Company No.

242188	H

AXIATA GROUP BERHAD
(Incorporated in Malaysia)

REPORTS AND STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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Company No.

242188	H

AXIATA GROUP BERHAD
(Incorporated in Malaysia)

REPORTS AND STATUTORY FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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AXIATA GROUP BERHAD
(Incorporated in Malaysia)

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 2012.

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, jointly controlled entities and associates. The principal activities of the subsidiaries are mainly the provision of mobile communication services and network transmission related services.

The principal activities of the subsidiaries are set out in Note 41 to the financial statements. There has been no significant change in the nature of the activities of the Group and the Company during the financial year.

FINANCIAL RESULTS

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

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
- owners of the Company	2,513,285	2,741,384
- non-controlling interests	366,292	-
	2,879,577	2,741,384

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 RM8,466.2 million comprising 8,466.2 million ordinary shares of RM1 each to RM8,508.2 million. The increase in issued and paid-up capital of the Company was in line with the exercise of options granted under the Performance-Based Employee Share Option Scheme (“ESOS”) by the employees of the Company and its subsidiaries as disclosed in Note 14(a) to the financial statements:

The detail of the new ordinary shares issued during the financial year is as follow:

	Number of new ordinary shares of RM1 each issued '000
At an exercise price of:	
RM1.81	26,275
RM3.15	957
RM3.45	14,782
RM5.07	13
	42,027

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

DIVIDENDS

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

	Tax exempt dividend under the single tier system		
	Type	Per ordinary share of RM1 each Sen	Total RM'000
In respect of financial year ended:			
- 31 December 2011	Final	15	1,273,698
- 31 December 2012	Interim	8	680,577
		23	1,954,275

The Board of Directors have recommended tax exempt dividends under the single tier system a final dividend of 15 sen and a special dividend of 12 sen per ordinary share of RM1 each of the Company in respect of financial year ended 31 December 2012, amounting to a total RM2,297.2 million, based on issued and paid-up capital of the Company as at 31 December 2012. The proposed dividends are subject to approval by the shareholders at the forthcoming Annual General Meeting (“AGM”).

RESERVES AND PROVISIONS

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

PERFORMANCE-BASED ESOS AND RESTRICED SHARE PLAN (“RSP”) [“AXIATA SHARE SCHEME”]

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

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

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

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

DIRECTORS

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

Tan Sri Dato’ Azman Hj. Mokhtar	
Dato’ Sri Jamaludin Ibrahim	
Tan Sri Ghazzali Sheikh Abdul Khalid	
Datuk Azzat Kamaludin	
David Lau Nai Pek	
Juan Villalonga Navarro	
Kenneth Shen	
Dato’ Abdul Rahman Ahmad	Appointed on 17 January 2013
Bella Ann Almeida	Appointed on 21 January 2013
Dr Muhamad Chatib Basri	Resigned on 14 June 2012

In accordance with Article 93 of the Company’s Article of Association, Dato’ Sri Jamaludin Ibrahim and Tan Sri Ghazzali Sheikh Abdul Khalid retire from the Board at the Twenty-first (21^{st}) AGM and being eligible, offer themselves for re-election.

In accordance with Article 99 (ii) of the Company’s Article of Association, Dato’ Abdul Rahman Ahmad and Bella Ann Almeida who were appointed in the period after the Twentieth (20^{th}) AGM, retire from the Board at the 21^{st} AGM and, being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS

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

	Number of ordinary shares of RM1 each of the Company			
	Balance as at 1.1.2012	Additions	Disposed	Balance as at 31.12.2012
Indirect interest				
Dato' Sri Jamaludin Ibrahim[1]	450,000	-	-	450,000

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

	Number of options/shares over ordinary shares of RM1 each of the Company			
	Balance as at 1.1.2012	Granted	Exercised	Balance as at 31.12.2012
Dato' Sri Jamaludin Ibrahim[2]				
- ESOS [3]	4,301,700	-	-	4,301,700
- RSA [4]	-	1,354,000	-	1,354,000

[2] At the EGM held on 24 March 2009, the shareholders of the Company approved the grant of options to Dato' Sri Jamaludin Ibrahim to subscribe up to 5.5 million new ordinary shares of RM1.00 each in the Company ("Axiata Shares") to be issued under the Performance-Based ESOS for the Executive Directors and eligible employees of the Group.

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

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

[4] The new Axiata Shares of 1,354,000 ("Offered Shares") is the maximum number of Axiata Shares that may be vested to Dato' Sri Jamaludin Ibrahim and are conditional upon the meeting of stretched individual performance and the Group meeting superior company performance at the point of vesting in addition to the standard vesting conditions applicable to other eligible employees. Based on the lowest performance criteria of vesting conditions for the Offered Shares, only 338,500 of the Offered Shares shall be vested to Dato' Sri Jamaludin Ibrahim.

The acceptance of the Offered Shares allows the Company to issue up to 1,354,000 new Axiata Shares of which 155,700 Axiata Shares has exceeded the number of grants approved at the EGM held on 24 March 2009 and thus is subject to the approval of the shareholders of the Company at the coming AGM.

DIRECTORS' INTERESTS (CONTINUED)

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

DIRECTORS' BENEFITS

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

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

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

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

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

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

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

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

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

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

In the opinion of the Directors:

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

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

EVENTS AFTER THE REPORTING PERIOD

The events after the reporting period are disclosed in Note 48 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 20 February 2013.

TAN SRI DATO' AZMAN HJ. MOKHTAR
DIRECTOR

DATO' SRI JAMALUDIN IBRAHIM
DIRECTOR

Kuala Lumpur
20 February 2013

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AXIATA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group 2012 RM'000	Group 2011 RM'000 Restated	Company 2012 RM'000	Company 2011 RM'000
Operating revenue	6	17,651,617	16,290,420	3,125,603	50,525
Operating costs					
- depreciation, impairment and amortisation	7(a)	(3,339,563)	(3,199,901)	(4,130)	(3,065)
- foreign exchange (losses)/gains		(136,184)	(53,223)	(199,501)	146,617
- domestic interconnect and international outpayment		(2,284,257)	(1,675,450)	-	-
- marketing, advertising and promotion		(1,439,743)	(1,473,796)	(29,194)	(32,863)
- other operating costs	7(b)	(5,363,165)	(4,885,073)	(88,230)	(73,941)
- staff costs	7(c)	(1,139,955)	(1,078,951)	(84,704)	(71,272)
- other gains/(losses) - net	8	30,155	(5,008)	-	-
Other operating income	9	94,044	80,989	656	1,860
Operating profit before finance cost		4,072,949	4,000,007	2,720,500	17,861
Finance income	10	262,345	235,781	53,238	80,062
Finance cost					
- Finance cost excluding net foreign exchange losses on financing activities		(717,799)	(638,102)	(32,338)	(34,088)
- Net foreign exchange losses on financing activities		(66,214)	(138,724)	-	-
	10	(784,013)	(776,826)	(32,338)	(34,088)
Jointly controlled entities					
- share of results (net of tax)	28	(1,577)	-	-	-
Associates					
- share of results (net of tax)	29	234,950	137,745	-	-
- loss on dilution of equity interests	5(a)(xi),(xii)	(22,860)	(20,108)	-	-
Profit before taxation		3,761,794	3,576,599	2,741,400	63,835
Taxation and zakat	11	(882,217)	(864,349)	(16)	(880)
Profit for the financial year		2,879,577	2,712,250	2,741,384	62,955

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

	Note	Group 2012 RM'000	Group 2011 RM'000 Restated	Company 2012 RM'000	Company 2011 RM'000
Other comprehensive expense					
- net investment hedge, net of tax		(40,354)	(6,220)	-	-
- actuarial losses, net of tax	46(b)	(6,592)	-	-	-
- currency translation differences	46(c)	(586,456)	(118,083)	-	-
Total comprehensive income for the financial year		2,246,175	2,587,947	2,741,384	62,955
Profit for the financial year attributable to:					
- owners of the Company		2,513,285	2,345,628	2,741,384	62,955
- non-controlling interests		366,292	366,622	-	-
		2,879,577	2,712,250	2,741,384	62,955
Total comprehensive income for the financial year attributable to:					
- owners of the Company		2,047,141	2,206,151	2,741,384	62,955
- non-controlling interests		199,034	381,796	-	-
		2,246,175	2,587,947	2,741,384	62,955
Earnings per share (sen)					
- basic	12(a)	29.6	27.8	-	-
- diluted	12(b)	29.5	27.6	-	-

The above Statements of Comprehensive Income are to be read in conjunction with the notes to the financial statements on pages 16 to 164.

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AXIATA GROUP BERHAD
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STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000 Restated	Group 1.1.2011 RM'000 Restated	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY							
Share capital	13	8,508,209	8,466,182	8,445,154	8,508,209	8,466,182	8,445,154
Share premium		2,094,125	1,989,885	1,972,964	2,094,125	1,989,885	1,972,964
Reserves	15	9,498,174	9,387,015	8,307,191	5,512,330	4,711,015	5,780,819
Total equity attributable to owners of the company		20,100,508	19,843,082	18,725,309	16,114,664	15,167,082	16,198,937
Non-controlling interests		1,906,714	1,832,415	1,553,339	-	-	-
Total equity		22,007,222	21,675,497	20,278,648	16,114,664	15,167,082	16,198,937
NON-CURRENT LIABILITIES							
Borrowings	16	10,765,691	9,231,424	9,983,983	762,366	773,057	738,758
Derivative financial instruments	19	194,181	127,749	191,527	45,249	33,609	66,427
Deferred income	20	247,188	136,056	-	-	-	-
Other payables	21	68,417	177,946	52,471	-	-	-
Provision for liabilities	22	338,948	343,148	249,433	-	-	-
Deferred tax liabilities	23	1,418,265	1,380,054	1,333,863	-	-	-
Total non-current liabilities		13,032,690	11,396,377	11,811,277	807,615	806,666	805,185
		35,039,912	33,071,874	32,089,925	16,922,279	15,973,748	17,004,122
NON-CURRENT ASSETS							
Intangible assets	24	8,392,514	8,297,978	7,605,498	-	-	-
Property, plant and equipment	25	16,585,314	16,161,531	15,130,246	11,425	12,274	10,085
Investment properties	26	-	-	2,020	-	-	-
Subsidiaries	27	-	-	-	13,629,758	13,489,816	13,463,536
Jointly controlled entities	28	1,618	-	-	-	-	-
Associates	29	6,838,467	6,769,135	6,698,484	124,802	124,802	124,802
Available-for-sale financial asset		892	893	888	-	-	-
Derivative financial instruments	19	33,621	44,891	14,964	-	-	-
Long term receivables	30	98,750	108,858	111,313	-	-	-
Amounts due from subsidiaries	32	-	-	-	85,772	222,612	181,203
Deferred tax assets	23	263,842	315,611	117,457	-	-	-
Total non-current assets		32,215,018	31,698,897	29,680,870	13,851,757	13,849,504	13,779,626

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AXIATA GROUP BERHAD
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STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2012 (CONTINUED)

	Note	Group 31.12.2012 RM'000	Group 31.12.2011 RM'000 Restated	Group 1.1.2011 RM'000 Restated	Company 31.12.2012 RM'000	Company 31.12.2011 RM'000	Company 1.1.2011 RM'000
CURRENT ASSETS							
Inventories	31	381,499	341,837	85,056	-	-	-
Amounts due from subsidiaries	32	-	-	-	253,570	173,313	151,266
Trade and other receivables	33	2,112,098	2,106,281	1,703,772	26,783	14,740	12,445
Derivative financial instruments	19	22,087	-	-	-	-	-
Financial assets at fair value through profit or loss		8	9	10	-	-	-
Tax recoverable		40,839	55,242	68,102	-	5,644	7,097
Deposits, cash and bank balances	34	7,906,204	6,616,788	6,277,382	3,524,358	2,001,948	3,092,255
		10,462,735	9,120,157	8,134,322	3,804,711	2,195,645	3,263,063
Assets directly associated with non-current assets classified as held-for-sale	35(a),(b)	252,848	286,807	285,774	-	-	-
Total current assets		10,715,583	9,406,964	8,420,096	3,804,711	2,195,645	3,263,063
LESS: CURRENT LIABILITIES							
Trade and other payables	21	5,730,997	5,556,228	4,515,019	70,254	65,020	37,193
Borrowings	16	1,892,371	2,227,939	699,591	2,325	2,071	-
Derivative financial instruments	19	-	-	277,678	-	-	-
Amounts due to subsidiaries	32	-	-	-	661,610	4,310	1,374
Current tax liabilities		115,045	62,382	274,100	-	-	-
		7,738,413	7,846,549	5,766,388	734,189	71,401	38,567
Liabilities directly associated with non-current assets classified as held-for-sale	35(a)	152,276	187,438	244,653	-	-	-
Total current liabilities		7,890,689	8,033,987	6,011,041	734,189	71,401	38,567
Net current assets		2,824,894	1,372,977	2,409,055	3,070,522	2,124,244	3,224,496
		35,039,912	33,071,874	32,089,925	16,922,279	15,973,748	17,004,122

The above Statements of Financial Position are to be read in conjunction with the notes to the financial statements on pages 16 to 164.

AXIATA GROUP BERHAD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Attributable to owners of the Company										Non-controlling interests	Total equity
		Share capital*	Share premium	Currency translation differences	Capital contribution reserve	Merger reserve	Hedging reserve	ESOS^ and RSA# reserve	Actuarial reserve	Retained earnings	Total		
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2012 (as previously reported)		8,466,182	1,989,885	(1,947,251)	16,598	346,774	(76,643)	96,838	-	10,396,129	19,288,512	1,832,355	21,120,867
Effect of adoption of MFRS 1	46(c)	-	-	1,813,994	-	-	-	-	-	(1,259,424)	554,570	60	554,630
At 1 January 2012 (restated)		8,466,182	1,989,885	(133,257)	16,598	346,774	(76,643)	96,838	-	9,136,705	19,843,082	1,832,415	21,675,497
Profit for the financial year		-	-	-	-	-	-	-	-	2,513,285	2,513,285	366,292	2,879,577
Other comprehensive expense:													
-Currency translation differences arising during the financial year													
- subsidiaries		-	-	(370,861)	-	-	-	-	-	-	(370,861)	(165,053)	(535,914)
- associates		-	-	(50,542)	-	-	-	-	-	-	(50,542)	-	(50,542)
		-	-	(421,403)	-	-	-	-	-	-	(421,403)	(165,053)	(586,456)
- Net investment hedge, net of tax	19(f)	-	-	-	-	-	(40,354)	-	-	-	(40,354)	-	(40,354)
- Actuarial losses, net of tax		-	-	-	-	-	-	-	(4,387)	-	(4,387)	(2,205)	(6,592)
Total comprehensive (expense)/income for the financial year		-	-	(421,403)	-	-	(40,354)	-	(4,387)	2,513,285	2,047,141	199,034	2,246,175
Transactions with owners:													
- Issuance of new shares		42,027	59,609	-	-	-	-	-	-	-	101,636	-	101,636
- Share issuance expenses		-	(341)	-	-	-	-	-	-	-	(341)	-	(341)
- Employee share and option scheme													
- value of employees' services	14(a)	-	-	-	-	-	-	59,178	-	-	59,178	-	59,178
- transferred from ESOS reserve upon exercise		-	44,972	-	-	-	-	(44,972)	-	-	-	-	-
- Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	(132,059)	(132,059)
- Dividends paid to shareholders	45	-	-	-	-	-	-	-	-	(1,954,275)	(1,954,275)	-	(1,954,275)
- Dilution of equity interest in a subsidiary	5(a)(xiii)	-	-	-	-	-	-	-	-	4,087	4,087	7,324	11,411
Total transaction with owners		42,027	104,240	-	-	-	-	14,206	-	(1,950,188)	(1,789,715)	(124,735)	(1,914,450)
At 31 December 2012		8,508,209	2,094,125	(554,660)	16,598	346,774	(116,997)	111,044	(4,387)	9,699,802	20,100,508	1,906,714	22,007,222

* Issued and fully paid-up ordinary shares of RM1 each
^ Employee Share Option Scheme ("ESOS")
# Restricted Share Awards ("RSA")

AXIATA GROUP BERHAD
(Incorporated in Malaysia)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

	Note	Attributable to owners of the Company										
		Share capital*	Share premium RM'000	Currency translation differences RM'000	Capital contribution reserve RM'000	Merger reserve RM'000	Hedging reserve RM'000	ESOS and RSA reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2011 (as previously reported)		8,445,154	1,972,964	(1,259,424)	16,598	346,774	(70,423)	45,904	9,227,762	18,725,309	1,553,339	20,278,648
Effect of adoption of MFRS 1	46(c)	-	-	1,259,424	-	-	-	-	(1,259,424)	-	-	-
At 1 January 2011 (as restated)		8,445,154	1,972,964	-	16,598	346,774	(70,423)	45,904	7,968,338	18,725,309	1,553,339	20,278,648
Profit for the financial year		-	-	-	-	-	-	-	2,345,628	2,345,628	366,622	2,712,250
Other comprehensive income/(expense):												
-Currency translation differences arising during the financial year												
- subsidiaries		-	-	(1,970)	-	-	-	-	-	(1,970)	15,174	13,204
- associates		-	-	(131,287)	-	-	-	-	-	(131,287)	-	(131,287)
		-	-	(133,257)	-	-	-	-	-	(133,257)	15,174	(118,083)
- Net investment hedge, net of tax	19(f)	-	-	-	-	-	(6,220)	-	-	(6,220)	-	(6,220)
Total comprehensive income/(expense) for the financial year		-	-	(133,257)	-	-	(6,220)	-	2,345,628	2,206,151	381,796	2,587,947
Transactions with owners:												
- Issuance of new shares		21,028	17,033	-	-	-	-	-	-	38,061	-	38,061
- Share issuance expenses		-	(112)	-	-	-	-	-	-	(112)	-	(112)
- Employee share and option scheme												
- value of employees' services	14(a)	-	-	-	-	-	-	51,471	-	51,471	-	51,471
- lapsed ESOS		-	-	-	-	-	-	(537)	537	-	-	-
- Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	(112,308)	(112,308)
- Dividends paid to shareholders	45	-	-	-	-	-	-	-	(1,184,230)	(1,184,230)	-	(1,184,230)
- Dilution of equity interest in a subsidiary	5(a)(xiii)	-	-	-	-	-	-	-	6,432	6,432	9,588	16,020
Total transaction with owners		21,028	16,921	-	-	-	-	50,934	(1,177,261)	(1,088,378)	(102,720)	(1,191,098)
At 31 December 2011 (as restated)		8,466,182	1,989,885	(133,257)	16,598	346,774	(76,643)	96,838	9,136,705	19,843,082	1,832,415	21,675,497

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

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements on pages 16 to 164.

Company No.

242188	H

AXIATA GROUP BERHAD
(Incorporated in Malaysia)

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		Issued and fully paid ordinary shares of RM1 each		Non-Distributable			Distributable	
	Note	Number of shares '000	Nominal value RM'000	Share premium RM'000	Capital contribution reserve RM'000	ESOS and RSA reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2012		8,466,182	8,466,182	1,989,885	16,598	96,838	4,597,579	15,167,082
Profit/Total comprehensive income for the financial year		-	-	-	-	-	2,741,384	2,741,384
Transactions with owners:								
- Issuance of new shares		42,027	42,027	59,609	-	-	-	101,636
- Share issue expenses		-	-	(341)	-	-	-	(341)
- Employee share and option scheme								
- value of employees' services	14(a)	-	-	-	-	59,178	-	59,178
- transferred from ESOS reserve upon exercise		-	-	44,972	-	(44,972)	-	-
Dividends paid to shareholders	45	-	-	-	-	-	(1,954,275)	(1,954,275)
Total transactions with owners		42,027	42,027	104,240	-	14,206	(1,954,275)	(1,793,802)
At 31 December 2012		8,508,209	8,508,209	2,094,125	16,598	111,044	5,384,688	16,114,664
At 1 January 2011		8,445,154	8,445,154	1,972,964	16,598	45,904	5,718,317	16,198,937
Profit/Total comprehensive income for the financial year		-	-	-	-	-	62,955	62,955
Transactions with owners:								
- Issuance of new shares		21,028	21,028	17,033	-	-	-	38,061
- Share issue expenses		-	-	(112)	-	-	-	(112)
- Employee share and option scheme								
- value of employees' services	14(a)	-	-	-	-	51,471	-	51,471
- lapsed ESOS		-	-	-	-	(537)	537	-
- Dividends paid to shareholders	45	-	-	-	-	-	(1,184,230)	(1,184,230)
Total transactions with owners		21,028	21,028	16,921	-	50,934	(1,183,693)	(1,094,810)
At 31 December 2011		8,466,182	8,466,182	1,989,885	16,598	96,838	4,597,579	15,167,082

The above Company Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements on pages 16 to 164.

Company No.

