axiata
advancing asia

GOVERNANCE & AUDITED FINANCIAL STATEMENTS 2018

Governance & Compliance Information
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Axiata's Integrated Annual Report 2018 Suite is made up of the following:

IAR Integrated Annual Report 2018

GA FS Governance & Audited Financial Statements 2018

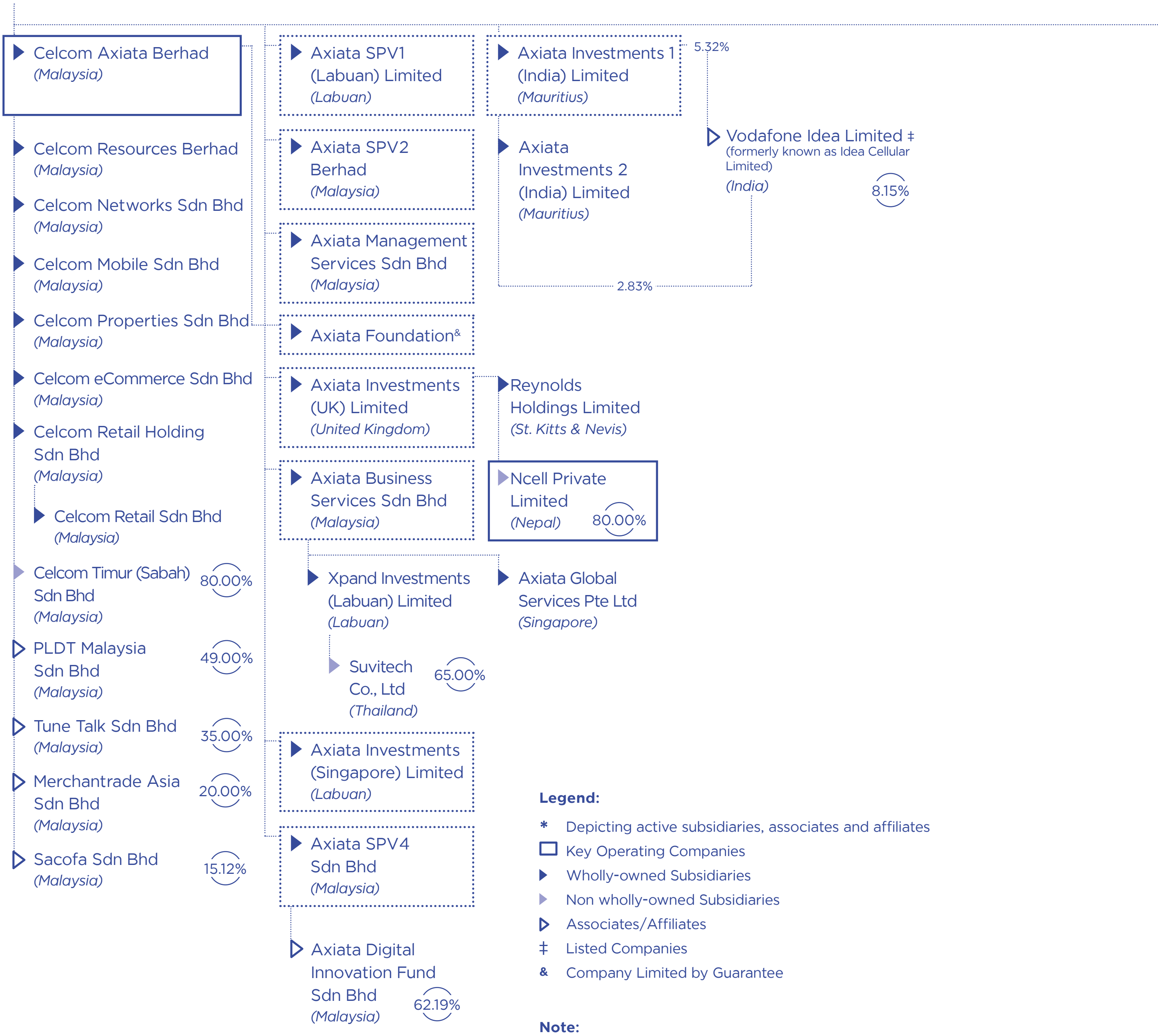
SN CR Sustainability & National Contribution Report 2018

Governance

Governance & Compliance Information

Group Corporate Structure* as at 31 March 2019

AXIATA GROUP BERHAD



Legend:

- * Depicting active subsidiaries, associates and affiliates
- ☐ Key Operating Companies
- ▶ Wholly-owned Subsidiaries
- ▶ Non wholly-owned Subsidiaries
- ▷ Associates/Affiliates
- ‡ Listed Companies
- & Company Limited by Guarantee

Note:

The complete list of subsidiaries, associates and joint ventures and their respective principal activities, country of incorporation and the Group's effective interest are shown in notes 41 to 43 to the financial statements on pages 166 to 174 of this Governance & Audited Financial Statements 2018.

