AXIATA GROUP BERHAD (242188-H)

The Board of Directors of Axiata Group Berhad is pleased to announce the following unaudited results of the Group for the financial period ended 30 June 2016.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2nd Quarter Ended		Financial Period Ended	
	30/6/2016	30/6/2015	30/6/2016	30/6/2015
	RM'000	RM'000	RM'000	RM'000
Operating revenue	**5,310,097**	4,707,196	**10,318,938**	9,457,916
Operating costs				
- depreciation, impairment and amortisation	**(1,390,518)**	(1,000,068)	**(2,555,576)**	(1,983,820)
- foreign exchange gains/(losses)	**6,385**	(4,357)	**(260,195)**	35,857
- domestic interconnect and international outpayment	**(513,478)**	(444,915)	**(1,010,310)**	(1,080,700)
- marketing, advertising and promotion	**(403,584)**	(343,519)	**(813,547)**	(666,143)
- other operating costs	**(1,953,186)**	(1,893,465)	**(3,793,761)**	(3,613,306)
- staff costs	**(374,145)**	(310,169)	**(760,234)**	(641,451)
- other (losses)/gains - net	**(7,091)**	32,208	**(51,230)**	65,740
Other operating income	**183,292**	99,101	**207,614**	140,615
Operating profit before finance cost	**857,772**	842,012	**1,281,699**	1,714,708
Finance income	**13,188**	50,549	**64,538**	110,426
Finance cost excluding net foreign exchange (losses)/gains on financing	**(294,733)**	(173,292)	**(550,249)**	(351,873)
Net foreign exchange (losses)/gains on financing activities	**(185,754)**	(74,016)	**79,127**	(272,302)
	(480,487)	(247,308)	**(471,122)**	(624,175)
Joint ventures				
- share of results (net of tax)	**(18,050)**	(4,145)	**(40,464)**	(3,928)
Associates				
- share of results (net of tax)	**37,153**	143,073	**128,753**	286,363
- loss on accretion/ dilution of equity interests	**-**	-	**(1,732)**	(9,253)
Profit before taxation	**409,576**	784,181	**961,672**	1,474,141
Taxation	**(177,308)**	(154,557)	**(328,204)**	(308,396)
Profit for the financial period	**232,268**	629,624	**633,468**	1,165,745
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
- actuarial (losses)/gains on defined benefits plan, net of tax	**(2,606)**	6,783	**(2,606)**	4,265
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	**480,281**	75,520	**(521,342)**	470,151
- net cash flow hedge	**15**	597	**(1,445)**	(528)
- net investment hedge	**(28,529)**	(61,810)	**(14,528)**	(60,771)
- available-for-sale reserve	**693**	-	**(1,757)**	-
Other comprehensive income for the financial period, net of tax	**449,854**	21,090	**(541,678)**	413,117
Total comprehensive income for the financial period	**682,122**	650,714	**91,790**	1,578,862
Profit for the financial period attributable to:				
- owners of the company	**188,934**	610,758	**557,190**	1,195,597
- non-controlling interests	**43,334**	18,866	**76,278**	(29,852)
	232,268	629,624	**633,468**	1,165,745
Total comprehensive income for the financial period attributable to:				
- owners of the company	**546,136**	625,580	**51,272**	1,566,004
- non-controlling interests	**135,986**	25,134	**40,518**	12,858
	682,122	650,714	**91,790**	1,578,862
Earnings Per Share (sen) (Part B, Note 13)				
- basic	**2.1**	7.1	**6.3**	13.9
- diluted	**2.1**	7.1	**6.3**	13.8

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)

AXIATA GROUP BERHAD (242188-H)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30/6/2016 RM'000 Unaudited	31/12/2015 RM'000 Audited
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE		
Share capital	8,823,444	8,816,858
Share premium	3,509,441	3,485,891
Reserves	10,214,594	11,222,520
Total equity attributable to owners of the Company	22,547,479	23,525,269
Non-controlling interests	3,781,607	2,199,075
Total equity	26,329,086	25,724,344
NON-CURRENT LIABILITIES		
Borrowings	14,976,065	14,044,656
Derivative financial instruments	1,295	743
Deferred income	233,995	223,414
Other payables	2,796,051	1,408,497
Provision for liabilities	475,802	417,574
Deferred tax liabilities	2,429,958	1,809,316
Total non-current liabilities	20,913,166	17,904,200
	47,242,252	43,628,544
NON-CURRENT ASSETS		
Intangible assets	20,310,066	14,206,485
Property, plant and equipment	24,202,503	23,133,644
Joint ventures	156,178	102,974
Associates	8,163,824	8,208,486
Available-for-sale financial assets	29,433	31,286
Derivative financial instruments	146,727	229,231
Long term receivables	76,355	101,203
Deferred tax assets	232,452	248,156
Total non-current assets	53,317,538	46,261,465
CURRENT ASSETS		
Inventories	148,512	155,125
Trade and other receivables	4,192,971	3,954,716
Derivatives financial instruments	-	113,251
Financial assets at fair value through profit or loss	20	28
Tax recoverable	241,800	122,994
Deposits, cash and bank balances	8,100,628	5,510,692
	12,683,931	9,856,806
LESS: CURRENT LIABILITIES		
Trade and other payables	10,242,633	9,642,781
Borrowings	6,522,282	2,347,730
Derivative financial instruments	204,160	173,112
Current tax liabilities	731,336	326,104
Dividend payable	1,058,806	-
Total current liabilities	18,759,217	12,489,727
Net current liabilities	(6,075,286)	(2,632,921)
	47,242,252	43,628,544
Net assets per share attributable to owners of the Company (sen)	256	267

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)

AXIATA GROUP BERHAD (242188-H)
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

		Attributable to equity holders of the Company													
		Share capital [1]	Share premium	Currency translation differences	Capital contribution reserve	Merger reserve	Hedging reserve	Actuarial reserve	ESOS[2] and RSA[3] reserve	AFS[4] reserve	Others reserve	Retained earnings	Total	Non-controllin g interests	Total equity
	Note	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
At 1 January 2016		8,816,858	3,485,891	931,111	16,598	346,774	(255,992)	(92)	130,229	3,367	(172,753)	10,223,278	23,525,269	2,199,075	25,724,344
Profit for the financial period		-	-	-	-	-	-	-	-	-	-	557,190	557,190	76,278	633,468
Other comprehensive income:															
-Currency translation differences arising during the financial period:															
-subsidiaries		-	-	(283,945)	-	-	-	-	-	-	-	-	(283,945)	(34,644)	(318,589)
-joint venture		-	-	(2,334)	-	-	-	-	-	-	-	-	(2,334)	-	(2,334)
-associates		-	-	(200,419)	-	-	-	-	-	-	-	-	(200,419)	-	(200,419)
		-	-	(486,698)	-	-	-	-	-	-	-	-	(486,698)	(34,644)	(521,342)
-Net cash flow hedge		-	-	-	-	-	(1,204)	-	-	-	-	-	(1,204)	(241)	(1,445)
-Net investment hedge		-	-	-	-	-	(14,528)	-	-	-	-	-	(14,528)	-	(14,528)
-Actuarial gains, net of tax		-	-	-	-	-	-	(1,731)	-	-	-	-	(1,731)	(875)	(2,606)
-Revaluation of AFS		-	-	-	-	-	-	-	-	(1,757)	-	-	(1,757)	-	(1,757)
Total comprehensive income		**-**	**-**	**(486,698)**	**-**	**-**	**(15,732)**	**(1,731)**	**-**	**(1,757)**	**-**	**557,190**	**51,272**	**40,518**	**91,790**
Transactions with owners:															
-Issuance of new ordinary shares		1,624	4,855	-	-	-	-	-	-	-	-	-	6,479	-	6,479
-Share issue expenses		-	(171)	-	-	-	-	-	-	-	-	-	(171)	-	(171)
-Acquisition of subsidiaries	A,12 (d),(g)	-	-	-	-	-	-	-	-	-	-	-	-	847,239	847,239
-Dilution of equity interest in subsidiaries	A,12(a),(e)	-	-	-	-	-	-	-	-	-	-	(5,248)	(5,248)	32,202	26,954
-Rights issue by a subsidiary	A,4(e)	-	-	-	-	-	-	-	-	-	-	(16,036)	(16,036)	678,383	662,347
-Dividends paid to NCI		-	-	-	-	-	-	-	-	-	-	-	-	(15,810)	(15,810)
-Dividends payable to shareholders		-	-	-	-	-	-	-	-	-	-	(1,058,806)	(1,058,806)	-	(1,058,806)
-Axiata Share Scheme:											-				
-value of employees' services		-	-	-	-	-	-	-	44,720	-	-	-	44,720	-	44,720
-transferred from ESOS and RSA reserve upon exercise/vest		4,962	18,866	-	-	-	-	-	(23,828)	-	-	-	-	-	-
Total transaction with		6,586	23,550	-	-	-	-	-	20,892	-	-	(1,080,090)	(1,029,062)	1,542,014	512,952
At 30 June 2016		**8,823,444**	**3,509,441**	**444,413**	**16,598**	**346,774**	**(271,724)**	**(1,823)**	**151,121**	**1,610**	**(172,753)**	**9,700,378**	**22,547,479**	**3,781,607**	**26,329,086**