242188	H

AXIATA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Cash flows from/(used in) operating activities	36	6,836,981	5,785,248	2,859,935	(181,622)
Cash flows (used in)/from investing activities	36	(5,240,386)	(4,812,401)	518,264	234,451
Cash flows used in financing activities	36	(237,561)	(640,590)	(1,852,980)	(1,146,281)
Net increase/(decrease) in cash and cash equivalents		1,359,034	332,257	1,525,219	(1,093,452)
Effects of exchange (losses)/gains on cash and cash equivalents		(69,603)	7,974	(2,809)	3,145
Net decrease/(increase) in restricted cash and cash equivalents		558,627	(551,971)	418,045	(418,045)
Cash and cash equivalents at beginning of the financial year		6,046,406	6,258,146	1,583,903	3,092,255
Cash and cash equivalents at end of the financial year	34	7,894,464	6,046,406	3,524,358	1,583,903

The above Statements of Cash Flows are to be read in conjunction with the notes to the financial statements on pages 16 to 164.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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, jointly controlled entities and associates. The principal activities of the subsidiaries are mainly the provision of mobile communication services and network transmission related services.

The principal activities of the subsidiaries are set out in Note 41 to the financial statements. There has been no significant change in the nature of the activities of the Group and the Company during the financial year.

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

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

The financial statements of the Group and the Company for the financial year ended 31 December 2012 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 'First-time adoption of MFRS'. Subject to certain transition elections disclosed in Note 46(a) to the financial statements, the Group and the Company have consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 January 2011 (transition date) and throughout all years presented, as if these policies had always been in effect. Comparative figures for 2011 in these financial statements have been restated to give effect to these changes. Note 46(c) to the financial statements discloses the impact of the transition to MFRS on the Group and the Company's reported financial position and financial performance.

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 revenue and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group and the Company's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results may differ.

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

The financial statements have been approved for issuance in accordance with a resolution of the Board of Directors on 20 February 2013.

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

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

The Group and the Company have early adopted the amendment to MFRS 119 “Employee benefits”, which is to be effective for the Group’s financial year beginning on or after 1 January 2013.

The impact of the early adoption to the Group is disclosed in Note 46(b) to the financial statements. The early adoption has no impact to the financial statement of the Company.

(b) Standards, revised 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, amendments to standards and interpretations in the following period:

(i) Financial year beginning on/after 1 January 2013

- MFRS 10 “Consolidated financial statements” (effective from 1 January 2013) changes the definition of control. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. It establishes control as the basis for determining which entities are consolidated in the consolidated financial statements and sets out the accounting requirements for the preparation of consolidated financial statements. It replaces all the guidance on control and consolidation in MFRS 127 “Consolidated and separate financial statements” and IC Interpretation 112 “Consolidation – special purpose entities”.

- MFRS 11 “Joint arrangements” (effective from 1 January 2013) requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations arising from the arrangement, rather than its legal form. There are two types of joint arrangement: joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.

- MFRS 12 “Disclosures of interests in other entities” (effective from 1 January 2013) sets out the required disclosures for entities reporting under the two new standards, MFRS 10 and MFRS 11, and replaces the disclosure requirements currently found in MFRS 128 “Investments in associates”. It requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity’s interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities.

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

(b) Standards, revised and amendments to published standards that are applicable to the Group and the Company but not yet effective (continued)

(i) Financial year beginning on/after 1 January 2013 (continued)

- MFRS 13 “Fair value measurement” (effective from 1 January 2013) aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across MFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards. The enhanced disclosure requirements are similar to those in MFRS 7 “Financial instruments: Disclosures”, but apply to all assets and liabilities measured at fair value, not just financial ones.

- The revised MFRS 127 “Separate financial statements” (effective from 1 January 2013) includes the provisions on separate financial statements that are left after the control provisions of MFRS 127 have been included in the new MFRS 10.

- The revised MFRS 128 “Investments in associates and joint ventures” (effective from 1 January 2013) includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of MFRS 11.

- Amendment to MFRS 101 “Presentation of items of other comprehensive income” (effective from 1 July 2012) requires entities *to separate items presented in ‘other comprehensive income’ (“OCI”) in the statement of comprehensive income into two groups, based on whether or not th*ey may be recycled to profit or loss in the future. The amendments do not address which items are presented in OCI.

- Amendment to MFRS 7 “Financial instruments: Disclosures” (effective from 1 January 2013) requires more extensive disclosures focusing on quantitative information about recognised financial instruments that are offset in the statement of financial position and those that are subject to master netting or similar arrangements irrespective of whether they are offset.

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

(b) Standards, revised and amendments to published standards that are applicable to the Group and the Company but not yet effective (continued)

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

- Amendment to MFRS 132 “Financial instruments: Presentation” (effective from 1 January 2014) does not change the current offsetting model in MFRS 132. It clarifies the meaning of ‘currently has a legally enforceable right of set-off’ that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.

(iii) Financial year beginning on/after 1 January 2015

- MFRS 9 “Financial instruments - classification and measurement of financial assets and financial liabilities” (effective from 1 January 2015) replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value. The basis of classification depends on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

  The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from MFRS 139, without change, except for financial liabilities that are designated at fair value through profit or loss (“FVTPL”). Entities with financial liabilities designated at FVTPL recognise changes in the fair value due to changes in the liability’s credit risk directly in other comprehensive income (OCI). There is no subsequent recycling of the amounts in OCI to profit or loss, but accumulated gains or losses may be transferred within equity.

  The guidance in MFRS 139 on impairment of financial assets and hedge accounting continues to apply.

  MFRS 7 requires disclosures on transition from MFRS 139 to MFRS 9.

The impact of MFRS 9 and MFRS 10 is still being assessed. Aside from the above mentioned, the adoption of the standards, revised and amendments to published standards are not expected to have a material impact to the financial statements of the Group and the Company.

(c) Interpretations to existing standards that are not relevant and not yet effective for the Group and the Company

- IC Interpretation 20 “Stripping costs in the production phase of a surface mine”

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Economic entities in the Group

(i) Subsidiaries

Subsidiaries are those companies or other entities (including special purpose entities) in which the Group has the ability to exercise control over the financial and operating policies so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are 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 in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Economic entities in the Group (continued)

(i) Subsidiaries (continued)

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.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in consolidated 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 non-controlling interests 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 non-controlling interests 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 jointly controlled entity 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Economic entities in the Group (continued)

(iv) Jointly controlled entities

Jointly controlled entities are companies, partnerships or other entities over which there is contractually agreed sharing of control by the Group with one or more parties where the strategic financial and operation decisions relating to the entity requires unanimous consent of the parties sharing control.

The Group's interest in jointly controlled entities 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 jointly controlled entities to ensure consistency of the accounting policies with those of the Group.

The Group recognises the portion of gains or losses on the sale of assets by the Group to the jointly controlled entities that is attributable to the other venturers. The Group does not recognise its share of profits or losses from the jointly controlled entities that result from the purchase of assets by the Group from the jointly controlled entities until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

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

(v) Associates

Associates are companies, partnerships or other entities in which the Group exercises significant influence, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is power to participate in financial and operating policy decisions of the associates but not power to exercise control 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, if any. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Intangible assets

(i) Goodwill

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

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

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

(ii) Licenses

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

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

(iii) Subscriber acquisition costs

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

(i) Cost

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

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

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

(ii) Depreciation and residual value

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

Leasehold land	20 - 100 years
Buildings	5 - 50 years
Telecommunication network equipment	3 - 20 years
Movable plant and equipment	5 - 8 years
Computer support systems	3 - 5 years

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

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

(iii) Impairment

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(iv) Gains or losses on disposals

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

(v) Asset exchange transaction

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

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

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

(vi) Repairs and maintenance

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

(d) Investment properties

Investment properties principally comprising freehold land and buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less accumulated depreciation and impairment losses. Investment properties are depreciated on a straight-line basis to write off the cost of investment properties to their residual values over their estimated useful lives as summarised as below:

Freehold land	Indefinite useful life
Buildings	50 years

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected, then it shall be derecognised. The difference between the net disposal proceeds and the carrying amount is recognised as profit or loss in the period of the retirement or disposal.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investments in subsidiaries and associates

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

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

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

(f) 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.

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

(g) Financial assets

(i) Classification

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

(i) Classification (continued)

(a) Financial assets at FVTPL

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

(b) Loans and receivables

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

(c) AFS financial assets

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

(d) HTM financial assets

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

(ii) Recognition and initial measurement

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

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

(iii) Subsequent measurement – gains and losses

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

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

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

(iv) Subsequent measurement - Impairment of financial assets

(a) Assets carried at amortised cost

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

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

(a) Assets carried at amortised cost (continued)

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Financial assets (continued)

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

(b) Assets classified as AFS

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

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

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

(v) De-recognition

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

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

(h) Offsetting financial instruments

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Derivative financial instruments and hedging activities

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

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

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

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

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

(a) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group and the Company only apply fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of cross currency interest rate swaps (“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 costs’.

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(b) Cash flow hedge

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

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

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

(c) Net investment hedge

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Inventories

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

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

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

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

(k) Trade and other receivables

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

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

(l) Cash and cash equivalents

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

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

(m) Trade and other payables

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Borrowings

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

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the profit or loss.

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

(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 reverse in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Current and deferred tax (continued)

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

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

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

(p) Provisions

(i) Provision for liabilities

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

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

(ii) Other provisions

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Contingent liabilities and contingent assets

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

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

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

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

(r) Share capital

(i) Classification

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

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

(ii) Share issue expenses

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

(iii) Dividend to shareholders of the Company

Dividend distribution to the Company’s shareholders is recognised as a liability in the Group’s and the Company’s financial statements in the period in which the dividends are approved by the Company’s shareholders.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 as mentioned above. Where there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term or its estimated useful life.

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 period of the lease.

Accounting by lessor

(i) Finance leases

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

(ii) Operating leases

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Income recognition

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

(i) Mobile and interconnect services revenue

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

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

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

(ii) Lease of passive infrastructure

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

(iii) Interest income

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

(iv) Dividend income

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

(v) Technical and management services fees

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

(vi) Other revenues

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

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 as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve (12) months after the end of the reporting period are discounted to present value.

(iv) Share-based compensation

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Employee benefits (continued)

(iv) Share-based compensation (continued)

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

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

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

(v) Post-employment benefit obligations

The Group operates various defined benefit plans. 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; typically define an amount of pension benefit that an employee will receive an on retirement, usually dependent on one or more factors such as age, years of service and compensation.

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

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.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Deferred revenue

Deferred revenue comprises:

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

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

(w) Indefeasible right of use (“IRU”)

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

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

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

(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 income or 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 security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in the profit or loss for the financial year, and other changes in carrying amount are recognised in other comprehensive income.

(iii) Group companies (Consolidated financial statements)

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Foreign currencies (continued)

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

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on sale.

Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognised in profit or loss in the separate financial statements of the reporting entity or the individual financial statements of the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

On the disposal of a foreign operation, all of the exchange differences relating to that foreign operation recognised in 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 non-controlling interests and are not recognised in profit or loss. For all other partial disposals 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.

(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 highly probable. They are stated at the lower of carrying amount and FVLCS.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 of loss over the period necessary to match them with the costs they are intended to compensate.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

Intangible assets – Acquired telecommunication licences with allocated spectrum rights

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting estimates and assumptions

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

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

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

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

(i) Impairment assessment of goodwill

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

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

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting estimates and assumptions (continued)

(ii) Impairment assessment of PPE and investments

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

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

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

The assumptions used, results and sensitivity of the impairment assessments of investments in associate are disclosed in Note 29 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.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting estimates and assumptions (continued)

(iv) Taxation

Income taxes

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

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

Deferred tax assets

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

(v) Contingent liabilities

Determination of the treatment of contingent liabilities is based on the Group's view of the expected outcome of contingencies after consulting legal counsel for litigation cases and experts internal and external to the Group for matters in the ordinary course of business. Please refer to Note 37(d) to the financial statements for legal proceedings that the Group is involved in as at the end of each reporting period.

(vi) Fair value of derivatives and other financial instruments

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

Fair values are estimated by reference in part to published price quotations and in part by using valuation techniques. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group and the Company use its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each financial reporting period. The sensitivity of the fair values of financial instruments is disclosed in Note 40 to the financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting estimates and assumptions (continued)

(vii) Provision for dismantling cost

Provision for dismantling cost of the Group is based on management's best estimate and the past trend of costs for rectification work to be carried out to fulfil regulatory and contractual requirements imposed after network cell sites were built.

Provision for dismantling cost is the estimated costs of dismantling and removing the structure on identified sites and restoring these sites. This obligation is incurred either when the items are installed or as a consequence of having used the items during a particular period.

5. SIGNIFICANT INCORPORATION, ACQUISITIONS, MERGER, DISPOSALS AND DILUTIONS OF INTERESTS

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

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

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

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

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

Dialog Broadband Networks (Private) Limited ("DBN"), a wholly owned subsidiary of Dialog Axiata PLC, on 14 December 2011 entered into a Sale and Purchase Agreement ("SPA") with the shareholders of Suntel for the acquisition of the entire ordinary shares of Suntel. The acquisition was completed on 22 March 2012. Effectively, Suntel became an 84.97% owned subsidiary of the Group.

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

5. SIGNIFICANT INCORPORATION, ACQUISITIONS, MERGER, DISPOSALS AND DILUTIONS OF INTERESTS (CONTINUED)

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

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

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

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

Acquisition related costs of RM9.0 million [Sri Lankan Rupee ("SLR") 372.1 million] have been charged to the consolidated other operating costs during the financial year.

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

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

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

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

5. SIGNIFICANT INCORPORATION, ACQUISITIONS, MERGER, DISPOSALS AND DILUTIONS OF INTERESTS (CONTINUED)

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

(iv) Incorporation of Axiata Towers (Cambodia) Company Limited ("ATC")

Hello Axiata Company Limited ("Hello"), a wholly owned subsidiary of the Company, had on 7 June 2012 completed the incorporation of ATC, a private company limited by shares following the issuance by the Ministry of Commerce, Cambodia of the Certificate of Incorporation on 7 June 2012.

ATC was incorporated with an authorised share capital of Khmer Riel ("KHR") 16.0 million (equivalent to USD4,000) subdivided into 1,000 ordinary shares of KHR16,000 each, which has been fully issued and paid-up. The business objective of ATC is to undertake activities and operations related to telecommunication infrastructure. On 29 June 2012, ATC was granted 30 years of tower operating license from government of Cambodia to operate the business.

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

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

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

Celcom, through DMSB, has participated in the Tender Bid but was not shortlisted. With this and pursuant to the Teaming Agreement dated 3 July 2012, DMSB which was set-up for the Tender Bid is no longer required now and hence, to be wound up.

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

(vi) Incorporation of Celcom Childcare Sdn Bhd ("CCSB")

Celcom had on 29 August 2012, completed the incorporation of CCSB, a private company limited by shares, under the Companies Act, 1965. CCSB was incorporated with an authorised share capital of RM100,000 divided into 100,000 ordinary shares of RM1 each of which RM25,000 has been issued and paid-up.

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

5. SIGNIFICANT INCORPORATION, ACQUISITIONS, MERGER, DISPOSALS AND DILUTIONS OF INTERESTS (CONTINUED)

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

(vii) Incorporation of Bangladesh Infrastructure Company Limited ("BICL")

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

The incorporation above has no significant impact to the Group and the Company during the financial year

(viii) Incorporation of Axiata SPV3 Sdn Bhd ("Axiata SPV3")

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

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

(ix) Incorporation of Axiata Investments (Cambodia) Limited ("AIC")

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

(x) Acquisition of 26.00% equity interest in Digital Commerce Lanka (Pvt) Ltd ("Digital")

On 10 December 2012, Dialog Axiata PLC, a 84.97% owned subsidiary of the Group entered into an Investment Agreement ("IA") for the acquisition of 26.0% equity interest in Digital for a purchase consideration of RM4.9 million (SLR205.6 million). Effectively, Digital became an associate of the Group.

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

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

During the financial year, the Group's equity interest in Idea, decreased from 19.96% to 19.93% following the issuance of new ordinary shares under Idea's ESOS. The Group recognised a loss on dilution of equity interest amounting to RM12.2 million (2011: RM8.5 million) during the financial year.

5. SIGNIFICANT INCORPORATION, ACQUISITIONS, MERGER, DISPOSALS AND DILUTIONS OF INTERESTS (CONTINUED)

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

(xii) Dilution of equity interest in M1 Limited (“M1”)

During the financial year, the equity interest in M1, held through Axiata Investments (Singapore) Limited (“AIS”), a wholly owned subsidiary of the Company decreased from 29.23% to 29.06% (2011: 29.49% to 29.23%) following the issuance of the shares under M1’s ESOS scheme. The Group recognised a loss on dilution of equity interest amounting to RM10.7 million (2011: RM11.6 million) during the financial year.

(xiii) Dilution of equity interest in PT XL Axiata Tbk (“XL”)

The Group’s equity interest in XL, decreased from 66.61% to 66.55% (2011: from 66.69% to 66.61%) following the issuance of new ordinary shares under XL’s Shares Based Compensation Scheme as disclosed in Note 14(c) to the financial statements.

The dilution has no significant impact to the Group.

5. SIGNIFICANT INCORPORATION, ACQUISITIONS, MERGER, DISPOSALS AND DILUTION OF INTERESTS (CONTINUED)

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

(i) Incorporation of Dialog Business Services (Private) Ltd (“DBS”) and partial disposal

On 21 January 2011, Dialog incorporated a new wholly owned subsidiary, named Dialog Business Services (Private) Ltd (“DBS”) for the purpose of carrying out information technology enabled services. On 3 May 2011, Dialog signed an agreement with Firstsource Solution Limited (“FSL”) and transferred 74.00% of its stake in DBS to FSL and held 26% with effect from 13 May 2011. As a result, DBS was renamed as Firstsource Dialog Solution (Private) Limited and became an associate of Dialog effective on that date.

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

(ii) Incorporation of Axiata Foundation (“AF”)

On 6 April 2011, AF, a company limited by guarantee was incorporated under the Companies Act 1965, with the first two (2) members being Axiata and its wholly-owned subsidiary Celcom for the purpose of developing and nurturing talent pool and fostering, developing and improving education.

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

(iii) Dilution and acquisition of equity interest in Idea

In the previous financial year, from 1 January 2011 up to 5 August 2011, the Group’s equity interest in Idea, held through Axiata Investments 1 (India) Limited (“AI1”) and Axiata Investments 2 (India) Limited (“AI2”), the wholly owned subsidiaries of the Group, decreased from 19.10% to 19.08% following the issuance of new ordinary shares under Idea’s ESOS.

On 5 August 2011, AI2 acquired an additional 29,776,341 ordinary shares of Idea, representing 0.90% of the issued and paid-up share capital of Idea for a total consideration of RM205.5 million (USD69.1 million). As a result, the Group’s effective equity interest in Idea increased from 19.08% to 19.98%.

From 6 August 2011 up to 31 December 2011, the Group’s equity interest in Idea further decreased from 19.98% to 19.96%, following the issuance of new ordinary shares under Idea’s ESOS.

6. OPERATING REVENUE

	Group 2012 RM'000	Group 2011 RM'000 Restated	Company 2012 RM'000	Company 2011 RM'000
Mobile services	15,101,192	14,078,172	-	-
Interconnect services	1,218,304	991,062	-	-
Dividend income:				
- Malaysia	-	-	3,093,837	-
- Overseas	-	-	1,038	2,107
Lease of passive infrastructure	331,345	333,407	-	-
Technical and management services fees	-	-	30,728	48,418
Others*	1,000,776	887,779	-	-
Total	17,651,617	16,290,420	3,125,603	50,525

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

7(a) DEPRECIATION, IMPAIRMENT AND AMORTISATION

	Note	Group 2012 RM'000	Group 2011 RM'000 Restated	Company 2012 RM'000	Company 2011 RM'000
Depreciation of:					
- PPE	25	2,998,679	3,073,642	3,702	3,065
- PPE of non-current assets classified as held-for-sale		17,604	15,382	-	-
- investment properties	26	-	1	-	-
Reversal of impairment of PPE	25	(1,264)	(7,818)	-	-
Impairment of:					
- PPE	25	149,785	15,416	-	-
- Telecommunication equipment		5,708	-	-	-
Write off of PPE	25	587	1,228	428	-
Amortisation of:					
- intangible assets	24	167,674	101,663	-	-
- intangible assets of non-current assets classified as held-for-sale		444	-	-	-
Others		346	387	-	-
Total		3,339,563	3,199,901	4,130	3,065

7(b) OTHER OPERATING COSTS

	Group 2012 RM'000	Group 2011 RM'000 Restated	Company 2012 RM'000	Company 2011 RM'000
Impairment of trade and other receivables (Note 33)	88,566	85,903	-	-
Business license fees	492,122	517,179	-	-
Charges and commissions	72,369	65,921	30	36
Cost of SIM and recharge cards	117,909	120,580	-	-
Revenue sharing outpayment	259,980	255,431	-	-
Leased circuit charges	237,112	258,534	-	-
Maintenance	1,067,442	586,863	899	133
Professional fees	226,795	207,438	47,254	38,211
Rental – land and buildings	819,219	641,525	4,390	4,154
Rental – equipment	186,706	158,322	210	203
Rental – others	57,244	53,660	4	23
Roaming costs	207,407	221,215	-	-
Supplies and inventories	248,712	228,830	-	-
Transportation and travelling	70,402	76,522	5,949	4,621
USP/Obligation Contribution	490,867	497,497	-	-
Utilities	281,097	414,364	390	424
Others[1]	439,216	495,289	29,104	26,136
Total	5,363,165	4,885,073	88,230	73,941

[1] Others include:

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Audit fees:				
- PricewaterhouseCoopers ("PwC") Malaysia	2,169	2,071	1,132	1,061
- Member firm of PwC International Limited *	2,422	2,120	-	-
- Others	33	27	-	-
Audit related fees[(i)]:				
- PwC Malaysia and member firm of PwC International Limited	3,097	3,264	2,712	2,097
	7,721	7,482	3,844	3,158
Other fees paid to PwC Malaysia and member firm of PwC International Limited				
- Tax and tax related services [(ii)]	1,736	543	775	106
- Other non-audit services [(iii)]	1,917	2,953	1,782	2,905
	11,374	10,978	6,401	6,169

7(b) OTHER OPERATING COSTS (CONTINUED)

* Separate and independent legal entity from PwC Malaysia.

