billion) and a Gross Debt/Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) ratio of 2.25x post our issuance of the USD500 million Sukuk. Axiata successfully has hedged 67.3% of its USD-denominated debt as a result of initiatives taken to mitigate currency volatility.

### BUILDING CONSISTENT SHAREHOLDER VALUE

Given our strong balance sheet and sustained underlying performance, our commitment to provide healthy returns to our shareholders remains, which is underscored by our pragmatism to set aside funds for future growth. Taking into account the proposed acquisition of Ncell Private Limited (Ncell) and anticipated regulatory developments, Axiata has maintained its dividend payout policy for 2015 by moderately increasing its dividend payout ratio. The Group declared a final dividend under a single tier system of 85% dividend payout ratio, up marginally from the 2014 payout ratio of 84%. This translates into a 20 sen dividend per ordinary share of RM1 each in Axiata. Our earnings per share for 2015 was 29.5 sen.

### STRATEGIC DEVELOPMENTS DRIVING THE DIGITAL REVOLUTION

As the Group continues to drive value for shareholders, we remain focused on setting aside funds for future investments to drive long-term business growth. In 2015, the Group recorded significant deals/partnerships, in addition to its continued investments in digital assets, that will position Axiata for future growth and ensure sustainable profits in the years to come:

- I. Proposed merger between Robi Axiata Limited and Airtel Bangladesh Limited (Airtel) to establish Robi as the number two mobile operator in Bangladesh by subscriber market share.
- II. Expansion of our footprint with the proposed acquisition of Ncell, the number one mobile operator in Nepal by revenue market share.
- III. Celcom's signing of a collaboration deal with Telekom Malaysia Berhad to pave the way for fixed-mobile convergence.
- IV. The entry of edotco, our tower business, into Myanmar, the last greenfield telecommunications market in Southeast Asia.
- V. Through intense investments in digital assets, Axiata Digital has established 24 brands under its portfolio of digital services assets.

<sup>1</sup> Notes / assumptions on ranking: a) Axiata customer base, revenue and market capitalization are benchmarked against regional peers with footprint within the Southeast Asia and South Asia region. b) Revenue adjusted based on LTM at 31 Dec 2015 and Forex rate conversion of average 1 Jan 2015 - 31 Dec 2015. c) Market Capitalization based on Bloomberg forex adjusted to RM on last trading day closest to 31 Dec 2015.

<sup>2</sup> Total population of 9 countries within the Axiata footprint. Source: World Bank.

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### Significant deals, partnerships and investments in 2015 that will position Axiata for future growth.

-  Proposed merger between Robi Axiata Limited and Airtel Bangladesh Limited (Airtel).

---

  -  Expansion of our footprint with the proposed acquisition of Ncell, the number one mobile operator in Nepal.

---

  -  Celcom's signing of a collaboration deal with Telekom Malaysia Berhad to pave the way for fixed-mobile convergence.

---

  -  The entry of edotco, our tower business, into Myanmar, the last greenfield telecommunications market in Southeast Asia.

---

  -  Through intense investments in digital assets, Axiata Digital has established 24 brands under its portfolio of digital services assets.
- 

The strategic acquisitions, agreements and actions undertaken by Axiata in 2015 are bold and visionary investments that will strengthen our foundation as we progress towards a profitable and sustainable growth and future. In addition, Axiata is in a prime position to support the growth of cashless societies, smart living and borderless digital services as the world moves towards a digital economy.

### COMMITMENT TO DEVELOPMENT

Axiata, as a long-term and committed investor, has spent USD44.5 billion over the last five years to support its operations across Asia. In doing so, the Group has directly and indirectly supported approximately 1.1 million jobs. The cumulative GDP contribution over the same period was USD64.9 billion in our seven countries of our mobile operations. We continue to be committed to sustainability programmes, focusing on our four pillars – beyond short-term profits,

nurturing people, process excellence and governance, planet and society.

Axiata is committed to transform societies by weaving together people, connectivity and technology under the broader goal of Advancing Asia.

### ACKNOWLEDGEMENTS

Our size and presence in the region brings along operational and business challenges such as economic volatilities and unpredictable regulatory landscapes. These challenges cannot be met without rigorous and disciplined improvements continuously made to organisations, processes and systems, in addition to strict adherence to the highest standards of governance, performance and integrity, these values are the foundation upon which Axiata will continue to build its future.

On behalf of the Board, I would like to thank our various stakeholders for their unfaltering support, and the governments and regulators of the countries in which we operate for granting us the privilege to provide communication services to enrich the lives of 275 million people.

The Board extends our appreciation to every employee and the management team across the Group, led by the Group Chief Executive Officer, Dato' Sri Jamaludin Ibrahim.

We are grateful to our shareholders who continue to believe in our strategy for future growth, based upon the principles of financial discipline and a strong business foundation.

It gives me great pleasure to present Axiata's 2015 Annual Report.

**TAN SRI DATO' AZMAN HJ. MOKHTAR**  
CHAIRMAN

**“Axiata is recognised globally as a leading Asian telecommunications Group.”**

### REGIONAL CHAMPION POSITION

- Against its regional peers, Axiata ranks:  
#2 in customer base  
#4 in revenue  
#5 in market capitalisation

---

- Axiata has grown its subscriber base by seven fold to touch the lives of approximately 275 million people as at year end 2015.

---

- Axiata's footprint is present in 9 countries and covers close to 2 billion of the world's population.

# PRESIDENT & GROUP CEO'S BUSINESS REVIEW

## Dear Shareholders,

2015 was a milestone year for Axiata as we realised our vision of being a regional champion despite global economic and business environment challenges. Axiata is now recognised as one of the leading telecommunications groups in Asia. With a subscriber base of approximately 275 million and revenue close to RM20 billion (USD5.1 billion) mark, we now rank number two and number four respectively. Moving from the seventh and eighth rank respectively in 2007, the calendar year before the 'birth' of Axiata<sup>1</sup>, against other regional players within our footprint of Southeast Asia and South Asia. In terms of market capitalisation, the Group now ranks fifth compared to seventh in 2007<sup>2</sup>. The Group and some of its Operating Companies (OpCos) have won many global and regional awards in significant areas<sup>3</sup>.

In 2015, we have also set our sights on becoming a New Generation Telco by transforming our core business, expanding to adjacent services and acquiring new core, to reflect dynamic changes unfolding in the digital, technology and telecommunications space, and to respond to consumer trends and demands. We will also stay committed to our broader vision of Advancing Asia, to exemplify our social role beyond our commercial objectives to support our Environmental, Social and Governance (ESG) initiatives.

### RESILIENCY AND DIVERSITY: REMAINING STRONG AMIDST CHALLENGES

Benefiting from a resilient and diverse portfolio of businesses spreading across key emerging Asian markets and forex translation gains, 2015 revenue for the Group rose by 6.3% to an all-time high of RM19.9 billion (USD5.1 billion) compared to 2014 revenue of RM18.7 billion (USD5.7 billion<sup>4</sup>). We also saw strong revenue contributions from our OpCos across the region with 63% of revenue for the Group generated outside of Malaysia, reducing our traditional dependence on our home market.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) grew by 4.1% to RM7.3 billion (USD1.9 billion) but EBITDA margin dropped to 36.6%. Profits After Tax

and Minority Interests (PATAMI) was up by 8.0% from RM2.4 billion (USD0.7 billion) to record its highest ever at RM2.6 billion (USD0.7 billion), fuelled by stronger performance from OpCos, tower sales gains and forex translation gains. At constant currency<sup>5</sup>, EBITDA and PATAMI would be RM6.8 billion (USD2.1 billion) and RM2.4 billion (USD0.7 billion) respectively.

### CONTINUED STEADY OPCOS PERFORMANCE

Largely, our OpCos showed a mix of steady, and for some, stellar operational performance.

Celcom's overall recovery was hampered by industry conditions, a flat growth market, compounded by some remaining internal challenges during the first half of the year. It recorded normalised PATAMI of RM1.7 billion (USD0.4 billion), down 13.5% from the previous year. PATAMI was impacted by one-off expenses of RM53 million (USD13.6 million) and also losses of RM71 million (USD18.2 million) was recognised for the year in new start-up ventures which we had foreseen. Celcom recorded its first revenue climb in the fourth quarter of 2015, up by 1.0% after three quarters of decline, with mobile data revenue growth of 21% and mobile Internet revenue growth of 48%. Moving forward, Celcom is gearing its strategy to capture a more sustainable customer base.

### HIGHLIGHTS

All-time highest

**REVENUE** **+6.3%**  
**RM19.9 billion** ▲  
 compared to RM18.7 billion in 2014

**EBITDA** **+4.1%**  
**RM7.3 billion** ▲  
 compared to RM7.0 billion in 2014

Highest ever

**PATAMI** **+8.0%**  
**RM2.6 billion** ▲  
 compared to RM2.4 billion in 2014

Strong revenue contributions from our **OpCos** across the region with **63%** of revenue for the Group generated outside of Malaysia

<sup>1</sup> Known as Telekom Malaysia International (TM) before 2008

<sup>2</sup> Notes / assumptions on ranking: a) Axiata customer base, revenue and market capitalization are benchmarked against regional peers with footprint within the Southeast Asia and South Asia region. b) Revenue adjusted based on LTM at 31 Dec 2015 and Forex rate conversion of average 1 Jan 2015 - 31 Dec 2015. c) Market Capitalization based on Bloomberg forex adjusted to RM on last trading day closest to 31 Dec 2015.

<sup>3</sup> Axiata's list of awards are available on pages 46 and 47.

<sup>4</sup> USD figures for 2014 results are based on the indicative exchange rate of 3.272.

<sup>5</sup> 2015 results at average 2014 exchange rates.

## “ Largely, our OpCos showed a mix of steady, and for some, stellar operational performance with regional affiliates continuing to contribute strongly towards Group PATAMI. ”

XL's transformation agenda is on track and continues to gain momentum with clear improvements over the last three consecutive quarters of 2015 in revenue, EBITDA, EBITDA margin and Average Revenue Per User (ARPU). By the fourth quarter of 2015, XL delivered its third sequential quarter of growth with revenue up 2.0%, EBITDA improvement of 5.6% and EBITDA margin increase of 1.3 pp. Data remains a key revenue driver with data revenue growing 13.8%. Post the Axis USD865 million acquisition, under its balance sheet management initiatives, XL reduced its gross debt to EBITDA ratio from 3.4x at the start of the year to 3.2x at the end 2015. At the same time XL also completely reduced its unhedged external USD debts by end 2015. With the potential second tranche of tower sale and Rights Issue in the first half of 2016, XL expects the debt to EBITDA ratio to come down below 2.5x.

Stellar performance in all metrics was seen at Dialog despite regulatory challenges and tax impositions. Strong performance was recorded in revenue, EBITDA and normalised PAT<sup>6</sup> for the financial year ended 2015 which saw an increase of 10.0%, 14.2% and 29.0%, respectively. Outstanding performance at Dialog was due to strong revenue growth in its mobile, fixed and TV businesses, growing 9.7%, 12.9% and 22.6% respectively.

Performance at Robi was moderated due to heightened price competition in the Bangladesh market. Nevertheless, Robi increased its subscriber base by 12.0% Year on Year (YoY) to close 2015 with 28.3 million customers as it focused on data leadership through device sales and co-branding. Revenue and normalised EBITDA for 2015 grew a healthy 6.0% and 4.4% respectively, while normalised Profit After Tax (PAT) dropped by 8.6% primarily due to higher depreciation arising from capital expenditure as well as impairment losses.

Smart continued with yet another year of outstanding performance with 2015 revenue,

EBITDA and PAT increasing significantly. Mobile data revenue grew by 86.2%, along with a 7.3% improvement in voice. With accelerated 4G LTE rollouts, data revenue now contributes 32.3% to total revenue. Smart's total data subscribers grew an impressive 71.4% YoY to close the year at three million customers of its now 7.6 million strong subscriber base.

Regional affiliates also continued with strong PATAMI contributions. Idea reported an all-round strong performance with year to date (YTD) revenue, EBITDA and PAT growth of 14.5%, 21.5% and 11.2% respectively. YTD Idea has contributed RM368.8 million to Group PATAMI, an increase of 51.6% over last year. M1 ended the financial year 2015 on a strong note with revenue, EBITDA and PAT growth of 7.5%, 1.9% and 1.5% respectively. M1 contributed RM157.8 million to Group PATAMI, an increase of 8.6% over last year.

### RESHAPING THE FUTURE

In 2015, we delivered five key initiatives, as we continue setting the ground work for the Group's journey towards reshaping itself as a New Generation Telco.

#### 1) In-Country Consolidation in Bangladesh

Our focus for inorganic activities have centred on in-country consolidation within our existing footprint, as one of the Group's key approaches in solidifying its position, unlocking profitability of the market and ensuring long-term growth. In recent years, we have strengthened our existing operations through in-country mergers and acquisitions (M&A) exercises in our markets such as the two small ones in 2013 in Sri Lanka between Dialog and Suntel and later Sky Television and Radio, a medium-sized operation in Cambodia with Smart and Hello in the same year and more recently in Indonesia in 2014 between XL and Axis.

Continuing with this approach in 2015, Axiata has entered into an agreement with Bharti Airtel Limited to merge our respective telecommunication subsidiaries in Bangladesh; namely Robi Axiata Limited and Airtel Bangladesh Limited (Airtel), making it from a marginally second largest player to a significant second largest player in a competitive six player market prior to the merger. Post-merger, the combined entity operating as Robi will serve approximately 40 million customers.

#### 2) New Strategic Mobile Footprint in South Asia

The most significant development for the Group in 2015 was the proposed acquisition of Ncell Private Limited (Ncell) in Nepal. Axiata will be entering the fast-growing brownfield market of Nepal with controlling stake of its number one operator. Ncell, when consolidated, would be immediately accretive to Axiata's financials. Based on Axiata's 2015 pro forma revenue, EBITDA and PATAMI, Ncell would have provided an uplift of approximately 11%, 19% and 13% respectively on an annualised basis.

The acquisition of Ncell further cements the Group's position as one of the leading mobile operators in the region with close to 290 million customers from approximately 275 million today. We expect the acquisition to be completed by mid-year 2016.

With these developments, Axiata's enhanced footprint will have contiguous presence in five key countries in the South Asia region and a total combined reach of close to 2 billion population<sup>7</sup> in our nine markets in Southeast Asia and South Asia.

#### 3) Expansion Beyond Mobile into Fixed-Mobile Convergence (FMC)

On home shores, our expansion beyond pure mobile services has been significantly enhanced by a landmark three-party

<sup>6</sup> Dialog PAT normalised for levy and forex losses.

<sup>7</sup> Total population of 9 countries within the Axiata footprint. Source: World Bank.

## PRESIDENT & GROUP CEO'S BUSINESS REVIEW

**“The acquisition of Ncell further cements the Group’s position as one of the leading mobile operators in the region with close to 290 million customers from approximately 275 million today. We expect the acquisition to be completed in mid-year 2016.”**

agreement between Celcom, Telekom Malaysia Berhad (TM) and its subsidiary Packet One Networks (Malaysia) Sdn. Bhd (P1), that will significantly enhance its data leadership position by offering the converged services of mobile and fixed broadband to its customers and monetize its own nationwide network reach by way of domestic roaming. The agreement inked with TM accelerates the fiberisation rollout of Celcom’s 4G network with the provisioning of an extensive and robust backhaul with high bandwidth capacity. The second part of the agreement involves Celcom providing domestic roaming access to P1, further leveraging and gaining investment returns of its extensive network coverage.

These collaborations fit well into our strategy for Celcom to expand its mobile proposition and data leadership. With High Speed Broadband (HSBB) access, Celcom can now deliver services that are truly converged to create a new revenue stream for itself.

#### **4) Expansion by edotco, our tower Infrastructure Business into a New Footprint in Myanmar**

In 2015, through our subsidiary, edotco, Axiata marked its entry into the fast growing Myanmar telecommunications market with the acquisition of Myanmar Tower Company Limited (MTC), effectively solidifying Axiata as a major player in the Asian tower business. Without doubt, the Myanmar tower market is expected to be one of Southeast Asia’s largest and fastest growing telecommunications infrastructure service markets. This important and highly strategic acquisition solidifies edotco’s position as a

leading telecommunications infrastructure provider in the region.

Seeing the progress charted since its inception in 2013, we are confident edotco is growing in strength and is well-positioned to contribute to the Group’s operational efficiency as well as bottom line in the very near future. With the acquisition completed by 2015, we now have 16,500 towers, ranking as number 14 in the world amongst the independent tower companies.

#### **5) Expansion into digital business**

The changing consumer lifestyle of the telecommunications ecosystem and exponential growth of mobile Internet and data provide dynamic opportunities in the area of digital services. In response to this, Axiata has been making targeted investments in this area.

In 2015, the Group made six strategic equity investments in digital services covering digital commerce and activation, digital advertising and digital entertainment.

- An agreement was struck with New York-based music streaming service Yonder to provide mobile broadband customers ad-free access to music they can download, play and share.
- Launched 11street.my in a joint venture with SK Planet, a major Korean online e-commerce entity.
- A joint venture (JV) agreement with American-based Adknowledge, to set up Adknowledge Asia Pacific Pte Ltd, a company pioneering social media advertising by using user data analytics

to target relevant and appropriate ads to customers.

- Acquired Komli Asia as part of Acknowledge JV, with strong Asia Pacific presence, to strengthen our digital advertising portfolio.
- Invested in US Mobile Virtual Network Operator (MVNO) FreedomPop a unique “freemium” offering a small amount of mobile data free to customers with a paid add-on option for upselling.
- Invested in WSO2.Telco for its API platform - a breakthrough cloud-ready solution that enables Mobile Network Operators (MNOs) to easily establish a collaboration layer with Web-centric APIs for a much quicker rollout of services to customers.

I am proud to say that there are now some 15 million customers using Axiata Digital products or services, of which 30% are new customers to Axiata. Our two e-commerce businesses, Elevenia and 11Street, generated a Gross Merchandise Value (GMV) of USD126.6 million for 2015. Reflecting its business performance, Axiata Digital has grown in size from a start up to a thriving digital business entity with over a thousand employees across all our markets.

While we continue to build our own digital business, we are simultaneously enabling the growth of a robust and innovative digital ecosystem to further the development of this space in the industry. Under the Axiata Digital enablement umbrella, the Group has developed three open source digital platforms, two of which, Dialog’s Ideamart and the Mobile Internet Fulfilment Exchange (MIFE) platform, were winners at the GSMA Mobile Awards in 2015. These platforms have

### Reshaping the Future

- 1 In-Country Consolidation in Bangladesh**
- 2 New Strategic Mobile Footprint in South Asia**
- 3 Expansion Beyond Mobile into Fixed-Mobile Convergence (FMC)**
- 4 Expansion by Tower Infrastructure Business into a New Footprint in Myanmar**
- 5 Expansion into digital business**

the ability to allow digital services providers to develop products and services, reach a greater customer base and further ignite the growth of the digital economy.

### **ADVANCING ASIA: OUR SOCIAL ROLE**

Axiata continues to be unwavering in its broader vision of Advancing Asia by bringing together technology, connectivity and people. This we continue to drive from both a business and sustainability perspective.

Our flagship corporate social responsibility programme since 2011 has been The 'Axiata Young Talent Programme' (AYTP), which focuses on the development of Future CEOs. Over these four years, AYTP has touched the lives of over 850 exceptional individuals across different age groups, strengthening and grooming their potential to grow their careers at an accelerated pace.

In 2015, we announced the first batch of IT investments of the RM100 million Axiata Digital Innovation Fund (ADIF), where six Malaysian-owned technology companies benefitted by way of RM12 million, helping them expand their business and product reach into the regional digital services marketplace.

As a socially responsible operator, Axiata has also stepped up its commitment to privacy and data security initiatives beyond the baseline level of compliance and governance. We have embarked on a journey to tighten our IT and cybersecurity systems, and revised our internal processes to ensure compliance of personal data protection legislations and regulatory obligations. In 2015, we implemented the Axiata Regulatory Compliance Framework across the Group which will increase the Board oversight of our regulatory compliance performance.

### **OPPORTUNITIES AND CHALLENGES MOVING FORWARD**

Moving forward into 2016, a number of opportunities exist for Axiata Group on various fronts. Successful recovery at Celcom as a result of our strategies to recapture market share would be a major boost to the Group as a whole. XL's continuation of its transformation agenda to move up the value ladder, adapt

to changing market dynamics and focus on value creation is continuing to show positive returns. Within edotco, there exists potential for organic and inorganic growth, especially with the Myanmar acquisition. Earnings from Ncell will be immediately accretive for the Group and there are synergistic benefits from the Robi-Airtel merger to be explored in the fast growing Bangladesh market.

Complex regulatory scenarios and heightened competition are the two challenges the Group will have to mitigate in the years to come. Changes in regulatory and government policies in spectrum, licencing fees and taxes will continue to have significant and consequential impact to the Group.

Heightened competition is expected from traditional mobile operators in almost all markets. Additional competition from Over-the-Top (OTT) players could erode revenue further if not balanced with increased data revenue. To mitigate this, the Group has already put in place strategies that will allow us to compete and at the same time collaborate with OTT players to gain inroads into new revenue potential.

Further to this, sluggish macroeconomic conditions compounded by a fluctuating currency exchange is expected to affect Malaysia and Indonesia, and will have its impacts on our markets across Asia.

While we remain cautious given the challenges, we are fairly optimistic of achieving our targets for 2016 with the five significant initiatives we established over 2015.

### **AWARDS AND RECOGNITIONS**

I am pleased to note that the Group continues to gain international accolades for its innovative products and services. We won the highly prestigious GSMA Chairman's Award and Dialog won for Best Mobile Network Solution for Serving Customers at the GSMA Mobile World Congress in Barcelona in the 2016 event. Similarly, Smart received its first regional industry telecommunications honour at the Frost and Sullivan Asia Pacific ICT Awards 2015. Collectively, the Group has won eight GSMA Mobile World Congress awards, six consecutive Asia Pacific Frost &

Sullivan awards for Best Mobile Group along with several other numerous industry and international awards.

Aside from recognition in our business performance and industry leadership, the Group is also being recognised for its commitment to sustainability and standards of corporate governance both at home and regionally. With us raising our commitment on the sustainability agenda and disclosures in the areas of sustainability reporting, Axiata managed to beat mature reports to bag the coveted title of the 'Best Sustainability Report' at the ACCA Malaysia Sustainability Reporting Awards 2015.

Axiata continues to stand strong and exemplary in its corporate governance practices, winning consecutive regional and Malaysian awards and accolades. Over three consecutive years, the Group has been recognised for upholding the highest governance and compliance standards at the Malaysian-ASEAN Corporate Governance Index, Findings and Recognition event organised by the Minority Shareholder Watchdog Group (MSWG).

### **ACKNOWLEDGMENTS**

On behalf of the management of Axiata Group, I would like to express our gratitude to our many stakeholders including our investors, partners and media for your continued support, as well as governments and regulators for your co-operation and facilitation in 2015. Our sincerest appreciation mainly goes to all our colleagues across Asia, who have worked relentlessly to get us to where we are today and to our Board of Directors for their guidance. Most of all, we would like to acknowledge our over 275 million customers for their continued support and loyalty.

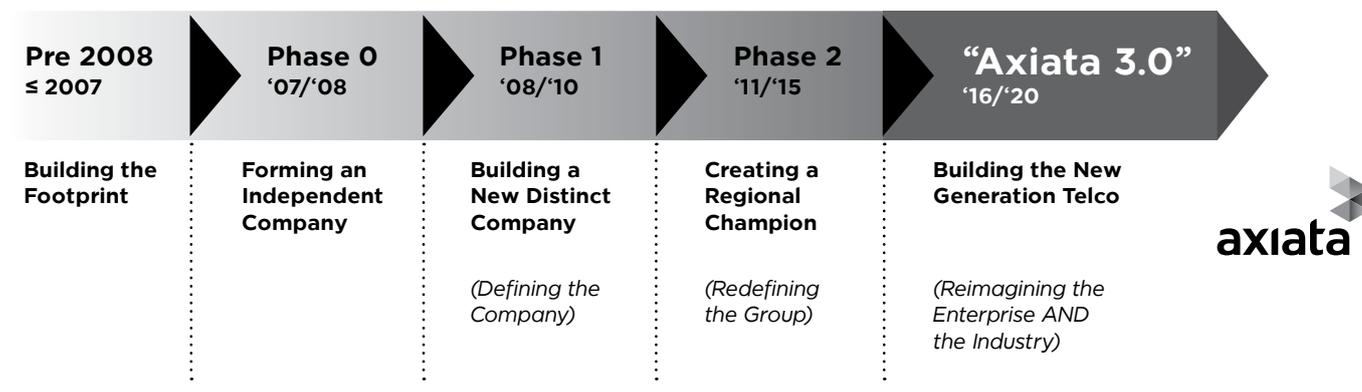
**DATO' SRI JAMALUDIN IBRAHIM**  
MANAGING DIRECTOR/PRESIDENT &  
GROUP CHIEF EXECUTIVE OFFICER

# STRATEGIC JOURNEY TOWARDS SHAPING THE FUTURE OF TELECOMMUNICATIONS

## We have started building a New Generation Digital Enterprise for Phase 3 of our lifecycle

Axiata has now completed two distinct phases since our inception as an independent company in 2008. With the conclusion of Phase 2 in 2015, we have firmly established Axiata as a Regional Champion providing voice and data telecommunication services, digital applications and infrastructure services to nearly 275 million customers in nine countries. Since beginning our journey in 2008, we have increased our customer base by 7x and doubled our revenue, profit and market capitalisation as at the end of 2015.

Today, Axiata generates annual revenue close to RM20 billion with Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of RM7.3 billion and market capitalisation of RM57 billion. We rank number two in subscriber base, number four in revenue and number five in market capitalisation against other regional mobile players within Southeast Asia and South Asia<sup>1</sup>.



## AXIATA'S STRATEGIC OBJECTIVES

Building on this solid footing, and in a time of fundamental change to a Digital Economy, we are now embarking on Phase 3 of our growth which we have dubbed "Axiata 3.0". In this phase we are focused on redefining and digitizing our operating model at both Group and Operating Company (OpCo) level.

In line with our long term outlook, the objectives of "Axiata 3.0" further build on our previous 'Regional Champion' key performance areas which will continue to underpin our strategy and which we have consistently enunciated as a feature of our balanced approach to growth:

- **Best Financial Performance:** Revenue, Market Capitalisation and Return on Invested Capital (ROIC) benchmarked against other telco groups within Asia
- **Top Employer/Talent Factory:** Management talent pool and level of employee engagement benchmarked against high performing companies worldwide
- **World-Class Processes:** Processes benchmarked against peers and Net Promoter Score (NPS) ratings
- **National/Social Contribution:** Recognised as top 10 national development contributor

<sup>1</sup> Notes / assumptions on ranking: a) Axiata customer base, revenue and market capitalization are benchmarked against regional peers with footprint within the Southeast Asia and South Asia region. b) Revenue adjusted based on LTM at 31 Dec 2015 and Forex rate conversion of average 1 Jan 2015 - 31 Dec 2015. c) Market Capitalization based on Bloomberg forex adjusted to RM on last trading day closest to 31 Dec 2015.

## CHALLENGES AND OPPORTUNITIES

Today, and throughout the next phase of our growth we will face several challenges in our business:

1. Unrelenting Data usage growth of over 50% per year moving forward, challenging traditional network investment economics
2. Divergence between revenue growth and data consumption, requiring significant unit cost reductions in service delivery
3. Sourcing digital talent and achieving full digitisation of our business processes and culture
4. Defending our direct relationship with our customers while monetizing our partnerships with Over-The-Top (OTT) players
5. Cost pressures from intensified spectrum fees, regulatory costs and industry targeted taxation in all our markets

However, the current industry landscape also presents some highly attractive opportunities for us:

- Smartphone penetration topping 50% and growing to 100% by 2020, driving exponential increases in demand for digital services
- Social Media and OTT adoption growth of over 100% per year in many of our markets
- The Mobile First Internet revolution, where consumers are using their mobile devices as their primary device for all forms of communications and lifestyle needs, and increasingly to purchase goods and services
- The Internet of Things (IoT) and Artificial Intelligence (AI) revolution which hand-in-hand will see hyper connectivity and communication between personal devices, wearables and specialised applications in many aspects of our lives
- Augmented and Virtual Reality coupled with Ultra-High Definition (UHD) video, offering immersive experiences in education, entertainment, healthcare and business

## AXIATA 3.0 - OUR LONG-TERM STRATEGY

We have developed a clear long-term strategy that takes into account the opportunities and challenges we face in the current operating environment, and will take us from where we are today as a Regional Champion telecommunications operator to realise our Axiata 3.0 vision and digital enterprise model by 2020.

Firstly, we have defined our Axiata 3.0 Core Business composition as the foundation of our strategy, to which all of our strategic initiatives relate:

- Digital communications and connectivity
- Enabling infrastructure and platforms; and
- Digital applications and services

Secondly, centred around our Core Business are four main pillars of our Axiata 3.0 strategy:

### 1. Aggressively Transform the Core

We are digitising every aspect of our processes, organisation and culture from marketing through to distribution, service delivery and customer care, to enhance our agility and reduce our cost structure. We have also instituted a Data Leadership culture which will ensure delivery of the best data network experience to our customers in all our service offerings, as well as delivering a supporting ecosystem of devices, OTT partnerships and high value data-led customer offers. Finally, we are focused on delivering a superior customer experience by engendering a customer feedback culture into everything we do, to attract and retain higher value customers.

### 2. Moderately Expand the Core

We will continue to invest moderately in Digital Applications and Services within our areas of focus which include Advertising, eCommerce, Money and Entertainment, as well as pursue connectivity and platform opportunities in the emerging Internet of Things (IoT) industry. In the area of enabling infrastructure, we will continue to invest in and grow our edotco business. We will pursue convergence in all our markets where it is value accretive to our business using a fit-for-purpose combination of fixed and wireless technologies.

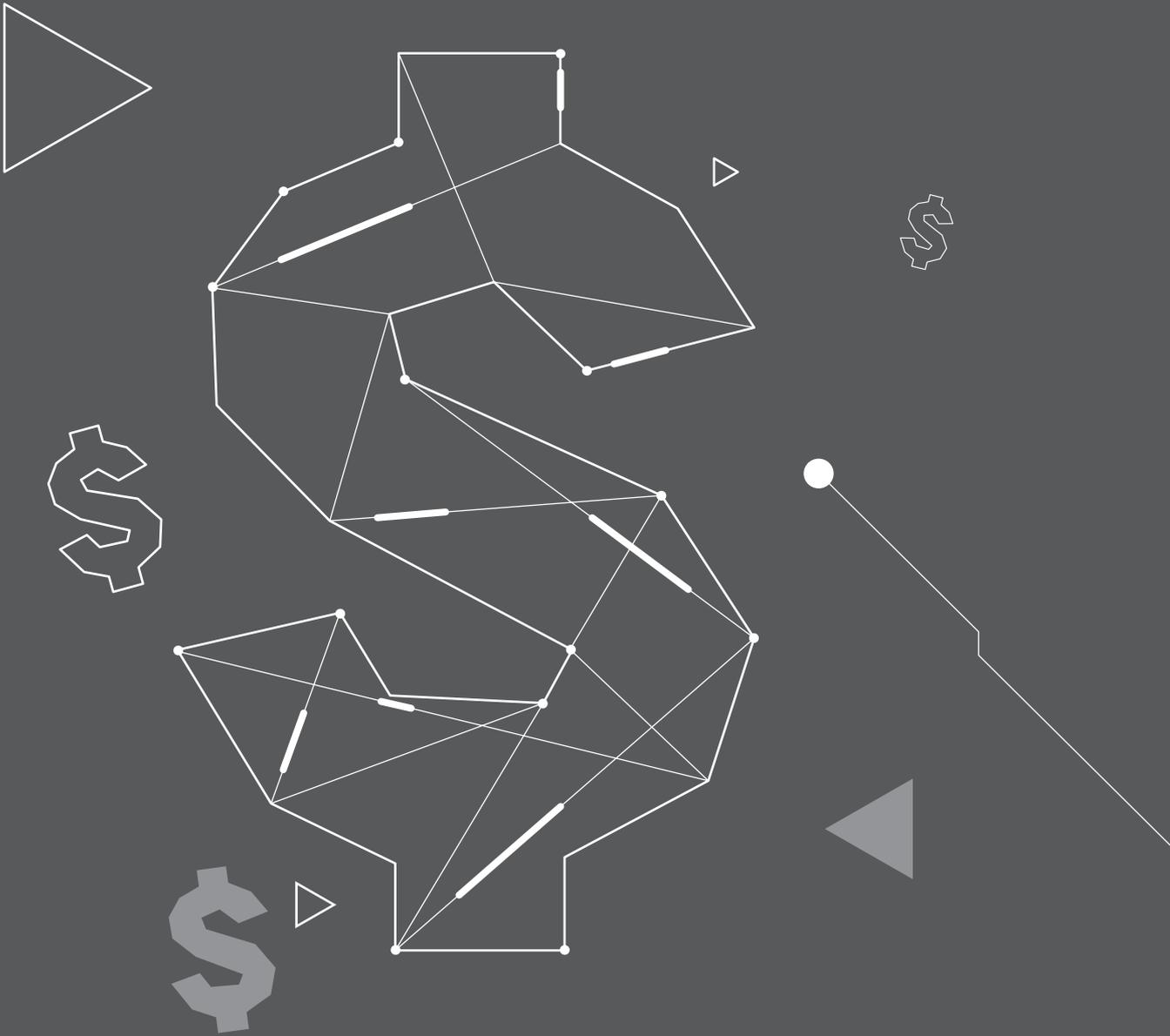
### 3. Selectively Acquire New Core

As we have already demonstrated through our in-market consolidation initiatives in Sri Lanka, Cambodia and Bangladesh, our primary strategy is to pursue in-country consolidation opportunities to strengthen our market positions. We will only consider opportunistic new footprint within our core region where it makes strategic sense and is financially sensible. We will also acquire new digital, Internet and tower companies that fit our focus areas and investment criteria.

### 4. Effectively Manage and Enable the Core

We will continue to focus on Return on Invested Capital (ROIC) and Profits After Tax and Minority Interests (PATAMI) improvements and initiatives. Talent upskilling to Digital is a key focus for the Group and our OpCos, as is a strong focus on Regulatory engagement to achieve positive outcomes on issues such as spectrum, industry taxation, licensing and regulatory compliance.

Having achieved our vision of becoming a 'Regional Champion', the strategy we have put forward for Axiata 3.0 will place us in a strong position to capture opportunities over the coming five years. Our strategy incorporates high growth and upside opportunities whilst requiring investments in the near term to realise long term value. As such, our financial stance and value proposition to our shareholders remains as 'Balanced growth and dividend proposition' in the near to mid-term.

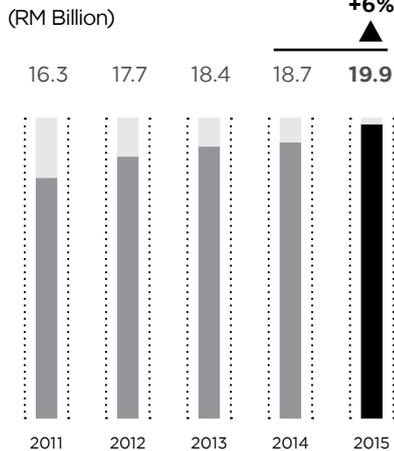


# FINANCIAL PERFORMANCE

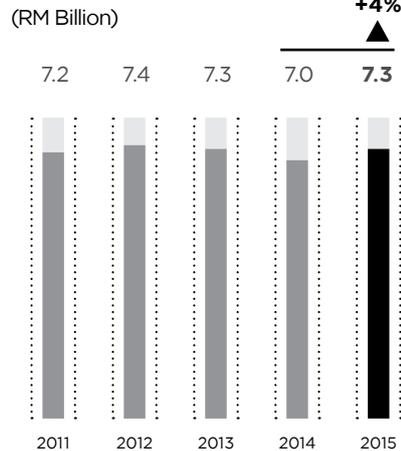


# FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

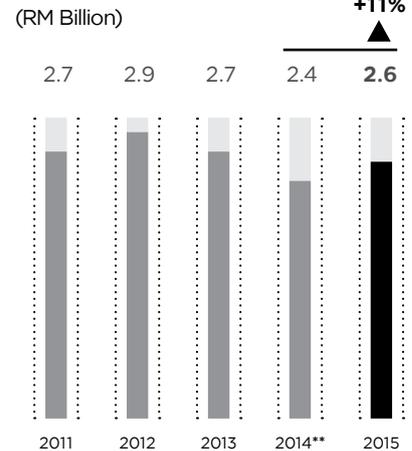
## OPERATING REVENUE



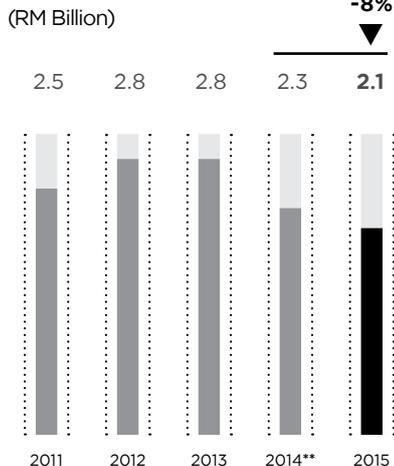
## EBITDA



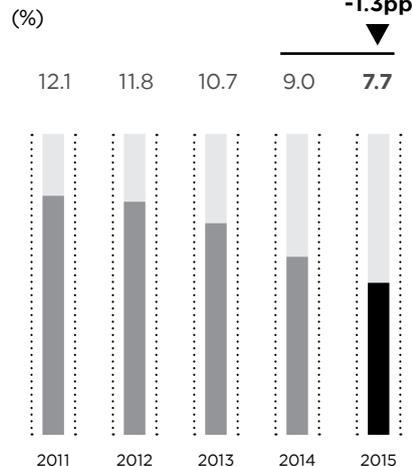
## PAT



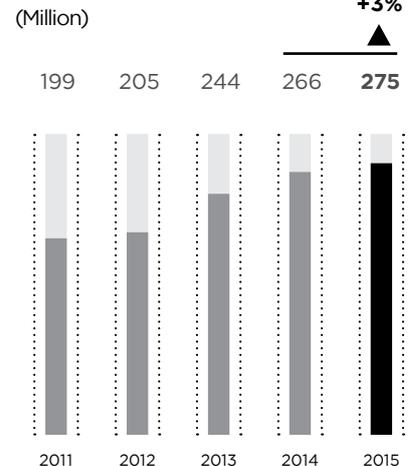
## NORMALISED PATAMI\*



## ROIC



## SUBSCRIBERS



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 - 2012 normalised PATAMI excludes Celcom tax incentive (-RM110.0 million), Celcom penalty on Sukuk (+RM26.3 million), Celcom network impairment (+RM161.6 million), Dialog tax impact (-RM47.8 million), Hello asset impairment (+RM46.0 million), Robi SIM tax (+RM34.4 million) and foreign exchange loss (+RM161.3 million).

Note 3 - 2013 normalised PATAMI excludes Celcom tax incentive (-RM106.0 million), Celcom network impairment (+RM67.5 million), Robi physical count loss and impairment on receivables (+RM16.7 million), Smart assets write-off (+RM31.4 million) and foreign exchange loss (+RM201.3 million).

Note 4 - 2014 normalised PATAMI excludes gain on disposal of Samart i-Mobile (-RM116.7 million), XL gain on disposal of towers (-RM48.2 million) and foreign exchange loss (+RM55.5 million).

Note 5 - 2015 normalised PATAMI excludes XL gain on disposal of towers (-RM399.8 million), Sri Lanka tax impact (+RM49.0 million) and foreign exchange gain (+RM132.3 million).

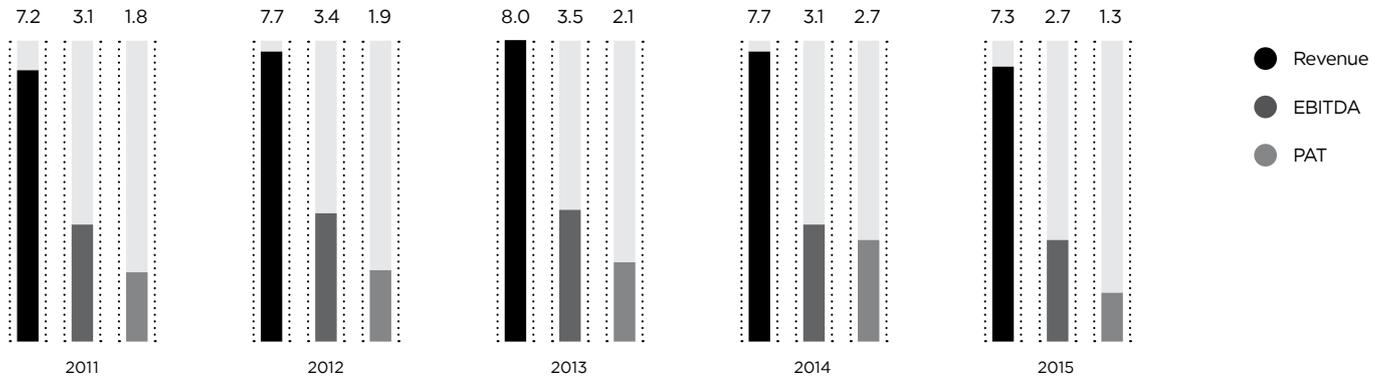
\* On normalised PATAMI, derivative gains/losses were not normalised prior to 2014. Derivatives losses in FY14 was RM22.5 million, while derivative gains in FY15 was RM49.5 million.

\*\* 2014 are based on Restated.

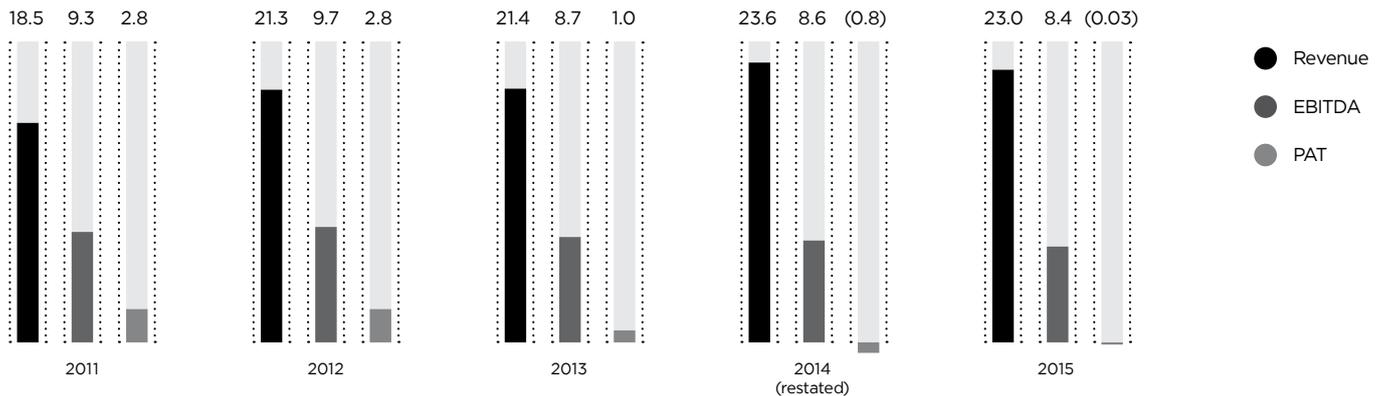
# REPORTING BY GEOGRAPHICAL LOCATION<sup>1</sup>



## MALAYSIA (RM Billion)

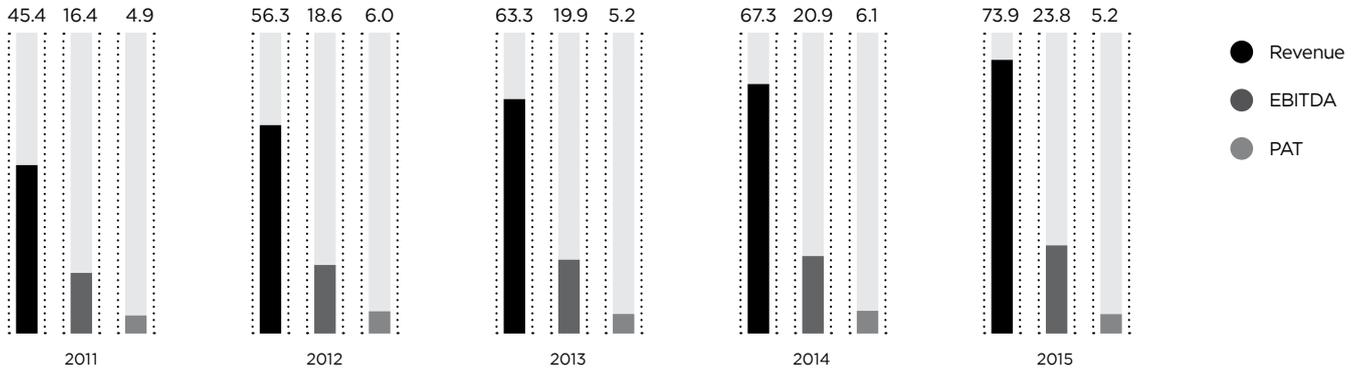


## INDONESIA (IDR Trillion)

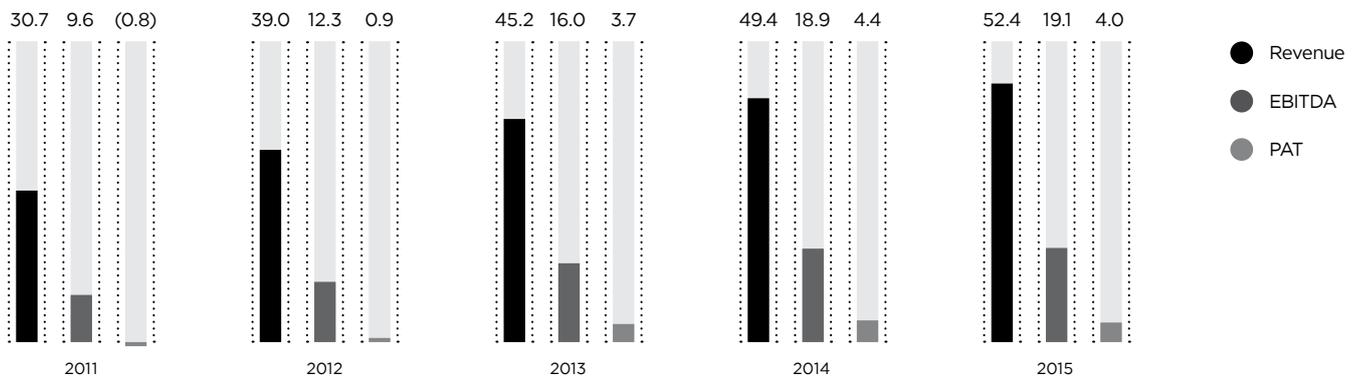


<sup>1</sup> All financial numbers are based on audited financial figures and follows the respective country GAAP.

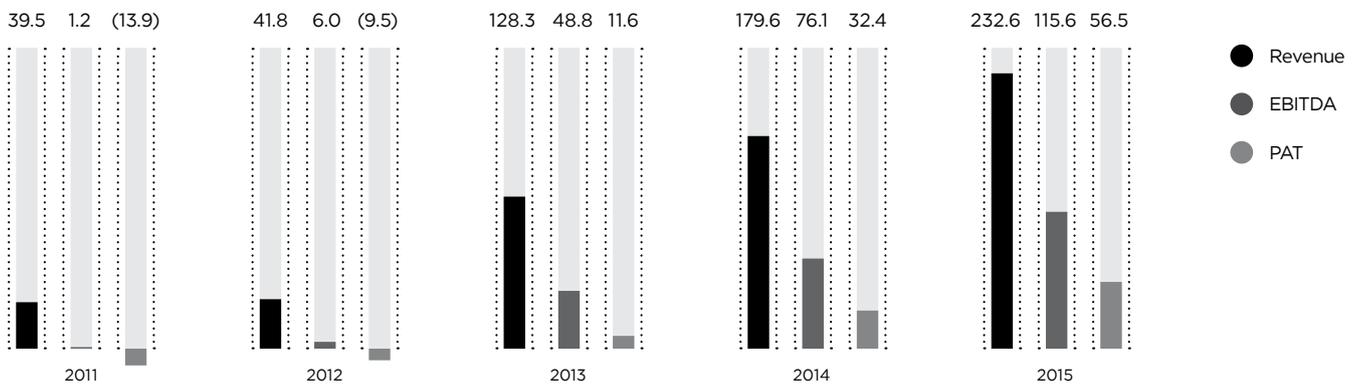
**SRI LANKA**  
(SLR Billion)



**BANGLADESH**  
(BDT Billion)



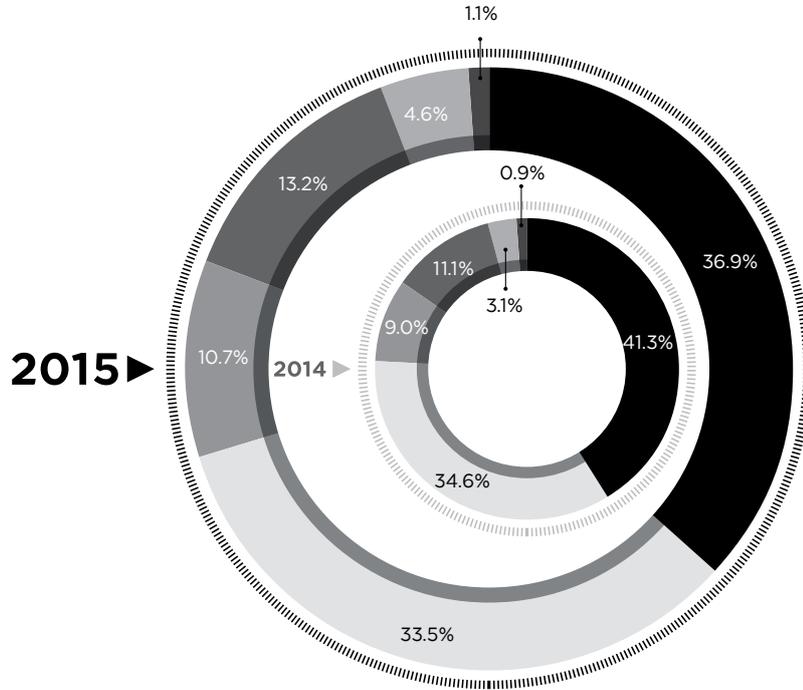
**CAMBODIA**  
(USD Million)



# SUMMARY BREAKDOWN OF OPERATING REVENUE & EBITDA

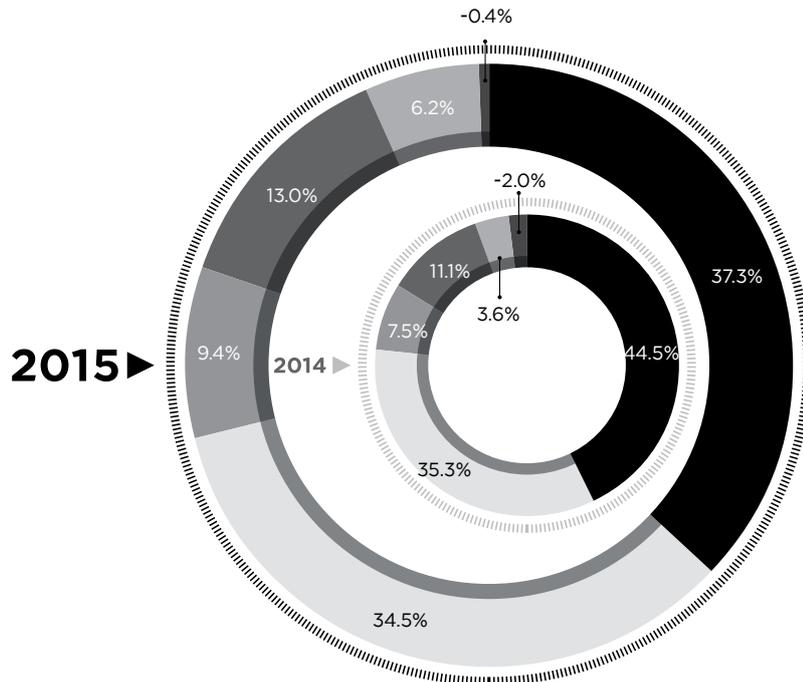
## 2015 & 2014 OPERATING REVENUE

- Celcom
- XL
- Dialog
- Robi
- Smart
- Others



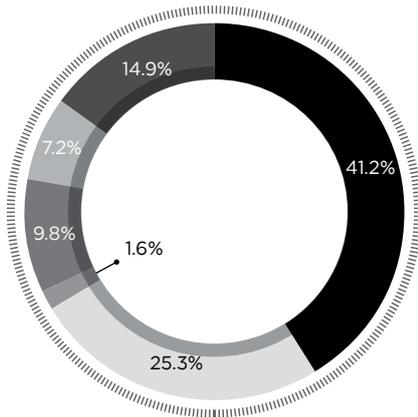
## 2015 & 2014 EBITDA

- Celcom
- XL
- Dialog
- Robi
- Smart
- Others

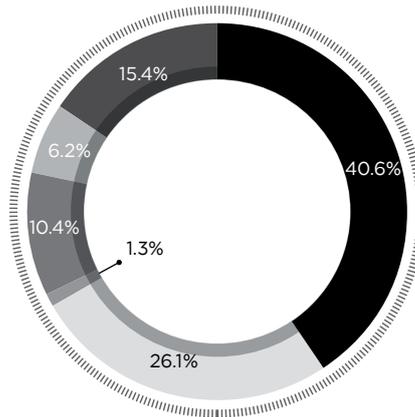


# SUMMARY BREAKDOWN OF ASSETS & LIABILITIES

**2015  
TOTAL ASSETS**

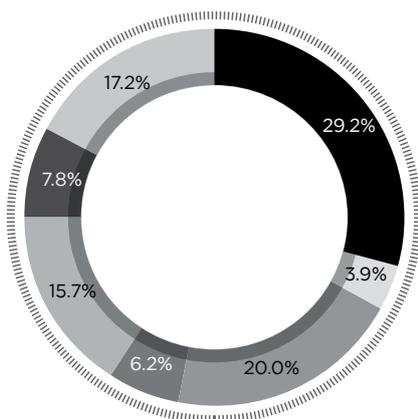


**2014\*  
TOTAL ASSETS**

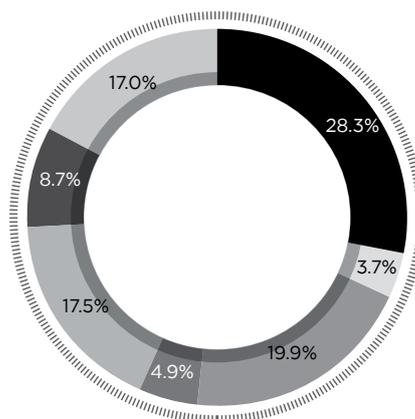


- Property, plant and equipment
- Intangible assets
- Other assets
- Deposits, cash and bank balances
- Trade and other receivables
- Associates/Joint ventures

**2015  
TOTAL LIABILITIES & EQUITY**



**2014\*  
TOTAL LIABILITIES & EQUITY**



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

\* 2014 Restated.

# FIVE-YEAR GROUP FINANCIAL SUMMARY

## OPERATIONAL HIGHLIGHTS

All in RM Million unless stated otherwise	FY2015	FY2014 <sup>2</sup>	FY2013	FY2012	FY2011
1. Operating Revenue	<b>19,883</b>	18,712	18,371	17,652	16,290
2. Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)	<b>7,284</b>	6,999	7,271	7,424	7,177
3. Earnings from Associates & Jointly Controlled Entities	<b>434</b>	339	255	211	118
4. Profit Before Tax (PBT)	<b>3,331</b>	3,147	3,533	3,762	3,577
5. Profit After Tax (PAT)	<b>2,636</b>	2,369	2,739	2,880	2,712
6. Profit After Tax and Minority Interests (PATAMI)	<b>2,554</b>	2,365	2,550	2,513	2,346
7. Normalised PATAMI <sup>1</sup>	<b>2,071</b>	2,256	2,761	2,784	2,539
8. Total Shareholders' Equity	<b>23,525</b>	20,761	19,622	20,101	19,843
9. Total Assets	<b>56,118</b>	49,106	43,497	42,931	41,106
10. Total Borrowings	<b>16,392</b>	13,893	13,436	12,658	11,459
11. Subscribers (million) <sup>3</sup>	<b>275</b>	266	244	205	199

## Growth Rates YoY

1. Operating Revenue	<b>6.3%</b>	1.9%	4.1%	8.4%	4.3%
2. EBITDA	<b>4.1%</b>	-3.7%	-2.1%	3.4%	1.7%
3. Total Shareholders' Equity	<b>13.3%</b>	5.8%	-2.4%	1.3%	6.0%
4. Total Assets	<b>14.3%</b>	12.9%	1.3%	4.4%	7.9%
5. Total Borrowings	<b>18.0%</b>	3.4%	6.1%	10.5%	7.3%

## Share Information

1. Per Share					
Earnings (basic) – sen	<b>30</b>	28	30	30	28
Earnings (diluted) – sen	<b>29</b>	27	30	29	28
Net Assets – RM	<b>2.7</b>	2.4	2.3	2.4	2.3
2. Share Price information – RM					
High	<b>7.22</b>	7.27	7.00	6.76	5.14
Low	<b>5.71</b>	6.44	6.16	4.67	4.57

## Financial Ratio

1. Return on Invested Capital <sup>4</sup>	<b>7.7%</b>	9.0%	10.7%	11.8%	12.1%
2. Gross Debt to EBITDA <sup>5</sup>	<b>2.3</b>	2.0	1.8	1.7	1.6
3. Debt Equity Ratio <sup>6</sup>	<b>0.7</b>	0.7	0.7	0.6	0.6

### Notes:

<sup>1</sup> Excludes Severance payment and XL minority interest, accelerated depreciation/FRS adjustment, gains on disposal/merger, Celcom network impairment, tax incentive and penalty on Sukuk, Dialog tax impact, Robi SIM tax, physical count loss and impairment on receivables, Hello asset impairment, Smart assets write-off, XL gains on disposal of towers, acquisition and provision and foreign exchange gains/loss. From FY14 normalised PATAMI excludes gain/loss on derivatives

<sup>2</sup> FY2014 are based on restated

<sup>3</sup> Restated subscribers based on active base definition starting 2012

<sup>4</sup> EBIT less tax over average invested capital

<sup>5</sup> Gross debt over EBITDA

<sup>6</sup> Total borrowings over total shareholders' equity

# GROUP FINANCIAL ANALYSIS

Axiata Group Berhad (Group) ended FY15 with highest ever revenue and Profits After Tax and Minority Interests (PATAMI) in its history, on the back of a challenging landscape across all key markets. Benefitting from a diverse portfolio of business spreading across key emerging Asian markets and forex translation gains, the Group delivered total revenue of RM19,883.5 million, a 6.3% growth from prior year. Data continues to drive growth with 29.8% increase in revenue, which now contributes to 23.5% of total Group revenue, a marked increase from 19.3% in FY14; demonstrating Group-wide targeted data investment is paying-off. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) stood at RM7,284.1 million and PATAMI for the year was at its all-time high of RM2,554.2 million, fueled by foreign exchange translation gains, tower gains and Operating Companies (OpCos) performance.

At year end, the Group cash balance stood healthy at RM5.5 billion after dividend payment and also aggressive investment in data related capital expenditure across its footprint. Excellent performance was also recorded by its associate companies in India and Singapore. In terms of customer base, the Group secured a number two position against its regional peers with a growth of 3.4%, achieving 275 million subscribers at the end of FY15.

Malaysia's overall recovery in FY15 was hampered by a flat growth in the market underpinned by overall macro-economic and industry headwinds; in addition to internal challenges; total revenue for the year declined by 5.1% to RM7,337.6 million. Consequently, EBITDA also decreased by 12.8% to RM2,719.2 million. Profit After Tax (PAT) of RM1,301.3 million was 24.9% below FY14 mainly due to lower EBITDA and higher depreciation and amortisation charges arising from data driven capital expenditure investments. In addition, PAT was also impacted significantly by one-off

expenses and also start-up losses in new ventures of RM53 million and RM71 million respectively.

Despite the sluggish backdrop, data revenue in Malaysia continued its momentum with growth of 20.7%; fueled by 48.0% growth in mobile Internet revenue and higher smartphone penetration. With its focus on data segment in the market, its data users of 6.6 million now represent 54.4% of its total subscriber base of 12.2 million. With the completion of the IT transformation exercise in FY15, Malaysia will continue its commitment to deliver superior customer experience and innovative data offerings.

In Indonesia, XL's "3R – Revamp, Rise and Reinvent" transformation agenda is on track and continues to gain momentum, as evidenced by three consecutive quarters of growth in Revenue, EBITDA and EBITDA margin in FY15. Indonesia registered revenue of RM6,657.0 million in FY15, an increase of 2.8% primarily driven by weaker Malaysian ringgit, as revenue was partly impacted by the expected loss of revenue from the sale of towers in December 2014. FY15 EBITDA stood at RM2,512.6 million up 1.8% while EBITDA margin declined marginally by 0.4 percentage points (pp) to 37.7% as compared to FY14. FY15 loss after tax was RM10.9 million, 95.1% lower than FY14 losses; primarily due to the recognition of one-off gains from sale of towers and lower taxes.

Data services revenue in Indonesia continues to experience double digit growth, increasing by 13.8% during the year at local currency and contributed to 27.1% of total gross revenue as compared to 23.2% in FY14. In addition, data traffic grew by 54% Year on Year (YoY) in FY15 compared with the same period last year with total Data users at 22.5 million or 54% of the total subscriber base.

As part of the proactive Balance Sheet Management initiatives to reduce the foreign exchange exposure and volatility, over a period from July to October 2015, XL repaid or refinanced all unhedged external USD debt. Thus all outstanding external USD debt is fully hedged until maturity.

Sri Lanka had a stellar year, despite intense competition and regulatory challenges. As it further consolidated its position as a market leader, total mobile subscribers increased by almost 14.0% to 10.9 million subscribers. Revenue surged 25.8% to RM2,120.7 million driven by strong revenue growth in mobile, fixed line and television. At the back of a strong performance in revenue and diligent cost management initiatives, EBITDA grew 30.7% in FY15. PAT performance however fell by 38.3% as higher EBITDA being offset primarily by the recognition of one off levies and taxes in FY15 of RM58.8 million, higher forex losses and depreciation and amortisation.

Capital investment in Sri Lanka grew by 43.6% at local currency during the year with intensified investments in high speed broadband infrastructure and roll out of fiberisation alongside investment into the final phase of the Bay of Bengal Gateway (BBG) Sub-Marine Cable project. Notwithstanding the expansion of capital investments to strengthen its leadership position, Sri Lanka continued to exhibit a structurally robust balance sheet, with net debt to EBITDA ratio at a healthy 0.78x as at the end of December 2015.

Performance in Bangladesh was moderated due to heightened price competition as well as a geopolitical uncertainties in Bangladesh. Despite this, Robi delivered subscriber growth of 12.0% from FY14 to 28.3 million subscribers via its focus on innovative product offerings and superior data network experience.

## GROUP FINANCIAL ANALYSIS

Bangladesh revenue increased by 25.8% to RM2,623.0 million driven by increase in data and device bundled packages. Data revenue posted exceptional growth of 78.9% at local currency and contributed towards 9.7% of total FY15 revenue, approximately 4.0 pp higher than the previous year. The revenue growth also positively impacted EBITDA, which generated an increase of 21.2% to reach RM944.2 million. Bangladesh PAT expanded 8.1%, due to higher EBITDA and partly being offset by higher depreciation arising from capital expenditure and impairment losses, as well as higher net finance costs in FY15.

Cambodia continued with another year of stellar performance, posting outstanding growth in all key financial metrics, despite being in a challenging market. Revenue expanded 54.4% during the year driven by an increase in voice as well as data revenue. Arising from the growth in revenue coupled with sustained focus on cost management and efficiency, Cambodia's EBITDA and PAT grew 80.6% and more than 100% respectively. Smart's total data subscribers grew an impressive 71.4% from the prior year to close the year at 3 million customers of its now 7.6 million strong subscriber base.

Excellent performance from regional associates in India and Singapore contributed towards the Group's strong results in FY15.

India achieved a solid 14.5% growth in revenue for the nine month period ending December 2015 driven by an increase in net adds by 14.1 million to reach 172 million subscriber base as at 31 December 2015. India also continued its EBITDA growth momentum, posting an increase of 21.5%. PAT in the period grew 11.2% due to higher EBITDA, partly off-set by higher depreciation and amortisation costs as well as net finance costs.

2015 saw Singapore posting 7.5% expansion in total revenue, driven by higher handset sales. Mobile data usage continued to grow with revenue from mobile data for FY15 increasing 10.7 pp year on year to reach 46.3% of service revenue. EBITDA and PAT increased by 1.9% and 1.5% respectively. At year end, its Net Debt to EBITDA ratio remained healthy at 1.0x.

The Group ended the year with healthy balance sheet position. Cash and bank balance is at a strong RM5.5 billion after dividend payment and issuance of USD500 million Sukuk during the year. Group total assets grew 14.3% in FY15 with higher property, plant and equipment due to continuous targeted investments in network infrastructure across the Group's footprint. Post the issuance of USD500 million Sukuk in November 2015, the Group's Gross Debt to EBITDA ratio stood at 2.25x and Net Debt to EBITDA ratio at 1.49x. The Group also successfully hedged 67.3% of its USD-denominated debt, particularly in Indonesia as a result of initiatives taken to mitigate currency volatility.

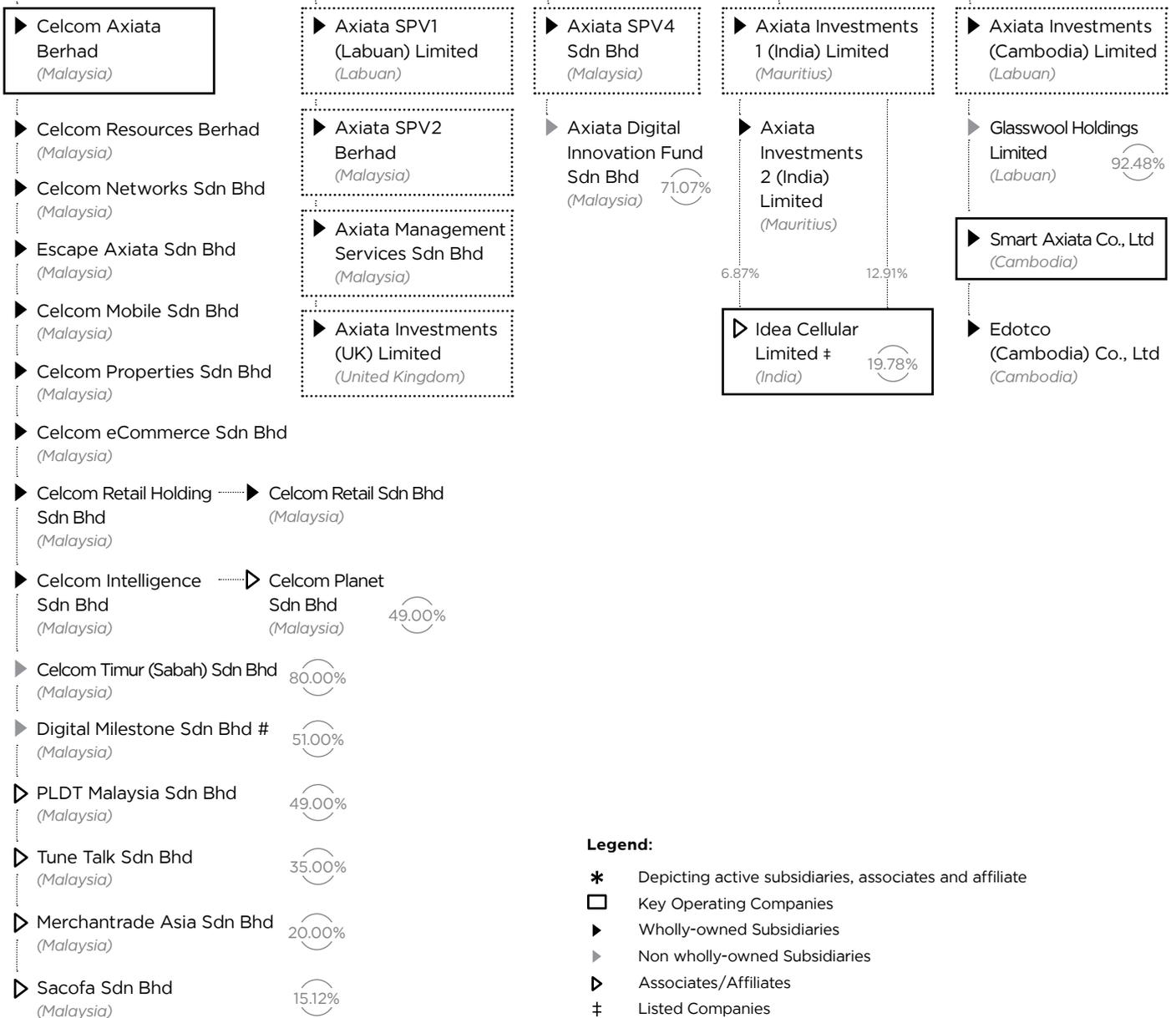
During the year, the Group's Board of Directors declared an interim tax exempt dividend under single tier system of 8 sen per share, which was paid in the fourth quarter of FY15. In the light of the Group's performance, the proposed Ncell acquisition and anticipated regulatory developments, the Group's Board of Directors has recommended and announced a tax exempt final dividend under single tier system of 12 sen per share, bringing the total dividend declared for FY15 to 20 sen per share. The final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting (AGM).

# CORPORATE PROFILE



# GROUP CORPORATE STRUCTURE\*

## AXIATA GROUP BERHAD

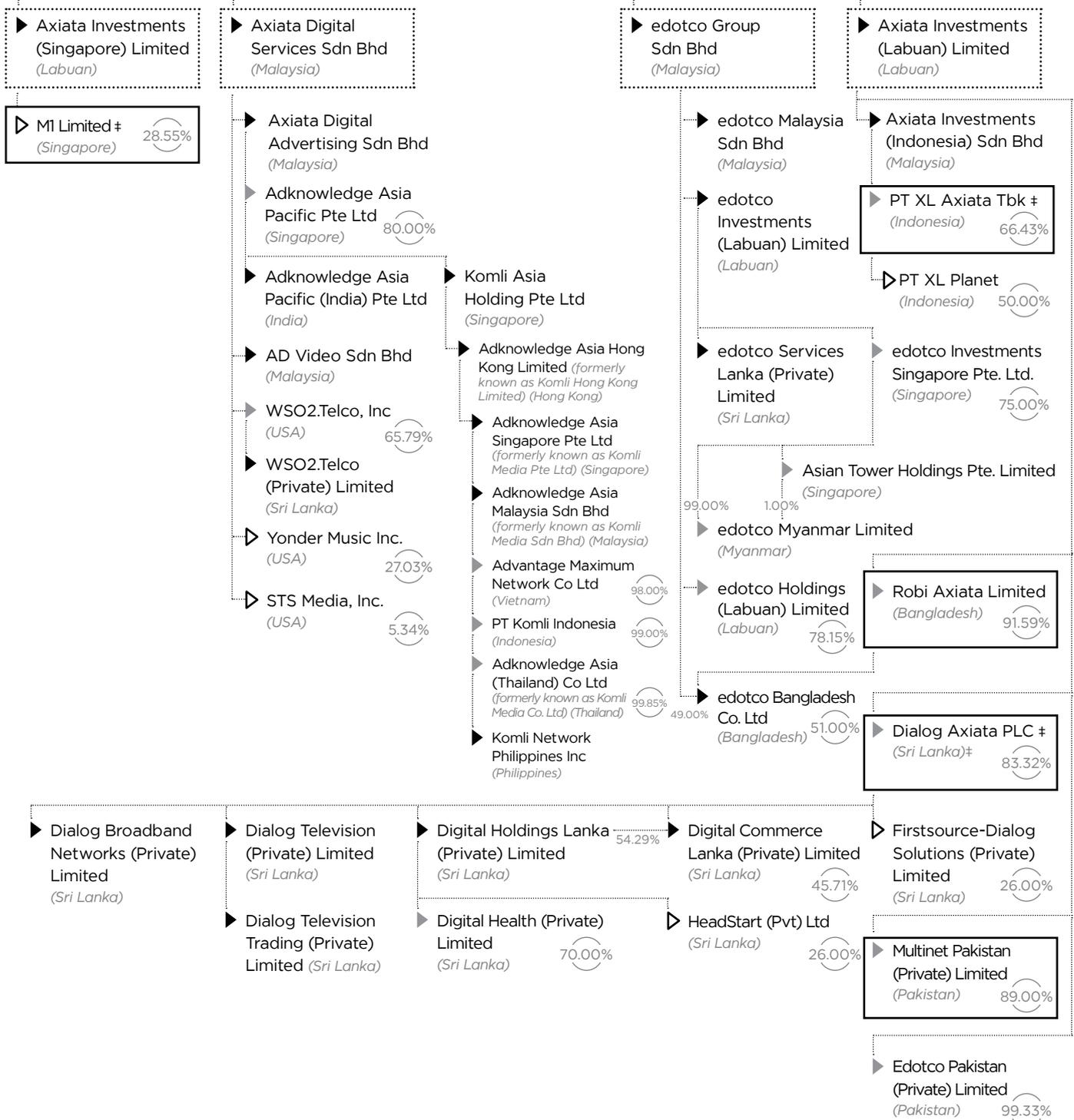


### Legend:

- \* Depicting active subsidiaries, associates and affiliate
- Key Operating Companies
- ▶ Wholly-owned Subsidiaries
- ▶ Non wholly-owned Subsidiaries
- ▷ Associates/Affiliates
- ‡ Listed Companies
- # Members' Voluntary Winding-up pursuant to section 254(1)(b) of the Companies Act, 1965

### Note:

The complete list of subsidiaries, associates and joint ventures and their respective principal activities, country of incorporation and the Group's effective interest are shown in notes 39 to 41 to the financial statements on pages 231 to 239 of this Annual Report.