[1]Issued and fully paid-up ordinary shares of RM1 each [2]Employees Share Option Scheme ("ESOS") [3]Restricted Share Awards ("RSA")
[4]Available-for-sale ("AFS")

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)

AXIATA GROUP BERHAD (242188-H)
UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016 (CONTINUED)

	Attributable to equity holders of the Company											
	Share capital	Share premium	Currency translation differences	Capital contribution reserve	Merger reserve	Hedging reserve	Actuarial reserve	ESOS and RSA reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	8,582,017	2,398,794	(466,194)	16,598	346,774	(131,518)	(9,934)	176,628	9,847,684	20,760,849	1,821,483	22,582,332
Profit for the financial period	-	-	-	-	-	-	-	-	1,195,597	1,195,597	(29,852)	1,165,745
Other comprehensive income:												
-Currency translation differences arising during the financial period:												
-subsidiaries	-	-	268,340	-	-	-	-	-	-	268,340	41,365	309,705
-associates	-	-	160,446	-	-	-	-	-	-	160,446	-	160,446
	-	-	428,786	-	-	-	-	-	-	428,786	41,365	470,151
-Net cash flow hedge	-	-	-	-	-	(440)	-	-	-	(440)	(88)	(528)
-Net investment hedge	-	-	-	-	-	(60,771)	-	-	-	(60,771)	-	(60,771)
-Actuarial losses, net of tax	-	-	-	-	-	-	2,832	-	-	2,832	1,433	4,265
Total comprehensive income	-	-	428,786	-	-	(61,211)	2,832	-	1,195,597	1,566,004	12,858	1,578,862
Transaction with owners:												
-Issuance of new ordinary shares	25,561	100	-	-	-	-	-	-	-	25,661	-	25,661
-Share issue expense	-	(13)	-	-	-	-	-	-	-	(13)	-	(13)
-Investment in a subsidiary	-	-	-	-	-	-	-	-	-	-	3,841	3,841
-Dilution of equity interest in a subsidiaries	-	-	-	-	-	-	-	-	4,967	4,967	21,955	26,922
-Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(10,073)	(10,073)
-Dividends paid to shareholders	-	-	-	-	-	-	-	-	(1,205,001)	(1,205,001)	-	(1,205,001)
-Axiata Share Scheme:												
-value of employees' services	-	-	-	-	-	-	-	55,049	-	55,049	-	55,049
-transferred from ESOS and RSA reserve upon exercise/vest	-	91,738	-	-	-	-	-	(91,738)	-	-	-	-
Total transactions with owners	25,561	91,825	-	-	-	-	-	(36,689)	(1,200,034)	(1,119,337)	15,723	(1,103,614)
At 30 June 2015	**8,607,578**	**2,490,619**	**(37,408)**	**16,598**	**346,774**	**(192,729)**	**(7,102)**	**139,939**	**9,843,247**	**21,207,516**	**1,850,064**	**23,057,580**

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)

AXIATA GROUP BERHAD (242188-H)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE FINANCIAL PERIOD ENDED	
	30/6/2016	**30/6/2015**
	RM'000	**RM'000**
Receipt from customers	10,341,322	9,278,656
Payment to suppliers and employees	(7,007,385)	(5,311,854)
Payment of finance costs	(521,701)	(226,187)
Payment of income taxes (net of refunds)	(388,456)	(309,293)
CASH FLOWS FROM OPERATING ACTIVITIES	**2,423,780**	**3,431,322**
Proceeds from disposal of property, plant and equipment	7,463	4,342
Proceeds from disposal of other intangible assets	767	-
Purchase of property, plant & equipment	(2,043,292)	(2,647,835)
Proceed from sale and lease back transactions of a subsidiary	564,140	-
Acquisition of intangible assets	(52,357)	(155,070)
Investment in subsidiaries (net of cash acquired)	(4,530,164)	176
Capital gain tax paid on behalf related to an acquisition of a subsidiary	(375,454)	-
Investments in deposits maturing more than three (3) months	579,376	(17,893)
Investment in an associate	(51,584)	-
Additional investment in an associate	(41,103)	(1,250)
Capital injection in a joint venture	(96,162)	(43,178)
Investment in a joint venture	(384)	-
Settlement of deferred purchase consideration of an investment in a subsidiary	(54,794)	-
Dividends received from associates	63,756	84,989
Net (advance to)/repayment from employees	(407)	116
Interests received	66,950	110,426
CASH FLOWS USED IN INVESTING ACTIVITIES	**(5,963,249)**	**(2,665,177)**
Proceeds from issuance of shares under Axiata Share Scheme	6,479	25,661
Share issue expense	(171)	(13)
Proceeds from borrowings	4,930,915	521,802
Repayments of borrowings	(1,243,113)	(953,217)
Proceeds from Sukuks	1,989,687	-
Net proceed from rights issue of a subsidiary	662,347	-
Proceed from sale and lease back transactions of a subsidiary	531,236	-
Repayment of finance lease creditors	(47,416)	4,725
Dividends paid to non-controlling interests	(15,810)	(10,073)
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES	**6,814,154**	**(411,115)**
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,274,685	355,030
NET INCREASE IN RESTRICTED CASH AND CASH EQUIVALENT	(585,787)	(38,537)
EFFECT OF EXCHANGE RATE CHANGES	(60,933)	(33,255)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	4,560,665	4,867,239
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**7,188,630**	**5,150,477**

(The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)

AXIATA GROUP BERHAD (242188-H)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	FOR THE FINANCIAL PERIOD ENDED	
	30/6/2016	30/6/2015
	RM'000	RM'000
Total deposits, cash and bank balances	8,100,628	5,446,969
Less:		
- Deposit pledged and escrow account	(44,270)	(60,440)
- Deposit on investment in subsidiaries	(715,585)	(56,760)
- Deposits maturing more than three (3) months	(106,676)	(133,157)
- Bank overdrafts	(45,467)	(46,135)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**7,188,630**	**5,150,477**

(The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)

PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

1. Basis of Preparation

The unaudited interim financial statements for the financial period ended 30 June 2016 of the Group have been prepared in accordance with the International Financial Reporting Standards compliant framework, Malaysian Financial Reporting Standards ("MFRS"), MFRS 134 "Interim Financial Reporting", Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR"), and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2015 ("2015 Audited Financial Statements").

2. Accounting Policies

The accounting policies and method of computation applied in the unaudited interim financial statements are consistent with those used in the preparation of the 2015 Audited Financial Statements except for the adoption of amendments to existing standards that are applicable to the Group for the financial period beginning 1 January 2016 as set out below.

- MFRS 14 "Regulatory Deferral Accounts"
- Amendments to MFRS 10 "Consolidated Financial Statements" on Investment Entities" Applying the Consolidation Exception
- Amendments to MFRS 11 "Joint Arrangements" on Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 12 "Disclosure of Interests in Other Entities" on Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 101 "Presentation of Financial Statements" on Disclosure Initiative"
- Amendments to MFRS 128 "Investments in Associates and Joint Ventures" on Investment Entities: Applying the Consolidation Exception

Annual Improvements 2012-2014 Cycle

- Amendments to MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"
- Amendment to MFRS 7 "Financial Instruments: Disclosures"
- Amendment to MFRS 119 "Employee Benefits"
- Amendment to MFRS 134 "Interim Financial Reporting"

The adoption of the amendments to existing standards did not have any significant impact to the Group during the current quarter and financial period to date.

3. Seasonal or Cyclical Factors

The operations of the Group were not significantly affected by any seasonal or cyclical factors.

4. Significant Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

The Group's performance for the current quarter and financial period to date has taken into account of the following:

(a) On 28 March 2016, PT XL Axiata Tbk ("XL") entered into an Asset Purchase Agreement and Master Tower Lease Agreement with PT Profesional Telekomunikasi Indonesia ("Protelindo") for the disposal of 2,500 of its telecommunication towers for a total gross consideration of RM1,095.4 million (IDR3.5 trillion). Out of the total 2,500 telecommunication towers disposed of, XL has leased back specific 2,433 telecommunication towers from Protelindo. The transaction above was completed on 30 June 2016 and involved the following:

(i) Disposal of 67 telecommunication towers for a total gain of disposal of RM16.1 million (IDR52.7 billion);

(ii) A sale and lease back of 378 telecommunication towers under operating lease with the recognition of total gross gain of RM132.1 million (IDR431.8 billion); and

(iii) 2,055 telecommunication assets involved the following:

- Slot 1: Sale and lease back under finance lease of 2,055 telecommunication towers which is occupied by XL. A total gross deferred gain RM 432.2 million is amortised over a ten (10) year leased period.

- Slot 2: Outright sale of 2,055 telecommunication towers which is occupied by third party tenants. A total gross deferred gain of RM 270.6 million is subject to the fulfillment of certain survival period clauses for a period of six (6) months from the completion date.