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

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

(iii) Fees incurred primarily in relation to due diligences and other advisory services.

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

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

		Group		Company	
	Note	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Staff costs excluding Directors:					
- salaries, allowances, overtime and bonus		816,412	723,964	51,772	41,823
- termination benefits		21,344	88,358	-	-
- contribution to EPF		79,338	69,375	8,315	7,671
- other staff benefits		136,601	124,830	7,500	6,659
- ESOS and RSA expense of the Company	14(a)	57,717	49,368	7,182	5,907
- ESOS expense of a subsidiary	14(c)	18,842	14,613	-	-
Staff costs capitalised in PPE		(234)	(769)	-	-
Remuneration of Executive Directors of the Company	7(d)	9,935	9,212	9,935	9,212
		1,139,955	1,078,951	84,704	71,272

7(d) DIRECTORS' REMUNERATION

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Remuneration of Executive Directors of the Company:					
- salaries, allowances and bonus		5,280	5,974	5,280	5,974
- contribution to EPF		1,003	1,135	1,003	1,135
- ESOS expense of the Company	14(a)	3,652	2,103	3,652	2,103
		9,935	9,212	9,935	9,212
Remuneration of Non-Executive Directors of the Company:					
- fees and allowances		2,304	2,449	1,946	2,112
		12,239	11,661	11,881	11,324

Estimated money value of benefits of Directors amounting to RM645,749 (2011: RM566,918) for the Group and the Company.

8. OTHER GAINS/(LOSSES) - NET

	Group 2012 RM'000	Group 2011 RM'000
Fair value gains/(losses):		
Financial assets at FVTPL	-	(2)
Derivative financial instruments:		
- Forward foreign currency contracts	13,515	19,904
- CCIRS	10,662	22,087
- Interest rate swap contracts	5,978	477
- Put option on the investment in an associate	-	(47,474)
	30,155	(5,006)
Total	30,155	(5,008)

9. OTHER OPERATING INCOME

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Gain on disposal of PPE	21,673	15,659	-	-
Gain on disposal of investment properties	-	12,157	-	-
Penalty on breach of contract	21,347	10,218	-	-
Bad debt recovered	17,736	11,739	-	-
Others	33,288	31,216	656	1,860
Total	94,044	80,989	656	1,860

10. FINANCE INCOME/(COST)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Finance income				
Islamic Financial Instruments	71,643	16,750	26,069	3,563
Other deposits, cash and bank balances	190,702	219,031	27,169	76,499
	262,345	235,781	53,238	80,062
Finance cost				
Other borrowings	(485,959)	(404,049)	(13,480)	(14,966)
Profit on Islamic Private Debt Securities	(216,200)	(218,760)	-	-
Finance (expense)/income on interest rate swaps derivative financial instruments:				
- fair value hedge	(18,858)	(19,122)	(18,858)	(19,122)
- net investment hedge	3,218	3,829	-	-
Finance cost excluding net foreign exchange (losses)/gains on financing activities	(717,799)	(638,102)	(32,338)	(34,088)
Net foreign exchange losses on:				
- financing activities	(39,464)	(159,974)	26,750	(21,250)
- fair value hedge (Note 19(g))	(26,750)	21,250	(26,750)	21,250
Net foreign exchange losses on financing activities	(66,214)	(138,724)	-	-
Total finance cost	(784,013)	(776,826)	(32,338)	(34,088)
Net finance (cost)/income	(521,668)	(541,045)	20,900	45,974

11. TAXATION AND ZAKAT

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current taxation:				
- Malaysian income tax	433,252	592,322	-	-
- Overseas taxation	278,194	343,378	16	35
	711,446	935,700	16	35
Deferred taxation (Note 23)	162,271	(72,196)	-	-
Total taxation	873,717	863,504	16	35
Zakat	8,500	845	-	845
Taxation and zakat	882,217	864,349	16	880

	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Current taxation:				
Malaysia				
Income taxation:				
- Current year	524,596	530,974	-	-
- (Over)/under accrual in previous financial years	(91,344)	61,348	-	-
	433,252	592,322	-	-
Overseas				
Income taxation:				
- Current year	278,297	345,748	16	35
- Over accrual in previous financial years	(103)	(2,370)	-	-
	278,194	343,378	16	35
Deferred taxation:				
- Net origination/(reversal) of temporary differences (Note 23)	162,271	(72,196)	-	-
Total taxation	873,717	863,504	16	35
Zakat	8,500	845	-	845
Total taxation and zakat	882,217	864,349	16	880

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

11. TAXATION AND ZAKAT (CONTINUED)

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

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	3,761,794	3,576,599	2,741,400	63,835
Taxation calculated at the applicable Malaysian taxation rate of 25% (2011: 25%)	940,449	894,150	685,350	15,959
Tax effects of:				
- income not subject to tax	(106,552)	(35,180)	(773,459)	(37,644)
- shares of results of associates	(58,738)	(34,436)	-	-
- shares of results of jointly controlled entities	394	-	-	-
- change of tax regime	(47,855)	-	-	-
- different tax rates in other countries	27,347	64,416	(244)	(317)
- tax incentive	(111,171)	(122,837)	-	-
- utilisation of current year business loss	(12,341)	(19,598)	(12,341)	(19,598)
- expenses not deductible for tax purposes	302,974	167,079	88,591	29,584
- unrecognised tax losses	30,657	7,850	8,369	7,850
- group relief	-	-	3,750	4,201
- under accrual of tax (net)	(91,447)	(57,940)	-	-
- zakat	8,500	845	-	845
Total taxation and zakat	882,217	864,349	16	880

Included in the taxation of the Group are tax savings amounting to RM15.0 million (2011: RM16.8 million) where group relief is available and tax losses in loss-making entities in a particular year of assessment may be offset against taxable profits of profitable entities in the same group in the same year of assessment.

12. EARNINGS PER SHARE

(a) Basic earnings per share ("EPS")

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

	Group	
	2012	2011
Profit attributable to owners of the Company (RM'000)	2,513,285	2,345,628
Weighted average number of ordinary shares in issue ('000)	8,492,277	8,451,437
Basic EPS (sen)	29.6	27.8

(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	
	2012	2011
Profit attributable to owners of the Company (RM'000)	2,513,285	2,345,628
Weighted average number of ordinary shares in issue ('000)	8,492,277	8,451,437
Adjusted for ESOS and RSA ('000)	41,032	35,910
Weighted average number of ordinary shares for purpose of computing diluted EPS ('000)	8,533,309	8,487,347
Diluted EPS (sen)	29.5	27.6

13. SHARE CAPITAL

	Group and Company			
	2012		2011	
	No. of shares '000	Nominal value RM'000	No. of shares '000	Nominal value RM'000
Ordinary shares of RM1 each:				
Authorised:				
At the beginning/end of the financial year	12,000,000	12,000,000	12,000,000	12,000,000
Issued and fully paid-up:				
At the beginning of the financial year	8,466,182	8,466,182	8,445,154	8,445,154
Issuance of new ordinary shares at exercise price of:				
- RM1.81 per ordinary share	26,275	26,275	21,028	21,028
- RM3.15 per ordinary share	957	957	-	-
- RM3.45 per ordinary share	14,782	14,782	-	-
- RM5.07 per ordinary share	13	13	-	-
At the end of the financial year	8,508,209	8,508,209	8,466,182	8,466,182

The increase in issued and paid-up capital of the Company was in conjunction with the exercise of options granted under the Performance-Based ESOS by the employees of the Company and its subsidiaries as disclosed in Note 14(a) to the financial statements.

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

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME

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

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

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

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

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

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

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

[2] The 18 January 2010 grant was made to newly hired employees who did not receive the April 2009 grant and have been confirmed as at 31 December 2009.

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

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

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

			Entitlement over the Company's shares		
RSA	Reference date	Vesting date	% of shares to be vested[1]	Number of shares granted[3]	Reference price[5] RM
Grant 3(b), 2011[4]					
Tranche 1	18 July 2011	17 July 2013	50	243,350	5.03
Tranche 2	18 July 2011	17 July 2014	50 - 100	526,450	5.03
Grant 3(c), 2011[4]					
Tranche 1	30 Nov 2011	29 Nov 2013	50	23,700	5.10
Tranche 2	30 Nov 2011	29 Nov 2014	50 - 100	183,600	5.10
Grant 4(a), 2012					
Tranche 1	30 Mar 2012	30 Mar 2014	50	6,890,050	5.20
Tranche 2	30 Mar 2012	30 Mar 2015	50 - 100	10,603,550	5.20
Grant 4(b), 2012[4]					
Tranche 1	31 July 2012	31 July 2014	50	122,150	5.86
Tranche 2	31 July 2012	31 July 2015	50 - 100	444,350	5.86
Grant 4(c), 2012[4]					
Tranche 1	30 Nov 2012	30 Nov 2014	50	131,400	5.92
Tranche 2	30 Nov 2012	30 Nov 2015	50 - 100	252,500	5.92

[3] Senior and top management can only vest the RSA at the end of the third (3rd) year. Numbers of shares granted are excluding the multiplier effects to be offered to management upon fulfilment of certain performance conditions.

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

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

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

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

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

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

The maximum amount of shares which may be:

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

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

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

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

(ii) Basis of allocation and maximum allowable allotment

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

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

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

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

(iii) Eligibility

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

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

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

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

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

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

(iv) Option price and RSA reference price

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

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

(v) Duration of the Axiata Share Scheme

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

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

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

(vi) Retention period

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

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

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

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

(i) Selling Flexibility; or

(ii) To directly subscribe for shares.

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

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

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

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

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

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

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

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

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

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

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

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

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

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

Group	Closing price at grant date RM	At 1 January 2012	Granted	Exercised	Lapsed/ Forfeited	At 31 December 2012	Fair value at grant date RM
Grant 3(b), 2011							
Tranche 1	5.03	243,350	-	-	(21,350)	222,000	4.21
Tranche 2	5.03	526,450	-	-	(45,950)	480,500	3.90
		769,800	-	-	(67,300)	702,500	
Grant 3(c), 2011							
Tranche 1	5.10	23,700	-	-	(4,000)	19,700	4.15
Tranche 2	5.10	183,600	-	-	(24,100)	159,500	3.74
		207,300	-	-	(28,100)	179,200	
Grant 4(a), 2012							
Tranche 1	5.39	-	6,890,050	-	(168,800)	6,721,250	4.39
Tranche 2	5.39	-	10,603,550	-	(272,000)	10,331,550	4.26
		-	17,493,600	-	(440,800)	17,052,800	
Grant 4(b), 2012							
Tranche 1	6.00	-	122,150	-	-	122,150	4.93
Tranche 2	6.00	-	444,350	-	-	444,350	4.69
		-	566,500	-	-	566,500	
Grant 4(c), 2012							
Tranche 1	6.19	-	131,400	-	-	131,400	4.46
Tranche 2	6.19	-	252,500	-	-	252,500	4.11
		-	383,900	-	-	383,900	
Total		977,100	18,444,000	-	(536,200)	18,884,900	

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

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

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

	Closing price at grant date RM	At 1 January 2012	Granted	Adjusted[6]	Exercised	Lapsed/ Forfeited	At 31 December 2012	Fair value at grant date RM
Company								
Grant 3(b) 2011								
Tranche 1	5.03	12,700	-	-	-	(8,400)	4,300	4.21
Tranche 2	5.03	250,800	-	-	-	(8,400)	242,400	3.90
		263,500	-	-	-	(16,800)	246,700	
Grant 3(c) 2011								
Tranche 1	5.10	4,550	-	-	-	-	4,550	4.15
Tranche 2	5.10	156,550	-	-	-	(20,100)	136,450	3.74
		161,100	-	-	-	(20,100)	141,000	
Grant 4(a) 2012								
Tranche 1	5.39	-	580,750	(11,000)	-	(61,400)	508,350	4.39
Tranche 2	5.39	-	2,357,750	(11,000)	-	(52,500)	2,294,250	4.26
		-	2,938,500	(22,000)	-	(113,900)	2,802,600	
Grant 4(b) 2012								
Tranche 1	6.00	-	7,500	-	-	-	7,500	4.93
Tranche 2	6.00	-	281,900	-	-	-	281,900	4.69
		-	289,400	-	-	-	289,400	
Grant 4(c) 2012								
Tranche 1	6.19	-	14,850	-	-	-	14,850	4.46
Tranche 2	6.19	-	118,450	-	-	-	118,450	4.11
		-	133,300	-	-	-	133,300	
Total		424,600	3,361,200	(22,000)	-	(150,800)	3,613,000	

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

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

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

	Options over the Company's shares			
	Grant 1(a)	Grant 1(b)	Grant 2	Grant 3(a)
Exercise price	RM1.81	RM3.15	RM3.45	RM5.07
Option expected term:				
- Tranche 1	5.0 years	4.5 years	4.5 years	4.0 years
- Tranche 2	5.5 years	5.0 years	5.0 years	4.5 years
Weighted average share price at grant date	RM1.81	RM3.15	RM3.45	RM5.07
Expected dividend yield	1%	1%	1%	2%
Risk free interest rates (Yield of Malaysian Government securities)	3.0%-3.7%	3.0%-3.7%	3.0%-3.9%	3.3%-3.6%
Expected volatility	31.3%[7]	31.1%[7]	34.4%	24.7%

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

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

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

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

	Entitlement over the Company’s shares				
	Grant 3(b)	Grant 3(c)	Grant 4(a)	Grant 4(b)	Grant 4(c)
Reference price	RM5.03	RM5.10	RM5.20	RM5.86	RM5.92
Valuation at grant date*	18 July 2011	30 Nov 2011	16 April 2012	17 August 2012	10 Dec 2012
Vesting date:					
-Tranche 1	17 July 2013	29 Nov 2013	30 Mar 2014	31 July 2014	30 Nov 2014
-Tranche 1	17 July 2014	29 Nov 2014	30 Mar 2015	31 July 2015	30 Nov 2015
Closing share price at grant date*	RM5.03	RM5.10	RM5.39	RM6.00	RM6.19
Expected dividend yield	2.54%	3.12%	4.23%	4.06%	4.15%
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%
Expected volatility#	19.9%	18.7%	27.5%	19.2%	18.6%

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

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

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

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

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

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Equity settlement arrangement:				
- Options and RSA granted to employees under the Scheme	59,178	51,471	8,643	8,010
Cash settlement arrangement*:				
- value of options granted to Senior Management	2,191	-	2,191	-
Total	61,369	51,471	10,834	8,010

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

(b) ESOS of Dialog

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

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

The principal features of ESOS are as follows:

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

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

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(b) ESOS of Dialog (continued)

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

The total number of share options granted was 88,841,218. As at 31 December 2012, 51,103,699 share options have been exercised, 11,172,801 options have been forfeited and 26,564,000 share options remain unexercised and are exercisable before 25 October 2014 further to the extension of the exercise period as resolved by the Board of Directors of Dialog.

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

Grant date	Exercise price SLR	At 1 January '000	Granted '000	Exercised '000	Forfeited* '000	At 31 December '000	Fair value at grant date SLR
2012							
11 July 2005	12	28,030	-	-	(1,466)	26,564	4.4
2011							
11 July 2005	12	28,335	-	-	(305)	28,030	4.4

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

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(b) ESOS of Dialog (continued)

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

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

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

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

There was no share-based compensation expense recognised during the financial year (2011: Nil).

(c) ESOS of XL

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

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

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

Total share-based compensation expense recognised in the consolidated profit or loss for the financial year ended 31 December 2012 was RM18.8 million (2011: RM14.6 million) as disclosed in Note 7(c) to the financial statements.

15. RESERVES

		Group			Company		
	Note	31.12.2012 RM'000	31.12.2011 RM'000 Restated	1.1.2011 RM'000 Restated	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Distributable							
Retained earnings	(a)	9,699,802	9,136,705	7,968,338	5,384,688	4,597,579	5,718,317
Non-distributable							
Capital contribution reserve	(b)	16,598	16,598	16,598	16,598	16,598	16,598
Merger reserve	(c)	346,774	346,774	346,774	-	-	-
Hedging reserve	(d)	(116,997)	(76,643)	(70,423)	-	-	-
ESOS and RSA reserve	(e)	111,044	96,838	45,904	111,044	96,838	45,904
Actuarial reserve		(4,387)	-	-	-	-	-
Currency translation differences arising from translation of:							
- subsidiaries		(372,831)	(1,970)	-	-	-	-
- associates		(181,829)	(131,287)	-	-	-	-
		(554,660)	(133,257)	-	-	-	-
Total		9,498,174	9,387,015	8,307,191	5,512,330	4,711,015	5,780,819

(a) The Company has tax exempt income accounts as at 31 December 2012 amounting to approximately RM157.1 million (31.12.2011: RM156.1 million, 1.1.2011: RM154.4 million) available for distribution as tax exempt dividends to shareholders subject to the availability of retained profits. The tax exempt income accounts are subject to agreement by the Inland Revenue Board. The remaining retained profits can be distributed as tax exempt dividends under the single tier tax system.

Pursuant to the Finance Act 2007, the single tier company income tax system was introduced to replace the tax imputation system on dividend payments to shareholders. Under the single tier system, the tax on the Company's profit is a final tax and the dividends distributed to the shareholders would be exempted from tax. In the previous year, the Company has exercised the irrevocable option to surrender the section 108 credit balances as at 31 December 2011 to self zerorise the insignificant credit balance to nil. With this, the Company has moved to the single tier dividend system.

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

15. RESERVES (CONTINUED)

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

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

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

16. BORROWINGS

		31.12.2012				31.12.2011				1.1.2011			
	Note	W.A.R.F. %	Non-current RM'000	Current RM'000	Total RM'000	W.A.R.F. %	Non-current RM'000	Current RM'000	Total RM'000	W.A.R.F. %	Non-current RM'000	Current RM'000	Total RM'000
Group													
OVERSEAS													
Secured:													
- Borrowings from financial institutions	(a)	3.56%	291,082	103,343	394,425	9.54%	257,794	496,896	754,690	2.98%	142,589	60,570	203,159
- Other borrowings	(b)	2.90%	82,306	88,125	170,431	2.81%	176,596	121,050	297,646	2.85%	290,161	129,779	419,940
Unsecured:													
- Bonds	(c)	-	-	-	-	10.35%	-	533,080	533,080	10.35%	509,250	-	509,250
- Rated cumulative redeemable preference shares	(d)	-	-	-	-	9.53%	-	34,250	34,250	9.28%	34,738	34,737	69,475
- Borrowings from financial institutions		5.58%	2,964,815	1,472,829	4,437,644	4.94%	2,411,018	777,464	3,188,482	6.63%	2,530,862	264,578	2,795,440
- Other borrowings		2.24%	295,754	151,087	446,841	1.87%	455,790	225,603	681,393	2.10%	586,103	193,221	779,324
- Bank overdrafts	34	12.51%	-	5,352	5,352	9.10%	-	5,367	5,367	11.50%	-	6,192	6,192
		5.08%	3,633,957	1,820,736	5,454,693	5.58%	3,301,198	2,193,710	5,494,908	5.85%	4,093,703	689,077	4,782,780

- W.A.R.F – Weighted Average Rate of Finance as at the end of reporting period

16. BORROWINGS (CONTINUED)

	Note	31.12.2012 W.A.R.F. %	31.12.2012 Non-current RM'000	31.12.2012 Current RM'000	31.12.2012 Total RM'000	31.12.2011 W.A.R.F. %	31.12.2011 Non-current RM'000	31.12.2011 Current RM'000	31.12.2011 Total RM'000	1.1.2011 W.A.R.F. %	1.1.2011 Non-current RM'000	1.1.2011 Current RM'000	1.1.2011 Total RM'000
Group (continued)													
MALAYSIA													
Secured:													
- Borrowings from financial institutions	(e)	-	-	-	-	4.59%	10,000	10,000	20,000	4.31%	20,000	10,514	30,514
Unsecured:													
- Notes	(f)	5.39%	916,437	-	916,437	5.39%	947,169	-	947,169	5.40%	920,732	-	920,732
- Borrowings from financial institutions		1.56%	772,366	7,325	779,691	1.52%	773,057	5,649	778,706	1.38%	749,548	-	749,548
- Sukuk	(g)	3.77%	5,442,931	64,310	5,507,241	5.21%	4,200,000	18,580	4,218,580	5.21%	4,200,000	-	4,200,000
		3.74%	7,131,734	71,635	7,203,369	4.74%	5,930,226	34,229	5,964,455	4.75%	5,890,280	10,514	5,900,794
Total		4.32%	10,765,691	1,892,371	12,658,062	5.14%	9,231,424	2,227,939	11,459,363	5.24%	9,983,983	699,591	10,683,574
Company													
Unsecured:													
- Borrowings from financial institutions		1.50%	762,366	2,325	764,691	1.52%	773,057	2,071	775,128	1.38%	738,758	-	738,758

- W.A.R.F – Weighted Average Rate of Finance as at the end of reporting period

16. BORROWINGS (CONTINUED)

(a) Secured by way of fixed charge on certain PPE and deposits with financial institutions of the Company and certain subsidiaries, as disclosed in Note 25(b) and Note 34 to the financial statements respectively.