# ENTITIES ACROSS ASIA

## MOBILE SUBSIDIARIES

### MALAYSIA



**CELCOM AXIATA BERHAD**

**Year of Investment/  
Shareholding:**  
2008/100%

**Nature of Business:**  
Mobile

**Subscribers:**  
12.2 Million

**Technology Deployed:**  
GSM, GPRS, EDGE, 3G,  
HSDPA+, WiFi, 4G LTE

**No. of BTS (2G/3G/4G):**  
20,255

**Network Coverage (By  
population coverage):**  
2G-95.2% 3G-88.1%  
4G-52.5%

### INDONESIA



**PT XL AXIATA TBK**

**Year of Investment/  
Shareholding:**  
2005/66.4%

**Nature of Business:**  
Mobile

**Subscribers:**  
42 Million

**Technology Deployed:**  
GSM, GPRS, EDGE, 3G,  
HSPA+, DC-HSPA+,  
4G LTE

**No. of BTS (2G/3G):**  
58,879

**Network Coverage (By  
population coverage):**  
2G->90% 3G->50%  
4G->5%

### SRI LANKA



**DIALOG AXIATA PLC**

**Year of Investment/  
Shareholding:**  
1995/83.32%

**Nature of Business:**  
Communication Services,  
Telecommunications  
Infrastructure Services,  
Media and Digital Services

**Subscribers:**  
10.9 Million

**Technology Deployed:**  
GSM, GPRS, EDGE, 3G,  
HSPA, WiFi, CDMA,  
WiMAX, 4G LTE, MPEG-2,  
MPEG-4, HD

**No. of BTS (2G/3G/4G):**  
6,635

**Network Coverage (By  
population coverage):**  
2G-96% 3G-74%

### BANGLADESH



**ROBI AXIATA LIMITED**

**Year of Investment/  
Shareholding:**  
1995/91.59%

**Nature of Business:**  
Mobile

**Subscribers:**  
28.3 Million

**Technology Deployed:**  
GSM, GPRS, EDGE,  
HSPA+, 3G

**No. of BTS:**  
13,389

**Network Coverage (By  
population coverage):**  
3G Indoor-7%,  
3G Outdoor-28%  
2G Indoor-84%  
2G Outdoor-99%

### CAMBODIA\*



**SMART AXIATA CO., LTD**

**Year of Investment/  
Shareholding:**  
2013/95.3%

**Nature of Business:**  
Mobile

**Subscribers:**  
7.6 Million

**Technology Deployed:**  
GSM, GPRS, EDGE, 3G,  
HSPA+, 4G LTE

**No. of BTS (2G/3G):**  
4,230

**Network Coverage (By  
population coverage):**  
>98%

## MOBILE ASSOCIATES / AFFILIATES

### INDIA#



**IDEA CELLULAR LIMITED**

**Year of Investment/Shareholding:**  
2008/19.8%

**Nature of Business:**  
Mobile Services

**Subscribers:**  
172 Million (as of 31 December 2015)

### SINGAPORE



**M1 LIMITED**

**Year of Investment/Shareholding:**  
2005/28.32%

**Nature of Business:**  
Mobile and fixed services

**Subscribers:**  
2.06 million (as of 31 December 2015)

## NON-MOBILE SUBSIDIARIES & ASSOCIATES / AFFILIATES

### MALAYSIA



**EDOTCO GROUP SDN BHD**

**Year of Incorporation/Shareholding:**  
2012/100%

**Nature of Business:**  
Telecommunications Infrastructure and Services

### PAKISTAN



**MULTINET PAKISTAN (PRIVATE) LIMITED**

**Year of Investment/Shareholding:** 2005/89%

**Nature of Business:**  
Broadband, Long Distance and International  
Services

#### Notes:

\* Investment started in 1998 via Hello Axiata Company Limited (Hello). Hello subsequently merged with Smart Axiata Co., Ltd in 2013.

# Investment started in 2006 via Spice Communications Limited (Spice). Spice subsequently merged with Idea Cellular Limited in 2008.

# PROFILE OF DIRECTORS



## TAN SRI DATO' AZMAN HJ. MOKHTAR

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

<b>Age:</b> 55	<b>Nationality:</b> Malaysian	<b>Date of Appointment:</b> 3 March 2008
<b>Length of Service:</b> 8 years	<b>Date of Last Re-election:</b> 20 May 2015	

**Membership of Board Committees:** Nil

### Qualifications:

- British Chevening Scholar
- Masters of Philosophy in Development Studies, 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:

Formerly, Azman was the Managing Director and co-founder of BinaFikir Sdn Bhd, Director and Head of Country Research at Salomon Smith Barney Malaysia and Director and Head of Research at Union Bank of Switzerland in Malaysia. He previously served in various capacities with Malaysia's largest utility company, Tenaga Nasional Berhad. From June 2004 to date, Azman holds the position of Managing Director of Khazanah Nasional, the strategic investment fund of the Government of Malaysia.

### Directorships of Public Companies:

#### Non-listed

- Iskandar Investment Berhad (Chairman)
- Yayasan Khazanah
- Yayasan Hasanah

### Other Information:

Azman holds various board membership including Khazanah Research Institute and Jadwa Investment in Saudi Arabia. He also serves on various Malaysian public service bodies including the Special Economic Committee, the National Science Council, Performance Management and Delivery Unit under the Malaysian Prime Minister's Department, the Capital Market Advisory Group for Securities Commission Malaysia and the National Export Council. He is also a member of the Asia Business Council.



## DATO' SRI JAMALUDIN IBRAHIM

Managing Director/  
President & Group Chief Executive Officer

<b>Age:</b> 57	<b>Nationality:</b> Malaysian	<b>Date of Appointment:</b> 3 March 2008
<b>Length of Service:</b> 8 years	<b>Date of Last Re-election:</b> 23 May 2013	

**Membership of Board Committees:** Nil

### Qualifications:

- 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 34 years in the ICT industry – 16 years in IT and 18 years in telecommunications.

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

He then spent 12 years in IBM (1981-1993), the first five years as Systems Engineer and then in various positions in Sales, Marketing and Management. In 1993, he was appointed Chief Executive Officer of Digital Equipment Malaysia (the Malaysian branch of Digital Equipment, then the second largest IT company worldwide).

Four years later, in 1997, Jamaludin joined Maxis Communications Berhad, and was appointed Chief Executive Officer in 1998. In 2006, he was re-designated Group Chief Executive Officer. He retired from Maxis in 2007. In 2008, he joined Axiata as the Managing Director/President & Group Chief Executive Officer.

### Directorships of Public Companies:

Axiata Group

#### Listed

- Dialog Axiata PLC (Alternate Director)
- PT XL Axiata Tbk
- M1 Limited

#### Non-listed

- Celcom Axiata Berhad (Chairman)
- Axiata Foundation

Others – GSMA Mobile For Development Foundation and Malaysian Global Innovation & Creativity Centre Berhad

### Other Information:

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. In 2014, he was named CEO of the Year at the MSWG-ASEAN Corporate Governance Transparency Index Awards. He was also the recipient of the 2015 GSMA Chairman's Award which is the GSMA's most prestigious award and recognises outstanding personal contribution to the growth and development of mobile communications around the world.

## PROFILE OF DIRECTORS



### TAN SRI GHAZZALI SHEIKH ABDUL KHALID

Independent Non-Executive Director

<b>Age:</b> 70	<b>Nationality:</b> Malaysian	<b>Date of Appointment:</b> 24 March 2008
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<b>Length of Service:</b> 8 years	<b>Date of Last Re-election:</b> 23 May 2013
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#### Membership of Board Committees:

- Board Nomination Committee (Chairman)
- Board Remuneration Committee (Chairman)

#### Qualifications:

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, UK, 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 as Ambassador-at-large of the Ministry of Foreign Affairs, Malaysia to which he was appointed in 2006.

#### Directorships of other Public Companies:

Axiata Group

*Non-listed*

- Robi Axiata Limited (Chairman)
- Axiata Foundation (Chairman)



### DATUK AZZAT KAMALUDIN

Senior Independent Non-Executive Director

<b>Age:</b> 70	<b>Nationality:</b> Malaysian	<b>Date of Appointment:</b> 24 March 2008
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<b>Length of Service:</b> 8 years	<b>Date of Last Re-election:</b> 28 May 2014
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#### Membership of Board Committees:

- Board Audit Committee
- Board Nomination Committee
- Board Remuneration Committee

#### Qualifications:

- 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 Other Public Companies:

Axiata Group

*Listed*

- Dialog Axiata PLC (Chairman)

*Non-listed*

- Celcom Resources Berhad

*Others*

*Listed*

- Boustead Holdings Berhad
- Boustead Heavy Industries Corporation Berhad
- KPJ Healthcare Berhad

*Non-listed*

- Malaysian Directors Academy



### DATO' ABDUL RAHMAN AHMAD

Independent Non-Executive Director

<b>Age:</b> 46	<b>Nationality:</b> Malaysian	<b>Date of Appointment:</b> 17 January 2013
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<b>Length of Service:</b> 3 years	<b>Date of Last Re-election:</b> 20 May 2015
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#### Membership of Board Committee:

- Board Nomination Committee

#### Qualifications:

- MA in Economics, Cambridge University, UK
- Member of the Institute of Chartered Accountants, England and Wales

#### Working Experience:

Abdul Rahman is the Non-Executive Director of Ilmu Education Group Sdn Bhd which he served since 1 March 2016. Prior to joining Ilmu Education Group, he was the Chief Executive Officer of Ekuiti Nasional Berhad (Ekuinas), a government-linked private equity firm. Abdul Rahman began his career at Arthur Andersen, London and later served as Special Assistant to the Executive Chairman of Trenergy (M) Berhad/Turnaround Managers Inc Sdn Bhd. He subsequently joined Pengurusan Danaharta Nasional Berhad, the country's national asset management company and later went on to become Executive Director of SSR Associates Sdn Bhd. Prior to joining Ekuinas, Abdul Rahman was the Group Managing Director/Chief Executive Officer of Media Prima Berhad and Group Managing Director/Chief Executive Officer of Malaysia Resources Corporation Berhad. Abdul Rahman is also a Director of M+S Pte Ltd, a joint venture property company of Khazanah Nasional Berhad and Temasek Holdings (Private) Limited.

#### Directorships of other Public Companies:

*Listed*

- Icon Offshore Berhad

*Non-listed*

- RHB Investment Bank Berhad


**DAVID LAU NAI PEK**

Independent Non-Executive Director

<b>Age:</b> 63	<b>Nationality:</b> Malaysian	<b>Date of Appointment:</b> 23 April 2008
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<b>Length of Service:</b> 8 years	<b>Date of Last Re-election:</b> 20 May 2015
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**Membership of Board Committee:**

- Board Audit Committee (Chairman)

**Qualifications:**

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

**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, Netherlands and UK. David 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 other Public Companies:**

Axiata Group  
*Non-listed*

- Celcom Axiata Berhad (Chairman of Board Audit Committee)

Others

*Listed*

- Shell Refining Company (Federation of Malaya) Berhad
- KKB Engineering Berhad

*Non-listed*

- Malaysia Airlines Berhad

**Other Information:**

Member of Investment Panel of Employees Provident Fund


**JUAN VILLALONGA NAVARRO**

Independent Non-Executive Director

<b>Age:</b> 63	<b>Nationality:</b> Spanish	<b>Date of Appointment:</b> 24 March 2008
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<b>Length of Service:</b> 8 years	<b>Date of Last Re-election:</b> 28 May 2014
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**Membership of Board Committee:**

- Board Audit Committee

**Qualifications:**

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

**Working Experience:**

Juan Villalonga is the Co-Founder and Partner of Hermes Growth Partners. Juan, is the former Chairman and Chief Executive Officer of Telefonica, where he grew the company's market capitalisation from USD12 billion to over USD100 billion. In 2010, Harvard Business Review ranked Juan at number 33 on the list of 100 Top Performing CEOs in the World. He is a former partner of McKinsey and Company. Juan is a Director of Virgin Mobile Latin America, The Trade Desk and Acibadem. He is also a member of the Telefonica Foundation, the Advisory Board of Lutetia Capital and the McKinsey New Ventures Advisory Council.

**Directorships of other Public Companies:**

Nil


**BELLA ANN ALMEIDA**

Independent Non-Executive Director

<b>Age:</b> 59	<b>Nationality:</b> British	<b>Date of Appointment:</b> 21 January 2013
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<b>Length of Service:</b> 3 years	<b>Date of Last Re-election:</b> 23 May 2013
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**Membership of Board Committees:**

- Board Nomination Committee
- Board Remuneration Committee

**Qualifications:**

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

**Working Experience:**

Ann was the Group Managing Director, Human Resources of The Hongkong and Shanghai Banking Corporation Limited between February 2008 and May 2015 and a member of the Group Management Board. In 2011, her remit widened to include Corporate Sustainability. Ann joined the HSBC Group in 1992 and by 1995 she was appointed Head of HR for James Capel (Stockbroking). Since 1996, Ann was Director, HR for HSBC's Investment Bank, Transaction Bank, Private Bank, Islamic Bank and Asset Management, before taking up her last role. She retired in May 2015 after 23 years service with the HSBC Group.

**Directorships of other Public Companies:**

Nil

**Other Information:**

Non-Executive Chairman of the Human Resources Committee of Jadwa Investments, a Saudi Islamic bank and Senior Adviser to the Remuneration & Nomination Committee of Fajr Capital, a private equity group.

## PROFILE OF DIRECTORS



### DR MUHAMAD CHATIB BASRI

Independent Non-Executive Director

<b>Age:</b> 50	<b>Nationality:</b> Indonesian	<b>Date of Appointment:</b> 25 February 2015
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<b>Length of Service:</b> 1 year	<b>Date of Last Re-election:</b> 20 May 2015
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#### Membership of Board Committees:

Nil

#### Qualifications:

- PhD in Economics and Master of Economic Development, Australian National University, Australia
- Bachelor of Economics, University of Indonesia, Indonesia

#### Working Experience:

Dr. Muhamad Chatib Basri, was the Indonesia's former Minister of Finance from May 2013 to October 2014. Previously, he was the Chairman of Investment Coordinating Board of Indonesia from June 2012 to October 2013. Prior to that, from 2010 to 2012, he served as the Vice Chairman of the National Economic Committee of the President of Indonesia. He is currently the Chairman of Indonesia Infrastructure Finance, and also Chairman of the Advisory Board of Mandiri Institute. Dr. Basri was a member of the Asia Pacific Regional Advisory Group of the International Monetary Fund (IMF). From 2010 to 2012, he was a member of the High Level Trade Experts Group, co-chaired by Jagdish Bhagwati and Peter Sutherland. In 2010, he co-founded CRECO Research Institute, a Jakarta based economic consulting firm. Dr Basri has from 1995 until present lectures at the Department of Economics, University Indonesia.

He has acted as a consultant for the World Bank, the Asian Development Bank (ADB), the USAID, AUSAID, OECD and UNCTAD. He is the author of a number of papers in international academic journals and actively writes for various leading newspapers and magazines in Indonesia.

#### Directorships of other Public Companies:

Nil



### KENNETH SHEN

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

<b>Age:</b> 51	<b>Nationality:</b> American	<b>Date of Appointment:</b> 5 October 2011
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<b>Length of Service:</b> 4 years	<b>Date of Last Re-election:</b> 28 May 2014
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#### Membership of Board Committees:

- Board Audit Committee
- Board Nomination Committee
- Board Remuneration Committee

#### Qualifications:

- Bachelor of Arts degree (magna cum laude) in East Asian Languages and Civilisations (Japanese) and Economics from Harvard College, USA
- MBA, Harvard Graduate School of Business Administration, USA
- 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, Qatar and Malaysia. 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 other Public Companies:

Non-listed

- 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 2015.
- For information on Directors' attendance at Board Meetings held during the financial year, please refer to page 60 of the Statement on Corporate Governance.

# PROFILE OF MANAGEMENT TEAM



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

Please refer to page 35



**DR HANS WIJAYASURIYA**  
Regional Chief Executive Officer,  
South Asia Region

#### Professional Experience:

In line with Axiata's regional expansion in the South Asia region, Hans was appointed as the Regional Chief Executive Officer (CEO), South Asia in January 2016. Hans also remains the Group Chief Executive Officer of Dialog. He joined Dialog's founding management team in 1994, and took on the role of CEO in 1997.

From 2012-14, Hans also functioned as the founding CEO of Axiata Digital. Hans continues to serve on the board of Axiata Digital and several of its digital venture subsidiaries. Hans also represents Axiata as a nominee director on the boards of the TM Forum and on the board of Idea Cellular Limited in India.

Hans was conferred the prestigious 'Sri Lankan of the Year' award in 2008, by the country's premier business journal, LMD, and is also a recipient of the CIMA-Janashakthi Business Leader of the Year Award.

Hans graduated from the University of Cambridge with a Degree in Electrical and Electronic Engineering. He later obtained his PhD in Digital

Mobile Communications from the University of Bristol. A Chartered Engineer and fellow member of the Institute of Engineering Technology UK. Hans also holds an MBA from the University of Warwick UK.

Hans has published widely on the subject of digital mobile communications, including research papers in publications of the Institute of Electrical and Electronic Engineers (IEEE) USA, Royal Society and the Institute of Electrical Engineers (IEE) UK. He has also presented papers at several International conferences on digital mobile communications.

Hans is a past Chairman of GSM Asia-Pacific and has been included in the GSM 100 Role of Honour for his contribution to the advancement of mobile telecommunications in the Asia Pacific region. A past Chairman of the Arthur C. Clarke Institute for Modern Technologies, Hans also served on the Boards of the Information and Communication Technology Agency of Sri Lanka and the Sri Lanka Institute of Information Technology. Hans is presently a director on the board of the Sri Lanka Institute for Nano-Technology.



**CHARI TVT**  
Group Chief Financial Officer

#### Professional Experience:

Chari TVT was appointed as Group Chief Financial Officer of Axiata on 1 January 2014. Prior to this, Chari served as Chief Financial Officer of Celcom since May 2009. During his time at Celcom, Chari was instrumental for many initiatives that contributed to excellent financial performance of Celcom, making it one of the most profitable companies in Malaysia.

Before joining Celcom, Chari was Vice President, Sales at HP Financial Services Asia Pacific and Japan. He spent 20 years at HP, of which 10 years was in senior finance positions in various countries such as Hong Kong, Malaysia, Thailand and Singapore, and 10 years heading Sales and Marketing for Asia Pacific as well as a large business unit with revenue of close to USD1 billion.

Chari holds an MBA from State University of New York in Buffalo, USA. He is also a member of the Chartered Institute of Management Accountants UK (CIMA), an Associate member of the Institute of Chartered Accountants (ACA) and Institute of Cost and Works Accountants (ICWA) from India.



**AMANDEEP SINGH**  
Group Chief Technology Officer

#### Professional Experience:

Amandeep holds a Bachelor's degree in Electronics & Electrical Communications from India.

Amandeep has over 24 years of experience in the telecommunications sector encompassing mobile, fixed and long distance networks. During his professional career, he has held various portfolios to lead the technology function spanning across 25 countries in Asia and Africa. He brings hands on experience in strategising and managing state-of-the-art telecommunication networks including 2G / 3G / 4G LTE / IT and Systems. He has handled complex, multi-country and large scale technology transformations in the past. Amandeep also brings a rich wealth of experience in the towerco business.

Prior to Axiata, his last assignment was with Bharti Airtel for more than nine years, working out of the company's offices in India and Africa.



**ANNIS SHEIKH MOHAMED**  
Chief Corporate Development Officer

#### Professional Experience:

Annis joined Axiata as the Head, Corporate Development on 1 July 2011, and subsequently

## PROFILE OF MANAGEMENT TEAM

appointed as the Chief Corporate Development Officer on 18 May 2015. Annis is primarily responsible for Axiata's Merger and Acquisition (M&A) activities focusing on traditional telco M&A opportunities within Axiata's target market of South East Asia and South Asia.

Annis has close to 17 years of experience in the banking industry with extensive knowledge and experience in the areas of investment banking, financial advisory, structured and project finance, and acquisition and mezzanine financing. He started his career at Citibank Berhad, and later moved on to Macquarie (Malaysia) Sdn Bhd, followed by RHB Sakura Merchant Bankers Bhd. His last position prior to joining Axiata, was Chief Officer & Head of Investment Banking in Kuwait Finance House (Malaysia) Berhad (KFHMB).

Annis graduated from the University of Wisconsin-Madison, USA with a Bachelor's degree in Business Administration (Hons), majoring in Finance, Investment and Banking.



**ASRI HASSAN SABRI**  
Group Head of Business Operations

### Professional Experience:

Asri joined Axiata as the Group Head of Business Operations to manage the performance of Axiata's operating companies, as well as business development that will further drive Group-wide synergies.

Asri has 27 years of experience in various management, consulting and entrepreneur engagements in the IT and telecommunications industries. He is a former Country President for Motorola Malaysia, a position he held from 2006 till 2008. He was also a strategic partner with Provident Capital Partners, an established South Asia private equity company.

Besides Motorola, Asri has also worked with other multinational corporations (MNCs) such as Nokia. Asri graduated with a Bachelor of Commerce from the University of Newcastle, Australia.



**DATIN SRI BADRUNNISA MOHD YASIN KHAN**

Group Chief Talent Officer

### Professional Experience:

Badrunnisa holds a Bachelor of Science (Honours), in Biochemistry and Pharmacology, from the University of Aston in Birmingham, UK. She has had over 30 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.



**DARKE M SANI**  
Group Chief Human Resources Officer

### Professional Experience:

Darke has had over 30 years experience both in Malaysia and in the South Asia region, in the telecommunications & IT industry and in leadership development and management consulting. He has held several senior positions in multinational companies and large local companies. These include Managing Director of South East Asia and India of Apple Inc, Managing Director (Singapore) of Digital Equipment Corporation (now part of Hewlett-Packard) and Managing Director of Enterprise Business of Maxis Communications at Malaysia.

He joined Axiata in 2011. Darke holds a Bachelor's Degree in Civil Engineering from the National University of Singapore



**DOMINIC P ARENA**  
Group Chief Strategy Officer

### Professional Experience:

Dominic has over 21 years' experience in the telecoms, media & technology sectors having held executive roles with global telecom operators - including Vodafone, Orange and British Telecom - as well as for leading strategic advisory firms. He has lived & worked in Singapore, Malaysia and Thailand for the majority of the past 15 years providing strategic advice and corporate development support to operators, financial institutions and Government agencies across Asia.

Prior to joining Axiata, Dominic was the Group Managing Director of AEC Advisory, a regional strategic and corporate advisory firm headquartered in Singapore serving telecom, media, technology and Government clients in strategy, market entry, M&A, transformation and regulatory policy. Preceding this he has held several senior corporate advisory roles as a global equity Partner of Value Partners Management Consulting, as Regional Director APAC for BT Global Services consulting group, as a Director of KPMG Australia and a Director with KPMG Consulting in SE Asia in charge of Telecom & Media advisory.

Dominic's experience as a trusted strategic adviser spans a broad network of international and regional operators in the Telecom, Media, Satellite and Digital Services industries as well as the Government sector, and has been widely published and referenced in the media.

Dominic holds a Bachelor of Engineering in Telecommunications (Honours) and a Graduate Diploma in Engineering Management (Dip. Eng. Prac., Honours) from the University of Technology, Sydney, Australia.

**IDHAM NAWAWI**

Group Chief Corporate Officer

**Professional Experience:**

A Chevening scholar, Idham holds a Bachelor of Science in Mechanical Engineering from University of Rochester, New York, USA, and received his Masters in Communications Management (MBA in Telecommunications) from the University of Strathclyde, Glasgow, Scotland.

Idham has over 20 years experience in the telecommunications and IT industry in Malaysia, Indonesia and the US. Prior to his role in Axiata, Idham served as Chief Operating Officer of Packet One Networks in Malaysia, Head of Strategy and Corporate Affairs for Axis Communications in Indonesia and in various senior management positions within Sales & Marketing and Corporate Strategy for Maxis in Malaysia. He started his career as an engineer for Carl Zeiss in Princeton, New Jersey, USA, before joining IBM Malaysia. Idham has hands-on experience in managing business operations, international JVs, and start-ups and new business units. He has worked on multiple M&As and IPOs, and has managed investor, shareholder, regulator and government relations in Malaysia and the region.

**NIK NAZIFAH NIK AHMAD**

Group Chief Internal Auditor

**Professional Experience:**

Nik Nazifah holds a BSc (Hons) Accountancy from the University of East Anglia in the UK and is also a fellow member of the Association of Chartered Certified Accountants (ACCA) UK.

Prior to Axiata, she held the position of Corporate Controller at Celcom Axiata Berhad. During her time there, Nik Nazifah was instrumental in driving several key initiatives including implementation of the company's business continuity plan and GST project, automation and improvement of finance and business processes.

Before joining Celcom, Nik Nazifah was with Shell Malaysia for over 15 years, including a 3-year assignment at Shell Headquarters in The Hague, Netherlands. During her tenure at Shell, she held various roles and led many projects to improve efficiency and effectiveness in the areas of finance, treasury and business operations. These include shared services and business process outsourcing, organisational restructuring and implementation of Lean Sigma projects.

Her earlier years were spent in external audit where she gained exposure to a variety of industries, ranging from Financial Institutions to Government linked companies.

**SURYANI HUSSEIN**

Group Company Secretary

**Professional Experience:**

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.

**TAN GIM BOON**

Group General Counsel and Risk Officer

**Professional Experience:**

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.

He joined TMI (now Axiata) in 2004. Prior to joining Axiata, he was working as a lawyer in Malaysia and Australia. His areas of practice were predominantly in the fields of mergers and acquisitions, equity capital markets and corporate finance. Gim's last post before joining Axiata, was with Malaysia's largest law firm, Zaid Ibrahim & Co.

Under Gim's leadership, Axiata has won numerous awards and commendations for outstanding in-house legal department including one where he was named as one of Asia's Top 100 In-House Counsel by the Legal 500 Publication.

# PROFILE OF OPERATING COMPANIES' MANAGEMENT TEAM



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

#### Professional Experience:

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 Axiata Berhad; Celcom Retail Sdn Bhd; Celcom Mobile Sdn Bhd, Celcom Networks Sdn Bhd, Celcom Resources Berhad, Tune Talk Sdn Bhd, Celcom Planet Sdn Bhd and Escape Axiata Sdn Bhd. Additionally he is also a board member of Axiata Digital Services Sdn Bhd, Kuala Lumpur Business Club, Malaysian Airlines Berhad and Pulau Mabul Berhad. He is also Members of Corporation, Perbadanan PRIMA Malaysia and Chairman of PRIMA Communications Sdn Bhd.

Shazalli has been recognised for his leadership, receiving various awards including Masterclass CEO of the Year Award and CEO of the Year by PC.Com Reader's Choice Awards, and the Business Leadership Award. In 2013, Shazalli was also conferred the 'ICT Personality of the Year' at the PIKOM Leadership Awards Night.



**DIAN SISWARINI**  
President Director  
PT XL Axiata Tbk

#### Professional Experience:

Dian was appointed President Director of XL in April 2015. Prior to that, she was Axiata's Group Chief Marketing and Operations Officer. She also served as the Director and Chief Digital Services Officer from March 2013 and Director of Network Services in 2007.

She has more than 20 years experience in the telecommunications industry, mainly in Network and Engineering. She joined XL in 1996 and started her career as a Radio Network Design Engineer and held numerous key positions in the Network and Engineering Department. Her last position was Senior Vice President of Network Planning & Development prior to her appointment as Director.

She graduated from Bandung Institute of Technology majoring in Telecommunications in 1991 and Harvard Advance Management Program, Harvard Business School, USA in 2013.



**DR HANS WIJAYASURIYA**  
Director and Group Chief Executive Officer  
Dialog Axiata PLC

#### Professional Experience:

Hans is a renowned digital mobile communications professional, and is the Group Chief Executive of Dialog Axiata PLC, Sri Lanka's largest mobile

telecommunication service provider. In January 2015, Hans was appointed as the Regional CEO of the Axiata Group for the South Asia Region encompassing Axiata's operations and interests in Bangladesh, Nepal, Pakistan, India and Sri Lanka.

Hans graduated from the University of Cambridge in 1989 with a Degree in Electrical and Electronic Engineering. He later obtained his PhD in Digital Mobile Communications from the University of Bristol in 1994. A Chartered Engineer and Fellow of the Institute of Engineering Technology UK, Hans also holds an MBA from the University of Warwick UK.

In 1994, Hans joined Dialog Axiata as a member of the founding management team, and took on the mantle of the Company's Chief Executive in 1997. Dialog Axiata is today Sri Lanka's largest telecommunication service provider with over 10 million subscribers, and is one of the largest listed companies on the Colombo Stock Exchange. Dialog is also a leading provider of Fixed Line, Broadband, Digital Television and International Telecommunication Services.

Hans has published widely on the subject of digital mobile communications, including research papers in publications of the Institute of Electrical and Electronic Engineers (IEEE) USA, Royal Society and the Institute of Electrical Engineers (IEE) UK. He has also presented papers at several international conferences on digital mobile communications.

Hans serves as a Director of Axiata Digital Services, Axiata Group Berhad's digital solutions arm, and on the board of several Axiata Group Subsidiaries and Associates including Idea Cellular. He also serves as a Director on the Board of the Sri Lanka Institute of Nanotechnology, and has previously served on the Boards of the Information and Communication Technology Agency of Sri Lanka and the Sri Lanka Institute of Information Technology.

Hans is a past Chairman of GSM Asia-Pacific – the regional interest group of the GSM Association, and has been included in the GSM 100 Role of Honour for his contribution to the Asia-Pacific Telecommunication industry. A past Chairman of the Arthur C. Clarke Institute for Modern Technologies. Hans was conferred the prestigious 'Sri Lankan of the Year' award in 2008, by Sri Lanka's premier business journal, LMD. Hans is also a recipient of the CIMA Janashakthi Business Leader of the Year Award.



**SUPUN WEERASINGHE**  
 Managing Director and Chief Executive Officer  
 Robi Axiata Limited

**Professional Experience:**

Supun Weerasinghe is the Chief Executive Officer (CEO) and Managing Director of Robi Axiata Limited since January 2014. Prior to joining Robi, Supun served as the Group Chief Strategy Officer (GSCO) of Axiata Group in Malaysia. He also worked as the Head of Network Transformation Strategic Business Unit under which he led the Group Technology, Carrier Collaboration and Axiata Intelligence Unit.

Supun was the Group Chief Operating Officer (GCOO) of Dialog Axiata Plc (Dialog), Sri Lanka's leading quad-play connectivity provider before he was assigned to Axiata Group in 2013. He started his career in Telecommunications at Dialog in 1999 and held multiple roles such as Head of Strategy and CEO of Mobile Business before being appointed as the GCOO in 2010.

Supun is a fellow member of the Chartered Institute of Management Accountants, UK and holds a Bachelor of Science (First Class Honours) in Accountancy and Financial Management from the University of Sri Jayawardenepura, Sri Lanka. He also has an MBA (Distinction) from the University of Western Sydney, Australia and is an alumnus of the Harvard Business School.



**THOMAS HUNDT**  
 Chief Executive Officer  
 Smart Axiata Co., Ltd

Thomas has gained vast experience in the telecommunications industry during his tenure in key management positions with Siemens AG's Communication Division and Nokia Siemens Networks. Thomas was also a member of the Supervisory Board of Azerfon in Azerbaijan. Since mid-2008, he has been Chief Executive Officer of the dynamically growing start-up mobile operator in Cambodia, Smart Mobile, which he grew from greenfield, number eight position in the market to number three position, including through the acquisition of Star-Cell in 2011.

Since the completion of the merger between Hello Axiata and Smart Mobile in February 2013, Thomas serves as the Chief Executive Officer of Smart, now the leading mobile operator in Cambodia.



**KAREN KOOI**  
 Chief Executive Officer  
 M1 Limited

**Professional Experience:**

Karen was appointed as 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 of 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 in the UK.



**HIMANSHU KAPANIA**  
 Managing Director  
 Idea Cellular Limited

**Professional Experience:**

Himanshu, since April 2011, is the Managing Director of Idea Cellular Ltd, an Aditya Birla Group company and serves as Director with 'Aditya Birla Management Corporation Private Limited' the strategic advisory unit of Aditya Birla Group.

Himanshu, a veteran in the Indian telecom industry, has contributed to the evolution of the industry over two decades. He has engineered Idea's fast paced growth making it amongst one of the top players and the fastest growing mobile operator in India. He has led the company's foray into the wireless broadband business, readying it for the next wave of growth.

Himanshu is on the GSMA Board - the international body formulating and driving global GSM eco-system; and the Chairman of the Cellular Operators Association of India (COAI).

Himanshu has been consistently recognized for his leadership skills and was awarded the Voice & Data 'Telecom Person of the Year Award' in 2014 and the 'Outstanding CEO Award' by CEO India. Business Today recognized him as the Best CEO (Telecom Category) 2013 and 2015 for his outstanding telecom contribution over last 2 years.

Himanshu is an alumnus of Birla Institute of Technology (Mesra), and the Indian Institute of Management, Bangalore.

Himanshu's current focus is getting Idea ready for future high potential wireless broadband business with specific emphasis on 3G and 4G services.

## PROFILE OF OPERATING COMPANIES' MANAGEMENT TEAM



### **SURESH SIDHU**

Chief Executive Officer  
edotco Group Sdn Bhd

#### **Professional Experience:**

Suresh was appointed Chief Executive Officer of edotco Group in August 2014. Previously, Suresh served as Chief Corporate and Operations Officer of Celcom since 2012. Leading up to his appointment at Celcom, Suresh was Group Chief Officer - Enterprise and Global at Dialog.

Suresh first joined Axiata Group Berhad in 2009. Prior to this, he has held many senior roles in strategy, international wholesale, and merger and acquisitions at Maxis Communications Berhad. Suresh also spent over seven years with the Boston Consulting Group in strategy consulting in South East Asia and North America.

Suresh holds a Degree in Natural Sciences from University of Cambridge, UK and an MBA from INSEAD, France.



### **MOHD KHAIRIL ABDULLAH**

Chief Executive Officer  
Axiata Digital Services Sdn Bhd

#### **Professional Experience:**

Khairil was appointed as Chief Executive Officer of Axiata Digital Services in January 2015. He first joined Axiata in 2012 and served as Group Chief Marketing and Operations Officer.

Khairil holds a BA (Engineering) and MEng from the University of Cambridge, UK as well as an MBA from INSEAD, France. Prior to Axiata, Khairil was a Partner at Bain & Company, Inc., a leading global management consultancy. He was with Bain for more than 15 years and worked out of various offices in the firm, including San Francisco, Munich, Sydney, Tokyo and Shanghai. He has built a strong track record of helping his clients in the telecommunications and other industries achieve major improvements to their strategic positions and operational performance. In 2008, Khairil returned to Southeast Asia to help Bain grow its telecommunications practice in the region, based out of Singapore. Prior to joining Bain, Khairil was an operations consultant at Coopers & Lybrand, Management Consulting Services. He also had a stint running a tech start-up based in Southeast Asia.



### **ADNAN ASDAR**

Chief Executive Officer  
Multinet Pakistan (Private) Limited

#### **Professional Experience:**

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.

# SIGNIFICANT MILESTONES

## 2015

### 19 JANUARY

Axiata, through its wholly-owned subsidiary, Axiata Digital Advertising Sdn Bhd ("ADA") completed the subscription of its 80% stake in Adknowledge Asia Pacific Pte. Ltd. ("AAP").

### 4 FEBRUARY

In relation to the entry by Axiata Investments (Labuan) Limited into the Sale and Purchase Agreement for the acquisition of the entire issued share capital of edotco Pakistan (Private) Limited, the parties to the SPA, had, on 4 February 2015 agreed to extend the period to satisfy all conditions precedent of the SPA from 31 January 2015 to 31 May 2015.

### 24 JULY

Axiata Digital Services Sdn Bhd ("Axiata Digital"), a wholly-owned subsidiary of Axiata Group Berhad ("Axiata"), had, on 24 July 2015 entered into a Subscription and Stockholders' Agreement ("Agreement") with WSO2 and WSO2.Telco, Inc. ("WSO2 Telco") for the subscription by ADS of the following shares in WSO2 Telco and to govern their relationships in WSO2 Telco.

### 7 AUGUST

Adknowledge Asia Pacific Pte. Ltd. ("AAP"), an 80% subsidiary of Axiata Digital Advertising Sdn Bhd ("ADA"), a wholly-owned subsidiary of Axiata Digital Services Sdn Bhd, which in turn is a wholly-owned subsidiary of Axiata Group Berhad ("Axiata"), had on 7 August 2015, entered into a Sale and Purchase Agreement with Komli Media, Inc for the acquisition of the entire issued share capital of Komli Asia Holding Pte.Ltd. at a cash consideration of USD11.25 million.

### 4 SEPTEMBER

Celcom and MYEG are currently in the exploratory stage on the areas of collaboration between the Parties and has agreed to extend the MOU further for another period of 1 year.

### 2 OCTOBER

edotco Group Sdn Bhd, a wholly-owned subsidiary of Axiata, had, on 2 October 2015, entered into a Share Purchase Agreement with Digicel Group Limited on 2 October 2015 to acquire a 75% equity interest in Digicel Asian Holdings Pte Ltd., the parent of Digicel Myanmar Tower Company Limited.

### 28 OCTOBER

PT XL Axiata Tbk, a 66.43%-owned subsidiary of Axiata listed on the Indonesia Stock Exchange ("IDX") (formerly known as Jakarta Stock Exchange), had, on 28 October 2015, announced its plan to establish the Sukuk Programme.

### 4 DECEMBER 2015

edotco Group Sdn Bhd had, completed the acquisition of 75% equity interest in Digicel Asian Holdings Pte Ltd, the parent of Digicel Myanmar Tower Company Limited.

### 21 DECEMBER 2015

Axiata Investments (UK) Limited, a wholly-owned subsidiary of Axiata, had, on 21 December 2015, entered into a sale and purchase agreement and other ancillary agreements with the parties for the acquisition of the entire issued and paid-up capital of Reynolds Holdings Limited for a total cash consideration of approximately USD1,365.1 million (equivalent to approximately RM5,907 million).

#### Parties

- (i) TeliaSonera UTA Holdings B.V. ("TS UTA");
- (ii) SEA Telecom Investments B.V. ("SEA Telecom");
- (iii) TeliaSonera AB, as the guarantor for TS Norway (as defined below);
- (iv) TeliaSonera Norway Nepal Holdings AS ("TS Norway"); and
- (v) Axiata, as the guarantor for the Buyer.

## 2014

### 20 JANUARY

Celcom extended the duration of the Network Collaboration Agreement (NCA) with DiGi Telecommunication Sdn Bhd for a further period of 3 years effective 18 January 2014 and the Parties will continue to carry on the intents and purposes of the network collaboration to realise its full benefits, as seen in the recent developments on network infrastructure collaboration.

### 30 JANUARY

Axiata completed the incorporation of Axiata Digital Services Sdn Bhd, a private company limited by shares, under the Companies Act, 1965.

### 20 MARCH

Proposed Acquisition by PT XL Axiata Tbk., a subsidiary of Axiata Group Berhad, of an equity interest in PT Axis Telekom Indonesia

has been completed on 19 March 2014. Upon the completion of the Proposed Acquisition, Axis eventually will be merged into XL as a single entity. The merger between XL and Axis is expected to be completed in mid-April 2014.

### 30 SEPTEMBER

PT XL Axiata Tbk entered into an Asset Purchase Agreement with PT Solusi Tunas Pratama Tbk for the disposal by XL of 3,500 of its telecommunication towers at the consideration of IDR5.6 trillion (equivalent to USD460.5 million, RM1,506.4 million).

### 26 NOVEMBER

Axiata completed the incorporation of Axiata Digital Advertising Sdn Bhd, a private company limited by shares, under the Companies Act, 1965.

### 27 NOVEMBER

Dialog Axiata Tbk, an 83.32%-owned subsidiary of Axiata Group Berhad, completed the incorporation of Digital Holdings Lanka (Private) Limited, a private company limited by shares, under the Companies Act, No. 7 of 2007.

### 4 DECEMBER

Axiata Digital Advertising Sdn Bhd ("ADA"), a wholly-owned subsidiary of Axiata Digital Services Sdn Bhd which in turn is a wholly-owned subsidiary of Axiata Group Berhad, entered into a Subscription and Shareholders' Agreement with Adknowledge International, Inc and Adknowledge Asia Pacific Pte Ltd for the subscription by ADA of an 80% equity stake in AAP for a cash investment of up to USD9 million.

### 15 DECEMBER

Axiata completed the incorporation of a new subsidiary, edotco Investments (Labuan) Limited, a private company limited by shares, under the Labuan Companies Act, 1990.

### 19 DECEMBER

Axiata Investments (Labuan) Limited, a wholly-owned subsidiary of Axiata, entered into a Sale and Purchase Agreement with Arif Hussain and Joozer Jiwakhan for the acquisition of the entire issued share capital of Edotco Pakistan (Private) Limited at a cash consideration of PKR3,100 (equivalent to RM107.26).

### 23 DECEMBER

PT XL Axiata Tbk completed the disposal of its 3,500 telecommunication towers to PT Solusi Tunas Pratama Tbk.

# AWARDS

## 2015

### MALAYSIA

#### Axiata Group Berhad

#### MSWG-ASEAN Corporate Governance Index 2015 Awards

Excellence Award for Environmental, Social and Governance (ESG) Practices  
Top 10 Corporate Governance Disclosure Merit Recognition Award  
Exemplary AGM Conduct & Minutes

#### ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2015

Best Sustainability Report

#### Asia Pacific Procurement Leaders Award

Best Procurement Transformation 2015

#### FinanceAsia Best Managed Company Poll 2016

#2 Best Managed Company in Malaysia  
#3 Most Committed to Corporate Governance in Malaysia  
#3 Best at Investor Relations in Malaysia  
#4 Best at Corporate Social Responsibility in Malaysia  
#1 Best CFO in Malaysia

#### Bank Negara Malaysia

Emas Status for Issuance of Sukuk

### MALAYSIA

#### Comcel Axiata Berhad

#### Frost & Sullivan Malaysia Excellence Awards

M2M Service Provider of the Year 2015

#### Asia Best Employer Brand Awards - 6th Edition

Asia Best Employer Brand Award (Telco)

#### Putra Brand Awards 2015

Gold Award (Telecommunications)

#### Marketing Excellence Awards 2015

Excellence in Mobile Marketing (Gold)  
Excellence in Event Marketing (Gold)  
Excellence in Social Media Marketing (Gold)  
Excellence in Performance Marketing (Silver)  
Excellence in Sponsorship Activation (Silver)  
Excellence in Government Sector Marketing (Bronze)  
Excellence in Marketing to a Male Audience (Bronze)  
Excellence in Viral Marketing (Bronze)

#### 15th PC.Com Readers Choice Awards 2015

Best Postpaid Service Provider  
Best Customer Service Telecommunications

#### HWM+Hardwarezone.com Tech Awards

Readers' Choice Best Telco Brand 2015

### INDONESIA

#### PT XL Axiata Tbk

#### FinanceAsia Award 2015

The Fifth Best Managed Company in Indonesia

#### Selular Award 2015

Best Customer Care Service  
Best Prepaid Product  
Lifetime Achievement Award - XL's former CEO Hasnul Suhaimi

#### TechLife Innovative Awards 2014

Operator of the Year  
Best VAS for Gudang Aplikasi

#### Obsession Award 2015

The Best Private Sector Achiever Award (IT & Telco)

#### MarkPlus WOW Service Excellence Award (WOW SEA) 2015

The Best Champion of Jakarta Service Excellence Award (Cellular Operator)

#### Frost & Sullivan Indonesia Excellence Awards

Digital Service Provider of the Year 2015

#### MarkPlus Indonesia WOW Service Excellence Award (SEA) 2015

Gold Champion for Sulampapua Region (Cellular Operator)  
Silver Champion for Kalimantan Region (Cellular Operator)  
Bronze Champion for Sumatera Region (Cellular Operator)  
Bronze Champion for Jawa Bali Region (Cellular Operator)

#### TOP IT & TOP TELCO 2015

Top Pre-paid  
Top Post-paid GSM

#### Indonesian Institute For Corporate Directorship (IICD) Award

The Best Non-Financial  
Top 50 Public Listed Company

#### Indonesian Good Corporate Governance Awards 2015

Indonesia Must Trusted Company

#### Indonesia Golden Ring Awards

Best Value Added Service for mFish app service  
The Most Inspiring CEO - President Director/CEO Dian Siswarini.

### SRI LANKA

#### Dialog Axiata PLC

#### SLIM-Nielsen PEOPLES Awards

Telecom Service Provider of the Year  
Internet Service Provider of the Year

#### Global Mobile Awards - GSMA Mobile World Congress

Best Mobile Network Solution for Serving Customers

#### Sri Lanka's Corporate Accountability Rating

Rated Platinum No. 1

#### LMD Most Respected Entities

Ranked No. 5

### BANGLADESH

#### Robi Axiata Limited

#### Customs House, Benapole

Top Revenue Payer Award

#### 'Socialbakers' Global Online Analytics Publishing Company

#1 'Most Socially Devoted Brand' in the world

### CAMBODIA

#### SMART Axiata Company Limited

#### Frost & Sullivan Asia Pacific ICT Awards 2015

Asia Pacific Emerging Market Telecom - Service Provider of the Year 2015

#### Global Banking and Finance Review 2015

Best Telecommunications Company Cambodia 2015

#### Global Banking and Finance Review 2015

Best CSR Company Cambodia 2015

### SINGAPORE

#### M1 Limited

#### Singapore Productivity Awards 2015

Award of Excellence in IT sector

#### Infocomm Development Authority of Singapore's Network Survey

Delivering the Best 4G Experience in 2015<sup>[1]</sup>

<sup>[1]</sup> Results from MyConnection SG Pilot from October 2014 to March 2015, based on the 90th percentile of data sessions tested across all operators

#### Frost & Sullivan's 2015 Customer Experience Study

Excellence In Customer Experience - Overall Telecommunications Services  
Excellence In Customer Experience - In-Store Channel  
Excellence In Customer Experience - Contact Centre Experience  
Excellence In Customer Experience - Mobile

#### National Arts Council

SG50 Arts Patron Award

#### Excellent Service Awards 2015 (EXSA)

M1 staff received 4 Star, 27 Gold and 68 Silver awards for outstanding service

#### Changi Airport Group's Outstanding Outlet Award

M1 Shop at Changi Airport Terminal 3

**Straits Times**

Print Ad of the Month (June 2015)

**Straits Times and LianHe ZaoBao**

SG50 campaign Print Ad of the Month (August 2015)

**11th Singapore Media Awards 2015**

Most Improved Local Brand

**INDIA****IDEA Cellular Limited****Business Today's Top 25 Best Companies to**

Work For Awards 2016

**India Business Leader Awards (IBLA) by CNBC**

Outstanding Company of the Year

**Business Today's India's Best CEOs Award 2015**

Managing Director Himanshu Kapania (Telecom Category)

**Voice & Data Telecom Leadership Awards 2014**

Telecom Person of the Year Award - Managing Director Himanshu Kapania

**Dataquest Business Technology Award**

Analytics category for the implementation of end-to-end Campaign Management solution

**2015 Warc Prize for Asian Strategy**Gold Award for 'No Ullu Banoing' advertising campaign  
Grand Prix - Marketing Strategy**Pitch Top 50 Brands' Award**

Winner - Bottom of the Pyramid

**PAST AWARDS****2014****Axiata Group Berhad****2015 GSMA Mobile World Congress Chairman's Award**

Dato' Sri Jamaludin Ibrahim, President and Group CEO

**Frost & Sullivan Asia Pacific ICT Awards**

Best Telecom Group 2014

**Malaysian-ASEAN Corporate Governance Index 2014 Awards**Top 5 Corporate Governance - Overall Recognition  
Exemplary Environmental, Social and Governance (ESG) Practices  
CEO of the Year, Dato' Sri Jamaludin Ibrahim**The Edge Billion Ringgit Club 2014**Malaysia's Outstanding CEO 2014, Dato Sri Jamaludin Ibrahim  
Best CR Initiative, 3rd Place**ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2014**

Best Sustainability Report, Runner-up

**National Annual Corporate Reports Awards (NACRA) 2014**

Best Designed Annual Report, Silver Award

**Kancil Awards 2014**

Film Craft Cinematography, Bronze Kancil

**2013****Axiata Group Berhad****Frost & Sullivan Asia Pacific ICT Awards**

Best Telecom Group 2013

**TMT Finance Asia**

TMT Leadership Award for Asia 2014 - Dato' Sri Jamaludin Ibrahim

**Malaysian Business Awards**

ASEAN Conglomerate &amp; CEO of the Year Award - Dato' Sri Jamaludin Ibrahim

**The Asset Triple A**Best Corporate Sukuk  
Best Islamic Deal, Malaysia**Islamic Finance News**

Cross Border Deal of the Year 2012

**KLIFFE**

Most Outstanding Islamic Product

**Malaysia-ASEAN Corporate Governance Index 2013 Awards**Top 3 Corporate Governance Transparency Award  
Top 5 Overall Corporate Governance Award  
Best Conduct of Annual General Meeting Award  
Industry Excellence Award - Telecommunications**Malaysian Institute of Accountants (MIA)**

NACRA Merit Award

**International Legal Alliance Summit**

Silver Award Best Asian and South Pacific Legal

**2012****Axiata Group Berhad****Frost & Sullivan Asia Pacific ICT Awards**

Best Telecom Group 2012

**Boston Consulting Group**

2012 BCG Southeast Asia Challengers

**Asian Strategy & Leadership Institute (ASLI)**

Asian Corporate Giants 2012 Listing - Top 10

**Bank Negara Malaysia**

Emas Status for Issuance of Sukuk

**Finance Asia**

Best Islamic Finance Deal 2012

**Euromoney Islamic Finance**

Most Innovative Deal 2012

**Alpha Southeast Asia**

The Best Deal of the Year 2012 in Southeast Asia

**IFM (Industry Fund Management)**

Cross Border Deal of the Year 2012

**2011****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

**2010****Axiata Group Berhad****Frost & Sullivan Asia Pacific ICT Awards 2010**Best Telecom Group of the Year  
CEO of the Year: Service Provider**Telecom Asia Awards 2010**Telecom CEO of the Year  
Best Regional Mobile Group**2009****Axiata Group Berhad****Frost & Sullivan Asia Pacific ICT Award**

Best Telecom Group of the Year 2009

**National Annual Corporate Report Awards (NACRA) 2009**

Gold Award in the Best Designed Annual Report category

**Malaysian Corporate Governance Index 2009**

Merit Award

**Alpha South East Asia Annual Deal Awards 2009**

Best Secondary Deal of the Year 2009 in Southeast Asia

The background features a complex network of white lines and dots, resembling a data visualization or a stylized map. The lines connect various points, creating a web-like structure. Some lines are thicker than others, and some points are highlighted with larger dots. The overall aesthetic is clean, modern, and technical.

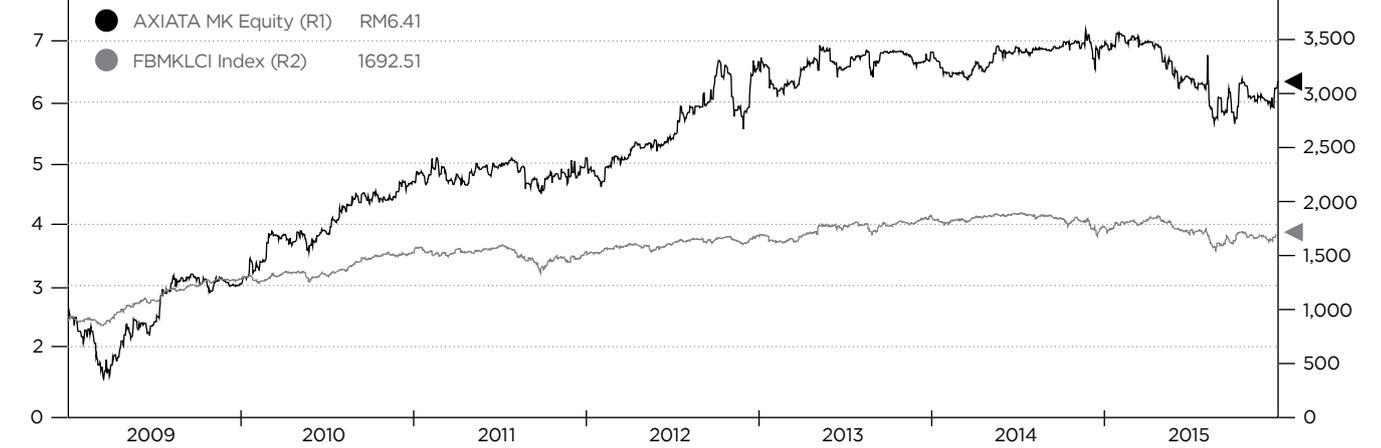
# INVESTMENT PERFORMANCE

# SHARE PRICE PERFORMANCE

## SHARE PRICE PERFORMANCE (2009-2015)

### Axiata MK Equity

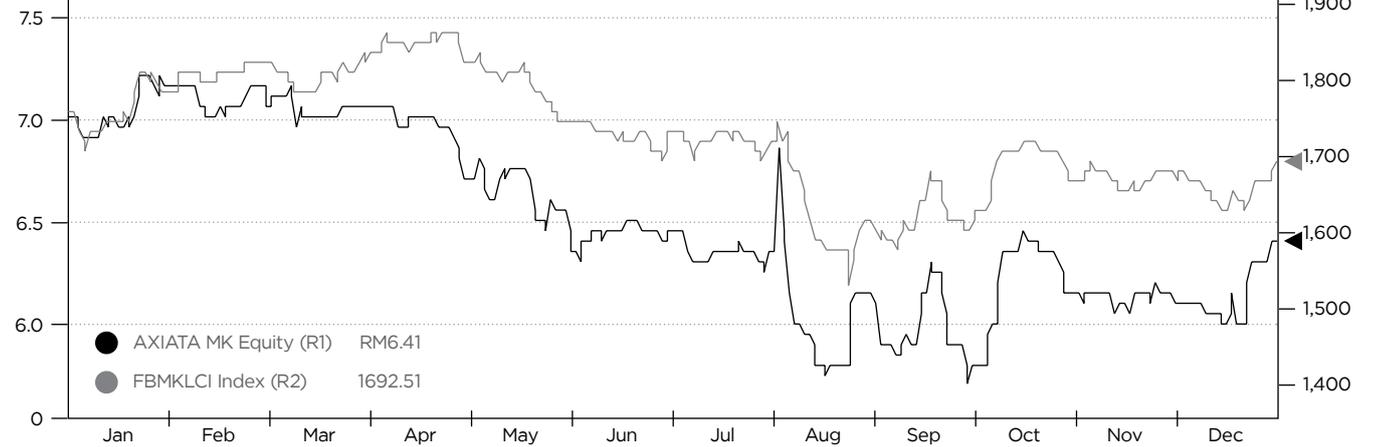
(RM)



## SHARE PRICE PERFORMANCE (2015)

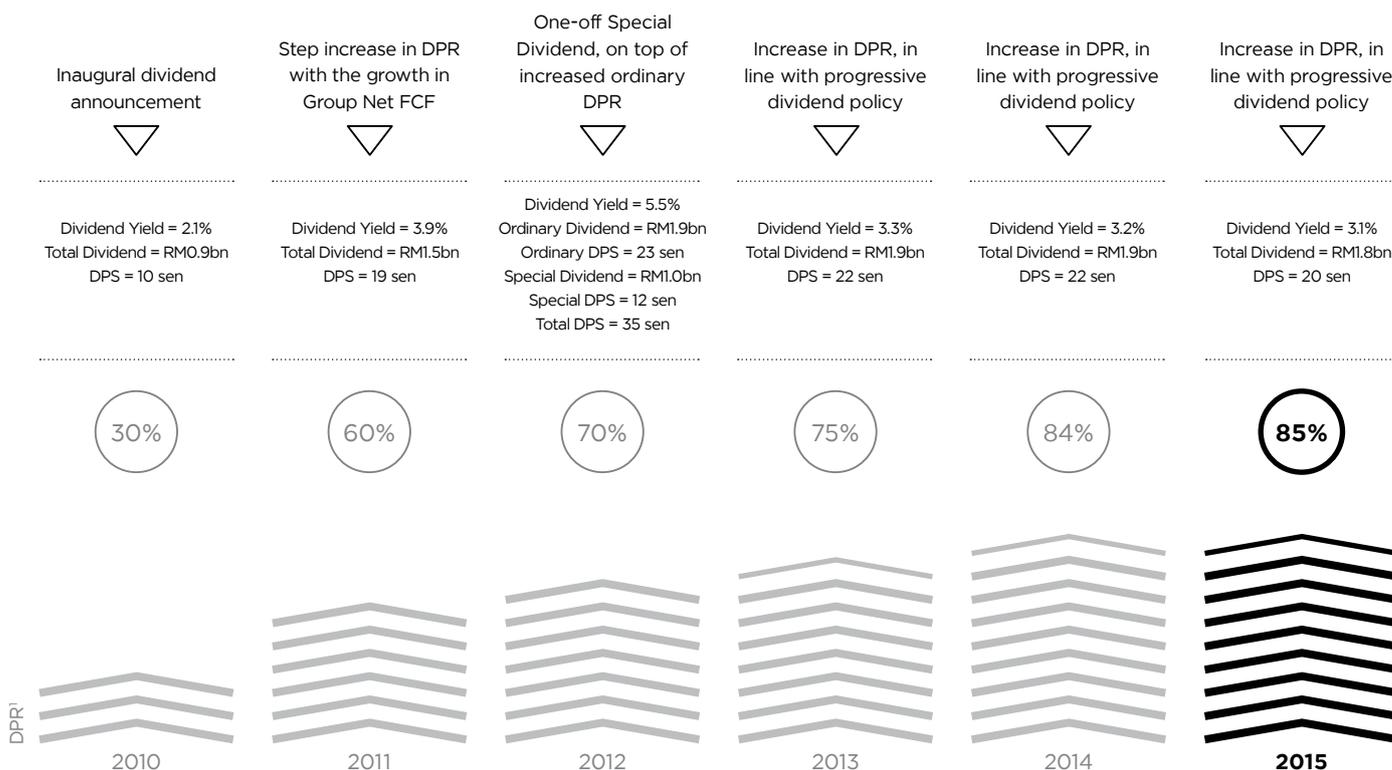
### Axiata MK Equity

(RM)



# PRUDENT AND DISCIPLINED DIVIDEND PAYOUT

Axiata declared a 20 sen per share single tier dividend (including interim dividend of 8 sen per share paid last year), implying a dividend payout ratio of 85%, which marks a 1% increase from 2014's ordinary dividend payout ratio of 84%. The increased Dividend Payout Ratio (DPR) of 85% takes into consideration Axiata's financial performance, growth expansion strategies as well as dividends received from subsidiaries in FY15. Management is committed to sustain positive performance with financial discipline, efficient cash management and prudent investments, and growth strategies moving forward.



<sup>1</sup>DPR - Dividend payout ratio

# INVESTOR RELATIONS

Axiata has a dedicated investor relations function which reports directly to the Group Chief Financial Officer. The investor relations team enables the most effective two-way communication between the Company and the investing community, which includes financial analysts, fund managers and institutional shareholders, as well as others who are interested in undertaking an investment in Axiata.

This form of effective dialogue is conducted through regular interactions which includes analyst briefings, earnings call, conferences, non-deal roadshows and one-on-one meetings with the members of the investing community. The Investor Relations team is primarily responsible 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 the members of the investing community may have with respect to the business or operations of the Company.

In 2015, Axiata conducted 278 meetings with investors and analysts via face-to-face meetings and conference calls. In addition to the above, Axiata hosted 'Robi Analyst Day' on 9 January 2015 and 'Dialogue with GCEO & GCFO: Introducing XL Axiata's New CEO' on 31 March 2015. On 5 October 2015, Axiata organised its annual 'Analyst & Investor Day' in Kuala Lumpur. The event was well received with participation by 60 analysts and investors, both local and foreign based. Long term strategies, financial strategy, network technology strategy, management incentives, Over-the-Top (OTT) strategy, as well as updates from key Operating Companies (OpCos) were amongst the key topics covered.

Axiata organises an earnings call every quarter chaired by the President & GCEO and GCFO once the quarterly financial performance is announced on the Bursa Malaysia Securities webpage. Conducted via a conference call which involves participation from senior management of major OpCos, the earnings call represents an avenue to provide dialogue between fund managers and financial analysts with the Group's Senior Management while setting a platform for them to receive a balanced and complete view of the Group's performance and the challenges. The earnings calls are hosted immediately after the release of the results to facilitate timely publication and/or dissemination of analysts' reports to the members of the investing community. The Company's quarterly financial performance materials presented during the analyst briefing are available online on the investor relations page at [www.axiata.com/investor/financial-reports/](http://www.axiata.com/investor/financial-reports/).

To date throughout FY15, the Group has enjoyed relatively extensive coverage and exposure to the members of the investment community with a total of 30 equity research analysts covering the Company.

The list of coverage is listed on the next page.

## INVESTOR RELATIONS

### ANALYSTS' BRIEFINGS, CONFERENCES, NON-DEAL ROADSHOWS AND EQUITY RESEARCH COVERAGE

#### Analysts' briefings

<b>Robi Analyst Day</b> Kuala Lumpur 9 Jan	<b>Dialogue with GCEO &amp; GCFO: Introducing XL Axiata's New CEO</b> Kuala Lumpur 31 Mar	<b>Proposed investment in Ncell (Nepal)</b> Kuala Lumpur 21 Dec
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#### Conferences

<b>Asia Yield 1X1 Forum</b> <b>JPMorgan</b> Tokyo 12 – 13 Mar	<b>18<sup>th</sup> Annual Asian Investment Conference</b> <b>Credit Suisse</b> Hong Kong 23 – 25 Mar	<b>Invest Malaysia Conference 2015</b> <b>CIMB &amp; Bursa Malaysia</b> Kuala Lumpur 23 Apr
<b>22<sup>nd</sup> Investors' Forum 2015</b> <b>CLSA</b> Hong Kong 15 – 16 Sept	<b>14<sup>th</sup> Annual Asia Pacific Summit</b> <b>Morgan Stanley</b> Singapore 19 Nov	<b>Global Emerging Markets 1x1 Conference</b> <b>UBS</b> New York City 1 – 2 Dec

#### Non-deal roadshows

<b>London</b> <b>UBS</b> 5 – 6 Mar	<b>New York City</b> <b>BofA - Merrill Lynch</b> 9 – 10 Mar	<b>Singapore</b> <b>Macquarie</b> 8 – 9 Apr
<b>Kuala Lumpur</b> <b>Maybank</b> 6 July	<b>Singapore</b> <b>Morgan Stanley</b> 31 July	<b>London</b> <b>Macquarie</b> 21 – 22 Sept

#### Equity Research Coverage

<ul style="list-style-type: none"> <li>• Affin Securities</li> <li>• AmResearch</li> <li>• Barclays</li> <li>• BIMB Securities</li> <li>• BNP Paribas</li> <li>• BofA - Merrill Lynch</li> <li>• CIMB</li> <li>• Citi</li> <li>• CLSA</li> <li>• Credit Suisse</li> <li>• DBS Vickers</li> </ul>	<ul style="list-style-type: none"> <li>• Deutsche Bank</li> <li>• Goldman Sachs</li> <li>• Hong Leong Investment Bank</li> <li>• HSBC</li> <li>• JF Apex Securities</li> <li>• JPMorgan</li> <li>• KAF Seagroatt &amp; Campbell</li> <li>• Kenanga Investment Bank</li> <li>• Macquarie</li> <li>• Maybank Kim Eng</li> </ul>	<ul style="list-style-type: none"> <li>• MIDF</li> <li>• Morgan Stanley</li> <li>• New Street Research</li> <li>• Nomura</li> <li>• Public Investment Bank</li> <li>• RHB Research Institute</li> <li>• TA Securities</li> <li>• UBS</li> <li>• UOB Kay Hian</li> </ul>
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#### Investor Relations Contact:-

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# GOVERNANCE

# STATEMENT ON CORPORATE GOVERNANCE

## INTRODUCTION

The Board of Directors of Axiata Group Berhad (Axiata or Company) is a strong advocate of good corporate governance (CG). Axiata's exemplary corporate governance practices have received many recognitions including the following in the year 2015:-

- i) Merit Award for Annual General Meeting (AGM) Conduct and Minutes Disclosure - Overall Category;
- ii) Excellence Award for Environment, Social & Governance (ESG) Practices; and
- iii) Merit Award for Corporate Governance Disclosure.

In this statement, the Board presents key highlights for year 2015 and outlines how Axiata complies with each of the 8 principles and 26 recommendations of the Malaysian Code on Corporate Governance 2012 (MCCG 2012). This statement has been made in accordance with the resolution and authority of the Board dated 16 February 2016.

The table to facilitate understanding of Axiata's compliance with the MCCG 2012 in respect of the financial year 2015 is also available at <https://axiata.com//media/upload/corporate/MCCG2012-Checklist.pdf>

## Corporate Governance Framework

Axiata's Corporate Governance Framework is developed based on the following statutory requirements, best practices and guidelines:-

- i) Companies Act 1965 (CA1965);
- ii) Main Market Listing Requirements (Main LR) of Bursa Malaysia Securities Berhad (Bursa Securities);
- iii) MCCG 2012;
- iv) Manual on Enhancing Board Effectiveness by the Putrajaya Committee on Government Linked Companies (GLCs)' High Performance (Green Book); and
- v) Corporate Governance Guide: Towards Boardroom Excellence 2nd Edition issued by Bursa Securities.

## BOARD OF DIRECTORS

### Board Composition Framework

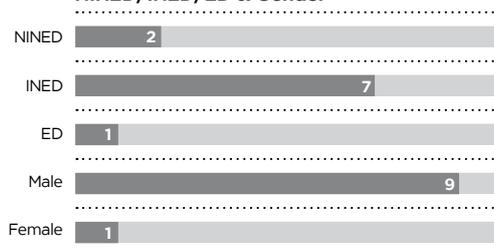
The Board Composition Framework formulated prior to the listing of Axiata in 2008 remains relevant to date. The framework which took into consideration, amongst others, the complexity and geographical spread of the Group's business, as well as best practices and recommendations in the Green Book are as follows:-

- i) Maximum 10 Board members (up to two Executive Directors (ED));
- ii) Two Non-Independent Non-Executive Directors (NINED) representing Khazanah as the major shareholder;
- iii) More than 50% of the Board to comprise Independent Non-Executive Directors (INED) with various mix of skills, experience and diversity including in terms of nationality and gender. Although no specific target was set on gender diversity, Axiata will actively work towards the 30% target set by the Government by 2016; and

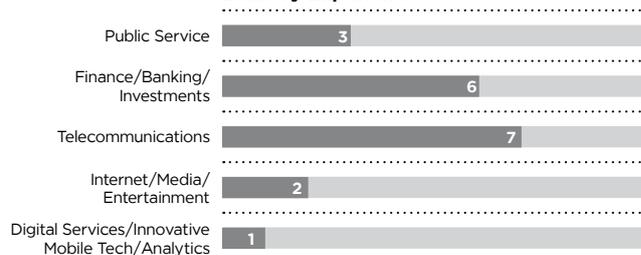
- iv) Up to three members with geographical experience matching Axiata's footprint (Indonesia/Indian sub-continent/international).

### Board Composition

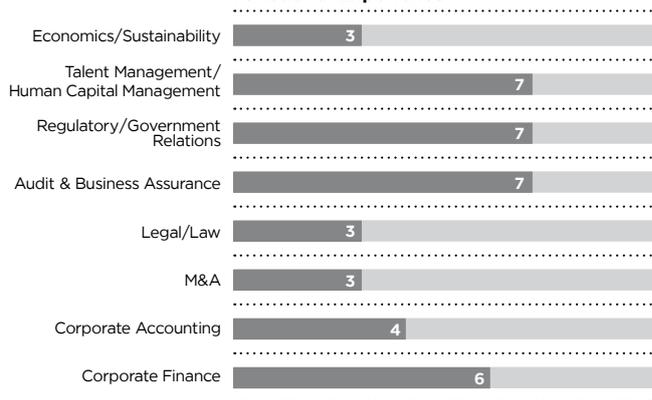
#### NINED/INED/ED & Gender



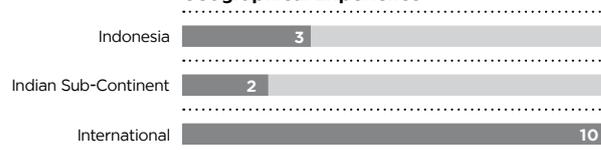
#### Industry Experience



#### Functional Experience



#### Geographical Experience



The Board currently comprises 10 Directors. Of the 10, seven are INEDs, two NINEDs, including the Chairman (representing the interest of Khazanah,) and one ED, namely the President & Group Chief Executive Officer (GCEO). INEDs make out more than 50% of the Board composition, exceeding MCCG 2012's recommendation and the minimum number required under the Main LR and the Green Book.

The high proportion of INEDs ensure effective check and balance on the Board with INEDs acting as caretakers for minority shareholders, providing unbiased perspectives and promoting constructive discussion of Management's proposal. The Board also ensures that it has appropriate mix of diversity (including gender diversity), skills, experience and expertise to enhance the Board's decision making capabilities. This is fundamental given the size and geographical presence of Axiata Group. The breadth of skillsets and experience of the Board is also instrumental to guide Axiata through the third phase of its transformation journey focused on redefining Axiata and shaping the future of telecommunications in the region. More specifically, putting in place a new growth strategy, driving continuous business improvements and operating models, and building new and stronger management teams, to become a 'New Generation Telco' by 2020.

A similar Board composition framework for Operating Companies (OpCos) has been developed and refined over the years to ensure sufficient oversight and connectivity with the Board, Corporate Centre (CC) and OpCos' Board and Management. Consistent with the framework and depending on the requirements of the OpCos and local regulations, the Boards of major OpCos, should comprise a maximum of nine members made-up of Axiata INED, Group Management representatives, OpCos' Chief Executive Officer (CEO) and joint venture partners with good mix of skillsets and diversity covering operations, strategy and finance.

### Board Charter

The Board Charter sets out the roles and responsibilities of the Board. Axiata's Board Charter, which is periodically reviewed, takes into consideration all applicable laws, rules and regulations as well as best practices. The Board Charter covers inter-alia, the objectives of the Board, duties and responsibilities, powers, roles of the Chairman, President & GCEO and Non-Executive Directors (NED). It serves as a reference and primary induction literature, providing Board members and Management insight into the function of the Board. Board's specific reserved matters covering areas such as strategy and business planning, finance and controls, people, compliance, support and assurance are entrenched in the Board Charter.

*Axiata Board Charter is available online at [www.axiata.com/media/upload/corporate/Board\\_Charter.pdf](http://www.axiata.com/media/upload/corporate/Board_Charter.pdf)*

### Roles and Responsibilities of the Board

In support of the Board Charter, there is the Limits of Authority (LOA) document. The LOA serves to optimise operational efficiency and outlines high level duties and responsibilities of the Board and delegated day-to-day management of the Company to the President & GCEO. This delegation structure is further cascaded by the President & GCEO to the Senior Leadership Team (SLT) within the Company's CC. The President & GCEO and the SLT remain accountable to the Board for the authority being delegated.

The LOA is subject to review from time to time and any revision is first tabled to the BAC for recommendation before seeking the Board's approval. For the year 2015, the Board approved the updates and/or revisions to the LOA covering; inter-alia, procurement, Information Asset Management, taxation, secretarial, treasury (including Group Treasury Policy), human resources, strategic business planning, legal and finance and controls.

The following paragraphs describe how the Board of Directors of Axiata have discharged its key fiduciary duties and leadership functions and responsibilities in 2015:-

#### i) Review and Approve Strategic and Annual Business Plan and Budget

The Board plays a key and active role in the formulation and development of the Company's strategy. Annually, two off-site or retreat sessions are held for discussions on key strategies and proposed business plans for the following year. At the mid-year Board Strategy Retreat in June 2015, the Board focused on Axiata's Long Range Plan covering four main areas crucial to Axiata's future; namely, mobile data leadership, digital services, convergence and financials. Discussions during the mid-year retreat set the tone and provided direction in the formulation of the Company's strategy and business plans.

At the year-end Board Strategy Retreat in November 2015, the proposed business plan and budget were presented by the Management of Axiata and the major OpCos. In this session, the Board deliberated in detail on the Group's annual strategy and business plan and provided their feedback and guidance before subsequent approval was sought.

#### ii) Overseeing Conduct of Company's Business

On a quarterly basis, execution of annual strategy and challenges thereof are reported to the Board. Progress is monitored against the agreed KPIs approved by the Board. Major OpCos are also invited to present their performance on a rotational basis. This enables the Board to receive first hand updates from the Management of the respective major OpCos on their performance, key developments and/or issues and prospects.

#### iii) Succession Planning

The Board through the BNC reviews candidates for key management positions and formulates nomination, selection and succession policies for members of the Board and the Group's key management personnel. The Board then deliberates on the BNC's recommendations and proactively provides guidance on talent management and succession planning. In depth discussions on talent management and succession planning are scheduled twice yearly in the Annual Board Meeting Calendar and in 2015 were discussed in August and November.