Governance & Compliance Information

Group Corporate Structure* as at 31 March 2019

- Axiata Digital Services Sdn Bhd *(Malaysia)*
  - 81.69% Axiata Digital Advertising Sdn Bhd *(Malaysia)*
  - PT Axiata Digital Analytics Indonesia *(Indonesia)*
  - PT Axiata Digital Services Indonesia *(Indonesia)*
  - Axiata Digital Bangladesh (Private) Limited *(Bangladesh)*
  - Axiata Digital Capital Sdn Bhd (formerly known as AD Video Sdn Bhd) *(Malaysia)*
  - WSO2.Telco, Inc *(USA)*
  - WSO2.Telco (Private) Limited *(Sri Lanka)*
  - Axiata Digital eCode Sdn Bhd *(Malaysia)*
  - Apigate Sdn Bhd *(Malaysia)*
  - Apigate India Services Private Limited *(India)*

- ADA Digital Singapore Pte Ltd (formerly known as Adknowledge Asia Pacific Pte Ltd) *(Singapore)*
  - ADA Digital Philippines Inc. (formerly known as Adknowledge Asia Philippines Inc) *(Philippines)* 99.00%
  - Adknowledge Asia Pacific (India) Private Limited *(India)*
  - Komli Asia Holding Pte Ltd *(Singapore)*
    - Adknowledge Asia Hong Kong Limited *(Hong Kong)*
  - Adknowledge Asia Singapore Pte Ltd *(Singapore)*
  - ADA Asia Malaysia Sdn Bhd (formerly known as Adknowledge Asia Malaysia Sdn Bhd) (Malaysia)
  - PT ADA Asia Indonesia (formerly known as PT Adknowledge Asia Indonesia) (Indonesia) 99.00%
  - ADA Digital (Thailand) Co Ltd (formerly known as Adknowledge Asia (Thailand) Co Ltd) *(Thailand)* 99.85%
  - Komli Network Philippines Inc *(Philippines)*

- Axiata Investments (Cambodia) Limited *(Labuan)*
  - Axiata (Cambodia) Holdings Limited *(Labuan)* 72.48%
  - 5% Smart Axiata Co., Ltd *(Cambodia)*
    - 95% SmartLuy PLC *(Cambodia)*
  - 20% edotco (Cambodia) Co., Ltd *(Cambodia)*
  - SADIF LP *(Labuan)* 80.00%
  - 34.30% / 35.70% edotco Bangladesh Co. Ltd *(Bangladesh)*
  - Digital Health (Private) Limited *(Sri Lanka)* 53.20%
  - Headstart (Private) Limited *(Sri Lanka)* 50.59%
  - 25% Dialog Axiata Digital Innovation Fund (Private) Limited *(Sri Lanka)* 25%

- edotco Group Sdn Bhd *(Malaysia)* 63.00%
  - edotco Malaysia Sdn Bhd *(Malaysia)* 0.002%
    - 79.998% Tanjung Digital Sdn Bhd *(Malaysia)*
    - Yiked Bina Sdn Bhd *(Malaysia)*
    - 70% On Site Services Sdn Bhd *(Malaysia)*
  - 80% edotco Holdings (Labuan) Limited *(Labuan)* 78.15%
  - edotco Investments (Labuan) Limited *(Labuan)*
    - edotco Investments Singapore Pte. Ltd. *(Singapore)* 87.50%
      - Asian Towers Holdings Pte. Limited *(Singapore)*
  - edotco Services Lanka (Private) Limited *(Sri Lanka)* 99.00%
  - edotco Towers (Bangladesh) Limited *(Bangladesh)*
  - 1.00% edotco Myanmar Limited *(Myanmar)*
  - edotco Pakistan (Private) Limited *(Pakistan)*
  - edotco Towers Pakistan (Private) Limited (formerly known as Tanzanite Tower (Private) Limited) *(Pakistan)*