(b) Supplier credit that bears 0% interest during the first two (2) years and is repayable from 2004 to 2014. This supplier credit is secured by way of fixed charge on PPE of a subsidiary as disclosed in Note 25(b) to the financial statements.

(c) The outstanding unsecured bonds were issued on 26 April 2007, listed on Indonesia Stock Exchange with interest rate of 10.35% and payable semi-annually. The bonds were fully settled on 26 April 2012.

(d) Consists of 5,000 million Rated Cumulative Redeemable Preference Shares ("RCRPS") of SLR1 each issued by a subsidiary during 2007, redeemable at par. The dividend was cumulative and payable semi-annually, at the Average Weighted Prime Lending Rate less a discount of 0.9%. The shares were fully redeemed on 31 May 2012.

(e) The terms of the loan requires a predetermined portion of lease rental proceeds due to a subsidiary to be placed in a debt reserve account with the bank to meet the debt serving requirements.

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

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

(i) Multi-Currency Sukuk

The Group established a Multi-Currency Sukuk Programme involving the issuance of up to USD1.5 billion (or its equivalent in other currencies based on Islamic Principle). On 11 September 2012, the Group via a wholly owned subsidiary, Axiata SPV2 successfully priced the issuance CNY denominated 1.0 billion Sukuk pursuant to the Sukuk Programme. The Sukuk, which was issued at par, carries a coupon rate of 3.75% p.a. (payable semiannually in arrears) and has tenure of two (2) years from the date of issuance.

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

16. BORROWINGS (CONTINUED)

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

(ii) Sukuk Murabahah

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

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

The details of the Sukuk Murabahah are as follow:

	Contractual interest rate[1]	Maturity date	Amount RM'million
Series 1	3.45%	28 August 2015	500
Series 2	3.60%	29 August 2017	1,000
Series 3	3.75%	29 August 2019	1,500
Series 4	3.90%	28 August 2020	1,200
Series 5	4.05%	27 August 2021	400
Series 6	4.20%	29 August 2012	400
			5,000

[1] payable semiannually

(h) The borrowings of the Group and the Company are subject to certain covenants. The covenants require that certain ratios to be met. The Group and the Company are in compliance with the covenants of its borrowings at each reporting date.

16. BORROWINGS (CONTINUED)

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

							Group
	CNY	RM	USD	IDR	SLR	BDT	RM
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Functional currency							
At 31 December 2012							
RM	492,323	5,029,918	1,681,128	-	-	-	7,203,369
IDR	-	-	675,163	3,649,993	-	-	4,325,156
SLR	-	-	369,464	-	5,352	-	374,816
BDT	-	-	538,299	-	-	26,557	564,856
Others	-	-	189,865	-	-	-	189,865
	492,323	5,029,918	3,453,919	3,649,993	5,352	26,557	12,658,062
At 31 December 2011							
RM		4,242,159	1,722,297	-	-	-	5,964,456
IDR		-	1,121,316	2,650,944	-	-	3,772,260
SLR		-	433,904	-	39,617	-	473,521
BDT		-	593,927	-	-	458,409	1,052,336
Others		-	196,790	-	-	-	196,790
		4,242,159	4,068,234	2,650,944	39,617	458,409	11,459,363
At 1 January 2011							
RM		4,230,514	1,670,280	-	-	-	5,900,794
IDR		-	731,530	2,729,268	-	-	3,460,798
SLR		-	463,102	-	75,667	-	538,769
BDT		-	576,616	-	-	46,482	623,098
Others		-	160,115	-	-	-	160,115
		4,230,514	3,601,643	2,729,268	75,667	46,482	10,683,574

USD: United State Dollar
IDR: Indonesia Rupiah
SLR: Sri Lanka Rupee
BDT: Bangladesh Taka
CNY: Renminbi

All the borrowings of the Company are denominated in USD.

16. BORROWINGS (CONTINUED)

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

	Carrying amount			Fair value		
	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Overseas:						
- Borrowings	3,633,957	3,301,198	3,584,453	3,633,957	3,301,198	3,584,453
- Notes	-	-	509,250	-	-	520,000
	3,633,957	3,301,198	4,093,703	3,633,957	3,301,198	4,104,453
Malaysia:						
- Borrowings	772,366	783,057	769,548	772,366	783,057	765,230
- Notes	916,437	947,169	920,732	1,054,059	1,028,020	962,515
- Sukuk	5,442,931	4,200,000	4,200,000	5,489,109	4,355,468	4,253,162
	7,131,734	5,930,226	5,890,280	7,315,534	6,166,545	5,980,907
	10,765,691	9,231,424	9,983,983	10,949,491	9,467,743	10,085,360
Company						
Malaysia:						
- Borrowings	762,366	773,057	738,758	762,366	773,057	738,758

The fair values of non-current borrowings are calculated based on cash flows discounted using a rate based on the borrowing rate which ranges from 0.81% to 6.63% (31.12.2011: 0.40% to 6.88%, 1.1.2011: 0.40% to 9.38%) p.a. and quoted market price. The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant.

17. FINANCIAL INSTRUMENTS BY CATEGORY

		31.12.2012				31.12 2011				1.1.2011			
	Note	Loans and receivables RM'000	Assets at FVTPL RM'000	AFS RM'000	Total RM'000	Loans and receivables RM'000	Assets at FVTPL RM'000	AFS RM'000	Total RM'000	Loans and receivables RM'000	Assets at FVTPL RM'000	AFS RM'000	Total RM'000
Group													
Financial assets													
Derivative financial instruments	19	-	55,708	-	55,708	-	44,891	-	44,891	-	14,964	-	14,964
Long term receivables	30	134	-	-	134	226	-	-	226	332	-	-	332
Available-for-sale financial asset		-	-	892	892	-	-	893	893	-	-	888	888
Trade and other receivables		1,152,590	-	-	1,152,590	1,228,988	-	-	1,228,988	1,012,453	-	-	1,012,453
Financial assets at FVTPL		-	8	-	8	-	9	-	9	-	10	-	10
Deposits, cash and bank balances	34	7,906,204	-	-	7,906,204	6,616,788	-	-	6,616,788	6,277,382	-	-	6,277,382
Assets directly associated with non-current assets classified as held-for-sale		19,150	-	-	19,150	26,761	-	-	26,761	28,612	-	-	28,612
Total		9,078,078	55,716	892	9,134,686	7,872,763	44,900	893	7,918,556	7,318,779	14,974	888	7,334,641

17. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

		31.12.2012				31.12 2011				1.1.2011			
	Note	Liabilities at FVTPL RM'000	Derivatives used for hedging RM'000	Other financial liabilities RM'000	Total RM'000	Liabilities at FVTPL RM'000	Derivatives used for hedging RM'000	Other financial liabilities RM'000	Total RM'000	Liabilities at FVTPL RM'000	Derivatives used for hedging RM'000	Other financial liabilities RM'000	Total RM'000
Group													
Financial liabilities													
Borrowings	16	-	-	12,658,062	12,658,062	-	-	11,459,363	11,459,363	-	-	10,683,574	10,683,574
Derivative financial instruments	19	18,705	175,476	-	194,181	36,888	90,861	-	127,749	326,240	142,965	-	469,205
Trade and other payables excluding statutory liabilities													
- Non-current		-	-	-	-	-	-	125,054	125,054	-	-	-	-
- Current		-	-	3,846,968	3,846,968	-	-	3,782,137	3,782,137	-	-	2,900,954	2,900,954
Liabilities directly associated with non-current assets classified as held-for-sale		-	-	107,714	107,714	-	-	158,993	158,993	-	-	241,234	241,234
Total		18,705	175,476	16,612,744	16,806,925	36,888	90,861	15,525,547	15,653,296	326,240	142,965	13,825,762	14,294,967

17. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Note	31.12.2012 Loans and receivables RM'000	31.12.2012 Total RM'000	31.12.2011 Loans and receivables RM'000	31.12.2011 Total RM'000	1.1.2011 Loans and receivables RM'000	1.1.2011 Total RM'000
Company							
Financial assets							
Amounts due from subsidiaries	32	339,342	339,342	395,925	395,925	332,469	332,469
Trade and other receivables		23,044	23,044	10,798	10,798	9,189	9,189
Deposits, cash and bank balances	34	3,524,358	3,524,358	2,001,948	2,001,948	3,092,255	3,092,255
		3,886,744	3,886,744	2,408,671	2,408,671	3,433,913	3,433,913

	Note	31.12.2012 Derivatives used for hedging RM'000	31.12.2012 Other financial liabilities RM'000	31.12.2012 Total RM'000	31.12.2011 Derivatives used for hedging RM'000	31.12.2011 Other financial liabilities RM'000	31.12.2011 Total RM'000	1.1.2011 Derivatives used for hedging RM'000	1.1.2011 Other financial liabilities RM'000	1.1.2011 Total RM'000
Financial liabilities										
Borrowings	16	-	764,691	764,691	-	775,128	775,128	-	738,758	738,758
Derivative financial instruments	19	45,249	-	45,249	33,609	-	33,609	66,427	-	66,427
Trade and other payables	21	-	70,254	70,254	-	65,020	65,020	-	37,193	37,193
Amounts due to subsidiaries	32	-	661,610	661,610	-	4,310	4,310	-	1,374	1,374
		45,249	1,496,555	1,541,804	33,609	844,458	878,067	66,427	777,325	843,752

18. CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are not impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	Note	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Trade receivables				
Counterparties with external credit ratings				
A-		4,868	58,098	17,839
A-2		6,129	836	244
A-1+		1,741	345	2,272
B		2,025	1,361	6,713
B-		13,742	-	-
Bu		-	-	1,421
BB		-	-	8,911
BB+		10,472	13,403	-
CCC+		-	18,364	-
NR		29,928	16,245	18,043
WR		2,960	1,709	2,091
WD		2,747	-	-
Others		3,063	4,128	2,907
		77,675	114,489	60,441
Counterparties without external credit ratings				
Group 1		396,438	478,019	357,264
Group 2		212,283	286,873	192,974
Group 3		14,862	10,952	76,115
		623,583	775,844	626,353
Total	33	701,258	890,333	686,794

18. CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

	Note	Group			Company		
		31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deposits, cash and bank balances							
A-1		60,951	8,957	463,291	-	-	113,911
A-1+		189,780	470,077	354,631	-	-	1,371
A2		3,282	2,199	1,717	-	-	-
A-2		3,659,460	4,903,016	4,597,066	21,983	1,498,441	2,974,126
B		17,724	62,238	7,066	-	-	-
BBBpi		-	-	8,758	-	-	-
MARC1		-	-	36,061	-	-	-
NR		69,640	313,085	269,873	-	-	-
P1		3,501,670	40,760	58,754	3,500,978	37,846	2,775
P-1		-	520,562	1,296	-	465,597	-
P-3		-	2,448	-	-	-	-
WD		48,367	17,547	-	-	-	-
WR		55,932	38,628	34,678	-	-	-
idA-		-	52,381	-	-	-	-
Others		230,231	96,590	705	1,366	-	-
Without external credit ratings		69,167	88,300	443,486	31	64	72
Total	34	7,906,204	6,616,788	6,277,382	3,524,358	2,001,948	3,092,255
AFS financial asset							
Without external credit ratings		892	893	888	-	-	-
Derivative financial assets							
A		-	-	8,824	-	-	-
A+		-	-	2,357	-	-	-
A-1		29,887	28,773	-	-	-	-
A-1+		13,351	12,335	-	-	-	-
A-2		5,791	-	-	-	-	-
P-2		2,896	-	-	-	-	-
Without external credit ratings		3,783	3,783	3,783	-	-	-
Total	19	55,708	44,891	14,964	-	-	-

18. CREDIT QUALITY OF FINANCIAL ASSETS (CONTINUED)

	Note	Company 31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Amounts due from subsidiaries				
Group 2	32	339,342	395,925	332,469

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

None of the financial assets that are fully performing has been renegotiated in the previous financial years. None of the loans to related parties is past due but not impaired.

19. DERIVATIVE FINANCIAL INSTRUMENTS

		Group						Company		
	Note	Assets 31.12.2012 RM'000	Liabilities 31.12.2012 RM'000	Assets 31.12.2011 RM'000	Liabilities 31.12.2011 RM'000	Assets 1.1.2011 RM'000	Liabilities 1.1.2011 RM'000	Liabilities 31.12.2012 RM'000	Liabilities 31.12.2011 RM'000	Liabilities 1.1.2011 RM'000
Non-current										
Non-hedging derivative financial instruments:										
-Forward foreign currency contracts	(a)	21,151	(3,728)	18,956	(14,129)	11,181	(25,924)	-	-	-
-CCIRS	(b)	8,687	-	22,152	-	-	-	-	-	-
-Interest rate swap contracts	(c)	-	(14,977)	-	(22,759)	-	(22,638)	-	-	-
-Convertible warrants in an associate	(d)	3,783	-	3,783	-	3,783	-	-	-	-
		33,621	(18,705)	44,891	(36,888)	14,964	(48,562)	-	-	-
Derivative designated as hedging instruments:										
-CCIRS	(f),(g)	-	(175,476)	-	(90,861)	-	(142,965)	(45,249)	(33,609)	(66,427)
		33,621	(194,181)	44,891	(127,749)	14,964	(191,527)	(45,249)	(33,609)	(66,427)
Current										
Non-hedging derivative financial instruments:										
-CCIRS	(b)	22,087	-	-	-	-	-	-	-	-
-Put option on the investment in an associate	(e)	-	-	-	-	-	(277,678)	-	-	-
		22,087	-	-	-	-	(277,678)	-	-	-
Total		55,708	(194,181)	44,891	(127,749)	14,964	(469,205)	(45,249)	(33,609)	(66,427)

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

Non-hedging derivatives financial instruments

(a) Forward foreign currency contracts

The information relating to the derivative financial instruments of a subsidiary of the Group as at 31 December 2012 is as follows:

Counterparties	Notional amount USD'million	Strike rate full amount 1 USD:IDR	Period	Premium p.a.
Standard Chartered Bank ("SCB")	88.6	9,000-9,725	18 September 2009 - 29 September 2015	2.25% - 5.26%
J.P.Morgan Securities (S.E.A) Ltd	27.3	9,000	31 December 2009 - 29 September 2015	3.45%

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

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Non-hedging derivatives financial instruments (continued)

(b) CCIRS

The information relating to the derivative financial instruments of certain subsidiaries of the Group as at 31 December 2012 is as follows:

Counterparties	Notional amount million	Period	Swap amount	Exchange period	Fixed interest rate paid	Exchange rate per 1 USD:	Interest rate received
The Bank of Tokyo Mitsubishi UFJ, Ltd ("BTMU")	USD14.6	15 June 2011 - 17 June 2013	IDR 125.0 billion	Semi-annually	6.76%	IDR8,533	6 months' SIBOR + 0.9% margin
BTMU	USD58.5	26 Aug 2011 - 26 Aug 2013	IDR 500.0 billion	Semi-annually	6.60%	IDR8,545	6 months' SIBOR + 0.65% margin
CIMB Bank Berhad	CNY666.7	18 Sept 2012 - 18 Sept 2014	USD105.2 million	Semi-annually	1.98% on USD notional amount	CNY6.34	3.75% on CNY notional amount
HSBC Bank Malaysia Berhad	CNY333.3	18 Sept 2012 - 18 Sept 2014	USD52.6 million	Semi-annually	1.98% on USD notional amount	CNY6.34	3.75% on CNY notional amount

(c) Interest rate swap contracts

The information relating to the derivative financial instruments of a subsidiary of the Group as at 31 December 2012 is as follows:

Counterparty	Notional amount USD'million	Period	Exchange period	Fixed interest rate paid	Floating interest received
SCB	144.7	11 February 2009 - 1 October 2015	Semi-annually	2.323% - 2.575%	6 months' LIBOR

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Non-hedging derivatives financial instruments (continued)

(d) Convertible warrants in an associate

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

Counterparty	Underlying number of shares	Period	Strike price
Sacofa	12,834,327	28 January 2010 - 25 January 2019	RM1.50/ share + Any adjustments

(e) Put option on the investment in an associate

The Group or the Company granted Green Acre Agro Services Private Limited ("GAASPL") a put option to require the Group, AI1 or AI2 to purchase some or all of the Spice Communication Limited's (now merged with Idea) shares held by GAASPL ("Put Option").

On 14 February 2011, AI1 novated all the rights and obligations under GAASPL Put Option to Merrill Lynch International, a company incorporated under the laws of England and Wales, for approximately RM330.1 million (USD108.1 million). The Group recognised a loss on the fair value change of the Put Option amounting to RM47.5 million in the previous financial year.

Derivative designated as hedging instrument

(f) Net investment hedge, net of tax – CCIRS

The underlying debt instrument for the CCIRS is the Group's Notes (Note 16(f) 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 2012 is as follows:

Notional amount	Notional amount	Period	Exchange period	Fixed interest rate paid	Fixed interest rate received	Fair value		
USD' million	SGD' million					31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 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	130,227	57,252	76,538

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivative designated as hedging instrument (continued)

(f) Net investment hedge, net of tax – CCIRS (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 RM40.4 million (2011: loss of RM6.2 million) in other comprehensive income after reclassification of an unrealised foreign exchange gain of RM32.1 million (2011: loss of RM25.5 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.

(g) Fair value hedge - CCIRS

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

The information relating to the derivative as at 31 December 2012 is as follows:

Notional Amount USD' million	Notional amount RM' million	Period	Exchange period	Floating interest rate paid	Floating interest rate received	Fair value 31.12.2012 RM'000	Fair value 31.12.2011 RM'000	Fair value 1.1.2011 RM'000
250.0	800.7	6 May 2010-26 Apr 2015	Quarterly	3 months' KLIBOR +0.64% p.a. on RM notional	3 months' LIBOR +1.05% p.a. on USD notional	45,249	33,609	66,427

19. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Derivative designated as hedging instrument (continued)

(g) Fair value hedge – CCIRS (continued)

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

The Group and the Company recognised a loss of RM11.9 million (2011: gain of RM32.9 million) arising from fair value changes of a derivative of which RM26.8 million (2011: RM21.3 million) was adjusted against the unrealised foreign exchange gain/(loss) of the underlying borrowing in the profit or loss of the Group and the Company. A fair value loss on fair value hedge of RM14.9 million (2011: loss of RM11.6 million) was recognised resulting from the fair value change of the underlying borrowing.

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

20. DEFERRED INCOME

	Group	
	2012	2011
	RM'000	RM'000
At 1 January	136,056	-
Received during the financial year	125,438	146,219
Released to profit or loss	(14,306)	(10,163)
At 31 December	247,188	136,056

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

21. TRADE AND OTHER PAYABLES

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000 Restated	1.1.2011 RM'000 Restated	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Non-current:						
2G license renewal fee payable (a)	-	125,054	-	-	-	-
Defined benefits plans (b)	68,417	52,892	52,471	-	-	-
Total non-current	68,417	177,946	52,471	-	-	-
Current:						
Trade payables	717,884	528,843	485,083	-	-	-
Accrued expenses	1,434,078	1,784,884	1,272,048	36,093	38,804	2,186
Deferred revenue	858,160	739,942	659,549	-	-	-
Customer deposits	80,068	88,707	93,551	-	-	-
Business license payable	161,774	231,220	228,392	-	-	-
Payroll liabilities	214,392	165,043	215,884	27,605	12,946	18,864
Other accruals	299,527	284,732	206,687	-	-	-
Other payables	1,753,871	1,482,750	1,353,825	6,556	13,270	16,143
2G license renewal fee payable (a)	211,243	250,107	-	-	-	-
Total current	5,730,997	5,556,228	4,515,019	70,254	65,020	37,193
Total trade and other payables	5,799,414	5,734,174	4,567,490	70,254	65,020	37,193

(a) 2G license renewal fee originally payable to Bangladesh Telecommunication Regulatory Commission on 2 May 2012, 2 November 2012 and 2 May 2013. During the financial year, the settlement was revised to 1 August 2012 and 1 August 2013 respectively.