Board succession planning occupied a lot of Board's time in 2015, with four of Axiata's INEDs reaching the nine year mark in 2017. Replacing all four Directors at the same time could be disruptive, therefore, a structured and phased retirement plan was adopted by the Board to ensure a smooth transition and continuity. One or two INEDs per year will be refreshed in 2016-2018. The BNC has also endorsed the appointment of a recruitment firm to look into potential candidates

## STATEMENT ON CORPORATE GOVERNANCE

based on the needs of the Board following the planned retirement of these INEDs and to enhance Axiata Board Composition.

Under the phased retirement plan, one of the INED, namely, Juan Villalonga Navarro who is retiring by rotation at the forthcoming AGM is not seeking re-election. The retirement plan of other INEDs who will be reaching the nine year mark in 2017 are currently being reviewed and subject to further discussions. The Board's objective is to provide a smooth and phased transition, more balanced Board tenure and mitigation of the potential risk of 'groupthink' often observed in cohesive teams that have been together for an extended period of time.

### iv) Identifying Principal Risks and Ensuring Implementation of Internal Controls and Mitigation Measures

A quarterly updated risk profile of the Group and each of the OpCos is presented to the BAC and Board. The BAC reviews in detail the major risks that the Group faces in its business and operations and management controls and processes that are in place to manage those risks. Such systems are designed to manage rather than eliminate risks and provide only reasonable assurance against misstatement or loss. Focus areas of these risks are deliberated by the Board as they are raised by the Chairman of the BAC at Board meetings. Key risks deliberated by the Board in 2015 included FOREX, treasury, regulatory and cyber security risks.

### v) Overseeing Development and Implementation of Shareholder Communications Policy

Axiata believes in building investor confidence and trust through transparent communication of its objectives and Key Performance Indicators (KPI). The Company carried out its Investor Relations (IR) activities in accordance with its annual IR calendar which is tabled to the Board and available on the IR section of Axiata's corporate website. On a quarterly basis, the Board is apprised of these activities including the number of non-deal roadshows and conferences attended, summary of analysts' recommendations, investors' feedback and market consensus of the Group's annual performance against KPIs. Report on movements of the share price of Axiata and Total Shareholders' Return against indices and peers are also included.

Further details on IR activities undertaken by Axiata's IR function in FY15 is provided on page 51 of this Annual Report.

### vi) Reviewing Adequacy and Integrity of Management Information and Internal Control System

The Board has the overall responsibility and accountability for the Group's internal control system and continues to maintain and review its internal control systems to ensure, as far as possible, the protection of the Group's assets and the Company's shareholder investments. The Board is ultimately responsible for the adequacy and integrity of the Company's internal control system. Details pertaining to the Company's internal control system and its effectiveness are available in the Statement on Risk Management and Internal Control of this Annual Report.

### Directors' Code of Ethics, Employees' Code of Conduct and Whistleblowing Policy

Since 2012, the Board had adopted the Directors' Code of Ethics as prescribed by the Companies Commission of Malaysia and the same is adhered to at all times.

The corporate culture of uncompromising integrity is applicable across the Group and the Code of Conduct manual applicable to employees provides guidance on high ethical business standards and guidelines. The code serves as a guideline for employees' conduct in the workplace, business conduct when dealing with external parties, including key issues such as bribery, conflicts of interests, insider trading and data integrity and retention. The Code of Conduct is disseminated throughout to employees of Axiata through its intranet. As part of its enforcement, employees are required, on an annual basis, to submit their declaration to adhere to and observe its provisions.

In 2015, the Board endorsed the Common Code of Conduct in which the Uncompromising Integrity and Excellent Performance (UIEP) values which were already made common across the Group were further laid down through documentation of common code of rules to regulate conduct of employees and business aligned to the two values. The common Code of Conduct lays down the baseline standards and guidelines grounded on UIEP values covering; inter-alia, employees' responsibilities and accountabilities, working attitude, protection of the Group's assets, data integrity and retention, business conduct, dealings with customers, insiders' trading, conflict of interest, gifts, entertainment, reporting violations and training and evaluation applicable to all employees across the Group.

Employees may raise their concerns of any unlawful or unethical situations or any suspected violation of the Code of Conduct in accordance with the Whistle-Blowing Policy administered by the Group Chief Internal Auditor and overseen by the BAC. The Board provides assurance that employees will not be at risk to any form of victimisation, retribution or retaliation and emphasises good faith. Any attempt to retaliate, victimise or intimidate against the whistle-blower is a serious violation and shall be dealt with by serious disciplinary action and procedures. As provided under the policy, employees may also report illegal and unethical practices directly to the statutory bodies such as the Malaysian Anti-Corruption Commission, the Securities Commission, the police or other similar agencies in other countries where the business is located.

Dedicated Whistle-Blowing email address: [wisel@axiata.com](mailto:wisel@axiata.com)

*Directors' Code of Ethics, Employees' Code of Conduct and Whistle-blowing Policy are available online at*  
[https://axiata.com//media/upload/corporate/Directors\\_Code\\_of\\_Ethics.pdf](https://axiata.com//media/upload/corporate/Directors_Code_of_Ethics.pdf),  
[https://axiata.com//media/upload/corporate/Employees\\_Code\\_of\\_Conduct.pdf](https://axiata.com//media/upload/corporate/Employees_Code_of_Conduct.pdf) and  
[https://axiata.com/media/upload/corporate/Whistle\\_Blowing\\_Policy.pdf](https://axiata.com/media/upload/corporate/Whistle_Blowing_Policy.pdf) respectively.

### Roles and Responsibilities of the Chairman and President & GCEO

There is a clear division between the roles and responsibilities of the Chairman and the President & GCEO as set out in the Axiata Board Charter. 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' meetings. He leads the Board in overseeing Management and principally ensures that the Board fulfills its obligations under the Axiata Board Charter and as required under the relevant legislations. Some of the specific responsibilities of the Chairman include:-

- i) Managing Board meetings and boardroom dynamics by promoting a culture of openness and debate where Directors are encouraged to provide their views;
- ii) Working closely with the President & GCEO to ensure provision of accurate, timely and clear information to facilitate the Board to perform effectively, be able to make informed decisions and to monitor the effective implementation of the Board's decisions; and
- iii) Ensuring 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 the SLT.

### Independence

Axiata measures the independence of its Directors based on the criteria prescribed under the Main LR in which a Director should be independent and free from any business or other relationship that could interfere with the exercise of independent judgment or the ability to act in the best interest of the Company. A Director should also be willing to express his opinion at the Board free of concern about his position or the position of any third party. The Board believes that it is impractical to formulate a list of criteria which is appropriate to characterise, in all circumstances, whether a NED is independent and instead choose to assess the INEDs based on intrinsic independent values demonstrated by the INEDs.

Objective assessment of the independence of Directors based on the provisions of the Main LR is carried out before the appointment of Directors and re-affirmed annually. The review of Directors' independence also form part of the annual Individual Director Peer and Self Review carried out by the BNC whereby INEDs are essentially assessed based on the spirit, intent, purpose and attitude of each INED as well as readiness to challenge and debate, which is considered as exhibiting independent judgment and ability to act in the best interest of Axiata.

During the financial year 2015, none of Axiata INEDs disclosed any relationships that could materially interfere with, or be perceived to materially interfere with their independent judgement and ability to act in

the best interest of Axiata. Based on the feedback from BEE for 2015, the Board was rated highly in having a suitably strong element of independence and the INEDs were rated highly on their ability to demonstrate the values and principles associated with independence during Board discussions such as impartiality, objectivity and consideration of all stakeholders' interest and ability to effectively delineate their role of providing oversight as Independent Directors.

### Independence Term Limit

The Board has subscribed to the nine year independence limit prescribed in MCCG 2012. Notwithstanding the tenure limit, the Board recognises that INEDs would have developed a good understanding of Axiata Group's businesses over time and Axiata could lose their valuable contributions simply by phasing out INEDs who have reached the limit. As such, the INEDs could be re-designated as NINED or retained as independent Director as prescribed under MCCG 2012. The latter is based on the notion that the Board still believes that term limits do not in any way interfere with an INED's judgement and ability to act in the best interest of the Company. Assessment, however, will be carried out by the BNC based on 'independence' criteria adopted by the Company to assess whether a Director can remain as an INED after serving a cumulative term of nine years. Recommendations by the Board and justifications to shareholders will be provided in circumstances where a Director is to remain as INED despite serving more than nine years.

Currently, none of Axiata's INEDs have reached the nine years cumulative term as independent Directors. Therefore, no shareholders' approval will be sought for this purpose at the forthcoming AGM.

### Directors' Time Commitment

Each Board member is expected to commit sufficient time to carry out his/her role as Director and/or member of the Board Committees which they are part of. While it is impossible to be specific about the actual or maximum time commitment, a NED of Axiata is expected to devote such time as is necessary to attend all board and committee meetings, AGM/EGM, Directors' training, Board networking events, meetings with various stakeholders and site visits.

A Director is expected to advise the Chairman of the Board or in his absence, the Chairman of the BNC, of his/her intention to join the Board of another public listed company outside the Group. In doing so, the Director is expected to indicate the time commitment with respect to the new appointment. If necessary, the Chairman and/or Chairman of the BNC will consult with the rest of the Board members as to whether the proposed new appointment is likely to impair the Director's ability to devote the necessary time and focus on his/her role as a Director of the Company.

In any given circumstances, in accordance with the provision of the Main LR and additional provision in the Green Book, members of the Board are expected to serve in no more than five and 10 public listed and private companies respectively.

The President & GCEO, who is the ED of Axiata, does not serve as a Director of other listed companies outside the Group.

## STATEMENT ON CORPORATE GOVERNANCE

### Board Gender Diversity Policies and Targets

The Board has always considered gender diversity an important agenda in strengthening the Company and the Board's performance. Notwithstanding, the Board is of the view that while it is important to promote gender diversity, the normal selection criteria of a Director, based on effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board, should remain a priority so as not to compromise on qualification, experience and capabilities.

In respect of the target set out under the Corporate Governance Blueprint 2011 for women participation on Boards to reach 30% by year 2016, the Board has decided not to set specific targets for Axiata but through the BNC will actively be working towards achieving the said target. This objective is captured in the Axiata Board Charter. Its implementation is through ensuring that sufficient number of women candidates be included in the pool of candidates evaluated for new appointments to the Board.

### Board Appointments

There is a transparent process for the selection, nomination and appointment of suitable candidates to the Board of Axiata.

The review of candidates for Board appointment has been delegated to the BNC and such responsibilities include reviews of the existing composition of the Board to identify gaps based on Axiata's Board composition framework and subsequently review and recommend to the Board a candidate with the relevant skillsets, expertise and experience to fill the gaps.

In addition to the above, other criteria such as integrity, existing commitments, potential risks and/or conflict of interests and ability to bring a different perspective and increase diversity of the Board are also being considered in BNC's review to assess suitability of candidates for appointment to the Board. The process for Board appointment also mandates the BNC/President & GCEO to engage external consultants.

The process adopted by Axiata for Board appointment is as follows:-



The appointment of Dr Muhamad Chatib Basri on 25 February 2015, being the most recent appointment to Axiata Board, followed this process.

Upon his/her appointment, the director will receive a letter of appointment outlining his/her duties and responsibilities and disclosure required of him/her in compliance with the CA1965, Capital Market & Services Act 2007 (CMSA 2007) and Main LR. The letter of appointment encloses Axiata's governance documents such as Board Charter/Board Committees' Terms of Reference (ToR) and documents outlining NED remuneration and benefits.

### Succession Planning

The Board through the BNC has oversight of the succession planning of Key Senior Management positions across the Group. A Group Talent Management Framework is put in place to identify and develop a group talent pipeline for future leadership across the Group. Through the framework and structured leadership development programme, mentoring and coaching, regular leadership assessments as well as cross-functional and cross-country assignments, the Group has met its target of identifying C-suite potentials providing a cover ratio of 2:1 from within the Group.

Leadership talent pipeline is regularly reviewed via the Group Talent Council and assessed as potential successors for key positions in the Group against internal and external benchmarks. Update on talent framework, talent pool, succession plan and robustness of talent pipeline are presented to BNC and Board.

### Board Induction/Orientation Programme

Each new Board member participates in a formal Board Induction programme coordinated by the Group Company Secretary together with the President & GCEO. The orientation program includes in-person presentations with the SLT with the objectives of providing newly appointed Directors with the necessary information and overview to assist them in understanding the operations, current issues, corporate strategies, challenges as well as the structure and management of the Company.

The program generally covers the following topics:-

- i) Company vision, mission and objectives;
- ii) Overview of Group Strategy, Finance, Procurement, Corporate Finance, Treasury, Human Resources, Internal Audit, Treasury and IR;
- 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 (M&A) updates;
- vii) Regulatory issues and recent developments; and
- viii) Corporate, Board and Governance structure.

In addition to the Board Induction programme, a telecommunications industry primer on the essentials of mobile communications highlighting key concepts and terminology of the mobile telecoms industry is also offered to appointees. On site briefings or site visits may also be requested by the Directors of Axiata for them to gain more insights into the business and operations aspects of the Group. A few such events have been organized in the past.

#### Re-Appointment & Re-Election of Directors

In accordance with the Articles of Association of the Company (Articles), newly appointed Directors during the year must offer themselves to the shareholders for re-election at the first AGM following their appointment and one-third 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. The President & GCEO, as Director, is subject to the same retirement by rotation provisions as the other Directors notwithstanding any contractual terms that may have been entered into with the Company.

At this forthcoming AGM, the three Directors who will be retiring by rotation are Dato' Sri Jamaludin Ibrahim, Ann Almeida and Juan Villalonga Navarro. With the exception of Juan Villalonga Navarro who will not be seeking re-election, both Dato' Sri Jamaludin Ibrahim and Ann Almeida, being eligible, will offer themselves for re-election.

Tan Sri Ghazzali Sheikh Abdul Khalid and Datuk Azzat Kamaludin will also retire at the forthcoming AGM pursuant to Section 129 of Companies Act, 1965. Both of them, being eligible, will offer themselves for re-election.

#### Senior Independent Director

The Board has appointed Datuk Azzat Kamaludin as the Senior INED of Axiata. The roles of the Senior INED as defined in the Board Charter are as follows:-

- i) Ensure all INEDs have an opportunity to provide input on the agenda, and advise the Chairman on the quality, quantity and timeliness of the information submitted by Management that is necessary or appropriate for the INEDs to perform their duties effectively;

- ii) Consult the Chairman regarding Board meeting schedules to ensure the INEDs can perform their duties responsibly and with sufficient time for discussion of all agenda items;
- iii) Serve as the principal conduit between the INEDs and the Chairman on sensitive issues, for example issues that arise from 'whistle-blowing';
- iv) Serve as a designated contact for consultation and direct communication with shareholders on areas that cannot be resolved through the normal channels of contact with the Chairman or President & GCEO, or for which such contact is inappropriate; and
- v) Be available for confidential discussions with other NEDs who may have concerns which they believe have not been properly considered by the Board as a whole.

During FY15, no shareholders had 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: +6019 200 0878 or +603 7725 6050  
 Fax: +603 7725 6070  
 Email: azzat@axiata.com or azzat@azzatizzat.com

Postal Address : Level 5, Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia

*Contact details of the Senior Independent Director and his roles and responsibilities under the Axiata Board Charter are available online at <https://axiata.com/corporate/corporate-governance>*

#### Board Meetings and Attendance

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 on the agenda for each financial year are fixed in advance for the whole year so as to enable Management to plan ahead and ensure that the Board meetings are booked into their respective schedules.

Where any decisions are required expeditiously or urgently from the Board between scheduled meetings, special board meetings are convened by the Company Secretary with sufficient notice after consultation with the Chairman.

In 2015, the Board met 11 times (including three special board meetings, the off-site Mid-Year Strategy Retreat and Year-End Strategy Retreat) spending a total of approximately 84 hours.

## STATEMENT ON CORPORATE GOVERNANCE

The overall calendar of meetings of the Board and Committees held in 2015 and attendance of the respective Directors are provided below:-

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
BOD	•	•	•		•	• Mid-Year Strategy Retreat	• Special	•	• Special		• Year-End Strategy Retreat • Special •	
BAC	•	•			•			•	•		•	
BNC		•			•			•			•	
BRC	•	•	•		•			•				

Analysis of percentage of time spent by the Board of Axiata on agenda items deliberated at Board meetings in 2015 is provided below:-

### Total Number of Meetings

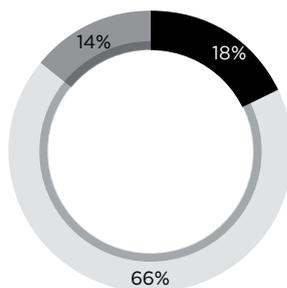
Board - 11, BAC - 6, BNC - 4, BRC - 5

### Total Hours

84 hours (Including Board Retreats)

Strategy Retreat (June): 20 hours

BP Session (November): 19 hours, 30 minutes



- Business Performance & Planning
- Strategy and M&A
- HCM, Succession Plan, Treasury, Risk Governance, Finance, Banking and Report from Board Commissions

	Board (11)	BAC (6)	BNC (4)	BRC (5)
Tan Sri Dato' Azman Hj. Mokhtar	11/11 (100%)	n/a	n/a	n/a
Dato' Sri Jamaludin Ibrahim	11/11 (100%)	n/a	n/a	n/a
Tan Sri Ghazzali Sheikh Abdul Khalid	11/11 (100%)	n/a	4/4 (100%)	5/5 (100%)
Datuk Azzat Kamaludin	11/11 (100%)	6/6 (100%)	4/4 (100%)	4/5 (100%)
Dato' Abdul Rahman Ahmad	11/11 (100%)	n/a	4/4 (100%)	n/a
David Lau Nai Pek	11/11 (100%)	6/6 (100%)	n/a	n/a
Juan Villalonga Navarro	7/11 (64%)	3/6 (50%)	n/a	n/a
Ann Almeida	8/11 (73%)	n/a	2/4 (50%)	1/5 (20%)
Dr Muhamad Chatib Basri*	8/9 (89%)	n/a	n/a	n/a
Kenneth Shen	11/11 (100%)	6/6 (100%)	4/4 (100%)	5/5 (100%)

\* Appointed as Director on 25 February 2015

Based on the attendance record, all Directors attended more than 50% of Board meetings

### Supply of Information

In line with the Green Book, the Board receives Board meeting agenda and meeting papers within at least 14 days and seven days respectively prior to Board meetings. 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 there 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.

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.

In 2015, Axiata launched an initiative to disseminate Board documents in a more efficient and secure manner digitally. A thorough review was conducted before selecting a common group-wide platform which was successfully rolled-out in January 2016. Through the digital platform, Board and Board Committee meetings are more efficiently managed and Board documents, including updates, are distributed in a more timely manner.

All issues raised, discussions, deliberations, decisions and conclusions including dissenting views made at Board meetings with clear actions to be taken by responsible parties are recorded in the minutes. Decisions of the Board are made unanimously or by way of majority after the issues are thoroughly deliberated by the Board members.

Board papers and presentations by Management at each Board meeting are rated by the Board. During the financial year 2015, the overall average Board rating on the quality of Management papers and presentations was 4.0 out of 5.0 points.

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

As the Group's quarterly results is one of the regular annual schedule of matters which are tabled to the Board for approval at the quarterly Board meetings, notices on the closed period for trading in Axiata's securities are also 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 CMSA 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 within 30 calendar days before the targeted date of announcement of the quarterly results up to the date of announcement. In 2015, none of the Directors dealt in Axiata's securities during the closed period.

### Management of Conflicts of Interest

The Board aims to avoid conflict of interest with the Group as far as possible and formal procedures for managing compliance on conflicts of interest has been in place. 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 and, where appropriate, excuses himself/herself from being present in the deliberations. 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. This is recorded in the minutes of the meetings.

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

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

The Board has strong support from an experienced, competent and knowledgeable Group Company Secretary who works closely with the President & GCEO and the SLT to ensure timely and appropriate information flow within the Board and Board Committees and between the NEDs and SLT. The Group Company Secretary is also responsible to give clear and sound advice to the Board, through the Chairman, on all governance matters and assist the Board and Chairman on the implementation of an effective corporate governance system. The Group Company Secretary attends all meetings of the Board and relevant Board Committees and is responsible for the accuracy and adequacy of records of proceedings of the Board and Board Committees and resolutions. The appointment, remuneration and removal of the Group Company Secretary are also matters for the Board to decide to ensure a qualified and suitable individual is selected.

The profile of the Group Company Secretary is provided on page 41 under the Profile of Axiata's Management Team.

In ensuring uniformity of Board conduct and effective boardroom practices, the Group Company Secretary has oversight on the overall corporate secretarial functions of the Group, both in Malaysia and in the countries where the Group operates. The Group Company Secretary also serves as an adviser and support centre to the named secretaries in the countries where the Group operates on matters pertaining to governance and facilitates the flow and sharing of information.

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

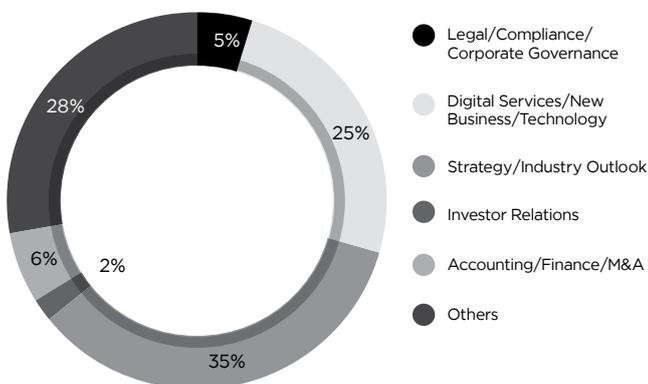
# STATEMENT ON CORPORATE GOVERNANCE

is also extended to all Board Committees on the same basis. Appropriate procedures are in place to allow access to such advice. No Board matters were referred to external legal counsels for advice during 2015.

## Directors' Training & Education

A dedicated training budget is allocated every year for Directors' continuing education. 'Guidelines for Axiata Board Training Program' (BTP Guidelines) adopted by the Board provides 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.

### 2015 Directors' Training Areas



Annually, the BNC through feedback provided by the Board during the BEE, identifies training needs of Axiata Directors and the Group Company Secretary has the responsibility of ensuring the relevant training programmes are brought to the attention of the Board. Directors' focus are no longer on topics related to regulatory and governance alone but also industry related and current issues.

For 2015, recommendations from BNC on Directors' training included the following:-

- i) Taking into consideration Axiata's digital services and new business initiatives, digital services, technology and new business areas to remain the focus of Axiata's NEDs training for the year 2015;
- ii) Board to continue to attend specific or advanced training programmes in other areas such as governance, strategy or finance;
- iii) Management to continue to invite external speakers during Board Strategy Retreats, as the same is regarded as part of Directors development/training programmes; and
- iv) Beginning 2016 and on an annual basis, the GSMA Mobile World Congress 2016, a major event in the telecommunication industry's calendar has been identified as one of the events to be attended by two to three Directors yearly as part of the Directors' training.

Some of the training/conferences/seminars and/or workshops, internal and external, in which members of the Board have participated during 2015 are listed in Appendix 1 of this Statement.

## BOARD EFFECTIVENESS EVALUATION

Board evaluation for Axiata is an effective avenue to assess the Board's collective performance as well as that of individual Directors. It is an integral part of the Board's annual activities and is carried out under the supervision of the BNC which plays a key role in determining the methodology and approach, areas of assessment and selection of consultants to facilitate the exercise.

The same facilitator who was appointed to do a comprehensive 360 degrees review in 2013 and subsequent update in 2014 was appointed to facilitate the 2015BEE. Similar set of criteria and questionnaires were used for the Board to provide their ratings as an update of the areas measured in the preceding BEE which covers both Board and self-peer evaluation as follows:-

Board	Self-Peer
<ul style="list-style-type: none"> <li>• Group Dynamics and Effectiveness</li> <li>• Overall impressions of the Board - Effectiveness, involvement and engagement, structure and composition</li> <li>• Board Organisation - Composition, committee organisation, Strategy</li> <li>• Succession Planning and Development</li> <li>• Communications</li> </ul>	<ul style="list-style-type: none"> <li>• Knowledge and understanding on strategy, market, critical success factors, business risk, performance measures, financial discussions, awareness, risk management, skills and experience</li> <li>• Analytical skills</li> <li>• Preparation for Board meetings, time commitment and commitment to professional development</li> <li>• Independence - Ability to speak openly, and ability to demonstrate independence exemplified by impartiality, objectivity and consideration of all stakeholders' interest</li> </ul>

Based on the findings of the 2015BEE tabled to the Board at its meeting in March 2016, the key theme highlighted in last year's report continues to ring true. In summary, the Board continues to be extremely well-run with good chemistry and bonding that facilitates healthy discussions on critical issues. There is also good chemistry and a strong sense of bonding among the Directors including their relationship with Management.

The findings also concluded quantitative improvement in two areas, specifically, Corporate and Social Responsibility (CSR) and sustainability initiatives, which enjoy Board engagement. Areas suggested for improvement includes gender and skillset diversity, succession planning, length of Board papers and duration of Board meetings. The findings of the 2015BEE also encourage continual execution and careful monitoring of the Board continuity and renewal program.

### Review of Directors Standing for Re-Election/Re-Appointment

In order to assist BNC in the discharge of its duties pertaining to the assessment of Directors retiring and seeking re-election at the forth coming AGM, the report of the 2015BEE included feedback and ratings on these Directors. In its assessment, the BNC took into consideration the self-peer

ratings on the areas evaluated in the BEE feedback from other Directors in the evaluation and contribution to the Board through their skills, experience, strengths and qualities, level of independence and ability to act in the best interests of the Company. BNC's recommendations are thereafter submitted to the Board and shareholders for approval.

Dato' Sri Jamaludin Ibrahim was rated by his peers with ratings varying from good to very good on every key aspects of his role. As the President & GCEO, he possesses strong knowledge and understanding of his role in governing Axiata and its strategic needs. Commitment to professional development, attentiveness to ideas of others and ability to communicate openly and honestly were also rated highly during the assessment.

Pursuant to Section 129 (6) of the CA1965, Tan Sri Ghazzali Sheikh Abdul Khalid and Datuk Azzat Kamaludin who both have attained the age of 70 years, shall retire at the forthcoming AGM and their reappointments are subject to the approval of not less than three-fourths of the shareholders attending the AGM. If appointed, both Tan Sri Ghazzali and Datuk Azzat shall hold office until the subsequent AGM and their reappointment shall be decided at every AGM.

Tan Sri Ghazzali has been exemplary and has remained consistent in performing well in his role as Chairman of the BNC and BRC. Attentive and open to ideas of others, he managed to create a very inclusive and open atmosphere for discussions at these Board Committees. Seen as one of the hardest working Directors, he continues to prepare well for these committees. His role as Chairman of the BNC also led to him designated as the 'mentor' for new Board members. As an INED, he demonstrated value and principles associated with independence during the Board's discussions taking into consideration all stakeholders' interests.

Datuk Azzat consistently shows good ratings across the main aspects of his duty. With his knowledge, experience and sound advice on legal matters, Datuk Azzat remains an important member of the Board and the Board Committees of which he is a member, namely BAC, BNC and BRC. He is the highest rated in terms of his contributions and consistency to demonstrate values and principles associated with impartiality and objectivity during Board's discussion.

The Board also approved the BNC's recommendation to support the re-election of Ann Almeida. Ann who first joined Axiata as member of BNC and BRC in 2011 before being appointed to the Board in 2013, is a very strong Human Resource (HR) and global talent professional. She adds to the Board's dynamics and her actual performance and contribution were taken into account in the recommendation. As an INED, she demonstrates value and principles associated with independence during Board's discussions taking into consideration all stakeholders' interests.

### Board Committees

There are currently three main Board Committees namely:-

- BAC;
- BNC; and
- BRC.

The ToRs of the Board Committees are available online at <https://axiata.com/corporate/corporate-governance/>

Board Committees meetings are normally held in conjunction with the Board meetings. 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 provides summary reports of the decisions and recommendations made by the Board Committees and highlights to the Board if any further deliberation is required at Board level. Verbal reports are provided if Board committees are held on the same day as the Board meetings.

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 (Member of Malaysian Institute of Accountants and New Zealand Institute of Chartered Accountants)
- 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.

Further details on the summary of activities of the BAC during FY15 and BAC ToR are set out separately in the BAC Report on pages 83 to 87 of this Annual Report.

The Group Chief Financial Officer (GCFO) and Group Financial Controller attend all meetings of the BAC except when meetings are held between the BAC and external auditors without Management's presence. During FY15, the BAC met with the external auditors without Management's presence twice.

### BNC and BRC

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

- i) Tan Sri Ghazzali Sheikh Abdul Khalid – Chairman, INED
- ii) Datuk Azzat Kamaludin – Senior INED
- iii) Dato' Abdul Rahman Ahmad – INED (BNC only)
- iv) Ann Almeida – INED
- v) Kenneth Shen – NINED

### BNC

The key responsibilities of the BNC are as follows:-

- i) To oversee the selection and assessment of Directors and to ensure that the Board composition meets the needs of the Group;
- ii) To facilitate and review Board induction and training programs;
- iii) To recommend or approve, as the case may be, based on the ToR, the appointment of key management of the Group;
- iv) To assess the effectiveness of the Board, Board Committees and individual Directors (including the President & GCEO); and

## STATEMENT ON CORPORATE GOVERNANCE

- v) 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.

In 2015, the BNC considered and made recommendations to the Board on the following matters:-

- i) Directors independence term limit and succession planning for INEDs reaching the nine year mark;
- ii) Appointment of Dr Muhamad Chatib Basri as Axiata Board member;
- iii) Directors' training needs and 2015 Annual Training Calendar;
- iv) Appointment and extension of employment contracts of key personnel;
- v) Nomination of Directors for major OpCos;
- vi) Succession planning for key positions including President & GCEO and CEOs of OpCos;
- vii) 2014BEE findings and follow-up actions; and
- viii) Approach for 2015BEE.

### **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 the 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.

In 2015, the BRC considered and made recommendations to the Board on the following matters:-

- i) Performance achievements and rewards for the President & GCEO;
- ii) Performance of the Group Company Secretary against pre-determined KPIs for 2014;
- iii) Bonus pool and salary increment for 2015;
- iv) Additional grant of Restricted Share Awards (RSA) to the President & GCEO; and
- v) Long Term Incentive Plan for Axiata Digital Services (Axiata Digital).

### **DIRECTORS' REMUNERATION**

#### **Non-Executive Directors**

As a regional company, the remuneration philosophy is not only to develop a remuneration structure that is commensurate with their responsibilities at both Board and Board Committees but also sufficient to attract, incentivise and retain quality Directors. The review of the remuneration structure undertaken in 2014 was the first since the inception of Axiata as a listed company in 2008. The review brought about the introduction of monthly fixed fees for Board Committees which were absent from Axiata NEDs remuneration component, putting Axiata in the minority.

The introduction of the monthly fixed fees for Board Committees and payment of the same together with the Board monthly fixed fees was approved by the shareholders at the AGM. The following table outlines the remuneration and benefits components/structure for Axiata's NEDs:-

Remuneration	Monthly Fees <sup>1</sup> (RM)		Meeting Allowances <sup>2</sup> (RM)	
	NEC <sup>3</sup>	NED	NEC	NED
Board of Directors	30,000.00	20,000.00	3,000.00	2,000.00
BAC	4,000.00	2,000.00	3,000.00	2,000.00
BNC	1,200.00	800.00	1,500.00	1,000.00
BRC	1,200.00	800.00	1,500.00	1,000.00
Other Board Committees	Nil	Nil	1,500.00	1,000.00

<sup>1</sup> In accordance with shareholders' approval, Axiata pays Board and Board committees' Directors' fees on a monthly basis

<sup>2</sup> Meeting allowances are paid on a per meeting basis, notwithstanding any adjournment and number of days

<sup>3</sup> NEC refers to Non-Executive Chairman

## Benefits

Common benefits-in-kind prevalent among large groups similar to Axiata such as Annual Overseas Business Development Trip, mobile communication devices and telecommunication facilities, medical benefits provided under Axiata Healthcare Program and insurance benefits, including Directors' & Officers' Liability Insurance.

## Frequency of Review

Targeted to occur every five years, the last review was undertaken in 2014. Director's remuneration is decided by the Board collectively after review by the BRC and the individual Director does not participate in decisions regarding his/her remuneration package.

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

Non-Executive Directors <sup>1</sup>	No. of Director
RM250,000.00 – RM300,000.00	3
RM300,000.00 – RM350,000.00	1
RM350,000.00 – RM400,000.00	3
RM400,000.00 – RM450,000.00	1
RM600,000.00 – RM700,000.00	1
Executive Director <sup>2</sup>	
RM6,950,000.00 – RM7,000,000.00	1

<sup>1</sup> Breakdown of the aggregated remuneration of NEDs for FY15 into appropriate components is set out below:-

Name of Director	Fees (RM'000)	Meeting Allowances (RM'000)	Monetary Value of Benefits-in-Kind (RM'000)
Tan Sri Dato' Azman Hj. Mokhtar <sup>a</sup>	360	36	214
Tan Sri Ghazzali Sheikh Abdul Khalid	269	41	21
Datuk Azzat Kamaludin	283	49	37
Dato' Abdul Rahman Ahmad	250	39	64
David Lau Nai Pek	288	58	43
Juan Villalonga Navarro	264	18	-
Ann Almeida <sup>b</sup>	259	21	-
Dr Muhamad Chatib Basri	203	18	65
Kenneth Shen <sup>b</sup>	283	54	66

<sup>a</sup> Fees and Meeting Allowances paid directly to Khazanah

<sup>b</sup> Includes Fees and Meeting Allowances totaling RM108,000.00 and RM4,000.00 respectively which are accrued for donation to Axiata Foundation

<sup>2</sup> Breakdown of the aggregated remuneration of Dato' Sri Jamaludin Ibrahim for FY15 into appropriate components is set out below:-

	(RM'000)
a. Salaries, Allowances and Bonus	5,000
b. Benefits (Contribution to EPF, ESOS and RSA Expenses and Monetary Value of Benefits-in-Kind)	1,991

## Executive Director

The Company's policy on remuneration for the ED is similar to previous years which is to ensure that the level of remuneration is generally set to provide market competitiveness to attract, retain and motivate an ED of the highest calibre to competently manage the Company.

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 similar packages at comparable companies (of similar size and complexity to Axiata locally; and in the same industry in the region), 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 of the ED, giving due considerations to law and corporate governance principles. The current remuneration policy of the ED consists of basic salary, performance-linked bonus, benefits-in-kind, EPF contributions and RSA 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 Committee meetings he attends both for Axiata and subsidiaries.

## STATEMENT ON CORPORATE GOVERNANCE

The performance of the ED is measured based on the achievements of his annual KPIs. These KPIs comprise not only quantitative targets, such as annual targeted revenue, EBITDA, PATAMI or Return on Invested Capital (ROIC) and relative performance of the OpCos, but also qualitative targets which include strategic milestones and initiatives that need to be achieved and implemented on areas such as strategy, innovation, business development, synergy, human capital management, financial management and societal development. The weightage of the qualitative and quantitative targets may be adjusted to accommodate the Group's aspirations.

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 annual bonuses and long term incentive plan in the form of RSA or options over the shares of the Company. In the case of RSA, its vesting is further subject to performance conditions established by the Board and the final number of shares of RSA will depend on the level of achievement of these targets over the performance period.

### RELATIONSHIP WITH OTHER STAKEHOLDERS AND SHAREHOLDERS

#### Communication with Shareholders and Investors

The Board acknowledges the importance of an effective communication channel between the Board, stakeholders, institutional investors and the investing public at large to provide a clear and complete picture of the Group's performance and position as much as possible. The Company is fully committed in maintaining high standards in the dissemination of relevant and material information on the development of the Group in its commitment to maintain effective, comprehensive, timely and continuing disclosure. There has also been strong emphasis on the importance of timely and equitable dissemination of information. Disclosures of corporate proposals and/or financial results are made not only in compliance with the Main LR but also include additional items through media releases and are done on a voluntary basis. 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 materials 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.

Axiata uses a number of formal channels to account to shareholders and stakeholders; particularly-

#### 1. Annual Report

The Annual Report is a major channel of communication disclosing information not only on the Group's business, financials and other key activities but also additional information such as strategies, operations, performance, challenges and its management. The Board places great

importance on the content of the Annual Report to ensure the accuracy of the information as the Annual Report is a vital source of information for investors, shareholders and the general public. The working committee comprising SLT and personnel from various divisions plays a meaningful role to ensure accuracy of information and full compliance with relevant regulatory requirements. The contents of the Annual Report are continuously enhanced to take into account development, amongst others, corporate governance. At the Board level, the Board Annual Report Committee, chaired by the BAC Chairman, oversees the production of the Annual Report and reviews its contents before it is published.

The Annual Report is also printed in summary form together with a digital version of the Annual Report in CD-ROM format. An online version of the Annual Report is also available on Axiata's own corporate website. Since 2014, Axiata has also made available a fully digitised version of its Annual Report and Sustainability and National Contribution Report, both of which can be downloaded for free at Apple App Store and Google Play on both iOS and Android.

The complete printed versions of the Annual Report is provided to shareholders upon request. Details on the request for printed copy are provided in the summary of the Annual Report. Our Share Registrar will ensure that the printed copies reach the shareholders within four days from receipt of written request. The shareholders may also submit their request on-line via the Share Registrar's website at [www.myetricor.com](http://www.myetricor.com).

#### 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. The same is also made available on Axiata's own corporate website. Prior to its release, announcements intended for Bursa Securities are subject to review and approval by the President & GCEO, GCFO, BAC or the Board, to ensure that the announcement fulfills the disclosure requirements as well as meets what is intended by management. In a few instances, announcements are also reviewed by external advisors to ensure that its contents are accurate and complete taking into consideration disclosure requirements and market perspectives.

*Filings and announcements to Bursa Securities are available online at <http://axiata.com/investor/bursa-announcement>*

#### 3. Media Releases

Media releases are 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, released to Bursa Securities to increase the visibility of media releases.

Primary contact for Corporate Communications:-

Saffura Chinniah

Tel: +603 2263 8881

E-Mail: info@axiata.com

Postal Address: Corporate Headquarters, Axiata Tower,  
9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral,  
50470 Kuala Lumpur Malaysia

Media releases are available online at <https://axiata.com/mroom/news/>

#### 4. Quarterly Results and Analyst Briefings

Axiata holds analyst results briefings chaired by the President & GCEO and GCFO 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 as an avenue to provide dialogue between fund managers and research analysts with the Group's Senior Management as well as provide a platform for analysts and fund managers to receive a balanced and complete view of the Group's performance. The holding of analyst calls immediately after the release of the results is aimed to facilitate timely publication and/or dissemination of analysts' reports to the investing community. Consistent with equitable sharing of information and treatment of its shareholders, materials intended for analysts briefings are made available immediately after the release of the financial results.

Throughout 2015, the Group has enjoyed relatively extensive coverage and exposure to the investment community with a total of 30 equity research analysts covering the Company.

This equitable policy is not only prevalent to financial affairs but also extended to major and/or strategic transactions such as the acquisition of Ncell Pvt Ltd, Robi-Airtel Bangladesh merger, collaboration with Telekom Malaysia Berhad and acquisition by edotco Group of Digicel Myanmar Tower Company (renamed edotco Myanmar Limited). Audiocasts of the presentation of these transactions were also made available on Axiata's website.

In 2015, Axiata hosted 'Robi Analyst Day' in January and 'Dialogue with President & GCEO and GCFO: Introducing XL's New CEO' in March. In October 2015, Axiata organised its annual 'Analyst & Investor Day' in Kuala Lumpur. The event was attended by 60 analysts and investors, both local and foreign based. Long term strategies, new technology trends, financial strategies, network technology strategy, management incentives, Over the Top (OTT) strategy, as well as updates from major OpCos on data revenue and profitability as well as highlights of the tower company business were amongst the key topics covered.

Presentation materials and audiocasts to analysts are available online at <http://axiata.com/investor/ir-presentation>

#### 5. 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 to be more productive and efficient. Management ensures that all information is well disseminated and materials for both the analyst briefings and media conferences are made available on Axiata's website.

#### 6. Investor Relations

Axiata's investor relations efforts include scheduling regular engagement sessions with the investing community and is attended either by the President & GCEO and/or GCFO and IR unit. Such engagement includes conferences, non-deal roadshows (NDR), 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 the investing community may have with respect to the business or operations of the Company.

Some of the conferences and NDR and conferences attended by Axiata in 2015 are as follows:-

##### **Conferences**

- i) Asia Yield 1X1 Forum, JP Morgan, Tokyo, 12-13 March;
- ii) 18th Annual Asian Investment Conference, Credit Suisse, Hong Kong, 23-25 March;
- iii) Invest Malaysia KL 2015, CIMB & Bursa Malaysia, Kuala Lumpur, 16-17 September;
- iv) Investors' Forum 2015, CLSA, Hong Kong, 15-16 September;
- v) 14th Annual Asia Pacific Summit, Morgan Stanley, Singapore, 19 November;
- vi) Global Emerging Markets 1x1 Conference, UBS, New York City, 1-2 December.

##### **NDR**

- i) London, UBS, 5-6 March;
- ii) New York City, BofA - Merrill Lynch, 9-10 March;
- iii) Singapore, Macquarie, 8-9 April;
- iv) Kuala Lumpur, Maybank, 6 July;
- v) Singapore, Morgan Stanley, 31 July;
- vi) London, Macquarie, 21-22 September.

In 2015, Axiata conducted 278 meetings with investors and analysts via face-to-face meetings and conference calls.

## STATEMENT ON CORPORATE GOVERNANCE

Primary contact for IR as disclosed on the Company's website:-

Clare Chin Kit Ching, Head, Investor Relations

Tel: +603 2263 8817

Fax: +603 2263 7755

E-Mail: [ir@axiata.com](mailto:ir@axiata.com)

Postal Address: Corporate Headquarters, Axiata Tower,  
9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral,  
50470 Kuala Lumpur Malaysia

### 7. Company Website

All information on share price, financial reports, downloadable annual reports, stock exchange filings, presentations, financial calendar and ownership profile are posted on the Investor Relations section while media has its own dedicated section for media releases. 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](http://www.axiata.com).

The Corporate Governance section is also on the website where information such as Board Charter, Directors' Code of Conduct, Employees' Code of Conduct, Terms of Reference for BAC, BNC and BRC and Memorandum & Articles of Association are available to the shareholders and public. In addition, Notice of AGM/EGM and Minutes of the AGM/EGM are available in the Annual General Meeting section.

Axiata will continually add new interactive capabilities to its website.

For queries regarding shareholding, kindly contact:

Tricor Investor & Issuing House Services Sdn Bhd

Tel: +603 2783 9299

Fax: +603 2783 9222

Email: [is.enquiry@mytricorglobal.com](mailto:is.enquiry@mytricorglobal.com)

Postal Address: Unit 32-01, Level 32, Tower A, Vertical Business Suite,  
Avenue 3, Bangsar South, No.8, Jalan Kerinchi,  
59200 Kuala Lumpur, Malaysia.

### Shareholders' Rights

The shareholders are the ultimate authority on decision making. The shareholders exercise their decision-making power at general meetings either by way of attending meetings in person or through proxy or authorised representation. Each share entitles the holder to one vote.

Matters reserved for shareholders' approval at AGM include the following:-

- i) Adoption of Audited Financial Statements;
- ii) Distribution of final dividends; if any;
- iii) Election and re-election of Directors;
- iv) Payment of fees to Directors; and
- v) Appointment/reappointment of external auditors.

Unless polling is requested, in accordance with the Articles, voting at general meetings will be carried out by way of show of hands. A poll could be demanded on a resolution (before or on the declaration of the result of the show of hands) by the following persons:-

- i) The chairman of the meeting;
- ii) At least two members personally present in person or by proxy or by attorney or in the case of a corporation, by its duly authorised representative;
- iii) Members personally present in person or by proxy or by attorney or in the case of a corporation, by its duly authorised representative and representing not less than one-tenth (1/10) of the total voting rights of all members having the right to vote at the meeting; or
- iv) Members holding shares in the Company in which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares held by all members present in person or by proxy or by attorney or in the case of a corporation, by its duly authorised representative.

*Memorandum and Articles of Association of the Company is available online at [https://axiata.com//media/upload/corporate/Memorandum\\_and\\_Articles\\_of\\_Association.pdf](https://axiata.com//media/upload/corporate/Memorandum_and_Articles_of_Association.pdf)*

### Annual General Meeting

The AGM is undoubtedly the primary engagement platform between the Board and shareholders of the Company and has historically been well attended. The turn-out saw an increasing trend year-on-year indicating a high level of engagement with shareholders.

At the AGM in 2015, all Directors were present in person to engage directly with, and be accountable to the shareholders for the stewardship of the Company. Before the commencement of the proceedings, the Group Company Secretary highlighted administrative matters covering the voting procedures including the procedures for a demand to be made for a resolution to be voted by way of poll and the timing of making such demand.

The proceedings of the AGM normally commences with a concise but complete presentation by the President & GCEO on the financial performance of the Company for the preceding financial year, preceding quarter and the Company's vision and initiatives. The presentation is supported by visual illustrations of key points and key financial figures to facilitate 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 raised are 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. Questions posed, where possible, are answered in detail either at the AGM itself or thereafter where the shareholders will be contacted and provided with the answers.

Furthermore, 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 (PwCM), are in attendance to respond to

questions raised and provide clarification as required by the shareholders. To ensure transparency, replies to queries made by organizations representing minority shareholders, namely MSWG are also made available and distributed at the AGM.

At the AGMs, all valid proxy appointments are properly recorded, counted and reviewed by the external auditors. The Company also appoints 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.

The Board will consider the use of electronic voting for polling, to facilitate greater participation taking into account its reliability, applicability, cost and efficiency.

While members of the media are not invited into the AGM meeting hall, a media conference is usually held immediately after the AGM where the Chairman, President & GCEO and GCFO update media representatives on the resolutions passed and answer questions on matters related to the Group. This approach provides the Company with a more efficient way to address both the shareholders and the media. The results of the voting for each resolution is promptly announced to the attendees after each voting process.

#### Dividend Policy

Axiata's existing dividend policy provides that the Company intends to pay dividends of at least 30% of its consolidated 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 subsidiary Board deems 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.

On 16 February 2016, the Board declared a Final Dividend of 12 sen, implying a total dividend payout ratio of 85% (based on FY15 normalised PATAMI of RM2.1 billion (including the interim dividend of 8 sen per Axiata Share paid last year on 29 October 2015). The total dividend of 20 sen for the financial year ended 31 December 2015 would tantamount to a cash outflow of approximately RM1.76 billion with a dividend yield of 3.1% (based on a three-month VWAP). The Final Dividend is subject to the approval of the shareholders at this AGM.

With the view to retain cash for future use, Axiata had in 2015 implemented its first Dividend Reinvestment Scheme in which shareholders were given an option to elect to reinvest the whole or part of the dividend declared by the Company for FY14 final dividends and FY15 interim dividends, with electable portion at 100%. 47.75% and 86.72% of the final and interim dividend respectively were reinvested into shares.

#### FY14 Final Dividend

Total Cash Dividend Paid: RM630 million, Dividend Reinvested: RM575 million

#### FY15 Interim Dividend

Total Cash Dividend Paid: RM92 million, Dividend Reinvested: RM603 million

#### Key Performance Indicators

On 16 February 2016, the Company announced the Headline KPIs for the financial year 2016 set and agreed by the Board and Management of the Group as follows:-

#### Headline KPIs

	Headline KPIs (based on Bloomberg* estimate in mid Oct'15 for 2016 forex)	Headline KPIs (based on constant currency)
Revenue Growth	12.2%	9.8%
EBITDA Growth	16.0%	13.7%
ROIC	6.8%	6.6%
ROCE	6.1%	6.0%

\*1 USD = RM4.2

In establishing 2016 Headline KPIs, the Management of Axiata has taken into consideration the following assumptions and challenges:-

- i) No material increase in competition in the mobile market space of the Group's major OpCos;
- ii) No material regulatory changes impacting OpCos;
- iii) No material change in currency volatility, liquidity shortages and interest rates in the Asia Pacific region in general, and in the Southeast Asia in particular;
- iv) No material change in CAPEX budget spending in all operating companies;
- v) Timing of NCell/M&A consolidation and integration into Axiata;
- vi) Excludes divestment impact; and
- vii) Overall global and domestic economy as well as consumer spending.

Moving forward in 2016, the Group will continue to face challenges and remains cautious in executing its business strategies including integration of Ncell in Nepal. Amongst the key risks facing OpCos include regulatory challenges (e.g. pricing and fee structure uncertainties as a result of spectrum reallocation in Malaysia etc.), political risks, intense competition and foreign currency fluctuations. The Group will continue to focus on its long-term transformation strategy which includes a new approach to current business, venturing into new businesses adjacent to current business, selectively acquiring new assets and managing existing business via data leadership

## STATEMENT ON CORPORATE GOVERNANCE

and enhancing data profitability by focusing on pricing, smart investments, network capacity utilisation and other cost saving initiatives including forex mitigation strategies.

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The Board is committed to ensuring that a clear, balanced and meaningful assessment of the Group's financial performance and prospects through the audited financial statements and quarterly announcement of results are provided to shareholders and regulatory bodies. In this respect, the Board through the BAC oversees the process and the integrity and quality of the financial reporting, annually and quarterly. The BAC, in this respect, assists the Board by reviewing the financial statements and quarterly announcements of results to ensure completeness, accuracy and adequacy 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 on page 112 of this Annual Report. The details of the Company's and Group's financial statements for the financial year ended 2015 can be found on page 113 to 248 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. Processes and procedures are in place, to ensure that Recurrent Related Party Transactions (RRPT) are entered into on terms not more favourable to related parties than to the 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 to 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.

At its 23rd AGM, Axiata 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 the 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-sensitivity 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 2016, none of the actual aggregate value of transaction has exceeded 10% or more of the estimated amount under the mandate. The amount of RRPT entered into during the FY15, pursuant to RRPT mandate, is disclosed on pages 90 to 91.

#### Risk Management and Internal Control

As highlighted earlier, the Board has the overall responsibility and accountability for the Group's internal control systems and in maintaining and reviewing internal control systems. The BAC assists the Board in evaluating the adequacy of risk management and internal control framework and through the Axiata Group Risk Management Committee (RMC) comprising SLT and chaired by the Chairman of the BAC, has put in place a systematic risk management framework and process to identify, evaluate and monitor principal risks and implement appropriate internal control processes to manage these risks across the Group. The RMC is mainly responsible for managing the overall Axiata Enterprise Risk Management (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 the Group, and monitors the implementation of the mitigation plans on a quarterly basis.

A high-level risks register is maintained which is reviewed and updated annually. This comprises risks specific to the divisional activities of the business, as well as more Group-wide risks such as long-term business strategy, regulatory, substitution risks and technology. Focus areas of these risks are deliberated by the Board as they are raised by the Chairman of the BAC at Board meetings.

The Group has established the ERM Framework as a standardised approach to rigorously identify, assess, report and monitor risks facing the Group. The framework, benchmarked against ISO31000:2009 is adopted across the Group. Based on the ERM framework, a risk reporting structure has been established to ensure prompt communication to the BAC and the Board.

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 Risk Management and 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.

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 Risk Management and Internal Control on pages 74 to 82 of this Annual Report.

## Relationship with Auditors

The BAC manages the relationship with its external auditors on behalf of the Board. The BAC considers the reappointment, remuneration and terms of engagement of the external auditors annually. The review procedures covers the independence and service level of the External Auditors, which amongst others, include reviewing the External Auditors' performance and quality of work, timeliness of service deliverables, non-audit services provided and the Engagement Partner's and the Partner's rotation.

The BAC had on 16 January 2016, reviewed the re-appointment of PricewaterhouseCoopers (PwC) based on the following criteria before making their recommendation:-

- i) Level of knowledge, capabilities, experience and quality of work;
- ii) Level of engagement with the Chairman, BAC;
- iii) Ability to provide constructive observations, implications and recommendations in areas requiring improvements;
- iv) Adequacy in audit coverage, effectiveness in planning and conduct of audit;
- v) Ability to perform audit work within agreed timeframe;
- vi) Non-audit services rendered by the External Auditor does not impede independence;
- vii) Succession plan of partner-in-charge and rotation of audit partner is evident; and
- viii) Comprehensive audit plan addressing company/industry specific objectives, geographical coverage, level of resources and audit tests with specialist input on tax and regulations.

In safeguarding and supporting the external auditor's independence and objectivity, Axiata has determined policies to restrict the type of non-audit services that can be provided by external auditors of the Group and the approval process 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 and a detailed review of non-audit fees paid to the external auditors is undertaken by the BAC on a quarterly basis. These procedures are in place to ensure that neither their independence nor their objectivity is put at risk, and steps are taken to ensure that this does not impede the external auditors audit works. The BAC remains confident that the objectivity and independence of the external auditors are not in any way impaired by reason of the non-audit services provided to the Group.

The auditors of the Company, PwC, annually confirms to the BAC their independence to the Group within the meaning of the provisions of the Bye-Laws on Professional Independence of the Malaysian Institute of Accountants and PwC's firm's requirements. PwC, having reviewed the non-audit services provided to the Group during the financial year 2015 in accordance with the independence requirements and, to the best of their knowledge, are not aware of any non-audit services that had compromised their independence as external auditors of the Group.

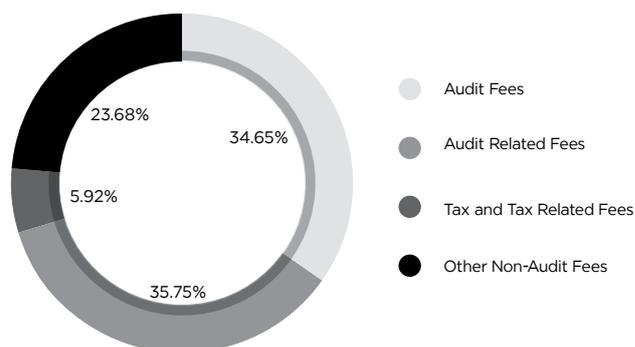
Details of statutory audit, audit-related and non-audit fees paid/payable in 2015 to the external auditors are set out below:-

Fees paid/payable to PwC	RM'000
<b>Audit Fees</b>	
• PwCM	2,525
• Member firm of PwC International Limited (PwCI)	3,656
• Others	60
<b>Audit Related Fees<sup>1</sup></b>	
• PwCM and member firm of PwCI	6,438
	12,679
<b>Other fees paid to PwCM and member firm of PwCI</b>	
Tax and tax related services <sup>2</sup>	1,065
Other non-audit services <sup>3</sup>	4,265
	18,009

<sup>1</sup> Fees incurred in connection with performance of quarterly reviews, agreed-upon procedures and regulatory compliance

<sup>2</sup> Fees incurred for assisting the Group in connection with tax compliance and advisory services

<sup>3</sup> Fees incurred primarily in relation to due diligence on potential acquisitions, project management and other advisory services



# STATEMENT ON CORPORATE GOVERNANCE

## DIRECTORS' TRAINING LIST 2015

Directors	List of Training/Conference/Seminar/Workshop Attended/Participated in 2015
Tan Sri Dato' Azman Hj Mokhtar	<ul style="list-style-type: none"> <li>• World Economic Forum, Davos, Switzerland – 20 to 25 January 2015 (Speaking Session : “Going Long - Investing for the Future 21/1/2015)</li> <li>• OCIS – Speaking Engagement at Fajr Capital Mansion House Reception, London - 26 Feb 2015</li> <li>• FStep Prominent Leader Session "Lessons in a Leadership Journey - Pathways, Curves and Cycles", Kuala Lumpur - 18 March 2015</li> <li>• Asia Business Council 2015, Spring Forum, Beijing, China - 26 to 28 March 2015</li> <li>• Invest Malaysia - Plenary Session 1 “Facing Malaysia's Current Economic Challenges”, Kuala Lumpur - 23 to 24 April 2015</li> <li>• Bellagio Symposium /Growth Dialogue Symposium - Session 2 : Part 2 “View from Capital Markets”, Italy – 5 May 2015</li> <li>• SII - Global - West Government Funds Roundtable, London – 7 May 2015</li> <li>• Essential Points on Technology Investment Trends and Opportunities by Sumant Mandal, Managing Director, Clearstone Venture Partners, Axiata Mid-Year Strategy Retreat - 5 June 2015</li> <li>• APRU UM Summer Program 2015 : Lecture 9 “Investing for a Greater Return – Lessons in Leadership from a Sovereign Development Fund”, Kuala Lumpur – 10 August 2015</li> <li>• MICPA 56th Anniversary Commemorative Lecture 2015, Kuala Lumpur – 12 November 2015</li> <li>• UTM CEO Faculty Talk @UTM “Twelve Ideas Shaping Khazanah”, Kuala Lumpur – 10 December 2015</li> </ul>
Dato' Sri Jamaludin Ibrahim	<ul style="list-style-type: none"> <li>• Founder's Mentality “The Journey North” by Chris Cook, Kuala Lumpur - 11 February 2015</li> <li>• BCG: 2015 Code Conference, USA - 26 to 28 May 2015</li> <li>• Essential Points on Technology Investment Trends and Opportunities by Sumant Mandal, Managing Director, Clearstone Venture Partners, Axiata Mid-Year Strategy Retreat - 5 June 2015</li> <li>• Financial Expert View of The Future of Telecommunication Industry by JP Morgan, Axiata Pre-BOD, Kuala Lumpur - 25 November 2015</li> <li>• Technology Trends &amp; Vision 2020 by Ericsson, Axiata Pre-BOD, Kuala Lumpur - 25 November 2015</li> </ul>
Tan Sri Ghazzali Sheikh Abdul Khalid	<ul style="list-style-type: none"> <li>• Corporate Directors Advanced Programme "Strategy &amp; Risks - Managing Uncertainty", Kuala Lumpur - 11 to 12 March 2015</li> <li>• BNM –OMFIF Inaugural KL Debate, Kuala Lumpur - 20 March 2015</li> <li>• Consultative Dialogue and Launch of Strategic Framework for Action Plan for Business and Human Rights, Kuala Lumpur - 24 March 2015</li> <li>• Nominating Committee Programme Part 2 “Effective Board Evaluations”, Kuala Lumpur - 6 April 2015</li> <li>• Remuneration Reward Practices Seminar 2015 “Time To Raise The Bar”, Kuala Lumpur - 8 April 2015</li> <li>• The 12th ASEAN Leadership Forum, Kuala Lumpur - 26 to 27 April 2015</li> <li>• Essential Points on Technology Investment Trends and Opportunities by Sumant Mandal, Managing Director, Clearstone Venture Partners, Axiata Mid-Year Strategy Retreat - 5 June 2015</li> <li>• CDAP: Financial Language in The Boardroom, Kuala Lumpur - 12 to 13 October 2015</li> <li>• CDAP: Mergers &amp; Acquisitions, Kuala Lumpur - 20 to 21 October 2015</li> <li>• Resolving Conflict in the Boardroom, Kuala Lumpur - 19 November 2015</li> <li>• Financial Expert View of The Future of Telecommunication Industry by JP Morgan, Axiata Pre-BOD, Kuala Lumpur - 25 November 2015</li> <li>• Technology Trends &amp; Vision 2020 by Ericsson, Axiata Pre-BOD, Kuala Lumpur - 25 November 2015</li> </ul>
Datuk Azzat Kamaludin	<ul style="list-style-type: none"> <li>• Nominating Committee Programme Part 2 “Effective Board Evaluations”, Kuala Lumpur - 8 April 2015</li> <li>• Essential Points on Technology Investment Trends and Opportunities by Sumant Mandal, Managing Director, Clearstone Venture Partners, Axiata Mid-Year Strategy Retreat - 5 June 2015</li> <li>• Khazanah Megatrends Forum, Kuala Lumpur - 5 October 2015</li> <li>• PWC Audit Committee Members Workshop, Kuala Lumpur - 12 October 2015</li> <li>• Meet-Up Asia 2015, Singapore - 24 November 2015</li> <li>• Financial Expert View of The Future of Telecommunication Industry by JP Morgan, Axiata Pre-BOD, Kuala Lumpur - 25 November 2015</li> <li>• Technology Trends &amp; Vision 2020 by Ericsson, Axiata Pre-BOD, Kuala Lumpur - 25 November 2015</li> </ul>
Dato' Abdul Rahman Ahmad	<ul style="list-style-type: none"> <li>• Operating Partners Forum, London - 15 April 2015</li> <li>• Essential Points on Technology Investment Trends and Opportunities by Sumant Mandal, Managing Director, Clearstone Venture Partners, Axiata Mid-Year Strategy Retreat - 5 June 2015</li> <li>• The SEA Summit, Hong Kong - 21 September 2015</li> <li>• EPF Global PE Summit 2015, Kuala Lumpur - 29 October 2015</li> <li>• Financial Expert View of The Future of Telecommunication Industry by JP Morgan, Axiata Pre-BOD, Kuala Lumpur - 25 November 2015</li> <li>• Technology Trends &amp; Vision 2020 by Ericsson, Axiata Pre-BOD, Kuala Lumpur - 25 November 2015</li> <li>• Ad Tech Tokyo 2015, Tokyo - 1 December 2015</li> </ul>

Directors	List of Training/Conference/Seminar/Workshop Attended/Participated in 2015
David Lau Nai Pek	<ul style="list-style-type: none"> <li>• Essential Points on Technology Investment Trends and Opportunities by Sumant Mandal, Managing Director, Clearstone Venture Partners, Axiata Mid-Year Strategy Retreat - 5 June 2015</li> <li>• SAS Forum Kuala Lumpur, Kuala Lumpur - 18 August 2015</li> <li>• MSWG Forum “Global and Regional Developments in Institutional Stewardship”, Kuala Lumpur - 28 August 2015</li> <li>• Corporate Governance Breakfast Series “How to Maximise Internal Audit”, Kuala Lumpur - 9 September 2015</li> <li>• Khazanah Megatrends Forum 2015, Kuala Lumpur - 5 to 6 October 2015</li> <li>• BAC Accounting Workshop, Kuala Lumpur - 12 October 2015</li> </ul>
Juan Villalonga Navarro	<p>Essential Points on Technology Investment Trends and Opportunities by Sumant Mandal, Managing Director, Clearstone Venture Partners, Axiata Mid-Year Strategy Retreat - 5 June 2015</p>
Ann Almeida	<ul style="list-style-type: none"> <li>• Financial Expert View of The Future of Telecommunication Industry by JP Morgan, Axiata Pre-BOD, Kuala Lumpur - 25 November 2015</li> <li>• Technology Trends &amp; Vision 2020 by Ericsson, Axiata Pre-BOD, Kuala Lumpur - 25 November 2015</li> </ul>
Dr. Muhamad Chatib Basri	<ul style="list-style-type: none"> <li>• Mastercard Knowledge Panel Meeting, Singapore - 15 March 2015</li> <li>• Inaugural Debat, Bank Negara Malaysia, Kuala Lumpur - 19 March 2015</li> <li>• AEPR Conference, Japan Center for Economic Research (JCER), Tokyo - 10 to 11 April 2015</li> <li>• Intergenerational Conferenceheld, Australian National University (ANU), Canberra, Australia - 16 to 17 April 2015</li> <li>• Indonesia's Economy Upgrade, Citi Group, Jakarta - 28 April 2015</li> <li>• IIF Asia Summit 2015, Jakarta - 7 May 2015</li> <li>• IMF : Asia Regional Economic Outlook, Jakarta - 7 May 2015</li> <li>• ISEAS Conference “Indonesia in the Internatioal Community”, Singapore - 14 May 2015</li> <li>• JP Morgan Conference “Engineering Indonesia's Escape from Commodity Dependence”, Singapore - 21 May 2015</li> <li>• Essential Points on Technology Investment Trends and Opportunities by Sumant Mandal, Managing Director, Clearstone Venture Partners, Axiata Mid-Year Strategy Retreat - 5 June 2015</li> <li>• Event of UVA Students, Jakarta - 16 June 2015</li> <li>• ANU Indonesia Project, 50th Anniversary, Canberra, Australia - 28 to 30 July 2015</li> <li>• 7th International Policy Advisory Group (IPAG) Meeting, Manila - 3 to 4 August 2015</li> <li>• Internal Seminar “Outlook Economy 2016”, held by PT. Indofood Sukses Makmur Tbk, Jakarta - 7 August 2015</li> <li>• Bruegel Annual Meetngs, Brussels, Belgium - 6 to 8 September 2015</li> <li>• Harvard University International Economics Workshop, Boston, USA - 1 October 2015</li> <li>• 23rd AEPR Conference, Tokyo, Japan - 9 to 10 October 2015</li> <li>• Harvard Seminar “Think Nusantara”, Boston, USA - 23 October 2015</li> <li>• Conference “Southeast Asia Confronts Sustainable Development: Coping with Socio-Economics Difficulties, Renewed Big Power Rivalry, and Climate Change”, HKS, Boston, USA - 27 October 2015</li> <li>• Harvard Seminar “Think Nusantara”, Washington DC, USA - 15 November 2015</li> <li>• Seminar on Indonesia, Harvard Kennedy School, Boston, USA - 21 November 2015</li> </ul>
Kenneth Shen	<ul style="list-style-type: none"> <li>• Global and Asian Economic Outlook for 2015, and Implications on Malaysia by HIS, Khazanah Resource Centre, Kuala Lumpur - 5 February 2015</li> <li>• Invest Malaysia 2015, Kuala Lumpur - 23 to 24 April 2015</li> <li>• Khazanah SPG Mid-Year Retreat, Cyberjaya - 21 to 23 May 2015</li> <li>• Essential Points on Technology Investment Trends and Opportunities by Sumant Mandal, Managing Director, Clearstone Venture Partners, Axiata Mid-Year Strategy Retreat - 5 June 2015</li> <li>• GSMA World Mobile Congress, Shanghai, China - 15 to 17 July 2015</li> <li>• 7th Iskandar Malaysia CEO Forum, Kuala Lumpur - 29 July 2015</li> <li>• Trust School Conference 2015, Kuala Lumpur - 12 to 14 August 2015</li> <li>• TAR&amp;H Board Retreat, Langkawi - 7 to 8 September 2015</li> <li>• Khazanah Megatrend Forum, Kuala Lumpur - 5 to 7 October 2015</li> <li>• Investments Year End Retreat, Kuala Lumpur - 26 October 2015</li> <li>• Khazanah SPG Year End Retreat, Penang - 29 to 31 October 2015</li> <li>• World Islamic Economic Forum, Kuala Lumpur - 5 November 2015</li> <li>• 7th Khazanah Board Strategy Retreat, Langkawi - 18 to 19 December 2015</li> <li>• Financial Expert View of The Future of Telecommunication Industry by JP Morgan, Axiata Pre-BOD, Kuala Lumpur - 25 November 2015</li> <li>• Technology Trends &amp; Vision 2020 by Ericsson, Axiata Pre-BOD, Kuala Lumpur - 25 November 2015</li> </ul>

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main LR of Bursa Securities, the Board of Directors of listed issuers is required to include in their annual report, a 'statement about the state of risk management and 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 Risk Management and Internal Control: Guidelines for Directors of Listed Issuers' as endorsed by Bursa Securities, which outlines the nature and scope of risk management and internal control of the Group during the financial year under review.

## Board's Responsibility

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

The BAC assists the Board in evaluating the adequacy of risk management and internal control framework. The BAC, via the Axiata Group Risk Management Committee (GRMC), has put in place a systematic risk management framework and process to identify, evaluate and monitor principal risks; and implement appropriate internal control processes and procedures to manage these risks across the Group, excluding associate companies and joint ventures which are not within the Group's control.

Following the written assurance from the President & GCEO and GCFO, that the Group's risk management processes and internal controls are operating effectively, the Board is of the view that the process of risk management and internal control processes 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' investments and the Group's assets.

## Risk Management and Internal Control Framework

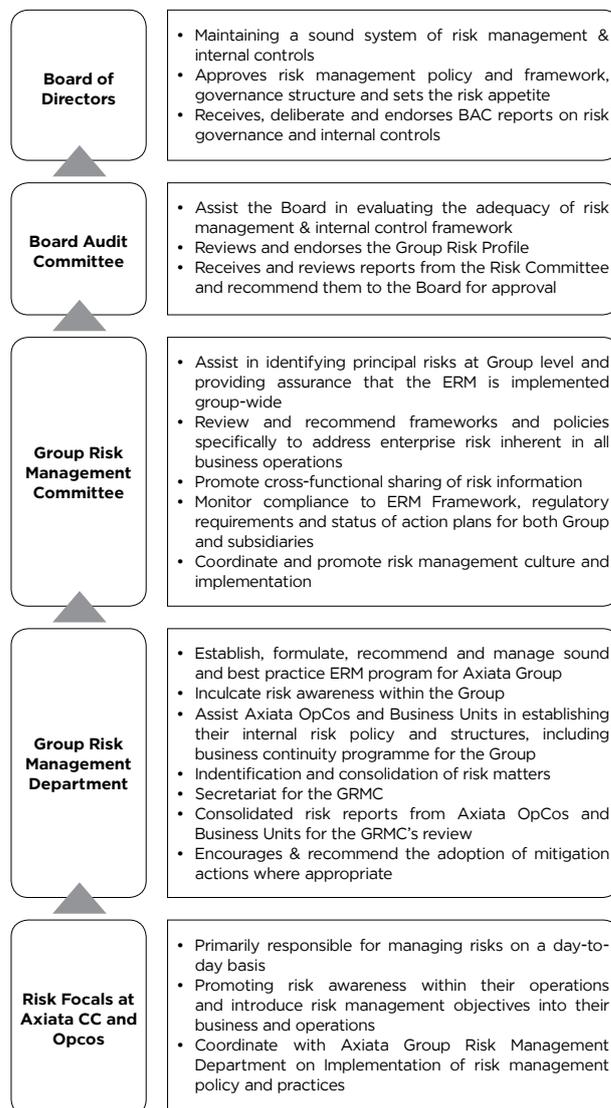
### 1. Axiata Enterprise Risk Management Framework

The Group adopts the Axiata Enterprise Risk Management (ERM) Framework as a standardised approach to rigorously identify, assess, report and monitor risks facing the Group. The framework, benchmarked against ISO31000:2009 is adopted by all risk management teams across all subsidiaries. It stresses the importance of balancing between risk and reward in making strategic business decisions, a tool in managing both existing and potential risks with the objective of protecting key stakeholders' interests, and compliance with statutory and legal requirements. Risks are considered in the development of our business decisions to provide assurance to the Board and relevant stakeholders on the adequacy and effectiveness of risk management.

### 2. Risk Governance Structure

The Board via the BAC has assigned the Group's risk oversight function to the GRMC, which consists of all the members of Axiata Group Senior Leadership Team (SLT), chaired by the Axiata Group BAC Chairman. The GRMC is primarily responsible for driving Axiata's ERM Framework, ensuring systematic implementation of risk management and monitoring of risks across the Group. The effectiveness of risk

management policies and processes is reviewed on a regular basis and where necessary, improved. The following depicts the key parties within the Group's Risk Governance Structure and their principal risk management roles and responsibilities:



The GRMC is assisted by the Group Risk Management Department (GRMD) to monitor and ensure that the Group risk management practices are aligned with the framework. The implementation of risk management activities encompasses corporate and subsidiary (OpCo) levels. To ensure the operationalisation of risk management processes and clear accountability at the OpCo level, risk committees comprising of their CEO (as Chair) and selected senior management members are set-up in each OpCo. At the same time, a risk focal person ("Risk Champion") is appointed to provide timely risk updates and reports to the GRMD. Events which may materially impact the Group's financial position and reputation will be escalated to the GRMD for appropriate action. At the same time, the Risk Champion would provide recommendation on the adoption of appropriate mitigation steps and provide quarterly updates to their respective OpCo BAC on the action taken. There is a rolling programme where the CEO or CFO of each OpCo is required to present their risk profile at the GRMC on a quarterly basis. As and when new OpCos are established, GRMD will work closely with the new management team in the set-up of the risk function.

The Group's financial performance and operations are influenced by a vast range of risk factors. These risks vary widely where some maybe beyond the Group's control. There may also be risks that are either presently unknown or currently assessed as insignificant, which may later prove to be material. However, we aim to mitigate the exposures through appropriate risk management strategies and internal controls.

Principally, the Group's key risk factors are categorised into the following eleven categories:

- Technology Risk
- Regulatory Risk
- Strategic Risk
- Investment Risk
- Geo Political Risk
- Market Risk
- Financial Risk
- People Risk
- Operational Risk
- Cyber Risk
- Governance & Integrity Risk

A write-up of 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

The control environment sets the tone for the Group by providing fundamental discipline and structure. Key elements of the Group's internal control systems 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 respect to 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. In 2015, various initiatives such as workshops, Group Recognition Event and refreshed gifts policy to inculcate and encourage the appropriate behaviours continue on.

- **Guidelines on Misconduct and Discipline**

Guidelines are in place for handling misconduct and disciplinary matters. These guidelines govern the actions to be taken in managing 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 subsidiaries.

## 1.2 Board Committees

### (a) Board

Clear roles of the Board are stated under the Statement of Corporate Governance section of this Annual Report.

### (b) Board Committees

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

### (c) BAC

The primary function of the BAC is to assist the Board in fulfilling its statutory and fiduciary responsibilities. The BAC will review the financial statements and financial reporting process, the system of internal controls, management of enterprise risk, the audit process and the process for monitoring compliance with law and regulations including Bursa Malaysia requirements and the company's Code of Conduct.

It has direct access to the internal and external auditors and full discretion to invite any Director to attend its meetings. Further details of the BAC are stated under the BAC Report section of this Annual Report.

### (d) BNC

Please refer to the Statement on Corporate Governance section of this Annual Report.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### (e) BRC

Please refer to the Statement on Corporate Governance section of this Annual Report.

### 1.3 Senior Leadership Team (SLT)

The SLT is committed to the identification, monitoring and management of risks associated with its business activities. The GCEO and Management are ultimately responsible to the Board for the Group's system of internal control and risk management. Each business unit is responsible and accountable for implementing procedures and controls to manage risks within its business.