(b) On 11 April 2016, Axiata Investments (UK) Limited [("AIL (UK)"], a wholly-owned subsidiary of the Company completed the acquisition of Reynolds Holdings Limited ("Reynolds") as disclosed in Part A, 12(g) of this announcement for a total consideration of RM6.8 billion (USD 1.7 billion) [which subject to the finalisation of closing adjustments].

During the current quarter and financial period to date, a total goodwill of RM3.1 billion (NPR 83.9 billion) [subject to finalisation of Purchase Price Allocation exercise within twelve (12) months from the date of acquisition of Reynolds] was recognised in conjunction with the above acquisition.

(c) Ncell Private Limited ("Ncell") confirmed on 8 May 2016 that it had responded positively to the directive of the Large Tax Payers Office to calculate and made a deposit of 15% of the gain of TeliaSonera Norway Nepal Holdings AS ("Telia Norway") arising from the sale of shares of Reynolds by Telia Norway and its related companies to AIL (UK) amounting to RM375.5 million (NPR 10.0 billion).

4. Significant Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows (continued)

The Group's performance for the current quarter and financial period to date has taken into account of the following: (continued)

(d) XL, a subsidiary of Axiata Investments Indonesia Sdn Bhd ("AII") issued a total of 2,137.6 million new ordinary shares of IDR100 each under a rights issue exercise of IDR6.7 trillion (equivalents RM2.0 billion) on the basis of one (1) rights share for every four (4) existing ordinary share at an issuance price of IDR3,150 per ordinary share ("XL Rights Issue").

The Group through AII, had subscribed its full entitlement of 1,418.5 million new ordinary share under XL Rights Issue for a total consideration of RM1.3 billion (equivalent to IDR4.5 trillion). XL Rights Issue was listed in Indonesian Stock Exchange on 25 May 2016. As a result, the Group recorded a decrease in consolidated retained earnings of RM16.0 million and an increase in non-controlling interests amounting to RM678.4 million during the current quarter and financial period to date.

(e) During the current quarter and financial period to date, XL recognised a pre-tax accelerated depreciation charge of RM113.7 million (IDR371.7 billion) respectively arising from network modernisation plan; and

(f) During the current quarter and financial period to date, the Group recognised net foreign exchange losses of RM179.4 million and RM 181.1 million respectively mainly arising from the revaluation of USD borrowings and payables.

Other than the above, there were no other unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 30 June 2016.

5. Estimates

The preparation of interim unaudited financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

There were no changes in estimates of amounts reported in prior financial years that may have a material effect in the current quarter and financial period to date.

In preparing the unaudited interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the sources of estimates uncertainty were consistent as those applied to 2015 Audited Financial Statements.

6. Issues, Repurchases and Repayments of Debt and Equity Securities

(a) During the financial period to date, the Company issued new ordinary shares under the Axiata Share Scheme and Dividend Reinvestment Scheme (“DRS”) as below:

- 1,624,350 new ordinary shares of RM1 each at an exercise price of either RM1.81, RM3.45 or RM5.07 pursuant to employee share option exercised under Performance-Based Employee Share Option Scheme; and

- 4,961,750 new ordinary shares of RM1 each vested under Restricted Share Awards at an issuance price from RM4.18 to RM5.05 being the fair value of the RSA issued.

(b) Axiata SPV2 Berhad (“SPV2”), a wholly-owned subsidiary of the Company, had on 24 March 2016 successfully priced its USD500.0 million denominated Sukuk under its multi-currency Sukuk programme which was established on 17 July 2012. The Sukuk, which was issued at par, carries a coupon rate of 4.357% per annum (payable semi-annually in arrears) and has tenure of ten (10) years from the date of issuance.

Subsequently, on 25 March 2016, the Sukuk was listed and quoted on Bursa Malaysia (under the Exempt Regime) and on the Singapore Exchange Securities Trading Limited.

(c) On 31 March 2016, the Company drawdown a total of USD910.0 million loan equivalent to RM3,587.2 million from Bank of Tokyo Mitsubishi. The loan has tenure of twelve (12) months from the date of the Facility Agreement and carries a contractual interest rate of LIBOR + applicable interest margin payable at the option of the Company either on one (1), two (2) or three (3) months basis.

Aside from the above, there were no other significant unusual issues, repurchases and repayments of debt and equity securities during the financial period ended 30 June 2016.

7. Dividend paid

There is no dividend paid by the Company during the financial period to date except for the dividend paid by the Company after the interim period as disclosed in Part A, Note 11 of this announcement.

8. Segmental Information

For the financial period ended 30 June 2016

	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Others[1]	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	3,340,767	3,321,214	1,268,400	1,191,104	484,225	513,328	501,213	-	10,620,251
Inter-segment*	(3,126)	(16,620)	(31)	(18,483)	(6,405)	(12)	-	(256,636)	(301,313)
External operating revenue	3,337,641	3,304,594	1,268,369	1,172,621	477,820	513,316	501,213	(256,636)	10,318,938
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	1,202,322	1,367,911	417,319	397,091	310,404	258,662	(13,079)	456	3,941,086
Interest income	43,504	(3,900)	2,912	6,001	-	4,421	70,409	(58,809)	64,538
Interest expense	(91,742)	(298,803)	(22,412)	(16,860)	-	(3,524)	(171,573)	54,665	(550,249)
Depreciation of property, plant & equipment ("PPE")	(378,394)	(1,226,086)	(303,167)	(201,959)	(58,316)	(74,196)	(47,726)	334	(2,289,510)
Amortisation of intangible assets	(32,141)	(37,110)	(62,174)	(14,656)	(27,679)	(2,132)	(10,219)	(56,645)	(242,756)
- share of results (net of tax)	(593)	(33,103)	-	-	-	-	(6,768)	-	(40,464)
Associates:									
- share of results (net of tax)	(21,551)	-	-	(30)	-	-	150,334	-	128,753
- loss on dilution of equity interests	-	-	-	-	-	-	(1,732)	-	(1,732)
Impairment of PPE, net of reversal	-	(23,815)	(548)	5,409	-	-	1,168	-	(17,786)
Other non-cash income/(expense)	19,193	318,920	(1,249)	(13,489)	10,421	(249)	(244,957)	(118,798)	(30,208)
Taxation	(186,063)	2,862	(11,726)	(21,887)	(78,785)	(34,966)	(11,190)	13,551	(328,204)
Segment profit/(loss) for the financial period	**554,535**	**66,876**	**18,955**	**139,620**	**156,045**	**148,016**	**(285,333)**	**(165,246)**	**633,468**

[1] Share of results of associates are mainly contributed by Idea Cellular Limited (RM79.9 million) and M1 Limited (RM71.0 million).

During the financial period to date, the Group's operations by key operating companies are segmented into these main geographic segments: Malaysia, Indonesia, Bangladesh, Sri Lanka, Nepal, Cambodia and Others. Others comprise of investment holding entities and other non-key operating companies in other countries that contributed less than 10% of consolidated revenue.

8. Segmental Information (continued)

For the financial period ended 30 June 2015

Restated	Malaysia	Indonesia	Bangladesh	Sri Lanka	Cambodia	Others[2]	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	3,716,726	3,116,662	1,173,923	958,707	420,239	346,810	-	9,733,067
Inter-segment*	(4,699)	(15,217)	(103)	(13,301)	(9)	-	(241,822)	(275,151)
External operating revenue	3,712,027	3,101,445	1,173,820	945,406	420,230	346,810	(241,822)	9,457,916
EBITDA	1,394,778	1,128,004	425,357	325,194	210,928	(14,201)	(13,744)	3,456,316
Interest income	58,336	48,135	2,813	7,152	2,925	68,691	(77,626)	110,426
Interest expense	(97,840)	(224,628)	(14,878)	(10,899)	(4,324)	(76,577)	77,273	(351,873)
Depreciation of PPE	(363,490)	(1,017,883)	(197,451)	(177,152)	(79,956)	(39,711)	24,628	(1,851,015)
Amortisation of intangible assets	(26,602)	(31,585)	(52,933)	(13,941)	(2,116)	(397)	(5,668)	(133,242)
Joint venture:								
- share of results (net of tax)	7,403	(11,331)	-	-	-	-	-	(3,928)
Associates:								
- share of results (net of tax)	6,773	-	-	(663)	-	280,253	-	286,363
- loss on dilution of equity interests	-	-	-	-	-	-	(9,253)	(9,253)
Impairment of PPE, net of reversal	-	(4,853)	1,214	14,017	-	-	-	10,378
Other non-cash income/(expenses)	2,940	(238,472)	12,974	(18,016)	(639)	200,825	357	(40,031)
Taxation	(255,203)	111,818	(89,840)	(19,410)	(25,096)	(23,368)	(7,297)	(308,396)
Segment profit/(loss) for the financial period	727,095	(240,795)	87,256	106,282	101,722	395,515	(11,330)	1,165,745

[2] Share of results of associates are mainly contributed by Idea Cellular Limited (RM199.2 million) and M1 Limited (RM81.1 million).