21. TRADE AND OTHER PAYABLES (CONTINUED)

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

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Present value of obligations	67,823	60,188	52,647
Unrecognised actuarial loss	-	(8,150)	(1,443)
Unrecognised past service cost	594	854	1,267
	68,417	52,892	52,471

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

	2012 RM'000	2011 RM'000
Group		
At 1 January	52,892	52,471
Charge to profit or loss:		
- current service cost	7,989	7,203
- interest costs	4,696	4,896
- net actuarial gains	-	(470)
- past service cost	21	(202)
- curtailments	-	(10,391)
	12,706	1,036
Acquisition of subsidiary	2,258	-
Benefit paid	(2,663)	(1,349)
Charge to other comprehensive income:		
- actuarial reserve	8,790	-
Currency translation differences	(5,566)	734
At 31 December	68,417	52,892

Estimated actuarial obligation was based on the actuarial valuation prepared independent actuary.

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:

	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Discount rate (p.a.)	6.5%-12.7%	7.5%-11.0%	9.0%-10.5%
Salary increment rate (p.a.)	10.0% - 14.0%	10.0% - 12.0%	10.0%-12.0%

Company No.

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AXIATA GROUP BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

21. TRADE AND OTHER PAYABLES (CONTINUED)

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

	31.12.2012						31.12.2011						1.1.2011					
	Functional currency						Functional currency						Functional currency					
	RM	IDR	SLR	BDT	Others	Total	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	RM'000	RM'000	RM'000	RM'000	RM'000
Group																		
RM	2,886,668	-	-	-	-	2,886,668	2,396,632	-	-	-	61	2,396,693	2,291,427	-	-	-	-	2,291,427
USD	12,379	441,662	107,016	58,519	63,614	683,190	11,850	546,086	28,607	46,185	34,663	667,391	26,983	356,686	50,760	-	29,285	463,714
IDR	-	953,735	-	-	-	953,735	248	1,151,018	-	-	-	1,151,266	-	819,010	-	-	-	819,010
SLR	-	-	541,004	-	-	541,004	-	-	408,133	-	-	408,133	-	-	364,319	-	-	364,319
BDT	-	-	-	643,733	-	643,733	-	-	-	995,665	-	995,665	-	-	-	545,819	-	545,819
SDR*	89,178	-	-	-	-	89,178	112,430	260	-	-	-	112,690	80,932	1,205	-	-	-	82,137
Others	1,245	661	-	-	-	1,906	2,283	53	-	-	-	2,336	-	998	-	-	66	1,064
Total	2,989,470	1,396,058	648,020	702,252	63,614	5,799,414	2,523,443	1,697,417	436,740	1,041,850	34,724	5,734,174	2,399,342	1,177,899	415,079	545,819	29,351	4,567,490
Company																		
RM	56,704	-	-	-	-	56,704	50,639	-	-	-	-	50,639	37,193	-	-	-	-	37,193
USD	12,379	-	-	-	-	12,379	11,850	-	-	-	-	11,850	-	-	-	-	-	-
IDR	-	-	-	-	-	-	248	-	-	-	-	248	-	-	-	-	-	-
Others	1,171	-	-	-	-	1,171	2,283	-	-	-	-	2,283	-	-	-	-	-	-
Total	70,254	-	-	-	-	70,254	65,020	-	-	-	-	65,020	37,193	-	-	-	-	37,193

* SDR: Special Drawing Rights

Credit terms of trade and other payables for the Group and the Company vary from 30 to 90 days (31.12.2011: 30 to 90 days, 1.1.2011: 30 to 90 days) depending on the terms of the contracts respectively.

22. PROVISION FOR LIABILITIES

	Group	
	2012	2011
	RM'000	RM'000
At 1 January	343,148	249,433
Provision for the financial year	116,126	75,030
Accretion of interest	7,180	18,078
Currency translation differences	(10,219)	1,759
	456,235	344,300
Reversal of provisions from PPE (Note 25)	(117,047)	-
Utilised during the financial year	(240)	(1,152)
At 31 December	338,948	343,148

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)(i) to the financial statements.

23. DEFERRED TAXATION

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

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Deferred tax assets	(263,842)	(315,611)	(117,457)
Deferred tax liabilities	1,418,265	1,380,054	1,333,863
Total deferred taxation	1,154,423	1,064,443	1,216,406

23. DEFERRED TAXATION (CONTINUED)

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

	Group	
	2012	2011
	RM'000	RM'000
At 1 January	1,064,443	1,216,406
Charge/(credit) to profit or loss (Note 11):		
- property, plant and equipment	105,358	84,301
- tax losses	(12,097)	10,647
- provision and others	69,010	(167,144)
	162,271	(72,196)
Credit to other comprehensive income		
- actuarial reserve (Note 46(b))	(2,198)	-
Currency translation differences	(67,926)	(55,817)
Transferred to liabilities directly associated with non-current assets classified as held-for-sale	(2,167)	(23,950)
At 31 December	1,154,423	1,064,443

Breakdown of cumulative balances by each type of temporary difference:

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Deferred tax assets:			
- Property, plant and equipment	12,181	87,168	96,152
- Tax losses	5,464	15,089	4,676
- Provision and others	459,581	452,888	238,002
Before offsetting	477,226	555,145	338,830
Offsetting	(213,384)	(239,534)	(221,373)
After offsetting	263,842	315,611	117,457
Deferred tax liabilities:			
- Property, plant and equipment	1,630,695	1,619,588	1,554,270
- Others	954	-	966
Before offsetting	1,631,649	1,619,588	1,555,236
Offsetting	(213,384)	(239,534)	(221,373)
After offsetting	1,418,265	1,380,054	1,333,863

23. DEFERRED TAXATION (CONTINUED)

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

	Group			Company		
	31.12.2012	31.12.2011	1.1.2011	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deductible temporary differences	82,263	43,458	45,746	41,312	2,844	-
Unutilised tax losses	113,795	165,668	153,682	40,190	31,402	24,199
	196,058	209,126	199,428	81,502	34,246	24,199
Tax effect	49,015	52,281	49,857	20,376	8,561	6,050

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

As at 31 December 2012, the Group has no unutilised investment tax incentive for last mile broadband services (2011: RM111.2 million), for which the related tax effects have not been included in the financial statements. The benefits of this tax incentive will only be recognised upon utilisation, in accordance with the Group policy.

24. INTANGIBLE ASSETS

	Note	Goodwill RM'000	Licenses RM'000	Others RM'000	Group Total RM'000
Net book value					
At 1 January 2012 (as previously reported)		7,332,873	994,280	-	8,327,153
Effect of adoption of MFRS 1	46(c)	(29,175)	-	-	(29,175)
At 1 January 2012 (as restated)		7,303,698	994,280	-	8,297,978
Acquisition of a subsidiary	5(a)(ii)	151,845	4,933	-	156,778
Reclassification from trade and other receivables		-	-	11,333	11,333
Addition		-	34,047	80,207	114,254
Dilution of equity interest	5(a)(xiii)	(2,910)	-	-	(2,910)
Currency translation differences		-	(20,683)	-	(20,683)
Reclassification from PPE	25	-	3,438	-	3,438
Amortisation	7(a)	-	(87,467)	(80,207)	(167,674)
At 31 December 2012		7,452,633	928,548	11,333	8,392,514
At 1 January 2011		7,313,838	291,660	-	7,605,498
Additions		-	753,288	52,838	806,126
Dilution of equity interest	5(a)(xiii)	(3,996)	-	-	(3,996)
Currency translation differences		(6,144)	(1,843)	-	(7,987)
Amortisation	7(a)	-	(48,825)	(52,838)	(101,663)
At 31 December 2011 (as restated)		7,303,698	994,280	-	8,297,978
At 31 December 2012					
Cost		7,530,130	1,166,509	144,378	8,841,017
Accumulated amortisation		-	(237,961)	(133,045)	(371,006)
Accumulated impairment losses		(77,497)	-	-	(77,497)
Net book value		7,452,633	928,548	11,333	8,392,514
At 31 December 2011 (restated)					
Cost		7,381,195	1,153,524	52,838	8,587,557
Accumulated amortisation		-	(159,244)	(52,838)	(212,082)
Accumulated impairment losses		(77,497)	-	-	(77,497)
Net book value		7,303,698	994,280	-	8,297,978

24. INTANGIBLE ASSETS (CONTINUED)

				Group
	Goodwill RM'000	Licenses RM'000	Others RM'000	Total RM'000
At 1 January 2011 (restated)				
Cost	7,391,335	400,372	-	7,791,707
Accumulated amortisation	-	(108,712)	-	(108,712)
Accumulated impairment losses	(77,497)	-	-	(77,497)
Net book value	7,313,838	291,660	-	7,605,498

The remaining amortisation period of acquired telecommunication licences with allocated spectrum rights range from five (5) years to fourteen (14) years (2011: six (6) years to fifteen (15) years).

(a) Impairment tests for goodwill

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

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

	Note	31.12.2012 RM'000	31.12.2011 RM'000 Restated	1.1.2011 RM'000
Malaysia	(i)	4,031,110	4,031,110	4,031,110
Indonesia	(ii)	3,214,803	3,217,713	3,227,853
Sri Lanka	(i)	206,720	54,875	54,875
Total		7,452,633	7,303,698	7,313,838

(i) Key assumptions used in the VIU

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

The VIU calculation apply a discounted cash flow model using cash flow projections based on forecasts and projections approved by the management covering a three (3) years periods for the mobile business in Malaysia. These forecasts and projections reflect the management's expectation of revenue growth, operating costs and margins for the Malaysia CGU based on past experience and future outlook of the CGU based on internal measurements and monitoring and external sources of information.

24. INTANGIBLE ASSETS (CONTINUED)

(a) Impairment tests for goodwill (continued)

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

Cash flows beyond the third (3rd) year for the mobile business in Malaysia and tenth (10th) for mobile business and television business in Sri Lanka are extrapolated in perpetuity using estimated terminal growth rate which takes into consideration the current Gross Domestic Product, inflation and average growth rate for the telecommunication industry. These rates have been determined with regards to project growth rates for the market in which the CGU participates and are not expected to exceed the long term average growth rates for this market.

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

The following assumptions have been applied in the VIU calculations:

			Malaysia	Sri Lanka
	31.12.2012	31.12.2011	1.1.2011	31.12.2012
Pre-tax adjusted discount rate	9.8%	10.0%	10.9%	15.0%
Terminal growth rate	-	-	-	3.0%
Revenue growth rate	4.0% to 5.7% over 3 years	3.2% to 4.8% over 3 years	4.6% to 7.3% over 3 years	7.9% to 14.2% over 10 years

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

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

(ii) Key assumptions used in FVLCS

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

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

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

25. PROPERTY, PLANT AND EQUIPMENT

	Note	Land	Buildings	Telecom-munication network equipment	Movable plant and equipment	Computer support systems	Capital work-in-progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Net book value								
At 1 January 2012		495,960	162,783	13,628,949	241,197	499,059	1,133,583	16,161,531
Additions		134,943	3,851	3,829,288	65,139	297,451	275,522	4,606,194
Acquisition of a subsidiary	5(a)(ii)	543	2,585	29,510	12,132	1,512	284	46,566
Disposals		(145)	(227)	(1,289)	(1,234)	(64)	-	(2,959)
Write off	7(a)	-	-	(206)	(365)	(16)	-	(587)
Depreciation	7(a)	(90,090)	(22,324)	(2,554,254)	(83,842)	(248,169)	-	(2,998,679)
Impairment	7(a)	-	-	(149,496)	-	-	(289)	(149,785)
Reversal of impairment	7(a)	-	-	-	1,254	-	10	1,264
Currency translation differences		(38,021)	(10,543)	(818,153)	(6,014)	(19,138)	(65,877)	(957,746)
Reversal of provision for liabilities	22	-	-	(117,047)	-	-	-	(117,047)
Reclassification to intangible assets	24	-	-	-	-	(3,438)	-	(3,438)
At 31 December 2012		503,190	136,125	13,847,302	228,267	527,197	1,343,233	16,585,314

25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Land	Buildings	Telecom-munication network equipment	Movable plant and equipment	Computer support systems	Capital work-in-progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Net book value								
At 1 January 2011		373,432	156,227	12,965,637	198,250	379,025	1,057,675	15,130,246
Additions		195,553	11,415	1,844,107	48,809	136,583	2,201,201	4,437,668
Assetisation		-	25,094	1,626,579	80,610	175,800	(1,908,083)	-
Disposals		-	(2,481)	(114,341)	(1,685)	(357)	-	(118,864)
Write off	7(a)	-	-	(858)	(363)	(7)	-	(1,228)
Depreciation	7(a)	(80,588)	(26,418)	(2,692,145)	(78,537)	(195,954)	-	(3,073,642)
Impairment	7(a)	-	-	-	-	-	(15,416)	(15,416)
Reversal of impairment	7(a)	-	-	818	66	-	6,934	7,818
Currency translation differences		7,563	(1,054)	(848)	(5,953)	3,969	889	4,566
Reclassification of capital inventories from capital work-in-progress to inventories		-	-	-	-	-	(209,617)	(209,617)
At 31 December 2011		495,960	162,783	13,628,949	241,197	499,059	1,133,583	16,161,531

25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land RM'000	Buildings RM'000	Telecom-munication network equipment RM'000	Movable plant and equipment RM'000	Computer support systems RM'000	Capital work-in-progress RM'000	Total RM'000
Group							
At 31 December 2012							
Cost	957,679	309,010	28,661,389	701,225	2,079,202	1,403,695	34,112,200
Accumulated depreciation	(447,423)	(145,884)	(14,345,049)	(465,882)	(1,540,814)	(60,462)	(17,005,514)
Accumulated impairment losses	(7,066)	(27,001)	(469,038)	(7,076)	(11,191)	-	(521,372)
Net book value	503,190	136,125	13,847,302	228,267	527,197	1,343,233	16,585,314
At 31 December 2011							
Cost	896,539	326,209	26,818,384	645,499	1,839,701	1,201,857	31,728,189
Accumulated depreciation	(393,514)	(137,584)	(12,723,065)	(398,846)	(1,329,859)	-	(14,982,868)
Accumulated impairment losses	(7,065)	(25,842)	(466,370)	(5,456)	(10,783)	(68,274)	(583,790)
Net book value	495,960	162,783	13,628,949	241,197	499,059	1,133,583	16,161,531
At 1 January 2011							
Cost	686,313	302,558	24,111,538	551,247	1,524,378	1,162,218	28,338,252
Accumulated depreciation	(305,816)	(120,487)	(10,676,400)	(347,468)	(1,134,569)	-	(12,584,740)
Accumulated impairment losses	(7,065)	(25,844)	(469,501)	(5,529)	(10,784)	(104,543)	(623,266)
Net book value	373,432	156,227	12,965,637	198,250	379,025	1,057,675	15,130,246

25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) During the financial year, the Group incurred net impairment of RM148.5 million (2011: RM7.6 million). The impairment are primarily related to variance on physical sighting of assets at the sites and write down of certain telecommunication network assets and long outstanding projects which had been written down to its recoverable values, net of reversal of impairment of RM1.3 million (2011: RM7.8 million) in relation to capital work-in-progress made on a subsidiary's long outstanding projects which are now completed.

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

			Group
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Telecommunication network	1,764,442	1,693,698	1,656,038
Movable plant and equipment	92,920	112,444	75,474
Computer support systems	3,909	2,834	3,116
Land	5,098	5,148	5,812
Buildings	16,252	16,706	17,490
	1,882,621	1,830,830	1,757,930

(c) There had been a change in the expected pattern of consumptions of future economic benefits embodied in certain telecommunication network equipment of subsidiaries within the Group due to physical verification exercise and assets replacement plans. The revision was accounted for as a change in accounting estimate and has increased the depreciation charge during the financial year by the Group by RM186.2 million (2011: RM171.8 million).

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

As at 31 December 2012, there are 658 locations (31.12.2011: 83 locations, 1.1.2011: 88 locations) with a total book value of RM42.6 million (31.12.2011: RM13.7 million, 1.1.2011: RM13.3 million) and for which HGB certificates are in the process.

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

			Group
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Freehold	23,149	24,007	24,821
Short term leasehold	81,060	78,422	57,514
Long term leasehold	398,981	393,531	291,097
	503,190	495,960	373,432

25. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Office equipment RM'000	Furniture and fitting RM'000	Mobile equipment RM'000	Motor vehicles RM'000	Total RM'000
		Movable plant and equipment				
Company						
Net book value						
At 1 January 2012		7,019	4,647	333	275	12,274
Additions		2,422	888	11	-	3,321
Write-off	7(a)	(428)	-	-	-	(428)
Disposal		(40)	-	-	-	(40)
Depreciation	7(a)	(2,651)	(829)	(85)	(137)	(3,702)
At 31 December 2012		6,322	4,706	259	138	11,425
Net book value						
At 1 January 2011		4,317	4,942	403	423	10,085
Additions		4,763	491	-	-	5,254
Depreciation	7(a)	(2,061)	(786)	(70)	(148)	(3,065)
At 31 December 2011		7,019	4,647	333	275	12,274
At 31 December 2012						
Cost		13,126	7,947	609	751	22,433
Accumulated depreciation		(6,804)	(3,241)	(350)	(613)	(11,008)
Net book value		6,322	4,706	259	138	11,425
At 31 December 2011						
Cost		12,179	7,059	598	751	20,587
Accumulated depreciation		(5,160)	(2,412)	(265)	(476)	(8,313)
Net book value		7,019	4,647	333	275	12,274
At 1 January 2011						
Cost		7,416	6,568	598	751	15,333
Accumulated depreciation		(3,099)	(1,626)	(195)	(328)	(5,248)
Net book value		4,317	4,942	403	423	10,085

26. INVESTMENT PROPERTIES

Group

	Note	Freehold land RM'000	Buildings RM'000	Total RM'000
Group				
Net book value				
At 1 January 2011		1,787	233	2,020
Depreciation	7(a)	-	(1)	(1)
Disposal		(1,787)	(232)	(2,019)
At 31 December 2011		-	-	-
At 31 December 2011				
At cost		-	-	-
Accumulated depreciation		-	-	-
Net book value		-	-	-
At 1 January 2011				
At cost		1,787	413	2,200
Accumulated depreciation		-	(180)	(180)
Net book value		1,787	233	2,020

27. SUBSIDIARIES

	31.12.2012			31.12.2011			1.1.2011		
	Malaysia RM'000	Overseas RM'000	Total RM'000	Malaysia RM'000	Overseas RM'000	Total RM'000	Malaysia RM'000	Overseas RM'000	Total RM'000
Company									
Unquoted shares, at cost	5,177,486	182,925	5,360,411	5,259,921	182,925	5,442,846	5,216,460	182,925	5,399,385
Accumulated impairment losses	(3,996)	(141,869)	(145,865)	(3,996)	(141,869)	(145,865)	(3,996)	(141,869)	(145,865)
	5,173,490	41,056	5,214,546	5,255,925	41,056	5,296,981	5,212,464	41,056	5,253,520
Advances to subsidiaries treated as quasi-investment	3,142,951	6,493,632	9,636,583	2,731,234	6,682,972	9,414,206	3,075,761	6,355,626	9,431,387
Accumulated impairment losses	-	(1,221,371)	(1,221,371)	-	(1,221,371)	(1,221,371)	-	(1,221,371)	(1,221,371)
	3,142,951	5,272,261	8,415,212	2,731,234	5,461,601	8,192,835	3,075,761	5,134,255	8,210,016
Total	8,316,441	5,313,317	13,629,758	7,987,159	5,502,657	13,489,816	8,288,225	5,175,311	13,463,536

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

27. SUBSIDIARIES (CONTINUED)

The currency profile of the advances to subsidiaries treated as quasi-investment is as follows:

	Advances to subsidiaries treated as quasi-investment		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
RM	2,811,781	2,716,790	2,909,252
USD	5,603,431	5,476,045	5,300,764
	8,415,212	8,192,835	8,210,016

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

28. JOINTLY CONTROLLED ENTITIES

Group	31.12.2012
	RM'000
Unquoted investments	3,195
Share of post-acquisition reserves	(1,577)
Share of net assets of jointly controlled entities	1,618

The Group's share of revenue and loss of jointly controlled entities is as follows:

	2012
	RM'000
Revenue	3,629
Loss for the financial year	(1,577)

The Group's share of assets and liabilities of jointly controlled entities is as follows:

	31.12.2012
	RM'000
Non-current assets	1,119
Current assets	1,538
Current liabilities	(1,039)
	1,618

The Group's equity interests in the jointly controlled entities and countries of incorporation are listed in Note 43 to the financial statements.