### 1.4 Organisation Structure

#### • Clear Organisation Structure

The Group has an appropriate organisational structure led by functional SLT members 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 SLT 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 current and future trending 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 Axiata Board Representatives at OpCos and OpCos' management; and
2. Supporting role to OpCos' Functional Heads.

Besides engaging in continuous day-to-day communication between the OpCos and the Group functions, the 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, talent development, group accounts and reporting, procurement, treasury, technology and network.

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

### 1.5 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 and procedures are supported by clearly defined delegation of authorities for amongst others, spending on operating and capital expenditures, authority to enter into contracts and commitments, business plans 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 and other SLT members, 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.

### 1.6 Commitment to Competency

#### • Competency Framework

The Group appoints employees of the necessary competencies to ensure that the personnel 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 established 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 KPI performance measurement process 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 process also seeks to provide clarity, transparency and consistency in planning, reviewing, evaluating and aligning employees 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 well in their present jobs and also to develop 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.

- **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 C-suite potentials that provides a cover ratio of 2:1, 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 structured leadership development programmes, mentoring and coaching, regular leadership readiness assessments, as well as cross-functional and cross-country assignments.

This leadership talent pipeline is also regularly reviewed via the Group Talent Council and assessed as potential successors for key positions in the Group, via internal and external benchmarks.

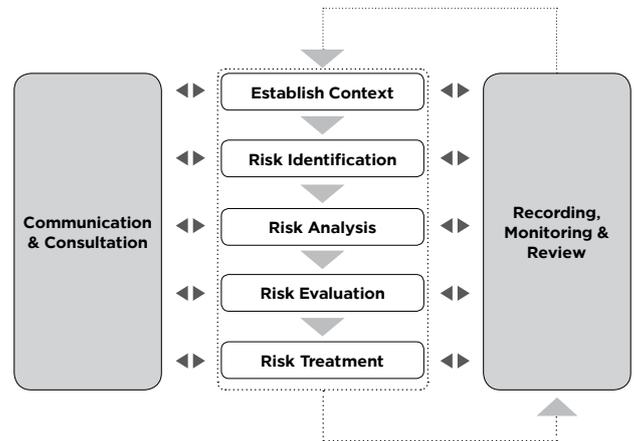
Succession plans and the robustness of the talent pipeline are regularly reviewed by the Board. The talent pipeline includes fresh graduates and middle management levels so as to ensure a continuous supply of talent. As of 31 December 2015, seven internal successors have been at placed top positions across the Group.

## 2.0 Risk Assessment

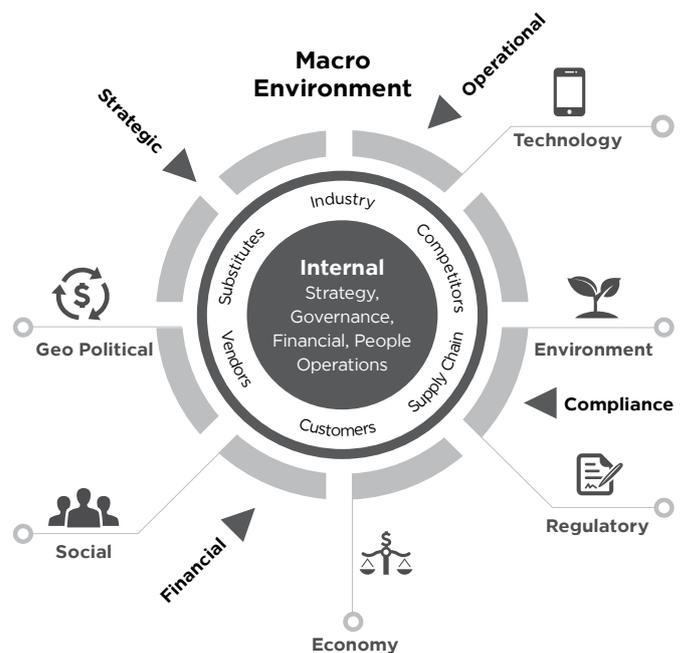
Axiata's risk management process is guided and principally aligned to ISO31000:2009 where risk is managed to ensure the achievement and implementation of strategic objectives. The Group's risk management process typically involves identifying particular events or circumstances relevant to the organisation's objectives and risk appetite, assessing them in terms of likelihood and magnitude of impact, evaluation of adequacy of existing controls, determining a response strategy, and monitoring the implementation of the response. This is expected to protect and create value for stakeholders, including shareholders, employees, customers, regulators, and the society.

Axiata's Risk Assessment Process is depicted in the following diagram:

### Process for Managing Risk



The risk identification process, which is done on an on-going basis entails scanning of all key factors within Axiata's business context from an 'outside-in' perspective, i.e. from macro-environment (external) to industry and internal risks. Risks are generally classified into distinct categories, i.e. strategic, financial, operational and compliance, representing the challenges to the Group's business operations, as depicted below:



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk information and treatment plans are captured and updated into a risk register which is maintained by the respective OpCos and the Group. The information is then consolidated to provide an enterprise overview of material risks faced by the Group and the associated risk mitigation plans, tracked and reviewed.

- **Control Self Assessment (CSA)**

CSA is an effective process used by the Group for improving business internal controls and processes. It allows employees of the Group to identify the risks involved in achieving the business objectives, to evaluate the adequacy and effectiveness of the controls in place and activities designed to manage those risks. CSA was performed on selected areas in Celcom and Robi in 2015.

### 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**

The Group currently maintains two policies, i.e. Limits of Authority and Group Policies encompassing both the Group and OpCo levels, which sets the framework for the development of the respective procedures covering financials and controls. The documented procedures include management accounting, financial reporting, procurement, information systems security, compliance, risk management and business continuity management.

Internal control is embedded into these policies to ensure consistent application throughout the Group. This serves as a preventive control mechanism whilst allowing the Group to promptly identify and respond to any significant control failures.

- **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 periodically monitored and measured against the approved budget and ongoing business forecast, which is cleared by the President & GCEO and supported by the SLT. 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. The results are reviewed on a quarterly basis by the Board to enable them to gauge the Group's overall performance,

compared to the approved budget and prior periods, and to take remedial action where necessary. Similar performance reviews at OpCos Board level take place on a monthly or quarterly basis.

- **Whistleblower Policy and Procedures**

The Group has 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, 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 are protected from reprisal.

- **Insurance and Physical Safeguard**

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

#### 3.2 Security (Application and IT Network)

- **Business Continuity Management**

The Board is cognisant of the importance of an effective Business Continuity Management (BCM) programme in ensuring the ability of business operations to recover after a crisis. At the same time, the BCM programme provides a framework for the Group in building organisational resilience that safeguards the interests of its stakeholders whilst incorporating sufficient flexibility to allow for enhancement as technology evolves.

A Group BCM framework, which is benchmarked against ISO 22301:2012 Business Continuity Management System has been implemented, at which key processes such as incident escalation and declaration have been formalised and standardised across the Group. At the same time, our versatile framework allows for customisation, in accordance to each OpCo's requirements and operating environment. Each OpCo develops and maintains its own BCM programme, while Location Business Recovery Plans are also developed for the site offices within each OpCo's operations region. The Location Business Recovery Plans documents the necessary recovery strategies, steps, personnel, systems and resources required for that location to continue or restore its services during a crisis.

Currently, BCM has been implemented at Celcom, Dialog, XL and Robi while Corporate Centre and Smart are in the process of being established.

- **Information Technology (IT)**

The Corporate IT Policy continues to be a focus item. The Board recognizes the importance of a well-formulated IT strategy, architecture and implementation. The Group IT team in the Technology Division continued to focus on the ongoing improvement programmes and to implement a holistic IT strategy. IT standardization has been a key focus area and in this regard the Global Price Books (GPBs) for various categories of IT Infra - Server, Storage and Storage Virtualization have been established across the group jointly by Group IT, OpCos IT, Group Procurement and OpCos Procurement. Further progress has been made by all OpCos in the key areas identified as part of IT architecture blueprint, in-line with the targeted future state architecture. Enterprise Resource Planning (ERP) had been identified as another potential area towards standardisation at group level and EZBuy, a new end-to-end e-Procurement tool across the Group has been introduced to deliver a user friendly, automated way of buying the goods and services. Another area of focus for the year was Cyber Security and to enhance the capability to monitor the cyber threats proactively. Dialog has already established a Cyber Security Operations Center (CSOC) in this regard and pre-work has been done to establish a group wide CSOC for all other OpCos and this will be in place within 2016.

### 3.3 Regulatory and Compliance

- **Group Regulatory Affairs (GRA)**

The approach used is to pro-actively shape the landscape (external environment) at each OpCo market thus enabling proper and effective management of regulatory issues confronting the OpCos. The regulatory issues are those identified and monitored via regular reviews of the Group's risk matrix and managed as part of the Enterprise Risk Management process.

This approach encompasses:

#### 1. Regulatory Strategy:

- Constant monitoring of regulatory developments and identification of regulatory issues for each OpCo based on issues of highest strategic, financial and/or reputational impact;
- Periodic review of national OpCo annual regulatory strategies which addresses these issues. This would translate into an advocacy plan engaging regulators and other authorities through formal and informal submissions and where appropriate, joint advocacy with international partners such as GSMA; and
- Development of group-wide positions on key issues such as availability of new spectrum bands, review of spectrum strategy, same service same rules for 'Over-The-Top' (OTT) providers, net neutrality, competition and the ASEAN Digital Revolution Framework.

#### 2. Stakeholder Engagement:

- Engagement plan covering key government and political stakeholders in each OpCo market including key agencies such as the National Regulatory Agencies with effective messages based on the regulatory strategy; and
- Engagement plan covering international and regional regulatory bodies, inter-governmental agencies and trade bodies with effective messages based on the regulatory strategy.

#### 3. Regulatory Compliance Framework:

- Forms an essential part of the Corporate Governance Framework of the Group and states the principles and the tone by which regulatory compliance is to be approached and implemented;
- Objectives of the Regulatory Compliance Framework:
  - Set baseline expectation in relation to regulatory compliance;
  - Place Axiata and OpCos in the best position to comply with regulatory obligations;
  - Manage exposure to unacceptable compliance risk; and
  - Avoid surprises on regulatory compliance and action from regulatory authorities.

In addition, GRA constantly embarks on ensuring a group-wide baseline of best practice regulatory skills and knowledge, through the development of industry collaterals, position papers and regular capacity building programmes.

The Group Regulatory Policy outlined in the Group Policy document provides guidance and establishes internal policies and procedures that attempt to manage the risk and impact of 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 should be obtained in an efficient and cost effective manner as and when required.

It should be noted that the regulatory risks faced by Axiata in most markets are typical of those faced by communications operators in emerging markets, where regulatory frameworks may be incomplete, there may be insufficient consultation with stakeholders, or political influence may materially affect the operations of mobile markets. Current regulatory risks which affect Axiata in multiple national communications markets include but not limited to: spectrum refarming, availability of new spectrum and associated acquisition costs, levels of sector-specific taxation, quality of service, subscriber registration, competition, level playing field challenges from 'Over-The-

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Top' (OTT) providers, network security, digital services regulations, universal service obligations and periodic review of legal and regulatory frameworks.

### 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 Communication Policy

There is a Corporate Communications Policy in place to ensure that communication 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 investors and analysts as well as with the media moving forward. Details of investor relations activities are listed within the Statement on Corporate Governance section of this Annual Report.

#### 4.2 Business Control Incident (BCI) Reporting

The Group has in place BCI Reporting aimed at capturing and disseminating the lessons learnt from 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 losses. Five such incident reporting were shared with all OpCos in 2015.

### 5.0 Monitoring

Monitoring covers the oversight of internal control 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:

#### 5.1 Performance Reporting

- **SLT Meetings**

The SLT meets monthly and as and when required 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 2015, there were 12 SLT meetings held at Group level. Similar meetings were held regularly at OpCo level.

Significant matters identified during these meetings are highlighted on a timely basis to the Board, which

is 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 control, 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 the Group.

- **Headline Performance KPIs**

Headline Performance KPIs have been set and agreed upon by the Board 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 performance measurement targets for the year and are announced publicly as a transparent performance management practice.

### 5.2 Ongoing Monitoring

- **Financial and Operational Review**

Quarterly financial statements and the Group's performance are reviewed by the BAC, which 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 presented to the SLT to enable them to have regular and updated information of the Group's performance.

- **Internal Audit (IA)**

The function of IA is highlighted within the BAC Report section of this Annual Report.

## APPENDIX 1 - Key Risks Faced by the Group

### 1. Technology Risk

As the telecommunications industry continues to evolve beyond traditional services, the Group strives to be at the forefront in both technology and innovation in all our operating regions. Rapid technological advances may result in premature obsolescence of key technology and equipment before the end of their expected useful life. At the same time, the Group recognises the risk of lagging in the development and deployment of new technologies and its related ecosystems. Such lags may result in additional capital expenditure in technologies in order to expedite deployment of new infrastructure to remain competitive in the respective markets. Alongside our OpCos, the Group has taken steps to constantly assess the development of these new technology ecosystems and the readiness of the required components to ensure we continue to deliver innovative and relevant services to our customers.

## 2. Regulatory Risk

The Group operates in an industry that is subject to a broad range of rules and regulations, put in place by various governing bodies and regulatory frameworks within the countries. Adverse and unexpected changes to government policies and regulations could disrupt the Group's business operations and impair its business returns and long-term growth prospects. These rules & regulations may also limit our flexibility to respond to market conditions, competition and new technologies. To mitigate this risk, the Group emphasises on strict compliance and has instituted dedicated personnel and resources to constantly monitor all relevant developments and maintain regular contact and courteous relationship with the governing authorities to keep abreast of developments and to keep regulatory bodies informed of the impact of proposed actions on the industry. Access to spectrum is critical for the Group's core business of providing mobile voice and broadband services. Generally, this scarce resource is regulated by the local government and requires licenses to operate, which is subject to renewal, interpretation, modification or termination by the relevant authorities. At the same time, new conditions and obligations may be imposed upon renewal and such conditions and obligations may be more onerous. Failure to retain existing spectrum or acquire new spectrum on reasonable terms could have a material adverse effect on our financial performance and growth plans.

## 3. Strategic Risk

The evolution of the telco landscape has moved beyond traditional telecommunications services. The emergence of non-traditional 'Over-The-Top' (OTT) service providers offering free VoIP calling and messaging could impact Axiata's core revenue base generated from its voice and sms services. The change of customer behaviour from basic mobile voice communication to a data based lifestyle, as well as higher smartphone penetration amongst mobile users have driven the Group to constantly explore and make appropriate investments to upgrade its technology and modernise its network platform in order to maintain the relevance of its products and services to reduce the impact of substitution.

## 4. Investment Risk

In line with the aspiration to become a New Generation Telco, the Group continuously ventures into new growth areas to create additional revenue streams such as participating in digital and OTT initiatives and expanding into green field markets through strategic investments. There is no assurance that the Group will be successful in these ventures, which may require substantial capital, new expertise, considerable process or system changes, as well as organisational, cultural and mind-set changes. The Group recognises the repercussions of incorrect investment decisions such as conflict of interest with main stream business, inability to extract value from the investments, poor selection of business partners amongst others. As such, the Group maintains a robust due diligence process and constantly evaluates the investment risks at hand. The Group has also established a M&A Committee to mitigate the risk related to investment. Our M&A team is cautious of the common pitfalls associated with new investments and ensures the necessary controls are in place prior to the entry into the

transaction and together with a transition team that works to realise the acquisition once the asset(s) is acquired. In addition, Management is also cognisant of the risks associated with potential capital calls by existing OpCos due to volatilities in the respective markets and global economic downturn in general.

## 5. Geo Political Risk

Some of the countries in which the Group operates in have experienced or continue to experience political instability. In 2015, two of our OpCos were caught in the middle of political crisis amid rallies. The continuation or emergence of such political crisis may undermine market sentiment and investor confidence towards the Group. To mitigate this risk, the Group work closely with the respective OpCos Management, leveraging on their local expertise, knowledge and ability, thus ensuring our compliance towards the law and regulations and timely response in the event of instability.

## 6. Market Risk

Over the last year, economic conditions in key markets the Group operates remain either unstable or challenging. These conditions has resulted in lower levels of disposable income, hence impacting the Group's revenue as customers would opt for cheaper tariffs services. In addition, our OpCos are persistently challenged by stiff price competition, from both incumbents and smaller scale players, leading to lower profitability and potential loss of market share. It is imperative that the Group takes the necessary measures to drive efficiencies and innovations through investments in new technologies, products and services to meet evolving customer needs, increase the Group's share of customers' wallet and strengthen customer loyalty.

## 7. Financial Risk

2015 remains a volatile year with fluctuating currency exchange and interest rates amid global economic slowdown. Due to our international presence, the Group is exposed to these volatilities which could adversely affect the Group's financial performance. Local liquidity constraints and high financing cost for medium and/or long-term borrowing may result in funding constraints for some OpCos in some of the markets. As it is not commercially viable to hedge all currency and interest exposures, the Group has maximised borrowing in local currency and established the Axiata Treasury Management Centre to oversee and control the Group's treasury and funding matters, hence preserving the Group's profitability and sustainability.

## 8. People Risk

One of the key pillars of success is having the right talent and mindset within the organisation. Hiring the right employee and loss of key talent remain a challenge for the Group. Our Talent Management team is on a constant lookout for suitable employees, whilst developing our people through robust talent development programmes, attractive performance based rewards and providing a safe and healthy work environment.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### 9. Operational Risk

The Group relies on third party vendors in many aspects of our business. As such, the Group's operations may be affected as a result of the non-performance of these vendors. In addition, the industry is dominated by a few key vendors and any failure or refusal by the key vendor to meet their agreed obligations may significantly affect our core business and operations. Recognising this challenge, the Group has established the Axiata Procurement Centre where one of its key role is to monitor our relationships with strategic vendors and develop new relationship to mitigate supply risks.

The reliability of the network infrastructure and systems in each OpCo is crucial in ensuring the delivery of high quality services to customers. Some of the countries which the Group operates in are susceptible to natural catastrophes such as typhoons, floods, earthquakes and volcanic eruptions. There are also other man-made events such as sabotage, and blackouts which are beyond the Group's control. Such incidents could adversely affect our facilities as well as potentially cause death and injury to our personnel. This may significantly disrupt operations and hence adversely affect our ability to deliver services to our customers.

Cognisant of the risks, the Group continues to evaluate and ensure robust operating procedures with appropriate incident escalation procedures and adequate disaster recovery plans in place at each OpCo to ensure seamless business continuity. The Group has also taken steps to maintain best in class operations through continuous maintenance and upgrades in its efforts to enhance security and service delivery and hence, providing superior quality of service and customer experience. In addition, the Group maintains a global insurance programme to further mitigate business losses.

A key element of the Group's strategy is to leverage on the financial, strategic and operational synergies arising from the consolidation of the mobile businesses of its key subsidiaries. Any interruption or delay of those subsidiaries in achieving their strategic and operational objectives will have adverse effect on the operations of Axiata's and the results of operations of the Group.

### 10. Cyber Risk

Cyber terrorism and hacks have become a significant and common threat globally. As the Group relies heavily on information technology, the Group seeks to protect the privacy of our customers as well as company confidential information stored within our network and systems infrastructure. A successful cyber-attack will undermine customer's confidence towards the Group and may materially impact our businesses and tarnishing the Group's reputation. The Group may also be subjected to regulatory financial penalties and legal actions as a result of these leakages. The Group has in place security policies, procedures, technologies and tools to minimise the risk of a security breach as well as timely response in the event of an attack, to minimise the impact.

### 11. Governance & Integrity Risk

The Group strives to maintain a high ethical standards and corporate governance to ensure that our stakeholders' interests are protected whilst complying with the relevant regulatory requirements. We believe that sound corporate governance is a key success factor when conducting business in a global, highly competitive and changing market. The Group's Code of Conduct sets out rules and guidelines on how personnel acting for or on behalf of the Group are expected to conduct business. The Group will continue its focus on maintaining and further developing the strong ethical platform and corporate governance standard to support Axiata's business integrity and continuing strong performance.

# BOARD AUDIT COMMITTEE REPORT

## Summary of the BAC's Key Activities in 2015

During the FY15, the Board Audit Committee (BAC) discharged its functions and carried out its duties as set out in the Terms of Reference (ToR). Key activities undertaken by the BAC include the following:

### Risks and Controls

- 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.
- Four (4) Group Risk Management Committee meetings were held with the Senior Leadership Team (SLT). The Group's risks were assessed from various control perspectives that included preventive and detective controls.
- In 2015, as per the previous years, all OpCos have been asked to assume the worst case scenarios and develop the necessary mitigation plans. A summary of the OpCos' top risks arising from this exercise was then tested against the Group's risk profile.
- Reviewed the Group Limits of Authority and Treasury Policy across the Group and to establish a list of approved banks into which OpCo is allowed to place funds.
- Reviewed special project in Robi Axiata Limited on use of the proceeds from debt investment/funding proposal of up to USD100 million from International Financial Corporation to finance part of the Company's capital expenditure programme.
- Reviewed special project on XL's right issuance proposed to the Board to support its debt reduction plan and fund capex requirement in the short and medium term.
- Commissioned a regular reporting on amount spent on new start-ups by comparing the plan against the actual results by project for Axiata Digital Services.
- Reviewed the gap analysis on SAP process within the OpCos and a standardisation project has been initiated by Deloitte together with Axiata Head of ERP Financial System.
- In terms of cyber security, Security Operations Center was set up to be centrally driven across the Group and to implement the IT security policy across the Group without any exceptions.
- Continuous effort by Celcom in reviewing the implementation of the IT Transformation project, including the status of sunset systems; together with the associated lessons learnt.
- Axiata BAC Chairmen forum was conducted on 13 April 2015 prioritising risks and action plans. The top 3 priorities were capex efficiency, cyber threat and revenue assurance.
- BAC Accounting Workshop by PwC was conducted on 12 October 2015 for all BAC Chairmen, Axiata BAC members and all CFOs of the Group on the latest updates of accounting standards with specific impact on telecommunications industry.
- 108 internal audit reviews were completed across the Group.

### Other recurring works include:

- Reviewed and recommended the Statement on Corporate Governance, Statement on Internal Control and BAC Report to the Board for approval.
- Reviewed on a quarterly basis the related party transactions entered into by Axiata pursuant to the shareholders mandate on RRPT procured at the 23<sup>rd</sup> AGM of the Company held on 20 May 2015 and the reporting of these transactions in the 2015 Annual Report.
- Verified the allocation of 3,934,200 share options or share awards given to the Group's eligible employees in accordance with the Performance-Based ESOS and Share Scheme for FY15. 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 Share Scheme Committee.
- Held three private meetings with the external auditors on 23 February 2015, 19 August 2015 and 26 November 2015 without the presence of management and Internal Audit.
- Reviewed five business control incidents and identified cases of control weaknesses including fraud for sharing of lessons learnt within the Group to avoid similar incidents.
- Acknowledged, reviewed and investigated 50 defalcation cases across the Group.

## BOARD AUDIT COMMITTEE REPORT

### Composition and Meetings

In 2015, the Board Audit Committee (BAC), met six times on 21 January 2015, 23 February 2015, 19 May 2015, 19 August 2015, 11 September 2015 and 26 November 2015. The composition and the attendance record of the BAC members are listed below.

Name of Director	Status of Directorship/Qualifications	No. of Meetings Attended
David Lau Nai Pek (Chairman of BAC)	Independent Non-Executive Director	6 out of 6
Datuk Azzat Kamaludin	Senior Independent Non-Executive Director	6 out of 6
Juan Villalonga Navarro	Independent Non-Executive Director	3 out of 6
Kenneth Shen	Non-Independent Non-Executive Director	6 out of 6

### Financial Literacy

The BAC is chaired by David Lau Nai Pek, who has more than 30 years' experience with the Royal Dutch Shell Group, leading financial organisations in various countries. David is also a member of the Malaysian Institute of Accountants and a member of the New Zealand Institute of Chartered Accountants.

Datuk Azzat Kamaludin has spent many years in the BACs and Boards of major companies in Malaysia and internationally.

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

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

### 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 whereby the audit department of the OpCos report directly to the BAC of the respective OpCo with a dotted reporting line to the GCIA. AGIA has direct control and supervision over internal audit activities in OpCos that do not have an audit function. The GCIA also acts as the secretary to the BAC.

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

AGIA adopts a systematic and disciplined approach to evaluate the adequacy and effectiveness of risk management, financial, operational, compliance and governance processes. Structured risk-based and strategic-based approaches are adopted in identifying internal audit activities that are aligned with the Group's strategic plans to ensure that the 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. 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 provide independent and objective assessment of the following:

- the adequacy, effectiveness and efficiency of the internal control systems to manage operations and safeguard the Group's assets and shareholders' value; and
- the 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 are issued to management for their comments and to agree on action plans with deadlines to complete the necessary preventive and corrective actions. The reports are tabled at each OpCo's BAC and the 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 management are invited to the BAC meetings from time to time, especially when major control weaknesses are uncovered by Internal Audit.

Key audits that were completed in 2015 include:

- Procurement Management
- Mobile Money Process and Compliance Management
- Information Security Management
- Network Project Management
- Customer Service Management

The total cost incurred by AGIA last year, inclusive of all OpCos, was RM12.7 million.

There are a total of 53 internal auditors across the Group whilst AGIA at Corporate Centre has five approved headcount and operates on a resource sharing basis with other OpCos' Internal Audit Divisions. All the internal auditors have tertiary qualifications and the level of expertise and professionalism within AGIA at the end of 2015 is as follows:

Expertise Category	Percentage of total auditors
Finance	40%
IT/MIS	20%
Network/Engineering	20%
Marketing	20%

Professional Category Percentage of total auditors	Professional Category Percentage of total auditors
<b>Professional Certification</b>	
• CPA, ACCA, CA, CIMA	40%
• Internship - CIA/CISA	60%
• Institute of Internal Auditors Membership	60%
<b>Post Graduate</b>	
• MBA and Masters	60%

## APPENDIX 1

### 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 PURPOSE

- The Board Audit Committee ("BAC") is established as a committee of the Axiata Group Berhad ("Axiata") Board of Directors ("Board") to assist the Board in fulfilling its statutory and fiduciary responsibilities. The BAC will review the financial statements and financial reporting process, the system of internal controls, management of enterprise risk, the audit process and the process for monitoring compliance with law and regulations including Bursa Malaysia requirements and the company's Code of Conduct.

#### 2.0 COMPOSITION AND APPOINTMENT

- The BAC members shall be appointed by the Directors from amongst their members and shall compose of no fewer than 3 members, all of whom shall be Non-Executive Directors and a majority shall be Independent Non-Executive Directors. No alternate director shall be appointed as a member of the BAC.
- The members of the BAC shall be nominated by Axiata's Board Nomination Committee ("BNC") and shall be appointed by resolution of the Board.

- All members of the BAC, including the Chairman, will hold office only so long as they remain as Non-Executive Directors of Axiata.
- The members of the BAC shall elect a Chairman among themselves who shall be an Independent Non-Executive Director.
- Members of the BAC may relinquish their membership in the BAC with prior written notice to the Company Secretary and may continue to serve as Director of Axiata. In the event of any vacancy in the BAC, Axiata must fill the vacancy within 3 months to ensure compliance with Bursa Malaysia Securities Berhad ("Bursa") requirements.
- All members of the BAC should be financially literate and must be able to read, analyse, interpret and understand financial statements. They must also possess sound judgement, objectivity, integrity and sufficient management experience 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.
- At least one member of the BAC must be a member of the Malaysian Institute of Accountants (MIA); or shall fulfil such other requirements as prescribed in the Listing Requirements of Bursa Malaysia.

### 3.0 AUTHORITY

- The BAC is authorised by the Board and at the expense of the Axiata Group to perform the following:
  - Investigate any matter within its terms of reference.
  - Have the resources which are required to perform its duties as set out in the terms of reference.
  - Have full and unrestricted access to any of the Axiata's Group and any other companies within the Axiata Group information, records, properties and personnel.
  - Obtain external independent professional advice where necessary.
  - Convene meetings with external auditors, internal auditors without the attendance of any directors and employees of the Axiata Group whenever deemed necessary.
  - Have immediate access to reports on fraud or irregularities from the Internal Audit function of Axiata Group or those reports referred to Internal Audit function of Axiata Group by the management. Any unresolved matters resulting in breach of any regulatory requirements shall be reported to the Board.

## BOARD AUDIT COMMITTEE REPORT

### 4.0 RESPONSIBILITIES

The BAC shall undertake the following responsibilities:

#### 4.1 Financial Reporting and Processes

- i) Review the quarterly results, half-yearly results and annual financial statements of Axiata Group with Management and External Auditors focusing on the below, prior to the approval by the Board:-
  - a) Any changes in or implementation of accounting policies and practices;
  - b) Significant adjustments with financial impact arising from the audit;
  - c) Significant and unusual events;
  - d) the going concern assumptions; and
  - e) Compliance with approved accounting standards, Bursa and regulatory requirements.
- ii) Review with the External Auditors the audited financial statements for the purpose of approval prior to presentation to the Board for adoption, for the following:-
  - a) Whether the External Auditors' report contains any qualifications which must be properly discussed and acted upon;
  - b) Whether there is any significant changes and adjustments in the presentation of financial statements;
  - c) Whether it is in compliance with laws and accounting standards;
  - d) Whether there is any material fluctuations in balances;
  - e) Whether there is any significant variations in audit scope and approach; and
  - f) Whether there are any significant commitments or contingent liabilities.
- iii) Discuss problems and issues arising from the interim and final audits and any matter the External Auditors may wish to discuss in the absence of the management where necessary.
- iv) Provide assurance to the Board on the quality and reliability of financial information used by the Board and of the financial information issued publicly by Axiata.
- v) 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.

#### 4.2 External Auditors

- i) Consider and recommend to the Board the appointment or re-appointment of the external auditors and the audit fee, and any resignation, dismissal of the external auditors.
- ii) Assess and confirm the suitability, independence and performance of the external auditors. This includes obtaining a written statement from the External Auditors delineating all relationship between the audit and Axiata Group and delineating any other relationships that may adversely affect the independence of the External Auditors.
- iii) Discuss and review with the external auditors the following prior to the commencement of the audit:
  - a) The nature and scope of audit
  - b) The audit plan
  - c) Coordination of audit where more than one audit firm is involved
  - d) The evaluation of the system of internal controls
  - e) The effectiveness of the management information system including any improvement suggestions and management's response
- iv) Meet with the External Auditors, internal auditors or both, at least twice in the financial year (without the presence of other directors and employees) to discuss any issues or reservations arising from the audits and any matter the External Auditor may wish to discuss.
- v) Review the External Auditors' audit report, and report the same to the Board of Directors.
- vi) Review the External Auditors' management letter and management's response.
- vii) 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.

#### 4.3 Internal Audit Function

- i) Approve the Internal Audit Charter, which defines the purpose, authority, scope and responsibility of the Internal Audit function in Axiata Group.

- ii) Review, challenge and approve the internal audit plan including its adequacy of scope, resources, independence and its audit methodology with the objective of ensuring its robustness and that it is reflective of the key risks of Axiata Group.
- iii) Review the internal audit reports, discuss major findings and Management's response and ensure appropriate action is taken on the recommendations on a timely basis. The internal audits should also include recommendations for continuous improvement to achieve the objectives of the company.
- iv) Assess the performance of the CIA and the staff of the Internal Audit function including the role and effectiveness of Internal Audit. The CIA is expected to :
  - a) Anticipate the needs of the stakeholders with the fast changing business environment
  - b) Understand the risk profile of the company and contribute towards the identification of emerging risks including providing early warning to the BAC
- v) The CIA 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 Axiata Group.
- vi) The Head of Internal Audit at subsidiary to report functionally to the subsidiary BAC and dotted line to the Axiata CIA for the purposes of standardizing the operations of internal audit in Axiata and its subsidiaries by furnishing reports to Axiata CIA in relation to matters including but not limited to major control issues, audit reports, quarterly reports, and report to Axiata BAC and Minutes of subsidiary BAC.
- vii) Approve the appointment or termination of CIA and the senior staff members of the internal audit function of Axiata Group. The BAC shall be informed of resignation of CIA, Head of Internal Audit at subsidiary and Internal Audit staff and provide them an opportunity to submit his/her reasons for resigning.
- viii) The tenure of the CIA and Head of Internal Audit at subsidiary is recommended not to exceed 6 years within 1 assignment to ensure that the Internal Audit department is resourced with those who have strong and up to date finance/commercial/technical experience with a proven performance track record.
- ix) Review the Internal Audit function to determine whether its activities are performed independently, proficiently and with due professional care. The Board or the BAC is to determine the remit of the Internal Audit function.
- x) Where there is an audit assignment initiated by Axiata Group Internal Audit that have a bearing upon all subsidiaries or that the subsidiaries' financial results will affect the audit opinion of Axiata Group, the respective subsidiaries internal audit office shall adhere to the request and include such audit assignment in its respective audit plan.

#### 4.4 Company Oversight

- i) Review the adequacy and effectiveness of Axiata Group's risk management, internal controls and governance systems, including information technology and network controls as well as systems for compliance with applicable laws. This includes overseeing the company's proper and early identification of risks, and ensure proper actions taken to address or mitigate these risks.
- ii) Consider major findings of internal investigations and management's response.
- iii) Review management's monitoring of compliance with the Company's code of business ethics.
- iv) Monitor the process for dealing with complaints received by Axiata Group regarding questionable accounting, auditing issues or internal control matters or any other matters either by anonymous submission or otherwise.
- v) 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 Axiata Group including any transaction, procedure or course of conduct that raises questions of management integrity and report the same to the Board.
- vi) Verify the allocation of share options given to the Axiata Group's eligible employees is in accordance with the criteria for the employees share option scheme and the Bursa Securities Listing Requirements at the end of each financial year.
- vii) Report promptly to Bursa Securities any matter which results in a breach of the Bursa Securities Listing Requirements if it has not been satisfactorily resolved.

#### 4.5 Related Party Transactions

Review and report to the Board any related party transactions entered into by the Axiata Group, including the review and monitoring of recurrent related party transactions to ensure that:

- i) All transactions are fair, reasonable and undertaken on the Group's normal commercial terms
- ii) Internal control procedure with regard to such transactions are sufficient and have been complied with
- iii) Compliance with the relevant provisions of the Bursa Securities Listing requirements

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

# COMMITMENT TO CUSTOMER PRIVACY AND DATA PROTECTION

As Axiata embarks on its journey towards becoming a New Generation Telco, we remain committed to respecting and protecting the data and privacy of our 275 million customers throughout our regional footprint of nine countries across Asia.

We are cognisant of the sensitivity of our customers' information, which includes their personal information and communications, locations and their use of the Internet and digital applications.

As the world becomes increasingly digitalised, with mobile technologies a crucial communications enabler in our lives and businesses, data privacy and security issues are becoming increasingly more complex. Primary concerns centre on the complexity of advanced technologies, threats from hackers and the potential for human error, all of which can lead to the loss, deletion or misappropriation of information.

We intend to inspire digital trust and confidence in our customers through robust data privacy and security policies, frameworks and management, which will be based on our values of Uncompromising Integrity and Exceptional Performance. Our aim is to enhance our customer experience by ensuring the confidentiality of our customers' personal and business communications by respecting their choice and preferences, whilst keeping their information secure through various controls.

To maintain the digital confidence of our customers we will be implementing initiatives which will broadly cover a number of areas within the Group. These include how we process and protect personal data; maintain a cross-functional Privacy Team; detect and report non-conformities; and create an organisational and employee culture founded on a clear understanding of the importance of protecting and respecting our customers' information.

In 2015, we implemented the Axiata Regulatory Compliance Framework as an integral part of our Corporate Governance Framework which provides the Board of Directors oversight of Axiata's regulatory compliance performance. Its objective is to set baseline expectations in all Operating Companies (OpCos) in relation to Regulatory Compliance, placing Axiata and our OpCos in the best position of compliance with regards to regulatory obligations. It also assists the Group to manage exposure to unacceptable compliance risks, and ensure compliance with regulatory authorities.

Within each of our OpCos, compliance with national laws and regulations are a vital core of our OpCos' Data and Privacy Policies. In Malaysia, we have set our commitment to privacy and security at the highest level, based on the Personal Data Protection Act (PDPA) 2010 and the information security standards ISO 27000.

Axiata Group's implementation and execution of our Group wide data privacy actions and measures will be based on three fundamental pillars:

## 1. Personal Data Security

To protect our customers from the threat of hackers and potential human error, we will utilise a mix of IT system security and periodic data security audits to secure the personal data of our customers. We will also adopt a formal Data Retention Policy to determine when data is to be deleted, once the data is no longer required for its original purpose.

Where the data processing function is subcontracted to a vendor or supplier for third party processing and/or cross border transfers, we will explain our processes to our customers to ensure they clearly understand our actions and intentions. For third parties with access to Axiata systems or the personal data of our customers, we will ensure that they are contractually bound to maintain Axiata's data security and privacy protocols, where subcontractors will be expected to provide data security levels which are on par with, if not higher than, Axiata's standards.

## 2. Personal Data Privacy

To ensure that our customers are aware of how and why we intend to process their personal data, we will provide all our customers with choice and control over the use of their personal data. In this regard, where data is required for purposes essential to providing a service, for example processing billing payments or for improvements in service quality, no permission will be required from customers.

In creating new value through innovative services for today's digital-savvy consumer, we will do so by using techniques to process data where it is not possible to identify specific customers; and/or provide notice or ask for our customers' consent if otherwise. This is essential for the purpose of meeting legitimate business purposes to deliver, provision, maintain or develop new innovative apps and services.

## 3. National Surveillance/Support for Law Enforcement

Mobile telecommunications information are playing an increasingly important role in activities related to national surveillance and support for law enforcement.

As a responsible Group, we will comply with local law enforcement and national security requirements and will respond to requests from authorities as stipulated in laws and regulations.

# ADDITIONAL COMPLIANCE INFORMATION

## 1. SHARE BUY-BACK

Axiata did not carry out any Share Buy-Back exercise for the financial year ended 2015 (FY15).

[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), Axiata 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, Axiata'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. From thereon, Axiata 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 Statements for FY15 on pages 164 to 183 of this Annual Report.

Information on ESOS Options/RSA granted, vested, exercised and outstanding since the implementation of Axiata Share Scheme until FY15 are as follows:-

- Total Number of ESOS Options/RSA granted: 186,908,000 ESOS Options and 58,810,300 RSA

The ESOS Options and RSA granted shall be vested only upon the fulfilment of certain performance criteria by Axiata and individuals as at vesting date. Senior and top management can only vest the RSA at the end of the third year, with potential multiplier effect on the number of shares to be granted.

- Total Number of ESOS Options/RSA vested: 145,524,513 ESOS Options, 29,538,350 RSA
- Total Number of ESOS Options exercised: 138,710,846 ESOS Options
- Total number of ESOS Options/RSA outstanding: 24,865,243 ESOS Options<sup>1</sup>, 31,545,150 RSA<sup>1</sup>

### Note:

- <sup>1</sup> Excluding 23,454,111 ESOS Options and 3,455,800 RSA declared null and void due to resignation, termination or suspension of employment in accordance with the terms of the Bye-Laws.

As provided below, with the exception of Dato' Sri Jamaludin Ibrahim, Managing Director/President & Group Chief Executive Officer of Axiata, none of the Directors of Axiata have been granted ESOS Options or RSA:-

	Granted		Adjusted	Exercised/Vested		Outstanding	
	ESOS Options	RSA	RSA <sup>2</sup>	ESOS Options	RSA	ESOS Options	RSA <sup>3</sup>
Dato' Sri Jamaludin Ibrahim	4,301,700	1,206,400	489,200	1,146,900	827,700	3,154,800	867,900

### Notes:

- <sup>2</sup> Adjusted refer to the additional number of shares vested due to multiplier effects or pro-rated shares offered at the time of vesting.
- <sup>3</sup> The number of RSP shares that may vest is 867,900 provided that the performance targets for vesting are met. If not met, the amount could be nil or a portion of the amount. However, if the super stretched individual performance targets and the Group meeting superior company performance targets at the point of vesting are met, up to 4,645,600 Axiata Shares may be vested to Dato' Sri Jamaludin Ibrahim.

In accordance with the 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 Senior Management. For the FY15, 100% of RSA were granted to Executive Directors of the Company or any corporation within the Group or who are Senior Management. Since commencement of the Axiata Share Scheme, the actual percentage of ESOS Options/RSA granted in aggregate to Eligible Employees who are Executive Directors of Axiata or any corporation within the Group or who are Senior Management is 20%.

[Disclosed in accordance with Appendix 9C, Part A item 15 and 27, Main LR]

## ADDITIONAL COMPLIANCE INFORMATION

### 3. DEPOSITORY RECEIPT PROGRAMME

Axiata did not sponsor any depository receipt program for the FY15.

[Disclosed in accordance with Appendix 9C, Part A item 16, Main LR]

### 4. SANCTION AND/OR PENALTY

Throughout 2015, MCMC has issued several compounds (fines) to mobile operators including Celcom for non-compliance to its strict mandatory standards on prepaid SIM card registration and dropped calls. In March 2015, Celcom has been imposed a compound amounting to RM130,000 on cases involving dropped calls and RM200,000 on cases related to prepaid SIM card registration. Further, in September 2015, total compound of RM300,000 was imposed upon Celcom for SIM card registration related offence. In December 2015, Celcom was served five compounds amounting to RM230,000 for the offence of false registration of prepaid SIM cards. Celcom is taking necessarily steps to prevent future false prepaid registration via its agents and dealers.

On 18 June 2008, the Business Competition Supervisory Commission (KPPU) has ruled to penalise XL, PT Telkom, PT Telkomsel, Bakrie Telekom, Mobile-8 Telecom and Smart Telecom on SMS cartel case. KPPU has instructed XL to pay a fine of IDR25 billion. XL has appealed to the South Jakarta District Court on 9 July 2008. The Central Jakarta District Court heard the case and has ruled in operators' favour. Nevertheless, following the resolution, KPPU presented the cassation to the Supreme Court. On 1 March 2016, the Supreme Court upheld KPPU's verdict. XL is allowed to exhaust every available legal avenues in pursuing a favourable outcome. At the point of writing, XL is considering its legal options.

[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 FY15 are RM3,947,735 and RM11,767,978 respectively.

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 firm of accountants.

[Disclosed in accordance with Appendix 9C, Part A item 18, Main LR]

### 6. VARIATION IN RESULTS

There were no profit estimates, forecasts or projections made or released by Axiata for FY15.

[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 FY15.

[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 2015 or entered into since the end of FY14.

[Disclosed in accordance with Appendix 9C, Part A item 21, Main LR]

### 9. UTILISATION OF PROCEEDS

USD500 million MTN Sukuk was issued on 19 November 2015, and the utilisation of the proceeds is to fund Merger and Acquisition and working capital requirement.

[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 20 May 2015, Axiata has obtained a general mandate from its shareholders for the Group to enter into RRPT with related parties as set out in the Circular to Shareholders dated 28 April 2015 (RRPT Mandate). This RRPT Mandate is valid until the conclusion of Axiata's forthcoming 24th AGM to be held on 25 May 2016 (24th AGM).

Axiata proposes to seek a new RRPT Mandate at its forthcoming 24th AGM (Proposed Shareholders' Mandate). The Proposed Shareholders' Mandate, details as provided in the Circular to Shareholders dated 26 April 2016 sent together with the Annual Report, if approved by the shareholders, would be valid until the conclusion of Axiata's next AGM.

Pursuant to paragraph 10.09 (2) (b) and paragraph 3.1.5 of Practice Note 12 of the Main LR, details of RRPT entered into during FY15 under the RRPT Mandate are 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	<b>REVENUE</b> <b>Telecommunication and Related Services</b> <ul style="list-style-type: none"> <li>- Interconnect payment from TM Group</li> <li>- Leased-line payment from TM Group</li> <li>- Voice Over Internet Protocol related services revenue from TM Group</li> <li>- Dark fibre and leased line from Celcom Group to Fibrecomm Network (M) Sdn Bhd</li> <li>- Leased-line from Celcom Group to Fiberail Sdn Bhd</li> <li>- Transmission revenue on the services by Axiata Group to TM</li> <li>- Site rental payable for telecommunication infrastructure, equipment and related charges by TM Group to Axiata Group</li> </ul>	<ul style="list-style-type: none"> <li>25,588</li> <li>8,730</li> <li>6,444</li> <li>868</li> <li>592</li> <li>3,599</li> <li>3,835</li> </ul>
			<b>COSTS</b> <b>Telecommunication and Related Services</b> <ul style="list-style-type: none"> <li>- Interconnect cost to TM Group</li> <li>- Voice Over Internet Protocol related services by TM Group to Axiata Group</li> <li>- Leased-line costs to TM Group</li> <li>- Provision of data and bandwidth related services by TM Group to Axiata Group</li> <li>- Internet access and broadband charges by TM Group to Celcom Group</li> <li>- Provision of contact centre and business process outsourcing services by VADS Berhad to Axiata Group</li> <li>- Leasing of fibre optic core and provision of bandwidth services from Fiberail Sdn Bhd to Celcom Group</li> <li>- Purchase of dark fibre, bandwidth, space and facility from Fibrecomm Network (M) Sdn Bhd to Celcom Group</li> </ul>	<ul style="list-style-type: none"> <li>21,413</li> <li>15,063</li> <li>9,013</li> <li>32,206</li> <li>0</li> <li>40,644</li> <li>2,379</li> <li>2,584</li> </ul>
			<b>Non-telecommunications Services</b> <ul style="list-style-type: none"> <li>- Site rental for telecommunication infrastructure, equipment and related charges by TM Group to Celcom</li> <li>- Rental of office premises payable monthly by Axiata Group to TM Group</li> </ul>	<ul style="list-style-type: none"> <li>80,589</li> <li>10,311</li> </ul>
			<b>TOTAL</b>	<b>263,878</b>

[Disclosed in accordance with paragraph 10.09 (2) (b) and paragraph 3.1.5 of Practice Note 12, Main LR]

## 11. STATUS OF LEGALISATION OF OUTDOOR STRUCTURES

Pursuant to the approval from Securities Commission Malaysia (SC) in 2008 in relation to, amongst others, TM Group's demerger and the listing of Axiata, Axiata is required to obtain the relevant approvals for the transmission towers and rooftop sites (Outdoor Structures) of Celcom Group within two years from the date of the SC's approval letter (Timing Conditions).

SC had, in 2010 and 2012, granted an extension of time for Axiata to comply with the Timing Conditions until 29 January 2012 and 29 January 2014 respectively.

Following the application submitted by CIMB Investment Bank Berhad, on behalf of Axiata, for further extension of time for the legalisation of the remaining 28 Outdoor Structures, SC had, via their letter dated 12 February 2014, granted an exemption to Axiata from complying with the Timing Conditions, subject to, amongst others, Axiata disclosing the status of the legalisation in its annual report until such time the necessary approvals are obtained.

As at 31 March 2016, 27 Outdoor Structures remained to be legalised. Applications for the approval of the local authorities in respect of these outdoor structures have been declined. The Group is in the midst of appealing the above decisions.

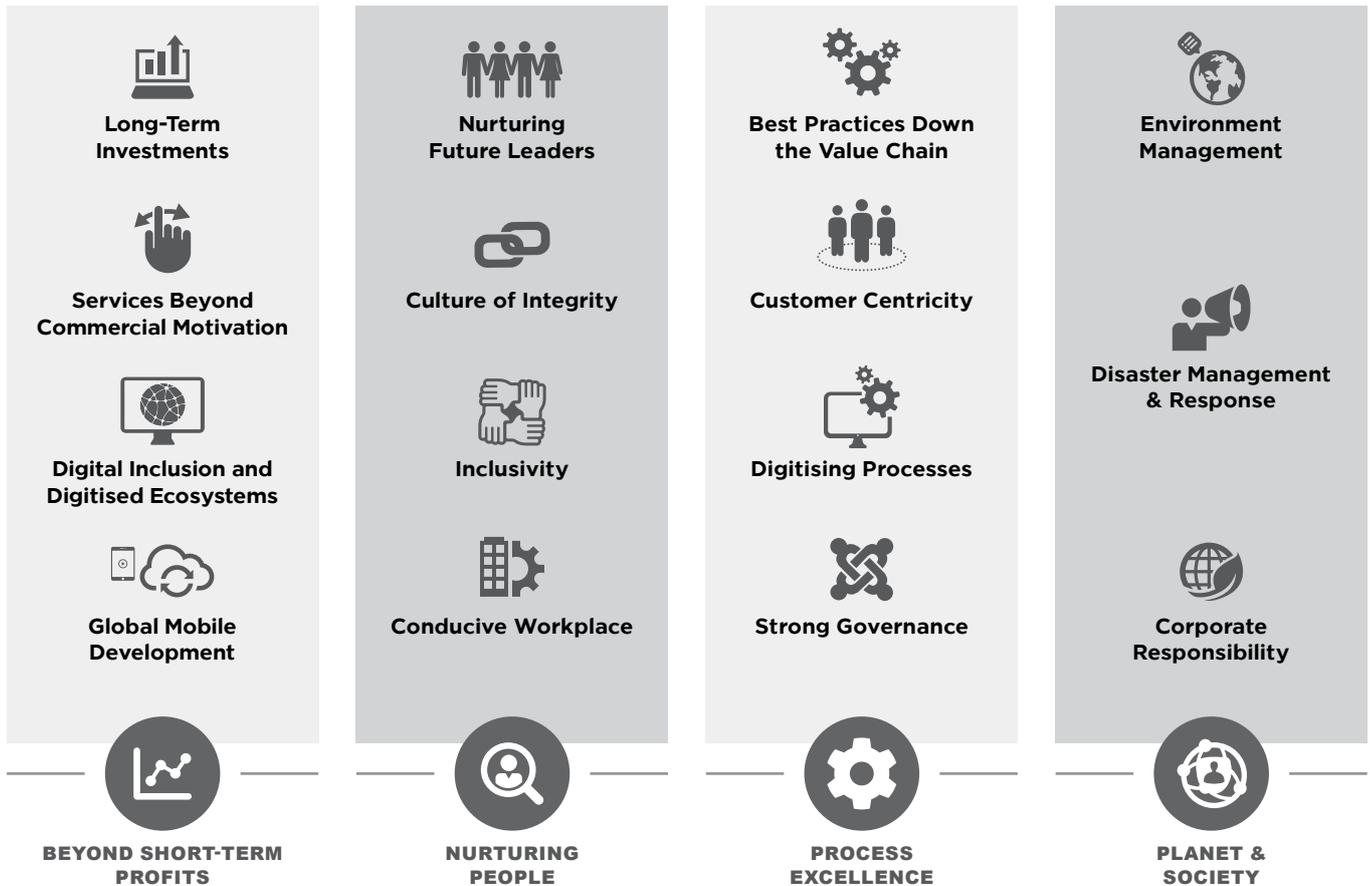
[Disclosed in accordance with letter from SC dated 12 February 2014]



# CORPORATE RESPONSIBILITY

# SUSTAINABILITY AT AXIATA

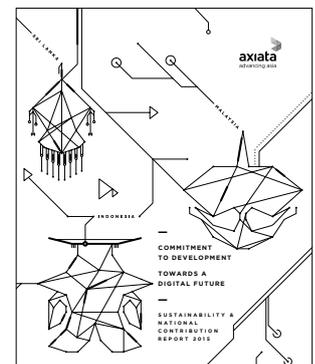
Axiata remains committed to conducting business responsibly, in line with its vision of Advancing Asia. Our activities, from providing affordable connectivity and innovative technology to nurturing talent and empowering our customers are anchored by our four sustainability pillars (4Ps):



The next four years (2016-2020) will see Axiata embark on the next phase of development towards becoming a New Generation Telco. We expect to see significant changes in both the industry as well as in our own operations over that period of time, and we are aware that these changes will certainly have an impact on our EES bottom line.

Our 2014 Sustainability Report was recognised as Malaysia’s best report by ACCA Malaysia Sustainability Reporting Awards (MaSRA). The Group’s sustainability journey, management approach to sustainability and achievements in 2015 are outlined in detail in Axiata’s Sustainability & National Contribution Report 2015, “*Commitment to Development Towards a Digital Future*”.

The report is available online at [www.axiata.com](http://www.axiata.com) and can be downloaded on

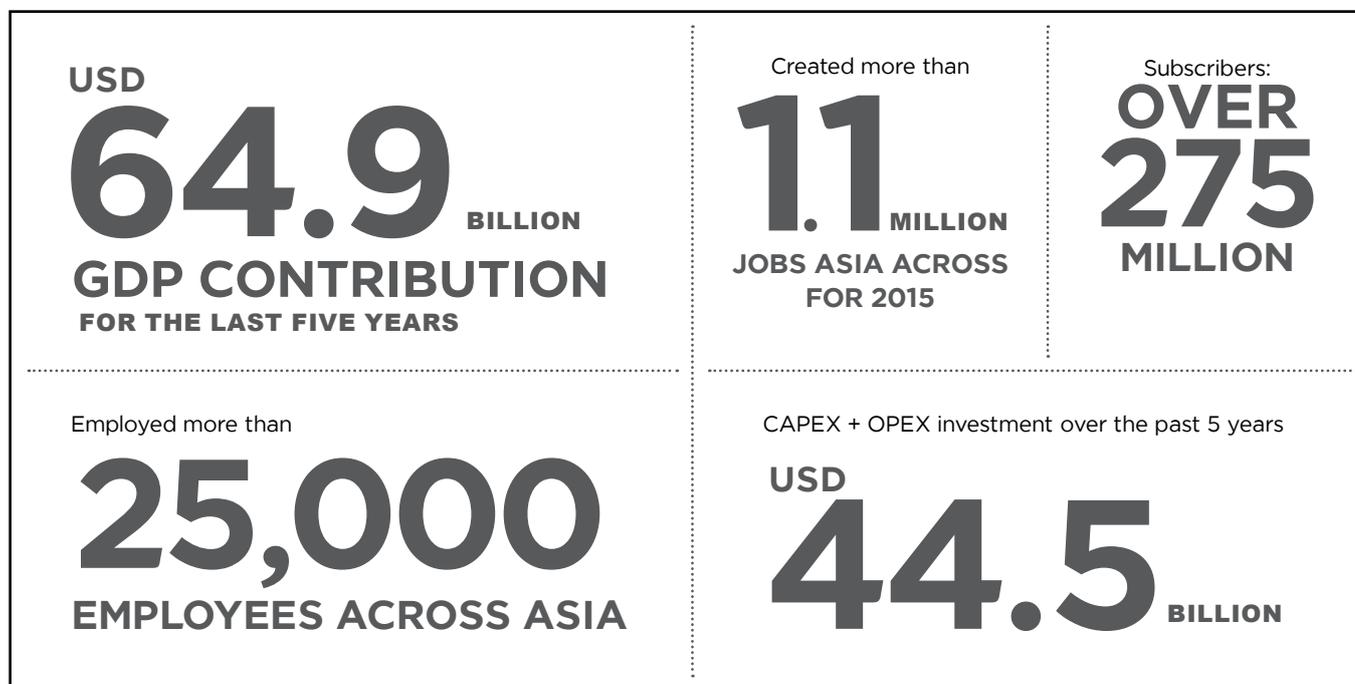


# NATIONAL CONTRIBUTION

Axiata is a committed, long-term Investor in the countries in which we operate. Our national contributions are therefore represented by the long-term value that we have created through our investments in the local telecommunications industry, network infrastructure, talent development, environmental conservation and in society.

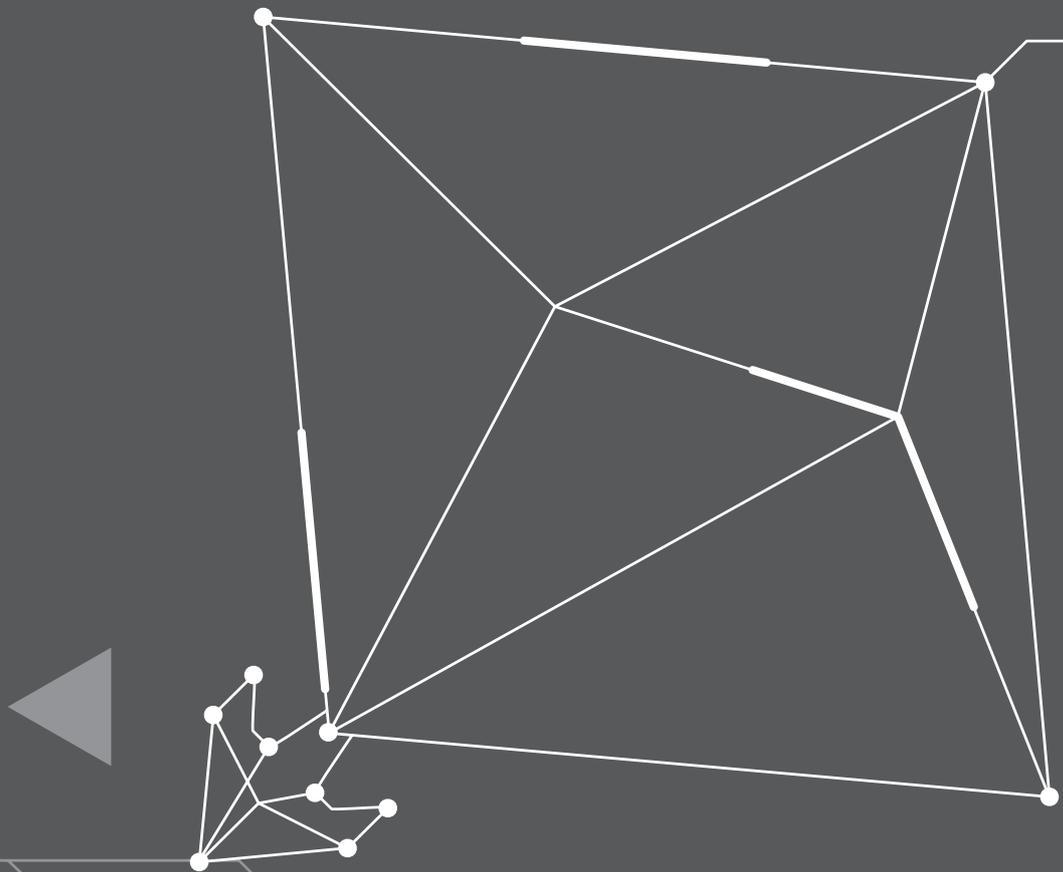
As long-term investors, we generally do not distinguish between investments that are made for commercial or non-commercial reasons. Instead, we prefer to take a holistic view of our investments where the value we create in our countries of operation are to the mutual benefit of both our business and the countries themselves.

Since 2013, Axiata's National Contribution Report has been developed by an independent third-party who has continued to assess our contribution and provided updates for 2015. This part of the report is based on the data generated by the independent third party in respect of the contributions Axiata has made in 2015 in the various countries in Asia in which we operate.



The digital version of the Axiata Sustainability & National Contribution Report 2015, Commitment to Development, Towards a Digital Future is available online at [www.axiata.com](http://www.axiata.com) and can be downloaded on





# OPERATING COMPANIES BUSINESS REVIEW

# BUSINESS REVIEW



- **Strong growth in data services contributing to 28% of revenue**

- **MVNO subscribers grew more than 10%**

- **Driving data leadership with close to 3500 4G LTE sites**

## About Celcom

Celcom is Malaysia's premier and most experienced mobile telecommunications company with the widest coverage in the nation. It provides both prepaid and postpaid mobile services to more than 12 million subscribers. Celcom is also growing its position in content and Value Added Services (VAS), enterprise solutions, bulk wholesale services, digital services and machine-to-machine (M2M) solutions, in line with evolving technologies and changing consumer behaviour in Malaysia.

Celcom has the widest network in Malaysia, covering 95% and 88.1% of the population with its 2G and 3G networks respectively. With approximately close to 3500 4G LTE sites, Celcom continues to invest in network coverage, capacity and performance to maintain its technology leadership and position as the country's best mobile service provider whilst looking to drive differentiation based on a superior network and exceptional mobile data and Internet experience.

Celcom is also a pioneer of industry leading wholesale partnerships which include Mobile Virtual Network Operators (MVNOs) as well as domestic and international roaming. Celcom currently has six MVNO partners that provide additional channels to the market, covering niche segments with strong growth potential. With the strong support from Celcom, MVNOs are performing well and have captured a majority of the MVNO market share. Celcom views MVNOs as an important alternative channel for servicing niche consumer segments and continuously evaluates new MVNO partnerships.

Celcom's long standing partnerships with local and global operators have resulted in a broad Internet network coverage with roaming services in over 200 countries via over 550 network partners. As part of the Axiata Group, its customers also enjoy great rates and consistent experience whilst roaming.

In moving with evolving technologies, Celcom emphasizes a culture that places customer experience in all its products and services. This is reflected in our award winning customer service, products and other corporate accolades at a regional level.

## Business Review 2015

2015 saw Celcom stabilising in a very competitive market amidst an overall declining market. This was further impacted by price driven competitive moves focusing on data rates and providing free basic Internet access. Adding to this was the implementation of the Goods & Services Tax (GST) in April 2015 which also impacted market growth.

Despite seeing three challenging quarters at the beginning of 2015, Celcom showed signs of stabilisation by recording its first positive revenue growth in the fourth quarter of 2015 with a growth of 1.0% Quarter on Quarter (QoQ).

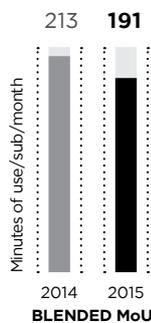
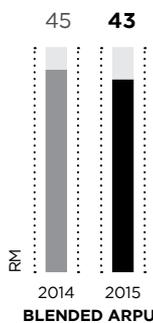
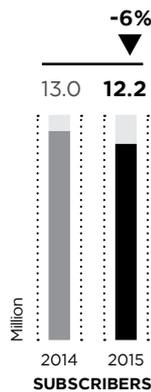
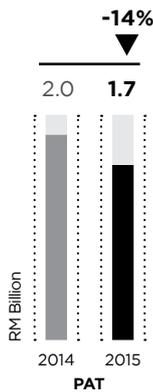
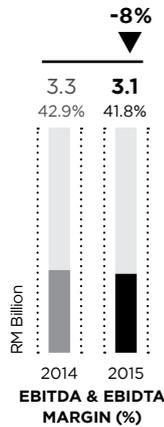
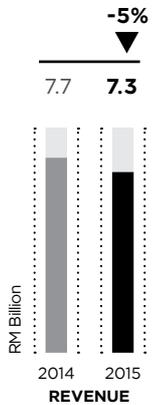
With the conclusion of its IT modernisation in 2015, Celcom introduced a number of product innovations to cater to the growing data needs of the marketplace. These include Celcom's new prepaid product Xpax's Magic SIM which was rolled out to offer free basic internet, free high speed internet, carry forward data quota, free calls and free SMS and came with monthly surprise bonuses to incentivise active reloads and usage. Following Xpax's Magic SIM, the Company introduced a new postpaid product family under its FIRST brand with the launch of FIRST Blue and FIRST Gold. As part of its new product innovations, it also launched the music streaming service Yonder Music exclusively for Celcom customers. The Company also complemented its focus on data products with an aggressive 4G LTE site deployment which commenced in the second half of the year with around 3500 4G LTE sites.

With its focus on the data segment of the market, Celcom saw strong growth in data services which contributed to 28% of revenue in 2015 compared to 22% in 2014. Additionally, there was strong growth of smartphones users by almost 20%.

Celcom continues to show strong leadership in the MVNO segment, being host to six leading MVNO in Malaysia. The Company's MVNO subscribers grew by more than 10%, ending the year with over 3 million subscribers. Celcom views MVNOs as an important alternative channel for servicing niche consumer segments with third party brands and sales channels.

## Financial Performance

Celcom's overall recovery was hampered by industry conditions and a flat growth market. It recorded normalised Profits After Tax and Minority Interests (PATAMI) of RM1.7 billion (USD0.4 billion), down 14% from the previous year. PATAMI was impacted by one-off expenses and losses recognised for the year in new



start-up ventures which the Company had foreseen. Celcom recorded its first revenue climb in the fourth quarter of 2015, up by 1.0% QoQ. Meanwhile for the full financial year 2015, Celcom registered a mobile data revenue growth of 21% and mobile internet revenue growth of 48%.

### Outlook for 2016

Moving forward to 2016, Celcom expects to see a horizontal overall market with a sustained decline in voice and SMS revenue countered by strong data growth. Adding to this is the recent move by the Malaysian government to implement a larger reallocation of spectrum in the 900 MHz and 1800 MHz band.

Despite these challenges, the Company will continue its commitment to deliver superior customer experience and provide superior mobile data offerings. IT transformation issues from 2014/2015 have all been fixed and customers can expect to see a rejuvenated Celcom in 2016. Celcom's strategic focus will centre on revamping customer experience, infusing digital into the customer experience while driving product innovations. The Company will continue to deliver high quality services to its customers whilst protecting their privacy and digital interest.

2016 will see an aggressive investment in technology to further accelerate the upgrading of its network to deliver a great data experience for customers. Focus will be placed on strengthening 4G LTE infrastructure that supports customers need for speed in their data experience.

Celcom will also continue its focus on Next Generation revenue streams with an emphasis on fixed mobile convergence with a view of becoming a trusted data service provider, thereby setting firm foundations for capturing data leadership in Malaysia.



- **Transformational year delivering results with improved profitability**
- **Data a key business driver with data traffic growth of 54% YoY**
- **Commercial 4G LTE services launched nationwide, available in 35 cities and areas**
- **Significant reduction in USD debt to strengthen financial position**

### About XL

As one of Indonesia's leading telecommunication service providers, XL offers an array of innovative telecommunications products and services ranging from voice, SMS and Value Added Services (VAS) to mobile data covering more than 90% of the population throughout Indonesia. With over 19 years of experience, XL armed with 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.

## BUSINESS REVIEW

XL's network runs on GSM 900/DCS 1800, IMT-2000/3G technologies and 4G LTE and it holds several licenses, including Closed Regular Network (Leased Line), Internet Services Protocol (ISP), Voice over Internet Protocol (VoIP), Internet Interconnection Services (NAP) and an e-Money (Electronic Money) license 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.

### Business Review 2015

In 2015, XL implemented its Transformation Agenda '3R - Revamp, Rise & Reinvent' to adapt to the changing market dynamics and focus on value creation as it seeks to build a more sustainable business for the future. The transformation involves Revamp to shift subscriber acquisition from largely "no value" to "value" subscribers, distribution strategies and an overhaul of the product portfolio to improve yields. Rise seeks to move the XL brand up the value ladder via a dual-brand strategy with Axis to address different segments of the market. Reinvent is about transformation, going beyond today's business model. The transformation is already delivering positive results in terms of increased share of higher value subscribers, increased reload per subscriber number, a 46% increase in Average Revenue Per User (ARPU) from IDR28,000 in the fourth quarter of 2014 to IDR41,000 in the fourth quarter of 2015, stable data yields as well as a rising share of modern distribution for reload purchases.

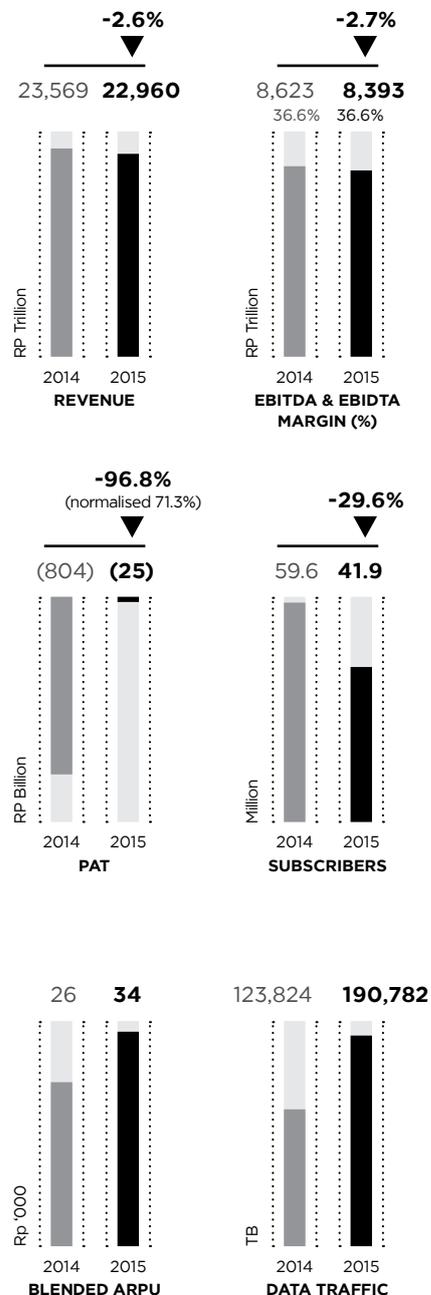
There was an increase in core usage of voice, SMS, data and VAS revenue of 2%,

with data remaining the fastest growing segment rising by 14%, followed by voice at 4%. SMS revenue showed a decline of 17%, with gross revenue down 3% due to the sale and leaseback of towers in late 2014. XL's revenue composition continues to reflect consumer trends which is becoming increasingly data-centric. Capitalising on this, the Company has focused its business transformation strategies over the past four years on continuous efforts to introduce mobile Internet services as part of its core offerings. With increasingly affordable smartphones as the driving force for rising smartphone use, XL continued to drive adoption of 4G enabled handsets by offering various bundling options for both prepaid and postpaid customers. Consequently, in 2015, XL's smartphone users grew to 17.7 million or 10% Year on Year (YoY), increasing smartphone penetration by 15.0 ppts to 42%.

To meet customer demand for better and more diverse data services, the Company introduced a host of data-centric products and services in 2015. A milestone in 2015 was the launch of commercial 4G LTE, following the reallocation of the 1,800 MHz spectrum. As of end 2015, XL's 4G LTE footprint has extended to 35 cities and areas across Indonesia. In line with this, it introduced HotRod 4G packages offering 4G LTE quotas for customers to experience high-speed quality internet services.

XL Digital Services (XL DS) continues being the driver of efforts in unleashing the Indonesian mobile internet market potential. A number of products delivered results throughout 2015 as follows:

- **Gudang Aplikasi**, an entertainment application, increased its content and applications for download to more than 25,000, with more than 3.2 million registered users. XL DS also launched video streaming services in 2015.



- **XL Cloud** grew into the second biggest cloud and data centre provider in Indonesia, serving 251 corporate customers, a five-fold increase from 2014.
- **XL Internet of Things (XL IoT)** launched XL Pay Point, an innovative solution to customers without bank accounts to pay bills or reload their prepaid numbers.
- **elevenia**, the market place owned by XL and SK Planet, increased its number of sellers to more than 25,000 with more than 2 million products. In 2015, elevenia had 25 million visitors and achieved significant growth in gross merchandise value.
- **XL Tunai**, XL's electronic money service, has 22,000 cash in/cash out points and 1.7 million subscribers as of end 2015.

Throughout 2015, the Company's focus in distribution strategy was to build-out and strengthen modern distribution channels through XL Centers, ATMs, phone banking facilities, supermarkets and local convenience stores whilst continuing to develop traditional channels with dealers. XL's product promotion in traditional channels involves setting targets and quotas to each dealer group under certain area clusters. As of end 2015, XL had more than 220,000 independent retailers in 56 area clusters selling starter packages and top-up vouchers. The Company steeply increased its participation in retail outlets by more than 100% for sales of data service packages. XL operates 100 direct distribution channels through XL Center, which also disseminates information to end users. By managing its own service centres, XL is able to monitor and improve customer service, quality of complaint handling and its customer satisfaction index more quickly and accurately.

## Financial Performance

In 2015, XL recorded revenue of IDR23.0 trillion, lower by 3% YoY due to foregone tower lease revenue from its sale and leaseback transaction to PT Solusi Tunas Pratama Tbk (STP) as well as lower interconnect revenue. Usage revenue increased by 2% to IDR19.2 trillion, contributing 84% to total gross revenue. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) was down 3% to IDR14.5 trillion due to the impact of the consolidation of AXIS as this acquisition was completed on 19 March 2014 and its impacts were not fully reflected in the previous financial year. However, EBITDA margin held steady at 37%. Additionally, the tower sale and lease back completed in December 2014 resulted in lower tower revenue and higher leasing costs which contributed to an EBITDA compression of approximately 120bps.

As a result of the weakening of the rupiah foreign exchange, XL recorded a net loss in FY15 amounting to IDR25 billion, a lesser amount than the IDR804 billion loss in 2014. Excluding impacts of unrealised forex transactions, XL would have recorded a net profit of IDR51 billion.

## Outlook for 2016

Moving forward to 2016, XL will continue to execute and deliver on its transformation agenda as the focal point for the Company to build a more efficient, profitable and sustainable business for the future. The beginning of XL's transformation journey in 2015 has set it on a forward moving momentum that it will build on in 2016.

The growth outlook for data in Indonesia remains promising with rising adoption and proliferation of affordable smartphones in the market. With the introduction of commercial 4G LTE in Indonesia, this presents the next phase of growth as consumers seek to enjoy quality and high speed internet services. XL plans to tap into this growth by remaining focused on being the mobile internet leader in Indonesia through continuous investment in its 4G LTE network and introduction of innovative products and services to customers.



- **Double digit Revenue Growth of 10%**

- **Strong EBITDA growth of 14%**

- **Dialog Television reaches 650,000 subscribers nationwide**

- **Best Mobile Network Solution for Serving Customers at the Global Mobile Awards - GSMA Mobile World Congress**

## About Dialog

Dialog Axiata PLC, a subsidiary of Axiata Group Berhad, operates Sri Lanka's largest and fastest growing mobile telecommunications network. A winner of six GSMA Global Mobile Awards to date, Dialog also has the distinction of being the Telecom Service Provider of the Year for five successive years at the SLIM-Nielsen People's Choice Awards. Dialog was also voted Sri Lanka's Internet Service Provider of the Year, and has topped Sri Lanka's Corporate Accountability rankings for the past six years successively. It is an ISO 9001 certified company and has received numerous local and international awards including the National Quality Award and Sri Lanka Business Excellence Award.