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

During the financial period to date, the Group's operations by key operating companies are segmented into these main geographic segments: Malaysia, Indonesia, Bangladesh, Sri Lanka, Nepal, Cambodia and Others. Others comprise of investment holding entities and other non-key operating companies in other countries that contributed less than 10% of consolidated revenue.

9. Valuation of PPE

The Group does not adopt a revaluation policy on its PPE.

10. Acquisitions of PPE

During the financial period to date, the Group acquired additional PPE amounting to RM2,289.3 million mainly for its telecommunication network equipment and capital work in progress.

11. Events after the Interim Period

(a) Dividend paid by the Company

On 8 July 2016, the Company paid a total final tax exempt dividend of 12 sen under single tier in respect of financial year ended 31 December 2015 per ordinary share of RM1 each of the Company amounting to RM1,058.8 million. Out of the total cash distribution, a total of RM496.9 million was converted into 102,034,485 new ordinary shares of the Company at the conversion price of RM4.87 per ordinary share under the Dividend Reinvestment Scheme of the Company.

(b) Incorporation of Axiata Business Services Sdn Bhd (“ABS”)

On 29 July 2016, the Company incorporated its wholly-owned subsidiary, ABS (Company No. 1196307-H), a private company limited by shares, under the Companies Act, 1965.

ABS was incorporated with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1 each. The issued and paid-up share capital of ABS is RM2 and its intended principal activity is to provide international carrier services, global communications products, managed information, communications and technology and internet of things.

Other than the above and those disclosed in Part B, Note 5 of this announcement, there was no other significant event after interim period that requires disclosure and/or adjustment as at 18 August 2016.

12. Effects of Changes in the Composition of the Group

(a) Dilution of equity interest in Glasswool Holdings Limited ("Glasswool")

On 22 February 2016, Glasswool issued 64 ordinary shares to Southern Coast Ventures Inc. resulting in the Group's equity interest in Glasswool and its wholly-owned subsidiary, Smart Axiata Co. Ltd decreased from 95.28% to 92.48%. As a result, the Group recorded a decrease in consolidated retained earnings of RM8.3 million and an increase in non-controlling interests amounting to RM26.2 million during the financial period to date.

(b) Incorporation of AD Video Sdn Bhd ("ADV")

Axiata Digital Services Sdn Bhd ("ADS"), had on 25 February 2016 completed the incorporation of ADV, a private company limited by shares, under the Companies Act, 1965.

ADV was incorporated with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1 each. The issued and paid-up share capital of ADV is RM4 and its intended principal activity is to establish, maintain and operate an internet-based multimedia services.

The above incorporation did not have any significant impact to the Group during the financial period to date.

(c) Incorporation of WSO2.Telco (Private) Limited ("WSO2.Telco SL")

WSO2.Telco Inc., a subsidiary of ADS, had on 17 March 2016 completed the incorporation of WSO2.Telco SL, a private company limited by shares, in Sri Lanka, under the Companies Act No.7 of 2007.

WSO2.Telco SL was incorporated with share capital of SLR10 divided into 1 ordinary share at value of SLR10 each. The nature of business to be carried by WSO2.Telco SL is to develop and provide support services for software technologies, products and solutions.

The above incorporation did not have any significant impact to the Group during the financial period to date.

(d) Acquisition of edotco Pakistan (Private) Limited ("e.co PK")

Axiata Investments (Labuan) Limited, a wholly-owned subsidiary of the Company, had on 19 December 2014 entered into a SPA with Arif Hussain and Joozer Jiwakhan for the acquisition of the entire issued share capital of e.co PK at a cash consideration of PKR3,100 or RM118. The acquisition was completed on 24 March 2016 and effectively, e.co PK became a wholly-owned subsidiary of the Group.

The acquisition of e.co PK did not have any significant impact to the Group during the financial period to date.

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

(e) Dilution of equity interest in XL

On 6 April 2016, XL issued 8,986,668 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 66.43% to 66.36%.The Group recorded an increase in consolidated retained earnings of RM3.1 million and non-controlling interests of RM6.0 million respectively during the current quarter and financial period to date.

(f) Investment in Localcube Commerce Private Limited ("Localcube")

On 7 April 2016, the Group via Axiata Investments (Mauritius) Limited, a wholly-owned subsidiary of ADS entered into a Share Subscription Agreement with Localcube and the promoters, namely Sridhar Gundaiah and Govardhan Krishnappa Kadaliah for the issuance of 6,236 Compulsorily Convertible Preference Shares of Localcube at par value of INR10 per share representing 23.73% (on fully diluted basis) of issued and paid up capital of Localcube for a total consideration of RM 51.6 million (USD 12.8 million).

The above investment did not have any significant impact to the Group during the current quarter and financial period to date.

(g) Acquisition of Reynolds

On 21 December 2015, AIL (UK) entered into a Sale and Purchase Agreement and other ancillary agreements for the acquisition of the entire issued and paid-up capital of Reynolds in turn holds 800,000 shares representing 80.00% of the equity interest in Ncell. On 11 April 2016, the Group completed the acquisition on Reynolds. Effectively, Reynolds and Ncell became subsidiaries of the Group.

The impact on the acquisition of Reynolds to the Group is disclosed in Part A, Note 4(b) of this announcement.

(h) Incorporation of VM Digital (Thailand) Co., Ltd. ("VM Digital")

Axiata Digital Services Sdn Bhd ("ADS"), a wholly-owned subsidiary of the Company, had on 3 May 2016 completed the incorporation of VM Digital (Registration No. 0105559069905), a private company limited by shares, in Thailand, under the Thailand Civil and Commercial Code.

VM Digital was incorporated with a registered share capital of THB1.0 million. The nature of business to be carried by VM Digital is to operate telecommunications and all types of communications businesses.

The above incorporation did not have any significant impact to the Group during the current quarter and financial period to date.

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

(i) Entry by XL into a Deed of Establishment with PT Indosat Tbk

XL, a subsidiary of the Company, had on 9 May entered into a Deed of Establishment ("Deed") with PT Indosat Tbk ("Indosat Ooreedoo") for the establishment of a joint venture; PT One Indonesia Synergy Tbk ("JVCo").

Under the terms of the Deed, XL subscribed 1,251 ordinary shares of IDR1.0 million totalling IDR1,251.0 million (RM 0.4 million) representing 50.0% of the total issued and paid-up share capital of the JVCo with the remaining held by Indosat Ooreedoo.

The purpose of the joint venture is among others to anticipate that the joint venture company will provide consultancy services in future network collaboration. The transaction parties are in the process of jointly exploring the possibility of entering into such collaboration.

The establishment above did not have any significant impact to the Group during the current quarter and financial period to date.

(j) Dissolution of Advantage Maximum Network Co. Ltd ("AMN")

AMN, subsidiary of ADS had, on 16 May 2016 received the dissolution certificate from Business Registration Office, Ho Chi Minh City. Effectively, AMN ceased to be a subsidiary of the Group.

The dissolution above had no significant impact to the Group during the current quarter and financial period to date.

(k) Dissolution of GSM One (L) Limited ("GSM One") and GSM Two (L) Limited ("GSM Two")

GSM One and GSM Two, wholly-owned subsidiaries of XL had on 15 June 2016 received the 'Dissolution Certificate" from Labuan Financial Services Authority. Effectively, GSM One and GSM Two ceased to be a subsidiary of the Group.

The dissolution above had no significant impact to the Group during the current quarter and financial period to date.

(l) Accretion on equity interest in M1 Limited ("M1")

During the financial period to date, the Group's equity interest in M1, held through Axiata Investments (Singapore) Limited, a wholly-owned subsidiary of the Company, increased from 28.32% to 28.55% mainly due to M1 repurchased its issued and paid-up ordinary shares of 7.5 million (treasury shares) by way of market acquisition.

The loss on accretion has no significant impact to the Group during the financial period to date.

Other than above, there were no other changes in the composition of the Group for the financial period ended 30 June 2016.

13. Significant Changes in Contingent Assets or Contingent Liabilities

(a) There has been no significant change in contingent assets or contingent liabilities from that disclosed in the 2015 Audited Financial Statements; and

(b) There has been no significant change in contingent liabilities of an associate from that disclosed in the 2015 Audited Financial Statements.