29. ASSOCIATES

	31.12.2012			31.12.2011			1.1.2011		
	Malaysia RM'000	Overseas RM'000	Total RM'000	Malaysia RM'000	Overseas RM'000 Restated	Total RM'000 Restated	Malaysia RM'000	Overseas RM'000	Total RM'000
Group									
Quoted investments	-	8,491,808	8,491,808	-	8,491,808	8,491,808	-	8,286,355	8,286,355
Unquoted investments	30,919	5,671	36,590	30,919	757	31,676	30,919	22,121	53,040
Share of post acquisition results and reserves	18,443	193,118	211,561	11,448	86,639	98,087	3,843	77,408	81,251
	49,362	8,690,597	8,739,959	42,367	8,579,204	8,621,571	34,762	8,385,884	8,420,646
Accumulated impairment losses	-	(1,085,035)	(1,085,035)	-	(1,085,034)	(1,085,034)	-	(1,085,034)	(1,085,034)
Currency translation differences	-	(816,457)	(816,457)	-	(767,402)	(767,402)	-	(637,128)	(637,128)
Share of net assets of associates	49,362	6,789,105	6,838,467	42,367	6,726,768	6,769,135	34,762	6,663,722	6,698,484
Market value of quoted investments	-	5,851,543	5,851,543	-	5,048,701	5,048,701	-	4,722,638	4,722,638
Company									
Quoted investments:									
At cost	-	124,802	124,802	-	124,802	124,802	-	124,802	124,802
Market value	-	230,963	230,963	-	214,945	214,945	-	206,721	206,721

29. ASSOCIATES (CONTINUED)

The Group's share of revenue and profit of associates is as follows:

	2012 RM'000	2011 RM'000 Restated
Revenue	3,531,264	3,251,796
Profit for the financial year	234,950	137,745

The Group's share of assets and liabilities of associates is as follows:

	31.12.2012 RM'000	31.12.2011 RM'000 Restated	1.1.2011 RM'000
Non-current assets	4,770,218	4,526,431	4,640,624
Current assets	831,099	1,038,302	405,046
Current liabilities	(1,396,704)	(1,873,127)	(609,693)
Non-current liabilities	(1,665,910)	(1,186,695)	(1,798,089)
Net assets	2,538,703	2,504,911	2,637,888
Goodwill	5,174,549	5,197,513	5,145,630
Accumulated impairment losses (net of currency translation differences)	(874,785)	(933,289)	(1,085,034)
	6,838,467	6,769,135	6,698,484

The Group's share of contingent liabilities of associates amounted to RM789.6 million (31.12.2011: RM540.8 million, 1.1.2011: RM547.0 million).

The Group's and the Company's equity interests in the associates, their respective principal activities and countries of incorporation are listed in Note 42 to the financial statements.

In the previous financial year, the carrying amount of an associate, Mobile Telecommunication Company of Esfahan ("MTCE") was reclassified from associates to assets held-for-sale in conjunction with the proposed disposal of MTCE as disclosed in Note 35(b) to the financial statements.

Impairment test

During the financial year, the Group had undertaken the test of impairment of its investment in Idea following an impairment indicator arising from the shortfall between the carrying value and market value. No additional impairment loss was required for the carrying amount of Idea as at 31 December 2012 as its recoverable amount was in excess of its carrying amount. The investment in Idea is defined as the Group's CGU.

29. ASSOCIATES (CONTINUED)

Key assumptions used in the VIU

The recoverable amount was determined based on VIU calculation, which apply a discounted cash flow model based on the forecasts and projections approved by the management. These forecasts and projections reflect management's expectations based on the current assessment of market share, expectations of market growth and industry growth as benchmarked with external sources.

The key assumptions used in determining the VIU are:

Assumptions	Basis of determination
Projection period	A ten (10) years (31.12.2011: 10 years, 1.1.2011: 10 years) cash flow forecast is used as the overall penetration rate in India is relatively low, based on past experience of emerging markets, the prospects are good, notwithstanding that it would take longer time frame to achieve optimal operational levels.
Pre-tax adjusted discount rate.	13.4% (31.12.2011: 13.4%, 1.1.2011: 13.4%) was used in line with the market analysis.
Terminal growth rate	Long term terminal growth rate is estimated to be 3.0% (31.12.2011: 3.0%, 1.1.2011: 3.5%) applied beyond the tenth (10^{th}) year cash flows to perpetuity.
Blended Average Revenue per user ("ARPU")	Compound Annual Growth Rate of 2.0% (31.12.2011: 0.3%, 1.1.2011: 0.6%) throughout the ten (10) years projection period.
Blended subscribers	Blended subscriber base ranged between 117.3 million in 2013 to 159.7 million in 2022 (31.12.2011: ranged between 100.4 million in 2012 to 194.0 million in 2021, 1.1.2011: ranged between 84.6 million in 2011 to 144.6 million in 2020).
Blended Earnings Before Depreciation and Amortisation ("EBITDA") Margin	Ranging from 25.5% in 2013 to 32.0% in 2022, (31.12.2011: ranging from 22.06% in 2012 to 30.72% in 2021, 1.1.2011: ranging from 21.9% in 2011 to 32.4% in 2020).
Effective tax rate	20.0% from 2013 to 2017, 34.0% in 2018 and beyond (31.12.2011: 20.0% from 2012 to 2016, 34.0% in 2017 and beyond, 1.1.2011: 20.0% from 2011 to 2019, 34.0% in 2020 and beyond).

29. ASSOCIATES (CONTINUED)

Key assumptions used in the VIU (continued)

Assumptions	Basis of determination
Capital expenditure	The cash flow forecasts for capital expenditure are based on past experience and include the ongoing capital expenditure required to continue to roll out networks in emerging markets to provide voice and data products and services and to meet the population coverage requirements of certain licenses of Idea. Capital expenditure forecasted excludes excess spectrum charges, which are currently being deliberated and highly uncertain. 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.

30. LONG TERM RECEIVABLES

			Group
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Staff loans	134	226	332
Finance lease receivables (a)	98,616	108,632	110,981
	98,750	108,858	111,313

30. LONG TERM RECEIVABLES (CONTINUED)

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

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

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Within one (1) year	20,879	22,198	21,536
Between one (1) and five (5) years	81,869	86,981	84,380
More than five (5) years	72,961	97,515	115,470
	175,709	206,694	221,386
Unearned finance lease income	(69,153)	(91,223)	(104,772)
Finance lease receivables	106,556	115,471	116,614
Classified as:			
Current (Note 33)	7,940	6,839	5,633
Non-current	98,616	108,632	110,981
Finance lease receivables	106,556	115,471	116,614

31. INVENTORIES

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Telecommunication equipment	292,455	218,211	3,826
Spares and others *	89,044	123,626	81,230
	381,499	341,837	85,056

* Included in spares and others are trading inventories mainly comprise of SIM cards, handsets and other consumables.

32. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

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

	31.12.2012				31.12.2011				1.1.2011			
	RM	USD	SLR	Total	RM	USD	SGD	Total	RM	USD	SGD	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
Amounts due from subsidiaries:												
- Non-current	-	85,772[1]	-	85,772	-	83,240[1]	139,372	222,612	-	42,370[1]	138,833	181,203
- Current	221,010	32,248	312	253,570	113,264	19,019	41,030	173,313	67,875	44,345	39,046	151,266
	221,010	118,020	312	339,342	113,264	102,259	180,402	395,925	67,875	86,715	177,879	332,469
Amounts due to subsidiaries:												
- Current	183,310	478,300	-	661,610	4,255	55	-	4,310	1,205	169	-	1,374

[1] Effective interest rate of 4.25% as at 31 December 2012 (31.12.2011:4.25%, 1.1.2011: 3.97%) p.a.

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

33. TRADE AND OTHER RECEIVABLES

	Group			Company		
	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Trade receivables	918,491	1,188,120	1,039,397	-	-	-
Less: Provision for impairment	(217,233)	(297,787)	(352,603)	-	-	-
	701,258	890,333	686,794	-	-	-
Other receivables:						
Deposits	114,203	108,176	107,636	-	-	-
Less: Provision for impairment	(27,390)	(23,002)	(23,002)	-	-	-
	86,813	85,174	84,634	-	-	-
Prepayments	820,240	747,039	568,034	3,739	3,942	3,256
Staff loans	431	456	538	-	9	43
Finance lease receivables (Note 30(a))	7,940	6,839	5,633	-	-	-
Other receivable from an associate	-	314	314	-	-	-
Other receivables	496,354	377,064	360,655	23,044	10,789	9,146
Less: Provision for impairment	(938)	(938)	(2,830)	-	-	-
	495,416	376,126	357,825	23,044	10,789	9,146
Total other receivables after provision for impairment	1,410,840	1,215,948	1,016,978	26,783	14,740	12,445
Total trade and other receivables provision for impairment	2,112,098	2,106,281	1,703,772	26,783	14,740	12,445

33. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	31.12.2012						31.12.2011						1.1.2011					
	Functional currency						Functional currency						Functional currency					
	RM	IDR	SLR	BDT	Others	Total	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	RM'000	RM'000	RM'000	RM'000	RM'000
Group																		
RM	739,793	-	-	-	-	739,793	667,235	-	-	-	-	667,235	508,237	-	-	-	-	508,237
USD	3,848	47,152	94,838	1,913	30,801	178,552	352	56,736	98,417	3,664	51,644	210,813	-	53,569	103,429	-	32,955	189,953
IDR	3	807,268	-	-	-	807,271	-	779,969	-	-	-	779,969	-	586,441	-	-	-	586,441
SLR	-	-	161,187	-	-	161,187	-	-	165,745	-	-	165,745	-	-	127,596	-	-	127,596
BDT	-	-	-	210,686	-	210,686	-	-	-	221,051	-	221,051	-	-	-	273,244	-	273,244
SDR	14,241	-	-	-	-	14,241	61,016	-	-	-	-	61,016	18,250	-	-	-	-	18,250
Others	325	43	-	-	-	368	314	42	-	-	96	452	-	30	-	-	21	51
Total	758,210	854,463	256,025	212,599	30,801	2,112,098	728,917	836,747	264,162	224,715	51,740	2,106,281	526,487	640,040	231,025	273,244	32,976	1,703,772
Company																		
RM	22,461	-	-	-	-	22,461	14,394	-	-	-	-	14,394	12,445	-	-	-	-	12,445
USD	4,319	-	-	-	-	4,319	346	-	-	-	-	346	-	-	-	-	-	-
IDR	3	-	-	-	-	3	-	-	-	-	-	-	-	-	-	-	-	-
Total	26,783	-	-	-	-	26,783	14,740	-	-	-	-	14,740	12,445	-	-	-	-	12,445

33. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Note	Group 2012 RM'000	Group 2011 RM'000
Trade receivables			
At 1 January		297,787	352,603
Provision for impairment	7(b)	82,266	84,720
Acquisition of a subsidiary		18,059	-
Written off		(174,522)	(138,268)
Currency translation differences		(6,357)	(1,268)
At 31 December		217,233	297,787
Other receivables			
At 1 January		23,940	25,832
Provision for impairment	7(b)	6,300	1,183
Written off		(1,912)	(3,075)
At 31 December		28,328	23,940

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

33. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

		Past due					
		Specifically impaired	Not specifically impaired				
	Not past due		0 -3 months	3 - 6 months	6 – 12 months	Over 12 months	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31.12.2012	248,135	25,923	247,533	94,231	30,370	55,066	701,258
31.12.2011	232,604	18,411	438,785	96,020	64,426	40,087	890,333
1.1.2011	194,718	46,651	295,246	61,112	31,878	57,189	686,794

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

Credit terms of trade receivables for the Group range from 7 to 90 days (2011: 7 to 90 days).

34. DEPOSITS, CASH AND BANK BALANCES

	Note	Group			Company		
		31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000	31.12.2012 RM'000	31.12.2011 RM'000	1.1.2011 RM'000
Deposits with:							
- Licensed banks		794,698	5,352,219	5,408,813	332,688	1,993,148	3,081,028
- Other financial institutions		-	-	115,821	-	-	-
Deposits under Islamic principles		5,816,634	714,505	206,560	3,186,244	3,000	-
Total deposits		6,611,332	6,066,724	5,731,194	3,518,932	1,996,148	3,081,028
Cash and bank balances		1,294,872	550,064	546,188	5,426	5,800	11,227
Total deposits, cash and bank balances		7,906,204	6,616,788	6,277,382	3,524,358	2,001,948	3,092,255
Less:							
Deposits pledged	16(a)	(6,388)	(421,338)	(13,037)	-	(418,045)	-
Deposits on the investment in a subsidiary	5(a)(ii)	-	(87,135)	-	-	-	-
Debt reserve account	16(e)	-	(56,542)	(7)	-	-	-
Bank overdraft	16	(5,352)	(5,367)	(6,192)	-	-	-
Total cash and cash equivalents at the end of the financial year		7,894,464	6,046,406	6,258,146	3,524,358	1,583,903	3,092,255

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 2012	Overnight	270	270
Financial year ended 31 December 2011	Overnight	360	90

34. DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

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

	31.12.2012					
	Functional currency					
	RM	IDR	SLR	BDT	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
RM	6,618,563	-	-	-	-	6,618,563
USD	613,300	36,455	122,535	-	12,175	784,465
IDR	86	217,929	-	-	-	218,015
SLR	2,533	-	58,885	-	-	61,418
BDT	-	-	-	178,172	-	178,172
Other	45,571	-	-	-	-	45,571
Total	7,280,053	254,384	181,420	178,172	12,175	7,906,204
Company						
RM	2,955,582	-	-	-	-	2,955,582
USD	568,776	-	-	-	-	568,776
Total	3,524,358	-	-	-	-	3,524,358

	31.12.2011					
	Functional currency					
	RM	IDR	SLR	BDT	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
RM	5,005,629	-	-	-	-	5,005,629
USD	538,289	12,145	11,311	-	19,567	581,312
IDR	88	336,196	-	-	-	336,284
SLR	3,054	-	251,774	-	-	254,828
BDT	-	-	-	74,711	-	74,711
Other	-	-	-	-	364,024	364,024
Total	5,547,060	348,341	263,085	74,711	383,591	6,616,788
Company						
RM	1,500,704	-	-	-	-	1,500,704
USD	501,244	-	-	-	-	501,244
Total	2,001,948	-	-	-	-	2,001,948

	1.1.2011					
	Functional currency					
	RM	IDR	SLR	BDT	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
RM	5,005,016	-	-	-	-	5,005,016
USD	642,246	53,912	4,643	3,489	16,717	721,007
IDR	315	75,509	-	-	-	75,824
SLR	3,098	-	125,933	-	-	129,031
BDT	-	-	-	58,131	-	58,131
Other	-	-	-	-	288,373	288,373
Total	5,650,675	129,421	130,576	61,620	305,090	6,277,382
Company						
RM	2,978,166	-	-	-	-	2,978,166
USD	114,089	-	-	-	-	114,089
Total	3,092,255	-	-	-	-	3,092,255

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

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

The assets and liabilities related to a subsidiary, Multinet, a 89.00% owned subsidiary of the Group has been presented as non-current assets held-for-sale following an agreement entered into on 13 July 2010 to dispose Multinet to the existing shareholder in Pakistan. The completion of the transaction is extended as the transaction is subject to amongst others the fulfilment of certain conditions precedent.

Multinet continued to be classified as assets and liabilities directly associated with non-current assets classified as held-for-sale as at 31 December 2012 and presented under the 'others' segment as disclosed in Note 39 to the financial statements.

(i) Cash flows associated with assets/liabilities held-for-sale

	Group	
	2012	2011
	RM'000	RM'000
Operating cash flows	15,949	58,963
Investing cash flows	(8,125)	(46,285)
Financing cash flows	(9,448)	(21,137)
Effect of exchange losses	(480)	(544)
Total cash flows	(2,104)	(9,003)

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

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
PPE	231,312	251,169	251,107
Other intangible assets	2,353	-	-
Other current assets	15,072	31,527	34,667
Total assets directly associated with non-current assets classified as held-for-sale	248,737	282,696	285,774

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

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

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

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000	RM'000
Borrowings	(37,044)	(67,026)	(80,955)
Deferred tax liabilities	(12,409)	(10,242)	(2,105)
Other current liabilities	(102,823)	(110,170)	(161,593)
Total liabilities directly associated with non-current assets classified as held-for-sale	(152,276)	(187,438)	(244,653)

(iv) Cumulative expenses recognised in other comprehensive income relating to non-current assets classified as held-for-sale amounted to RM6.3 million (2011: RM21.8 million).

(b) Proposed disposal of 49.00% equity interest in MTCE

On 18 May 2011, the Group entered into a SPA with Telecommunication Company of Esfahan on the disposal of its entire shareholding in MTCE representing 49.00% of the total issued and paid-up share capital in MTCE. The completion of the sale is subject to the fulfillment of certain conditions and completion procedures in the SPA. In conjunction with the disposal of MTCE, the investment in MTCE amounted to RM4.1 million continued to be classified as "Non-Current Assets Held-for-Sale" as at 31 December 2012.

The disposal of MTCE was completed on 2 January 2013 as disclosed in Note 48(b).

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

	Note	Group 2012 RM'000	Group 2011 RM'000	Company 2012 RM'000	Company 2011 RM'000
Receipts from customers		17,637,956	15,986,440	-	-
Payments to suppliers and employees		(9,357,687)	(8,380,194)	(208,484)	(150,214)
Dividends received		-	-	3,093,837	-
Dividends from associates		-	-	1,038	2,107
Payment of finance cost		(774,241)	(635,449)	(32,084)	(34,088)
Payment of zakat		(500)	(845)	-	(845)
Payment of income taxes (net of tax refunds)		(668,547)	(1,184,704)	5,628	1,418
Total cash flows from/(used in) operating activities		6,836,981	5,785,248	2,859,935	(181,622)
Proceeds from disposal of PPE		46,305	134,523	263	-
Proceeds from disposal of investment properties		-	14,176	-	-
Purchase of PPE and inventories on Telecommunication Equipment		(5,125,756)	(4,280,063)	(3,145)	(5,254)
Payment on intangible assets		(336,323)	(378,127)	-	-
Novation of put option of an associate	19(e)	-	(334,308)	-	-
Investment in a subsidiary	5(a)(ii)	(80,380)	-	-	-
Proceeds from partial disposal of a subsidiary	5(b)(i)	-	1,452	-	-
Additional investment in an associate	5(b)(iii)	-	(205,766)	-	-
Acquisition of an associate	5(a)(x)	(3,728)	-	-	-
Acquisition of jointly controlled entities	5(a)(i),(v)	(3,195)	-	-	-
Interest received		262,574	235,524	43,409	80,062
Net repayment from employees		117	188	-	-
Advances from subsidiaries treated as quasi-investment		-	-	-	17,181
Net repayment of advances from subsidiaries		-	-	477,737	142,462
Total cash flows (used in)/from investing activities		(5,240,386)	(4,812,401)	518,264	234,451

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

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Proceeds from borrowings (net of transaction costs)		2,519,607	2,646,226	-	-
Repayments of borrowings		(2,104,496)	(2,145,444)	-	-
Early repayment of existing Sukuk		(4,200,000)	-	-	-
Proceeds from Sukuk issuance		5,435,280	-	-	-
Proceeds from issuance of Performance-Based ESOS shares		101,636	38,061	101,636	38,061
Share issue expense		(341)	(112)	(341)	(112)
Dividends paid to non-controlling interests		(132,059)	(112,308)	-	-
Dividends paid to shareholders	45	(1,954,275)	(1,184,230)	(1,954,275)	(1,184,230)
Dividends received from associates		97,087	117,217	-	-
Total cash flows used in financing activities		(237,561)	(640,590)	(1,852,980)	(1,146,281)

37. CONTINGENCIES AND COMMITMENTS

(a) Capital commitments

	Group 2012 RM'000	Group 2011 RM'000
PPE		
Commitments in respect of expenditure		
- Approved and contracted for	2,169,117	1,747,978
- Approved but not contracted for	966,511	909,877
	3,135,628	2,657,855

(b) Operating lease commitments

XL entered into non-cancellable office and tower rental agreements IDR with various terms and the total commitment are as follows:

	2012 IDR' million	2012 equivalent* RM'000	2011 IDR' million	2011 equivalent* RM'000
Payable within one (1) year	552,851	175,807	18,850	6,579
Payable more than one (1) year and no later than five (5) years	2,147,890	683,029	84,268	29,410
Payable more than five (5) years	434,751	138,251	69,854	24,379
Total	3,135,492	997,087	172,972	60,368

* based on closing rate as at reporting date

The rental expenses related to XL's commitment for the financial year ended 31 December 2012 and 2011 amounted to RM179.0 million (IDR563,013.0 million) and RM6.6 million (IDR 18,850.0 million) respectively.

37. 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 and Information. No penalty will be imposed in the event that XL returns the license.