- Axiata Investments (Labuan) Limited *(Labuan)*
  - Axiata Investments (Indonesia) Sdn Bhd *(Malaysia)*
    - PT XL Axiata Tbk ‡ *(Indonesia)* 66.36%
      - PT One Indonesia Synergy *(Indonesia)* 50.00%
  - Robi Axiata Limited *(Bangladesh)* 68.69%
  - Axiata Lanka (Private) Limited *(Sri Lanka)*
  - Axiata Digital Labs (Private) Limited *(Sri Lanka)*
  - Dialog Axiata PLC ‡ *(Sri Lanka)* 83.32%
    - Firstsource-Dialog Solutions (Private) Limited *(Sri Lanka)* 26.00%
    - Digital Holdings Lanka (Private) Limited *(Sri Lanka)*
      - 99.03% / 0.97% Digital Commerce Lanka (Private) Limited *(Sri Lanka)*
    - Dialog Television (Private) Limited *(Sri Lanka)*
    - Dialog Broadband Networks (Private) Limited *(Sri Lanka)*
      - Digital Reality (Private) Limited *(Sri Lanka)* 35%
    - Dialog Business Services (Private) Limited *(Sri Lanka)*
    - Dialog Device Trading (Private) Limited *(Sri Lanka)*
    - Dialog Finance PLC ‡ *(Sri Lanka)*

Governance & Compliance Information

Profile of Directors

TAN SRI GHAZZALI SHEIKH ABDUL KHALID

Chairman
Independent Non-Executive Director

Nationality / Age / Gender:
Malaysian / 73 / Male

Date of Appointment:
24 March 2008

Length of Service:
11 years

Date of Last Re-appointment:
23 May 2018

Membership of Board Committees:
- Nil

Qualifications:
- Degree in Economics, La Trobe University, Australia

Working Experience:
Ghazzali was appointed as Axiata's Chairman on 1 November 2018, following a 10-year stint as Board Member since March 2008. Subsequent to his appointment as Axiata's Chairman, he relinquished his position as the Chairman of Robi Axiata Limited in January 2019.

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

Directorships of Public Companies:
Axiata Group
Listed
- Nil

Non-listed
- Axiata Foundation (Chairman)

Others
Listed
- Nil

Non-listed
- Nil

TAN SRI JAMALUDIN IBRAHIM

Managing Director/President &
Group Chief Executive Officer

Nationality / Age / Gender:
Malaysian / 60 / Male

Date of Appointment:
3 March 2008

Length of Service:
11 years

Date of Last Re-election:
25 May 2016

Membership of Board Committees:
- Axiata Digital Business Investment and Oversight Board Committee
- Board Risk Management Committee
- Board Annual Report Committee

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

Working Experience:
Jamaludin is Managing Director/President & Group Chief Executive Officer of Axiata Group Berhad, which he joined in March 2008. He has worked for about 37 years in the ICT industry – 16 years in IT and 21 years in telecommunications.

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

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

Four years later, in 1997, Jamaludin joined Maxis Communications Berhad, and was appointed Chief Executive Officer in 1998. In 2006, he was re-designated Group Chief Executive Officer. He retired from Maxis in 2007.

Directorships of Public Companies:
Axiata Group
Listed
- XL
- Dialog (Alternate Director)

Non-listed
- Celcom (Chairman)
- Axiata Foundation

Others
Listed
- Nil

Non-listed
- GSM Association

Other Information:
Jamaludin earned the accolade of Malaysia's 'CEO of the Year 2000' by American Express & Business Times and was inducted into the Hall of Fame for 'Services to the Mobile Telecommunications Industry' by Asian Mobile News in 2004. He was also named 'Asian Mobile Operator CEO of the Year' by Asian Mobile News Awards 2007 and 'Telecommunications CEO of the Year' by Telecom Asia Awards 2010 and Frost & Sullivan Asia Pacific ICT Awards 2010. In 2014, he was named CEO of the Year at the MSWG-Asean Corporate Governance Transparency Index Awards. He was also the recipient of the 2015 GSMA Chairman's Award which is the GSMA's most prestigious award that recognises outstanding personal contribution to the growth and development of mobile communications around the world.

DAVID LAU NAI PEK

Senior Independent Non-Executive Director

Nationality / Age / Gender:
Malaysian / 66 / Male

Date of Appointment:
23 April 2008

Length of Service:
11 years

Date of Last Re-election:
23 May 2018

Membership of Board Committees:
- Board Audit Committee (Chairman)
- Board Risk Management Committee (Chairman)
- Axiata Digital Business Investment and Oversight Board Committee
- Board Annual Report Committee (Chairman)

Qualifications:
- Bachelor of Commerce, Canterbury University, New Zealand
- Member of the Malaysian Institute of Accountants
- Member of the Chartered Accountants Australia and New Zealand

Working Experience:
David has over 35 years professional experience in finance and leading financial organisations in various locations in Australia, Brunei, China, Malaysia, New Zealand, Netherlands and UK. He retired from Shell Malaysia in August 2011 after serving the Shell Group for about 30 years. His major assignments include as the Finance Director for Shell Malaysia, Finance Director for Shell China, Global Controller for the Exploration & Production Division of Royal Dutch Shell and Vice-President, Finance for Shell International Exploration and Production B.V., the Netherlands. He has been appointed as Senior Independent Non-Executive Director since 1 November 2018.