14. Capital Commitments

As at	Group 30/6/2016 RM'000	Group 30/6/2015 RM'000
Commitments in respect of expenditure approved and contracted for	**1,730,702**	1,381,625
Commitments in respect of expenditure approved but not contracted for	**2,195,241**	1,914,294

15. Financial Instruments At Fair Value Measurements

The Group's financial instruments that were measured at fair value as at reporting date were as follow:

- Derivative financial instruments (assets and liabilities); and
- Trading securities

The Group measured the financial instruments based on:

- Level 1 (traded in active markets):Quoted market prices

- Level 2 (not traded in active markets): Valuation techniques such as quoted market prices or dealer quotes for similar instruments, present value of the estimated future cash flows based on observable market curves and forward exchange rates at reporting date with the resulting value discounted back to present value

- Level 3: Unobservable inputs

15. Financial Instruments At Fair Value Measurements (continued)

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

Derivatives Financial Instruments	2016				2015			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Financial assets at fair value through profit or loss								
-Trading security	20	-	-	20	25	-	-	25
Financial assets at AFS:								
- Equity securities	-	-	29,433	29,433	-	-	1,170	1,170
Non-hedging derivatives	-	135,404	-	135,404	-	213,143	-	213,143
Derivative used for hedging	-	11,323	-	11,323	-	13,122	-	13,122
Liabilities								
Non-hedging derivatives	-	(203,292)	-	(203,292)	-	(8,889)	-	(8,889)
Derivatives used for hedging	-	(2,163)	-	(2,163)	-	(2,370)	-	(2,370)
Total	**20**	**(58,728)**	**29,433**	**(29,275)**	25	215,006	1,170	216,201

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

1. Review of Performance

(a) Quarter-on-Quarter

Group revenue increased by 12.8% to RM5,310.1 million in the current quarter ("Q2'16") from RM4,707.2 million recorded in second quarter of 2015 ("Q2'15") primarily due to consolidation of revenue from Nepal in Q2'16 and higher revenues in Sri Lanka, coupled with a positive translation impact. At constant currency, Group revenue registered an increase of 8.6%. Operating costs of the Group increased by 8.4% to RM3,224.4 million from RM2,992.1 million in Q2'15 mainly due to consolidation of Nepal in Q2'16 which is partly offset by lower operating cost from Malaysia and Indonesia. At constant currency, Group operating costs registered an increase of 4.4%. As a result, Group EBITDA increased by 20.4% and margin increased by 2.5 percentage points to 38.9%. Profit After Tax ("PAT") in the period decreased by 63.1% to RM 232.3 million. Despite higher EBITDA, the Group recorded higher depreciation and amortisation charges mainly driven by accelerated depreciation in Indonesia as well as amortisation of intangible assets arising from acquisition of Nepal operation. In addition, PAT was also impacted by higher net finance costs, net foreign exchange losses and lower share of profit from associates. This was partly offset by recognition of one off pre-tax tower gains in Indonesia in Q2'16 of RM 148.2 million. Consolidation of Nepal as well as higher profits recorded by Indonesia, Sri Lanka and Cambodia had a positive impact on PAT, whereas our operations in Malaysia and Bangladesh registered lower profits mainly due to heightened price competition in respective markets.

Malaysia's gross revenue decreased by 6.7% in Q2'16 mainly due to a decrease in service revenue, primarily as a result of decline in revenue contribution from VAS revenue and overseas foreign worker segment. Operating costs decreased by 2.1% mainly due to lower content provider charges, manpower costs and interconnect costs which is partially offset by higher material cost. EBITDA in the period consequently decreased by 14.1% and margin decreased by 3.0 percentage points to 34.9%. PAT declined by 25.6% to RM259.8 million mainly due to lower EBITDA and higher share of losses from associates which is partly offset by lower tax expense.

Gross revenue of Indonesia increased by 0.9% but decreased by 6.7% at constant currency due to a decrease in service revenue and interconnect revenue. Operating costs decreased by 9.3% or 16.1% at constant currency mainly due to lower infrastructure expenses and lower supplies and overheads expenses. EBITDA consequently increased by 19.7% and margin increased by 6.6 percentage points to 41.8%. PAT increased by 160.4% to RM15.4 million from loss after tax of RM25.4 million mainly due to higher EBITDA, lower net foreign exchange losses and recognition of one off pre-tax tower gains in Q2'16 of RM 148.2 million, which is partly offset by higher depreciation and amortisation charges driven by expanded network infrastructure as well as accelerated depreciation arising from network modernisation plan, combined with higher net finance costs.

Bangladesh posted gross revenue growth of 4.6% but decreased by 4.0% at constant currency. This is mainly driven by a decrease in service revenue. In Q2'16, operating costs increased by 10.8% or 1.7% at constant currency mainly due to higher network costs arising from new sites and higher regulatory cost arising from one-off reversals in Q2'15 which is partially offset by lower material cost and other expenses. EBITDA decreased by 6.4% to RM204.7 million and margin decreased by 3.7 percentage points to 32.2%. PAT in the period decreased by 105.1% to loss after tax of RM2.2 million mainly due to lower EBITDA and higher depreciation and amortisation charges which is partly offset by lower tax expense.

1. **Review of Performance**

(a) Quarter-on-Quarter (continued)

Sri Lanka gross revenue grew 19.0% or 18.7% at constant currency driven by growth across the board, mainly in Mobile and Fixed Business revenue of 17.5% and 26.2% respectively. Operating costs increased by 18.7% or 18.5% at constant currency which is in line with the increase in revenue. Consequently, EBITDA grew 19.5% and margin increased slightly by 0.1 percentage points to 33.5%. PAT increased by 19.4% to RM62.3 million primarily due to higher EBITDA which is partly offset by higher depreciation and amortisation charges, net foreign exchange losses and net finance costs.

Nepal contributed 9.1%, 15.0% and 67.2% to the Group Q2'16 revenue, EBITDA and PAT respectively.

Cambodia recorded strong growth of 18.4% or 8.0% at constant currency in revenue for the quarter resulting in higher EBITDA growth of 17.5% or 7.2% at constant currency. PAT grew by 40.4% to RM75.7 million.

Associates and joint ventures contribution in share of profit decreased by 86.2% to RM19.1 million mainly due to decrease in our share of profits from associates in India and Malaysia by RM 86.9 million and RM18.9 million respectively.

(b) Year-on-Year

For the first half of the financial year 2016 ("1H'16"), Group's revenue increased by 9.1% to RM10,318.9 million mainly driven by Nepal consolidation, higher revenue recorded by Sri Lanka operations and positive translation impact. At constant currency, Group revenue increased by 3.7%. Group operating costs increased by 6.3% or 1.1% at constant currency to RM6,377.9 million mainly due to higher operating costs from Nepal consolidation, Sri Lanka and Bangladesh. As a result, Group EBITDA increased by 14.0% to RM3,941.1 million and margin increased by 1.7 percentage points to 38.2%. PAT decreased by 45.7% to RM633.5 million mainly due to accelerated depreciation in Indonesia as well as amortisation of intangibles assets arising from acquisition of Nepal operation, higher net finance costs and lower share of profits from our associate and joint venture companies in India, Malaysia and Indonesia. This was partly offset by the increase in EBITDA and recognition of one off pre-tax tower gains in Indonesia in Q2'16 of RM148.2million. In addition, our operations in Malaysia and Bangladesh registered a decrease in profits.

Malaysia's gross revenue registered a decrease of 10.1% in 1H'16 mainly due to a decrease in service revenue driven mainly by a decline in VAS revenue and overseas foreign workers segments. Operating costs during the period decreased by 7.9% mainly from lower content provider charges, interconnect cost and material costs. Accordingly, EBITDA decreased by 13.8% and margin declined 1.5 percentage points to 36.0%. PAT in the period decreased by 23.7% to RM554.5 million mainly due to lower EBITDA and higher share of losses from associates which is partly offset by lower tax expense

Gross revenue of Indonesia increased by 6.6% but decreased by 2.1% at constant currency mainly due to a decline in interconnect revenue, which is partly offset by growth in data revenue. Operating costs decreased by 1.8% or 9.8% at constant currency mainly due to lower interconnect and other direct expenses as well as lower infrastructure expenses. As a result, EBITDA increased by 21.3% in the current period and margin increased by 5.0 percentage points to 41.2%. Loss after tax decreased by 127.8% to PAT of RM66.9 million mainly due to higher EBITDA, increase in net foreign exchange gains during the period and recognition of one off pre-tax tower gains of RM148.2 million in Q2'16 which is partially offset by accelerated depreciation arising from network modernisation plan.

1. Review of Performance

(b) Year-on-Year (continued)

Bangladesh gross revenue registered growth of 8.0% but decreased by 3.4% at constant currency mainly due to decrease in service revenue. Operating costs increased by 13.7% or 1.7% at constant currency mainly due to higher regulatory and network cost partly offset by decrease in bad debts. As a result, EBITDA dropped by 1.9% and margin declined 3.3 percentage points to 32.9%. PAT in the period decreased by 78.3% to RM19.0 million, impacted mainly by higher depreciation and amortisation.

Sri Lanka gross revenue grew 24.2% or 20.4% at constant currency mainly due to growth in Mobile and Fixed Business revenue by 20.3% and 23.6% respectively. Operating costs increased by 25.3% or 21.4% at constant currency primarily due to higher direct expenses, sales and marketing cost and network cost. EBITDA in the period grew 22.1% but margin dropped by 0.6 percentage points to 33.3%. PAT meanwhile increased by 31.4% to RM139.6 million mainly driven by higher EBITDA.

Nepal contributed 4.7%, 7.9% and 24.6% to the 1H'16 Group revenue, EBITDA and PAT respectively.