The Company has been at the forefront of innovation in the mobile industry in Sri Lanka since the late 90's, propelling the

## BUSINESS REVIEW

nation’s mobile telephony infrastructure to a level of advancement on par with the developed world. The Company delivers advanced mobile telephony and high speed mobile broadband services to a subscriber base of 10.9 million Sri Lankans.

Dialog supplements its market leading position in the mobile telecommunications sector with a market leading Digital Pay Television Service (Dialog Television), with a strong footprint and robust market presence in Sri Lanka’s fixed telecommunications market. Dialog also operates Sri Lanka’s largest mobile money and payments network eZ Cash.

### Business Review 2015

2015 saw stellar performance from Dialog as it further consolidated its position as the market leader in Sri Lanka despite intense competition in the mobile and data space. The Company registered significant improvement in its financial performance and profitability along with operational efficiencies derived from cost management initiatives. It recorded robust revenue growth of 10% at SLR73.9 billion, while its subscriber base reached 10.9 million compared to 9.5 million in 2014. The Company continued to be the most preferred mobile operator, strengthening its subscriber market share by 1.9 pp.

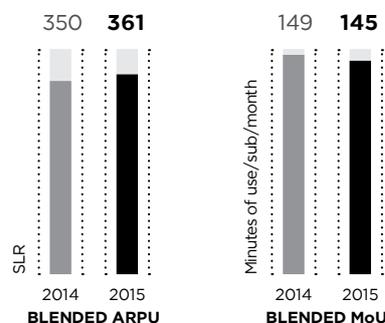
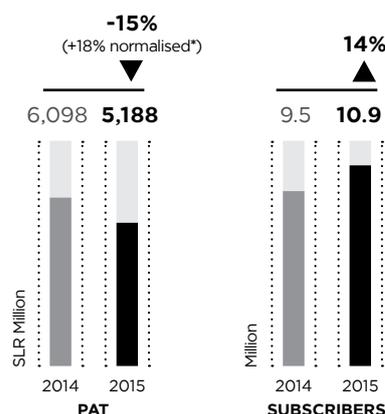
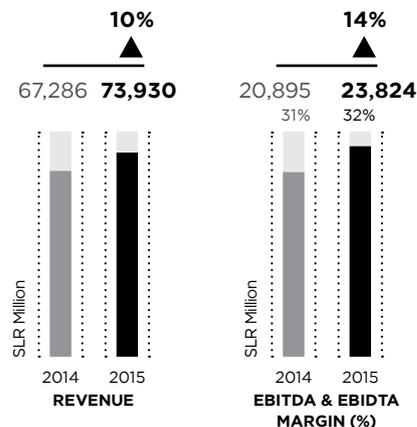
Data revenue grew by 64% and mobile broadband subscriber base by 64%. The double digit growth was a result of the introduction of new services and a range of specialised product offerings to meet the needs of differentiated customer segments and drive mobile and data usage. The accelerated growth of mobile broadband service was due to the expansion of a more extensive data network coverage, attractive tariffs, growing Smartphones penetration and adoption of data-intensive applications. Dialog’s Smartphone adoption grew by 11 pp to 30%, driven by increasingly

digitalised lifestyles and greater affordability and availability of devices.

As of end 2015, Dialog has over 4300 2G base stations across Sri Lanka while continuing to upgrade 2G sites. It expanded its 3G and 4G LTE sites by a 25% and 165% increase in base station sites respectively. At the same time fixed 4G LTE sites expanded by 80%.

In 2015, Dialog expanded its digital services offerings considerably. It introduced IdeaBiz which won Best Technology Enabler Award at the 20th Mobile World Congress in Barcelona. IdeaBiz is an application programming interface (API) built into a platform that enables businesses to consume available telco API’s to build or market their own services. Mobile money service eZ Cash recorded strong subscriber growth of 34% Year on Year (YoY) with customers in excess of 2.2 million. It also expanded the eZCash merchant base to multiple locations around the island for customer convenience. The Company also automated business to business operations in the public and private sectors through strategic partnerships with HomeSend, Mozido and Express Money for inward remittances, Commercial Bank for ATM withdrawals and Online Tops and Department of Pensions for disbursements of pensions.

Dialog also expanded into the digital health sector through Digital Health Private Limited (DHPL), a joint venture between Digital Holdings Lanka, the company’s fully owned subsidiary, and Asiri Hospital Holdings PLC. DHPL is Sri Lanka’s pioneer digital health solutions service provider, offering medical services to Sri Lankans available from its website and customers mobile phones. It adds to the digital health care value chain through a digitally-enabled medical appointment management system with integrated e-commerce infrastructure.



\* Normalised for translational forex losses only. If normalised for realised and translational forex losses as well as mobile license levy, normalised PAT will be +29%.

In D-commerce, Dialog increased its stake in Digital Commerce Lanka (DCL), the company which operates WoW.lk, the largest e-commerce website in Sri Lanka, from 45.71% in 2014 to 100% in 2015. In addition, WoW.lk grew its e-commerce offerings through strategic partnerships with a number of consumer companies and brands, and ventured into financing services in collaboration with a number of banks.

Dialog Broadband Networks (DBN) now serves over 500,000 enterprises and houses providing multiple services including fixed telephony, hosted PABX offerings, broadband, Internet leased lines, data communication, Internet Data Centre (IDC), converged ICT solutions, telecommunication infrastructure, transmission and backbone services. The Company also launched Cumulus, a cloud services portfolio hosted at Dialog Internet Data Centers (IDC). iDC is the first and only data centre in Sri Lanka to obtain the ISO 27001 certification (ISO 27001:2013) for meeting the highest standards of information security.

Dialog Television (DTV) continues to be at the forefront of the pay television industry in Sri Lanka, catering to the infotainment needs of around 650,000 Sri Lankan homes, representing a subscriber market share of over 70%.

### Financial Performance

Dialog demonstrated strong revenue growth across Mobile, Digital Pay Television, Tele-infrastructure and Fixed-Line businesses to record consolidated revenue of SLR73.9 billion, a significant increase of 10% from 2014. Robust revenue growth coupled with operational efficiencies from cost management initiatives resulted in Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) growth of 14% at SLR.23.8 billion, while EBITDA margin stood at 32.2%.

Dialog's capital expenditure of SLR19.6 billion was directed towards investments in high speed broadband infrastructure and roll out of fiberisation, alongside investments into the final phase of the Bay of Bengal Gateway (BBG) Sub-Marine Cable project. These capital investments will further strengthen Dialog's leadership in Sri Lanka's ICT infrastructure sector.

### Outlook for 2016

The telecommunications industry in Sri Lanka continues to be competitive, developing exponentially in terms of scale, rapid technology migration and adoption of smart devices. In particular, the high speed broadband service sector shows substantial growth potential with relatively low penetration, coupled with greater availability and affordability of smart devices and increasing adoption of digitalised lifestyles.

Dialog is well positioned to seize market opportunities in broadband and innovative products and services through expansion of 2G, 3G and 4G networks, widening sales distribution and aggressively driving data adoption among consumers. There is also low Pay TV market penetration in the country, estimated at less than 20%, which holds prospects for future growth. 2016 will see Dialog fortifying its position as the leader in digital services in the country as it continues with investments in the digital space.



- **Subscriber growth of 12.0% YoY, with 21.2% market share and 28.3 million customers**
- **Data revenue growth of 78.9% and data usage growth of 200%**
- **First to partner with Facebook to offer free Internet platform**
- **Customer service improvements of 48%**
- **Proposed merger agreement with Airtel to strengthen market position**
- **Robi named #1 Most Socially Devoted Brand in the world**

### About Robi

As a subsidiary of Axiata Group Berhad, Robi serves customers in Bangladesh with cutting edge digital mobile telecommunications technology. Robi commenced operations in 1997 under the brand name 'Aktel'. In 2010, the company was rebranded to 'Robi' and changed its name to Robi Axiata Limited.

Within a strong framework of corporate governance, its employees approach challenges with uncompromising integrity and an 'I can, I will' attitude, putting customers at the centre of all their activities.

## BUSINESS REVIEW

From its inception till 2015, Axiata Group has contributed equity investments of BDT3,238.30 crore. During the same period, Robi contributed BDT15,771.83 crore to the Government exchequer.

In the evolving digital landscape of Bangladesh, Robi has established itself as the leading provider of customer-centric data and digital services. Robi's 2G and 3.5G network nationwide allows it to serve subscribers with high quality Internet and voice services. The company serves the local business community with innovative corporate solutions and wide International Roaming coverage connecting 385 operators across more than 140 countries.

Robi is committed to Corporate Responsibility (CR) initiatives in the areas of ICT-Education, Health and Environment. As part of its commitment to build digital bridges, Robi introduced Facebook's basic Internet platform Free Basics in Bangladesh. It promotes responsible use of Internet among youth through the 'Internet4Youth' initiative. Through its CR initiative "Gori Nijer Bhubishshot", Robi is empowering underprivileged young men and women build their futures through technical training on Ready-Made Garment, Electronics and Mobile Servicing. Robi is also the official sponsor of the Bangladesh National Cricket team, expanding its brand appeal to millions of cricket fans across the country.

### Business Review 2015

In 2015, Robi recorded strong business performance, continuing to deliver innovative product offerings and a superior data network experience to its customers despite geopolitical uncertainties and tightening of regulatory controls. Its subscriber base grew by 12%, adding 3 million new subscribers to reach 28.3 million subscribers, representing a market share of 21.2%. It posted revenue growth of 6.0% Year on Year (YoY) of BDT52.4 billion.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) margin for the year 2015 was 36.5%, impacted by higher

network operating costs and intense price competition. Profit After Tax (PAT) margin was 7.6%, due to higher depreciation from investments in 2.5G/3.5G network expansion.

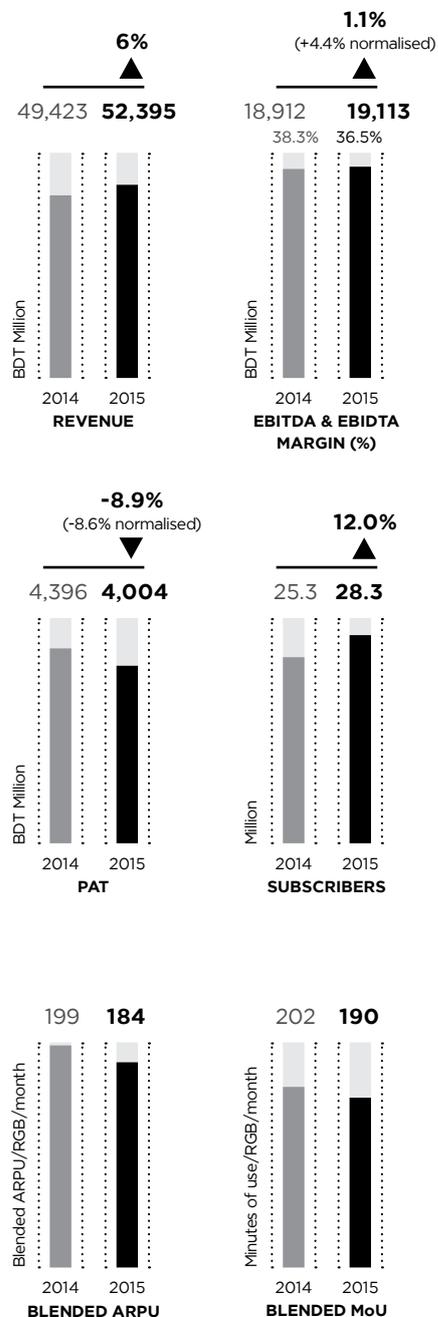
In 2015, Robi saw stellar data revenue growth of 78.9%, driven by data usage growth of over 200%. The exponential growth is attributed to sustained investment in 3.5G network expansion and new product offerings such as innovative smartphone bundle offers.

2015 was a landmark year for Robi's digitalisation drive, with the Company identified as the #1 'Most Socially Devoted Brand' in the world by 'Socialbakers', a globally recognized online analytics publishing company. Additionally, its Facebook fanpage RobiFanz crossed 5 million active fans this year, strengthening its brand appeal amongst an increasingly tech-savvy youth population in Bangladesh.

The Company also launched its online ticketing platform, bdtickets.com, which started off with tickets for more than 600 routes for 20 bus companies, and added passenger ferries and movie tickets to its portfolio. The company also secured the rights to collect bills on behalf of Bangladesh Power Development Board (BPDB) in all six of its billing zones, as well as the Chittagong Water Supply and Sewerage Authority.

Within one and a half years of the launch of Robi's appstore, bdapps.com, there has been a surge of interest from mobile app developers and potential customers, with the platform now hosting more than a thousand mobile apps covering diverse areas such as sports, food, jobs and news.

Robi's data-driven strategies were complemented by the digitalisation of processes which has transformed the Company into a truly digital company. These include mobile applications based HR and Office Management platforms that helped raising the overall efficiency levels of the Company.



In 2015, Robi became the official sponsor of the Tigers, Bangladesh's national cricket team. The brand association with the Tigers benefited the Company in influencing the market's take-up of its products and services. Key promotional and on-ground activities were rolled out which allowed fans to meet with the national cricket team stars. Response to these marketing tactics were overwhelmingly popular and generated high interest within the market.

2015 was a landmark year for Enterprise Business in Robi with the restructuring of its Corporate and SME teams to cater to industry specific needs. The introduction of Oracle Sales Cloud, a Cloud-based lead management tool, vastly enhanced the efficiency level of Enterprise Business Sales Force. Consequently, Enterprise Business revenue grew steeply by 105% while data revenue by 200%. In total, 7,664 new clients joined Robi through Enterprise Resource Locator, Business Message Portal and Vehicle Tracking Systems, the most popular enterprise solutions sold. The 'Joyeeta' package, introduced for factory workers in the ready-made garment industry, proved a success with its lucrative pricing proposition and the device play brought in new business enterprises whilst helping to retain customers.

Mindful of customers' requirements for high quality products and services, the Company reviewed its customer service processes in 2015 to improve service quality and standards. As of end 2015, 47 new Robi Sheba Centres were launched across the country, bringing the total number to 71. Robi has differentiated itself in the marketplace with initiatives like the roll out of state-of-the-art CRM, enhancement of the IVR system, introduction of digital service channels and apps like web-chat, web-care and Robi e-care. Collectively, these initiatives resulted in 26% improvement in inbound call centre service levels, 65% reduction in average wait time at call centres, 12% improvement in IVR conversion, 8% improvement in Robi Sheba Centre service levels, 75% reduction in average wait time at Robi Sheba Centres, 50%

reduction in total complaints per 100,000 customers and significant improvements in service Net Promoter Score (NPS) over competition.

In 2015, Robi invested in technology and network improvements in response to customers dropped calls on the network. It also introduced ZEEP, an auto generated missed call service for subscribers to complete their conversations. Another innovative solution 'Robi iMoved Service' allowed Robi users to notify all incoming callers of a change in phone number through intelligent voice call routing and interactive call transfer resulting in subscribers of other operators finding it convenient to join Robi.

#### Financial Performance

In 2015, performance at the Company was moderated due to heightened price competition in the Bangladesh market. Nevertheless, Robi recorded healthy revenue and normalised EBITDA growth of 6.0% and 4.4% respectively, while normalised PAT dropped by 8.6% due to depreciation and amortisation charges arising from data driven capital expenditure.

#### Outlook for 2016

Robi's strategies for 2016 will focus on achieving leadership in the mobile Internet business and consolidating its market position as a strong number two. The key focus will be on consolidation and digitalisation to monetise investments in the modernisation and expansion of Robi's network and other infrastructure over the past two years.

The proposed merger with Airtel Bangladesh Limited (Airtel) once approved by the authorities concerned will enable the company to create a strong network of approximately 40 million subscribers, setting the foundation for Robi to achieve data leadership in Bangladesh. With the rapid shift in consumption patterns from voice to data, Robi will review its operations to serve data-savvy consumers for sustained profitability, moving its process and functions to an online digital space.



- **Revenue growth of 30%**

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- **First 4G LTE across all 25 provinces in Cambodia**

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- **First Cambodian telco to win a Frost & Sullivan Asia Pacific ICT Award - Asia Pacific Emerging Market Telecom Service Provider 2015**

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- **First Cambodian telco to win Global Banking and Finance Review Awards - Best Telco & Best CSR Company Cambodia 2015**

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- **Hosted international concerts with superstars Demi Lovato and Jessie J in partnership with Universal Music**

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- **First music streaming service in Cambodia - Smart Music**

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- **First telco to partner with Facebook to offer Free Basics in Cambodia**

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- **UNESCO and MoEYS partnership to fight illiteracy in Cambodia**

## BUSINESS REVIEW

### About Smart

In January 2014, Smart launched its 4G LTE network and became the first and only mobile operator in Cambodia to provide true 4G services. 4G LTE powered by Smart, the fastest mobile Internet in Cambodia, is now available in all 25 provinces. Smart also provides 2G, 2.5G, 3G and 3.75G mobile services, supporting the very latest in multimedia and mobile Internet services as well as international roaming across more than 190 countries. Its extensive nationwide network coverage is available across all 25 provinces in Cambodia, covering more than 98% of the population.

Through its partnership with Apple, Smart is the only telecom operator partner of Apple in Cambodia to offer iPhones and iPads. Moreover, Smart is the exclusive partner of Universal Music in Cambodia, delivering world class entertainment to the people of Cambodia.

Smart has been awarded as the Asia Pacific Emerging Market Telecom Service Provider of the Year 2015 by Frost & Sullivan. In the same year, Smart was also awarded as the Best Telecommunications Company Cambodia 2015 and Best CSR Company Cambodia 2015 by Global Banking and Finance Review.

The company's workforce consists of more than 1,000 people including local and foreign experts. Smart is committed to its customers, employees and the people of Cambodia in delivering its promise of improving their lives under the slogan "Live. Life. Be Smart."

### Business Review 2015

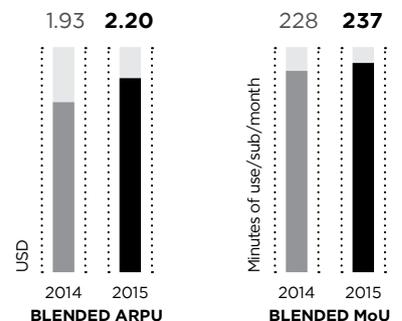
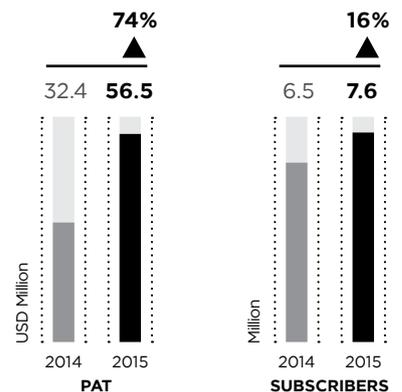
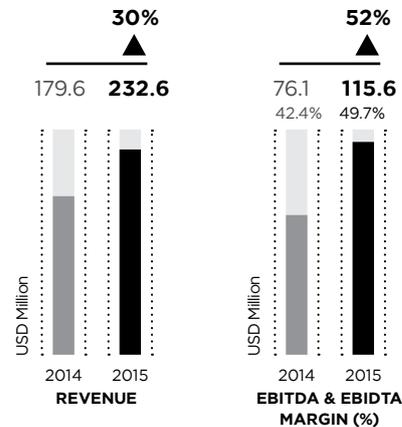
Following the successful merger of Latelz Co., Ltd. and Hello Axiata in 2013, Smart has grown in strength and competitiveness to become a leading mobile telecommunications company in

Cambodia serving more than 7.6 million subscribers and generating total revenue of USD232.6 million in 2015. Smart has invested USD64 million focusing on rolling out its 4G LTE network which is now available across all 25 provinces in Cambodia and in mobile Internet infrastructure.

In 2015, Smart made significant advancement in digital entertainment with the launch of Smart Music, the first music streaming app in Cambodia, through an exclusive partnership with Universal Music. The app allows users to enjoy more than a million international and local songs both online as well as in offline mode. To strengthen Smart's branding as a lifestyle brand, the company hosted concerts with international superstars Demi Lovato and Jessie J during the year. As the official telco partner of Apple in Cambodia, Smart is presently the only operator distributing Apple iPhones at reasonable prices with attractive bundle plans in Cambodia.

Smart remained firm in its efforts to provide affordable mobile tariffs and offerings to its subscribers. In 2015, it introduced Power+, Flexi 1000 and the upgraded Super 60 plan. These plans come as an addition to highly affordable products and promotions such as the Smart Xchange program and unlimited social network packages. The Company continued to provide exciting VoIP packages for international calls as well as a vast array of Value Added Services (VAS) such as Smart Loan, iCall uPay, Smart Tunes and Smart Box.

Launched in 2015, Smart's mobile money service SmartLuy offers a wide range of payment and money transfer services. Through its partnership with Bima, the Company also offers life micro insurance to customers and has grown to become the largest provider of life insurance in Cambodia.



## Financial Performance

Smart recorded stellar performance in 2015 with double-digit Year on Year (YoY) growth in revenue, Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Profit After Tax (PAT). Growth in revenue was mainly driven by data revenue expansions with advanced data featuring data, Value Added Services (VAS) and SMS contributing more than 42% to total revenue.

Despite the competitive environment of a crowded telecommunications market in Cambodia which is still seeing the entry of new players, Smart continued with its outstanding performance, recording 30% YoY growth in overall revenue. Its sustained focus on cost management and CAPEX efficiency has enabled the Company to achieve a 52% and 74% YoY increase in EBITDA and PAT respectively.

### Outlook for 2016

Moving into 2016, Smart expects to see a continuous increase in data subscribers and data revenues as well as growth of its VAS revenue stream.

Given continuous expansion of network coverage, overall brand popularity and its innovation drive including increased market penetration of 4G LTE and the introduction of its own music streaming service as well as affordable smartphone bundle plans, Smart remains cautiously optimistic that it will further strengthen its market position in 2016.

Despite several uncertainty factors related to the economic outlook in Cambodia, the regulatory environment and a continuously competitive market, Smart expects to grow the company's revenues and profits further in 2016.



- **6<sup>th</sup> largest mobile operator globally in terms of subscriber base, with close to 172 million subscribers<sup>1</sup>**

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- **Highest Net Additions of over 29.7 million subscribers (VLR) YoY**

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- **Leader in Mobile Number Portability (MNP) with > 17 million net adds**

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- **CAGR of 17.1% in revenue, almost double that of the industry**

<sup>1</sup> Source : GSMA Intelligence Report

### About Idea

Idea, an Aditya Birla Group company, is a publicly listed company, listed on the Bombay Stock Exchange and National Stock Exchange.

Idea is one of the top three mobile operators in India, with an annual revenue in excess of USD5 billion and a revenue market share of 18.5% for end of September 2015. With close to 172 million subscribers, Idea ranks sixth in the global rankings of operators in subscriber terms, for a single country operation.

Idea offers pan-India 2G and 3G services and has now rolled out high-speed 4G LTE services in eight telecom circles. It has its own National Long Distance (NLD), International Long Distance (ILD) and Internet Service Provider (ISP) operations. In select markets, Idea offers Mobile

Banking Services through a Bank-led model, under the name 'Idea Money', and has recently entered into a joint venture with Aditya Birla Nuvo to set up its own payment bank.

Idea's robust network coverage is available in over 376,000 towns and villages through a network of 170,060 2G, 3G and 4G cell sites. Using the latest technology, Idea provides world-class service delivery through the most extensive network of service centres, including over 7,446 exclusive Idea stores.

Idea's strong growth in the Indian telephony market is supported by its high penetration in non-urban and rural markets.

### Business Review 2015

2015 was a milestone year for Idea as it closed the year by recording close to 172 million to its subscriber database, catapulting it to becoming the sixth largest mobile operator in the world<sup>1</sup>. Idea's large subscriber base presents huge opportunities to upgrade pure voice customers to wireless data services in the future.

As one of India's top three mobile operators, Idea continues to build on its growth momentum, achieving over 1 percentage point growth in both Revenue Market Share (RMS) and Visitor Location Registration (VLR) on a Year on Year (YoY) basis. Idea has stayed ahead of the curve, recording a Compound Annual Growth Rate (CAGR) of 17.1%, almost double that of the combined CAGR of the industry, for over four years. In FY15, the Company recorded a YoY revenue growth of 19.1%. The Company also added 29.7 million subscribers YoY - the highest net addition on VLR in the industry. In line with the growing demand for mobile Internet, Idea's mobile data volume has grown by 86% YoY. Idea's data revenue is now over 20% of service revenue as at the third quarter of 2015 compared to 16% in the third quarter of 2014.

## BUSINESS REVIEW

Throughout the year, Idea aggressively invested in securing existing spectrum in the 900 MHz band ensuring continuity of services in nine service areas where licenses were due to expire in December 2015/April 2016. It also purchased new spectrum in the 1800 MHz band to roll out its 4G LTE services in two markets, in addition to eight major markets acquired during the February 2014 auction.

In 2015, Idea launched 3G services in two cities, Delhi and Kolkata, and expanded its 3G footprint to 13 service areas. Beginning 23 December 2015, Idea started rolling out 4G services in the country from four circles in the south, namely Tamil Nadu and Chennai, Kerala, Karnataka, and Andhra Pradesh and Telangana.

Idea has consistently maintained its leadership in Mobile Number Portability (MNP) over the last four years. As of 31 December 2015, the Company has recorded a net MNP gain of 17.1 million customers.

To cater to the increasing growth of its subscriber base and to prepare for the next phase of growth based on mobile data services, Idea substantially increased its network capacity in 2015. Throughout the year, the Company integrated 12,584 additional 2G sites; expanding its footprint to 122,515 sites covering 7,554 towns and 3,76,122 rural villages. During the same period, it expanded its 3G footprint by adding 17,988 3G sites, bringing its overall 3G sites count to 45,732 and launched its 4G network by adding 1,813 4G sites.

Idea has been consistently investing in optical fibre cable transmission networks to tap the future potential wireless broadband needs of its growing customer base. Idea's optical fibre cable has now expanded to over 105,600 kilometres Optical Fibre Cable (OFC), a growth of over 12,200 kilometres in 2015.

### Financial Performance

For the year ended 2015, Idea reported an all-round strong performance in terms of Year To Date (YTD) revenue, Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) and Profit After Tax (PAT) growth of 14.5%, 21.5% and 11.2% respectively. YTD Idea has contributed RM368.8 million to Group Profits After Tax and Minority Interests (PATAMI), an increase of 51.6% over 2014.

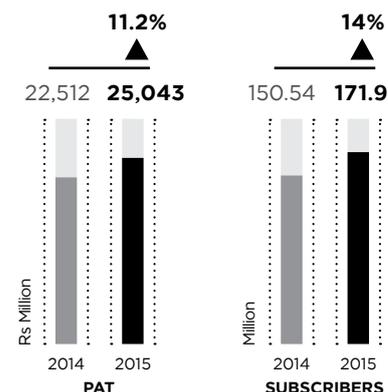
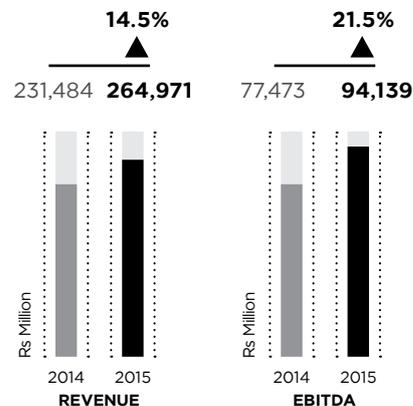
### Outlook for 2016

Having a track record of being the fastest growing telecom service provider in India for the last eight years, Idea has built its business capacities to be able to meet the multiple challenges of India's telecommunications industry.

Idea's growing consumer demand and brand affinity, coupled with its accelerated wireless infrastructure expansion and strong cash flows presents the company with a solid foundation for it to remain on course to produce consistent, competitive, responsible and profitable growth.

Moving into 2016, its focus will remain on strengthening its market standing in both the Mobile Voice and Data Market. The phased roll out of 4G services which began in December 2015 is expected to be completed by June 2016. Upon its completion, Idea will cover 750 towns and villages in 10 service areas with high speed 4G LTE services.

The Company will also expand its Value Added Services offerings, and plans to introduce its own range of content services across various categories like entertainment, information, communication, utilities and API services.





- **Launched mobile Point of Sale solution M1 mPOS**

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- **Launched M1 Data Passport service**

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- **Launched Singapore's first best value SIM-only plans mySIM**

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- **Singapore's first 2Gbps to 10Gbps GPON services, M1 XGPON**

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- **Launched Singapore's best value prepaid top up, Super Data**

## About M1

M1 is Singapore's most vibrant and dynamic communications company, providing mobile and fixed services to more than 2 million customers. Since the launch of commercial services in 1997, M1 achieved many firsts, including the first operator to offer nationwide 4G service, as well as ultra-high-speed fixed broadband, fixed voice and other services on the Next Generation Nationwide Broadband Network (NGNBN). With a continual focus on network quality, customer service, value and innovation, M1's mission is to link anyone and anything; anytime, anywhere.

The Company holds Facilities-Based Operator and Services-Based Operator licences issued by the Infocomm Development Authority of Singapore (IDA), for the provision of telecommunication systems and services. M1 also has a Telecommunication Dealer's Class Licence for the import and sale of

telecommunication equipment, as well as licences issued by the Media Development Authority of Singapore for the provision of Internet content.

M1 operates nationwide 4G/LTE Advanced, 3G/HSPA and 2G mobile networks, capable of download speeds of up to 300Mbps and upload speeds of up to 150Mbps. Through these networks, it provides customers with a wide range of data, voice and value-added postpaid and prepaid mobile services. To cater to its customers' varied needs, M1 offers service plans with a choice of data and voice bundles that customers can take up with or without a device.

M1 makes available to its mobile and fixed-line customers International Direct Dial (IDD), as well as an International Calling Card service. M1 also trades wholesale voice minutes with other international and local service providers, and provides dark fibre services to carriers and data centres. Since September 2010, M1 has been offering residential customers a range of fibre broadband services with speeds of up to 1Gbps, including fixed voice and other value-added services. The Company offers an extensive suite of mobile and fixed services to the corporate segment.

## Business Review 2015

The mobile segment remains the main contributor to M1's overall revenue. In 2015, its postpaid mobile segment, comprising 62.0% of mobile customer base, contributed 88.5% to mobile telecommunications revenue. During the year, M1 added 46,000 postpaid customers growing its postpaid base to 1.195 million, representing a market share of 24.6%.

Driven by faster networks and devices, mobile data usage grew to an average data usage per smartphone customer of 3.3GB per month in the fourth quarter of 2015, up from 3.0GB per month a year ago. As of end 2015, 74% of postpaid customers had migrated to tiered data plans, compared to 68% a year ago.

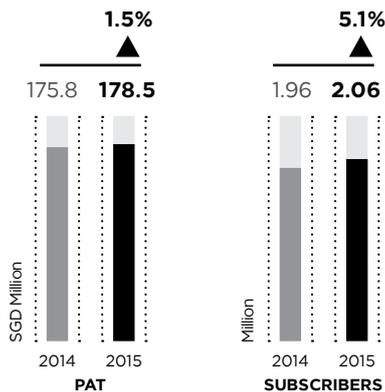
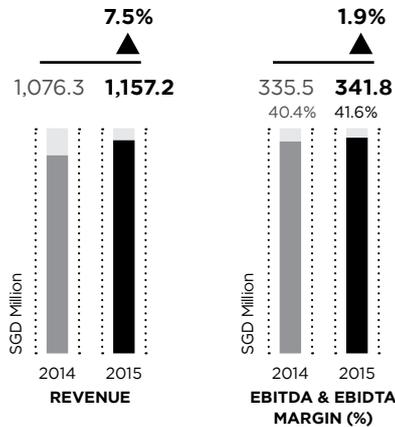
Throughout 2015, M1 continued to enhance and expand its products and services. It partnered with the Maritime and Port Authority of Singapore on Singapore's first Corporate Data Pooling Plans, offering corporate customers shared mobile data bundles of up to 100GB. It also introduced new postpaid bundles, mySIM, to provide better value for customers. The Company launched the M1 Data Passport service, enabling customers to use local data bundles overseas and by end 2015, had expanded to 29 destinations worldwide. Additionally, it also launched an unlimited in-flight data roaming service for customers to enjoy continuous connectivity when travelling.

M1 grew its prepaid mobile customer base by 30,000 to 733,000 in 2015. The growth was driven by various marketing campaigns, promotions and new offerings. Prepaid customers were able to use existing local bundles in Malaysia and Singapore through data roaming on M1's partner networks. It also launched Super Data, Singapore's best-value prepaid top up to cater to customers' increased mobile data usage.

Fibre services continued to gain traction with customers in 2015. Efforts to drive take up of fibre broadband resulted in M1 adding 25,000 new customers, increasing its fibre customer base to 128,000. In April 2015, the Company was appointed by the IDA as its Home Access programme partner to deliver high speed fibre broadband Internet access to low-income households.

M1 continued to drive growth within the corporate segment with its range of connectivity solutions. This included Singapore's first 2Gbps to 10Gbps GPON fibre services and an expanded suite of cloud-based managed services. In 2015, the Company was appointed by the owners of Singapore's NGNBN, NetLink Trust, to install fibre optic connectivity for M1's corporate customers, further streamlining M1's fibrerisation process and enhancing its ability for better service delivery.

## BUSINESS REVIEW



M1 continued to focus on customer service excellence throughout 2015. It upgraded its customer care system, which resulted in improvements in M1 retail outlets operational efficiency and services by up to 35%. Its efforts in service excellence were recognised at the Singapore Productivity Awards 2015 with the Award of Excellence in IT sector. It also received recognitions from the second annual Frost & Sullivan Customer Experience study for Excellence in areas of Customer Experience (Overall Telecommunication Services), Customer Experience (In-Store Channel), Customer Experience (Contact Centre Experience) and Customer Experience (Mobile). The Company's employees' positive engagement with customers were acknowledged at the 2015 Excellent Service Awards with 4 Stars, 27 Gold, and 68 Silver awards.

For the fourth consecutive year, M1's Changi Airport Terminal 3 retail outlet also received the Changi Airport Group's Outstanding Outlet Award.

The Company continues to invest in upgrading and modernising its networks and technology to enable customers to enjoy the latest next-generation products and services. In 2015, IDA's network survey identified M1 as delivering the best 4G experience.

### Financial Performance

In 2015, M1's operating revenue increased 7.5% Year on Year (YoY) to S\$1,157.2 million fuelled by higher handset sales. Service revenue decreased 1.1% to S\$822.3 million, due to lower international call services revenue. Mobile data revenue continued to grow, increasing 10.7 percentage points YoY to 46.3% of service revenue for 2015. Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) increased 1.9% YoY to S\$341.8 million, with EBITDA margin on service revenue increasing 1.2 percentage points to 41.6%. Net profit after tax increased 1.5% YoY to S\$178.5 million while free cash flow increased 13.4% to S\$105.7 million and net debt-to-EBITDA remained healthy at 1.0 time.

### Outlook for 2016

Amidst sluggish global economic growth due to moderated growth in China, low oil prices and higher interest rates, new opportunities exist in the digital economy. Throughout the years, M1 has laid the groundwork in its people, technology, networks and financial strength, and will leverage on these to tap into new opportunities.

The Company will continue developing its data analytics to provide products and services which incorporate embedded sensors and connectivity, as well as leverage on its M2M Connect Platform to deliver smart solutions for customers.

Mobile data and fixed services will continue to be key drivers of growth in 2016, and M1 will continually invest in upgrading its

mobile and fixed networks to enhance usage experience and grow its portfolio of innovative products and services.

In fixed services, M1 is establishing itself by securing new customers in the government and corporate sectors with its extensive ultra-high speed connectivity solutions, as well as cloud-based data centre and managed services.

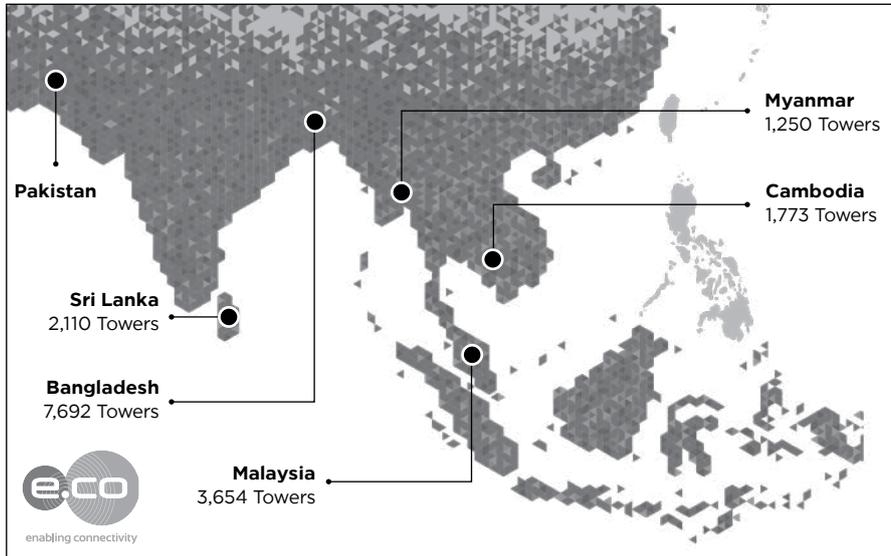


### About Multinet

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 businesses. 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/infrastructure company in Pakistan.

For the financial year ended 31 December 2015, the company recorded a revenue of PKR7.0 billion and Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of PKR0.8 billion.

# edotco GROUP



## About edotco

Established in 2012, edotco Group Sdn. Bhd. (edotco) is the first regional and integrated telecommunications infrastructure services company in Asia, providing end-to-end solutions in the tower services sector from tower leasing, co-locations, build-to-suit, energy, transmission and operations and maintenance (O&M).

With a regional portfolio that includes over 16,000 towers across edotco's core markets of Malaysia, Sri Lanka, Bangladesh, Cambodia, Pakistan and Myanmar, edotco strives to deliver outstanding performance in telecommunications infrastructure services and solutions. edotco's value added services are supported by state-of-the-art real time monitoring service, echo, which has improved field operations while maximizing operational efficiencies in terms of battery, energy and fuel consumption for telecoms infrastructure.

Through its operations in developing Asian economies, edotco has established a strong track record in nation building. edotco has progressively invested in industry best practices, providing a broad portfolio of infrastructure solutions and offering value added services to enhance efficiencies and connectivity for communities. edotco is committed to conducting its business in a responsible and sustainable manner for the benefit of its customers, employees, communities and developing nations.

## Outlook for 2016

edotco is a fast growing telecommunications infrastructure company that aims to be a leader in the market. A key component of edotco's diversified culture is putting its values into action, understanding that business conduct is critical to the continued success and sustainability of the Company.

edotco is well positioned to capitalise on growth opportunities in the industry. In 2016, the company strives to enhance its focus on the key strategic areas of customer centricity, commercial management, operational excellence, sustainable development, building a high performance organization and owning a best-in-class portfolio to drive business performance and deliver results for customers.

While the company focuses on business growth and profit, equal focus is given to innovative sustainable energy and tower designs where a total cost of ownership (TCO) approach is taken. edotco takes a holistic approach to energy design, material use, sourcing, footprint size and tonnage to create the right solution in the right area. This is instrumental to ensure edotco proactively reduces its carbon footprint, making a positive impact on the communities and environment for a sustainable future.

## KEY MILESTONES 2015

- 
**February**
  - Launched Active O&M Services in Bangladesh
- 
**April**
  - Launched energy solutions
- 
**June**
  - Crossed 14,000 towers across its countries of operation
- 
**October**
  - New product launch - BTS Hotel, in Malaysia. BTS Hotel is an aggregation of fixed wireless traffic resources into a single location to provide connectivity at space constrained locations
  - Achieved over 20,000 tenancies
  - Successfully established 5,000 echo sites across borders
- 
**November**
  - Achieved 15,000 towers across its countries of operation
  - Improved service uptime to 99.89%
- 
**December**
  - Successfully acquired Myanmar Tower Company (MTC)
  - Manages a portfolio of over 16,000 towers across 6 countries

# AXIATA DIGITAL

Axiata Digital's mission is to enhance the Group's core business revenue by creating new sources of value and contributing to the long term upside creation through partnership and acquisitions in the digital ecosystem.

Through Axiata Digital, we have expanded our portfolio of services to cater to online customers on smartphones, tablets and fixed Internet, capturing increased share of customer wallet and reach beyond Axiata's traditional mobile services of its 275 million mobile subscriber base.

Axiata Digital is in a unique position to leverage on the Group's strength as a leading regional telecommunications operator, by building on existing customer relationships within our seven mobile markets. It is also able to capitalise on the physical presence of Axiata stores in most of our markets of operation, making it more than a Virtual RAN, with customers having a physical point of contact, contributing towards its credibility in the market.

As the Group enter into its third phase of growth which focuses on being a New Generation Telco, Axiata Digital plays a key contributing role in the following areas:

- Providing revenue uplift from Digital and OTT adjacencies to increase customer engagement within the core mobile business
- Supplementing the core with value creation opportunities by unlocking assets within the core
- Transforming the core to an OTT/Internet of Things (IoT) ready business
- Building and expanding digital skills, mindset and capabilities across Axiata

As at end 2015, Axiata Digital has focused investments in five key business verticals namely Digital Advertising, eCommerce/Marketplaces, Mobile Money, Digital Entertainment and Education, Disruptor Models and OTT Enablement Platforms.

By the end of 2015, it has 24 digital businesses, generating revenues and contributing to the Group.

As at end 2015, there were 15 million customers using Axiata Digital products or services, of which 30% are new customers to Axiata. Two of its e-commerce businesses, Elevenia and 11Street, generated a Gross Merchandise Value (GMV) of USD126.6 million for 2015.

Since its inception, Axiata Digital has grown in strength into the thriving digital business entity it is today with almost a thousand employees across all our markets.

## Enabling and Investing in the Digital Ecosystem

As Axiata Digital continues to expand its digital business, it is also driving the growth of a robust and innovative digital ecosystem through its enablement platforms. In 2015, we launched our own Group-wide Application Programme Interface API Platform - Mobile Internet Fulfilment Exchange (MIFE), as a digital enabler designed to accelerate Axiata's Operating Companies (OpCos) fully leveraging on emerging digital opportunities as part of its overall digital strategy.

MIFE is positioned as both an external and internal smart enablement platform and is set up as a service for our OpCos. With core network services exposed via simple-to-use web-centric APIs, OpCos can also leverage the MIFE APIs for internal products, local partnerships and collaboration with other Mobile Network Operators (MNOs). The use of MIFE by Dialog Axiata PLC for Ideamart resulted it being awarded Best Technology Enabler at the GSMA Awards in 2015. By the end of the year, Dialog, XL, Robi and Celcom are all fully integrated within the MIFE platform.

In 2015, the RM100 million Axiata Digital Innovation Fund (ADIF), the largest digital services corporate venture capital fund in Malaysia, announced the first batch of IT investments. Six Malaysian-owned technology companies received funds of RM12 million which will be used to expand their business and product reach into the regional digital services marketplace.

## In 2015, the Group made six strategic equity investments in digital services covering digital commerce and activation, digital advertising and digital entertainment.





# FINANCIAL STATEMENTS

# 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 so as to exhibit a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows 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 keep accounting records which disclose with reasonable accuracy the financial position of the Group and the 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, whether due to fraud or error.

# 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 2015.

## PRINCIPAL ACTIVITIES

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

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

The principal activities of the subsidiaries are set out in Note 39 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:

	<b>Group</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit for the financial year attributable to:		
- owners of the Company	2,554,220	3,070,921
- non-controlling interests	81,848	-
	<b>2,636,068</b>	<b>3,070,921</b>

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 RM8,582.0 million comprising 8,582.0 million ordinary shares of RM1 each to RM8,816.9 million. The increase in issued and paid-up capital of the Company was in line with the exercise of options and vesting of restricted share awards ("RSA") granted under the Performance-Based Employee Share Option Scheme ("ESOS") and Restricted Share Plan ("RSP") ["Axiata Share Scheme"] by the employees of the Company and its subsidiaries as disclosed in Note 14(a) to the financial statements and implementation of Dividend Reinvestment Scheme as disclosed in Note 13(a) to the financial statements.

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

## DIVIDENDS

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

	<b>Tax exempt dividend under single tier system</b>		
	<b>Type</b>	<b>Per ordinary share of RM1 each</b>	<b>Total</b>
		<b>Sen</b>	<b>RM'000</b>
<b>In respect of financial year ended 31 December:</b>			
- 2014	Final	14	1,205,001
- 2015	Interim	8	696,485
		<b>22</b>	<b>1,901,486</b>

## DIRECTORS' REPORT

The Dividend Reinvestment Scheme (“DRS”) as stated in Note 13(a) to the financial statements was made applicable to the dividends declared during the financial year whereby shareholders was given the option to reinvest the whole or part of the dividend into new ordinary shares of the Company.

The Board of Directors has recommended a final tax exempt dividend under the single tier system of 12 sen per ordinary share of RM1 each of the Company in respect of financial year ended 31 December 2015 amounting to a total of RM1,058.0 million, based on the issued and paid-up capital of the Company as at 31 December 2015. The proposed dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting (“AGM”).

The Board of Directors also determined that the Company’s DRS will apply to the proposed final dividend. This will be subject to the approval of shareholders at the forthcoming AGM for the renewal of the authority for the Directors of the Company to allot and issue the new ordinary shares pursuant to the DRS and the approval of Bursa Securities Berhad.

### RESERVES AND PROVISIONS

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

### AXIATA SHARE SCHEME

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

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

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

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

### DIRECTORS

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

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

Appointed on 25 February 2015

In accordance with Article 93 of the Company’s Article of Association, Dato’ Sri Jamaludin Ibrahim, Juan Villalonga Navarro and Bella Ann Almeida are scheduled to retire at the Twenty-fourth (24<sup>th</sup>) AGM. A retiring Director shall be eligible for re-election and shall retain office until the close of the meeting at which he/she retires.

In accordance with Section 129 of the Companies Act, 1965, Tan Sri Ghazzali Sheikh Abdul Khalid and Datuk Azzat Kamaludin who both have reached seventy (70) years old will have to be re-appointed as Directors of the Company at the Twenty-fourth (24<sup>th</sup>) AGM.

## 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 and/or options over shares in the Company are as follows:

	Number of ordinary shares of RM1 each of the Company			
	As at 1.1.2015	Additions*	Disposed	As at 31.12.2015
<b>Indirect interest</b>				
Dato' Sri Jamaludin Ibrahim	450,000	2,039,391	-	2,489,391 <sup>1</sup>

<sup>1</sup> A total of 1,325,960 and 1,163,431 ordinary shares of the Company held under CIMSEC Nominees (Tempatan) Sdn Bhd and CIMSEC Nominees (Tempatan) Sdn Bhd for CIMB Commerce Trustee Berhad respectively.

\* Additions during the financial year arising from:

- Vesting of RSP Grant amounting to 827,700 shares
- Allotment of 29,419 shares pursuant to DRS on final dividend for the financial year ended 31 December 2014.
- Exercise of Performance-Based ESOS of 1,146,900.
- Allotment of 35,372 shares pursuant to DRS on interim dividend for the financial year ended 31 December 2015.

	Number of options/shares over ordinary shares of RM1 each of the Company				
	As at 1.1.2015	Granted	Adjusted	Exercised/ Vested	As at 31.12.2015
Dato' Sri Jamaludin Ibrahim <sup>2</sup>					
- ESOS <sup>3</sup>	4,301,700	-	-	(1,146,900)	3,154,800
- RSA <sup>4</sup>	924,900	281,500	489,200	(827,700)	867,900

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

Further to the above, the shareholders of the Company had at the Nineteen (19<sup>th</sup>) AGM held on 1 June 2011, approved the grant of entitlement, allotment and issuance of the remaining 1,198,300 new Axiata Shares to Dato' Sri Jamaludin Ibrahim, under the new Axiata Share Scheme as approved at the said EGM.

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

<sup>3</sup> 3,154,800 (2014: 4,301,700) options of Axiata Shares pursuant to Performance-Based ESOS.

<sup>4</sup> The number of RSP shares that may vest is 867,900 provided that the performance targets for vesting are met. If not met, the amount could be nil or a portion of the amount. However, if the super stretched individual performance targets and the Group meeting superior company performance targets at the point of vesting are met, up to 4,645,600 Axiata Shares may be vested to Dato' Sri Jamaludin Ibrahim.

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' REPORT

### DIRECTORS' BENEFITS

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

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

### STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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.

### SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 47 to the financial statements.

**EVENTS AFTER THE REPORTING PERIOD**

The events after the reporting period are disclosed in Note 46 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 16 February 2016.



**TAN SRI DATO' AZMAN HJ. MOKHTAR**  
DIRECTOR



**DATO' SRI JAMALUDIN IBRAHIM**  
DIRECTOR

Kuala Lumpur  
16 February 2016

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
Operating revenue	6	<b>19,883,460</b>	18,711,777	<b>1,149,548</b>	2,994,547
Operating costs					
- depreciation, impairment and amortisation	7(a)	<b>(4,198,547)</b>	(3,639,474)	<b>(7,049)</b>	(5,050)
- foreign exchange gains/(losses)		<b>252,791</b>	(76,317)	<b>2,071,791</b>	551,119
- domestic interconnect and international outpayment		<b>(2,158,415)</b>	(2,285,560)	-	-
- marketing, advertising and promotion		<b>(1,471,792)</b>	(1,448,773)	<b>(8,147)</b>	(30,513)
- other operating costs	7(b)	<b>(7,649,816)</b>	(6,656,151)	<b>(73,940)</b>	(85,731)
- staff costs	7(c)	<b>(1,319,383)</b>	(1,322,718)	<b>(93,621)</b>	(111,212)
- other gains/(losses) - net	8	<b>98,083</b>	(41,753)	-	(5,765)
Other operating income - net	9	<b>666,257</b>	252,657	<b>1,828</b>	138,624
Operating profit before finance cost		<b>4,102,638</b>	3,493,688	<b>3,040,410</b>	3,446,019
Finance income	10	<b>173,421</b>	197,994	<b>55,833</b>	76,731
Finance cost excluding net foreign exchange losses on financing activities		<b>(831,138)</b>	(746,459)	<b>(24,819)</b>	(53,538)
Net foreign exchange losses on financing activities		<b>(547,342)</b>	(137,560)	-	-
	10	<b>(1,378,480)</b>	(884,019)	<b>(24,819)</b>	(53,538)
Joint ventures					
- share of results (net of tax)	27	<b>(38,587)</b>	(24,992)	-	-
Associates					
- share of results (net of tax)		<b>489,506</b>	407,213	-	-
- loss on dilution of equity interests	5(a),(b)	<b>(17,356)</b>	(43,284)	-	-
Profit before taxation		<b>3,331,142</b>	3,146,600	<b>3,071,424</b>	3,469,212
Taxation and zakat	11	<b>(695,074)</b>	(778,079)	<b>(503)</b>	(3,261)
Profit for the financial year		<b>2,636,068</b>	2,368,521	<b>3,070,921</b>	3,465,951

	Note	Group		Company	
		2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
- actuarial gains/(losses) on defined benefits plan, net of tax		<b>13,906</b>	(12,347)	-	-
Items that may be reclassified subsequently to profit or loss:					
- currency translation differences		<b>1,622,510</b>	455,472	-	-
- net cash flow hedge		<b>936</b>	(986)	-	-
- net investment hedge		<b>(125,254)</b>	21,588	-	-
- other reserve		<b>(172,753)</b>	-	-	-
- available-for-sale ("AFS") reserve		<b>3,367</b>	-	-	-
Other comprehensive income for the financial year, net of tax		<b>1,342,712</b>	463,727	-	-
Total comprehensive income for the financial year		<b>3,978,780</b>	2,832,248	<b>3,070,921</b>	3,465,951
Profit for the financial year attributable to:					
- owners of the Company		<b>2,554,220</b>	2,364,976	<b>3,070,921</b>	3,465,951
- non-controlling interests ("NCI")		<b>81,848</b>	3,545	-	-
		<b>2,636,068</b>	2,368,521	<b>3,070,921</b>	3,465,951
Total comprehensive income for the financial year attributable to:					
- owners of the Company		<b>3,667,507</b>	2,740,914	<b>3,070,921</b>	3,465,951
- non-controlling interests		<b>311,273</b>	91,334	-	-
		<b>3,978,780</b>	2,832,248	<b>3,070,921</b>	3,465,951
Earnings per share (sen)					
- basic	12(a)	<b>29.5</b>	27.6	-	-
- diluted	12(b)	<b>29.3</b>	27.4	-	-

The above Statements of Comprehensive Income are to be read in conjunction with the notes to the financial statements on pages 126 to 244.

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>					
Share capital	13	<b>8,816,858</b>	8,582,017	<b>8,816,858</b>	8,582,017
Share premium		<b>3,485,891</b>	2,398,794	<b>3,485,891</b>	2,398,794
Reserves	15	<b>11,222,520</b>	9,780,038	<b>7,853,030</b>	6,729,994
Total equity attributable to owners of the Company		<b>23,525,269</b>	20,760,849	<b>20,155,779</b>	17,710,805
Non-controlling interests		<b>2,199,075</b>	1,821,483	-	-
Total equity		<b>25,724,344</b>	22,582,332	<b>20,155,779</b>	17,710,805
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	16	<b>14,044,656</b>	11,944,694	-	-
Derivative financial instruments	19	<b>743</b>	22,676	-	-
Deferred income	20	<b>223,414</b>	254,304	-	-
Other payables	21	<b>1,408,497</b>	1,793,891	<b>1,513</b>	-
Provision for liabilities	22	<b>417,574</b>	295,005	-	-
Deferred tax liabilities	23	<b>1,809,316</b>	1,654,298	-	-
Total non-current liabilities		<b>17,904,200</b>	15,964,868	<b>1,513</b>	-
		<b>43,628,544</b>	38,547,200	<b>20,157,292</b>	17,710,805
<b>NON-CURRENT ASSETS</b>					
Intangible assets	24	<b>14,206,485</b>	12,977,621	-	-
Property, plant and equipment	25	<b>23,133,644</b>	19,750,328	<b>22,089</b>	17,117
Subsidiaries	26	-	-	<b>18,637,633</b>	16,597,391
Joint ventures	27	<b>102,974</b>	52,977	-	-
Associates	28	<b>8,208,486</b>	7,504,007	-	-
Available-for-sale financial assets		<b>31,286</b>	1,118	-	-
Derivative financial instruments	19	<b>229,231</b>	133,910	-	-
Long term receivables	29	<b>101,203</b>	94,638	<b>2,000</b>	-
Amounts due from subsidiaries	31	-	-	<b>2,233,856</b>	1,801,367
Deferred tax assets	23	<b>248,156</b>	275,225	-	-
Total non-current assets		<b>46,261,465</b>	40,789,824	<b>20,895,578</b>	18,415,875

	Note	Group		Company	
		2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
<b>CURRENT ASSETS</b>					
Inventories	30	155,125	79,533	-	-
Amounts due from subsidiaries	31	-	-	394,153	357,610
Trade and other receivables	32	3,954,716	3,062,390	8,769	7,875
Derivative financial instruments	19	113,251	33,855	-	-
Financial assets at fair value through profit or loss		28	14	-	-
Tax recoverable		122,994	25,007	-	-
Deposits, cash and bank balances	33	5,510,692	5,115,570	321,314	172,563
		<b>9,856,806</b>	8,316,369	<b>724,236</b>	538,048
<b>LESS: CURRENT LIABILITIES</b>					
Trade and other payables	21	9,642,781	8,374,621	66,173	80,646
Borrowings	16	2,347,730	1,948,641	-	-
Derivative financial instruments	19	173,112	3,551	-	-
Amounts due to subsidiaries	31	-	-	1,396,349	1,162,472
Current tax liabilities		326,104	232,180	-	-
Total current liabilities		<b>12,489,727</b>	10,558,993	<b>1,462,522</b>	1,243,118
Net current liabilities		<b>(2,632,921)</b>	(2,242,624)	<b>(738,286)</b>	(705,070)
		<b>43,628,544</b>	38,547,200	<b>20,157,292</b>	17,710,805

The above Statements of Financial Position are to be read in conjunction with the notes to the financial statements on pages 126 to 244.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Note	Attributable to owners of the Company										Total equity RM'000			
	Share capital <sup>1</sup> RM'000	Share premium RM'000	Currency translation differences RM'000	Capital contribution RM'000	Merger RM'000	Hedging RM'000	Reserves - ESOS <sup>2</sup> & RSA <sup>3</sup> RM'000	Actuarial RM'000	Other RM'000	AFS RM'000		Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000
At 1 January 2015 (as previously stated)	8,582,017	2,398,794	(466,476)	16,598	346,774	(131,518)	176,628	(9,954)	-	-	9,831,649	20,744,532	1,813,255	22,557,787
Restatement adjustments	44	-	282	-	-	-	-	-	-	-	16,035	16,317	8,228	24,545
At 1 January 2015 (as restated)	8,582,017	2,398,794	(466,194)	16,598	346,774	(131,518)	176,628	(9,954)	-	-	9,847,684	20,760,849	1,821,483	22,582,332
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	2,554,220	2,554,220	81,848	2,636,068
Other comprehensive income ("OCI"):														
- Currency translation differences arising during the financial year:														
- subsidiaries	-	-	1,015,655	-	-	-	-	-	-	-	-	1,015,655	225,205	1,240,860
- joint ventures	-	-	3,598	-	-	-	-	-	-	-	-	3,598	-	3,598
- associates	-	-	378,052	-	-	-	-	-	-	-	-	378,052	-	378,052
- Net investment hedge	19(e)	-	1,397,305	-	-	-	-	-	-	-	-	1,397,305	225,205	1,622,510
- Net cash flow hedge	19(f)	-	-	-	-	(125,254)	-	-	-	-	-	(125,254)	-	(125,254)
- Actuarial gain, net of tax	-	-	-	-	780	-	-	-	-	-	780	780	156	936
- Put option liability	-	-	-	-	-	-	9,842	-	-	-	9,842	9,842	4,064	13,906
- Revaluation of AFS	-	-	-	-	-	-	-	(172,753)	-	-	-	(172,753)	-	(172,753)
Total OCI for the financial year	-	-	1,397,305	-	-	(124,474)	9,842	(172,753)	-	-	3,367	3,367	-	3,367
Transactions with owners:														
- Issuance of new ordinary shares	11,025	31,753	-	-	-	-	-	-	-	-	-	42,778	-	42,778
- Share issue expenses	-	(81)	-	-	-	-	-	-	-	-	-	(81)	-	(81)
- Additional investment in a subsidiary	-	-	-	-	-	-	-	-	-	-	(281,053)	(281,053)	(86,297)	(379,350)
- Dilution of equity interests in subsidiaries	5(a)	-	-	-	-	-	-	-	-	-	3,913	3,913	21,804	25,717
- Investment in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	154,725	154,725
- Dividends paid to shareholders via:														
- Dividend Reinvestment Scheme	43	203,455	975,879	-	-	-	-	-	-	-	(1,179,334)	-	-	-
- Cash settlement	43	-	-	-	-	-	-	-	-	-	(722,152)	(722,152)	-	(722,152)
- Axiata Share Scheme:														
- value of employees' services	14(a)	-	-	-	-	-	53,508	-	-	-	-	53,508	-	53,508
- transferred from ESOS and RSA reserve upon exercise/vest	-	20,361	79,546	-	-	-	(99,907)	-	-	-	-	-	-	-
- Dividends paid to NCI	-	234,841	1,087,097	-	-	-	(46,399)	-	-	-	-	-	(11,913)	(11,913)
Total transactions with owners		8,816,858	3,485,891	931,111	16,598	346,774	(255,992)	(92)	(172,753)	3,367	10,223,278	23,525,269	2,196,075	25,724,344
At 31 December 2015		8,816,858	3,485,891	931,111	16,598	346,774	(255,992)	(92)	(172,753)	3,367	10,223,278	23,525,269	2,196,075	25,724,344

\* Issued and fully paid-up ordinary shares of RM1 each; <sup>1</sup>Employees Share Option Scheme ("ESOS"); <sup>2</sup>Restricted Share Awards ("RSA")

Note	Attributable to owners of the Company										Non-controlling interests RM'000	Total equity RM'000
	Share capital* RM'000	Share premium RM'000	Currency translation differences RM'000	Capital contribution reserve RM'000	Merger reserve RM'000	Hedging reserve RM'000	ESOS* and RSA* reserve RM'000	Actuarial reserve RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2014	8,540,663	2,223,076	(830,517)	16,598	346,774	(152,277)	155,298	(790)	9,322,760	19,621,585	1,757,486	21,379,071
Profit for the financial year	-	-	-	-	-	-	-	-	2,364,976	2,364,976	3,545	2,368,521
Other comprehensive income:												
- Currency translation differences arising during the financial year:												
- subsidiaries	-	-	361,494	-	-	-	-	-	-	361,494	91,149	452,643
- associates	-	-	2,829	-	-	-	-	-	-	2,829	-	2,829
- Net investment hedge	-	-	364,323	-	-	-	-	-	-	364,323	91,149	455,472
- Net cash flow hedge	-	-	-	-	21,588	-	-	-	-	21,588	-	21,588
- Actuarial gain, net of tax	-	-	-	-	(829)	-	-	(9,144)	-	(829)	(157)	(986)
- Actuarial gain, net of tax	-	-	-	-	-	-	-	(9,144)	-	(9,144)	(3,203)	(12,347)
Total comprehensive income for the financial year	-	-	364,323	-	20,759	-	-	(9,144)	2,364,976	2,740,914	91,334	2,832,248
Transactions with owners:												
- Issuance of new ordinary shares	32,654	114,229	-	-	-	-	-	-	-	146,883	-	146,883
- Share issue expenses	-	(91)	-	-	-	-	-	-	-	(91)	-	(91)
- Dilution of equity interests in subsidiaries	-	-	-	-	-	-	-	-	27,297	27,297	38,298	65,595
- Investment in a subsidiary	-	-	-	-	-	-	-	-	-	-	1,992	1,992
- Share buy-back of a subsidiary	-	-	-	-	-	-	-	-	(152,806)	(152,806)	(186,930)	(339,736)
- Axiata Share Scheme:												
- value of employees' services	-	-	-	-	-	-	91,610	-	-	91,610	-	91,610
- transferred from ESOS and RSA reserve upon exercise	8,700	61,580	-	-	-	(70,280)	-	-	-	-	-	-
- Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(64,660)	(64,660)
- Dividends paid to shareholders	-	-	-	-	-	-	-	-	(1,884,995)	(1,884,995)	-	(1,884,995)
- Treasury shares of a subsidiary	-	-	-	-	-	-	-	-	170,452	170,452	183,963	354,415
Total transactions with owners	41,354	175,718	-	-	-	-	21,330	-	(1,840,052)	(1,601,650)	(27,337)	(1,628,987)
At 31 December 2014 (as restated)	8,582,017	2,398,794	(466,194)	16,598	346,774	(131,518)	176,628	(9,934)	9,847,684	20,760,849	1,821,483	22,582,332

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements on pages 126 to 244.

# COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Issued and fully paid-up ordinary shares of RM1 each			Capital contribution reserve	ESOS and RSA reserve	Retained earnings	Total
		Number of shares	Nominal value	Share premium				
		'000	RM'000	RM'000				
At 1 January 2015		8,582,017	8,582,017	2,398,794	16,598	176,628	6,536,768	17,710,805
Profit/Total comprehensive income for the financial year		-	-	-	-	-	3,070,921	3,070,921
Transactions with owners:								
- Issuance of new ordinary shares		11,025	11,025	31,753	-	-	-	42,778
- Share issue expenses		-	-	(81)	-	-	-	(81)
- Dividends paid to shareholders via:								
- Dividend Reinvestment Scheme	43	203,455	203,455	975,879	-	-	(1,179,334)	-
- Cash settlement	43	-	-	-	-	-	(722,152)	(722,152)
- Axiata Share Scheme:								
- value of employees' services	14(a)	-	-	-	-	53,508	-	53,508
- transferred from ESOS reserve upon exercise/vest		20,361	20,361	79,546	-	(99,907)	-	-
Total transactions with owners		234,841	234,841	1,087,097	-	(46,399)	(1,901,486)	(625,947)
At 31 December 2015		8,816,858	8,816,858	3,485,891	16,598	130,229	7,706,203	20,155,779
At 1 January 2014		8,540,663	8,540,663	2,223,076	16,598	155,298	4,955,812	15,891,447
Profit/Total comprehensive income for the financial year		-	-	-	-	-	3,465,951	3,465,951
Transactions with owners:								
- Issuance of new ordinary shares		32,654	32,654	114,229	-	-	-	146,883
- Share issue expenses		-	-	(91)	-	-	-	(91)
- Axiata Share Scheme:								
- value of employees' services	14(a)	-	-	-	-	91,610	-	91,610
- transferred from ESOS reserve upon exercise		8,700	8,700	61,580	-	(70,280)	-	-
- Dividends paid to shareholders	43	-	-	-	-	-	(1,884,995)	(1,884,995)
Total transactions with owners		41,354	41,354	175,718	-	21,330	(1,884,995)	(1,646,593)
At 31 December 2014		8,582,017	8,582,017	2,398,794	16,598	176,628	6,536,768	17,710,805

The above Company Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements on pages 126 to 244.

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from operating activities	34	<b>6,290,720</b>	5,583,914	<b>873,113</b>	2,783,874
Cash flows used in investing activities	34	<b>(6,339,833)</b>	(6,347,356)	<b>(47,934)</b>	(1,757,142)
Cash flows used in financing activities	34	<b>(475,934)</b>	(396,518)	<b>(679,455)</b>	(2,549,246)
Net (decrease)/increase in cash and cash equivalents		<b>(525,047)</b>	(1,159,960)	<b>145,724</b>	(1,522,514)
Effect of exchange gains on cash and cash equivalents		<b>313,879</b>	26,014	<b>3,027</b>	37,908
Net increase in restricted cash and cash equivalents		<b>(95,406)</b>	(9,608)	-	-
Cash and cash equivalents at the beginning of the financial year		<b>4,867,239</b>	6,010,793	<b>172,563</b>	1,657,169
Cash and cash equivalents at the end of the financial year	33	<b>4,560,665</b>	4,867,239	<b>321,314</b>	172,563

The above Statements of Cash Flows are to be read in conjunction with the notes to the financial statements on pages 126 to 244.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 1. GENERAL INFORMATION

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

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

The principal activities of the subsidiaries are set out in Note 39 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, Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur.

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

The financial statements have been approved for issuance in accordance with a resolution of the Board of Directors on 16 February 2016.

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

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

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

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

### (a) Standards and amendments to published standards that are applicable to the Group and the Company that are effective

#### *New and amendments to published standards*

The following standards and amendments to published standards have been adopted by the Group and the Company for the first time for the financial year beginning on or after 1 January 2015:

#### *Annual Improvements 2010 - 2012 Cycle*

- Amendment to MFRS 2 'Share-based Payment' clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.
- Amendment to MFRS 3 'Business Combinations' clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in MFRS 132 'Financial Instruments: Presentation'. It is also clarified that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.
- Amendment to MFRS 8 'Operating Segments' requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity's assets when segment assets are reported.

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

### (a) Standards and amendments to published standards that are applicable to the Group and the Company that are effective (continued)

#### *Annual Improvements 2010 – 2012 Cycle (continued)*

- Amendment to MFRS 13 'Fair Value Measurement' which amended the basis of conclusions to clarify that it did not intend to remove the ability to measure short term receivables and payables at invoice amounts where the effect of discounting is immaterial.
- Amendment to MFRS 116 'Property, Plant and Equipment' and MFRS 138 'Intangible Assets' clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.
- Amendment to MFRS 124 'Related Party Disclosures' is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity. Disclosure of the amounts changed to the reporting entity is required.

#### *Annual Improvements 2011–2013 Cycle*

- Amendment to MFRS 3 clarifies that MFRS 3 does not apply to the accounting for the formation of any joint venture under MFRS 11 'Joint Arrangements'.
- Amendment to MFRS 13 clarifies that the portfolio exception in MFRS 13 applies to all contracts (including non-financial contracts) within the scope of MFRS 139 'Financial Instruments: Recognition and Measurement'.
- Amendment to MFRS 140 'Investment Property' assists users to distinguish between investment property and owner occupied property. However, preparers also need to consider the guidance in MFRS 3 to determine whether the acquisition of an investment property is a business combination.

Amendments to MFRS 119 'Defined Benefits Plans: Employee Contributions' applies to contributions from employees or third parties to defined benefits plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee's working lives.

The adoption of amendments to published standards did not have any material impact to the financial statements of the Group and the Company.

### (b) Standards and amendments to published standards that are applicable to the Group and the Company but not yet effective

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

#### (i) Financial year beginning on/after 1 January 2016

Amendment to MFRS 11 'Joint Arrangements' requires an investor to apply the principles of MFRS 3 when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

Amendments to MFRS 10 and MFRS 128 'Investments in Associates' regarding sale or contribution of assets between an investor and its associate or joint venture resolve a current inconsistency between MFRS 10 and MFRS 128. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a 'business'. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

Amendment to MFRS 127 on 'Equity Method in Separate Financial Statements' allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

#### (b) Standards and amendments to published standards that are applicable to the Group and the Company but not yet effective (continued)

The Group and the Company will apply the new standards and amendments to standards in the following period: (continued)

##### (i) Financial year beginning on/after 1 January 2016 (continued)

###### *Annual Improvements 2012-2014 Cycle*

- MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' clarifies that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as 'held for sale' or 'held for distribution' simply because the manner of disposal has changed. The amendment also rectifies an omission in the standard by explaining that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not reclassified as 'held for sale'.
- MFRS 7 'Financial Instruments: Disclosures' adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement. The amendment clarifies that the additional disclosure on Offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by MFRS 134.
- MFRS 119 clarifies that, when determining the discount rate for post-employment benefit obligations, it is currency that the liabilities are denominated in that is important, not the country where they arise. The assessment whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds denominated in the relevant currency should be used.
- MFRS 134 'Interim Financial Reporting' requires a cross-reference from the interim financial statements to the location of that information.

##### (ii) Financial year beginning on/after 1 January 2018

MFRS 9 'Financial Instruments' will replace MFRS 139 "Financial Instruments: Recognition and Measurement".

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than to profit or loss, unless this creates an accounting mismatch.

MFRS 9 introduces an expected credit loss model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

MFRS 15 'Revenue from contracts with customers' will replace MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

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

### (b) Standards and amendments to published standards that are applicable to the Group and the Company but not yet effective (continued)

The Group and the Company will apply the new standards and amendments to standards in the following period: (continued)

#### (ii) Financial year beginning on/after 1 January 2018 (continued)

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The impact of MFRS 9 and MFRS 15 are still being assessed. Aside from MFRS 9 and MFRS 15, the adoptions of amendments to published standards are not expected to have a material impact to the financial statements of the Group and the Company.

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Economic entities in the Group

#### (i) Subsidiaries

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

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

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

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

Acquisition-related costs are expensed as incurred.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (a) Economic entities in the Group (continued)

#### (i) Subsidiaries (continued)

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

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

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

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

#### (iii) Disposal of subsidiaries

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

#### (iv) Joint arrangements

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

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

#### (v) Associates

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (a) Economic entities in the Group (continued)

##### (v) Associates (continued)

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

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

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

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

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

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

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

#### (b) Intangible assets

##### (i) Goodwill

The Group recognised goodwill based on partial goodwill method. Goodwill represents the excess of the cost of acquisition of subsidiaries over the Group's share of the fair value of the identifiable net assets including contingent liabilities of subsidiaries at the date of acquisition.

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (b) Intangible assets (continued)

##### (ii) Licenses

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

Malaysia	10 years
Indonesia	5 – 10 years
Sri Lanka	5 – 10 years
Bangladesh	10 – 18 years
Cambodia	25 years

##### (iii) Subscriber acquisition costs

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

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

##### (iv) Customer contracts and the related relationship

Customer contracts and the related customer relationship arose from the acquisition of a subsidiary. The customer contracts and the related relationships are shown at fair value on acquisition of a subsidiary and subsequently subject to amortisation over the useful life of 20 years. The customer contracts and the related customer relationships are tested for impairment whenever indication of impairment exists.

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

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

##### (i) Cost

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

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

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) Property, plant and equipment (“PPE”) (continued)

##### (ii) Depreciation and residual value

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

Leasehold land	3 - 99 years
Buildings	2 - 50 years
Telecommunication network equipment	2 - 20 years
Movable plant and equipment	1 - 10 years
Computer support systems	2 - 10 years

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

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

##### (iii) Impairment

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

##### (iv) Gains or losses on disposals

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

##### (v) Asset exchange transaction

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

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

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

##### (vi) Repairs and maintenance

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (d) Investments in subsidiaries and associates

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

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

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

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

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

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

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

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

### (f) Financial assets

#### (i) Classification

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

#### (a) Financial assets at FVTPL

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

#### (b) Loans and receivables

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

#### (c) AFS financial assets

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (f) 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(f)(iv)(b)) and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

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

##### (a) Assets carried at amortised cost

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (f) Financial assets (continued)

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

##### (a) Assets carried at amortised cost (continued)

- 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.

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

##### (v) De-recognition

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (g) Offsetting financial instruments

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

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

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

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

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

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

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

#### (i) Fair value hedge

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

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

#### (ii) Cash flow hedge

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

#### (ii) Cash flow hedge (continued)

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

#### (iii) Net investment hedge

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

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

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

### (i) Inventories

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

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

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

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

### (j) Trade receivables

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

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

### (k) Cash and cash equivalents

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

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

### (l) Trade payables

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) Borrowings

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

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

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

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

#### (n) Put option liability over shares held by non-controlling interest

A contract that contains an obligation for the Group to deliver cash or other financial asset in exchange for its own (or its subsidiary's) equity shares is a financial liability.