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

	Description	Potential exposure 2012 RM'million	Potential exposure 2011 RM'million
1	Celcom Trading Sdn Bhd [formerly known as Rego Multi-Trades Sdn Bhd] ("Celcom Trading") vs Aras Capital Sdn Bhd ("Aras Capital") and Tan Sri Dato' Tajudin Ramli ("TSDTR")	100.0	100.0
	In 2005, Celcom Trading, a wholly-owned subsidiary of Celcom, commenced proceedings against Aras Capital and TSDTR for amounts due to Celcom Trading pursuant to an investment agreement with Aras Capital and an indemnity letter given by TSDTR. TSDTR filed its defence and instituted a counterclaim against Celcom Trading, Celcom Resources Berhad [formerly known as Technology Resources Industries Berhad] ("Celcom Resources") and its directors to void and rescind the indemnity letter and claim damages.		
	The Board of Directors, based on legal advice received, are of the view that it has good prospects of succeeding on the claim and successfully defending the counterclaim if the same were to proceed to trial.		
2	VIP Engineering and Marketing Limited ("VIPEM") vs Celcom Resources on TRI Telecommunications Tanzania Limited ("Tritel")	63.7	63.7
	In December 2001, vide Civil Case No. 427 of 2001, VIPEM claimed a sum of USD18.6 million from Celcom Resources as its share of loss of profits for the mismanagement of Tritel, a joint venture company between Celcom Resources and VIPEM. In light of the winding-up order made against Tritel, Celcom Resources filed its claims of RM123.4 million with the liquidator of Tritel in July 2003.		
	The Board of Directors, based on legal opinion received, are of the view that the allegations of mismanagement, are rhetorical and unsubstantiated. In view of the winding up proceedings, there is also a possibility that VIPEM will not pursue its claim.		

37. CONTINGENCIES AND COMMITMENTS (CONTINUED)

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

	Description	Potential exposure 2012 RM'million	Potential exposure 2011 RM'million
3	Claim on Robi by National Board of Revenue of Bangladesh ("NBR") 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 RM251.0 million (BDT6,549.9 million). The Board of Directors, based on legal advice received, are of the view that it has good prospects of succeeding on the claim.	251.0	-
4	Robi's tax position Robi has claimed for SIM tax subsidy as a deductible expense in its tax provision computations for FY 2005 to 2012 (2011: FY 2005 to 2011). The National Board of Revenue has challenged this claim and regarded the SIM tax subsidy as non-deductible, on grounds that the subsidies are collectible from the customers and hence is not a 'business expense'. The case has been taken to the local court whereby the proceeding is still ongoing with no decision reached to-date. Based on legal opinion received, the Board of Directors are of the view that Robi has good prospects of succeeding on the claim.	184.5	125.8

37. CONTINGENCIES AND COMMITMENTS (CONTINUED)

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

	Description	Potential exposure 2012 RM'million	2011 RM'million
5	VAT assessment on Robi SIM card sales	-	69.7

By a judgment dated 24 August 2006, the Divisional Bench of the High Court Division declared that the imposition of tax on SIM card sales was illegal and without lawful authority. Robi ceased making payments to the National Board of Revenue on the basis of the said Order. However, with effect from 27 March 2007, Robi resumed payment of the VAT on SIM Card sales due to a Stay Order issued by the Appellate Division of the Supreme Court on the Order passed by the High Court on 24 August 2006. In the event a clawback is required, the estimated VAT on sales of SIM cards between August 2006 and March 2007, amounts to RM69.7 million (BDT1.8 billion).

On 6 August 2012, Government served the Demand Note based on a lawyer's certificate, as written judgment of the Appellate Division is yet to be published. Robi filed a Writ challenging the Demand Note. High Court refused to hear the Writ Petition, as written judgment of the Appellate Division was not available. As a result, Robi filed an appeal with the Appellate Division. Appellate Division granted leave to appeal, however, requested Robi to deposit 50% of the demand amount, which will be adjusted or set-off with any other regulatory payment to NBR, if Robi is successful in their appeal. Robi paid RM34.5 million (BDT900.0 million) to NBR accordingly.

37. CONTINGENCIES AND COMMITMENTS (CONTINUED)

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

	Description	Potential exposure 2012 RM'million	Potential exposure 2011 RM'million
6	Access Promotion Contribution ("APC") of Multinet	132.7	145.2
	Multinet filed a suit during the financial year ended 31 December 2010 in the Honourable High Court of Sindh against the Federation of Pakistan, Pakistan Telecommunications Authority ("PTA"), Pakistan Telecommunication Company Limited ("PTCL") and the Universal Service Fund Company inter alia challenging the legality and enforcement of APC applicable on international incoming calls. Multinet has stopped paying APC to PTA from 30 September 2009. In the event a clawback is required, the estimated amount as per PTA monthly demand notice from January 2010 to December 2012 is PKR 4.2 billion (2011: PKR4.1 billion).		
	Based on legal opinion received, the Board of Directors are of the view that Multinet has good prospects of succeeding on the claim.		
	Total exposure	731.9	504.4

The Company does not have any contingent liabilities as at 31 December 2012 and 2011.

38. SIGNIFICANT NON-CASH TRANSACTIONS

Significant non-cash transactions are as follows:

	Group	
	2012	2011
	RM'000	RM'000
Asset swap arrangements	7,893	116,565

39. SEGMENTAL REPORTING

By key operating companies of the Group

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

The Board of Directors considers the business from a geographic perspective. The Group's operating companies operate in many countries as shown in Note 41 to the financial statements. Accordingly, the Group's operations by key operating companies is segmentised into these main geographic segments: Malaysia, Indonesia, Bangladesh, Sri Lanka and Others. Others comprise of individual companies that contributed less than 10% of consolidated revenue.

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

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

39. SEGMENTAL REPORTING (CONTINUED)

	Malaysia RM'000	Indonesia RM'000	Bangladesh RM'000	Sri Lanka RM'000	Others RM'000	Consolidation adjustments/ eliminations RM'000	Total RM'000
Financial year ended 31 December 2012							
Operating revenue:							
Total operating revenue	7,692,866	6,920,036	1,469,777	1,366,707	318,409	-	17,767,795
Inter-segment *	(8,381)	(45,884)	(311)	(28,327)	(1,237)	(32,038)	(116,178)
External operating revenue	7,684,485	6,874,152	1,469,466	1,338,380	317,172	(32,038)	17,651,617
Results:							
EBITDA	3,360,237	3,315,155	455,842	437,434	(144,239)	68	7,424,497
Interest income	144,647	42,553	10,574	7,447	108,766	(51,642)	262,345
Interest expense	(247,016)	(287,208)	(70,234)	(15,870)	(147,340)	49,869	(717,799)
Depreciation of PPE	(838,778)	(1,737,418)	(218,674)	(255,511)	(32,111)	66,209	(3,016,283)
Amortisation of intangible assets	(84,251)	(23,873)	(53,914)	(5,636)	(444)	-	(168,118)
Jointly controlled entities:							
- share of results (net of tax)	(1,577)	-	-	-	-	-	(1,577)
Associates:							
- share of results (net of tax)	6,995	-	-	(207)	228,162	-	234,950
- loss on dilution of equity interests	-	-	-	-	-	(22,860)	(22,860)
Impairment of PPE, net of reversal	(86,990)	-	-	(15,556)	(45,975)	-	(148,521)
Other non cash income/(expense)	64,086	(69,339)	37,697	(55,379)	(63,673)	1,768	(84,840)
Taxation	(442,753)	(325,696)	(111,611)	47,711	(30,005)	(19,863)	(882,217)
Segment profit/(loss) for the financial year	1,874,600	914,174	49,680	144,433	(126,859)	23,549	2,879,577

39. SEGMENTAL REPORTING (CONTINUED)

	Malaysia RM'000	Indonesia RM'000	Bangladesh RM'000	Sri Lanka RM'000	Others RM'000	Consolidation adjustments/ eliminations RM'000	Total RM'000
Financial year ended 31 December 2011 (restated)							
Operating revenue							
Total operating revenue	7,182,493	6,354,530	1,270,331	1,263,886	345,045	-	16,416,285
Inter-segment *	(8,371)	(46,930)	-	(11,351)	(15,213)	(44,000)	(125,865)
External operating revenue	7,174,122	6,307,600	1,270,331	1,252,535	329,832	(44,000)	16,290,420
Results:							
EBITDA	3,137,215	3,325,990	395,621	451,216	(110,988)	(21,904)	7,177,150
Interest income	95,070	40,773	5,774	11,737	131,659	(49,232)	235,781
Interest expense	(220,054)	(288,375)	(33,611)	(10,095)	(135,031)	49,064	(638,102)
Depreciation of:							
- PPE	(839,992)	(1,684,362)	(236,684)	(275,898)	(63,115)	11,027	(3,089,024)
- Investment properties	(1)	-	-	-	-	-	(1)
Amortisation of intangible assets	(56,881)	(25,175)	(12,512)	(7,095)	-	-	(101,663)
Associates:							
- share of results (net of tax)	7,605	-	-	268	129,872	-	137,745
- loss on dilution of equity interests	-	-	-	-	-	(20,108)	(20,108)
Impairment of PPE, net of reversal	6,934	(13,584)	-	(948)	-	-	(7,598)
Other non cash income/(expense)	58,108	(14,601)	(121,361)	(12,486)	(27,410)	169	(117,581)
Taxation	(420,844)	(357,729)	(31,458)	(12,556)	(41,205)	(557)	(864,349)
Segment profit/(loss) for the financial year	1,767,160	982,937	(34,231)	144,143	(116,218)	(31,541)	2,712,250

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

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(a) Market risks consist of:

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

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

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

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

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

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

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

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risks

(i) Foreign currency exchange risk

The foreign exchange risk of the Group and the Company predominately arises from borrowings denominated in foreign currencies. The main currency exposure from borrowings denominated in foreign currency is USD. The Group and the Company have cross currency swaps and forward foreign currency contracts that are primarily used to hedge selected long term foreign currency borrowings to reduce the foreign currency exposures on these borrowings.

The Group has certain investment in foreign operation, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operation is managed primarily through borrowings denominated in the relevant foreign currency and also the use of cross currency swap.

As at 31 December 2012, if USD has weakened by 5% against IDR, BDT, SLR and RM with all other variables held constant, this will result in foreign exchange gains to the profit or loss of RM172.3 million and RM38.3 million respectively for the Group and the Company, on translation of USD denominated borrowings.

(ii) Cash flow and fair value interest rate risk

The Group and the Company has deposits, cash and bank balances including deposits placed with creditworthy licensed banks and financial institutions. The Group and the Company manage its interest rate risk by actively monitoring the yield curve trend and interest rate movement for the various deposits, cash and bank balances.

The Group's and the Company's borrowings comprise borrowings from financial and non-financial institutions, Sukuk and Notes. The Group's and the Company's interest rate risk objective is to manage an acceptable level of rate fluctuation on the interest expense. In order to achieve this objective, the Group and the Company target a composition of fixed and floating borrowings based on assessment of its existing exposure and desirable interest rate profile. To obtain this composition, the Group and the Company use hedging instruments such as interest rate swap contracts.

As at 31 December 2012, if interest rate on different foreign currencies denominated floating interest rates borrowings had been lower by 5% with all other variables held constant, this will result in a lower interest expense of RM14.5 million and RM0.6 million respectively for the Group and the Company.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risks (continued)

(iii) Price risk

The Group is exposed to equity securities price risk because of the investments held by the Group classified on the consolidated statement of financial position as AFS and FVTPL. The Group is not exposed to commodity price risk. No financial instruments or derivatives have been employed to hedge this risk.

(b) Credit risk

Credit risk arises from trade receivables, cash and cash equivalents and financial instruments used in hedging activities.

The Group has no significant concentration of credit risk due to its diverse customer base. Credit risk is managed through the application of credit assessment and approval, credit limit and monitoring procedures. Where appropriate, the Group obtains deposits or bank guarantees from customers.

The Group and the Company place its cash and cash equivalents with a number of creditworthy financial institutions. The Group's and the Company policy limit the concentration of financial exposure to any single financial institution.

All hedging instruments are executed with creditworthy financial institutions with a view to limiting the credit risk exposure of the Group and the Company. The Group and the Company, however, are exposed to credit-related losses in the event of non-performance by counterparties to financial derivative instruments, but do not expect any counterparties to fail to meet their obligations.

The maximum credit risk exposure of the financial assets of the Group and the Company are approximately their carrying amounts as at the end of the reporting period.

The credit quality of the financial assets that are neither past due nor impaired is shown in Note 18 to the financial statements.

The carrying amount of trade receivables that are past due is shown in Note 33 to the financial statements.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient liquid funds to meet its financial obligations.

In the management of liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Group and the Company aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

40. 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 will not be reconciled to the amounts disclosed on the statement of financial position for borrowings and trade, other payables and derivative financial instruments.

	31.12.2012				31.12.2011				1.1.2011			
	Trade and other payables	Borrowings	Net settled derivative financial instruments	Total	Trade and other payables	Borrowings	Net settled derivative financial instruments	Total	Trade and other payables	Borrowings	Net settled derivative financial instruments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group												
Below 1 year	3,846,968	2,401,273	7,110	6,255,351	3,782,137	2,780,541	9,581	6,572,259	2,900,954	1,270,380	14,191	4,185,525
1-2 years	-	2,236,384	4,524	2,240,908	125,054	1,999,952	7,026	2,132,032	-	2,468,115	11,203	2,479,318
2-3 years	-	2,755,448	1,939	2,757,387	-	1,247,766	4,471	1,252,237	-	1,362,947	8,216	1,371,163
3-4 years	-	639,540	-	639,540	-	2,606,805	1,916	2,608,721	-	693,003	5,228	698,231
4-5 years	-	2,285,738	-	2,285,738	-	318,504	-	318,504	-	2,379,652	2,241	2,381,893
Over 5 years	-	5,070,392	-	5,070,392	-	5,134,915	-	5,134,915	-	5,650,515	-	5,650,515
Total contractual undiscounted cash flows	3,846,968	15,388,775	13,573	19,249,316	3,907,191	14,088,483	22,994	18,018,668	2,900,954	13,824,612	41,079	16,766,645
Total carrying amounts	3,846,968	12,658,062	14,977	16,520,007	3,907,191	11,459,363	22,759	15,389,313	2,900,954	10,683,574	22,638	13,607,166

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

	31.12.2012				31.12.2011				1.1.2011			
	Other payables RM'000	Borrowings RM'000	Amounts due to subsidiaries RM'000	Total RM'000	Other payables RM'000	Borrowings RM'000	Amounts due to subsidiaries RM'000	Total RM'000	Other payables RM'000	Borrowings RM'000	Amounts due to subsidiaries RM'000	Total RM'000
Company												
Below 1 year	70,254	30,827	661,610	762,691	65,020	30,907	4,310	100,237	37,193	29,226	1,374	67,793
1-2 years	-	30,827	-	30,827	-	30,907	-	30,907	-	29,226	-	29,226
2-3 years	-	816,113	-	816,113	-	30,907	-	30,907	-	29,226	-	29,226
3-4 years	-	-	-	-	-	816,154	-	816,154	-	29,226	-	29,226
4-5 years	-	-	-	-	-	-	-	-	-	815,313	-	815,313
Over 5 years	-	-	-	-	-	-	-	-	-	-	-	-
Total contractual undiscounted cash flows	70,254	877,767	661,610	1,609,631	65,020	908,875	4,310	978,205	37,193	932,217	1,374	970,784
Total carrying amounts	70,254	764,691	661,610	1,496,555	65,020	775,128	4,310	844,458	37,193	738,758	1,374	777,325

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Capital risk management

The primary objective of the Group's capital risk management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder's value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may or may not make dividend payments to shareholders, return capital to shareholders or issue new shares or other instruments.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratios. This ratio is calculated as total borrowings by total equity. Total borrowings including non-current and current borrowings as shown in the consolidated statement of financial position. Total equity is calculated as 'equity' in the consolidated statement of financial position.

The gearing ratios as at reporting date were as follows:

	Group		
	31.12.2012	31.12.2011	1.1.2011
	RM'000	RM'000 Restated	RM'000
Borrowings (Note 16)	12,658,062	11,459,363	10,683,574
Total equity	22,007,222	21,675,497	20,278,648
Gearing ratio	0.58	0.53	0.53

The Group's capital management strategy was to obtain and maintain an investment grade credit rating.

(e) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identified assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices, level 2)
- Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs, level 3)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

The following table represents the fair value level of the assets and liabilities that are measured at fair value as at reporting date.

	31.12.2012				31.12.2011			
	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
Group								
Assets								
Financial assets at FVPTL:								
- Trading securities	8	-	-	8	9	-	-	9
- Non-hedging derivatives	-	55,708	-	55,708	-	44,891	-	44,891
Available-for-sale:								
- Equity securities	-	-	892	892	-	-	893	893
	8	55,708	892	56,608	9	44,891	893	45,793
Liabilities								
Financial liabilities at FVPTL:								
- Non-hedging derivatives	-	18,705	-	18,705	-	36,888	-	36,888
- Derivative used for hedging	-	175,476	-	175,476	-	90,861	-	90,861
	-	194,181	-	194,181	-	127,749	-	127,749
Company								
Liabilities								
Financial liabilities at FVTPL:								
- Derivative used for hedging	-	45,249	-	45,249	-	33,609	-	33,609

41. LIST OF SUBSIDIARIES

The subsidiaries are as follows:

Name of company	% of Group's effective shareholding 2012	2011	Principal activities	Place of incorporation
Axiata Investments (Labuan) Limited	100.00	100.00	Investment holding	Federal Territory, Labuan, Malaysia
Axiata Investments 1 (India) Limited #	100.00	100.00	Investment holding	Mauritius
Hello Axiata Company Limited #	100.00	100.00	Provision of mobile telecommunication services in Cambodia	Cambodia
Axiata Management Services Sdn Bhd	100.00	100.00	Provision of services under Axiata's Service Assurance Centre to telecommunication service providers to enhance service quality to customers	Malaysia
Celcom Axiata Berhad	100.00	100.00	Provision of telecommunication network capacity, infrastructure and services	Malaysia
Axiata Investments (Singapore) Limited	100.00	100.00	Investment holding	Federal Territory, Labuan Malaysia
Axiata SPV1 (Labuan) Limited	100.00	100.00	Offshore non-trading	Federal Territory, Labuan, Malaysia
Axiata Foundation &	-	-	Develop and nurture talent pool and foster, develop and improve education	Malaysia
Axiata SPV2 Berhad	100.00	-	Special purpose vehicle	Malaysia
Axiata SPV3 Sdn Bhd	100.00	-	Investment holding	Malaysia
Axiata Investments (Cambodia) Limited	100.00	-	Investment holding	Federal Territory, Labuan, Malaysia
Subsidiaries held through Axiata Investments (Labuan) Limited				
Dialog Axiata PLC #	84.97	84.97	Provision of communication services (mobile, internet, international gateway, electronic and mobile commerce and telecommunication infrastructure) in Sri Lanka	Sri Lanka

41. LIST OF SUBSIDIARIES (CONTINUED)

Name of company	% of Group's effective shareholding 2012	2011	Principal activities	Place of incorporation
Subsidiaries held through Axiata Investments (Labuan) Limited (continued)				
Axiata Investments (Mauritius) Limited #	100.00	100.00	Dormant	Mauritius
Robi Axiata Limited *	70.00	70.00	Provision of mobile telecommunication services in Bangladesh	Bangladesh
Axiata Lanka (Private) Limited #	100.00	100.00	To carry on engage in the business of constructing high rise office complex with telecommunication tower and to provide other facilities for the occupants of the building and for the sale, leasing and renting thereof	Sri Lanka
Multinet Pakistan (Private) Limited * ~	89.00	89.00	Provision of cable television services, information technology (including software development) telecommunication and multimedia services in Pakistan	Pakistan
Axiata Investments (Indonesia) Sdn Bhd	100.00	100.00	Investment holding	Malaysia
Subsidiaries held through Axiata Investments (Indonesia) Sdn Bhd				
PT XL Axiata Tbk #	66.55	66.61	Provision of mobile telecommunication services in Republic of Indonesia	Indonesia
Subsidiaries held through PT XL Axiata Tbk				
Excelcomindo Finance Company BV #	66.55	66.61	Financing	Netherlands
GSM One (L) Limited #	66.55	66.61	Financing	Federal Territory, Labuan, Malaysia
GSM Two (L) Limited #	66.55	66.61	Financing	Federal Territory, Labuan, Malaysia