Cambodia recorded strong growth of 22.2% or 8.3% at constant currency in gross revenue for 1H'16 resulting in higher EBITDA growth of 22.6% or 8.7% at constant currency. PAT grew 45.5% to RM148.0 million.

Associates and joint ventures contribution in share of profit decreased to RM86.6 million from RM273.2 million during the period, mainly due to lower share of profits from associates in India and Malaysia.

(c) Comparison with Preceding Quarter's Result

Group revenue increased by 6.0% to RM5,310.1 million in Q2'16 from RM5,008.8 million recorded in Q1'16 mainly due to consolidation of Nepal which is partly offset by a decrease in revenue recorded by our Indonesia operations as well as negative translation impact. At constant currency, Group revenue increased by 8.4%. In the same period, operating costs increased by 3.5% to RM3,244.4 million or 5.9% at constant currency mainly arising from consolidation of Nepal which is partly offset by a decrease in costs from Indonesia. As a result, Group EBITDA increased by 10.1% and margin increased by 1.5 percentage points to 38.9%. PAT decreased by 42.1% to RM232.3 million mainly due to accelerated depreciation in Indonesia and amortisation of intangibles assets arising from acquisition of Nepal operation, higher net foreign exchange losses as well as higher net finance costs. This was partly offset by higher EBITDA and recognition of one off pre-tax tower gains in Indonesia in Q2'16 of RM148.2 million.

Malaysia's gross revenue registered an increase of 0.9% in Q2'16 mainly due to higher sales of devices. Meanwhile, operating costs increased by 4.4% mainly due to higher material costs as a result of higher sales of devices and higher interconnect costs, which is partly offset by lower content provider charges and lower manpower costs. As a result, EBITDA decreased by 5.1% and margin decreased by 2.2 percentage points to 34.9%. PAT decreased by 11.9% to RM259.8 million mainly due to lower EBITDA, higher net foreign exchange losses and higher depreciation and amortisation charges being partly offset by lower tax expense.

1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result (continued)

Gross revenue of Indonesia decreased by 9.2% or 6.7% at constant currency in Q2'16 mainly due to a decrease in service revenue. During the quarter, operating costs decreased by 10.9% or 8.4% at constant currency mainly due to lower infrastructure expenses, lower sales and marketing expenses as well as lower manpower cost. Consequently, EBITDA decreased by 6.8% and margin increased by 1.1 percentage points to 41.8%. PAT in the quarter decreased by 70.2% to RM15.4 million mainly due to lower EBITDA, higher net foreign exchange losses combined with accelerated depreciation arising from network modernisation plan, which is partly offset by recognition of one off pre-tax tower gains of RM148.2million in Q2'16.

Bangladesh gross revenue increased by 0.7% or 5.1% at constant currency mainly due to higher sales of devices and co-branded. Operating costs in the quarter increased by 2.9% or 7.3% at constant currency owing mainly to higher material costs due to higher sales of devices. As a result, EBITDA decreased by 3.7% and margin decreased by 1.4 percentage points to 32.2%. PAT decreased from RM21.2 million to loss after tax of RM2.2 million mainly due to lower EBITDA, higher depreciation and amortisation charges and net finance costs, which is partly offset by lower tax expense.

Sri Lanka's gross revenue decreased by 5.9% or 0.4% at constant currency. This is driven by a decrease in Mobile revenue of 1.6% which is partly offset by an increase in Fixed Business revenue of 7.9%. Operating costs decreased by 6.4% or 0.9% at constant currency mainly as a result of lower direct expenses which is partly offset by higher bad debts. Subsequently, EBITDA decreased by 5.0% but margin increased slightly by 0.3 percentage points to 33.5%. PAT decreased by 19.5% to RM62.3 million mainly due to lower EBITDA and higher net foreign exchange losses.

Cambodia recorded growth of 0.2% or 4.9% at constant currency in revenue against preceding quarter. EBITDA increased by 0.3% or 5.0% at constant currency. Subsequently, PAT increased by 4.7% to RM75.7 million.

Associates and joint ventures contribution in share of profit decreased to RM19.1 million from RM67.5 million in Q1'16 mainly due to lower share of profits from associate in India.

1. Review of Performance (continued)

(d) Economic Profit ("EP") Statement

	2nd Quarter Ended		Financial Period Ended	
	30/6/2016	30/6/2015	**30/6/2016**	**30/6/2015**
	RM'000	RM'000 Restated[1]	**RM'000**	RM'000 Restated[1]
EBIT	675,185	715,058	1,385,509	1,472,497
Less: Adjusted Tax 24% (2015:25%)	(162,044)	(178,765)	(332,522)	(368,124)
Share of results of associates and joint ventures and loss on dilutions	19,103	138,928	86,557	273,182
NOPLAT	532,244	675,221	1,139,544	1,377,555
AIC	38,166,421	31,518,002	38,166,421	31,518,002
WACC	7.50%	7.82%	7.50%	7.82%
Economic Charge (AIC*WACC)	715,620	616,177	1,431,241	1,232,354
Economic Profit	**(183,376)**	59,044	**(291,697)**	145,201

[1] Restatement is to be in line with the methodology used in Group's Headline KPI.

The EP Statement is as prescribed under the Government Linked Companies Transformation Program and it is disclosed on a voluntary basis.

EP is a yardstick to measure shareholder value as it provides a more accurate picture of underlying economic performance of the Group vis-à-vis its financial accounting reports, i.e. it explains how much return a business generates over its cost of capital. This can be measured from the difference of NOPLAT and Economic Charge.

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

The factor contributing to lower EP is mainly arising from high AIC incurred during the current quarter and financial period to date due to high CAPEX investment and consolidation of newly acquired subsidiaries as disclosed in Part A, Note 12(g) of this announcement.

Note:

EBIT = EBITDA less depreciation, impairment and amortisation

NOPLAT= Net Operating Profit/(Loss) After Tax

AIC = Average Invested Capital, consist of average operating capital, average net PPE, and average net other operating assets

WACC = Weighted Average Cost of Capital is calculated as weighted average cost of debts and equity taking into account the proportion of debt position and market capitalisation as at end of the period.

2. Headline Key Performance Indicators ("KPIs") for the financial year ending 31 December 2016

On 17 February 2016, the Group announced its Headline KPIs guidance for the financial year ending 31 December 2016. The Group's 2016 Headline KPIs announced were as below:

	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*
Return on Invested Capital	**6.8**	*6.6*
Return on Capital Employed	**6.1**	*6.0*

* 1USD = RM4.2
** 1USD = RM3.9

In Q2'16, the consolidation of revenue from Nepal contributed positively to the Group's revenue growth, however, the Group's performance in the first half of the financial year ending 31 December 2016 was primarily impacted by the performance in Malaysia, Bangladesh and Indonesia as well as higher depreciation and amortisation, finance cost and forex losses. Based on performance of the Group to date, coupled with completion of the acquisition of Ncell in Nepal ahead of schedule, barring any unforeseen circumstances, competitive pressures and adverse foreign currency fluctuations, the Board of Directors expect the Group's headline KPI for the financial year ending 31 December 2016 to be marginally lower for both Revenue Growth and EBITDA Growth while both ROIC and ROCE to be below headline KPI.

Amongst the key risks facing operating companies include regulatory challenges (e.g. pricing and fee structure uncertainties as a result of spectrum reallocation in Malaysia, taxes particularly in Nepal, etc.), intense competition and foreign currency fluctuations. Moving forward, the Group will continue to focus on its long-term transformation strategy which includes portfolio rebalancing to enhance shareholders' value, new approach to current business, venturing into new businesses adjacent to current business, selectively acquiring new assets and managing existing business via data leadership and enhancing data profitability by focusing on pricing, smart investments, network capacity utilisation and other cost saving initiatives including forex mitigation strategies.

3. Variance of Actual Profit from Forecast Profit / Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in a public document in respect of the financial period ended 30 June 2016.

4. Taxation

The taxation charge for the Group comprises:

	2nd Quarter Ended		Financial Period Ended	
	30/6/2016	30/6/2015	**30/6/2016**	30/6/2015
	RM'000	RM'000	**RM'000**	RM'000
Income tax:				
Malaysia				
Current year	107,700	96,164	193,977	250,835
Prior year	(16,739)	-	(16,739)	-
	90,961	96,164	177,238	250,835
Overseas				
Current year	139,845	61,293	190,437	139,277
Deferred tax (net):				
Originating and reversal of temporary differences	(53,498)	(2,900)	(39,471)	(81,716)
Total taxation	**177,308**	154,557	**328,204**	308,396

The current quarter and financial period to date's effective tax rate of the Group is higher than the statutory tax rate is mainly due to higher non-deductible expenses.