The initial corresponding redemption liability is recognised as "Other Reserve" in equity as a reduction of the Group's equity if the risk and rewards of ownership remain with the non-controlling interest or a reduction of non-controlling interest's equity if the risk and rewards of ownership transferred to the Group. Subsequently, the put option is re-measured at fair value as a result of changes in the expected liability with any resulting gain or loss recognised in the profit or loss. In the event that the option expires, the put option liability is derecognised with a corresponding adjustment to equity.

#### (o) Current and deferred tax

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (o) Current and deferred tax (continued)

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

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

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

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

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

#### (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 NCI.

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

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (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) Dividends to shareholders of the Company

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

#### (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.

##### **Accounting by lessee**

##### (i) Finance leases

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

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

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

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

##### (ii) Operating leases

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

##### **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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (s) Leases (continued)

#### *Accounting by lessor (continued)*

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

#### (i) Mobile and interconnect services revenue

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

Revenue from sales of prepaid starter packs and prepaid phone cards are deferred (as disclosed as deferred revenue in trade and other payables) and recognised as revenue based on the actual use of the cards, net of taxes 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, joint ventures, associates and other investments is recognised when a right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

#### (v) Technical and management services fees

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

#### (vi) Other revenues

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (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.

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

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

##### (iii) Termination benefits

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

##### (iv) Share-based compensation

The Group operates equity-settled and cash-settled share-based compensation plans by the Company and certain subsidiaries.

Employee services received in exchange for the grant of options/shares 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 equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- excluding the impact of any non-vesting conditions.

Non-market vesting conditions are included in the assumptions on the number of options/shares that are expected to vest. At the end of the reporting period, the Group and the Company revise its estimates of the number of options/shares 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.

When the options are exercised and RSA is vested, the fair value is credited to share capital (nominal value) and share premium with corresponding debit to ESOS and RSA reserve and cash received (if any). Recharges made by the Company in respect of options/shares granted to subsidiaries are accounted for as amounts due from subsidiaries.

For cash-settled share-based payment transactions, the Group measures the employee services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

##### (v) Post-employment benefit obligations

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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (u) Employee benefits (continued)

##### (v) Post-employment benefit obligations (continued)

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

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

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

Past-service costs are recognised immediately in profit or loss.

##### (vi) Cash-Based Long Term Incentive ("LTI") compensation

The Group and the Company recognise a liability and an expense for cash-based long term incentive compensation and over the vesting period, based on a formula that takes into consideration the number of employees, a performance multiplier and discount rate. Provision is recognised when the Group and the Company have a present legal or constructive obligation as a result of past events.

#### (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) Infeasible 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.

#### (x) Foreign currencies

##### (i) Functional and presentation currency

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

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (x) Foreign currencies (continued)

##### (ii) Transactions and balances

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

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

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

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

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

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

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

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

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

#### (y) 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

#### (aa) 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 or loss over the period necessary to match them with the costs they are intended to compensate.

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

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

##### *Intangible assets - Acquired telecommunication licences with allocated spectrum rights*

The Group has applied judgement in determining the treatment of the annual fees payable over ten (10) years in respect of a 3G spectrum license granted to a foreign subsidiary. The annual fee is charged to the profit or loss when incurred based on management's judgement that future annual fees will no longer be payable upon the decision by the subsidiary to return the license. The Group considers the prepaid 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 prepaid 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.

##### *Intangible assets - Estimated useful life of telecommunication licenses with allocated spectrum rights*

The telecommunication licenses with allocated spectrum rights acquired by a subsidiary via business combination during the financial year are not subject to amortisation and are tested annually for impairment as the Group in the opinion that the licenses can be renewed in perpetuity at negligible cost and the associated spectrum rights, similar to land, have an indefinite economic useful life. The estimated indefinite economic useful life reflects the Group's expectation of the period over which the Group will continuously recover the benefits from the licenses.

#### (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.

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

##### (b) Critical accounting estimates and assumptions (continued)

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

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

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

##### (i) Impairment assessment of goodwill

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

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

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

##### (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 and results of the impairment assessment of investment in an associate are disclosed in Note 28 to the financial statements.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### (b) Critical accounting estimates and assumptions (continued)

##### (iv) Taxation

###### Income taxes

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

###### Deferred tax assets

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

##### (v) Contingent liabilities

Determination of the treatment of contingent liabilities is based on the Group's view of the expected outcome of contingencies after consulting legal counsel for litigation cases and internal and external experts of the Group for matters in the ordinary course of business. Please refer to Note 28 and Note 35(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.

##### (vii) Provision for dismantling, removal or restoration

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

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

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

##### (i) Acquisition of Adknowledge Asia Pacific Pte Ltd ("AAP")

On 3 December 2014, Axiata Digital Advertising Sdn Bhd ("ADA"), a wholly-owned subsidiary of Axiata Digital Services Sdn Bhd ("ADS") entered into a Subscription and Shareholders' Agreement with Adknowledge International, Inc and AAP for the acquisition of 80.00% equity interest in AAP for a total cash consideration of RM19.6 million (USD5.5 million). The acquisition was completed on 19 January 2015.

The acquisition above did not have any significant impact to the Group during the financial year.

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

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

#### (ii) Dilution of equity interest and additional investment in Glasswool Holdings Limited (“Glasswool”)

On 13 December 2013, Axiata Investments (Cambodia) Limited (“AIC”), a wholly-owned subsidiary of the Company entered into a Co-operation Agreement with Glasswool (holding company of Smart Axiata Co. Ltd) and Southern Coast Ventures Inc. (“SCV”). In accordance with the Co-operation Agreement, Glasswool shall issue to SCV the following additional ordinary shares in Glasswool subject to no material adverse event as defined in the Co-operation Agreement having occurred prior to the First, Second and Third anniversary from 19 February 2013 as below:

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

On 26 February 2015 (2014: 3 March 2014), Glasswool issued 60 (2014: 58) ordinary shares to SCV resulting in the Group's equity interest in Glasswool decreased from 87.46% to 84.99% (2014: 90.00% to 87.46%). As the result, the Group recorded a decrease (2014: increase) in consolidated retained earnings of RM0.4 million (2014: RM3.0 million) and an increase in non-controlling interests amounting to RM16.9 million (2014: RM12.7 million) during the financial year.

On 8 December 2015, AIC acquired 218 ordinary shares from SCV for a total consideration of RM379.4 million (USD90.0 million). Effectively, the Group's equity interest in Glasswool from 84.99% to 95.28%. The Group recorded a decrease in consolidated retained earnings of RM281.1 million and non-controlling interests amounting to RM98.3 million during the financial year.

#### (iii) Incorporation of Axiata SPV4 Sdn Bhd (“Axiata SPV4”)

The Company, had on 30 January 2015 completed the incorporation of Axiata SPV4, a private company limited by shares, under Companies Act, 1965. Axiata SPV4 was incorporated with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of which its issued and paid-up capital is RM2. The nature of business to be carried by Axiata SPV4 is an investment holding company.

The incorporation of Axiata SPV4 did not have significant impact to the Group during the financial year.

#### (iv) Incorporation of Axiata Digital Innovation Fund Sdn Bhd (“ADIF”)

The Company, had on 26 March 2015 completed the incorporation of ADIF, a private company limited by shares, under Companies Act, 1965. ADIF was incorporated with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of which its issued and paid-up capital is RM2. The nature of business to be carried by ADIF is as venture capital company.

The incorporation of ADIF did not have significant impact to the Group during the financial year.

#### (v) Dilution of equity interest in XL

On 1 April 2015, the Extraordinary General Meeting of Shareholders of PT XL Axiata Tbk (“XL”) approved the Share-based Compensation Program Grant Date V. On 21 April 2015, XL issued 6,891,003 ordinary shares at par value of IDR100 each without pre-emptive rights to its eligible employees. Accordingly, the Group's effective equity interest in XL diluted from 66.48% to 66.43%. The Group recorded an increase in consolidated retained earnings of RM4.3 million and non-controlling interests of RM4.9 million respectively during the financial year.

#### (vi) Additional investment in Digital Commerce Lanka (Private) Limited (“DCL”)

On 15 May 2015 (2014: 26 August 2014), Dialog Axiata Plc (“Dialog”) further increased its equity interest in DCL from 42.48% to 45.71% (2014: from 28.32% to 42.48%) which DCL was classified as an associate of the Group.

On 15 September 2015, Dialog Holdings Lanka (Private) Limited (“DHL”), a wholly-owned subsidiary of Dialog acquired 740,000 ordinary shares in issue of DCL for a total consideration of RM7.7 million (SLR247.9 million) which representing 54.29% equity interest in DCL. Accordingly, the Group derecognised its investment as associate and consolidated DCL as investment in a subsidiary by the Group.

The above did not have significant impact to the Group during the financial year except as disclosed in Note 9 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

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

##### (vii) Incorporation of Adknowledge Asia Pacific (India) Private Limited (“AAP India”)

ADS through its 80.00% subsidiary, AAP had, on 1 June 2015, completed the incorporation of AAP India, a private company limited by shares, under the Companies Act, 2013.

The incorporation of AAP India did not have significant impact to the Group during the financial year.

##### (viii) Incorporation of edotco Holdings (Labuan) Limited (“e.co Holdings Labuan”)

On 20 July 2015, the Group announced the incorporation of e.co Holdings Labuan, a private company limited by shares, under the Labuan Companies Act, 1990. e.co Holdings Labuan was incorporated with an issued paid-up share capital of USD2,000 divided into 2,000 ordinary shares of USD1 each. The nature of business to be carried by e.co Holdings Labuan is as an investment holding company.

The incorporation did not have significant impact to the Group during the financial year.

##### (ix) Acquisition of equity interest in Yonder Music Inc (“Yonder”)

ADS, had on 14 July 2015 entered into a Stock Purchase Agreement with Yonder, Yonder Music Partners LLC, Adam Kidron and Jim Heindlmeyer for the proposed acquisition by ADS of 12,210,400 Series A Convertible Preference Shares with a par value of USD0.001 per share in Yonder at the purchase price of USD0.819 per share amounting to RM39.3 million (USD10.0 million).

The acquisition was completed on 24 July 2015. The acquisition did not have significant impact to the Group during the financial year.

##### (x) Acquisition of equity interest in WSO2. Telco Inc. (“WSO2. Telco”)

On 24 July 2015, ADS entered into a Subscription and Stockholders’ agreement with WSO2. Inc and WSO2. Telco for the initial subscription by ADS of the following shares in WSO2. Telco for the total consideration as below:

- i) 5,000,000 ordinary shares at USD0.0001 per share satisfied via provision of contracts and assets by ADS; and
- ii) 4,615,385 preference shares at USD0.39 per share satisfied via cash settlement of RM7.6 million (USD1.8 million).

Further to the initial subscription and subject to WSO2. Telco’s achieving all its determined key performance indicators on or before the first anniversary of the completion of the initial subscription; ADS shall further subscribe in cash an additional 2,051,282 WSO2. Telco Preferred Stocks at USD0.39 per share.

On 4 September 2015, ADS completed the initial subscription in WSO2. Telco and effectively WSO2. Telco became a 65.80% owned subsidiary of the Group. The acquisition did not have significant impact to the Group during the financial year.

##### (xi) Incorporation of edotco Services Lanka (Private) Limited (“e.co SL”)

On 7 August 2015, the Group completed the incorporation of e.co SL, a private company limited by shares in Sri Lanka, under the Companies Act No. 7 of 2007. e.co SL was incorporated with share capital of SLR67,500,000.00 divided into 1,350,000 ordinary shares of LKR50.00 each. The nature of business to be carried by e.co SL is the provision of end to end Integrated Infrastructure Services.

The incorporation did not have significant impact to the Group during the financial year.

##### (xii) Acquisition of Komli Media, Inc (“Komli”)

On 7 August 2015, AAP had entered into a Sale and Purchase Agreement (“SPA”) with Komli for the acquisition of the entire issued and paid-up share capital of Komli Asia Holding Pte. Ltd. (“Komli Asia”) for a cash consideration of RM39.3 million (USD11.3 million).

The acquisition above was completed on 2 September 2015 and effectively Komli became a 80.00% owned subsidiary of the Group. The acquisition had no significant impact to the Group during the financial year.

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

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

#### (xiii) Incorporation of Digital Health (Private) Limited (“Digital Health”)

DHL, a wholly-owned subsidiary Dialog and Asiri Hospital Holdings PLC (“Asiri Hospital”) entered into a Memorandum of Understanding to incorporate Digital Health with the objective of developing and operating a state-of-the-art electronic commerce infrastructure for the healthcare sector in Sri Lanka.

Digital Health was incorporated on 14 August 2015 under the Companies Act. No. 7 of 2007 with a stated capital of SLR1,000 which consist of 100 ordinary shares. DHL and Asiri Hospital are holding 70.00% and 30.00% stake of the initial shareholding of Digital Health respectively.

The incorporation did not have significant impact to the Group during the financial year.

#### (xiv) Acquisition of 75.00% equity interest in Digicel Asian Holdings Pte Ltd (“DAH”)

On 2 October 2015, edotco Investments (Labuan) Limited (“EIL”), a wholly-owned subsidiary of edotco Group Sdn Bhd (“edotco Group”) entered into a SPA with Digicel Group Limited to acquire a 75.00% equity interest in DAH, the parent of Digicel Myanmar Tower Company Limited.

On 4 December 2015, EIL completed the acquisition for a total cash consideration of RM528.5 million (USD125.0 million).

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

	<b>RM'000</b>
Net purchase consideration in cash	<b>528,500</b>
Details of the net assets acquired are as follows:	
PPE	<b>497,007</b>
Intangible assets	<b>358,534</b>
Trade and other receivables	<b>25,228</b>
Cash and bank balances	<b>52,520</b>
Provision for liabilities	<b>(66,221)</b>
Trade and other payables	<b>(47,745)</b>
Tax liabilities	<b>(2,938)</b>
Borrowings	<b>(249,410)</b>
Total net assets	<b>566,975</b>
Less: NCI	<b>(141,744)</b>
Total net assets acquired	<b>425,231</b>
Goodwill on acquisition	<b>103,269</b>
	<b>528,500</b>

The goodwill on acquisition is subject to finalisation of Purchase Price Allocation and other related tax implications within twelve (12) months from the date of acquisition of DAH.

The goodwill arising from acquisition is attributable to the expansion of regional footprint in Myanmar.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

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

##### (xiv) Acquisition of 75.00% equity interest in Digicel Asian Holdings Pte Ltd (“DAH”) (continued)

Acquisition related costs of RM4.4 million have been charged to the consolidated other operating costs during the financial year.

The impact of acquisition of DAH and its subsidiary had it occurred on 1 January 2015 and from the date of acquisition, was not material to the consolidated financial statements.

In addition to the SPA, EIL also entered into a Put & Call Option Agreement with YSH Finance Limited (“Yoma”) which is the NCI of DAH for the acquisition of 25.00% interest in DAH together with shareholders loan, owned by Yoma as disclosed in Note 19(d) to the financial statements.

##### (xv) Incorporation of Axiata Investments (UK) Limited (“Axiata UK”)

On 14 December 2015, Axiata UK was incorporated with an issued and paid-up share capital of GBP1 divided into 1 ordinary share. The nature of business to be carried by Axiata UK is as an investment holding company.

The incorporation did not have significant impact to the Group during the financial year.

##### (xvi) Investment in Headstart (Private) Limited (“Headstart”)

On 4 September 2014, Dialog entered into an investment agreement with Headstart to purchase its redeemable convertible bonds which will mature on 31 December 2021, at a nominal value of SLR85.0 million.

On 27 November 2015, Dialog transferred its investment in redeemable convertible bonds amounting to SLR60.0 million to DHL by way of a deed of assignment. On 31 December 2015, DHL converted SLR20.0 million of its investment in redeemable convertible bonds into equity shares of Headstart which is representing 26.00% of the issued and paid up capital of Headstart. Accordingly, Headstart became an associate of the Group.

The investment had no significant impact to the Group during the financial year.

##### (xvii) Dilution on equity interest in M1 Limited (“M1”)

During the financial year, the Group’s equity interest in M1, held through Axiata Investments (Singapore) Limited, a wholly-owned subsidiary of the Company, decreased from 28.50% to 28.32% (2014: 28.74% to 28.50%) following the issuance of new ordinary shares under M1’s ESOS.

The Group recognised a loss on dilution of equity interest amounting to RM11.5 million (2014: RM13.6 million) during the financial year.

##### (xviii) Dilution on equity interest in Idea Cellular Limited (“Idea”)

On 11 June 2014, Idea issued 223,880,597 ordinary shares under Qualified Institutions Placement exercise. On 24 July 2014, Idea further issued 51,838,540 ordinary shares with par value of INR10.00 each at an exercise price of INR144.68 per ordinary share to Axiata Investments 2 (India) Limited, a wholly-owned subsidiary of the Group under Preferential Insurance. As the result, the Group’s effective equity interest in Idea diluted from 19.89% to 19.80%.

During the financial year (2014: From 1 January 2014 to 10 June 2014 and from 25 July 2014 to 31 December 2014 respectively), the Group’s equity interest in Idea, decreased from 19.80% to 19.78% (2014: from 19.90% to 19.89% and 19.80% to 19.79% respectively) following the issuance of new ordinary shares under Idea’s ESOS.

The Group recognised a loss on dilution of equity interest amounting to RM5.9 million (2014: RM29.7 million) during the financial year.

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

### (b) Incorporation, acquisitions, merger, disposal and dilutions of interests in the previous financial year

#### (i) Incorporation of ADS

On 29 January 2014, the Company incorporated ADS, a private company limited by shares, under the Companies Act, 1965 in Malaysia with an authorised share capital of RM0.4 million divided into 400,000 ordinary shares of which its issued and paid-up share capital is RM2. ADS is an investment holding company.

The incorporation of ADS did not have any significant impact to the Group in the previous financial year.

#### (ii) Acquisition of PT Axis Telekom Indonesia ("Axis")

On 26 September 2013, PT XL Axiata Tbk ("XL") entered into a conditional sale and purchase agreement ("SPA") with Saudi Telecom Company ("STC") and Teleglobal Investments B.V. ("Teleglobal"), a wholly-owned subsidiary of STC, to purchase (or procure the purchase of) 95.00% shares in Axis. XL had also been granted a right to acquire the remaining 5.00% of the shares in Axis which was exercised in April 2014. The value of transaction was USD865.0 million whereby USD100.0\* would be used for the payment of 95.00% of Axis shares to Teleglobal and the remaining amount of RM2,836.6 million (USD865.0 million) was for the payment of Axis's indebtedness by XL. The acquisition was completed on 19 March 2014 and Axis was merged with XL on 8 April 2014.

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

	Note	RM'000 Restated
Net purchase consideration in cash		*
Details of the net assets acquired are as follows:		
PPE	25	835,149
Intangible assets		1,735,246
Other assets		288,390
Cash and bank balances		6,400
Indemnification assets		287,318
Other liabilities		(2,180,373)
Borrowings	34	(2,836,552)
Deferred tax liabilities		(66,489)
Total net liabilities acquired		(1,930,911)
Goodwill on acquisition		1,930,911
		-

During the financial year, goodwill on acquisition of Axis, PPE and deferred tax liabilities of XL were restated following the finalisation of Purchase Price Allocation exercise within twelve (12) months from the date of acquisition of Axis as disclosed in Note 44 to the financial statements.

The goodwill arising from the acquisition is attributable to economies of scale expected from combining the operations of XL and Axis.

Indemnification assets of RM287.3 million (IDR994.2 billion) represents bank guarantee provided by the previous majority shareholders of Axis to XL to cover all potential claims from the tax assessment issued by the tax office related to Axis's value added tax underpayment, which had been provided for as liabilities of Axis assumed in the business combination.

Following the merger of Axis business with XL, the result of Axis has been combined with XL. Had Axis been consolidated from 1 January 2014, consolidated proforma revenue and profit after tax of the Group are RM18,859.1 million and RM1,176.7 million respectively.

Acquisition related costs of RM87.3 million (IDR316.1 billion) have been charged to the consolidated other operating costs in the previous financial year.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

#### (b) Incorporation, acquisitions, merger, disposal and dilutions of interests in the previous financial year (continued)

##### (iii) Treasury shares transaction of XL

On 26 February 2014, XL bought back its issued and paid-up ordinary share of 231,114,140 (treasury shares) at a buy back price of IDR5,280 per ordinary share from its former shareholders who disapproved the Merger Plan of XL and Axis as disclosed in Note 5(b)(ii) to the financial statements for a net consideration of RM339.7 million which was subsequently paid by XL on 21 April 2014. As a result, the Group's effective equity interest in XL increased from 66.48% to 68.34%. Accordingly, the Group reduced RM152.5 million and RM187.2 million of the consolidated retained earnings and non-controlling interests respectively.

Subsequently on 30 September 2014, XL resold the entire treasury shares in open market for a total net consideration of RM354.4 million. Accordingly, the Group's effective equity interest in XL decreased from 68.34% to 66.48% and the Group increased RM170.4 million and RM184.0 million of its consolidated retained earnings and non-controlling interests respectively.

##### (iv) Disposal of Samart i-Mobile Public Company Limited ("SIM")

On 2 July 2014, the Company entered into an agreement with Samart Corporation Public Company Limited to dispose of its entire shareholding in SIM representing 24.08% of the total issued and paid-up share capital of SIM for a total net consideration of RM262.8 million. The disposal was completed on 30 July 2014 and a gain on disposal amounting to RM116.7 million was recognised in the previous financial year.

##### (v) Acquisition of equity interest in Celcom Planet Sdn Bhd ("Celcom Planet")

On 17 October 2014, Celcom through its wholly-owned subsidiary, Celcom Intelligence Sdn Bhd ("Celcom Intelligence") and SK Planet Global Holdings Pte Ltd ("SK Planet"), incorporated a joint venture entity with a shareholding ratio of 51 (SK Planet): 49 (Celcom Intelligence), namely Celcom Planet for the purpose of pursuing e-Commerce opportunities in Malaysia. Effectively, Celcom Planet became an associate of the Group.

The incorporation of Celcom Planet did not have significant impact to the Group in the previous financial year.

##### (vi) Dilution of equity interest in Dialog

In line with the expiry of ESOS scheme of Dialog on 25 October 2014, a total 158.6 million ordinary shares were partially exercised by the employee of Dialog and the remaining were sold to market. Accordingly, the Group's equity interest in Dialog decreased from 84.97% to 83.32% and the Group increased RM24.3 million and RM25.6 million of its consolidated retained earnings and non-controlling interests respectively.

##### (vii) Incorporation of Digital Holdings Lanka (Private) Limited ("DHL")

On 24 November 2014, Dialog incorporated DHL, a private company limited by shares, under the Companies Act, No.7 of 2007 in Sri Lanka with a stated capital of SLR10. The nature of business to be carried by DHL is as an investment holding company.

The incorporation of DHL did not have significant impact to the Group in the previous financial year.

##### (viii) Incorporation of Axiata Digital Advertising Sdn Bhd ("ADA")

On 26 November 2014, the Group incorporated ADA, a private company limited by shares, under the Companies Act, 1965 with an authorised share capital of RM0.4 million divided into 400,000 ordinary shares of which its issued and paid-up share capital is RM2. The nature of business to be carried out by ADA is as an investment holding company.

The incorporation of ADA did not have significant impact to the Group in the previous financial year.

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

### (b) Incorporation, acquisitions, merger, disposal and dilutions of interests in the previous financial year (continued)

#### (ix) Acquisition of equity interest in Merchantrade Asia Sdn Bhd (“Merchantrade”)

On 20 November 2013, Celcom entered into a Shareholders’ Agreement (“SA”) and Share Subscription Agreement (“SSA”) with Merchantrade and The Persons Described In Schedule 2 of both SA and SSA, namely Ramasamy a/l K. Veeran, Ravindra a/l Vamathevan, Ursine Holdings Sdn Bhd, Sumitomo Corporation and Sumitomo Corporation Asia & Oceania Pte Ltd (formerly known as Sumitomo Corporation Asia Pte Ltd) to boost the existing MVNO business and leverage on Merchantrade’s remittance business. Under the terms of the SSA, Celcom is to subscribe 20.00% equity interest in Merchantrade via subscription of new ordinary shares to be issued by Merchantrade with the required investment of RM20.0 million.

The acquisition of 20.00% equity interest in Merchantrade was completed on 8 December 2014. Effectively Merchantrade became a joint venture of the Group.

The acquisition did not have significant impact to the Group in the previous financial year.

#### (x) Incorporation of edotco Investments (Labuan) Limited (“e.co Labuan”)

On 15 December 2014, the Group incorporated e.co Labuan, a private company limited by shares, under the Labuan Companies Act, 1990 with an issued and paid-up share capital of USD1,000 divided into 1,000 ordinary shares. The nature of business to be carried by e.co Labuan is as an investment holding company.

The incorporation of e.co Labuan did not have significant impact to the Group in the previous financial year.

## 6. OPERATING REVENUE

	Group		Company	
	2015 RM’000	2014 RM’000	2015 RM’000	2014 RM’000
Mobile services	16,418,299	15,714,485	-	-
Interconnect services	1,221,636	1,317,165	-	-
Dividend income:				
- Malaysia	-	-	1,101,406	2,945,333
- Overseas	-	-	-	6,393
Lease of passive infrastructure	170,999	258,580	-	-
Technical and management services fees	-	-	48,142	42,821
Others*	2,072,526	1,421,547	-	-
<b>Total</b>	<b>19,883,460</b>	<b>18,711,777</b>	<b>1,149,548</b>	<b>2,994,547</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 7(a). DEPRECIATION, IMPAIRMENT AND AMORTISATION

	Note	Group		Company	
		2015	2014	2015	2014
		RM'000	RM'000 Restated	RM'000	RM'000
Depreciation of PPE	25	<b>3,878,057</b>	3,257,011	<b>6,623</b>	5,049
Reversal of impairment of PPE	25	<b>(5,089)</b>	(32,734)	-	-
Impairment of PPE	25	<b>10,934</b>	26,101	-	-
Write off of PPE	25	<b>22,653</b>	21,957	<b>426</b>	1
Amortisation of intangible assets	24	<b>291,698</b>	366,860	-	-
Others		<b>294</b>	279	-	-
<b>Total</b>		<b>4,198,547</b>	3,639,474	<b>7,049</b>	5,050

## 7(b). OTHER OPERATING COSTS

	Note	Group		Company	
		2015	2014	2015	2014
		RM'000	RM'000 Restated	RM'000	RM'000
Impairment of trade and other receivables	32	<b>78,659</b>	77,870	-	-
Business license fees		<b>999,783</b>	803,866	-	-
Charges and commissions		<b>56,635</b>	74,190	<b>51</b>	45
Cost of SIM and recharge cards		<b>184,673</b>	159,474	-	-
Revenue sharing outpayment		<b>749,328</b>	722,787	-	-
Leased circuit charges		<b>221,969</b>	212,986	-	-
Maintenance		<b>1,331,917</b>	1,185,442	<b>8,458</b>	8,280
Professional fees		<b>219,015</b>	256,645	<b>22,976</b>	37,984
Rental-land and buildings		<b>1,282,266</b>	1,009,590	<b>4,792</b>	4,632
Rental-equipment		<b>181,257</b>	196,898	<b>345</b>	286
Rental-others		<b>84,797</b>	67,066	-	7
Roaming costs		<b>225,539</b>	212,861	-	-
Supplies and inventories		<b>610,189</b>	354,309	<b>546</b>	495
Transportation and travelling		<b>88,211</b>	77,370	<b>6,714</b>	7,727
USP/ Obligation contribution		<b>469,135</b>	458,405	-	-
Utilities		<b>277,289</b>	289,078	<b>434</b>	535
Others <sup>1</sup>		<b>589,154</b>	497,314	<b>29,624</b>	25,740
<b>Total</b>		<b>7,649,816</b>	6,656,151	<b>73,940</b>	85,731

**7(b). OTHER OPERATING COSTS (CONTINUED)**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<sup>1</sup> Others include:				
Audit fees:				
- PricewaterhouseCoopers Malaysia ("PwCM")	2,525	2,834	1,175	1,608
- Member firm of PwC International Limited ("PwCI")*	3,656	3,348	-	-
- Others	60	45	-	-
Audit related fees <sup>(i)</sup> :				
- PwCM and PwCI	6,438	6,137	1,866	2,386
	<b>12,679</b>	12,364	<b>3,041</b>	3,994
Other fees paid to PwCM and PwCI:				
- Tax and tax related services <sup>(ii)</sup>	1,065	1,880	332	1,136
- Other non-audit services <sup>(iii)</sup>	4,265	6,043	1,750	2,434
	<b>18,009</b>	20,287	<b>5,123</b>	7,564

\* Separate and independent legal entity from PwCM.

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

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

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

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

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

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Staff costs excluding Directors:					
- salaries, allowances, overtime and bonus		888,338	984,442	59,752	66,351
- termination benefits		106,977	8,774	-	-
- contribution to EPF		86,587	77,524	10,969	8,379
- other staff benefits		156,512	144,866	10,646	7,864
- ESOS and RSA expenses	14(a)	52,502	90,031	5,298	20,401
- Share based compensation expense of a subsidiary	14(b)	9,787	8,864	-	-
- Pioneer Grant of a subsidiary	14(c)	11,724	-	-	-
Remuneration of Executive Directors of the Company	7(d)	6,956	8,217	6,956	8,217
		<b>1,319,383</b>	1,322,718	<b>93,621</b>	111,212

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 7(d). DIRECTORS' REMUNERATION

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Remuneration of Executive Directors of the Company:					
- salaries, allowances and bonus		5,000	5,578	5,000	5,578
- contribution to EPF		950	1,060	950	1,060
- ESOS and RSA expenses	14(a)	1,006	1,579	1,006	1,579
		<b>6,956</b>	8,217	<b>6,956</b>	8,217
Remuneration of Non-Executive Directors of the Company:					
- fees and allowances		3,374	2,875	2,791	2,453
		<b>10,330</b>	11,092	<b>9,747</b>	10,670

Estimated money value of benefits of Directors amounting to RM545,238 (2014: RM643,486) for the Group and the Company.

### 8. OTHER GAINS/(LOSSES) - NET

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Finance assets at fair value through profit or loss	14	6	-	-
Derivative financial instruments:				
- Forward foreign currency contracts ("FFC")	(15,609)	(34,960)	-	(5,765)
- CCIRS	88,724	8,798	-	-
- Interest rate swap contracts ("IRS")	(14,282)	(24,432)	-	-
- Warrants in an associate	-	4,560	-	-
- Call spread options	39,236	4,275	-	-
Total	<b>98,083</b>	(41,753)	-	(5,765)

**9. OTHER OPERATING INCOME - NET**

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(Loss)/Gain on disposal of PPE		<b>(10,410)</b>	98,202	<b>2</b>	1
Gain on tower sale and leaseback*	21	<b>511,182</b>	-	-	-
Gain on disposal of associates		-	116,670	-	137,483
Fair value gain arose from derecognition of an investment in an associate	5 (a)(vi)	<b>226</b>	-	-	-
Bad debts recovered		<b>11,426</b>	7,493	-	-
Others		<b>153,833</b>	30,292	<b>1,826</b>	1,140
<b>Total</b>		<b>666,257</b>	252,657	<b>1,828</b>	138,624

\* On 23 December 2014, XL disposed of certain towers which were subject to the fulfillment of certain survival period clauses as set out in the agreement. In September 2015, the gain amounting to RM511.2 million (IDR1.8 trillion) was recognised upon the fulfillment of these clauses.

**10. FINANCE (COST)/INCOME**

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Finance income</b>				
Islamic Financial Instruments	<b>64,733</b>	87,618	<b>8,824</b>	41,282
Other deposits, cash and bank balances	<b>108,688</b>	110,376	<b>47,009</b>	35,449
	<b>173,421</b>	197,994	<b>55,833</b>	76,731
<b>Finance cost</b>				
Other borrowings	<b>(637,976)</b>	(537,870)	<b>(24,819)</b>	(49,636)
Profit on Sukuks	<b>(204,879)</b>	(207,548)	-	-
Finance expense on CCIRS:				
- fair value hedge	-	(3,902)	-	(3,902)
- net investment hedge	<b>11,717</b>	2,861	-	-
Finance cost excluding net foreign exchange losses on financing activities	<b>(831,138)</b>	(746,459)	<b>(24,819)</b>	(53,538)
Net foreign exchange (losses)/gains on:				
- financing activities	<b>(547,342)</b>	(131,435)	-	6,125
- fair value hedge	-	(6,125)	-	(6,125)
Net foreign exchange losses on financing activities	<b>(547,342)</b>	(137,560)	-	-
<b>Total finance cost</b>	<b>(1,378,480)</b>	(884,019)	<b>(24,819)</b>	(53,538)
<b>Net finance (cost)/income</b>	<b>(1,205,059)</b>	(686,025)	<b>31,014</b>	23,193

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 11. TAXATION AND ZAKAT

	Note	Group		Company	
		2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
Current taxation:					
- Malaysian income tax		461,949	678,607	-	-
- Overseas taxation		269,817	184,943	503	3,261
		731,766	863,550	503	3,261
Deferred taxation	23	(36,955)	(86,369)	-	-
Total taxation		694,811	777,181	503	3,261
Zakat		263	898	-	-
Total taxation and zakat		695,074	778,079	503	3,261

Current taxation:

### Malaysia

Income tax:

- Current year	460,090	670,290	-	-
- Prior year	1,859	8,317	-	-
	461,949	678,607	-	-

### Overseas

Income tax:

- Current year	218,308	184,943	503	3,261
- Prior year <sup>1</sup>	51,509	-	-	-
	269,817	184,943	503	3,261

Deferred taxation:

- Net origination of temporary differences	23	(36,955)	(86,369)	-	-
Total taxation		694,811	777,181	503	3,261
Zakat		263	898	-	-
Total taxation and zakat		695,074	778,079	503	3,261

<sup>1</sup> A Finance Bill and Telecommunication Levy (Amendment) Bill have been approved by Sri Lanka Parliament on October 2015 resulting in an one-off super gain tax related to the financial year 2014 amounting to RM51.5 million (SLR1.8 billion).

## 11. TAXATION AND ZAKAT (CONTINUED)

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

	Group		Company	
	2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
Profit before taxation	<b>3,331,142</b>	3,146,600	<b>3,071,424</b>	3,469,212
Taxation calculated at the applicable Malaysian tax rate of 25% (2014: 25%)	<b>832,786</b>	786,650	<b>767,856</b>	867,303
Tax effects of:				
- income not subject to tax	<b>(336,521)</b>	(126,386)	<b>(805,073)</b>	(916,720)
- share of results of associates	<b>(122,377)</b>	(101,803)	-	-
- share of results of joint ventures	<b>9,647</b>	6,248	-	-
- different tax rates in other countries	<b>83,803</b>	70,533	-	1,923
- change in statutory tax rate	-	(1,359)	-	-
- utilisation of previously unrecognised tax losses	<b>(14)</b>	(10,133)	-	-
- unrecognised tax losses	<b>34,440</b>	20,756	<b>7,625</b>	17,444
- expenses not deductible for tax purposes	<b>139,679</b>	124,358	<b>15,095</b>	25,811
- group relief	-	-	<b>15,000</b>	7,500
- prior year income tax	<b>53,368</b>	8,317	-	-
- zakat	<b>263</b>	898	-	-
Total taxation and zakat	<b>695,074</b>	778,079	<b>503</b>	3,261

Included in the taxation of the Group are tax savings amounting to RM15.0 million (2014:RM7.5 million) due to Group Relief which allow companies with tax losses to surrender those losses to profit-making companies within the Group in the same year of assessment as provided under the taxation law of Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 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	
	2015	2014 Restated
Profit attributable to owners of the Company (RM'000)	2,554,220	2,364,976
Weighted average number of shares in issue ('000)	8,668,700	8,563,235
Basic EPS (sen)	29.5	27.6

### (b) Diluted earnings per share

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

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

	Group	
	2015	2014 Restated
Profit attributable to owners of the Company (RM'000)	2,554,220	2,364,976
Weighted average number of ordinary shares in issue ('000)	8,668,700	8,563,235
Adjusted for ESOS and RSA ('000)	51,931	63,756
Weighted average number of ordinary shares for the purpose of computing diluted EPS ('000)	8,720,631	8,626,991
Diluted EPS (sen)	29.3	27.4

### 13. SHARE CAPITAL

	Note	Group and Company			
		2015		2014	
		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		<b>12,000,000</b>	<b>12,000,000</b>	12,000,000	12,000,000
Issued and paid-up:					
At the beginning of the financial year		<b>8,582,017</b>	<b>8,582,017</b>	8,540,663	8,540,663
Performance-Based ESOS at an exercise price of:	14(a)				
- RM1.81		<b>2,842</b>	<b>2,842</b>	2,759	2,759
- RM3.15		<b>90</b>	<b>90</b>	482	482
- RM3.45		<b>2,273</b>	<b>2,273</b>	5,754	5,754
- RM5.07		<b>5,820</b>	<b>5,820</b>	23,659	23,659
		<b>11,025</b>	<b>11,025</b>	32,654	32,654
Restricted Share Awards	14(a)	<b>20,361</b>	<b>20,361</b>	8,700	8,700
Dividend Reinvestment Scheme	(a)	<b>203,455</b>	<b>203,455</b>	-	-
At the end of the financial year		<b>8,816,858</b>	<b>8,816,858</b>	8,582,017	8,582,017

#### (a) Dividend Reinvestment Scheme

On 20 May 2015, the shareholder of the Company via Annual General Meeting ("AGM") approved the renewal of the authority for the Directors of the Company to allot and issue new ordinary shares of RM1 each of the Company in relation to the Dividend Reinvestment Scheme ("DRS") that provided the shareholders of the Company the option to elect to reinvest their full or partial of the cash dividend entitlement in new ordinary shares of the Company. In the event that only part of the electable portion is reinvested, the shareholders shall receive the remaining portion of the dividend in cash.

The Company has issued the new ordinary shares pursuant to DRS during the financial year at the conversion price disclosed in Note 43 to the financial statements.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 14. EMPLOYEE SHARE OPTION AND SHARE SCHEME

### (a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"]

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

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

Effective from 15 July 2011, the Company implemented the Axiata Share Scheme and started to offer eligible employees the entitlement to receive Restricted Share Awards ("RSA") under the Restricted Share Plan 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:

ESOS	Options over the Company's shares				
	Grant date	Vesting date	% of options exercisable <sup>1</sup>	Number of options granted	Exercise price RM
<b>Grant 1(a), 2009</b>					
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
<b>Grant 1(b), 2010<sup>2</sup></b>					
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
<b>Grant 2, 2010</b>					
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
<b>Grant 3(a), 2011</b>					
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

<sup>1</sup> The Performance-Based ESOS/RSA granted shall become exercisable/vested only upon the fulfilment of certain performance criteria for the Company and individuals.

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

#### 14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

##### (a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

### (a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

RSA	Reference date	Vesting date	Entitlement over the Company's shares		
			% of shares to be vested <sup>1</sup>	Number of shares granted <sup>2</sup>	Reference price <sup>5</sup> RM
<b>Grant 6(a), 2014</b>					
Tranche 1	15 Feb 2014	15 Feb 2016	50	6,790,450	6.55
Tranche 2	15 Feb 2014	15 Feb 2017	50 - 100	10,466,650	6.55
<b>Grant 6(b), 2014<sup>4</sup></b>					
Tranche 1	15 Aug 2014	15 Aug 2016	50	121,950	6.95
Tranche 2	15 Aug 2014	15 Aug 2017	50 - 100	406,650	6.95
<b>Grant 7(a), 2015<sup>6</sup></b>	15 Feb 2015	15 Feb 2018	100	3,617,000	7.11
<b>Grant 7(b), 2015<sup>4&amp;6</sup></b>	15 Aug 2015	15 Aug 2018	100	317,000	5.92

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

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

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

<sup>6</sup> Effective from financial year 2015, general employees of the Group were awarded a new cash based long term incentive plan instead of Axiata Share Scheme as disclosed in Note 21(c) to the financial statements.

## 14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

### (a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

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

The maximum amount of shares which may be:

- (a) Offered for subscription and allotted on the exercise of the total amount of Share Options under this Axiata Share Scheme; and
- (b) Allotted upon the vesting of RSA under a RSP, (collectively referred to as "Aggregate") shall not be more than 7% of the issued and paid-up ordinary share capital of the Company at any point of time during the duration of this Axiata Share Scheme.

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

#### (ii) Basis of allocation and maximum allowable allotment

The total number of new ordinary shares of the Company that can be offered and allotted to any Eligible Employees (as defined in the Bye-Laws in relation to the Axiata Share Scheme shall be at the absolute discretion of the Board or the Axiata Share Scheme Committee which was folded under the Board Remuneration Committee effective from financial year 2014 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 Performance-Based ESOS 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.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

#### (a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

##### (iv) Option price and RSA reference price

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

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

##### (v) Duration of the Axiata Share Scheme

The Axiata Share Scheme shall be in force for a period of eight (8) years from the effective date of implementation of the Performance-Based 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 ESOS. All Share Options, whether or not exercisable, shall forthwith lapse upon the expiry of the Scheme. All unvested Shares under the RSA which were not vested shall forthwith lapse upon the expiry of the Scheme on 15 April 2017. On 20 May 2014, the shareholders of the Company via AGM approved the extension of the scheme from eight (8) years to ten (10) years until 15 April 2019.

##### (vi) Retention period

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

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

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

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

- (i) Selling Flexibility; or
- (ii) To directly subscribe for shares.

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

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

#### 14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

##### (a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

##### Performance-Based ESOS

	Exercise price RM	At 1 January 2015	Adjusted	Exercised	Lapsed/ forfeited	At 31 December 2015	Fair value at grant date RM
<b>Group</b>							
<b>Grant 1(a), 2009</b>							
Tranche 1	1.81	1,016,600	-	(1,016,600)	-	-	0.54
Tranche 2	1.81	4,257,405	-	(1,825,450)	-	2,431,955	0.57
		5,274,005	-	(2,842,050)	-	2,431,955	
<b>Grant 1(b), 2010</b>							
Tranche 1	3.15	80,400	-	(26,050)	-	54,350	0.93
Tranche 2	3.15	209,500	-	(63,850)	-	145,650	0.98
		289,900	-	(89,900)	-	200,000	
<b>Grant 2, 2010</b>							
Tranche 1	3.45	3,612,282	-	(738,050)	-	2,874,232	1.09
Tranche 2	3.45	5,406,366	-	(1,535,550)	-	3,870,816	1.15
		9,018,648	-	(2,273,600)	-	6,745,048	
<b>Grant 3, 2011</b>							
Tranche 1	5.07	9,711,290	-	(2,347,050)	-	7,364,240	1.05
Tranche 2	5.07	11,596,850	-	(3,472,850)	-	8,124,000	1.10
		21,308,140	-	(5,819,900)	-	15,488,240	
<b>Total</b>		<b>35,890,693</b>	<b>-</b>	<b>(11,025,450)</b>	<b>-</b>	<b>24,865,243</b>	

The related weighted average share price at the time of exercise was RM3.88 (2014: RM4.48).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

### (a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

#### Performance-Based ESOS

	Exercise price RM	At 1 January 2014	Adjusted	Exercised	Lapsed/ forfeited	At 31 December 2014	Fair value at grant date RM
<b>Group</b>							
<b>Grant 1(a), 2009</b>							
Tranche 1	1.81	1,495,111	-	(477,461)	(1,050)	1,016,600	0.54
Tranche 2	1.81	6,650,294	-	(2,281,789)	(111,100)	4,257,405	0.57
		8,145,405	-	(2,759,250)	(112,150)	5,274,005	
<b>Grant 1(b), 2010</b>							
Tranche 1	3.15	208,300	61,100	(175,750)	(13,250)	80,400	0.93
Tranche 2	3.15	501,049	61,100	(306,599)	(46,050)	209,500	0.98
		709,349	122,200	(482,349)	(59,300)	289,900	
<b>Grant 2, 2010</b>							
Tranche 1	3.45	5,216,632	-	(1,598,700)	(5,650)	3,612,282	1.09
Tranche 2	3.45	9,656,216	-	(4,155,600)	(94,250)	5,406,366	1.15
		14,872,848	-	(5,754,300)	(99,900)	9,018,648	
<b>Grant 3(a), 2011</b>							
Tranche 1	5.07	16,372,090	-	(6,632,250)	(28,550)	9,711,290	1.05
Tranche 2	5.07	28,750,900	-	(17,026,450)	(127,600)	11,596,850	1.10
		45,122,990	-	(23,658,700)	(156,150)	21,308,140	
<b>Total</b>		<b>68,850,592</b>	<b>122,200</b>	<b>(32,654,599)</b>	<b>(427,500)</b>	<b>35,890,693</b>	

The related weighted average share price at the time of exercise was RM4.48 (2013: RM4.29).

#### 14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

##### (a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

##### Performance-Based ESOS

	Exercise price RM	At 1 January 2015	Adjusted	Exercised	Lapsed/ forfeited	At 31 December 2015	Fair value at grant date RM
<b>Company</b>							
<b>Grant 1(a), 2009</b>							
Tranche 1	1.81	857,350	-	(585,750)	-	271,600	0.54
Tranche 2	1.81	1,375,650	-	(734,750)	-	640,900	0.57
		2,233,000	-	(1,320,500)	-	912,500	
<b>Grant 1(b), 2010</b>							
Tranche 1	3.15	16,150	-	-	-	16,150	0.93
Tranche 2	3.15	131,750	-	(6,800)	-	124,950	0.98
		147,900	-	(6,800)	-	141,100	
<b>Grant 2, 2010</b>							
Tranche 1	3.45	1,413,525	-	(155,850)	-	1,257,675	1.09
Tranche 2	3.45	2,147,925	-	(249,450)	-	1,898,475	1.15
		3,561,450	-	(405,300)	-	3,156,150	
<b>Grant 3(a), 2011</b>							
Tranche 1	5.07	2,313,850	-	(96,200)	-	2,217,650	1.05
Tranche 2	5.07	2,675,250	-	(201,900)	-	2,473,350	1.10
		4,989,100	-	(298,100)	-	4,691,000	
Total		10,931,450	-	(2,030,700)	-	8,900,750	

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

### (a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

#### Performance-Based ESOS

	Exercise price RM	At 1 January 2014	Adjusted	Exercised	Lapsed/ forfeited	At 31 December 2014	Fair value at grant date RM
<b>Company</b>							
<b>Grant 1(a), 2009</b>							
Tranche 1	1.81	1,034,400	-	(177,050)	-	857,350	0.54
Tranche 2	1.81	1,595,200	-	(219,550)	-	1,375,650	0.57
		2,629,600	-	(396,600)	-	2,233,000	
<b>Grant 1(b), 2010</b>							
Tranche 1	3.15	102,300	-	(86,150)	-	16,150	0.93
Tranche 2	3.15	224,949	-	(93,199)	-	131,750	0.98
		327,249	-	(179,349)	-	147,900	
<b>Grant 2, 2010</b>							
Tranche 1	3.45	1,656,675	-	(243,150)	-	1,413,525	1.09
Tranche 2	3.45	2,401,625	-	(253,700)	-	2,147,925	1.15
		4,058,300	-	(496,850)	-	3,561,450	
<b>Grant 3(a), 2011</b>							
Tranche 1	5.07	2,783,450	-	(469,600)	-	2,313,850	1.05
Tranche 2	5.07	3,282,450	-	(607,200)	-	2,675,250	1.10
		6,065,900	-	(1,076,800)	-	4,989,100	
<b>Total</b>		<b>13,081,049</b>	<b>-</b>	<b>(2,149,599)</b>	<b>-</b>	<b>10,931,450</b>	

#### 14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

##### (a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

##### RSP

	Closing price at grant date RM	At 1 January 2015	Granted	Adjusted <sup>7</sup>	Vested	Lapsed/ forfeited	At 31 December 2015	Fair value at grant date RM
<b>Group</b>								
<b>Grant 3(b), 2011</b>								
Tranche 2	5.03	20,000	-	-	-	-	20,000	3.90
		20,000	-	-	-	-	20,000	
<b>Grant 3(c), 2011</b>								
Tranche 2	5.10	3,950	-	9,500	(13,450)	-	-	3.74
		3,950	-	9,500	(13,450)	-	-	
<b>Grant 4(a), 2012</b>								
Tranche 1	5.39	94,600	-	-	(32,550)	-	62,050	4.39
Tranche 2	5.39	9,791,900	-	4,424,400	(13,520,800)	(411,650)	283,850	4.26
		9,886,500	-	4,424,400	(13,553,350)	(411,650)	345,900	
<b>Grant 4(b), 2012</b>								
Tranche 1	6.00	24,350	-	-	-	-	24,350	4.93
Tranche 2	6.00	403,000	-	55,700	(401,700)	(4,950)	52,050	4.69
		427,350	-	55,700	(401,700)	(4,950)	76,400	
<b>Grant 4(c), 2012</b>								
Tranche 1	6.19	16,200	-	-	(13,900)	-	2,300	4.46
Tranche 2	6.19	234,900	-	-	(87,900)	(1,800)	145,200	4.11
		251,100	-	-	(101,800)	(1,800)	147,500	

<sup>7</sup> Adjusted refer to the additional number of shares vested to the senior management due to multiplier effects or pro-rated shares offered at the time of vesting.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

### (a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

#### RSP

	Closing price at grant date RM	At 1 January 2015	Granted	Adjusted <sup>7</sup>	Vested	Lapsed/ forfeited	At 31 December 2015	Fair value at grant date RM
<b>Group</b>								
<b>Grant 5(a), 2013</b>								
Tranche 1	6.60	6,327,550	-	13,700	(6,041,150)	(49,800)	250,300	4.76
Tranche 2	6.60	9,818,050	-	4,700	(57,900)	(69,150)	9,695,700	4.28
		16,145,600	-	18,400	(6,099,050)	(118,950)	9,946,000	
<b>Grant 5(b), 2013</b>								
Tranche 1	6.90	232,450	-	-	(174,150)	(2,250)	56,050	4.88
Tranche 2	6.90	301,250	-	-	-	(28,550)	272,700	4.10
		533,700	-	-	(174,150)	(30,800)	328,750	
<b>Grant 6(a), 2014</b>								
Tranche 1	6.69	6,538,950	-	-	(17,400)	(86,850)	6,434,700	4.77
Tranche 2	6.69	9,925,950	-	-	-	(99,650)	9,826,300	4.20
		16,464,900	-	-	(17,400)	(186,500)	16,261,000	
<b>Grant 6(b), 2014</b>								
Tranche 1	6.94	121,200	-	-	-	(8,250)	112,950	4.72
Tranche 2	6.94	405,900	-	-	-	(8,250)	397,650	3.97
		527,100	-	-	-	(16,500)	510,600	
<b>Grant 7(a), 2015</b>	<b>7.06</b>	<b>-</b>	<b>3,617,000</b>	<b>-</b>	<b>-</b>	<b>(25,200)</b>	<b>3,591,800</b>	<b>4.46</b>
<b>Grant 7(b), 2015</b>	<b>6.29</b>	<b>-</b>	<b>317,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>317,200</b>	<b>4.35</b>
<b>Total</b>		<b>44,260,200</b>	<b>3,934,200</b>	<b>4,508,000</b>	<b>(20,360,900)</b>	<b>(796,350)</b>	<b>31,545,150</b>	

<sup>7</sup> Adjusted refer to the additional number of shares vested to the senior management due to multiplier effects or pro-rated shares offered at the time of vesting.

#### 14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

##### (a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

##### RSP

	Closing price at grant date RM	At 1 January 2014	Granted	Adjusted <sup>7</sup>	Vested	Lapsed/ forfeited	At 31 December 2014	Fair value at grant date RM
<b>Group</b>								
<b>Grant 3(b), 2011</b>								
Tranche 1	5.03	16,150	-	-	(9,200)	(6,950)	-	4.21
Tranche 2	5.03	454,700	-	320,800	(744,350)	(11,150)	20,000	3.90
		470,850	-	320,800	(753,550)	(18,100)	20,000	
<b>Grant 3(c), 2011</b>								
Tranche 1	5.10	3,100	-	-	(3,100)	-	-	4.15
Tranche 2	5.10	155,550	-	264,000	(409,400)	(6,200)	3,950	3.74
		158,650	-	264,000	(412,500)	(6,200)	3,950	
<b>Grant 4(a), 2012</b>								
Tranche 1	5.39	6,529,100	-	595,900	(6,983,400)	(47,000)	94,600	4.39
Tranche 2	5.39	10,075,500	-	23,500	(176,000)	(131,100)	9,791,900	4.26
		16,604,600	-	619,400	(7,159,400)	(178,100)	9,886,500	
<b>Grant 4(b), 2012</b>								
Tranche 1	6.00	122,150	-	-	(94,750)	(3,050)	24,350	4.93
Tranche 2	6.00	444,350	-	-	(21,400)	(19,950)	403,000	4.69
		566,500	-	-	(116,150)	(23,000)	427,350	

<sup>7</sup> Adjusted refer to the additional number of shares vested to the senior management due to multiplier effects or pro-rated shares offered at the time of vesting.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

### (a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

#### RSP

	Closing price at grant date RM	At 1 January 2014	Granted	Adjusted <sup>7</sup>	Vested	Lapsed/ forfeited	At 31 December 2014	Fair value at grant date RM
<b>Group</b>								
<b>Grant 4(c), 2012</b>								
Tranche 1	6.19	131,400	-	-	(97,600)	(17,600)	16,200	4.46
Tranche 2	6.19	252,500	-	-	-	(17,600)	234,900	4.11
		383,900	-	-	(97,600)	(35,200)	251,100	
<b>Grant 5(a), 2013</b>								
Tranche 1	6.60	6,428,250	-	-	-	(100,700)	6,327,550	4.76
Tranche 2	6.60	10,192,250	-	-	(118,500)	(255,700)	9,818,050	4.28
		16,620,500	-	-	(118,500)	(356,400)	16,145,600	
<b>Grant 5(b), 2013</b>								
Tranche 1	6.90	261,500	-	-	-	(29,050)	232,450	4.88
Tranche 2	6.90	433,900	-	-	(26,900)	(105,750)	301,250	4.10
		695,400	-	-	(26,900)	(134,800)	533,700	
<b>Grant 6(a), 2014</b>								
Tranche 1	6.69	-	6,790,450	-	-	(251,500)	6,538,950	4.77
Tranche 2	6.69	-	10,466,650	-	(14,800)	(525,900)	9,925,950	4.20
		-	17,257,100	-	(14,800)	(777,400)	16,464,900	
<b>Grant 6(b), 2014</b>								
Tranche 1	6.94	-	121,950	-	-	(750)	121,200	4.72
Tranche 2	6.94	-	406,650	-	-	(750)	405,900	3.97
		-	528,600	-	-	(1,500)	527,100	
<b>Total</b>		<b>35,500,400</b>	<b>17,785,700</b>	<b>1,204,200</b>	<b>(8,699,400)</b>	<b>(1,530,700)</b>	<b>44,260,200</b>	

<sup>7</sup> Adjusted refer to the additional number of shares vested to the senior management due to multiplier effects or pro-rated shares offered at the time of vesting.

## 14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

### (a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

#### RSP

	Closing price at grant date RM	At 1 January 2015	Granted	Adjusted <sup>7</sup>	Vested	Lapsed/ forfeited	At 31 December 2015	Fair value at grant date RM
<b>Company</b>								
<b>Grant 4(a), 2012</b>								
Tranche 1	5.39	-	-	-	-	-	-	4.39
Tranche 2	5.39	2,085,750	-	2,224,000	(4,039,000)	(137,950)	132,800	4.26
		2,085,750	-	2,224,000	(4,039,000)	(137,950)	132,800	
<b>Grant 4(b), 2012</b>								
Tranche 1	6.00	-	-	-	-	-	-	4.93
Tranche 2	6.00	243,600	-	8,800	(229,800)	-	22,600	4.69
		243,600	-	8,800	(229,800)	-	22,600	
<b>Grant 4(c), 2012</b>								
Tranche 1	6.19	-	-	-	-	-	-	4.46
Tranche 2	6.19	118,450	-	-	(14,850)	-	103,600	4.11
		118,450	-	-	(14,850)	-	103,600	
<b>Grant 5(a), 2013</b>								
Tranche 1	6.60	279,850	-	-	(220,500)	(44,350)	15,000	4.76
Tranche 2	6.60	2,036,850	-	4,700	(57,900)	(69,150)	1,914,500	4.28
		2,316,700	-	4,700	(278,400)	(113,500)	1,929,500	
<b>Grant 5(b), 2013</b>								
Tranche 1	6.90	49,700	-	-	(6,200)	(2,250)	41,250	4.88
Tranche 2	6.90	86,900	-	-	-	(28,550)	58,350	4.10
		136,600	-	-	(6,200)	(30,800)	99,600	

<sup>7</sup> Adjusted refer to the additional number of shares vested to the senior management due to multiplier effects or pro-rated shares offered at the time of vesting.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

### (a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

#### RSP

	Closing price at grant date RM	At 1 January 2015	Granted	Adjusted <sup>7</sup>	Vested	Lapsed/ forfeited	At 31 December 2015	Fair value at grant date RM
<b>Company</b>								
<b>Grant 6(a), 2014</b>								
Tranche 1	6.69	668,850	-	-	(17,400)	(86,850)	564,600	4.77
Tranche 2	6.69	2,640,450	-	-	-	(99,650)	2,540,800	4.20
		<b>3,309,300</b>	<b>-</b>	<b>-</b>	<b>(17,400)</b>	<b>(186,500)</b>	<b>3,105,400</b>	
<b>Grant 6(b), 2014</b>								
Tranche 1	6.94	79,550	-	-	-	(8,250)	71,300	4.72
Tranche 2	6.94	298,750	-	-	-	(8,250)	290,500	3.97
		<b>378,300</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,500)</b>	<b>361,800</b>	
<b>Grant 7(a), 2015</b>	<b>7.06</b>	<b>-</b>	<b>1,866,100</b>	<b>-</b>	<b>-</b>	<b>(25,200)</b>	<b>1,840,900</b>	<b>4.46</b>
<b>Grant 7(b), 2015</b>	<b>6.29</b>	<b>-</b>	<b>109,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109,000</b>	<b>4.35</b>
<b>Total</b>		<b>8,588,700</b>	<b>1,975,100</b>	<b>2,237,500</b>	<b>(4,585,650)</b>	<b>(510,450)</b>	<b>7,705,200</b>	

<sup>7</sup> Adjusted refer to the additional number of shares vested to the senior management due to multiplier effects or pro-rated shares offered at the time of vesting.

#### 14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

##### (a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

##### RSP

	Closing price at grant date RM	At 1 January 2014	Granted	Adjusted <sup>7</sup>	Vested	Lapsed/ forfeited	At 31 December 2014	Fair value at grant date RM
<b>Company</b>								
<b>Grant 3(b), 2011</b>								
Tranche 1	5.03	-	-	-	-	-	-	4.21
Tranche 2	5.03	226,600	-	297,100	(519,500)	(4,200)	-	3.90
		226,600	-	297,100	(519,500)	(4,200)	-	
<b>Grant 3(c), 2011</b>								
Tranche 1	5.10	-	-	-	-	-	-	4.15
Tranche 2	5.10	136,450	-	264,000	(400,450)	-	-	3.74
		136,450	-	264,000	(400,450)	-	-	
<b>Grant 4(a), 2012</b>								
Tranche 1	5.39	487,050	-	595,900	(1,075,150)	(7,800)	-	4.39
Tranche 2	5.39	2,240,450	-	23,500	(176,000)	(2,200)	2,085,750	4.26
		2,727,500	-	619,400	(1,251,150)	(10,000)	2,085,750	
<b>Grant 4(b), 2012</b>								
Tranche 1	6.00	7,500	-	-	(7,500)	-	-	4.93
Tranche 2	6.00	281,900	-	-	(21,400)	(16,900)	243,600	4.69
		289,400	-	-	(28,900)	(16,900)	243,600	

<sup>7</sup> Adjusted refer to the additional number of shares vested to the senior management due to multiplier effects or pro-rated shares offered at the time of vesting.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

### (a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

#### RSP

	Closing price at grant date RM	At 1 January 2014	Granted	Adjusted <sup>7</sup>	Vested	Lapsed/ forfeited	At 31 December 2014	Fair value at grant date RM
<b>Company</b>								
<b>Grant 4(c), 2012</b>								
Tranche 1	6.19	14,850	-	-	(14,850)	-	-	4.46
Tranche 2	6.19	118,450	-	-	-	-	118,450	4.11
		133,300	-	-	(14,850)	-	118,450	
<b>Grant 5(a), 2013</b>								
Tranche 1	6.60	349,850	-	-	-	(70,000)	279,850	4.76
Tranche 2	6.60	2,243,750	-	-	(118,500)	(88,400)	2,036,850	4.28
		2,593,600	-	-	(118,500)	(158,400)	2,316,700	
<b>Grant 5(b), 2013</b>								
Tranche 1	6.90	51,950	-	-	-	(2,250)	49,700	4.88
Tranche 2	6.90	192,750	-	-	(26,900)	(78,950)	86,900	4.10
		244,700	-	-	(26,900)	(81,200)	136,600	
<b>Grant 6(a), 2014</b>								
Tranche 1	6.69	-	708,100	6,900	-	(46,150)	668,850	4.77
Tranche 2	6.69	-	2,667,500	34,200	-	(61,250)	2,640,450	4.20
		-	3,375,600	41,100	-	(107,400)	3,309,300	
<b>Grant 6(b), 2014</b>								
Tranche 1	6.94	-	79,550	-	-	-	79,550	4.72
Tranche 2	6.94	-	298,750	-	-	-	298,750	3.97
		-	378,300	-	-	-	378,300	
<b>Total</b>		<b>6,351,550</b>	<b>3,753,900</b>	<b>1,221,600</b>	<b>(2,360,250)</b>	<b>(378,100)</b>	<b>8,588,700</b>	

<sup>7</sup> Adjusted refer to the additional number of shares vested to the senior management due to multiplier effects or pro-rated shares offered at the time of vesting.

**14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)****(a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)**

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

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

<sup>8</sup> 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

### (a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

	Entitlement over the Company's shares										
	Grant 3(b)	Grant 3(c)	Grant 4(a)	Grant 4(b)	Grant 4(c)	Grant 5(a)	Grant 5(b)	Grant 6(a)	Grant 6(b)	Grant 7(a)	Grant 7(b)
Reference price	RM5.03	RM5.10	RM5.20	RM5.86	RM5.92	RM6.27	RM6.90	RM6.55	RM6.95	RM7.11	RM5.92
Valuation at grant date*	18 Jul 2011	30 Nov 2011	16 Apr 2012	17 Aug 2012	10 Dec 2012	29 Mar 2013	15 Aug 2013	07 Apr 2014	02 Sep 2014	09 Apr 2015	17 Sep 2015
Vesting date:											
- Tranche 1	18 Jul 2013	30 Nov 2013	30 Mar 2014	31 Jul 2014	30 Nov 2014	20 Feb 2015	15 Aug 2015	15 Feb 2016	15 Aug 2016	-	-
- Tranche 2	18 Jul 2014	30 Nov 2014	30 Mar 2015	31 Jul 2015	30 Nov 2015	20 Feb 2016	15 Aug 2016	15 Feb 2017	15 Aug 2017	15 Feb 2018	15 Aug 2018
Closing share price at grant date*	RM5.03	RM5.10	RM5.39	RM6.00	RM6.19	RM6.60	RM6.90	RM6.69	RM6.94	RM7.06	RM6.29
Expected dividend yield	2.54%	3.12%	4.23%	4.06%	4.15%	4.58%	4.20%	3.79%	3.89%	3.96%	3.96%
Risk free interest rates (Yield of Malaysian Government Securities)	3.19%- 3.32%	2.92%- 3.23%	3.09%- 3.18%	2.97%- 3.04%	3.00%- 3.08%	2.88%- 3.09%	3.17%- 3.36%	3.00%- 3.38%	3.46%	3.57%	3.76%
Expected volatility <sup>#</sup>	19.9%	18.7%	27.5%	19.2%	18.6%	18.7%	17.4%	16.5%	15.8%	14.26%	15.20%

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

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

#### 14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

##### (a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Equity settlement arrangement:				
- Options and RSA granted to employees under the Scheme	<b>53,508</b>	91,610	<b>6,304</b>	21,980

##### (b) Share-based compensation plan of XL

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

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

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

Total share-based compensation expense recognised in the consolidated profit or loss for the financial year ended 31 December 2015 was RM9.8 million (2014: RM8.9 million) as disclosed in Note 7(c) to the financial statements.

##### (c) Pioneer Grant of edotco Group

On 8 December 2014, edotco Group approved edotco Pioneer Grant to the eligible employees of edotco Group, its subsidiary and national tower companies which are currently held by the Group in Bangladesh, Cambodia, Sri Lanka and Pakistan. The plan is to motivate the employees to drive value creation for edotco Group.

On 31 March 2015, edotco issued grant letters to eligible employees. The movement in the number of shares over the new ordinary shares of RM1 each of edotco Group, in which the employees are entitled to are as follows:

Group	At 1 January 2015	Granted	Lapsed/ forfeited	At 31 December 2015
	Pioneer Grant			-

The total share-based compensation expense recognised in the consolidated profit or loss for the financial year ended 31 December 2015 was RM11.7 million (2014: Nil).

# NOTES TO THE FINANCIAL STATEMENTS

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## 15. RESERVES

	Note	Group		Company	
		2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
<b>Distributable</b>					
Retained earnings	(a)	<b>10,223,278</b>	9,847,684	<b>7,706,203</b>	6,536,768
<b>Non-distributable</b>					
Capital contribution reserve	(b)	<b>16,598</b>	16,598	<b>16,598</b>	16,598
Merger reserve	(c)	<b>346,774</b>	346,774	-	-
Hedging reserve	(d)	<b>(255,992)</b>	(131,518)	-	-
ESOS and RSA reserve	(e)	<b>130,229</b>	176,628	<b>130,229</b>	176,628
Actuarial reserve		<b>(92)</b>	(9,934)	-	-
Other reserve	(f)	<b>(172,753)</b>	-	-	-
AFS reserve		<b>3,367</b>	-	-	-
Currency translation differences arising from translation of:					
- subsidiaries		<b>702,032</b>	(313,623)	-	-
- joint venture		<b>3,598</b>	-	-	-
- associates		<b>225,481</b>	(152,571)	-	-
		<b>931,111</b>	(466,194)	-	-
<b>Total</b>		<b>11,222,520</b>	9,780,038	<b>7,853,030</b>	6,729,994

- (a) Alternatively, the Company can also distribute tax exempt dividends from its tax exempt income account. The Company has tax exempt income accounts as at 31 December 2015 amounting to approximately RM249.9 million (2014: RM202.5 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.
- (b) The Group's and the Company's capital contribution reserve relates to the ESOS of Telekom Malaysia Berhad, former holding company, which were made available to the employees of the Group and the Company.
- (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 and cash flow hedge arising from an effective hedge as disclosed in Note 19(e) and 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.
- (f) The Group's other reserve relates to the put option liability over shares held by NCI as disclosed in Note 19(d) to the financial statements.

## 16. BORROWINGS

	Note	W.A.R.F %	2015			W.A.R.F %	2014		
			Non-current RM'000	Current RM'000	Total RM'000		Non-current RM'000	Current RM'000	Total RM'000
<b>Group</b>									
<b>Overseas</b>									
Secured:									
- Borrowings from financial institutions	(a)	5.46	490,008	175,068	665,076	3.20	290,515	128,413	418,928
Unsecured:									
- Borrowings from financial institutions		6.69	5,359,759	1,849,538	7,209,297	4.48	6,078,186	1,097,270	7,175,456
- Other borrowings		-	-	-	-	1.88	-	168,554	168,554
- Sukuk Ijarah	(c)(iii)	10.02	312,866	153,634	466,500	-	-	-	-
- Bank overdrafts	33	4.47	-	89,908	89,908	1.48	-	54,404	54,404
		6.20	6,162,633	2,268,148	8,430,781	4.34	6,368,701	1,448,641	7,817,342
Malaysia									
Unsecured:									
- Notes	(b)	5.36	1,277,922	12,102	1,290,024	5.37	1,050,021	-	1,050,021
- Sukuk	(c)(i),(ii)	3.69	6,604,101	67,480	6,671,581	3.77	4,525,972	500,000	5,025,972
		3.96	7,882,023	79,582	7,961,605	4.04	5,575,993	500,000	6,075,993
<b>Total</b>		<b>5.12</b>	<b>14,044,656</b>	<b>2,347,730</b>	<b>16,392,386</b>	<b>4.21</b>	<b>11,944,694</b>	<b>1,948,641</b>	<b>13,893,335</b>

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

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

(b) The USD300.0 million Guaranteed Notes ("Notes") will mature on 28 April 2020, and is guaranteed by the Company. The Notes, which were issued at 99.94%, carry a coupon rate of 5.375% per annum ("p.a.") (payable semi-annually in arrears) and have a tenure of 10 years from the date of issuance.

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

(i) Multi-currency Sukuk

The Group established a Multi-Currency Sukuk Programme involving the issuance of up to USD1.5 billion (or its equivalent in other currencies based on Islamic Principle). On 12 November 2015, the Group successfully priced the issuance USD denominated 500 million Sukuk pursuant to the Sukuk Programme. The Sukuk, which was issued at par, carries a coupon rate of 3.466% p.a. (payable semiannually in arrears) and has tenure of five (5) years from the date of issuance.

On 19 November 2015, the Sukuk was listed and quoted on Bursa Malaysia (under the Exempt Regime) and on the Singapore Exchange Securities Trading Limited.

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### 16. BORROWINGS (CONTINUED)

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

- (ii) Sukuk Murabahah

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

The details of the Sukuk Murabahah are as follow:

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

<sup>1</sup> payable semiannually

- (iii) Sukuk Ijarah

On 28 October 2015, XL established a Sukuk Ijarah Programme of up to IDR5.0 trillion in nominal value. The Sukuk Programme was established under a 2-year shelf registration programme. The issuance of Shelf Sukuk Ijarah 1 XL Axiata Tranche 1 Year 2015 ("Tranche 1 Sukuk") amounting up to IDR1.5 trillion was based on the Shariah principle of Ijarah with the payment of Ujrah to be made quarterly in arrears. On 2 December 2015, Tranche 1 Sukuk was listed and quoted on Indonesian Stock Exchange ("IDX"). The detail of Tranche 1 Sukuk as below:

	Nominal value (IDR'million)	Annual fixed Ijarah return	Maturity date
Series A	494,000	43,225	12 December 2016
Series B	258,000	26,445	2 December 2018
Series C	323,000	33,915	2 December 2020
Series D	425,000	46,750	2 December 2022
	1,500,000		

Revenue sharing of Sukuk Ijarah is paid on quarterly basis with the first payment on 2 March 2016 and the last payment will do simultaneously with payment of principal of each series of the Sukuk Ijarah.

- (d) During the financial year, XL early redeemed its borrowings due to United Overseas Bank Limited of USD200.0 million, The Bank of Tokyo Mitsubishi UFJ, Ltd of USD180.0 million, The Royal Bank of Scotland Plc (Singapore) of USD100.0 million and Standard Chartered Bank of USD100.0 million without penalty charged.
- (e) The borrowings of the Group are subject to certain covenants. The covenants require that certain ratios (Debts over Assets, Earnings before interest, tax, depreciation and amortisation ("EBITDA") to Borrowing/Finance Costs and Debts to EBITDA) to be met, limitation to certain assets sales or transferred and maintaining majority ownerships in certain subsidiary by the Group. The Group is in compliance with the covenants of its borrowings at each reporting date.
- (f) The total floating interest rate borrowings of the Group are RM7,766.4 million (2014: RM7,817.3 million) as at the reporting date.

## 16. BORROWINGS (CONTINUED)

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

	2015						2014					
	Functional currency						Functional currency					
	RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000	RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000
<b>Group</b>												
RM	4,526,427	-	-	-	-	4,526,427	5,025,972	-	-	-	-	5,025,972
USD	3,689,447	1,942,656	637,810	384,545	231,806	6,886,264	1,050,021	3,771,673	473,955	394,406	244,949	5,935,004
IDR	-	4,411,853	-	-	-	4,411,853	-	2,839,199	-	-	-	2,839,199
SLR	-	-	78,349	-	-	78,349	-	-	53,256	-	-	53,256
BDT	-	-	-	439,888	-	439,888	-	-	-	14,115	-	14,115
PKR	-	-	-	-	49,605	49,605	-	-	-	-	25,789	25,789
<b>Total</b>	<b>8,215,874</b>	<b>6,354,509</b>	<b>716,159</b>	<b>824,433</b>	<b>281,411</b>	<b>16,392,386</b>	<b>6,075,993</b>	<b>6,610,872</b>	<b>527,211</b>	<b>408,521</b>	<b>270,738</b>	<b>13,893,335</b>

USD: United State Dollars

IDR: Indonesian Rupiah

SLR: Sri Lankan Rupee

BDT: Bangladeshi Taka

PKR: Pakistani Rupee

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

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Overseas:				
- Borrowings <sup>2</sup>	5,849,767	5,849,767	6,368,701	6,368,701
- Sukuk Ijarah <sup>3</sup>	312,866	494,372	-	-
	<b>6,162,633</b>	<b>6,344,139</b>	<b>6,368,701</b>	<b>6,368,701</b>
Malaysia:				
- Notes <sup>3</sup>	1,277,922	1,411,956	1,050,021	1,185,509
- Multi-currency Sukuk <sup>3</sup>	2,104,101	2,146,236	-	-
- Sukuk Murabahah <sup>2</sup>	4,500,000	4,434,946	4,525,972	4,918,294
	<b>7,882,023</b>	<b>7,993,138</b>	<b>5,575,993</b>	<b>6,103,803</b>
	<b>14,044,656</b>	<b>14,337,277</b>	<b>11,944,694</b>	<b>12,472,504</b>

<sup>2</sup> The fair values are calculated based on cash flows discounted using a rate based on the borrowing rate which ranges from 1.10% to 11.25% (2014: 1.04% to 12.13%) p.a. and are within level 2 of the fair value hierarchy.