Directorships of Public Companies:
Axiata Group
Listed
- Nil

Non-listed
- Celcom (Chairman of Board Audit Committee)

Others
Listed
- KKB Engineering Berhad

Non-listed
- Malaysia Airlines Berhad

Other Appointment:
Member of Investment Panel of Employees Provident Fund

Governance & Compliance Information
Profile of Directors

DATO' MOHD IZZADDIN IDRIS
Independent Non-Executive Director

Nationality / Age / Gender:
Malaysian / 56 / Male

Date of Appointment:
24 November 2016

Length of Service:
2 Years 4 Months

Date of Last Re-election:
26 May 2017

Membership of Board Committees:
- Axiata Digital Business Investment and Oversight Board Committee (Chairman)
- Board Risk Management Committee
- Board Audit Committee
- Board Annual Report Committee

Qualifications:
- Bachelor of Commerce Degree (First Class Honours in Finance), University of New South Wales, Australia
- Fellow of CPA Australia (FCPA)
- Member of the Malaysian Institute of Accountants (MIA)

Working Experience:
Izzaddin was the Group Managing Director/Chief Executive Officer of UEM Group Berhad, a position he held from July 2009 until his departure in October 2018. Before assuming his role in UEM Group Berhad, he was the Chief Financial Officer/Senior Vice President (Group Finance) of Tenaga Nasional Berhad, a position he held from September 2004 to June 2009. Izzaddin has over 20 years of experience in the fields of investment banking, financial and general management having served in various senior positions at Malaysian International Merchant Bankers Berhad, Malaysian Resources Corporation Berhad and Southern Bank Berhad.

Directorships of Public Companies:
Axiata Group
Listed
- Dialog

Non-listed
- Robi (Chairman of Board of Directors and Chairman of Board Remuneration Committee)

Others
Listed
- Nil

Non-listed
- The Iclif Leadership and Governance Centre

DATO DR NIK RAMLAH NIK MAHMOOD
Independent Non-Executive Director

Nationality / Age / Gender:
Malaysian / 63 / Female

Date of Appointment:
21 March 2017

Length of Service:
2 Years

Date of Last Re-election:
26 May 2017

Membership of Board Committees:
- Board Nomination and Remuneration Committee (Chairman)
- Board Risk Management Committee

Qualifications:
- Bachelor of Law with Honours, University Malaya
- Masters of Law and PhD in Law, University of London

Working Experience:
Dr Nik Ramlah retired as Deputy Chief Executive of Securities Commission Malaysia ("SC") in March 2016, having served the organisation for 23 years. She has extensive experience in policy and regulatory reform, capital market regulation, corporate governance and Islamic finance. Prior to joining the SC, Dr Nik Ramlah was an Associate Professor at the Faculty of Law, University of Malaya.

Dr Nik Ramlah is a member of the Board of Directors of Perbadanan Insurans Deposit Malaysia, the Securities Industry Development Corporation and Amanah Saham Nasional Berhad. She is a member of the Financial Services Professional Board and a member of the Professional Development Panel (Senate) of INCEIF, the global university for Islamic finance.

Directorships of Public Companies:
Axiata Group
Listed
- Nil

Non-listed
- Nil

Others
Listed
- United Malacca Berhad

Non-listed
- Securities Industry Development Corporation
- Amanah Saham Nasional Berhad

DR DAVID ROBERT DEAN
Independent Non-Executive Director

Nationality / Age / Gender:
British / 60 / Male

Date of Appointment:
11 December 2017

Length of Service:
1 year 3 months

Date of Last Re-election:
23 May 2018

Membership of Board Committees:
- Board Audit Committee
- Board Risk Management Committee
- Axiata Digital Business Investment and Oversight Board Committee

Qualifications:
- First Class Honours Degree (BA) in Physics, Oriel College, University of Oxford
- Master of Arts in Physics, Oriel College, University of Oxford
- D.Phil. in Theoretical Nuclear Physics, Oriel and Wolfson Colleges, University of Oxford

Working Experience:
Dr Dean is an independent advisor to several startups and larger companies. He retired as Senior Partner from The Boston Consulting Group (BCG) at the end of 2013 after 28 years, where he contributed significantly to the firm's most innovative thinking in areas of Internet economy, cloud computing and personal data. He has executed projects in over 25 countries and served multinational clients in Europe, the US, Africa, India, China, Southeast Asia and Japan. For several years, Dr Dean led BCG's Global Technology & Communications Practice, during which time he helped create a leading position in Asia. He has extensive experience in serving leading telecommunication, Internet and technology companies, in particular on strategic, corporate development and other top management issues.