5. Status of Corporate Proposals

(a) Proposed amalgamation of Robi Axiata Limited ("Robi") and Airtel Bangladesh Limited

Robi, had on 28 January 2016 entered into an agreement with, inter-alia, Bharti Airtel Holdings (Singapore) Pte. Ltd. ("Bharti Singapore") for the amalgamation of Airtel Bangladesh with Robi ("Agreement") on the terms set in the Agreement and Companies Act, 1994 of Bangladesh ("Companies Act") ("Proposed Merger"). The Proposed Merger shall be satisfied fully via issuance of new ordinary shares of BDT10 each in Robi ("Robi Share") by Robi to Bharti Singapore for shareholding of up to 25.00% plus 1 Robi Share on a fully diluted basis of the combined entity of Robi and Airtel Bangladesh ("Consideration").

As consideration for the Proposed Merger, Robi shall issue and allot to Bharti Singapore such number of Robi Shares not exceeding 1,178,535,001 as the Consideration. The actual number of Robi Shares will be determined as at the Effective Date and shall not exceed such number of shares representing the Consideration (being the enlarged of share capital of the MergeCo); and the Consideration shall be issued and credited as fully paid and free from encumbrances with all rights, privileges, restrictions and conditions based on the shareholders' agreement to be entered into between the existing shareholders of Robi; namely; the Company, AIL and NTT Docomo, Inc, Neasden Assets Limited, Ephraim Assets Limited, Calamint Investments Limited, Thurso Investments Limited with Bharti and Bharti Singapore ("New Shareholders' Agreement").
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 Regulatory 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 ("High Court");
(vi) Approval by Bangladesh Securities and Exchange Commission of the issue of the Consideration; and
(vii) Completion of the Merger Filing with Registrar of Joint Stock Companies and Firms of Bangladesh ("RJSC").

Robi and Airtel Bangladesh shall implement the Proposed Merger by way of the Scheme of Amalgamation in accordance with the Companies Act and jointly obtaining the approval of the High Court of Bangladesh for amalgamation of both companies pursuant to the terms of the Agreement and Scheme of Amalgamation.

BTRC has recommended approving the proposed merger between Robi and Airtel and the Bangladesh Government has approved the proposal and recommendation sent by BTRC.

On 24 June 2016, the Company announced that the parties agreed to extend the Agreement until 26 September 2016 or such other date as the parties may agree.

5. Status of Corporate Proposals (continued)

(a) Proposed amalgamation of Robi Axiata Limited ("Robi") and Airtel Bangladesh Limited (continued)

Upon completion of the Proposed Merger, it is expected that the Group, Bharti and NTT Parties will own 68.69%, 25.00% and 6.31% respectively in the MergeCo.

Other than the above, there is no other corporate proposal announced but not completed as at 18 August 2016.

6. Group's Borrowings and Debt Securities

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

	2016		2015	
	Current	**Non-current**	Current	Non-current
	RM'000	**RM'000**	**RM'000**	**RM'000**
Secured	470,762	722,798	153,457	254,119
Unsecured	6,051,520	14,253,267	2,261,442	11,396,282
Total	**6,522,282**	**14,976,065**	2,414,899	11,650,401

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

Foreign Currencies	**2016**	2015
	RM'000	RM'000
USD	11,973,507	6,237,375
IDR	4,126,932	2,476,028
BDT	444,156	261,641
SLR	305,042	29,766
PKR	43,296	23,833
Total	**16,892,933**	9,028,643

7. Outstanding derivatives

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

Type of derivatives financial instruments	2016 Notional value	2016 Fair value favorable/ (unfavorable)	2015 Notional value	2015 Fair value favorable/ (unfavorable)
	RM'000	**RM'000**	RM'000	RM'000
Forward foreign currency contracts:				
- < 1 year	-	-	182,458	22,906
Cross currency interest rate swaps:				
- < 1 year	-	-	374,616	93,934
- 1 - 3 years	202,050	55,966	189,200	57,765
- > 3 years	1,212,300	11,323	1,135,200	13,122
Interest rate swaps contracts:				
- < 1 year	136,532	(868)	182,458	(973)
- 1 - 3 years	282,816	(1,295)	718,960	(7,917)
- > 3 years	-	-	456,603	(2,370)
Call spread contracts:				
- 1 - 3 years	1,212,300	71,094	1,135,200	30,195
Put option liability over shares held by NCI:				
- < 1 year	203,291	(203,291)	-	-
Convertible warrants in an associate:				
- < 3 years (2015: > 3 years)	19,251	8,343	19,251	8,344
Total		**(58,728)**		215,006

(b) The risks associated with the derivative financial instrument and the policies in place for mitigating such risks were disclosed in 2015 Audited Financial Statements.

8. Fair value changes of financial liabilities

The Group recognised a total net losses in the consolidated profit or loss arising from the fair value changes on the derivatives financial instruments which are marked to market as at date of statement of financial position are as follow:

	2nd Quarter Ended		Financial Period Ended	
	30/6/2016	30/6/2015	**30/6/2016**	30/6/2015
	RM'000	RM'000	**RM'000**	RM'000
Total net losses	**(14,458)**	(6,108)	**(43,166)**	(13,000)

9. Realised and Unrealised Profits or Losses Disclosure

	As at	
	30/6/2016	30/6/2015
	RM'000	RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	12,972,933	11,425,379
- Unrealised	(1,243,019)	(1,711,909)
	11,729,914	9,713,470
Total retained profits/(accumulated losses) from associated companies:		
- Realised	2,069,928	1,775,683
- Unrealised	(215,709)	(243,523)
	1,854,219	1,532,160
Total accumualted losses from joint ventures:		
- Realised	(100,290)	(25,167)
	13,483,843	11,220,463
Less : Consolidation adjustments	(3,783,465)	(1,377,216)
Total Consolidated Retained Profits	**9,700,378**	9,843,247

10. Material Litigation

The status of material litigation of the Group is as follows:

(a) Celcom Trading Sdn Bhd (formerly known as Rego Multi-Trades Sdn Bhd) ("Celcom Trading") vs Aras Capital Sdn Bhd ("Aras Capital") & Tan Sri Dato' Tajudin Ramli ("TSDTR")

In 2005, Celcom Trading, a wholly-owned subsidiary of Celcom, commenced proceedings against Aras Capital and TSDTR for amounts due to Celcom Trading of RM261.8 million as at 30 November 2004 pursuant to an investment agreement with Aras Capital and an indemnity letter given by TSDTR.

TSDTR filed its defence and instituted a counterclaim of RM100.0 million against Celcom Trading, Celcom Resources Berhad ("Celcom Resources") and its directors to void and rescind the indemnity letter and claim for damages.

Celcom Trading, Celcom Resources and the directors filed their respective applications to strike out TSDTR's counterclaim and such applications were dismissed by the Court. The directors appealed and the same was dismissed on 16 October 2012.

Subsequent to that, the Court allowed the parties' application to amend the pleadings on 13 May 2013. The matter was partially heard on 3 to 6 November 2014 and was thereafter adjourned for continued trial on 13, 14, 15 and 17 April 2015. The trial proceeded on 13 April 2015 and thereafter adjourned to 26 June 2015 for continued trial. Celcom had closed its case on 28 September 2015 and TSDTR commenced his case on the same date. The hearing continued until 30 September 2015 and thereafter adjourned to 23 October 2015 for further continued hearing. The trial proceeded on 23 October 2015 whereby TSDTR had completed his evidence. During the case management on 5 November 2015, the Court fixed 27 and 28 January 2016 for continued hearing. On 28 January 2016, the Court fixed 30 March 2016 for parties to submit their respective submissions.

On 20 June 2016, the Court allowed Celcom Trading's claim of RM 264,525,889 with interest of 5% from 13 May 2013 until full settlement and dismissed TSDTR's counterclaim with costs of RM10,000 after full trial ("Judgment").

TSDTR thereafter filed an appeal against the Judgment and the hearing date has yet to be determined by the Court of Appeal.

(b) Celcom Axiata Berhad [formerly known as Celcom (Malaysia) Berhad] & Another vs TSDTR & 6 Others

On 24 October 2008, Celcom and Celcom Resources filed a Writ of Summons and Statement of Claim against the former directors of Celcom and Celcom Resources, namely (i) TSDTR, (ii) Bistaman Ramli ("BR"), (iii) Dato' Lim Kheng Yew ("DLKY"), (iv) Axel Hass ("AH"), (v) Oliver Tim Axmann ("OTA"). In the Writ of Summons, Celcom and Celcom Resources also named DeTeAsia Holding GmbH ("DeTeAsia") and Beringin Murni Sdn Bhd ("BM") as co-defendants (collectively with the former directors referred to as "Defendants").

10. Material Litigation (continued)

The status of material litigation of the Group is as follows: (continued)

(b) Celcom Axiata Berhad [formerly known as Celcom (Malaysia) Berhad] & Another vs TSDTR & 6 Others (continued)

Celcom and Celcom Resources are seeking damages for conspiracy against the Defendants. Celcom and Celcom Resources claim that the Defendants wrongfully and unlawfully conspired with each other to injure Celcom and Celcom Resources by causing and/or committing them to enter into the Supplemental Agreement to the Subscription Agreement and the Management Agreement dated 7 February 2002 ("Supplemental Agreement") and the Amended and Restated Supplemental Agreement ("ARSA") dated 4 April 2002 with DeTeAsia in consideration for the renunciation by DeTeAsia of certain rights issue shares in Celcom Resources in favour of TSDTR and BR.