<sup>3</sup> The fair value is based on quoted price in an active market and is within level 1 of the fair value hierarchy.

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 17. FINANCIAL INSTRUMENTS BY CATEGORY

	Note	2015				2014			
		Loan and	Assets at	AFS	Total	Loan and	Assets at	AFS	Total
		receivables	FVTPL			receivables	FVTPL		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>									
<b>Financial assets</b>									
Derivative financial instruments	19	-	342,482	-	342,482	-	167,765	-	167,765
Long term receivables	29	3,586	-	-	3,586	2,682	-	-	2,682
Available-for-sale financial asset		-	-	31,286	31,286	-	-	1,118	1,118
Trade and other receivables		1,998,642	-	-	1,998,642	1,593,732	-	-	1,593,732
Financial assets at FVTPL		-	28	-	28	-	14	-	14
Deposits, cash and bank balances	33	5,510,692	-	-	5,510,692	5,115,570	-	-	5,115,570
<b>Total</b>		<b>7,512,920</b>	<b>342,510</b>	<b>31,286</b>	<b>7,886,716</b>	<b>6,711,984</b>	<b>167,779</b>	<b>1,118</b>	<b>6,880,881</b>

	Note	2015			2014		
		Liabilities at	Other	Total	Liabilities at	Other	Total
		FVTPL	financial liabilities		FVTPL	financial liabilities	
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>							
<b>Financial liabilities</b>							
Borrowings	16	-	16,392,386	16,392,386	-	13,893,335	13,893,335
Derivative financial instruments	19	173,855	-	173,855	26,227	-	26,227
Trade and other payables excluding statutory liabilities		-	7,086,448	7,086,448	-	6,344,612	6,344,612
<b>Total</b>		<b>173,855</b>	<b>23,478,834</b>	<b>23,652,689</b>	<b>26,227</b>	<b>20,237,947</b>	<b>20,264,174</b>

## 17. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Note	2015		2014	
		Loans and receivables	Total	Loans and receivables	Total
		RM'000	RM'000	RM'000	RM'000
<b>Company</b>					
<b>Financial assets</b>					
Amounts due from subsidiaries	31	2,628,009	2,628,009	2,158,977	2,158,977
Long term receivables	29	2,000	2,000	-	-
Trade and other receivables	32	7,964	7,964	6,924	6,924
Deposits, cash and bank balances	33	321,314	321,314	172,563	172,563
<b>Total</b>		<b>2,959,287</b>	<b>2,959,287</b>	<b>2,338,464</b>	<b>2,338,464</b>
<b>Financial liabilities</b>					
Trade and other payables		50,757	50,757	80,646	80,646
Amounts due to subsidiaries	31	1,396,349	1,396,349	1,162,472	1,162,472
<b>Total</b>		<b>1,447,106</b>	<b>1,447,106</b>	<b>1,243,118</b>	<b>1,243,118</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 18. CREDIT QUALITY OF FINANCIAL ASSETS

	Note	Group	
		2015 RM'000	2014 RM'000
<b>Trade receivables</b>			
Counterparties with external credit ratings*			
A		-	31
A+		5,867	6,212
A-		13,035	17,606
A-2		8,351	80,393
A-1		4,315	1,094
A-1+		4,874	-
AAA		1,817	-
B		1,298	816
BB		2	697
BB+		18,725	26,053
BBB+		44	3,015
BBB-		8,091	6,354
DRSK		45,956	77,028
NR		33,708	8,513
WR		1,252	1,906
WD		1,520	528
P1		4,602	16,560
Others		1,770	508
		<b>155,227</b>	<b>247,314</b>
Counterparties without external credit ratings			
Group 1		547,837	422,237
Group 2		306,034	137,892
Group 3		104,812	131,096
		<b>958,683</b>	<b>691,225</b>
<b>Total</b>	<b>32</b>	<b>1,113,910</b>	<b>938,539</b>

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

## 18. CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Deposits, cash and bank balances</b>					
A-1		162,789	72,954	-	-
A-1+		135,361	25,631	-	-
A-1*-		-	59,818	-	-
A2		3,294	2,473	-	-
A3		1,204,998	69,313	-	-
A-2		1,964,496	2,091,212	401	1,582
A+		-	54,722	-	-
AA-		-	67,216	-	-
B		84,597	426,127	-	-
NR		312,690	713,538	-	-
P1		484,456	410,103	173,693	59,183
P-1		4,863	70,001	1,435	70,001
P-2		224,526	82,333	121,842	40,332
WD		256,239	340,004	-	-
WR		71,963	89,212	-	-
idA+		124,781	112,708	-	-
NP		43,701	-	-	-
idAA		15,016	-	-	-
Others		14,483	29,175	-	-
Without external credit ratings		402,439	399,030	23,943	1,465
Total	33	5,510,692	5,115,570	321,314	172,563
<b>AFS financial asset</b>					
Without external credit ratings		31,286	1,118	-	-
<b>Derivative financial instrument assets</b>					
A-1		129,909	87,699	-	-
A-1+		30,093	5,594	-	-
A-2		174,137	66,130	-	-
Without external credit ratings		8,343	8,342	-	-
Total	19	342,482	167,765	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 18. CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

	Note	Company	
		2015 RM'000	2014 RM'000
<b>Amounts due from subsidiaries</b>			
Group 2	31	<b>2,628,009</b>	2,158,977

Group 1 - new customers/related parties [less than six (6) months]

Group 2 - existing customers/related parties [more than six (6) months] with no defaults in the past

Group 3 - existing customers/related parties [more than six (6) months] with some defaults in the past. All defaults were fully recovered.

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

## 19. DERIVATIVE FINANCIAL INSTRUMENTS

	Note	Group			
		2015		2014	
		Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
<b>Non-current</b>					
Non-hedging derivative financial instruments:					
- CCIRS	(a)	<b>72,330</b>	-	119,973	-
- Call spread options	(b)	<b>46,751</b>	-	5,594	(1,241)
- Convertible warrants in an associate	(c)	<b>8,343</b>	-	8,343	-
- IRS		-	-	-	(7,709)
		<b>127,424</b>	-	133,910	(8,950)
Derivative designated as hedging instruments:					
- CCIRS	(e)	<b>101,807</b>	-	-	(11,992)
- IRS	(f)	-	<b>(743)</b>	-	(1,734)
Total non-current		<b>229,231</b>	<b>(743)</b>	133,910	(22,676)
<b>Current</b>					
Non-hedging derivative financial instruments:					
- FFC		-	-	33,855	(822)
- CCIRS	(a)	<b>113,251</b>	-	-	-
- IRS		-	-	-	(2,729)
- Put option over shares held by non-controlling interest	(d)	-	<b>(172,753)</b>	-	-
		<b>113,251</b>	<b>(172,753)</b>	33,855	(3,551)
Derivative designated as hedging instrument: - IRS	(f)	-	<b>(359)</b>	-	-
Total current		<b>113,251</b>	<b>(173,112)</b>	33,855	(3,551)
Total		<b>342,482</b>	<b>(173,855)</b>	167,765	(26,227)

## 19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

### Non-hedging derivatives financial instruments

#### (a) Cross currency interest rate swaps

The information relating to the derivative financial instruments of a subsidiary of the Group as at 31 December 2015 is as follows:

Counterparties	Notional amount USD'million	Period	Swap amount IDR'billion	Exchange period	Fixed interest rate paid	Exchange rate per 1USD:	Interest rate received
The Bank of Tokyo Mitsubishi UFJ, Ltd ("BTMU")	88.0	25 March 2013- 24 March 2016	854.9	Quarterly	6.93%	IDR9,715	3 months' LIBOR + 0.8% margin
SCB	50.0	13 June 2013- 13 June 2018	495.9	Quarterly	7.60%	IDR9,918	Fixed rate 2.3%

#### (b) Call spread options

The information relating to the derivative financial instruments of a subsidiary of the Group as at 31 December 2015 is as follows:

Counterparties	Notional amount USD'million	Period	Strike/ cap rate 1USD:	Premium per annum	Start of optional termination date
Bank of America Merrill Lynch - Singapore	100.0	29 May 2014 -9 Jan 2019	IDR11,580- IDR14,580	3.33%	9 Oct 2015
DBS Bank Ltd. Singapore	200.0	30 May 2014 -14 March 2019	IDR11,600- IDR14,600	3.22%	17 March 2015

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### 19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

#### Non-hedging derivatives financial instruments (continued)

#### (c) Convertible warrants in an associate

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

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

#### (d) Put option over shares held by non-controlling interest in DAH

In conjunction with the acquisition of DAH as disclosed in Note 5 (a)(xiv) to the financial statements, EIL has granted Yoma an option to sell, which would require EIL to buy all the shares of Yoma together with shareholders loan at a price higher of fixed price of USD40.0 million or price determined based on EBITDA multiple.

The Put Option may be exercised at any time by Yoma during the option period which is five (5) years from 4 December 2015. In addition to that, Yoma has also granted EIL an option to buy all the shares of Yoma together with the shareholder loan at a price higher of fixed price or price determined based on EBITDA multiple.

#### Derivative designated as hedging instrument

#### (e) Net investment hedge - Cross currency interest rate swaps

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

The information relating to the derivatives of a subsidiary of the Company as at 31 December 2015 is as follows:

Notional amount USD'million	Notional amount SGD'million	Period	Exchange period	Floating interest rate paid	Floating interest rate received	Fair value assets/(liabilities)	
						2015 RM'000	2014 RM'000
300.0	421.3	28 Oct 2010- 28 Apr 2020	Semi- annually	4.315%- 4.350% on SGD notional	5.375% on USD notional	101,807	(11,992)

**19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

Derivative designated as hedging instrument (continued)

**(e) Net investment hedge – Cross currency interest rate swaps (continued)**

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 RM125.3 million (2014: gain of RM21.6 million) in other comprehensive income after reclassification of an unrealised foreign exchange loss of RM238.1 million (2014: loss of RM61.2 million) on the underlying Notes from the profit or loss to other comprehensive income.

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

**(f) Cash flow hedge – Interest rate swap**

The IRS is used to hedge cash flow risk arising from a floating rate borrowing of a subsidiary. The hedge is designed to hedge against interest rate risks.

The information relating to the derivative as at 31 December 2015 is as follows:

Notional amount USD'million	Period	Exchange period	Floating interest rate paid	Floating interest rate received	Fair value liabilities	
					2015 RM'000	2014 RM'000
103.8	13 January 2014 - 29 July 2018	Quarterly	2.6075% p.a.	3 months' LIBOR +1.45% p.a.	<b>1,102</b>	1,734

The fair value changes of the derivative are attributable to interest rate movements.

**20. DEFERRED INCOME**

	Group	
	2015 RM'000	2014 RM'000
At 1 January	<b>254,304</b>	271,585
Received during the financial year	-	30,741
Released to profit or loss	<b>(37,150)</b>	(49,563)
Currency translation differences	<b>6,260</b>	1,541
At 31 December	<b>223,414</b>	254,304

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 21. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-current:</b>					
Defined benefits plans	(a)	110,785	95,982	-	-
Finance lease payables	(b)	629,179	539,810	-	-
Other payables	(c)	24,703	4,433	1,513	-
		764,667	640,225	1,513	-
Deferred gain on sale and lease back assets	9	643,830	1,153,666	-	-
Total non-current		1,408,497	1,793,891	1,513	-
<b>Current:</b>					
Trade payables		1,934,145	1,438,957	-	-
Accrued expenses		2,481,950	2,302,989	15,865	32,584
Customer deposits		85,135	79,476	-	-
Business license payable		87,847	86,951	-	-
Payroll liabilities		241,408	252,531	18,270	25,956
Other accruals		241,210	155,334	-	-
Other payables		3,302,531	2,892,872	32,038	22,106
Finance lease payables	(b)	114,356	43,580	-	-
		8,488,582	7,252,690	66,173	80,646
Deferred revenue		1,011,946	993,400	-	-
Deferred gain on sale and lease back assets		142,253	128,531	-	-
		1,154,199	1,121,931	-	-
Total current		9,642,781	8,374,621	66,173	80,646
Total trade and other payables		11,051,278	10,168,512	67,686	80,646

### (a) Defined benefits plans

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

	Group	
	2015 RM'000	2014 RM'000
Present value of obligations	110,785	95,982

**21. TRADE AND OTHER PAYABLES (CONTINUED)****(a) Defined benefits plans (continued)**

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	95,982	63,085
Acquisition of subsidiary	174	-
Charge to profit or loss:		
- current service cost	12,171	10,222
- interest costs	9,183	7,125
- past service cost	(206)	(160)
	21,148	17,187
Benefit paid	(5,297)	(5,887)
Settlement loss	3,604	4,151
Charge to other comprehensive income:		
- actuarial (gains)/losses	(17,351)	14,806
Currency translation differences	12,525	2,640
At 31 December	<b>110,785</b>	95,982

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
Discount rate (p.a.)	9.0% - 10.8%	8.5% - 9.6%
Salary increment rate (p.a.)	10.0% - 12.0%	10.0% - 12.0%

- (b) Finance lease payables are payables related to the sale and lease back of tower assets of a subsidiary.

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

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Within one (1) year	114,356	43,580
Between one (1) and five (5) years	306,135	221,205
More than five (5) years	323,044	318,605
Finance lease payables	<b>743,535</b>	583,390

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 21. TRADE AND OTHER PAYABLES (CONTINUED)

- (c) During the financial year, the Group and the Company has implemented a new cash-based long term incentive compensation for the general employees of the Group and the Company as disclosed in Note 14(a) to the financial statements. The payout of the plan is depending on the performance of the individual and the Group during the service period.

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

	2015						2014					
	Functional currency						Functional currency					
	RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000	RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000
<b>Group</b>												
RM	3,195,899	499	-	-	-	3,196,398	2,895,603	595	-	-	-	2,896,198
USD	206,444	552,329	50,380	-	362,935	1,172,088	89,707	509,063	18,252	473,814	219,027	1,309,863
IDR	324	4,303,040	-	-	-	4,303,364	-	4,293,942	-	-	-	4,293,942
SLR	-	-	994,542	-	-	994,542	-	-	693,551	-	-	693,551
BDT	-	-	-	1,182,383	-	1,182,383	-	-	-	693,656	-	693,656
SDR*	37,097	-	-	-	-	37,097	161,182	-	-	-	-	161,182
Others	554	362	-	-	164,490	165,406	19	442	-	1,063	118,596	120,120
<b>Total</b>	<b>3,440,318</b>	<b>4,856,230</b>	<b>1,044,922</b>	<b>1,182,383</b>	<b>527,425</b>	<b>11,051,278</b>	<b>3,146,511</b>	<b>4,804,042</b>	<b>711,803</b>	<b>1,168,533</b>	<b>337,623</b>	<b>10,168,512</b>
<b>Company</b>												
RM	26,058	-	-	-	-	26,058	68,018	-	-	-	-	68,018
USD	40,750	-	-	-	-	40,750	11,610	-	-	-	-	11,610
IDR	324	-	-	-	-	324	3	-	-	-	-	3
Others	554	-	-	-	-	554	1,015	-	-	-	-	1,015
<b>Total</b>	<b>67,686</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,686</b>	<b>80,646</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>80,646</b>

\* SDR: Special Drawing Rights

Credit terms of trade and other payables for the Group and the Company vary from 30 to 90 days (2014: 30 to 90 days) depending on the terms of the contracts respectively.

### 22. PROVISION FOR LIABILITIES

	Group	
	2015 RM'000	2014 RM'000
At 1 January	295,005	293,102
Provision for the financial year	45,548	20,138
Acquisition of a subsidiary	66,221	-
Accretion of interest	7,512	5,188
Currency translation differences	24,557	7,845
	<b>438,843</b>	<b>326,273</b>
Utilised during the financial year	(21,269)	(31,268)
At 31 December	<b>417,574</b>	<b>295,005</b>

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

	Group	
	2015 RM'000	2014 RM'000 Restated
Deferred tax assets	(248,156)	(275,225)
Deferred tax liabilities	1,809,316	1,654,298
Net deferred tax liabilities	<b>1,561,160</b>	1,379,073

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

	Note	Group	
		2015 RM'000	2014 RM'000 Restated
At 1 January (as previously stated)		1,424,862	1,336,732
Restatement adjustments		(45,789)	-
At 1 January (as restated)		<b>1,379,073</b>	1,336,732
Charge/(credit) to profit or loss:			
- PPE		107,338	(42,975)
- tax losses		(208,936)	(123,515)
- provision and others		64,643	80,121
	11	<b>(36,955)</b>	(86,369)
Acquisition of subsidiaries		(799)	69,873
Debit/(credit) to other comprehensive income:			
- actuarial reserve		3,445	(2,459)
Currency translation differences		216,396	61,296
At 31 December		<b>1,561,160</b>	1,379,073

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 23. DEFERRED TAXATION (CONTINUED)

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

	Group	
	2015 RM'000	2014 RM'000 Restated
Deferred tax assets:		
- PPE and intangible assets	15,839	25,131
- Tax losses	368,163	130,023
- Provision and others	577,764	605,886
Before offsetting	961,766	761,040
Offsetting	(713,610)	(485,815)
After offsetting	248,156	275,225
Deferred tax liabilities:		
- PPE and intangible assets	2,464,733	2,140,113
- Others	58,193	-
Before offsetting	2,522,926	2,140,113
Offsetting	(713,610)	(485,815)
After offsetting	1,809,316	1,654,298

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deductible temporary differences	145,887	137,424	48,959	51,260
Unutilised tax losses	405,161	267,402	125,086	94,586
	551,048	404,826	174,045	145,846
Tax effect	137,762	101,207	43,511	36,462

The benefits of these tax losses and credit will only be obtained if the Company or the relevant subsidiaries derive future assessable income of a nature and amount sufficient for the benefits to be utilised. The unutilised tax losses have no expiry date.

## 24. INTANGIBLE ASSETS

	Note	Group			Total RM'000
		Goodwill RM'000 Restated	Licenses RM'000	Others* RM'000	
<b>Net book value</b>					
At 1 January 2015					
At previously reported		<b>9,371,959</b>	<b>3,393,601</b>	<b>50,146</b>	<b>12,815,706</b>
Restatement adjustments	44	<b>161,915</b>	-	-	<b>161,915</b>
As restated		<b>9,533,874</b>	<b>3,393,601</b>	<b>50,146</b>	<b>12,977,621</b>
Acquisition of subsidiaries		<b>168,891</b>	-	<b>358,875</b>	<b>527,766</b>
Additions		-	<b>180,421</b>	<b>52,634</b>	<b>233,055</b>
Amortisation	7(a)	-	<b>(239,249)</b>	<b>(52,449)</b>	<b>(291,698)</b>
Currency translation differences		<b>255,487</b>	<b>504,254</b>	-	<b>759,741</b>
At 31 December 2015		<b>9,958,252</b>	<b>3,839,027</b>	<b>409,206</b>	<b>14,206,485</b>
At 1 January 2014		7,648,517	1,892,903	7,134	9,548,554
Acquisition of a subsidiary		1,912,982	1,758,553	-	3,671,535
Additions		-	9,138	91,020	100,158
Reclassification		5,647	(5,647)	-	-
Amortisation	7(a)	-	(318,852)	(48,008)	(366,860)
Currency translation differences		(33,272)	57,506	-	24,234
At 31 December 2014, as restated		9,533,874	3,393,601	50,146	12,977,621
<b>At 31 December 2015</b>					
Cost		<b>10,035,749</b>	<b>4,975,843</b>	<b>711,334</b>	<b>15,722,926</b>
Accumulated amortisation		-	<b>(1,136,816)</b>	<b>(302,128)</b>	<b>(1,438,944)</b>
Accumulated impairment losses		<b>(77,497)</b>	-	-	<b>(77,497)</b>
Net book value		<b>9,958,252</b>	<b>3,839,027</b>	<b>409,206</b>	<b>14,206,485</b>
<b>At 31 December 2014, as restated</b>					
Cost		9,611,371	4,148,927	299,825	14,060,123
Accumulated amortisation		-	(755,326)	(249,679)	(1,005,005)
Accumulated impairment losses		(77,497)	-	-	(77,497)
Net book value		9,533,874	3,393,601	50,146	12,977,621

\* Others mainly represent subscriber acquisition costs and customer contracts and the related customer relationship.

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## 24. INTANGIBLE ASSETS (CONTINUED)

The remaining amortisation period of acquired telecommunication licenses with allocated spectrum rights range from three (3) years to twenty eight (28) years [2014: four (4) years to twenty nine (29) years].

The carrying amount of the telecommunication licenses of a subsidiary which have indefinite useful life is RM1,776.5 million (2014: RM1,605.2 million).

### 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:

	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>Restated</b>
Malaysia	<b>4,031,110</b>	4,031,110
Indonesia	<b>5,292,704</b>	5,092,263
Sri Lanka	<b>269,693</b>	234,706
Cambodia	<b>215,667</b>	175,795
Others	<b>149,078</b>	-
<b>Total</b>	<b>9,958,252</b>	9,533,874

### Key assumptions used in the VIU

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

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

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

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

## 24. INTANGIBLE ASSETS (CONTINUED)

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

Cash flows beyond third (3<sup>rd</sup>) year for the mobile business in Malaysia, fifth (5<sup>th</sup>) year for the mobile business in Cambodia and Indonesia, meanwhile tenth (10<sup>th</sup>) for fixed telecommunication business and television business in Sri Lanka are extrapolated in perpetuity using estimated terminal growth rate which takes into consideration the current Gross Domestic Product, inflation and average growth rate for the telecommunication industry. These rates have been determined with regards to projected growth rates for the market in which the CGUs participates and are not expected to exceed the long term average growth rates for this market.

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

The following assumptions have been applied in the VIU calculations:

	Cambodia		Malaysia		Sri Lanka		Indonesia	
	2015	2014	2015	2014	2015	2014	2015	2014
Pre-tax adjusted discount rate	<b>19.0%</b>	16.7%	<b>12.5%</b>	10.9%	<b>15.2%</b>	14.6%	<b>13.1%</b>	12.8%
Terminal growth rate	<b>2.0%</b>	2.0%	<b>0%</b>	0%	<b>3.0%</b>	3.0%	<b>3.0%</b>	2.1%
Revenue growth rate	<b>5.2% to 6.7% over 5 years</b>	6.0% to 10.6% over 5 years	<b>3.0% to 4.6% over 3 years</b>	3.0% to 5.0% over 3 years	<b>4.5% to 11.0% over 10 years</b>	1.9% to 10.7% over 10 years	<b>6.8% to 7.4% over 5 years</b>	10.0% to 14.2% over 3 years

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 25. PROPERTY, PLANT AND EQUIPMENT

	Note	Land RM'000	Buildings RM'000	Telecom- munication network equipment RM'000 Restated	Movable plant and equipment RM'000	Computer support systems RM'000 Restated	Capital work- in progress RM'000	Total RM'000
<b>Group</b>								
<b>Net book value</b>								
At 1 January 2015								
As previously reported		420,952	132,568	16,482,149	320,072	680,155	1,897,591	19,933,487
Restatement	44	-	-	(182,304)	-	(855)	-	(183,159)
As restated		420,952	132,568	16,299,845	320,072	679,300	1,897,591	19,750,328
Additions		172,622	90,146	4,302,378	228,837	399,847	115,131	5,308,961
Acquisition of subsidiaries		-	-	395,304	102,504	813	-	498,621
Disposal		-	(1,072)	(454,986)	(4,003)	(49)	-	(460,110)
Written off	7(a)	-	(41)	(9,605)	(624)	(19)	(12,364)	(22,653)
Depreciation	7(a)	(96,759)	(25,087)	(3,218,354)	(127,115)	(410,742)	-	(3,878,057)
Impairment	7(a)	-	-	-	-	-	(10,934)	(10,934)
Reversal of impairment	7(a)	-	-	4,848	241	-	-	5,089
Currency translation differences		37,102	10,314	1,622,541	28,723	21,566	222,153	1,942,399
At 31 December 2015		533,917	206,828	18,941,971	548,635	690,716	2,211,577	23,133,644
At 1 January 2014								
As previously reported		443,225	141,870	13,845,900	307,888	677,545	1,690,280	17,106,708
Additions		55,970	4,466	3,286,597	121,463	384,062	164,144	4,016,702
Acquisition of a subsidiary	5(b)(ii)	-	1,064	830,218	37	3,622	208	835,149
Sale and lease back assets		-	-	513,470	-	-	-	513,470
Disposal		-	(279)	(7,169)	(4,667)	(68)	-	(12,183)
Written off	7(a)	-	-	(14,663)	(13)	(5)	(7,276)	(21,957)
Depreciation	7(a)	(94,276)	(19,196)	(2,647,263)	(101,951)	(394,325)	-	(3,257,011)
Impairment	7(a)	-	-	-	-	-	(26,101)	(26,101)
Reversal of impairment	7(a)	-	-	15,976	265	-	16,493	32,734
Currency translation differences		16,033	4,643	476,779	(2,950)	8,469	59,843	562,817
At 31 December 2014, as restated		420,952	132,568	16,299,845	320,072	679,300	1,897,591	19,750,328

## 25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land RM'000	Buildings RM'000	Telecom- munication network equipment RM'000 Restated	Movable plant and equipment RM'000	Computer software systems RM'000 Restated	Capital work- in progress RM'000	Total RM'000
<b>Group</b>							
<b>At 31 December 2015</b>							
Cost	1,277,945	451,481	39,264,832	1,360,029	3,436,960	2,276,602	48,067,849
Accumulated depreciation	(736,963)	(217,323)	(19,944,903)	(804,950)	(2,734,950)	-	(24,439,089)
Accumulated impairment losses	(7,065)	(27,330)	(377,958)	(6,444)	(11,294)	(65,025)	(495,116)
Net book value	533,917	206,828	18,941,971	548,635	690,716	2,211,577	23,133,644
<b>At 31 December 2014</b>							
Cost	1,002,274	342,342	33,743,674	983,482	2,909,980	1,963,220	40,944,972
Accumulated depreciation	(574,257)	(182,617)	(17,065,610)	(656,856)	(2,219,440)	-	(20,698,780)
Accumulated impairment losses	(7,065)	(27,157)	(378,219)	(6,554)	(11,240)	(65,629)	(495,864)
Net book value, as restated	420,952	132,568	16,299,845	320,072	679,300	1,897,591	19,750,328

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

	Group	
	2015 RM'000	2014 RM'000
Telecommunication network	4,137,730	2,583,709
Movable plant and equipment	180,394	132,560
Computer support system	5,412	4,133
Land	18,576	9,046
Buildings	6,590	4,843
	4,348,702	2,734,291

(b) XL owns land located throughout Indonesia with Building Use Rights (*Hak Guna Bangunan* or "HGB") for periods of 20-29 years (2014: 20-29 years) which will expire between 2016 and 2045 (2014: 2015 and 2043).

As at 31 December 2015, there are 100 locations (2014: 117 locations) with a total book value of RM18.2 million (2014: RM20.5 million) and for which HGB certificates are in the process.

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

	Group	
	2015 RM'000	2014 RM'000
Freehold	42,883	37,881
Short term leasehold	47,880	23,666
Long term leasehold	443,154	359,406
	533,917	420,953

(d) Included in the net book value of telecommunication network equipment of the Group are leased assets amounting to RM860.2 million (2014: RM686.3 million).

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**25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

	Note	Movable plant and equipment				Total RM'000
		Office equipment RM'000	Furniture and fitting RM'000	Mobile equipment RM'000	Motor vehicle RM'000	
		<b>Company</b>				
<b>Net book value</b>						
At 1 January 2015		12,476	3,989	158	494	17,117
Additions		9,845	2,266	-	-	12,111
Written off	7(a)	-	(426)	-	-	(426)
Disposal		(80)	(10)	-	-	(90)
Depreciation	7(a)	(5,291)	(1,139)	(59)	(134)	(6,623)
At 31 December 2015		16,950	4,680	99	360	22,089
<b>At 31 December 2014</b>						
At 1 January 2014		9,249	4,612	219	627	14,707
Additions		7,136	380	5	-	7,521
Written off	7(a)	(1)	-	-	-	(1)
Disposal		(59)	-	(2)	-	(61)
Depreciation	7(a)	(3,849)	(1,003)	(64)	(133)	(5,049)
At 31 December 2014		12,476	3,989	158	494	17,117
<b>At 31 December 2015</b>						
Cost		34,295	10,191	558	671	45,715
Accumulated depreciation		(17,345)	(5,511)	(459)	(311)	(23,626)
Net book value		16,950	4,680	99	360	22,089
<b>At 31 December 2014</b>						
Cost		25,464	9,171	636	672	35,943
Accumulated depreciation		(12,988)	(5,182)	(478)	(178)	(18,826)
Net book value		12,476	3,989	158	494	17,117

## 26. SUBSIDIARIES

	2015			2014		
	Malaysia RM'000	Overseas RM'000	Total RM'000	Malaysia RM'000	Overseas RM'000	Total RM'000
<b>Company</b>						
Unquoted shares, at cost	6,756,283	182,925	6,939,208	6,455,086	182,925	6,638,011
Accumulated impairment losses	(3,996)	(181,851)	(185,847)	(3,996)	(181,851)	(185,847)
	<b>6,752,287</b>	<b>1,074</b>	<b>6,753,361</b>	6,451,090	1,074	6,452,164
Advances to subsidiaries treated as quasi-investment	3,981,722	9,123,921	13,105,643	3,703,691	7,662,907	11,366,598
Accumulated impairment losses	-	(1,221,371)	(1,221,371)	-	(1,221,371)	(1,221,371)
	<b>3,981,722</b>	<b>7,902,550</b>	<b>11,884,272</b>	3,703,691	6,441,536	10,145,227
<b>Total</b>	<b>10,734,009</b>	<b>7,903,624</b>	<b>18,637,633</b>	10,154,781	6,442,610	16,597,391

The Group's and the Company's equity interests in subsidiaries, their respective principal activities and countries of incorporation are listed in Note 39 to the financial statements.

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

	Company	
	2015 RM'000	2014 RM'000
RM	3,292,837	3,142,175
USD	8,591,435	7,003,052
	<b>11,884,272</b>	10,145,227

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.

**(b) Non-controlling interests**

The total non-controlling interest of the Group as at reporting date is RM2,199.1 million (2014: RM1,821.5 million), of which RM1,462.0 million (2014: RM1,303.4 million) is attributed to Indonesia and RM241.0 million (2014: RM303.4 million) is attributable to Sri Lanka. The remaining non-controlling interests of the Group are immaterial individually.

The information below is before inter-company eliminations.

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

	Note	Indonesia		Sri Lanka	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
			<b>Restated</b>		
(Loss)/Profit for the financial year	37	(10,932)	(225,080)	98,581	159,690
Other comprehensive income		430,145	172,186	144,087	64,254
<b>Total comprehensive income</b>		<b>419,213</b>	(52,894)	<b>242,668</b>	223,944
(Loss)/Profit for the financial year attributable to NCI		(3,584)	(73,066)	18,751	23,346
Dividend paid to NCI		-	48,536	4,927	8,630

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**26. SUBSIDIARIES (CONTINUED)**

**(b) Non-controlling interests (continued)**

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

	Indonesia		Sri Lanka	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
		Restated		
Non-current assets	<b>15,064,170</b>	14,024,614	<b>2,868,552</b>	2,338,661
Current assets	<b>3,150,593</b>	3,688,870	<b>529,435</b>	593,119
Non-current liabilities	<b>(6,875,268)</b>	(7,857,152)	<b>(599,778)</b>	(524,563)
Current liabilities	<b>(6,990,497)</b>	(5,932,462)	<b>(1,390,338)</b>	(1,226,408)
Net assets	<b>4,348,998</b>	3,923,870	<b>1,407,871</b>	1,180,809

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

	Indonesia		Sri Lanka	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
		Restated		
Net cash flow from operating activities	<b>2,334,493</b>	2,399,773	<b>828,585</b>	580,561
Net cash flow used in investing activities	<b>(1,432,306)</b>	(4,686,409)	<b>(683,631)</b>	(435,487)
Net cash flow (used in)/from financing activities	<b>(2,038,980)</b>	3,869,182	<b>(257,897)</b>	36,716
Net (decrease)/increase in cash and cash equivalent	<b>(1,136,793)</b>	1,582,546	<b>(112,943)</b>	181,790
Effect of exchange rate changes on cash and cash equivalents	<b>213,465</b>	14,915	<b>11,568</b>	15,232
Cash and cash equivalents at beginning of financial year	<b>1,953,319</b>	355,858	<b>233,261</b>	36,239
Cash and cash equivalents at the end of financial year	<b>1,029,991</b>	1,953,319	<b>131,886</b>	233,261

**27. JOINT VENTURES**

	Group	
	2015	2014
	RM'000	RM'000
Unquoted investments	<b>172,561</b>	80,503
Share of post-acquisition reserves	<b>(73,185)</b>	(27,526)
	<b>99,376</b>	52,977
Currency translation differences	<b>3,598</b>	-
Share of net assets of joint ventures	<b>102,974</b>	52,977

## 27. JOINT VENTURES (CONTINUED)

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

	Group	
	2015 RM'000	2014 RM'000
Revenue	244,672	140,603
Loss for the financial year	(38,587)	(24,992)
Other comprehensive income	3,598	-
Total comprehensive expense	(34,989)	(24,992)

The Group's equity interests in the joint ventures and countries of incorporation are listed in Note 41 to the financial statements.

## 28. ASSOCIATES

	2015			2014		
	Malaysia RM'000	Overseas RM'000	Total RM'000	Malaysia RM'000	Overseas RM'000	Total RM'000
<b>Group</b>						
Quoted investments	-	8,762,053	8,762,053	-	8,762,053	8,762,053
Unquoted investments	101,397	1,353	102,750	78,705	9,456	88,161
Share of post-acquisition results and reserves	2,552	841,318	843,870	38,635	494,132	532,767
	103,949	9,604,724	9,708,673	117,340	9,265,641	9,382,981
Accumulated impairment losses	-	(1,085,035)	(1,085,035)	-	(1,085,035)	(1,085,035)
Currency translation differences	-	(415,152)	(415,152)	-	(793,939)	(793,939)
Share of net assets of associates	103,949	8,104,537	8,208,486	117,340	7,386,667	7,504,007

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

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

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

	2015		2014	
	Idea RM'000	M1 RM'000	Idea RM'000	M1 RM'000
Revenue	21,217,853	3,139,939	16,187,850	2,780,015
Profit for the financial year	1,864,338	557,083	1,228,293	509,614
Group's share of profit for the financial year	368,766	157,766	243,202	145,291
Dividend received from associates	28,336	136,755	15,026	145,289

The Group's share of loss of other immaterial associates is RM37.0 million (2014 share of profit: RM18.7 million).

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### 28. ASSOCIATES (CONTINUED)

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

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

	2015		2014	
	Idea	M1	Idea	M1
	RM'000	RM'000	RM'000	RM'000
Non-current assets	51,592,482	2,504,244	25,748,778	2,121,347
Current assets	2,299,631	791,137	4,740,455	597,597
Current liabilities	(6,736,229)	(1,706,490)	(5,102,495)	(726,163)
Non-current liabilities	(28,504,752)	(336,804)	(10,835,813)	(948,906)
	<b>18,651,132</b>	<b>1,252,087</b>	14,550,925	1,043,875

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

	2015		2014	
	Idea	M1	Idea	M1
	RM'000	RM'000	RM'000	RM'000
Fair value	6,012,567	1,995,137	5,546,528	2,331,868

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

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

	2015				2014			
	Idea	M1	Others	Total	Idea	M1	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group's share of net assets	3,689,194	354,591	105,656	4,149,441	2,881,083	297,609	114,765	3,293,457
Goodwill	3,929,181	1,134,190	688	5,064,059	3,916,898	1,141,799	9,236	5,067,933
Accumulated impairment losses (net of currency translation differences)	(1,005,014)	-	-	(1,005,014)	(857,383)	-	-	(857,383)
At 31 December	<b>6,613,361</b>	<b>1,488,781</b>	<b>106,344</b>	<b>8,208,486</b>	5,940,598	1,439,408	124,001	7,504,007

## 28. ASSOCIATES (CONTINUED)

List of contingent liabilities of an associate, Idea as at 31 December are as follows:

Description	Potential exposure	
	2015 RM'million	2014 RM'million
<p>1. <b>One-off excess spectrum charges</b></p> <p>On 8 January 2013, the local regulator, the Department of Telecommunications ("DoT") had issued demand notices towards one time spectrum charges:</p> <p>(a) for spectrum beyond 6.2 MHz in respective service areas for retrospective period from 1 July 2008 to 31 December 2012, amounting to INR3,691.3 million, and</p> <p>(b) for spectrum beyond 4.4 MHz in respective service areas effective 1 January 2013 till expiry of the period as per respective licenses amounting to INR17,443.7 million.</p> <p>In the opinion of the Directors, inter-alia, the above demand amounts to alteration of financial terms of the licenses issued in the past. The Directors believe, based on independent legal opinion and its evaluation, it is not probable that the claim will materialise and therefore, pending outcome of this matter, no provision has been recognised.</p>	<b>1,365.3</b>	1,161.7
<p>2. <b>Tax notice</b></p> <p>The Income Tax Department ("Tax Department") had issued a INR39.0 billion notice on an associate. The Tax Department alleged that the licenses, assets and liabilities transferred in between the companies in 2009 resulted in taxable capital gains which Idea and its subsidiary did not treat as taxable.</p> <p>In the opinion of the Directors, based on independent legal opinion and its evaluation, it is not probable that the claim will materialise and therefore, pending outcome of this matter, no provision has been recognised.</p>	<b>2,519.4</b>	2,147.1
<p>3. <b>Revenue share license fee assessment</b></p> <p>During the financial year, the DoT has raised a demand notice to an associate for further payment of license fee in respect of years of assessment ("YA") 2011-2012 amounting to INR1.1 billion.</p> <p>In previous financial year, the DoT has raised a demand notice to an associate for further payment of license fee in respect of YA 2007-2008 amounting to INR1.5 billion and a demand cum show cause notice for YA 2009-2012 amounting to INR14.0 billion. The associate has responded to DoT and challenged these demand cum show cause and stay has been granted by the High Court.</p> <p>In the opinion of the Directors, based on independent legal opinion and its evaluation, it is not probable that the claim will materialise and therefore, pending outcome of matters, no provision has been recognised.</p>	<b>1,072.4</b>	853.3
<p>4. <b>Income tax demands raised in 2015</b></p> <p>During the financial year to date, an associate of the Group received two demands from income tax authorities in respect of its income tax returns for the financial years 2008/09 and 2009/10 amounting to INR34,147.0 million and INR6,408.0 million respectively. The tax demands are mainly on the difference between fair value of investment made in Indus Towers Limited and net book value of the assets transferred to Idea Infrastructure Services Limited (a 100.0% subsidiary of the associate, which further through a scheme of merger got merged with Indus Towers Limited under High Court approved scheme). The associate has filed an appeal against these demands at the Commissioner of Income Tax appeals.</p>	<b>2,619.9</b>	-

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### 28. ASSOCIATES (CONTINUED)

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

Description	Potential exposure	
	2015 RM'million	2014 RM'million
5. <b>Other taxes, custom duties and demands under adjudication, appeal or disputes</b>	<b>3,641.3</b>	2,716.2
As at 31 December 2015, other taxes, custom duties and demands under adjudication, appeal or disputes amounted to approximately INR56.4 billion (2014: INR49.3 billion).		
In the opinion of the Directors, based on independent legal opinion and its evaluation, it is not probable that the claim will materialise and therefore, pending outcome of matters, no provision has been recognised.		
<b>Total exposure</b>	<b>11,218.3</b>	6,878.3
<b>Total exposure of the Group</b>	<b>2,219.0</b>	1,361.9

## 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 adjusted market value. No additional impairment loss was required for the carrying amount of Idea as at 31 December 2015 as its recoverable amount was approximate to its carrying amount. The investment in Idea is defined as the Group's CGU.

### 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	Five (5) [2014: Five (5)] years cash flow forecast is used.
Cost of equity	16.40% (2014:13.90%) was used in line with market analysis.
Terminal growth rate	Long term terminal growth rate is estimated to be 3.00% (2014: 3.00%) applied beyond the fifth (5 <sup>th</sup> ) year cash flows to perpetuity.
Blended Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") margin	Ranging from 33.70% in 2017 to 36.86% in 2021 (2014: ranging from 31.42% in 2016 to 35.90% in 2020).
Effective tax rate	34.00% (2014: 34.00%).
Capital expenditure	The cash flow forecasts for capital expenditure are based on past experience and include the on-going 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 licenses of Idea.  Capital expenditure forecasted includes assumption on the level of renewal fees to be paid for licenses expiring during the projection period.

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.

## NOTES TO THE FINANCIAL STATEMENTS

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### 29. LONG TERM RECEIVABLES

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Finance lease receivables	97,617	91,956	-	-
Others	3,586	2,682	2,000	-
	<b>101,203</b>	94,638	<b>2,000</b>	-

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:

	Note	Group	
		2015 RM'000	2014 RM'000
Within one (1) year		26,496	21,113
Between one (1) and five (5) years		78,089	74,165
More than five (5) years		43,943	47,797
		<b>148,528</b>	143,075
Unearned finance lease income		<b>(33,210)</b>	(39,261)
Finance lease receivables		<b>115,318</b>	103,814
Classified as:			
- Current	32	17,701	11,858
- Non-current		97,617	91,956
Finance lease receivables		<b>115,318</b>	103,814

### 30. INVENTORIES

	Group	
	2015 RM'000	2014 RM'000
Trading inventories	155,125	79,533

Inventories mainly comprise of SIM cards, handsets and other consumables.

### 31. AMOUNTS DUE FROM/TO SUBSIDIARIES

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

	2015				2014			
	RM RM'000	USD RM'000	Others RM'000	Total RM'000	RM RM'000	USD RM'000	Others RM'000	Total RM'000
Amounts due from subsidiaries:								
- Non-current <sup>1</sup>	-	2,233,856	-	2,233,856	-	1,801,367	-	1,801,367
- Current	260,087	113,369	20,697	394,153	229,490	117,359	10,761	357,610
	<b>260,087</b>	<b>2,347,225</b>	<b>20,697</b>	<b>2,628,009</b>	229,490	1,918,726	10,761	2,158,977
Amounts due to subsidiaries:								
- Current <sup>2</sup>	1,330,718	65,631	-	1,396,349	1,109,145	53,327	-	1,162,472

<sup>1</sup> W.A.R.F. of 2.41% as at 31 December 2015 (2014: 2.45%) p.a..

<sup>2</sup> Amounts due to subsidiaries include an amount of RM807.7 million which bears interest at 3.05% (2014: 3.05%) p.a..

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

### 32. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables		1,466,094	1,223,298	-	-
Less: Provision for impairment		(352,184)	(284,759)	-	-
		<b>1,113,910</b>	938,539	-	-
<b>Other receivables:</b>					
Deposits		188,355	160,031	-	-
Less: Provision for impairment		(27,030)	(27,030)	-	-
		<b>161,325</b>	133,001	-	-
Prepayments		1,749,383	1,294,603	805	951
Staff loans		837	988	-	-
Finance lease receivables	29	17,701	11,858	-	-
Other receivables		915,477	684,651	7,964	6,924
Less: Provision for impairment		(3,917)	(1,250)	-	-
		<b>911,560</b>	683,401	<b>7,964</b>	6,924
Total other receivables after provision for impairment		<b>2,840,806</b>	2,123,851	<b>8,769</b>	7,875
Total trade and other receivables after provision for impairment		<b>3,954,716</b>	3,062,390	<b>8,769</b>	7,875

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### 32. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	2015						2014					
	Functional currency						Functional currency					
	RM	IDR	SLR	BDT	Others	Total	RM	IDR	SLR	BDT	Others	Total
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>												
RM	1,095,330	-	-	-	-	1,095,330	718,541	-	-	-	-	718,541
USD	49,465	149,780	71,537	1,646	107,814	380,242	5,008	191,041	86,143	549	97,212	379,953
IDR	-	1,801,427	-	-	-	1,801,427	-	1,472,170	-	-	-	1,472,170
SLR	-	-	201,804	-	-	201,804	-	-	192,956	-	-	192,956
BDT	-	-	-	419,615	-	419,615	-	-	-	226,938	-	226,938
SDR	-	-	-	-	-	-	41,399	-	-	-	-	41,399
Others	436	54	-	-	55,808	56,298	5,268	49	-	-	25,116	30,433
<b>Total</b>	<b>1,145,231</b>	<b>1,951,261</b>	<b>273,341</b>	<b>421,261</b>	<b>163,622</b>	<b>3,954,716</b>	<b>770,216</b>	<b>1,663,260</b>	<b>279,099</b>	<b>227,487</b>	<b>122,328</b>	<b>3,062,390</b>
<b>Company</b>												
RM	5,441	-	-	-	-	5,441	3,252	-	-	-	-	3,252
USD	2,892	-	-	-	-	2,892	4,546	-	-	-	-	4,546
Others	436	-	-	-	-	436	77	-	-	-	-	77
<b>Total</b>	<b>8,769</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,769</b>	<b>7,875</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,875</b>

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

	Note	Group	
		2015	2014
		RM'000	RM'000
<b>Trade receivables</b>			
At 1 January		284,759	286,877
Provision for impairment	7(b)	75,992	77,525
Written off		(42,387)	(93,346)
Currency translation differences		33,820	13,703
<b>At 31 December</b>		<b>352,184</b>	<b>284,759</b>
<b>Other receivables</b>			
At 1 January		28,280	27,935
Provision for impairment	7(b)	2,667	345
<b>At 31 December</b>		<b>30,947</b>	<b>28,280</b>

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		Past due				Total
		Specifically impaired	Not specifically impaired				
			0-3 months	3-6 months	6-12 months	Over 12 months	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2015	<b>438,580</b>	<b>49,556</b>	<b>354,129</b>	<b>97,891</b>	<b>56,555</b>	<b>117,199</b>	<b>1,113,910</b>
2014	382,392	44,040	296,835	84,496	39,445	91,331	938,539

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 5 to 90 days (2014: 5 to 90 days).

**33. DEPOSITS, CASH AND BANK BALANCES**

	Note	Group		Company	
		2015	2014	2015	2014
		RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks		<b>2,564,105</b>	2,141,254	-	70,001
Deposits under Islamic principles		<b>1,295,000</b>	1,559,771	<b>245,000</b>	55,239
Total deposits		<b>3,859,105</b>	3,701,025	<b>245,000</b>	125,240
Cash and bank balances		<b>1,651,587</b>	1,414,545	<b>76,314</b>	47,323
Total deposits, cash and bank balances		<b>5,510,692</b>	5,115,570	<b>321,314</b>	172,563
Less:					
Deposits pledged	16(a)	<b>(17,655)</b>	(12,689)	-	-
Deposit in Escrow Account		<b>(92,033)</b>	(13,496)	-	-
Deposit on investment in a subsidiary		<b>(64,380)</b>	(52,478)	-	-
Deposits maturing more than three (3) months		<b>(686,051)</b>	(115,264)	-	-
Bank overdrafts	16	<b>(89,908)</b>	(54,404)	-	-
Total cash and cash equivalents at the end of the financial year		<b>4,560,665</b>	4,867,239	<b>321,314</b>	172,563

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 2015	<b>Overnight</b>	<b>366</b>	<b>92</b>
Financial year ended 31 December 2014	Overnight	365	213



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

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Receipt from customers		<b>19,580,656</b>	18,835,637	-	-
Payments to suppliers and employees		<b>(11,955,294)</b>	(11,606,378)	<b>(202,971)</b>	(153,097)
Dividends received		-	-	<b>1,101,406</b>	2,945,333
Dividends from associates		-	-	-	6,393
Payment of finance costs		<b>(525,032)</b>	(736,157)	<b>(24,819)</b>	(11,494)
Payment of zakat		<b>(263)</b>	(898)	-	-
Payment of income taxes (net of refunds)		<b>(809,347)</b>	(908,290)	<b>(503)</b>	(3,261)
<b>Total cash flows from operating activities</b>		<b>6,290,720</b>	5,583,914	<b>873,113</b>	2,783,874
Proceeds from disposal of PPE		<b>21,140</b>	115,483	<b>92</b>	62
Purchase of PPE		<b>(4,860,775)</b>	(3,748,348)	<b>(12,111)</b>	(7,521)
Acquisition of intangible assets		<b>(232,984)</b>	(254,360)	-	-
Investments in deposits maturing more than three (3) months		<b>(570,786)</b>	219,047	-	334,311
Investment in subsidiaries (net of cash acquired)		<b>(521,464)</b>	6,400	-	-
Payment made in relation to the acquisition of a subsidiary	5(b) (ii)	-	(2,836,552)	-	-
Investment in an associate		<b>(7,747)</b>	-	-	-
Additional investment in associate		<b>(16,871)</b>	(455,283)	-	-
Investment in a joint venture		<b>(39,324)</b>	-	-	-
Additional investment in a joint venture		<b>(43,178)</b>	(20,000)	-	-
Interest received		<b>171,133</b>	197,994	<b>54,939</b>	76,487
Net proceed from disposal of an associate	5(b) (iv)	-	262,802	-	262,802
Other investment		<b>(26,677)</b>	(1,068)	-	-
Dividends received from associates		<b>165,091</b>	166,708	-	-
Dividends received from a joint venture		<b>1,800</b>	-	-	-
Advances to employees		<b>159</b>	(179)	-	-
Additional investment in a subsidiary	5(a)	<b>(379,350)</b>	-	-	(1,277,600)
Advances to subsidiaries treated as quasi-investments		-	-	-	(178,948)
Advances to subsidiaries		-	-	<b>(175,430)</b>	(1,910,725)
Repayments from subsidiaries		-	-	<b>86,576</b>	943,990
Investment in long term receivables		-	-	<b>(2,000)</b>	-
<b>Total cash flow used in investing activities</b>		<b>(6,339,833)</b>	(6,347,356)	<b>(47,934)</b>	(1,757,142)

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Proceeds from borrowings		2,753,483	2,613,836	-	-
Repayments of borrowings		(4,696,143)	(2,133,311)	-	14,587
Repayment of Sukuk		(500,000)	(509,306)	-	(825,630)
Proceeds from Sukuk (net of transaction costs)		2,649,714	-	-	-
Additional investment in a subsidiary by interest		8,380	-	-	-
Repayment of finance lease creditors		-	(103,254)	-	-
Net proceed from sale and leaseback assets		-	1,473,834	-	-
Proceeds from issuance of shares under Axiata Share Scheme		42,778	146,883	42,778	146,883
Share buy-back of a subsidiary	5(b)(iii)	-	(339,736)	-	-
Treasury shares resold by subsidiaries		-	404,282	-	-
Share issue expenses		(81)	(91)	(81)	(91)
Dividends paid to non-interests		(11,913)	(64,660)	-	-
Dividends paid to shareholders		(722,152)	(1,884,995)	(722,152)	(1,884,995)
<b>Total cash flows used in financing activities</b>		<b>(475,934)</b>	<b>(396,518)</b>	<b>(679,455)</b>	<b>(2,549,246)</b>

## 35. CONTINGENCIES AND COMMITMENTS

### (a) Capital commitments

	Group	
	2015 RM'000	2014 RM'000
<b>PPE</b>		
Commitments in respect of expenditure:		
- Approved and contracted for	1,702,994	1,517,756
- Approved but not contracted for	229,451	706,185
	<b>1,932,445</b>	<b>2,223,941</b>

### (b) Operating lease commitments

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

	Group	
	2015 RM'000	2014 RM'000
Payable with one (1) year	301,030	320,262
Payable more than one (1) year and no later than five (5) years	648,007	792,591
Payable more than five (5) years	134,871	216,223
<b>Total</b>	<b>1,083,908</b>	<b>1,329,076</b>

The rental expenses related to the commitment for the financial year ended 31 December 2015 and 2014 amounted to RM260.9 million and RM362.2 million respectively.

### 35. CONTINGENCIES AND COMMITMENTS (CONTINUED)

#### (c) 3G annual fees commitment

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

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

Description	Potential exposure	
	2015 RM'million	2014 RM'million
<p>1. <b>Celcom Trading Sdn Bhd [formerly known as Rego Multi-Trades Sdn Bhd] ("Celcom Trading") vs Aras Capital Sdn Bhd ("Aras Capital") and Tan Sri Dato' Tajudin Ramli ("TSDTR")</b></p> <p>In 2005, Celcom Trading, a wholly-owned subsidiary of Celcom Resources Berhad [formerly known as Technology Resources Industries Berhad ("Celcom Resources")], commenced proceedings against Aras Capital and TSDTR for amounts due to Celcom Trading pursuant to an investment agreement with Aras Capital and an indemnity letter given by TSDTR. TSDTR filed its defence and instituted a counterclaim against Celcom Trading, Celcom Resources and its directors to void and rescind the indemnity letter and claim damages.</p> <p>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.</p>	<b>100.0</b>	100.0
<p>2. <b>VIP Engineering and Marketing Limited ("VIPEM") vs Celcom Resources on TRI Telecommunications Tanzania ("Tritel")</b></p> <p>In December 2001, vide Civil Case No. 427 of 2001, VIPEM claimed a sum of USD18.6 million from Celcom Resources as its share of loss of profits for the mismanagement of Tritel, a joint venture company between Celcom Resources and VIPEM. In light of the winding-up order made against Tritel, Celcom Resources filed its claims of RM123.4 million with the liquidator of Tritel in July 2003.</p> <p>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.</p>	<b>63.7</b>	63.7
<p>3. <b>Claim on Robi by National Board of Revenue of Bangladesh ("NBR")</b></p> <p>The Large Tax Unit of NBR issued a show case letter dated 23 February 2012 to Robi demanding payment of supplementary duty and VAT levied on the issuance of a certain number of SIM cards to new customers of Robi on the pretext that the issuance was replacement purposes with regards to Robi's existing customers. The total demand amounted to BDT4,150.6 million (2014:BDT6,549.9 million).</p> <p>The Board of Directors, based on legal advice received, are of the view that it has good prospects of succeeding on the claim.</p>	<b>226.9</b>	294.6

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### 35. CONTINGENCIES AND COMMITMENTS (CONTINUED)

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

Description	Potential exposure	
	2015 RM'million	2014 RM'million
4. <b>Robi's tax position</b>	<b>339.5</b>	269.2
<p>Robi has claimed for SIM tax subsidy as a deductible expense in its tax provision computations for FY 2005 to 2015 (2014: FY 2005 to 2014). 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.</p> <p>Based on legal opinion received, the Board of Directors are of the view that Robi has good prospects of succeeding on the claim.</p>		
5. <b>Access Promotion Contribution ("APC") of Multinet Pakistan (Private) Limited ("Multinet")</b>	<b>172.6</b>	146.2
<p>Multinet filed a suit during the financial year ended 31 December 2010 in the Honourable High Court of Sindh against the Federation of Pakistan, Pakistan Telecommunications Authority ("PTA"), Pakistan Telecommunication Company Limited ("PTCL") and the Universal Service Fund Company inter alia challenging the legality and enforcement of APC applicable on international incoming calls. Multinet has stopped paying APC to PTA from 30 September 2009. In the event a clawback is required, the estimated amount as per PTA monthly demand notice from January 2010 to December 2012 is PKR4.2 billion (2014: PKR4.2 billion).</p> <p>Based on legal opinion received, the Board of Directors are of the view that Multinet has good prospects of succeeding on the claim.</p>		
<b>Total exposure</b>	<b>902.7</b>	873.7

The Company does not have any contingent liability as at 31 December 2015 and 2014.

#### (e) Fund commitment

The Company has committed to invest in ADIF for a total amount of RM50.0 million over the period of eight (8) years. As of 31 December 2015, the amount yet to be invested amounted to RM42.3 million.

### 36. SIGNIFICANT NON-CASH TRANSACTIONS

Significant non-cash transactions are as follows:

	Group	
	2015 RM'000	2014 RM'000
Asset swap arrangements	428,560	-
Vesting of RSA	89,700	37,228
Dividend Reinvestment Scheme	1,179,334	-

### 37. 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 39 to the financial statements. Accordingly, the Group's operations by key operating companies are segmented into these main geographic segments: Malaysia, Indonesia, Bangladesh, Sri Lanka and Others. Others comprise of investment holding entities and other operating companies in other countries that contributed less than 10% of consolidated revenue.

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

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

	Malaysia RM'000	Indonesia RM'000	Bangladesh RM'000	Sri Lanka RM'000	Others# RM'000	Consolidation adjustments/ eliminations RM'000	Total RM'000
<b>Financial year ended 31 December 2015</b>							
Operating revenue:							
Total operating revenue	7,337,574	6,656,969	2,622,987	2,120,731	1,756,372	-	20,494,633
Inter-segment*	(7,397)	(37,003)	(143)	(38,896)	(17)	(527,717)	(611,173)
External operating revenue	7,330,177	6,619,966	2,622,844	2,081,835	1,756,355	(527,717)	19,883,460
Results:							
EBITDA	2,719,163	2,512,587	944,179	684,315	452,831	(29,021)	7,284,054
Interest income	98,666	55,645	7,343	13,920	154,507	(156,660)	173,421
Interest expense	(194,687)	(540,526)	(37,182)	(23,886)	(183,895)	149,038	(831,138)
Depreciation of PPE	(758,748)	(2,101,158)	(433,521)	(377,993)	(249,128)	42,491	(3,878,057)
Amortisation of intangible assets	(56,492)	(71,549)	(116,667)	(30,684)	(5,132)	(11,174)	(291,698)
Joint ventures:							
- share of results (net of tax)	6,693	(42,782)	-	-	(2,498)	-	(38,587)
Associates:							
- share of results (net of tax)	(35,494)	-	-	(943)	525,943	-	489,506
- loss on dilution of equity interests	-	-	-	-	-	(17,356)	(17,356)
Impairment of PPE, net of reversal	-	(14,604)	3,745	6,182	(1,168)	-	(5,845)
Other non-cash (expenses)/income	(3,109)	15,345	(1,655)	(77,318)	505,962	7,617	446,842
Taxation	(474,681)	176,110	(165,804)	(95,012)	(122,150)	(13,537)	(695,074)
Segment profit/(loss) for the financial year	1,301,311	(10,932)	200,438	98,581	1,075,272	(28,602)	2,636,068

\* 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 negotiated and agreed between the parties.

# Share of associates' results contributed by Idea Cellular Limited (RM368.8 million) and M1 Limited (RM157.8 million).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 37. SEGMENTAL REPORTING (CONTINUED)

	Malaysia RM'000	Indonesia RM'000	Bangladesh RM'000	Sri Lanka RM'000	Others <sup>#</sup> RM'000	Consolidation adjustments/ eliminations RM'000	Total RM'000
<b>Financial year ended 31 December 2014</b>							
Operating revenue:							
Total operating revenue	7,729,348	6,475,565	2,084,662	1,686,177	878,318	-	18,854,070
Inter-segment*	(7,624)	(23,733)	(106)	(24,209)	(12,780)	(73,841)	(142,293)
External operating revenue	7,721,724	6,451,832	2,084,556	1,661,968	865,538	(73,841)	18,711,777
Results:							
EBITDA	3,116,573	2,468,101	778,989	523,551	114,353	(2,992)	6,998,575
Interest income	109,057	55,509	16,952	5,098	138,847	(127,469)	197,994
Interest expense	(198,761)	(456,290)	(23,243)	(19,954)	(178,240)	130,029	(746,459)
Depreciation of PPE	(667,926)	(1,810,985)	(321,717)	(308,481)	(185,516)	37,614	(3,257,011)
Amortisation of intangible assets	(52,052)	(170,994)	(101,831)	(25,605)	(4,626)	(11,752)	(366,860)
Joint ventures:							
- share of results (net of tax)	3,075	(28,067)	-	-	-	-	(24,992)
Associates:							
- share of results (net of tax)	9,260	-	-	(2,697)	400,650	-	407,213
- loss on dilution of equity interests	-	-	-	-	-	(43,284)	(43,284)
Impairment of PPE (net of reversal)	(2,451)	(23,650)	2,297	30,437	-	-	6,633
Other non-cash income/(expenses)	1,025,303	(300,147)	4,497	(11,886)	268,285	(1,011,261)	(25,209)
Taxation	(601,288)	41,443	(170,503)	(30,773)	(79,655)	62,697	(778,079)
Segment profit/(loss) for the financial year	2,740,790	(225,080)	185,441	159,690	474,098	(966,418)	2,368,521

<sup>#</sup> Share of associates' results contributed by Idea Cellular Limited (RM243.2 million) and M1 Limited (RM145.3 million).

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

- (a) Market risks consist of:
- (i) foreign currency exchange risk – risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.
  - (ii) fair value interest rate risk – risk that the value of a financial instrument will fluctuate due to changes in market interest rates.
  - (iii) cash flow interest rate risk – risk that future cash flows associated with a financial instrument will fluctuate. In the case of a floating rate debt instrument, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.
  - (iv) price risk – risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instrument traded in the market.
- (b) Credit risk – risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.
- (c) Liquidity risk (funding risk) – risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

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

#### (a) Market risks

##### (i) Foreign currency exchange risk

###### Group

The foreign exchange risk of the Group predominately arises from borrowings denominated in foreign currencies. The main currency exposure from borrowings denominated in foreign currency is USD. The Group has cross currency interest rate swaps, forward foreign currency contracts and call spread options that are primarily used to hedge selected foreign currency borrowings to reduce the foreign currency exposures on these borrowings.

The Group has certain investment in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operation is managed primarily through borrowings denominated in the relevant foreign currency and also the use of cross currency swap.

As at 31 December 2015, if USD has strengthen/weakened by 10% against IDR, BDT, SLR and RM with all other variables held constant, this will result in foreign exchange losses/gains to the profit or loss of RM315.0 million for the Group on translation of USD denominated non-hedged borrowings.

###### Company

The foreign exchange risk of the Company predominately arises from advances to subsidiaries treated as quasi investment denominated in USD.

As at 31 December 2015, if USD has strengthen/weakened by 10% against RM with all other variables held constant, this will result in foreign exchange gains/losses to the profit or loss of RM859.1 million for the Company, on translation of USD denominated advances to subsidiaries treated as quasi investment.

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### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (a) Market risks (continued)

##### (ii) Cash flow and fair value interest rate risk

The Group and the Company have 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 borrowings comprise borrowings from financial institutions, Sukuks and Notes. The Group'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 targets 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 uses hedging instruments such as interest rate swap contracts.

As at 31 December 2015, if interest rate on different foreign currencies denominated floating interest rates non-hedged borrowings had been lower/higher by 5% with all other variables held constant, this will result in a lower/higher interest expense of the Group amounting to RM22.2 million.

##### (iii) Price risk

The Group is exposed to equity securities price risk because of the investments held by the Group classified on the consolidated statement of financial position as AFS and FVTPL. The Group is not exposed to commodity price risk. No financial instruments or derivatives have been employed to hedge this risk, which is deemed as insignificant.

#### (b) Credit risk

Credit risk arises from trade receivables, cash and cash equivalents and financial instruments used in hedging activities.

The Group has no significant concentration of credit risk due to its diverse customer base. Credit risk is managed through the application of credit assessment and approval, credit limit and monitoring procedures. Where appropriate, the Group obtains deposits or bank guarantees from customers.

The Group and the Company place its cash and cash equivalents with a number of creditworthy financial institutions. The Group's and the Company's policy limit the concentration of financial exposure to any single financial institution.

All hedging instruments are executed with creditworthy financial institutions with a view to limit the credit risk exposure of the Group and the Company. The Group and the Company, however, are exposed to credit-related losses in the event of non-performance by counterparties to financial derivative instruments, but do not expect any counterparties to fail to meet their obligations.

The maximum credit risk exposure of the financial assets of the Group and the Company are approximately their carrying amounts as at the end of the reporting period.

The credit quality of the financial assets that are neither past due nor impaired is shown in Note 18 to the financial statements.

The carrying amount of trade receivables that are past due is shown in Note 32 to the financial statements.

#### (c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient liquid funds to meet its financial obligations.

In the management of liquidity risk, the Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Group and the Company aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (c) Liquidity risk (continued)

The table below analyses the Group's and the Company's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. As amounts included in the table are contractual undiscounted cash flows, these amounts may not be reconciled to the amounts disclosed on the statement of financial position for borrowings, trade and other payables and derivative financial instruments.

	2015				2014			
	Trade and other payables RM'000	Borrowings RM'000	Net settled derivative financial instruments RM'000	Total RM'000	Trade and other payables RM'000	Borrowings RM'000	Net settled derivative financial instruments RM'000	Total RM'000
<b>Group</b>								
Below 1 year	7,086,448	2,660,050	10,101	9,756,599	6,344,612	2,583,840	13,176	8,941,628
1-2 years	-	3,011,189	8,303	3,019,492	-	1,891,144	9,447	1,900,591
2-3 years	-	1,413,299	4,972	1,418,271	-	3,986,081	3,453	3,989,534
3-4 years	-	3,375,272	-	3,375,272	-	937,240	769	938,009
4-5 years	-	6,161,900	-	6,161,900	-	2,803,243	-	2,803,243
Over 5 years	-	1,036,194	-	1,036,194	-	3,226,938	-	3,226,938
Total contractual undiscounted cash flows	7,086,448	17,657,904	23,376	24,767,728	6,344,612	15,428,486	26,845	21,799,943
Total carrying amount	7,086,448	16,392,386	1,102	23,479,936	6,344,612	13,893,335	12,172	20,250,119

	2015				2014			
	Financial guarantee RM'000	Other payables RM'000	Amounts due to subsidiaries RM'000	Total RM'000	Financial guarantee RM'000	Other payables RM'000	Amounts due to subsidiaries RM'000	Total RM'000
<b>Company</b>								
Below 1 year	69,142	66,173	1,396,349	1,531,664	56,413	80,646	1,162,472	1,299,531
1-2 years	69,142	-	-	69,142	56,413	-	-	56,413
2-3 years	69,142	1,513	-	70,655	56,413	-	-	56,413
3-4 years	69,142	-	-	69,142	56,413	-	-	56,413
4-5 years	1,322,204	-	-	1,322,204	56,413	-	-	56,413
Over 5 years	-	-	-	-	1,077,757	-	-	1,077,757
Total contractual undiscounted cash flows	1,598,772	67,686	1,396,349	3,062,807	1,359,822	80,646	1,162,472	2,602,940
Total carrying amount	-	67,686	1,396,349	1,464,035	-	80,646	1,162,472	1,243,118

Financial guarantee represents the maximum amount of a guarantee provided by Company to its subsidiary as disclosed in Note 16(b) to the financial statements. It is based on the earliest period in which the guarantee could be called. No exposure from financial guarantee was recognised by the Group.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (d) Capital risk management

The primary objective of the Group's capital risk management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder's value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may or may not make dividend payments to shareholders, return capital to shareholders or issue new shares or other instruments.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratios. This ratio is calculated as total borrowings over total equity. Total borrowings including non-current and current borrowings as shown in the consolidated statement of financial position. Total equity is calculated as 'equity' in the consolidated statement of financial position.

	Note	2015 RM'000	2014 RM'000 Restated
Borrowings	16	<b>16,392,386</b>	13,893,335
Total equity		<b>25,724,344</b>	22,582,332
Gearing ratio		<b>0.64</b>	0.62

The Group's capital management strategy was to obtain and maintain an investment grade credit rating.

#### (e) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identified assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly [that is, as prices] or indirectly [that is, derived from prices] (Level 2).
- Inputs for the asset or liability that are not based on observable market data [that is unobservable inputs] (Level 3).

The Group measured the financial instruments based on published price quotations (Level 1) and market approach valuation technique (Level 2) with inputs of valuation technique such as interest rates and yield curves observable at commonly quoted intervals; implied volatilities; and credit spreads that are observable direct or indirectly as at reporting date.

There were no transfers between Level 1 and Level 2 during the financial year.

### 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

#### (e) Fair value estimation (continued)

The following table represents the fair value level of the financial assets and liabilities that are measured at fair value as at reporting date.

	2015				2014			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group</b>								
<b>Assets</b>								
Financial assets at FVTPL:								
- Trading securities	28	-	-	28	14	-	-	14
- Non-hedging derivatives	-	240,675	-	240,675	-	167,765	-	167,765
- Derivatives used for hedging	-	101,807	-	101,807	-	-	-	-
Financial assets at AFS:								
- Equity securities	-	-	31,286	31,286	-	-	1,118	1,118
<b>Total assets</b>	<b>28</b>	<b>342,482</b>	<b>31,286</b>	<b>373,796</b>	<b>14</b>	<b>167,765</b>	<b>1,118</b>	<b>168,897</b>
<b>Liabilities</b>								
Financial liabilities at FVTPL:								
- Non-hedging derivatives	-	(172,753)	-	(172,753)	-	(12,501)	-	(12,501)
- Derivatives used for hedging	-	(1,102)	-	(1,102)	-	(13,726)	-	(13,726)
<b>Total liabilities</b>	<b>-</b>	<b>(173,855)</b>	<b>-</b>	<b>(173,855)</b>	<b>-</b>	<b>(26,227)</b>	<b>-</b>	<b>(26,227)</b>

#### (i) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

#### (ii) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of cross currency interest rate swaps and interest rate swaps is calculated as the present value of the estimated future cash flows based on observable market curves; and
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (e) Fair value estimation (continued)

#### (iii) Financial instruments in level 3

The movement of the financial instruments in level 3 has no material impact to the results of the consolidated financial statements.