41. LIST OF SUBSIDIARIES (CONTINUED)

Name of company	% of Group's effective shareholding 2012	2011	Principal activities	Place of incorporation
Subsidiaries held through Dialog Axiata PLC				
Dialog Broadband Networks (Private) Limited #	84.97	84.97	To establish, maintain and operate an International Telecommunication Service including but not limited to operation of international Voice Services, provision of International Private Leased Circuit Services and Managed Services	Sri Lanka
Dialog Television (Private) Limited #	84.97	84.97	To establish and carry on the business of television broadcasting network including cable and pay television transmission within Sri Lanka	Sri Lanka
Subsidiaries held through Dialog Television (Private) Limited				
Communiq Broadband Network (Private) Limited #	84.97	84.97	To undertake, market, sell, operate, maintain and provide information technology and enabled services of all types whatsoever including but not limited to data and content transmission services	Sri Lanka
Dialog Television Trading (Private) Limited [formerly known as CBN Sat (Private) Limited] #	84.97	84.97	To carry on the business of importers, manufacturers, assemblers, exporters, traders, distributors, retailers and wholesalers of any electronic consumer products and ratio and visual goods	Sri Lanka
Subsidiary held through Robi Axiata Limited				
Bangladesh Infrastructure Company Limited *	70.00	-	To establish, carry on, supervise and procure the business of telecommunication infrastructure by arranging and letting out infrastructure facilities to the existing and future incorporated telecommunication companies	Bangladesh

41. LIST OF SUBSIDIARIES (CONTINUED)

Name of company	% of Group's effective shareholding 2012	2011	Principal activities	Place of incorporation
Subsidiary held through Axiata Investments 1 (India) Limited				
Axiata Investments 2 (India) Limited #	100.00	100.00	Investment holding	Mauritius
Subsidiaries held through Celcom Axiata Berhad				
Celcom Mobile Sdn Bhd	100.00	100.00	Provision of mobile communication services, network services, application services and content	Malaysia
Celcom Networks Sdn Bhd [formerly known as Celcom Transmission (M) Sdn Bhd]	100.00	100.00	Provision of network telecommunication network capacity and services	Malaysia
Celcom Properties Sdn Bhd [formerly known as Alpha Canggih Sdn Bhd]	100.00	100.00	Property investment	Malaysia
Escape Axiata Sdn Bhd [formerly known as Celcom Technology (M) Sdn Bhd]	100.00	100.00	Provision of Over-The-Top ("OTT") and other on demand content delivered via multiple internet connected devices	Malaysia
Celcom Retail Holding Sdn Bhd [formerly known as CT Paging Sdn Bhd] +	100.00	100.00	Provision of strategic and business development, management, administrative, support services and investment holding	Malaysia
Celcom Intelligence Sdn Bhd [formerly known as Celcom Trunk Radio (M) Sdn Bhd]	100.00	100.00	Ceased operations	Malaysia
Celcom Timur (Sabah) Sdn Bhd	80.00	80.00	Provision of fibre optic transmission network	Malaysia
Celcom eCommerce Sdn Bhd [formerly known as Celcom Multimedia (Malaysia) Sdn Bhd]	100.00	100.00	Provision of electronic wallet services	Malaysia
Celcom Resources Berhad [formerly known as Technology Resources Industries Berhad]	100.00	100.00	Investment holding	Malaysia
Celcom Childcare Sdn Bhd	100.00	-	To provide pre-school education, kindergartens, child nurseries, child development centres and other related activities	Malaysia

41. LIST OF SUBSIDIARIES (CONTINUED)

Name of company	% of Group's effective shareholding 2012	2011	Principal activities	Place of incorporation
Subsidiary held through Celcom Retail Holding Sdn Bhd [formerly known as CT Paging Sdn Bhd]				
Celcom Retail Sdn Bhd [formerly known as C-Mobile Sdn Bhd]	100.00	100.00	Trading and distribution of communication devices and its related products and services and setting up and managing of concept retail stores based on intellectual property rights owned by Celcom	Malaysia
Subsidiaries held through Celcom Resources Berhad [formerly known as Technology Resources Industries Berhad]				
Celcom Trading Sdn Bhd [formerly known as Rego Multi-Trades Sdn Bhd] +	100.00	100.00	Dealing in marketable securities	Malaysia
Celcom Services Sdn Bhd [formerly known as Technology Resources Management Services Sdn Bhd]+	100.00	100.00	Provision of services related to telecommunication infrastructure	Malaysia
Subsidiary held through Hello Axiata Company Limited				
Axiata Towers (Cambodia) Company Limited #	100.00	-	Undertake activities and operations related to telecommunication infrastructure	Cambodia

41. LIST OF SUBSIDIARIES (CONTINUED)

Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia

* Audited by a firm other than a member firm of PricewaterhouseCoopers International Limited

+ Inactive as at 31 December 2012

~ Reclassified to non-current assets held-for-sale as disclosed in Note 35(a) to the financial statements

& In accordance with IC 112-Consolidation: “Special Purpose Vehicles”, AF is consolidated in the Group as the substance of the relationship between the Company and the special purpose entity indicates that the entity is controlled by the Company.

42. LIST OF ASSOCIATES

The investments in associates are as follows:

Name of company	2012	% of Group's effective shareholding 2011	Principal activities	Place of incorporation
Samart I-Mobile Public Company Limited ("SIM")	24.40	24.42	Mobile phone distributor accessories, and bundled with content in Thailand and overseas	Thailand
Associate held through Axiata Investments (Labuan) Limited				
Mobile Telecommunication Company of Esfahan ~	49.00	49.00	Planning, designing, installing, operating and maintaining a GSM mobile telecommunication network to customers in the province of Esfahan, Iran	Iran
Associates held through Celcom Axiata Berhad				
Sacofa Sdn Bhd	15.12	15.12	Trade or business of a telecommunications infrastructure and services company including all its related businesses	Malaysia
Tune Talk Sdn Bhd	35.00	35.00	Principally engaged in the business of providing mobile communication services, complementary value added services and telecommunication services	Malaysia

~ Reclassified to non-current assets held-for-sale as disclosed in Note 35(b) to the financial statements

42. LIST OF ASSOCIATES (CONTINUED)

Name of company	% of Group's effective shareholding 2012	2011	Principal activities	Place of incorporation
Associate held through Axiata Investments (Singapore) Limited				
M1 Limited	29.06	29.23	Provision of mobile telecommunication services, international call services, and broadband services, retail sales of telecommunication equipment and accessories, customer services and investment holding	Singapore
Associate held through Axiata Investments 1 (India) Limited and Axiata Investments 2 (India) Limited				
Idea Cellular Limited	19.93	19.96	Leading GSM mobile services operator engaged in providing Mobile Telephone Services.	India
Associates held through Dialog Axiata PLC				
Firstsource Dialog Solutions (Private) Limited	26.00	26.00	To carry on the business of providing information technology enabled services to the Sri Lankan and international market.	Sri Lanka
Digital Commerce Lanka (Pvt) Ltd	26.00	-	To carry on the business of promotion, sale, retail trade and providing discount vouchers over online platforms (e-commerce business)	Sri Lanka

All associates have co-terminous financial year end with the Group and the Company except MTCE with financial year ended on 20 March and Idea with financial year end on 31 March.

43. LIST OF JOINTLY CONTROLLED ENTITIES

Name of company	% of Group's effective shareholding 2012	2011	Principal activities	Place of incorporation
Jointly controlled entities held through Celcom Axiata Berhad				
PLDT Malaysia Sdn Bhd	49.00	-	Provision of mobile communication services in Malaysia as a mobile virtual network operator in reliance on a third party mobile network operator for the provision of network facilities, carriage of communications and spectrum.	Malayisia
Digital Milestone Sdn Bhd	51.00	-	Intended as a joint venture entity in relation to pre-bid activities and formulation of bid for the development, supply, commissioning, marketing and operation of digital television transmission infrastructure in Malaysia.	Malayisia

44. 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 Group enters into transactions with many of these bodies, which includes but is not limited to:

– receiving telecommunications services, including interconnection revenue/charges
– purchasing of goods, including use of public utilities and amenities, and
– placing of bank deposits

The Group has established its procurement policies and approval processes for purchases of products and services, which do not depend on whether the counterparties are government-related entities or not.

The Group provides telecommunications services as part of its ordinary operations.The Group has collectively, but not individually significant transactions with Government-related entities. These telecommunication services are carried out on commercial terms that are consistently applied to all customers.

44. RELATED PARTY TRANSACTIONS (CONTINUED)

The nature of transactions and relationship with related parties are as follows:

Related parties	Nature of the relationship with related parties	Nature of transactions
Idea	Associate	International roaming revenue and charges
M1	Associate	International roaming revenue and charges
Sacofa	Associate	Sales of prepaid cards, leaseline, charges, maintenance fees and others
Tune Talk	Associate	Sale of postpaid MVNO minutes
Firstsource Dialog Solution (Private) Limited	Associate	Call center charges
Celcom	Subsidiary	Dividend and technical and management services
Dialog	Subsidiary	Technical and management Services
XL	Subsidiary	Technical and management services
Robi	Subsidiary	Technical and management services
Hello	Subsidiary	Technical and management services
SIM	Associate	Dividends, technical and management services
AIL	Subsidiary	Advances treated as quasi-investment
AI1	Subsidiary	Advances treated as quasi-investment
AI2	Subsidiary	Advances treated as quasi-investment
AIS	Subsidiary	Advances

44. RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel are the persons who have authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. Key management personnel of the Group and the Company include the Senior Leadership Team who report directly to the Group Chief Executive Officer.

Whenever exist, related party transactions also includes transaction with entities that are controlled, jointly controlled 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	
		2012	2011	2012	2011
		RM'000	RM'000	RM'000	RM'000
(a)	Sale of goods and services				
	Associates:				
	- International roaming revenue	23,713	34,860	-	-
	- Telecommunication services	126,200	95,306	-	-
		149,913	130,166	-	-
(b)	Purchase of goods and services				
	Associates:				
	- Interconnection charges	15,187	13,843	-	-
	- Leaseline charges, maintenance and others	65,673	45,034	-	-
		80,860	58,877	-	-
(c)	Intercompany service agreement				
	- Technical and management services	-	272	30,728	48,418
(d)	Dividends received from subsidiaries/associates	-	-	3,094,875	2,107
(e)	Advances to/(from) subsidiaries/ related parties (net of repayment)	-	-	477,662	(159,643)

44. RELATED PARTY TRANSACTIONS (CONTINUED)

The outstanding balances as at the financial year end are disclosed in Notes 27 and 32 to the financial statements.

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
(f) Key management compensation short term employee benefits:				
- Salaries, allowances and bonus	17,930	17,508	17,930	17,508
- Ex-gratia payments	150	-	150	-
- Contribution to EPF	2,375	2,699	2,375	2,699
- Estimated money value of benefits	232	171	232	171
- Other staff benefits	826	1,006	826	1,006
Share-based compensation				
- ESOS and RSA expense	5,795	3,967	5,795	3,967

Included in key management compensation is the Executive Directors' remuneration of the Company as disclosed in Note 7(d) to the financial statements.

45. DIVIDENDS

	2012			2011		
	Tax exempt dividend under single tier system			Tax exempt dividend under single tier system		
	Type	Per ordinary share of RM1 each	Aggregate Total	Type	Per ordinary share of RM1 each	Aggregate Total
		Sen	RM'000		Sen	RM'000
In respect of financial year ended:						
- 31 December 2010	-	-	-	Final	10	845,651
- 31 December 2011	Final	15	1,273,698	Interim	4	338,579
- 31 December 2012	Interim	8	680,577	-	-	-
		23	1,954,275		14	1,184,230

The Board of Directors have recommended tax exempt dividends under the single tier system a final dividend of 15 sen and a special dividend of 12 sen per ordinary share of RM1 each of the Company in respect of financial year ended 31 December 2012 amounting to a total RM2,297.2 million, based on issued and paid-up capital of the Company as at 31 December 2012. The proposed dividends are subject to approval by the shareholders at the forthcoming AGM.

46. TRANSITION TO MFRS AND EARLY ADOPTION OF STANDARDS

(a) Transition to MFRS

(i) The general principle that should be applied on first time adoption of MFRS is that accounting standards in force at the first annual reporting date, that is 31 December 2012 for the Group, should be applied retrospectively. However, MFRS 1 contains a number of mandatory exceptions which first time adopters are to apply and a number of exemption options that first time adopters are permitted to apply. The MFRS 1 mandatory exceptions had no significant impact to the Group and Company as the bases adopted are consistent with MFRS.

(ii) <u>MFRS 1 exemption options</u>

MFRS 1 allows exemption from the application of certain MFRSs to assist the Group with the transition process. The following optional exemption, contained within MFRS 1, have been utilised in the preparation of the Group's financial statement as mentioned in Note 2 to the financial statements.

- Exemption for business combinations

  MFRS 1 provides the option to apply MFRS 3 "Business Combinations", prospectively for business combination that occurred from the transition date or from a designated date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date or a designated date prior to the transition date. The Group elected to apply MFRS 3 prospectively to business combination occurring after 1 January 2011. Business combinations occurring prior to 1 January 2011 have not been restated. In addition, the Group has also applied MFRS 127 "Consolidated and separate financial statements" from the same date.

  The fair value adjustments and goodwill that arose from business combinations prior to 1 January 2011 are treated as assets and liabilities of the Group rather than as assets and liabilities of the acquiree and are expressed in the Group's functional currency. Comparative information for the financial year ended 31 December 2011 has been restated accordingly as disclosed in Note 46(c) to the financial statements.

46. TRANSITION TO MFRS AND EARLY ADOPTION OF STANDARDS (CONTINUED)

(a) Transition to MFRS (continued)

(ii) MFRS 1 exemption options (continued)

- Exemption for cumulative translation differences

MFRS 1 permits cumulative translation gains and losses to be reset zero at the transition date. This provides relief from determining cumulative currency translation differences in accordance with MFRS 121 "The effects of changes in foreign exchange rates", from the date a foreign operation was acquired. The Group elected to reset all cumulative translation differences to zero in opening retained earnings of the Group at its transition date. At the transition date, cumulative translation differences amounted to RM1,259.4 million.

(b) Early adoption of accounting standard

The Group has early adopted the Amendment to MFRS 119 "Employee benefits", which is to be effective starting 1 January 2013. Previously actuarial gains and losses arising from experience-based adjustments and changes in actuarial assumptions have been recognised at the statement of financial position date only to the extent that the net cumulative unrecognised actuarial gains and losses at the end of the previous reporting period exceed the higher of 10% of the present value of the defined benefit obligation at this point in time (prior to the deduction of the plan assets) and 10% of the fair value of any plan assets at this point in time. In this case they have been amortised prospectively to profit or loss over the expected average remaining working life of the employees participating in the plan.

In accordance with the new standard, actuarial gains and losses are to be recognised in the other comprehensive income in the financial period in which they occur. The Group believes that fully recognising actuarial losses when they occur results in a better presentation of the financial position, since hidden reserves and liabilities are realised and the financial statements thus provide more relevant information.

46. TRANSITION TO MFRS AND EARLY ADOPTION OF STANDARDS (CONTINUED)

(b) Early adoption of accounting standard (continued)

The early adoption of MFRS 119 has no material impact to the financial result of the previous financial years. The impact of the early adoption of the new standard to the Group during the financial year is set out below:

Group	31.12.2012 RM'000
Statement of changes in equity	
Actuarial reserves	4,387
Non-controlling interest	2,205
	6,592
Statement of financial position	
Other payables	8,790
Deferred tax assets	(2,198)
	6,592

The early adoption of MFRS 119 has no impact to the Company.

46. TRANSITION TO MFRS AND EARLY ADOPTION OF STANDARDS (CONTINUED)

(c) The result and impact of transition to MFRS described in (a) are as follow:

		31.12.2011			1.1.2011		
Group	Note	As previously reported RM'000	Note 46(a)(ii) RM'000	As restated RM'000	As previously reported RM'000	Note 46(a)(ii) RM'000	As restated RM'000
Statement of financial position							
Reserves:							
- Retained earnings		10,396,129	(1,259,424)	9,136,705	9,227,762	(1,259,424)	7,968,338
- Currency translation differences		(1,947,251)	1,813,994	(133,257)	(1,259,424)	1,259,424	-
Non-controlling interests		1,832,355	60	1,832,415	-	-	-
			554,630			-	
Intangible assets	24	8,327,153	(29,175)	8,297,978			
Associates		6,185,330	583,805	6,769,135			
			554,630				
Statement of comprehensive income							
Other comprehensive income							
- currency translation differences		(672,653)	554,570	(118,083)			

47. RECLASSIFICATION

(a) The Group comparatives of the following components have been reclassified to conform with current financial year presentation:

- Certain mobile revenue from value added services is to be presented as net instead of gross of the amount related to the charges of these services, and
- Presentation of Subscriber Acquisition Costs as amortisation of intangible assets instead of operating expenditure.

	As previously reported	Reclassification	As restated
	RM'000	RM'000	RM'000
Statement of comprehensive income for the financial year ended 31 December 2011			
Operating revenue	16,447,937	(157,517)	16,290,420
Other operating costs	(5,042,590)	157,517	(4,885,073)
Depreciation, impairment and amortisation	(3,147,063)	(52,838)	(3,199,901)
Marketing, advertising and promotion	(1,526,634)	52,838	(1,473,796)

(b) During the financial year, defined benefit plans of the Group was reclassified from current liability to non-current liability for better presentation in the financial statements. Comparative was restated accordingly.

	31.12.2011			1.1.2011		
	As previously reported	Reclassification	As restated	As previously reported	Reclassification	As restated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Statement of financial position						
Non-current liability						
Other payable	125,054	52,892	177,946	-	52,471	52,471
Current liability						
Trade and other payable	5,609,120	(52,892)	5,556,228	4,567,490	(52,471)	4,515,019

48. EVENTS AFTER REPORTING PERIOD

(a) Acquisition of Latelz Company Limited ("Latelz") by AIC via the acquisition of the entire shares on issue of Glasswool Holdings Limited ("Glasswool")

On 13 December 2012, the Company and its wholly-owned subsidiary, AIC have entered into a SPA with Timeturns Holdings Limited to acquire Glasswool, which will be the sole owner of Latelz upon completion of the transaction. Subsequently, it is the Group's intention to merge the operations of Hello and Latelz as one combined entity.

The acquisition was settled via a combination of cash consideration of approximately RM474.5 million (USD155.0 million) (subject to adjustments for the actual net debt and working capital positions as of the date of completion) and a 10% stake in the combined entity (to be held by the remaining partner). Upon issuance of the 10% share consideration, the Group will end up with a 90% stake in the merged company. The transaction, with an implied enterprise value of RM551.1 million (USD180 million), was funded via a combination of internal cash and debt from existing financial facilities.

On 19 February 2013, the acquisition and the transfer of Hello's telecommunication business and assets were completed.

(b) Disposal of 49.00% equity interest in MTCE

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

49. 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	
	31.12.2012	31.12.2011	31.12.2012	31.12.2011
	RM'000	RM'000	RM'000	RM'000
		Restated		
Total retained profits/(accumulated losses)				
-realised	10,975,875	10,742,468	5,561,980	4,450,962
-unrealised	(1,211,185)	(1,404,088)	(177,292)	146,617
	9,764,690	9,338,380	5,384,688	4,597,579
Total accumulated losses from jointly controlled entities:				
-realised	(1,577)	-	-	-
Total retained profits from associates:				
-realised	799,449	799,480	-	-
-unrealised	(93,492)	(124,493)	-	-
	705,957	674,987	-	-
	10,469,070	10,013,367	5,384,688	4,597,579
Less: consolidation adjustments	(769,268)	(876,662)	-	-
Total consolidated retained profits	9,699,802	9,136,705	5,384,688	4,597,579

The disclosure above is solely for compliance with the directive issued by the Bursa Securities and should not be used for any other purpose.

Company No.

242188	H

AXIATA GROUP BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Tan Sri Dato' Azman Hj. Mokhtar and Dato' Sri Jamaludin Ibrahim, two of the Directors of Axiata Group Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 8 to 164 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of their financial performance and cash flows for the financial year then ended.

The information set out in Note 49 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 20 February 2013.

TAN SRI DATO' AZMAN HJ. MOKHTAR
DIRECTOR

DATO' SRI JAMALUDIN IBRAHIM
DIRECTOR

STATUTORY DECLARATION PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, James Carl Grinwis Maclaurin, being the officer primarily responsible for the financial management of Axiata Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 8 to 164 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

JAMES CARL GRINWIS MACLAURIN

Subscribed and solemnly declared by the above named James Carl Grinwis Maclaurin at Kuala Lumpur in Malaysia on 20 February 2013, before me.

PESURUHJAYA SUMPAH
W 565
AISHAH BT SHAHUL HAMEED
PJK
MALAYSIA

COMMISSIONER FOR OATHS

No. 66 Jalan Tun Perak
50050 Kuala Lumpur, Malaysia.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AXIATA GROUP BERHAD
(Incorporated in Malaysia)
(Company No. 242188 H)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Axiata Group Berhad on pages 8 to 164, which comprise the statements of financial position as at 31 December 2012 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 48.

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 finaucial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers (AF 1146), Chartered Accountants,
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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AXIATA GROUP BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 242188 H)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 41 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are iu 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 fiuancial statements of the subsidiaries did not contain any material qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 49 on page 165 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.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AXIATA GROUP BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Company No. 242188 H)

OTHER MATTERS

1. As stated in Note 2 to the financial statements, Axiata Group Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the financial year then ended.

2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

NURUL A'IN BINTI ABDUL LATIF
(No. 2910/02/15(J))
Chartered Accountant

Kuala Lumpur
20 February 2013