TSDTR and BR filed an application to strike out the Writ of Summons. On 17 July 2009, the Court dismissed TSDTR and BR's striking out application with costs. TSDTR and BR filed an appeal to the Court of Appeal. The appeal was heard on 25 June 2012 and 14 August 2012. The Court of Appeal fixed the appeal for continued hearing on 28 November 2012. DeTeAsia, AH and OTA have filed their respective Memorandum of Conditional Appearance and application to strike out these proceedings. On 25 October 2010, the Court dismissed the said application respectively and on 28 October 2010 AH, OTA and DeTeAsia filed their respective appeals to Court of Appeal against the High Court decision. The appeals were heard on 25 June 2012 and 14 August 2012 and fixed for continued hearing on 28 November 2012.

Subsequently, the Court of Appeal vacated both appeals and at the hearing fixed on 27 June 2013, the Court of Appeal heard the parties' submissions and reserved its decision to a date to be fixed. The Court of Appeal had on 11 March 2014 dismissed with costs appeals filed by TSDTR, BR, AH, OTA and DeTeAsia. The Court of Appeal also ordered that the proceedings in the High Court be stayed pending disposal of the defendants' applications for leave to appeal to the Federal Court. On 8 and 9 April 2014, an application for leave to appeal to the Federal Court was filed by TSDTR, BR, AH, OTA and DeTeAsia respectively. The hearing of their application for leave to appeal to the Federal Court has now been fixed on 31 March 2016. Upon hearing the submission from all parties, the Federal Court dismissed the application for leave to appeal by TSDTR, BR, AH, OTA and DeTeAsia respectively on 31 March 2016 with costs. Since the Defendants had exhausted all avenues to appeal, the proceedings in the High Court shall resume.

Separately, Celcom and Celcom Resources have reached an amicable settlement with DLKY and the said companies have filed their respective notice of discontinuance with no order as to costs and without liberty to file afresh against DLKY on 6 March 2015.

On 23 June 2016, Celcom and Celcom Resources' solicitors been served with the Defence and Counterclaim of TSDTR and BR. The German Directors have filed their respective defence on 30 June 2016.

Celcom and Celcom Resources claim in the High Court is fixed for trial on 17 to 28 October 2016.

10. Material Litigation (continued)

The status of material litigation of the Group is as follows: (continued)

(c) Celcom & Another vs TSDTR & 8 Others

Pursuant to an award granted by the arbitral tribunal to DeTeAsia's on 2 August 2005, Celcom and Celcom Resources instituted proceedings against 9 of its former directors alleging that they had breached their fiduciary duties in entering into a Subscription Agreement on its behalf on 25 June 1996 with Deutsche Telekom AG ("Subscription Agreement"), and the ARSA whilst they were directors of Celcom and Celcom Resources. In addition, Celcom and Celcom Resources have also made a claim against TSDTR for alleged unauthorised profits made by him in connection with the execution of the abovementioned agreements. Celcom and Celcom Resources are seeking an indemnity from the directors for the sums paid by Celcom to DeTeAsia in satisfaction of the Award against it, return of the alleged unauthorised profits by TSDTR amounting to RM446.0 million, all monies received by the directors arising out of such breaches, losses and damages in connection with the entry of Celcom and Celcom Resources into the Subscription Agreement and the ARSA. TSDTR and BR filed an application to strike out the proceedings. On 6 February 2009, the Court dismissed TSDTR and BR's striking out application with costs. TSDTR and BR filed an appeal to the Court of Appeal. The appeal was heard on 25 June 2012 and on 14 August 2012. The Court of Appeal fixed the appeal for continued hearing on 28 November 2012.

The German directors have respectively applied to set aside these proceedings on the basis that the issues had been litigated and decided on their merits based on the Award. The said applications were respectively dismissed by the Court on 30 June 2010. The German directors filed their respective notices of appeal to the Court of Appeal. The appeals were heard on 25 June 2012 and 14 August 2012. The Court of Appeal then fixed 28 November 2012 for continued hearing. Subsequently, the Court of Appeal vacated both appeals and at the hearing fixed on 27 June 2013, the Court of Appeal heard the parties' submissions and reserved its decision to a date to be fixed. The Court of Appeal had on 11 March 2014 dismissed with costs the appeals filed by (i) TSDTR and BR against the decision of the High Court dated 6 February 2009; and (ii) the German directors against the decision of the High Court dated 30 June 2010. The Court of Appeal also ordered that the proceedings in the High Court be stayed pending the disposal of the defendants' applications for leave to appeal to the Federal Court. On 8 and 9 April 2014, an application for leave to appeal to the Federal Court was filed by TSDTR, BR and German directors respectively. The hearing of their application for leave to appeal has now been fixed on 31 March 2016. Upon hearing the submission from all parties, the Federal Court dismissed the application for leave to appeal by TSDTR, BR, AH, OTA and DeTeAsia respectively on 31 March 2016 with costs. Since the Defendants had exhausted all avenues to appeal, the proceedings in the High Court shall resume.

Separately, Celcom and Celcom Resources have reached an amicable settlement with DLKY and the said companies have filed their respective notice of discontinuance with no order as to costs and without liberty to file afresh against DLKY on 6 March 2015.

On 23 June 2016, Celcom and Celcom Resources' solicitors been served with the Defence and Counterclaim of TSDTR and BR. The German Directors have filed their respective defence on 30 June 2016.

Celcom and Celcom Resources claim in the High Court is fixed for trial on 17 to 28 October 2016.

11. Update on Memorandum of Understanding ("MOU") pursuant to Paragraph 9.29, Chapter 9 of the Main LR

(i) Celcom and MY E.G Services Berhad had, on 2 September 2013, entered into a MOU to jointly explore possible business opportunities and collaboration in the areas of e-Government services delivery and joint go-to-market for specific target market segments.

This MOU, which is valid for a period of one (1) year, forms the basis of the Parties collaboration until such time definitive agreements(s) are entered. The MOU may be further extended by the Parties unless earlier terminated or upon execution of the definitive agreement(s).

The MOU has been terminated with immediate effect on 9 May 2016 with mutual agreement from both parties as the said MOU has transited to a business arrangement, such as the appointment of MYEG on 22 January 2016 as Celcom's Direct Channel Partner to promote, market and distribute products and services to end users. As such, the MOU would therefore no longer subsist.

12. Other Disclosure Requirements under Appendix 9B of the Main LR

Other than those items disclosed in the statements of comprehensive income and notes in Part A of this announcement, there are no material impairment of receivables, inventories, gains/loss on disposal of investments, properties and assets during the current quarter and financial period to date.

13. Earnings Per Share ("EPS")

(a) Basic EPS

	2nd Quarter Ended		Financial Period Ended	
	30/6/2016	30/6/2015	**30/6/2016**	30/6/2015
Profit attributable to owners of the Company (RM'000)	188,934	610,758	557,190	1,195,597
Adjusted weighted average number of shares ('000)	8,818,335	8,597,115	8,820,405	8,594,859
Basic EPS (sen)	**2.1**	7.1	**6.3**	13.9

Basic EPS of the Group was calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares during the current quarter and financial year to date.

13. Earnings Per Share ("EPS") (continued)

(b) Diluted EPS

For the diluted EPS, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

	2nd Quarter Ended		Financial Period Ended	
	30/6/2016	**30/6/2015**	**30/6/2016**	**30/6/2015**
Profit attributable to owners of the Company (RM'000)	188,934	610,758	557,190	1,195,597
Weighted average number of ordinary shares in issue ('000)	8,818,335	8,597,115	8,820,405	8,594,859
Adjusted for ESOS and RSA	38,720	50,574	37,295	49,591
Weighted average number of ordinary shares for the purpose of computing diluted EPS ('000)	8,857,055	8,647,689	8,857,700	8,644,450
Diluted EPS (sen)	**2.1**	7.1	**6.3**	13.8

14. Qualification of Preceding Audited Financial Statements

The 2015 Audited Financial Statements were not subject to any qualification.

15. Dividend Proposed

The Board of Directors has declared an interim tax exempt dividend under single tier system of 5 sen per ordinary share of RM1 each of the Company for the financial year ending 31 December 2016 ("Interim Dividend") (30 June 2015: 8 sen).

The Board of Directors also determined that the Company's Dividend Reinvestment Scheme ("DRS") will apply to the Interim Dividend, whereby shareholders will be given the option to elect to reinvest the whole or part of the dividend into new ordinary shares of the Company. This will be subject to the approval of Bursa Securities for the listing of and quotation for the new ordinary shares of the Company to be issued pursuant to the DRS, an application for which will be submitted in due course.

The decision of Bursa Securities as well as the Book Closure Date will be announced by the Company at a later date.

By Order of the Board

Suryani Hussein (LS0009277)
Group Company Secretary

Kuala Lumpur
25 August 2016