### (f) Offsetting financial assets and financial liabilities

The following financial assets and financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

	Gross amounts RM'000	Gross amounts of recognised (financial liabilities)/ financial assets set off RM'000	Net amounts RM'000
<b>Group</b>			
<b>2015</b>			
Trade receivables	668,308	(361,286)	307,022
Trade payables	(2,082,704)	361,286	(1,721,418)
<b>2014</b>			
Trade receivables	592,609	(267,866)	324,743
Trade payables	(1,604,856)	267,866	(1,336,990)

### 39. LIST OF SUBSIDIARIES

The Group had the following subsidiaries as at 31 December 2015:

Name of company	Ownership interest directly held by the parent (%)	Ownership interest held by the Group (%)	Ownership interest held by non-controlling interest (%)	Principal activities	Country and place of incorporation
Axiata Investments (Labuan) Limited	100.00	100.00	-	Investment holding	Federal Territory, Labuan, Malaysia
Axiata Investments 1 (India) Limited <sup>1</sup>	100.00	100.00	-	Investment holding	Mauritius
Axiata Management Services Sdn Bhd	100.00	100.00	-	Provision of services under Axiata's Service Assurance Centre to telecommunication service providers	Malaysia
Celcom Axiata Berhad	100.00	100.00	-	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	-	Financing	Federal Territory, Labuan, Malaysia
Axiata Foundation <sup>4</sup>	-	-	-	Develop and nurture talent pool and foster, develop and improve education	Malaysia
Axiata SPV2 Berhad	100.00	100.00	-	Financing	Malaysia
edotco Group Sdn Bhd	100.00	100.00	-	Investment holding and provision of technical and operations support services in the telecommunications and related industries in local and/or international markets	Malaysia
Axiata Investments (Cambodia) Limited	100.00	100.00	-	Investment holding	Federal Territory, Labuan, Malaysia
Axiata Digital Services Sdn Bhd	100.00	100.00	-	Investment holding	Malaysia
Hello Axiata Company Limited <sup>1 and 3</sup>	100.00	100.00	-	Dormant	Cambodia
Axiata SPV4 Sdn Bhd	100.00	100.00	-	Investment holding	Malaysia
Axiata Investments (UK) Limited	100.00	100.00	-	Investment holding	United Kingdom

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 39. LIST OF SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 December 2015: (continued)

Name of company	Ownership interest directly held by the parent (%)	Ownership interest held by the Group (%)	Ownership interest held by non- controlling interest (%)	Principal activities	Country and place of incorporation
<u>Subsidiaries held through</u>					
<u>Axiata Investments (Labuan) Limited</u>					
Dialog Axiata PLC <sup>1</sup>	-	83.32	16.68	Telecommunication services, infrastructure and e-commerce	Sri Lanka
Axiata Investments (Mauritius) Limited <sup>1</sup>	-	100.00	-	Dormant	Mauritius
Robi Axiata Limited <sup>2</sup>	-	91.59	8.41	Mobile Telecommunication services	Bangladesh
Axiata Lanka (Private) Limited <sup>1</sup>	-	100.00	-	Property development and letting of property for commercial purposes	Sri Lanka
Multinet Pakistan (Private) Limited <sup>2</sup>	-	89.00	11.00	Cable television services, information technology and multimedia services	Pakistan
Axiata Investments (Indonesia) Sdn Bhd	-	100.00	-	Investment holding	Malaysia
<u>Subsidiary held through Axiata Investments (Indonesia) Sdn Bhd</u>					
PT XL Axiata Tbk <sup>1</sup>	-	66.43	33.57	Mobile telecommunication services	Indonesia
<u>Subsidiaries held through PT XL Axiata Tbk</u>					
GSM One (L) Limited <sup>1</sup>	-	66.43	33.57	Financing	Federal Territory, Labuan Malaysia
GSM Two (L) Limited <sup>1</sup>	-	66.43	33.57	Financing	Federal Territory, Labuan Malaysia
<u>Subsidiaries held through Dialog Axiata PLC</u>					
Dialog Broadband Networks (Private) Limited <sup>1</sup>	-	83.32	16.68	Data and backbone, fixed wireless and transmission infrastructure	Sri Lanka
Dialog Television (Private) Limited <sup>1</sup>	-	83.32	16.68	Television broadcasting generated services and direct - to - home satellite pay television services	Sri Lanka
Digital Holdings Lanka (Private) Limited <sup>1</sup> ("DHL")	-	83.32	16.68	Investment holding	Sri Lanka
Digital Commerce Lanka (Private) Limited <sup>1</sup>	-	83.32	16.68	e-commerce and digital marketing services	Sri Lanka

**39. LIST OF SUBSIDIARIES (CONTINUED)**

The Group had the following subsidiaries as at 31 December 2015: (continued)

Name of company	Ownership interest directly held by the parent (%)	Ownership interest held by the Group (%)	Ownership interest held by non-controlling interest (%)	Principal activities	Country and place of incorporation
<u>Subsidiaries held through Dialog Television (Private) Limited</u>					
Communiq Broadband Network (Private) Limited <sup>1</sup>	-	83.32	16.68	Dormant	Sri Lanka
Dialog Television Trading (Private) Limited <sup>1</sup>	-	83.32	16.68	Trading of electronic consumer products	Sri Lanka
<u>Subsidiary held through DHL</u>					
Digital Health (Private) Limited <sup>1</sup>	-	58.32	41.68	Developing and operating a state-of-the-art electronic commerce infrastructure for the healthcare sector	Sri Lanka
<u>Subsidiary held through Dialog Broadband Networks (Private) Limited</u>					
Telecard (Private) Limited <sup>1</sup>	-	83.32	16.68	Dormant	Sri Lanka
<u>Subsidiary held through Robi Axiata Limited</u>					
edotco Bangladesh Co. Ltd <sup>2</sup>	-	95.71	4.29	Telecommunication infrastructure and services	Bangladesh
<u>Subsidiary held through Axiata Investments 1 (India) Limited</u>					
Axiata Investments 2 (India) <sup>1</sup>	-	100.00	-	Investment holding	Mauritius
<u>Subsidiary held through Axiata Investments (Cambodia) Limited</u>					
Glasswool Holdings Limited	-	95.28	4.72	Investment holding	Federal Territory, Labuan, Malaysia

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 39. LIST OF SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 December 2015: (continued)

Name of company	Ownership interest directly held by the parent (%)	Ownership interest held by the Group (%)	Ownership interest held by non- controlling interest (%)	Principal activities	Country and place of incorporation
<u>Subsidiaries held through Celcom</u>					
<u>Axiata Berhad</u>					
Celcom Mobile Sdn Bhd	-	100.00	-	Mobile communication, network and application services and content	Malaysia
Celcom Networks Sdn Bhd	-	100.00	-	Network telecommunication, capacity and services	Malaysia
Celcom Properties Sdn Bhd	-	100.00	-	Property investment	Malaysia
Escape Axiata Sdn Bhd	-	100.00	-	Over-The-Top and other on demand content services	Malaysia
Celcom Retail Holding Sdn Bhd <sup>3</sup>	-	100.00	-	Strategic and business development, management, administrative, support services and investment holding	Malaysia
Celcom Intelligence Sdn Bhd	-	100.00	-	Investment holding	Malaysia
Celcom Timur (Sabah) Sdn Bhd	-	80.00	20.00	Fibre optic transmission network services	Malaysia
Celcom eCommerce Sdn Bhd	-	100.00	-	Electronic wallet services	Malaysia
Celcom Resources Berhad	-	100.00	-	Investment holding	Malaysia
<u>Subsidiary held through Celcom Retail Holding Sdn Bhd</u>					
Celcom Retail Sdn Bhd	-	100.00	-	Trading and distribution of communication devices and related products and managing retail stores	Malaysia
<u>Subsidiary held through Celcom Resources Berhad</u>					
Celcom Trading Sdn Bhd <sup>3</sup>	-	100.00	-	Dealing in marketable securities	Malaysia
<u>Subsidiary held through Glasswood Holdings Limited</u>					
Smart Axiata Co., Ltd <sup>1</sup>	-	95.28	4.72	Mobile telecommunication services	Cambodia
<u>Subsidiary held through Smart Axiata Co., Ltd</u>					
Edotco (Cambodia) Co., Ltd <sup>1</sup>	-	95.28	4.72	Telecommunication infrastructure and services	Cambodia

### 39. LIST OF SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 December 2015: (continued)

Name of company	Ownership interest directly held by the parent (%)	Ownership interest held by the Group (%)	Ownership interest held by non-controlling interest (%)	Principal activities	Country and place of incorporation
<u>Subsidiaries held through Axiata Digital Services Sdn Bhd</u>					
Axiata Digital Advertising Sdn Bhd	-	100.00	-	Investment holding	Malaysia
WSO2 Telco Inc	-	65.80	34.20	Technology Enabler Service Provider	United States of America
<u>Subsidiary held through Axiata Digital Advertising Sdn Bhd</u>					
Adknowledge Asia Pacific Pte Ltd <sup>1</sup>	-	80.00	20.00	Advertising service provider and investment holding	Singapore
<u>Subsidiaries held through Adknowledge Asia Pacific Pte Ltd</u>					
Komli Asia Holdings Pte Ltd <sup>1</sup>	-	80.00	20.00	Investment holding and provision of IT products and services for online media companies	Singapore
Adknowledge Asia Pacific (India) Private Limited	-	80.00	20.00	Dormant	India
<u>Subsidiary held through Komli Asia Holdings Pte Ltd</u>					
Adknowledge Asia Hong Kong Limited (formerly known as Komli Hong Kong Limited) ["AAP Hong Kong"] <sup>1</sup>	-	80.00	20.00	Investment holding and provision of IT products and services for online media companies	Hong Kong
<u>Subsidiaries held through AAP Hong Kong</u>					
Adknowledge Asia (Thailand) Co Ltd [formerly known as Komli Media Co Ltd] <sup>1 and 5</sup>	-	79.88	20.12	Provision of IT products and services for online media companies	Thailand
Komli Network Philippines, Inc <sup>1 and 6</sup>	-	80.00	20.00	Being principal and agent to engage in marketing and sale of digital publication, advertising inventory both locally and abroad, using the internet or mobile technology	Philippines

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 39. LIST OF SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 December 2015: (continued)

Name of company	Ownership interest directly held by the parent (%)	Ownership interest held by the Group (%)	Ownership interest held by non- controlling interest (%)	Principal activities	Country and place of incorporation
<u>Subsidiaries held through Komli Hong Kong Limited</u>					
PT Komli Indonesia (formerly known as PT ADMAX Network) <sup>1</sup>	-	79.20	20.80	Provision of IT products and services for online media companies	Indonesia
Adknowledge Asia Malaysia Sdn Bhd (formerly known as Komli Media Sdn Bhd) <sup>1</sup>	-	80.00	20.00	Being consultants, specialists and agents in multimedia advertising and other related activities	Malaysia
Advantage Maximum Network Co Ltd <sup>2</sup>	-	78.40	21.60	Provision of commercial advertising, graphic design, market research, investment consulting (except financial consulting), business administration consulting services and web design	Vietnam
Adknowledge Asia Singapore Pte Ltd (formerly known as Komli Media Pte Ltd) <sup>1</sup>	-	80.00	20.00	Provision of IT products and services for online media companies	Singapore
<u>Subsidiaries held through edotco Group Sdn Bhd</u>					
edotco Malaysia Sdn Bhd <sup>1</sup>	-	100.00	-	Telecommunication infrastructure and services	Malaysia
edotco Investments (Labuan) Limited <sup>1</sup>	-	100.00	-	Investment holding	Federal Territory, Labuan Malaysia
edotco Holdings (Labuan) Limited	-	100.00	-	Investment holding	Federal Territory, Labuan Malaysia

**39. LIST OF SUBSIDIARIES (CONTINUED)**

The Group had the following subsidiaries as at 31 December 2015: (continued)

Name of company	Ownership interest directly held by the parent (%)	Ownership interest held by the Group (%)	Ownership interest held by interest (%)	Principal activities	Country and place of incorporation
<u>Subsidiaries held through edotco Investments (Labuan) Limited</u>					
edotco Services Lanka (Private) Limited <sup>1</sup>	-	100.00	-	Provision of end to end Integrated Infrastructure Services	Sri Lanka
Digicel Asian Holdings Pte Limited <sup>1</sup>	-	75.00	25.00	Investment holding	Singapore
<u>Subsidiaries held through Digicel Asian Holdings Pte Limited</u>					
Asian Tower Holdings Pte Limited <sup>1</sup>	-	75.00	25.00	Investment holding	Singapore
Digicel Myanmar Tower Company Limited <sup>1</sup>	-	75.00	25.00	Telecommunication infrastructure and services	Myanmar

<sup>1</sup> Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia.

<sup>2</sup> Audited by a firm other than a member firm of PricewaterhouseCoopers International Limited.

<sup>3</sup> Inactive as at 31 December 2015.

<sup>4</sup> 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.

<sup>5</sup> AAP Hong Kong and MGMG Venture Co Ltd hold 255,200 ordinary shares and 382,800 preference shares respectively in the entity. One (1) ordinary share is entitled to one (1) vote and one thousand (1,000) preference shares are entitled to one (1) vote. Accordingly AAP Hong Kong maintains its control over the entity.

<sup>6</sup> AAP Hong Kong is holding 3,125 ordinary shares in the entity and 9,375 ordinary shares via Trust Deed.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 40. LIST OF ASSOCIATES

The investments in associates are as follows:

Name of company	Group's effective ownership interest		Principal activities	Country and place of incorporation
	2015 (%)	2014 (%)		
<u>Associate held through Celcom Axiata Berhad</u>				
Sacofa Sdn Bhd	15.12	15.12	Telecommunication infrastructure and services	Malaysia
<u>Associate held through Celcom Intelligence Sdn Bhd</u>				
Celcom Planet Sdn Bhd	49.00	49.00	e-commerce platform business	Malaysia
<u>Associate held through Axiata Investments (Singapore) Limited</u>				
M1 Limited	28.32	28.50	Mobile telecommunication services, sales of telecommunication equipment and accessories	Singapore
<u>Associate held through Axiata Investments 1 (India) Limited and Axiata Investments 2 (India) Limited</u>				
Idea Cellular Limited	19.78	19.79	Mobile telecommunication services	India
<u>Associates held through Dialog Axiata PLC</u>				
Firstsource Dialog Solutions (Private) Limited	21.66	21.66	Information technology enabled services	Sri Lanka
Digital Commerce Lanka (Pvt) Ltd <sup>1</sup>	-	35.39	e-commerce	Sri Lanka
<u>Associate held through Dialog Holding Lanka (Private) Limited</u>				
Headstart (Private) Limited	21.66	-	Creating and providing e-learning content	Sri Lanka
<u>Associate held through Axiata SPV4 Sdn Bhd</u>				
Axiata Digital Innovation Fund Sdn Bhd	71.07	-	Venture capital	Malaysia

All associates have co-terminous financial year end with the Group except for Idea with financial year ended on 31 March.

<sup>1</sup> During the financial year, Dialog Group increased its equity investment in DCL as disclosed in Note 5 (a)(vi) to the financial statements.

#### 41. LIST OF JOINT VENTURES

The investments in joint ventures are as follows:

Name of company	Group's effective ownership interest		Principal activities	Country and place of incorporation
	2015 (%)	2014 (%)		
<u>Joint ventures held through Celcom Axiata Berhad</u>				
PLDT Malaysia Sdn Bhd	49.00	49.00	Mobile virtual network operator	Malaysia
Digital Milestone Sdn Bhd <sup>1</sup>	51.00	51.00	Special purpose investment company	Malaysia
Tune Talk Sdn Bhd	35.00	35.00	Mobile communication services	Malaysia
Merchantrade Asia Sdn Bhd	20.00	20.00	Provision of money service business, i.e. remittance and money changing and operator of mobile virtual network	Malaysia
<u>Joint venture held through PT XL Axiata Tbk</u>				
PT XL Planet Digital	33.21	33.24	e-commerce	Indonesia
<u>Joint venture held through Axiata Digital Services Sdn Bhd</u>				
Yonder Music Inc	27.03	-	Mobile-only digital music download service	United States Of America

<sup>1</sup> On 20 April 2015, Digital Milestone commenced members' voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act, 1965. The Winding-Up of Digital Milestone is expected to be completed upon obtaining the tax clearance from Inland Revenue Board of Malaysia.

#### 42. RELATED PARTY TRANSACTIONS

All related party transactions were entered into in the normal course of business and at prices available at negotiated terms. The names of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of MFRS 124: "Related Party Disclosure".

The Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are related parties of the Group. The Government of Malaysia has significant influence over the Group. The Group enters into transactions with many of these bodies, which includes but is not limited to:

- receiving telecommunications services, including interconnection revenue/charges
- purchasing of goods, including use of public utilities and amenities, and
- placing of bank deposits

The Group has established its procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

The Group provides telecommunications services as part of its ordinary operations. The Group has collectively, but not individually significant transactions with Government-related entities. These telecommunication services are carried out on commercial terms that are negotiated and agreed upon between the parties.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 42. RELATED PARTY TRANSACTIONS (CONTINUED)

Whenever exist, related party transactions also includes transaction with entities that are controlled, joint ventures or significantly influenced directly by any key management personnel or their close family members.

In addition to related party transactions and balances mentioned elsewhere in the financial statements, set out below are significant related party transactions and balances which were carried out on terms and conditions negotiated amongst the related parties.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(a) Sale of goods and services:				
Associates:				
- International roaming revenue	13,635	15,715	-	-
- Telecommunication services	233,222	173,477	-	-
	<b>246,857</b>	189,192	-	-
Joint ventures:				
- Telecommunication services	611,463	732,288	-	-
(b) Purchase of goods and services:				
Associates:				
- Interconnection charges	13,979	13,245	-	-
- Leaseline charges, maintenance and others	63,799	64,663	-	-
	<b>77,778</b>	77,908	-	-
Joint venture:				
- Revenue sharing	220,898	266,866	-	-
(c) Intercompany service agreement with subsidiaries:				
- Technical and management services	-	-	48,142	42,821
(d) Dividends received from subsidiaries/associates	-	-	1,101,406	2,951,726
(e) Repayments/(Advances) from/(to) subsidiaries				
- Advances	-	-	(175,430)	(1,910,725)
- Repayments	-	-	86,576	943,990
(f) Interest income/(expense) on advances (from)/to subsidiaries				
- Interest income	-	-	47,006	32,210
- Interest expense	-	-	(24,819)	(41,652)

#### 42. RELATED PARTY TRANSACTIONS (CONTINUED)

The outstanding balances as at reporting date are disclosed in Note 26 and Note 31 to the financial statements.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
(g) Key management compensation short term employee benefits:				
- Salaries, allowances and bonus	18,578	19,312	18,578	19,312
- Ex-gratia payments	-	1,000	-	1,000
- Contribution to EPF	2,132	2,629	2,132	2,629
- Estimated money value of benefits	44	51	44	51
- Other staff benefits	285	215	285	215
Share- based compensation:				
- ESOS and RSA expenses	1,797	5,497	1,797	5,497

Included in key management compensation is the Executive Directors' remuneration of the Company as disclosed in Note 7(d) to the financial statements.

#### 43. DIVIDENDS

	Tax exempt dividend under single tier system					
	2015			2014		
	Type	Per ordinary share of RM1 each Sen	Total RM'000	Type	Per ordinary share of RM1 each Sen	Total RM'000
In respect of financial year ended 31 December:						
- 2013	-	-	-	Final	14	1,198,932
- 2014 <sup>1</sup>	Final	14	1,205,001	Interim	8	686,063
- 2015 <sup>2</sup>	Interim	8	696,485	-	-	-
		22	1,901,486		22	1,884,995

<sup>1</sup> Out of the total dividend distribution, a total RM575.4 million was converted into 94.6 million new ordinary shares of the Company at a conversion price of RM6.08 per ordinary share as disclosed in Note 13 to the financial statements pursuant to DRS of the Company.

<sup>2</sup> Out of the total dividend distribution, a total RM603.9 million was converted into 108.8 million new ordinary shares of the Company at a conversion price of RM5.55 per ordinary share as disclosed in Note 13 to the financial statements pursuant to DRS of the Company.

The Board of Directors has recommended a final tax exempt dividend under the single tier system of 12 sen per ordinary share of RM1 each of the Company in respect of financial year ended 31 December 2015 amounting to a total of RM1,058.0 million, based on the issued and paid-up capital of the Company as at 31 December 2015. The proposed dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting ("AGM").

The Board of Directors also determined that the Company's DRS will apply to the Proposed Final Dividend. This will be subject to the approval of shareholders at the forthcoming AGM for the renewal of the authority for the Directors of the Company to allot and issue the new ordinary shares pursuant to the DRS and the approval of Bursa Securities Berhad.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

## 44. RESTATEMENT ADJUSTMENTS

On 19 March 2014, XL completed the acquisition of Axis. As at 31 December 2014, the goodwill was accounted for on a provisional basis.

In March 2015, XL completed the purchase price allocation and retrospectively adjusted the provisional amounts recognised at the acquisition date to reflect the new information obtained about facts and circumstances that existed as of the acquisition date.

The restatement adjustments are as follows:

	Note	As previously reported RM'000	Re- statements RM'000	As restated RM'000
<b>Statement of comprehensive income for the financial year ended 31 December 2014</b>				
Depreciation, impairment and amortisation		(3,671,618)	32,144	(3,639,474)
Taxation		(770,043)	(8,036)	(778,079)
Profit for the period		2,344,413	24,108	2,368,521
<b>Other comprehensive income:</b>				
- currency translation differences		455,035	437	455,472
<b>Profit for the financial period attributable to:</b>				
- owners of the Company		2,348,665	16,311	2,364,976
- non-controlling interests		(4,252)	7,797	3,545
		2,344,413	24,108	2,368,521
<b>Total comprehensive income for the financial period attributable to:</b>				
- owners of the Company		2,724,321	16,593	2,740,914
- non-controlling interests		83,382	7,952	91,334
		2,807,703	24,545	2,832,248
<b>Statement of financial position as at 31 December 2014</b>				
Retained earnings		9,831,649	16,035	9,847,684
Currency translation differences		(466,476)	282	(466,194)
Non-controlling interests		1,813,255	8,228	1,821,483
			24,545	
Intangible assets	24	12,815,706	161,915	12,977,621
Property, plant and equipment	25	19,933,487	(183,159)	19,750,328
Deferred tax liabilities		(1,700,087)	45,789	(1,654,298)
			24,545	

#### 45. RECLASSIFICATION

The Group comparatives of the following components in the consolidated statements of comprehensive income have been reclassified to conform to current financial year presentation:

	As previously reported	Reclassification	As restated
	RM'000	RM'000	RM'000
<b>Financial year ended 31 December 2014</b>			
Domestic interconnect and international outpayment	2,470,796	(185,236)	2,285,560
Other operating costs	6,470,915	185,236	6,656,151

#### 46. EVENTS AFTER REPORTING PERIOD

- (a) Second tranche tower sale by XL through tender process

On 6 January 2016, XL announced its tower sale plan through tender process. Proceeds from the transaction will be used to pay XL's borrowings. The impact of the above transaction to the Group will be quantified upon completion.

- (b) Proposed amalgamation of Robi Axiata Limited ("Robi") and Airtel Bangladesh Limited ("Airtel")

Robi, had on 28 January 2016 entered into an agreement with Bharti Airtel Holdings (Singapore) Pte Ltd ("Bharti Singapore") for the amalgamation of Airtel Bangladesh with Robi based on the terms set in the agreement and Companies Act, 1994 of Bangladesh.

The Proposed Merger shall be satisfied fully via issuance of not exceeding 1,178,535,001 ordinary shares of Robi of BDT10 each to Bharti Singapore for the shareholding of up to 25.00% plus 1 ordinary share of Robi on a fully diluted basis of the combined entity.

The agreement is conditional upon regulatory approvals which include, inter-alia, the following unless otherwise waived by the parties to the Agreement on or before the closing:

- (i) receipt of recommendation from Bangladesh Telecommunications Regulator Commission ("BTRC") for the Proposed Merger pursuant to the Bangladesh Telecommunication Act.
- (ii) receipt of approval or confirmation of no objection to the Proposed Merger from the Government of Bangladesh.
- (iii) receipt of all relevant approvals and issue of all related licenses or authorisations from BTRC and issue to Robi of the Order of Merged Licenses.
- (iv) execution of the Shareholders' Agreement.
- (v) approval of the High Court of Bangladesh, Bangladesh Securities and Exchange Commission of the issue of the Consideration; and
- (vi) completion of the merger filing with Registrar of Joint Stock Companies and Firms of Bangladesh.

Upon completion of the proposed amalgamation, the Group is expected to hold 68.70% in the combined entity.

- (c) Capital increase with Pre-emptive Rights by XL

On 1 February 2016, XL announced its intention to embark on a rights issue with the net proceeds from the rights issue to be used to repay XL's USD500.0 million shareholder's loan. The Company has expressed its intention to fully subscribe for its pro rata rights entitlement under the rights issue.

The rights issue is subject to XL's shareholder approval through an extraordinary general shareholders meeting scheduled on 10 March 2016, as well as obtaining an effective letter from the Financial Service Authority with respect a registration statement to be submitted by XL.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 46. EVENTS AFTER REPORTING PERIOD (CONTINUED)

#### (d) Spectrum Reallocation

On 1 February 2016, Celcom and its wholly-owned subsidiary, Celcom Mobile received notices of spectrum reallocation from Malaysian Communications and Multimedia Commission ("MCMC") for both the 900MHz and 1800MHz bands. Based on the notice from MCMC, compared to the current allocation will be lowered from 2 x 17MHz to 2 x 10MHz in 900MHz band and from 2 x 25MHz to 2 x 20MHz in 1800 MHz band. This is in line with the Government's decision to optimise the use of spectrum resources. The spectrum will be assigned for a fee for a period of 15 years. The fee for the spectrum assignment is currently being determined. The Group is currently reviewing and assessing the impact of the above changes.

### 47. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

#### (a) Proposed investment in Ncell Private Limited ("Ncell")

On 21 December 2015, Axiata UK, a wholly-owned subsidiary of Axiata entered into a SPA and other ancillary agreements for the acquisition of the entire issued and paid-up capital of Reynolds Holdings Limited ("Reynolds") for a total cash consideration of approximately RM5,907.0 million (USD1,365.1 million). Reynolds in turn holds 800,000 shares representing 80.00% of the equity interest in Ncell.

The proposed investment is subject to the following conditions having been satisfied or waived in accordance with the SPA:

- (i) no material adverse change (as defined in the SPA) having occurred on or prior to the Closing Date;
- (ii) the shareholders of the Company having approved the acquisition of the Shares by the Buyer on the terms of the SPA;
- (iii) receipt by the buyer of an approval of Bank Negara Malaysia to permit the investment in Ncell and the payment and remittance of the Closing Payment;
- (iv) the transfer of 20.00% of the fully diluted share capital of Ncell currently held by Niraj Govinda Shrestha ("NGS") to Sunivera Capital Venture Pvt Ltd having completed; and
- (v) subsequent to the satisfaction (or waiver in accordance with the terms of the SPA) of the Condition (iv), receipt by the buyer of a waiver from TS Norway, each Seller and NGS of any right to receive, or any other interest in, the dividend declared by Ncell on 21 December 2012 for an amount equal to NPR11.0 billion and any other dividend declared by Ncell and/or Reynolds and not paid on or before the Closing Date.

The proposed investment is yet to be completed as at 31 December 2015.

**SUPPLEMENTARY INFORMATION DISCLOSED PURSUANT TO BURSA SECURITIES LISTING REQUIREMENTS**

The following analysis of realised and unrealised retained profits/(accumulated losses) is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to "Bursa Securities" Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure is based on the prescribed format by the Bursa Securities.

	Group		Company	
	2015 RM'000	2014 RM'000 Restated	2015 RM'000	2014 RM'000
Total retained profit/(accumulated losses):				
- realised	<b>11,689,640</b>	11,525,741	<b>5,635,604</b>	5,920,362
- unrealised	<b>(1,627,354)</b>	(1,476,007)	<b>2,070,599</b>	616,406
	<b>10,062,286</b>	10,049,734	<b>7,706,203</b>	6,536,768
Total retained profit/(accumulated losses) from joint ventures:				
- realised	<b>(59,827)</b>	(21,239)	-	-
Total retained profit/(accumulated losses) from associates:				
- realised	<b>2,037,753</b>	1,437,757	-	-
- unrealised	<b>(310,555)</b>	(182,708)	-	-
	<b>1,727,198</b>	1,255,049	-	-
	<b>11,729,657</b>	11,283,544	<b>7,706,203</b>	6,536,768
Less: consolidation adjustments	<b>(1,506,379)</b>	(1,435,860)	-	-
<b>Total consolidated retained profits</b>	<b>10,223,278</b>	9,847,684	<b>7,706,203</b>	6,536,768

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 118 to 244 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 245 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 16 February 2016.



**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, Thandalam Veeravalli Thirumala Chari, being the person primarily responsible for the financial management of Axiata Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 118 to 244 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.



**THANDALAM VEERAVALLI THIRUMALA CHARI**

Subscribed and solemnly declared by the above named Thandalam Veeravalli Thirumala Chari at Kuala Lumpur in Malaysia on 16 February 2016, 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 118 to 244, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 47.

### Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

# 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 39 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any material qualification or any adverse comment made under Section 174(3) of the Act.

## OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 245 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



### IRVIN GEORGE LUIS MENEZES

(No. 2932/06/16(J))

Chartered Accountant

Kuala Lumpur  
16 February 2016

# SHAREHOLDING STATISTICS

as at 31 MARCH 2016

## 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:

- RM8,822,474,343 divided into 8,822,474,343 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:

- 21,240

## DISTRIBUTION OF SHAREHOLDINGS

(without aggregating the securities from different securities accounts belonging to the same Depositor)

Size of Shareholdings	Shareholders				Shares			
	Malaysian		Foreign		Malaysian		Foreign	
	No.	%	No.	%	No.	%	No.	%
Less than 100	1,705	8.03	17	0.08	27,823	0.00 <sup>1</sup>	362	0.00 <sup>1</sup>
100 - 1,000	5,124	24.12	73	0.34	3,779,139	0.04	48,500	0.00 <sup>1</sup>
1,001 - 10,000	11,027	51.92	222	1.05	37,663,652	0.43	961,222	0.01
10,001 - 100,000	1,898	8.94	267	1.26	45,592,550	0.52	11,103,948	0.13
100,001 - 441,123,716 (less than 5% of issued and paid up share capital)	422	1.99	482	2.27	2,089,169,708	23.68	1,191,578,764	13.51
441,123,717 and above	3	0.01	0	0.00 <sup>1</sup>	5,442,548,675	61.69	0	0.00 <sup>1</sup>
<b>Total</b>	<b>20,179</b>	<b>95.00</b>	<b>1,061</b>	<b>5.00</b>	<b>7,618,781,547</b>	<b>86.36</b>	<b>1,203,692,796</b>	<b>13.64</b>

### Note:

<sup>1</sup> Less than 0.01%

## CATEGORY OF SHAREHOLDINGS

Category of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Individuals	17,865	84.11	79,391,562	0.90
Bank/Finance Companies	104	0.49	2,250,850,475	25.51
Investments Trusts/Foundations/Charities	12	0.06	138,105	0.00 <sup>1</sup>
Industrial and Commercial Companies	230	1.08	3,321,421,609	37.65
Government Agencies/Institutions	15	0.07	14,525,512	0.16
Nominees	3,012	14.18	3,156,140,022	35.77
Others	2	0.01	7,058	0.00 <sup>1</sup>
<b>Total</b>	<b>21,240</b>	<b>100.00</b>	<b>8,822,474,343</b>	<b>100.00</b>

### Note:

<sup>1</sup> Less than 0.01%

## SHAREHOLDING STATISTICS

AS AT 31 MARCH 2016

### SUBSTANTIAL SHAREHOLDERS (HOLDING 5% & ABOVE)

(as per Register of Substantial Shareholders)

No.	Name	Direct Interests		Indirect/Deemed Interests		Total Interests	
		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	3,285,606,277	37.24	85,632,340 <sup>#</sup>	0.97	3,371,238,617	38.21
2.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	1,269,923,216	14.39	-	-	1,269,923,216	14.39
3.	AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	1,008,886,913	11.44	-	-	1,008,886,913	11.44

**Note:**

<sup>#</sup> Includes 183,800 Axiata Shares, being the number of shares outstanding to be returned to Khazanah under the Selling Flexibility Arrangement to facilitate the sale of Axiata Shares by Axiata Group'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:-

Interest in the Company	Number of ordinary shares of RM1.00 each					
	Direct		Indirect		Total	
	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	-	-	2,489,391 <sup>#</sup>	0.03	2,489,391 <sup>#</sup>	0.03

Interest in the Company	Number of options over ordinary shares of RM1.00 each					
	Direct		Indirect		Total	
	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	3,154,800 <sup>@</sup>	0.04	-	-	3,154,800 <sup>@</sup>	0.04
	867,900 <sup>&amp;</sup>	0.01	-	-	867,900 <sup>&amp;</sup>	0.01

**Notes:**

<sup>#</sup> 1,325,960 and 1,163,431 ordinary shares of the Company held under CIMSEC Nominees (Tempatan) Sdn Bhd and CIMSEC Nominees (Tempatan) Sdn Bhd for CIMB Commerce Trustee Berhad respectively

<sup>@</sup> Options pursuant to Axiata ESOS for Eligible Employees and Executive Directors of Axiata Group

<sup>&</sup> Restricted Share Grant under Axiata Share Scheme

Save as disclosed above, none of the Directors of the Company 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)

<b>No.</b>	<b>Name</b>	<b>No. of Shares Held</b>	<b>% of Issued Shares</b>
1.	Khazanah Nasional Berhad	3,285,606,277	37.24
2.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	1,146,055,485	12.99
3.	Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera</i>	1,010,886,913	11.46
4.	Kumpulan Wang Persaraan (Diperbadankan)	239,858,847	2.72
5.	Lembaga Tabung Haji	167,735,200	1.90
6.	Permodalan Nasional Berhad	132,294,515	1.50
7.	Amanahraya Trustees Berhad <i>Amanah Saham Malaysia</i>	118,993,971	1.35
8.	Amanahraya Trustees Berhad <i>Amanah Saham Wawasan 2020</i>	106,392,903	1.21
9.	Cartaban Nominees (Tempatan) Sdn Bhd <i>Exempt An for Eastspring Investments Berhad</i>	89,143,622	1.01
10.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>Exempt An for Khazanah Nasional Berhad (Axiata ESOS)</i>	85,618,290	0.97
11.	Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An for State Street Bank &amp; Trust Company (WEST CLT OD67)</i>	81,995,349	0.93
12.	Amanahraya Trustees Berhad <i>AS 1Malaysia</i>	74,750,451	0.85
13.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)</i>	73,856,912	0.84
14.	HSBC Nominees (Asing) Sdn Bhd <i>BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund</i>	68,289,194	0.77
15.	Amanahraya Trustees Berhad <i>Amanah Saham Didik</i>	59,666,364	0.68
16.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	57,282,181	0.65
17.	Cartaban Nominees (Asing) Sdn Bhd <i>GIC Private Limited for Government of Singapore (C)</i>	55,890,587	0.63
18.	Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad For Public Ittikal Fund (N14011970240)</i>	55,000,000	0.62
19.	Amanahraya Trustees Berhad <i>Public Islamic Dividend Fund</i>	48,484,033	0.55
20.	Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An for RBC Investor Services Trust (Clients Account)</i>	42,181,895	0.48
21.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An for The Bank of New York Mellon (MELLON ACCT)</i>	42,065,734	0.48
22.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Nomura)</i>	39,731,974	0.45
23.	Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)</i>	39,267,568	0.45
24.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An for AIA Bhd.</i>	35,709,747	0.40
25.	Amsec Nominees (Tempatan) Sdn Bhd <i>Amtrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)</i>	32,088,255	0.36
26.	Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera 2</i>	30,176,660	0.34
27.	HSBC Nominees (Asing) Sdn Bhd <i>BBH and Co Boston for Matthews Asian Growth And Income Fund</i>	29,118,523	0.33
28.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>State Street London Fund FSIH for First State Investments ICVC-Stewart Investors Global Emerging Markets Leaders Fund</i>	27,771,311	0.31
29.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (CIMB Prin)</i>	26,466,145	0.30
30.	Amanahraya Trustees Berhad <i>Public Islamic Sector Select Fund</i>	26,039,725	0.30
<b>TOTAL</b>		<b>7,328,418,631</b>	<b>83.07</b>

# LIST OF TOP TEN PROPERTIES

For The Financial Year Ended 31 December 2015

No	Address/Location	Freehold/Leasehold - land and/or buildings	Current usage of land and buildings	Approximate age of buildings (years)	Date of acquisition/ capitalisation	Remaining lease period (years)	Land area (sq. meter)	Built-up area (sq. meter)	Net book value as at 31 Dec 2015 (RM)
1	Office Building - 475, Union Place colombo 02, Sri Lanka	Freehold building	Office building	1 year	31.03.2015	n/a	n/a	13,712.5	43,725,960
2	Seksyen 13, Jalan Kemajuan, Petaling Jaya, Selangor, Malaysia	Leasehold land and building	Network Office	22 years	23.03.1998	51 years	4,383.1	10,339.0	36,197,281
3	Jl. Arengka II, Kecamatan Tampar, Kelurahan Simpang Baru Kabupaten Pekanbaru, Indonesia	Leasehold land and freehold building	Telecommunications and operations office	3 years	17.12.2012 (land) 11.12.2013 (building)	17 years	4,883.0	5,152.0	20,702,451
4	Jl. Sumba B12-1 Mekarwangi, Cikarang Barat, Bekasi-Jawa Barat Kawasan MM2100, Indonesia	Leasehold land and freehold building	Telecommunications and operations office	5 years	24.11.2008 (land) 01.02.2011 (building)	15 years	19,549.5	10,683.0	18,893,987
5	Jl. Raya Kali Rungkut No. 15A, Surabaya, Indonesia	Leasehold land and freehold building	Telecommunications and operations office	6 years	17.04.2008 and 22.12.2008 (land) 08.10.2009 (building)	13 years	8,853.0	9,443.0	17,548,669
6	Jl. Raya Margorejo Indah D-206 Kel. Sidosemro, Kec. Wonocolo, Surabaya, Jawa Timur, Indonesia	Leasehold land and freehold building	Business centres	2 years	08.03.2014	18 years	3,100.0	1,919.0	12,964,384
7	Foster Lane Car Park, Union Place, Sri Lanka	Freehold building	Office building	1 year	30.06.2015	n/a	n/a	5,691.8	9,537,828
8	Bandar Sri Manjalara, Mukim Batu, Kuala Lumpur, Wilayah Persekutuan, Malaysia	Leasehold land and building	Telecommunications and operations office	12 years	23.05.1997	62 years	7,931.6	3,041.0	8,913,884
9	No. 2, Jalan 5/89 off Jalan Sekilau Kompleks Batu 3 ½ Cheras, Kuala Lumpur, Wilayah Persekutuan, Malaysia	Leasehold land and building	Exchange and training centre	21 years	23.05.1997	70 years	522.0	2,643.0	7,286,616
10	No. 390-D, Uluwatuorewatta, Wellwita, Kaduwela, Sri Lanka	Freehold land and building	Transmission stations	2 years	31.12.2013 (land) 03.06.2014 (building)	n/a	15,226.3	111.5	6,356,656

# NET BOOK VALUE OF LAND & BUILDINGS

For the financial year ended 31 December 2015

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
<b>1 Malaysia</b>						
(a) Federal Territory (Kuala Lumpur)	-	-	3	91.0	6,929.4	3,281.7
(b) Selangor	1	53.9	2	48.7	7,423.2	22,658.1
(c) Perak	1	43.5	4	63.0	1,069.6	-
(d) Pulau Pinang	7	15.3	3	64.1	1,644.1	1,510.8
(e) Kedah	-	-	1	15.9	152.8	380.1
(f) Johor	6	41.6	1	78.8	1,395.3	1,525.3
(g) Negeri Sembilan	2	50.0	-	-	1,160.0	243.6
(h) Terengganu	-	-	7	871.8	406.5	10.6
(i) Kelantan	-	-	3	107.2	176.3	328.4
(j) Pahang	1	37.1	17	429.6	3,765.8	1,408.0
(k) Sabah	-	-	5	224.4	1,350.2	680.3
(l) Sarawak	2	320.1	3	58.5	671.6	785.0
<b>2 Indonesia</b>	-	-	7,796	25,342.0	471,065.5	59,645.2
<b>3 Sri Lanka</b>	39	1,027.4	-	-	18,130.7	104,930.2
<b>4 Bangladesh</b>	259	2,032.7	5,907	4,755.0	11,006.8	4,738.0
<b>5 Cambodia</b>	-	-	-	-	-	2,850.6
<b>6 Pakistan</b>	46	1,366.4	-	-	7,569.3	1,852.2
<b>Total</b>	<b>364</b>	<b>4,988.0</b>	<b>13,752</b>	<b>32,150.0</b>	<b>533,917.1</b>	<b>206,828.1</b>

# GROUP DIRECTORY

## **Axiata Group Berhad**

Corporate Headquarters  
Axiata Tower  
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**

grhaXL  
Jl. DR. Ide Anak Agung Gde Agung  
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  
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

## **Smart Axiata Co., Ltd.**

464A Monivong Blvd.  
Sangkat Tonle Bassac  
Khan Chamkarmorn  
Phnom Penh  
Kingdom of Cambodia  
Tel : +855 10 201 000  
Website : www.smart.com.kh

## **Idea Cellular Limited**

Windsor, 5th Floor  
Off CST Road Near Vidya Nagari  
Kalina, Santacruz (East)  
Mumbai 400 098  
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

## **edotco Group**

edotco Group Sdn Bhd  
Level 30, Axiata Tower  
9 Jalan Stesen Sentral 5  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Malaysia  
Tel : +603 2262 1388  
Fax : +603 2262 1308 / 1309  
Website : www.edotcogroup.com

## **Multinet Pakistan (Private) Limited**

1D-203, Sector 30  
Korangi Industrial Area  
Karachi  
Pakistan  
Tel : +92 21 111 021021  
Fax : +92 21 351 13645-46  
Website : www.multinet.com.pk

# GLOSSARY

## 2G

Second generation wireless telephone technology

## 3G

Third generation mobile phone technologies covered by the ITU IMT- 2000 family

## 4G

Fourth generation mobile phone technology

## Advanced Data

Data, VAS & Broadband

## AAP

Adknowledge Asia Pacific Pte Ltd

## ADS

Axiata Digital Services Sdn Bhd

## AGIA

Axiata Group Internal Audit

## AGM

Annual General Meeting

## AIC

Axiata Investments (Cambodia) Limited

## AI1

Axiata Investments 1 (India) Limited

## AI2

Axiata Investments 2 (India) Limited

## AIL

Axiata Investments (Labuan) Limited

## AIS

Axiata Investments (Singapore) Limited

## AMS

Axiata Management Services Sdn Bhd

## ARPU

Average Monthly Revenue Per User

## ASEAN

Association of Southeast Asian Nations

## ATC

Axiata Towers (Cambodia) Company Limited

## AUSAID

Australian Agency for International Development

## Axiata

Axiata Group Berhad

## Axiata Indonesia

Axiata Investments (Indonesia) Sdn Bhd

## Axiata Share Scheme

Performance-Based ESOS and RSP

## Axiata SPV1

Axiata SPV1 (Labuan) Limited

## Axiata SPV2

Axiata SPV2 Berhad

## Axis

PT Axis Telekom Indonesia

## AYTP

Axiata Young Talent Programme

## BAC

Board Audit Committee

## BEE

Board Effectiveness Evaluation

## BICL

Bangladesh Infrastructure Company Limited

## BNC

Board Nomination Committee

## BOD

Board of Directors

## BRC

Board Remuneration Committee

## BTS

Base Transceiver Station

## Bursa Securities

Bursa Malaysia Securities Berhad

## CAMEL

Customised Applications for Mobile network Enhanced Logic

## CAPEX

Capital Expenditure

## CBN

Communiq Broadband Network (Private) Limited

## CDMA

Code Division Multiple Access

## Celcom

Celcom Axiata Berhad

## Celcom Childcare

Celcom Childcare Sdn Bhd

## Celcom Group

Celcom and its subsidiaries

## Celcom Networks

Celcom Networks Sdn Bhd

## Celcom Planet

Celcom Planet Sdn Bhd

## Celcom Resources

Celcom Resources Berhad

## CLM

Customer Lifecycle Management

## CR

Corporate Responsibility

## DBN

Dialog Broadband Networks (Private) Limited

## DCR

Directors' Circular Resolutions

## Dialog

Dialog Axiata PLC

## Digital

Digital Commerce Lanka (Private) Limited

## DiGi

DiGi.Com Berhad

## DiGi Tel

DiGi Telecommunications Sdn Bhd

## DMSB

Digital Milestone Sdn Bhd

## DRS

Dividend Reinvestment Scheme

## DTT

Dialog Television Trading (Private) Limited

## DTV

Dialog Television (Private) Limited

## edotco Bangladesh

edotco Bangladesh Co Ltd

## edotco Group

edotco Group Sdn Bhd

## edotco Cambodia

Edotco (Cambodia) Co., Ltd

## EBIT

Earnings Before Interest and Taxes

## EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortisation

## EDGE

Enhanced Data rates for GSM Evolution

## ED

Executive Director

## GLOSSARY

**Escape**

Escape Axiata Sdn Bhd

**ESOS**

Employee Share Option Scheme

**Etisalat Indonesia**

Emirates Telecommunications Corporation  
(Etisalat) International Indonesia Limited

**FCF**

Free Cash Flow

**FSL**

Firstsource Solutions Limited

**FY13**

Financial year ended 31 December 2013

**FY14**

Financial year ended 31 December 2014

**FY15**

Financial year ended 31 December 2015

**GAAP**

Generally Accepted Accounting Principles

**GCEO**

Group Chief Executive Officer

**GCFO**

Group Chief Financial Officer

**GCIA**

Group Chief Internal Auditor

**GLC**

Government Linked Companies

**GLCT**

Government Linked Company Transformation

**GPRS**

General Packet Radio Service

**GSM**

Global System for Mobile Communications

**GSMA**

The GSM Association

**GADP**

Group Accelerated Development Program

**Glasswool**

Glasswool Holdings Limited

**Hello**

Hello Axiata Company Limited

**HACL**

Hello Axiata Company Limited

**HSDPA**

High Speed Downlink Packet Access

**HSPA**

High Speed Packet Access

**IA**

Internal Audit

**ICT**

Information and Communications Technology

**Idea**

Idea Cellular Limited

**INED**

Independent Non-Executive Director

**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

**M1**

M1 Limited

**M&A**

Mergers & Acquisitions

**Main LR**

Main Market Listing Requirements of Bursa  
Securities

**MCCG 2012**

Malaysian Code on Corporate Governance 2012

**MCMC**

Malaysian Communications and Multimedia  
Commission

**MDS**

Mobile Data Services

**MFRS**

Malaysian Financial Reporting Standards

**MIFE**

Mobile Internet Fulfillment Exchange

**MNP**

Mobile Number Portability

**MoU**

Memorandum of Understanding

**MoU**

Minutes of Use

**MPEG**

Moving Picture Experts Group

**MSWG**

Minority Shareholder Watchdog Group

**MTCE**

Mobile Telecommunication Company of Esfahan

**Multinet**

Multinet Pakistan (Private) Limited

**MVNO**

Mobile Virtual Network Operator

**NEC**

Non-Executive Chairman

**NED**

Non-Executive Director

**NGIN**

New Generation Intelligent Network

**OPEX**

Operating Expenditure

**PBT**

Profit before Tax

**PLDT MY**

PLDT Malaysia Sdn Bhd

**PGC**

PLDT Global Corporation

**RTC**

Regional TowerCo

**RSA**

Restricted Share Awards

**RSP**

Restricted Share Plan

**RMC**

Risk Management Committee

**ERM**

Enterprise Wide Risk Management

**NINED**

Non-Independent Non- Executive Director

**OECD**

Organisation for Economic Co-operation and Development

**OpCo**

Operating Company

**OTT**

Over-The-Top

**PAT**

Profit after Tax

**PATAMI**

Profit after Tax and Minority Interest

**President & GCEO**

Managing Director/President & Group Chief Executive Officer

**QoQ**

Quarter on Quarter

**Robi**

Robi Axiata Limited

**ROCE**

Return on Capital Employed

**ROE**

Return on Equity

**ROI**

Return on Investment

**ROIC**

Return on Invested Capital

**SIM**

Samart I-Mobile Public Company Limited

**SLT**

Senior Leadership Team

**SMART**

Smart Axiata Co., Ltd

**SMS**

Short Message Service

**SPA**

Sales and Purchase Agreement

**SSC**

Share Scheme Committee

**STC**

Saudi Telecom Company

**Suntel**

Suntel Limited

**Sky TV**

Sky Television and Radio Network (Private) Limited

**SME**

Small and Medium Size Enterprise

**TM**

Telekom Malaysia Berhad

**ToR**

Terms of Reference

**TMI**

TM International Berhad (now known as Axiata)

**TSR**

Total Shareholder Return

**UNCTAD**

United Nations Conference on Trade and Development

**USAid**

United States Agency for International Development

**USP**

Universal Service Provision

**VAS**

Value Added Services

**VWAMP**

Volume Weighted Average Market Price

**WCDMA**

Wideband CDMA

**WiFi**

Wireless Fidelity

**WIMAX**

Worldwide Interoperability for Microwave Access

**XL**

PT XL Axiata Tbk.

**YoY**

Year on Year

**UIEP**

Uncompromising Integrity and Exceptional Performance

**CURRENCIES****BDT**

Bangladeshi Taka, the lawful currency of Bangladesh

**CNY**

Chinese Yuan Renmimbi, the lawful currency of China

**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/LKR**

Sri Lankan Rupee, the lawful currency of Sri Lanka

**SDR**

Special Drawing Rights, common currency in international roaming agreements

**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 TWENTY-FOURTH ANNUAL GENERAL MEETING OF AXIATA GROUP BERHAD (AXIATA OR THE COMPANY) WILL BE HELD AT THE GRAND BALLROOM, 1ST FLOOR, SIME DARBY CONVENTION CENTRE, 1A JALAN BUKIT KIARA 1, 60000 KUALA LUMPUR, MALAYSIA ON WEDNESDAY, 25 MAY 2016 AT 2.00 P.M. FOR THE FOLLOWING PURPOSES:**

## **AS ORDINARY BUSINESS:-**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Report of the Directors and the Auditors thereon.
2. To declare a final tax exempt dividend under single tier system of 12 sen per ordinary share for the financial year ended 31 December 2015. **(Ordinary Resolution 1)**
3. To re-elect Dato' Sri Jamaludin Ibrahim who retires by rotation pursuant to Article 93 of the Company's Articles of Association and being eligible, offers himself for re-election. **(Ordinary Resolution 2)**
4. To re-elect Bella Ann Almeida who retires by rotation pursuant to Article 93 of the Company's Articles of Association and being eligible, offers herself for re-election. **(Ordinary Resolution 3)**
5. To re-appoint Tan Sri Ghazzali Sheikh Abdul Khalid pursuant to Section 129 of the Companies Act, 1965. **(Ordinary Resolution 4)**
6. To re-appoint Datuk Azzat Kamaludin pursuant to Section 129 of the Companies Act, 1965. **(Ordinary Resolution 5)**
7. To approve the payment of the following Directors' fees with effect from the 24th Annual General Meeting until the next Annual General Meeting of the Company:-
  - (i) Directors' fees of RM30,000.00 per month for the Non-Executive Chairman (NEC) and RM20,000.00 per month for each Non-Executive Director (NED);
  - (ii) Directors' fees of RM4,000.00 per month for the NEC and RM2,000.00 per month for each of the NEDs who are members of the Board Audit Committee;
  - (iii) Directors' fees of RM1,200.00 per month for the NEC and RM800.00 per month for each of the NEDs who are members of the Board Nomination Committee; and
  - (iv) Directors' fees of RM1,200.00 per month for the NEC and RM800.00 per month for each of the NEDs who are members of the Board Remuneration Committee;

(each of the foregoing payments being exclusive of the others). **(Ordinary Resolution 6)**
8. To re-appoint Messrs PricewaterhouseCoopers having consented to act as the Auditors of the Company for the financial year ending 31 December 2016 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 7)**

## **AS SPECIAL BUSINESS:-**

To consider and, if thought fit, to pass the following Ordinary Resolutions:-

### **9. 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) (Main LR), approval be and is hereby given for Axiata 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 26 April 2016 (Circular) despatched together with the Company's Annual Report 2015, 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;

**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 Directors of the Company be and are hereby authorised to complete and do all such 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 transactions contemplated under this resolution." **(Ordinary Resolution 8)**

**10. PROPOSED RENEWAL OF THE AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES OF RM1.00 EACH IN THE COMPANY (AXIATA SHARES) IN RELATION TO THE DIVIDEND REINVESTMENT SCHEME THAT PROVIDES THE SHAREHOLDERS OF THE COMPANY THE OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND ENTITLEMENTS IN NEW AXIATA SHARES (DRS)**

**"THAT** pursuant to the DRS approved by the shareholders at the Annual General Meeting held on 28 May 2014 and subject to the approval of the relevant authority (if any), approval be and is hereby given to the Company to allot and issue such number of new Axiata Shares pursuant to the DRS until the conclusion of the next Annual General Meeting, upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and in the interest of the Company **PROVIDED THAT** the issue price of the said new Axiata Shares shall be fixed by the Directors at not more than 10% discount to the adjusted 5-day volume weighted average market price (VWAMP) of Axiata Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price; and not less than the par value of Axiata Shares at the material time;

**AND THAT** the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the DRS with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, as they, in their absolute discretion, deem fit and in the best interest of the Company." **(Ordinary Resolution 9)**

**11. AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR DIRECTORS TO ALLOT AND ISSUE SHARES IN THE COMPANY**

**"THAT** pursuant to Section 132D of the Companies Act, 1965, full authority be and is hereby given to the Directors of the Company to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting, and upon such terms and conditions, and for such purposes, as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being, subject always to the approval of all relevant regulatory authorities, if required, being obtained for such allotment and issue." **(Ordinary Resolution 10)**

**12. PROPOSED ESTABLISHMENT OF A LONG TERM INCENTIVE PLAN OF UP TO SEVEN PERCENT (7%) OF THE ISSUED AND PAID-UP ORDINARY SHARE CAPITAL OF AXIATA GROUP BERHAD (AXIATA) (EXCLUDING TREASURY SHARES) AT ANY POINT IN TIME OVER THE DURATION OF THE PROPOSED LTIP, FOR THE ELIGIBLE EMPLOYEES AND EXECUTIVE DIRECTORS OF AXIATA AND ITS SUBSIDIARIES (EXCLUDING SUBSIDIARIES WHICH ARE DORMANT) (PROPOSED LTIP)**

**"THAT** subject to the approvals of Bursa Malaysia Securities Berhad (Bursa Securities) and any other relevant authorities being obtained, approval be and is hereby given to the Company and to the extent permitted by law and the Memorandum and Articles of Association of the Company:-

- (i) to establish, implement and administer the Proposed LTIP for the benefit of the Executive Directors and the employees of the Company and its subsidiaries (excluding subsidiaries which are dormant) who fulfil the conditions of eligibility for participation in the Proposed LTIP, in accordance with the Bye-Laws of the Proposed LTIP (Bye-Laws), a draft of which is set out in Appendix II of the Circular to Shareholders dated 26 April 2016 (Circular);
- (ii) to allot and issue fully paid ordinary shares of RM1.00 each in the Company (Axiata Shares) from time to time as may be required by the committee appointed and authorised by the Board of Directors of the Company (Board) to implement and administer the Proposed LTIP in accordance with the Bye-Laws, provided always that the total number of Axiata Shares to be allotted and issued upon the vesting of Axiata Shares shall not in aggregate exceed 7% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares, if any) at any point in time over the duration of the Proposed LTIP;
- (iii) to add, modify, alter, delete and/or amend the Proposed LTIP, the Bye-Laws and/or all rules, regulations and administration relating to the Proposed LTIP and/or the administration thereof, from time to time as may be required or permitted or deemed necessary by the authorities or the Board, provided that such additions, modifications, alterations, deletions and/or amendments are effected and permitted in accordance with the provisions of the Bye-Laws; and
- (iv) to do all such acts, execute all such documents and to enter into all such transactions, arrangements and agreements, deeds or undertakings and to make such rules or regulations, or impose such terms and conditions or delegate part of its power as may be necessary or expedient in order to give full effect to the Proposed LTIP and terms of the Bye-Laws;

## NOTICE OF ANNUAL GENERAL MEETING

**THAT** the proposed Bye-Laws, as set out in Appendix II of the Circular, which is in compliance with the Main Market Listing Requirements of Bursa Securities, be and is hereby approved;

**THAT** such new Axiata Shares issued pursuant to the Proposed LTIP shall, upon allotment and issuance, rank pari passu in all respects with the then existing Axiata Shares and shall be entitled to any dividends, rights, allotments and/or distributions attached thereto and/or which may be declared, made or paid to the Company's shareholders, provided that the allotment date of such new Axiata Shares is prior to the entitlement date for any right, allotment and distribution;

**AND THAT** the Board be and is hereby empowered and authorised with full power to amend and/or assent to any conditions, modifications, variations and/or amendments as the Board may deem fit, necessary and/or expedient in the best interest of the Company or as may be imposed by the relevant regulatory authorities and to take all steps as it may consider necessary or expedient to implement, finalise and give full effect to and in connection with the above.”  
**(Ordinary Resolution 11)**

### 13. PROPOSED AWARD OF AXIATA SHARES TO DATO' SRI JAMALUDIN BIN IBRAHIM PURSUANT TO THE PROPOSED LTIP (PROPOSED AWARD)

“**THAT** subject to the passing of Ordinary Resolution 11 and the approvals of all the relevant authorities for the Proposed LTIP, the Board of Directors of the Company (Board) be and is hereby authorised to, at any time and from time to time subject always to such terms and conditions and/or adjustments which may be made in accordance with the provisions of the Bye-Laws, grant Dato' Sri Jamaludin bin Ibrahim, Managing Director/President & Group Chief Executive Officer of the Company, up to 13,032,600 Axiata Shares to be issued to and/or vested in him pursuant to the Proposed Award.

**AND THAT** the Board be and is hereby authorised to allot and issue new Axiata Shares pursuant to the Proposed LTIP to him from time to time pursuant to the vesting of the Proposed Award.”  
**(Ordinary Resolution 12)**

### 14. To transact any other ordinary business for which due notice has been given in accordance with Section 151 of the Companies Act, 1965.

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a Member who shall be entitled to attend, speak and vote at this 24th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd (Bursa Depository) in accordance with Article 66 of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 (SICDA) to issue a General Meeting Record of Depositors as at 17 May 2016. Only a depositor whose name appears in the General Meeting Record of Depositors as at 17 May 2016 shall be entitled to attend speak and vote at the said meeting or appoint proxies on his/her behalf.

**By Order of the Board  
AXIATA GROUP BERHAD**

**Suryani Hussein** (LS0009277)

Group Company Secretary  
Kuala Lumpur, Malaysia

26 April 2016

**NOTES:****Proxy and/or Authorised Representative**

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint a proxy without any restriction to the qualification of the proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company and the restrictions provided in Section 149(1) (a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.
2. The Company shall be entitled to reject any instrument of proxy lodged if the Member is not shown to have any shares entered against his name in the Register and/or subject to Article 34A of the Company's Articles of Association in relation to the Record of Depositors made available to the Company.
3. 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.
4. 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.

5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in respect of each securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominees may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall:-
  - a) in the case of an individual, be signed by the appointer or by his/her attorney; or
  - b) in the case of a 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 by 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".

7. 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.
8. The instrument appointing the proxy together with the duly registered power of attorney referred to in Note 6 above, if any, must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or at their Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding of the Meeting or at any adjournment thereof.

**Audited Financial Statements for financial year ended 31 December 2015**

9. The Audited Financial Statements under Agenda Item 1 are laid before the shareholders pursuant to the provisions of Section 169(1) and (3) of the Companies Act, 1965 for discussion only and will not be put forward for voting.

**Final Dividend of 12 sen per ordinary share for the financial year ended 31 December 2015**

10. Axiata's existing dividend policy provides that the Company intends to pay dividends of at least 30% of its consolidated 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 subsidiary Board deems relevant.

On 16 February 2016, the Board declared a Final Dividend of 12 sen, implying a total dividend payout ratio of 85 % (based on FY15 normalised PATAMI of RM2.1 billion including the interim dividend of 8 sen per Axiata Share paid last year on 29 October 2015). The total dividend of 20 sen for the financial year ended 31 December 2015 would tantamount to a cash outflow of approximately RM1.76 billion with a dividend yield of 3.1% (based on a 3-month VWAP).

## NOTICE OF ANNUAL GENERAL MEETING

### **Re-election of Directors who retire pursuant to Article 93 and Re-appointment of Directors pursuant to Section 129 of the Companies Act, 1965**

11. Article 93 of the Company's Articles of Association provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an Annual General Meeting of the Company. All the Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. Dato' Sri Jamaludin Ibrahim and Bella Ann Almeida are standing for re-election as Directors and being eligible, have offered themselves for re-election.

Being a shareholder, Dato' Sri Jamaludin Ibrahim and persons connected to him will abstain from voting on the resolution in respect of his re-election.

Bella Ann Almeida, who is Independent Non-Executive Director (INED), has reaffirmed her independence based on independence criteria applied by the Company which is also used in the yearly assessment of INEDs independence.

Juan Villalonga Navarro, an INED who also retires by rotation pursuant to Article 93 of the Company's Articles of Association does not offer himself for re-election. Hence, he will retire at the conclusion of the 24th Annual General Meeting in accordance with Article 93 of the Company's Articles of Association.

Section 129 of the Companies Act, 1965 provides that no director of or over the age of seventy years shall be appointed or act as a director of a public company or of a subsidiary of a public company, unless the said director is re-appointed by a resolution of a majority of not less than three-fourths (3/4) of such member and/or proxy of the Company at a general meeting to hold office until the next of Annual General Meeting of Company.

Tan Sri Ghazzali Sheikh Abdul Khalid and Datuk Azzat Kamaludin who both have reached 70 years in March 2016 and September 2015 respectively have indicated their willingness to seek re-appointment.

The Board has recommended the re-election and re-appointment of the above mentioned Directors. Details of the assessment of the Directors seeking re-election and re-appointment are provided in the Statement on Corporate Governance on pages 62 to 63 of the Company's Annual Report 2015. Their profiles are set out in the Profile of Directors' section of the Company's Annual Report 2015 from pages 35 to 38.

### **Payment of Directors' fees**

12. Article 106(i) of the Company's Articles of Association provides that the fees payable to the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting. Such fees cannot be increased except pursuant to an ordinary resolution passed at the Company's general meeting. Therefore, shareholders' approval is required for the payment of Directors' fees.

Shareholders' approval on the Directors' fees for Board and Board Committees was obtained at the 23rd Annual General Meeting held on 20 May 2015 and there is no revision to any of the fees. Details of Directors' fees and Meeting Allowances to Non-Executive Directors are set-out on page 65 of the Company's Annual Report 2015.

### **Appointment of Auditors**

13. The Board Audit Committee (BAC) had on 16 February 2016 considered the re-appointment of Messrs PricewaterhouseCoopers as Auditors of the Company based on the criteria prescribed under Paragraph 15.21 of the Main LR. Both the BAC and the Board have recommended the re-appointment of Messrs PricewaterhouseCoopers as Auditors of the Company. Details on the assessment and criteria used by the BAC on their review are provided in the Statement on Corporate Governance on page 71 of the Company's Annual Report 2015.

### **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 approved, 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 the Circular to Shareholders dated 26 April 2016 which is despatched together with the Company's Annual Report 2015.

## II. Proposed Renewal of the Authority for Directors to allot and issue New Axiata Shares in relation to the DRS

The shareholders had, at the 23rd Annual General Meeting held on 20 May 2015, approved the renewal of the authority for the Directors to allot and issue new Axiata Shares in relation to DRS and such authority will expire at the conclusion of this Annual General Meeting. The DRS provided shareholders with the opportunity to reinvest the whole or part of cash dividends in new Axiata Shares in lieu of receiving cash subject to the determination by the Directors, shareholders may be offered an option to reinvest such dividends in new Axiata Shares and where applicable, the portion of such dividends to which the option to reinvest applies. Axiata had on 17 February 2016 announced to Bursa Malaysia Securities Berhad on the decision of the Board for the shareholders to be given an option to elect to reinvest the whole or part of the proposed final dividend of 12 sen per Axiata Share for the financial year ended 31 December 2015 (Final Dividend) into new Axiata Shares in accordance with the DRS. This proposed Ordinary Resolution 9, if approved, will renew the Directors' authority to issue new Axiata Shares in respect of the above Final Dividend and subsequent dividends to be declared, if any, under the DRS, until the conclusion of the next Annual General Meeting. A renewal of this authority will be sought at subsequent Annual General Meeting.

## III. Authority Under Section 132D of the Companies Act, 1965 for Directors to allot and issue Shares in the Company

The Company has not issued any new shares under the general mandate for allotment and issuance of shares up to 10% of the issued and paid-up capital of the Company, which was approved at the 23rd Annual General Meeting held on 20 May 2015 and which shall lapse at the conclusion of the 24th Annual General Meeting to be held on 25 May 2016. The proposed Ordinary Resolution 10 is a renewal of the general mandate pursuant to Section 132D of the Companies Act, 1965 obtained from the shareholders of the Company at the previous Annual General Meeting. This resolution, if approved, will give the Directors the mandate to allot and issue new shares in the Company (not exceeding 10% of the issued and paid-up share capital of the Company) and flexibility to the Company in respect of any possible fund raising activities by not having to seek shareholders' approval via a general meeting subsequent to this 24th Annual General Meeting, which may delay the capital raising initiatives and incur relevant cost in organising the general meeting. The authorisation, unless revoked or varied by the Company at a general meeting, will be valid until the next Annual General Meeting of the Company.

## IV. Proposed LTIP

The proposed Ordinary Resolution 11, if passed, will enable the Company to, amongst others, establish, implement and administer the Proposed LTIP for the benefit of the Executive Directors and the employees of the Company and its subsidiaries (excluding subsidiaries which are dormant) who fulfill the conditions of eligibility for participation in the Proposed LTIP, in accordance with the Bye-Laws for the Proposed LTIP (Bye-Laws).

Detailed information on the Proposed LTIP is set out in Part B of the Circular to Shareholders dated 26 April 2016 and the draft of the Bye-Laws is set in Appendix II of the Circular.

## V. Proposed Award

The proposed Ordinary Resolution 12, if passed, will enable the Company to award Dato' Sri Jamaludin Ibrahim (Dato' Sri Jamaludin), the Managing Director/President & Group Chief Executive Officer of the Company, up to 13,032,600 Axiata Shares to be issued to and/or vested in him pursuant to the Proposed LTIP over the a period of ten (10) years commencing from the date on which the Proposed LTIP takes effect which shall be the last day on which full compliance with the relevant requirements under the Bye-Laws and the Main Market Listing Requirements of Bursa Securities have been obtained or met.

Dato' Sri Jamaludin and persons connected to him shall abstain from voting on this resolution. He has also abstained from all deliberation and voting on this resolution at the Board of Directors' Meeting.

# STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2) MAIN LR

## **DIRECTORS STANDING FOR RE-ELECTION AND RE-APPOINTMENT AT THE TWENTY-FOURTH ANNUAL GENERAL MEETING**

The following are Directors retiring pursuant to Article 93 of the Company's Articles of Association and Section 129 of the Companies Act, 1965:-

Article 93 : Retirement by rotation

1. Dato' Sri Jamaludin Ibrahim
2. Bella Ann Almeida

Section 129 : Re-appointment

3. Tan Sri Ghazzali Sheikh Abdul Khalid
4. Datuk Azzat Kamaludin

The profiles of the above Directors are set out in the Profile of Directors' section of the Company's Annual Report 2015 from pages 35 to 38.

Save for Dato' Sri Jamaludin Ibrahim, none of the above Directors has any interest in the securities of the Company and its related corporation. The securities holdings of Dato' Sri Jamaludin are disclosed on page 250 of this annual report.

# ADMINISTRATIVE DETAILS FOR 24TH ANNUAL GENERAL MEETING

**Day & Date** : Wednesday, 25 May 2016  
**Time** : 2.00 p.m.  
**Venue** : Grand Ballroom, 1st Floor, Sime Darby Convention Centre (SDCC), 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia

## PARKING

Kindly park your vehicle at SDCC car park where parking is free.

## REGISTRATION

1. Registration will start at 11.30 a.m. at the foyer of the meeting hall. There will be signages to the registration area and you will have to queue for registration.
2. Please produce your original Identity Card (IC) at the registration counter for verification. Please make sure your IC is returned to you thereafter.
3. Upon verification, you are required to write your name and sign the Attendance List placed on the registration counter.
4. You will be given an identification wristband and only be allowed to enter the meeting hall if you are wearing the identification wristband. There will be no replacement in the event you lose or misplace the identification wristband.
5. If you are attending the Annual General Meeting as shareholder as well as proxy, you will be registered only once and will be given only one identification wristband to enter the meeting hall.
6. After registration, please leave the registration area immediately and proceed to the refreshment hall as indicated by signages.
7. No individual will be allowed to register on behalf of another individual even with the original IC of that other individual.
8. The registration counter will handle only verification of identity and registration.

## HELP DESK

1. Please proceed to the Help Desk located at the foyer of the meeting hall for any clarification or queries.
2. The Help Desk will also handle revocation of proxy's appointment.

## ENTITLEMENTS TO ATTEND, SPEAK AND VOTE

Only a Depositor registered in the Register of Members/Record of Depositors and whose name appears in the Register of Members/Record of Depositors as at 17 May 2016 shall be entitled to attend, speak and vote at the Annual General Meeting or appoint proxies to attend, speak and vote on his/her behalf in respect of the number of shares registered in his/her name at that time.

## PROXY

1. 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 and vote at the Annual General Meeting. If you are unable to attend the Annual General Meeting and wish to appoint a proxy to attend and vote on your behalf, please submit your Proxy Form in accordance with the notes and instructions printed therein.
2. If you wish to attend the Annual General Meeting yourself, please do not submit any Proxy Form. You will not be allowed to attend the Annual General Meeting together with a proxy appointed by you.
3. If you have submitted your Proxy Form prior to the Annual General Meeting and subsequently decided to attend the Annual General Meeting yourself, please proceed to the Help Desk to revoke the appointment of your proxy.
4. If you wish to submit your Proxy Form by facsimile, please fax to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Fax No. +603-2783 9222 not less than 48 hours before the time appointed for holding the Annual General 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 Annual General Meeting.

## ADMINISTRATIVE DETAILS FOR 24TH ANNUAL GENERAL MEETING

### CORPORATE MEMBER

Any corporate member who wishes to appoint a representative instead of a proxy to attend the Annual General 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 Annual General Meeting or to the registration staff on the Annual General Meeting day for the Company's records.

### ENQUIRY

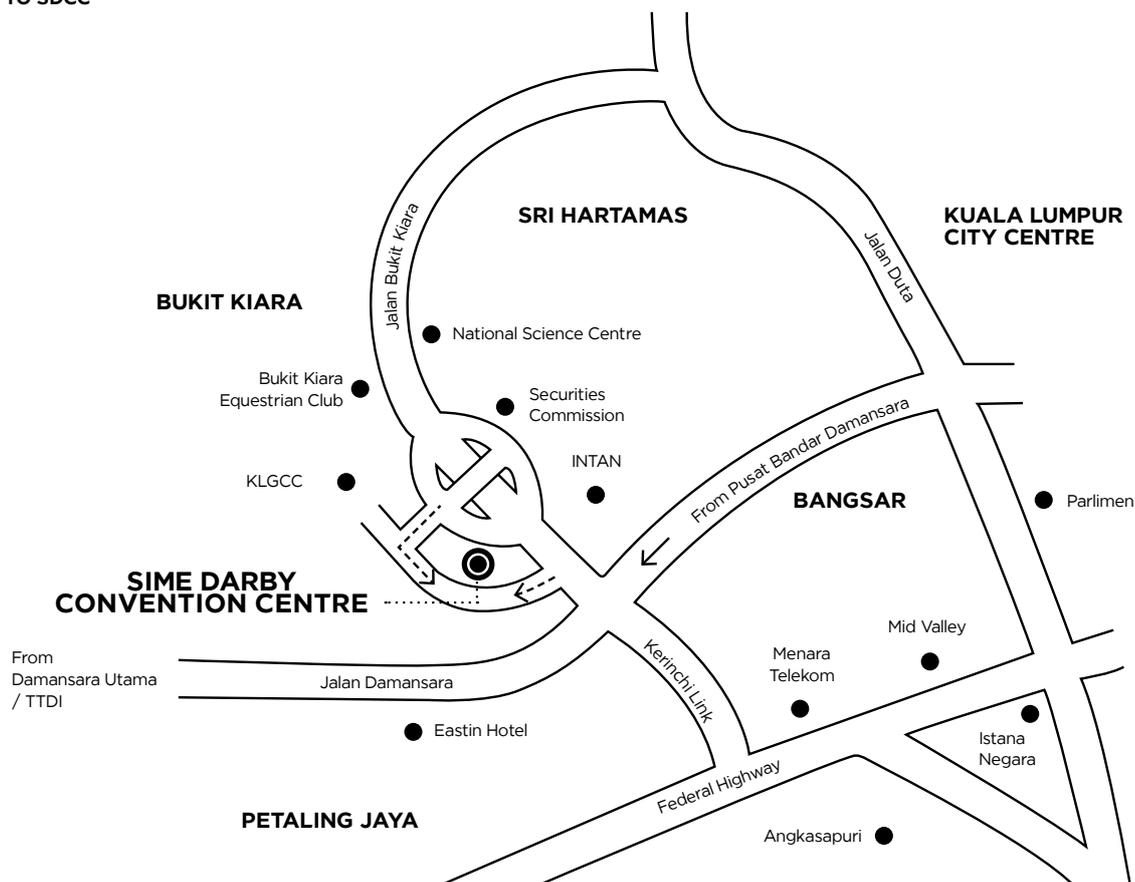
If you have general queries prior to the Annual General Meeting, please contact the Share Registrar during office hours:-

Telephone : General +603-2783 9299  
Samantha Goh +603-2783 9236  
Eric Low +603-2783 9267

Fax : General +603-2783 9222

Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)  
[Samantha.Goh@my.tricorglobal.com](mailto:Samantha.Goh@my.tricorglobal.com)  
[Eric.Low@my.tricorglobal.com](mailto:Eric.Low@my.tricorglobal.com)

### MAP TO SDCC



# PROXY FORM

(Before completing the form, please refer to the notes overleaf)



(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)

\_\_\_\_\_ (TELEPHONE/MOBILE NO.) \_\_\_\_\_

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 24th 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, 25 May 2016 at 2.00 p.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)

\_\_\_\_\_ (TELEPHONE/MOBILE NO.) \_\_\_\_\_

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 24th 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, 25 May 2016 at 2.00 p.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"	
<b>TOTAL</b>	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.

Resolutions	Proxy "A"		Proxy "B"	
	For	Against	For	Against
<b>Ordinary Business</b>				
1. Ordinary Resolution 1 - Declaration of a final tax exempt dividend under single tier system of 12 sen per ordinary share				
2. Ordinary Resolution 2 - Re-election of Dato' Sri Jamaludin Ibrahim				
3. Ordinary Resolution 3 - Re-election of Bella Ann Almeida				
4. Ordinary Resolution 4 - Re-appointment of Tan Sri Ghazzali Sheikh Abdul Khalid				
5. Ordinary Resolution 5 - Re-appointment of Datuk Azzat Kamaludin				
6. Ordinary Resolution 6 - Payment of Directors' Fees to Board and Board Committees				
7. Ordinary Resolution 7 - Re-appointment of Messrs. PricewaterhouseCoopers as Auditors				
<b>Special Business</b>				
8. Ordinary Resolution 8 - Proposed Shareholders' Mandate				
9. Ordinary Resolution 9 - Proposed Renewal of the Authority For Directors to Allot and Issue shares in relation to the Dividend Reinvestment Scheme				
10. Ordinary Resolution 10 - Authority to Allot and Issue shares under Section 132D of the Companies Act, 1965				
11. Ordinary Resolution 11 - Proposed Long Term Incentive Plan				
12. Ordinary Resolution 12 - Proposed Award				

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

No. of ordinary shares held	CDS Account No. of Authorised Nominee*													

\* Applicable to shares held through a nominee account

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

\_\_\_\_\_  
Signature(s)/Common Seal of Member(s)

2. Fold this flap to seal

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AFFIX STAMP  
RM0.80  
HERE

The Share Registrar  
**Tricor Investor & Issuing House Services Sdn Bhd** (11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite, Avenue 3  
Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia

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**NOTES:**

***Proxy and/or Authorised Representatives***

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint a proxy without any restriction to the qualification of the proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company and the restrictions provided in Section 149(1) (a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.
2. The Company shall be entitled to reject any instrument of proxy lodged if the member is not shown to have any shares entered against his name in the Register and/or subject to Article 34A of the Company's Articles of Association in relation to the Record of Depositors made available to the Company.
3. 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.
4. 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.*

5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in respect of each securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominees may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall:-
  - a) in the case of an individual, be signed by the appointer or by his/her attorney; or
  - b) in the case of a 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 by 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".*

7. 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.
8. The instrument appointing the proxy together with the duly registered power of attorney referred to in Note 6 above, if any, must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or at their Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, No. 8, Jalan Kerinchi, 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, Speak and Vote***

9. For purposes of determining a member who shall be entitled to attend, speak and vote at 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 17 May 2016. Only a depositor whose name appears in the General Meeting Record of Depositors as at 17 May 2016 shall be entitled to attend, speak and vote at the said meeting or appoint a proxy(ies) on his/her behalf.



**AXIATA GROUP BERHAD (242188-H)**  
**CORPORATE HEADQUARTERS**  
**AXIATA TOWER**  
**9 JALAN STESEN SENTRAL 5**  
**KUALA LUMPUR SENTRAL**  
**50470 KUALA LUMPUR**  
**MALAYSIA**

SINGAPORE

BANGLADESH

CAMBODIA

INDIA

**WWW.AXIATA.COM**