Dr Dean has also contributed to projects at The World Economic Forum and participated in multiple World Economic Forum events. He is a member of the Forum's Global Future Council on the Digital Economy and Society. He is an active writer with "TMT Value Creators Report" and "The Connected World" just two of his notable publications.

Directorships of Public Companies:
Axiata Group
Listed
- XL

Non-listed
- Nil

Others
Listed
- Nil

Non-listed
- Nil

Governance & Compliance Information
Profile of Directors

DR MUHAMAD CHATIB BASRI
Independent Non-Executive Director

Nationality / Age / Gender:
Indonesian / 53 / Male

Date of Appointment:
25 February 2015

Length of Service:
4 years

Date of Last Re-election:
26 May 2017

Membership of Board Committees:
- Nil

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

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

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

Directorships of Public Companies:
Axiata Group
Listed
- XL

Non-listed
- Nil

Others
Listed
- PT Astra International Tbk
- PT Indika Energy Tbk

Non-listed
- Nil

TENGKU DATO' SRI AZMIL ZAHRUDDIN RAJA ABDUL AZIZ
Non-Independent Non-Executive Director
(Representative of Khazanah)

Nationality / Age / Gender:
Malaysian / 48 / Male

Date of Appointment:
12 January 2018

Length of Service:
1 year 3 months

Date of Last Re-election:
23 May 2018

Membership of Board Committees:
- Board Nomination and Remuneration Committee
- Axiata Digital Business Investment and Oversight Board Committee

Qualifications:
- First Class Degree in Economics, University of Cambridge
- Member of the Malaysian Institute of Accountants (MIA)
- Member of Institute of Chartered Accountants in England and Wales
- Associate of the Association of Corporate Treasurers, United Kingdom.

Working Experience:
Tengku Azmil joined Khazanah as Executive Director of Investments in October 2011. His main role is overseeing new investments and divestments in sectors within his portfolio.

Prior to joining Khazanah, he was the Managing Director/Chief Executive Officer of Malaysia Airlines Berhad. He joined Malaysia Airlines Berhad as Executive Director/Chief Financial Officer in August 2005 after having served as a Non-Executive Director since August 2004. Before that, he was the Chief Financial Officer and then Managing Director/Chief Executive Officer of Penerbangan Malaysia Berhad. He was also with PricewaterhouseCoopers in their London and Hong Kong offices where he was in the Audit and Business Advisory Services division, specialising in financial services.

Directorships of Public Companies:
Axiata Group
Listed
- Nil

Non-listed
- Nil

Others
Listed
- Nil

Non-listed
- Malaysian Global Innovation & Creativity Centre Berhad

DR LISA LIM POH LIN
Independent Non-Executive Director

Nationality / Age / Gender:
Malaysian / 42 / Female

Date of Appointment:
8 June 2018

Length of Service:
9 months

Date of Last Re-election:
N/A

Membership of Board Committees:
- Nil

Qualifications:
- Bachelor of Arts Degree in Engineering and Master in Engineering, Cambridge University (First Class Honours)
- Ph.D in Engineering, Cambridge University
- Chartered Financial Analyst Charterholder

Working Experience:
Lisa has over 18 years of global experience in management consulting, academic research and investment management. Lisa was a Fund Manager at ColumbiaThreadneedle in London and was also the sector head for Global Telecoms Research. She was also an Assistant Professor at the National University of Singapore and has worked with The Boston Consulting Group across a few countries in Asia. Lisa is also an Angel investor in early stage and deep technology startups. She was a recipient of the Malaysian Public Services Commission scholarship and The Cambridge Commonwealth Trust Scholarship.

Directorships of Public Companies:
Axiata Group
Listed
- Nil

Non-listed
- Nil

Others
Listed
- Nil

Non-listed
- Nil

Governance & Compliance Information
Profile of Directors

KHOO GAIK BEE
Independent Non-Executive Director

Nationality / Age / Gender:
Malaysian / 61 / Female

Date of Appointment:
1 January 2019

Length of Service:
3 months

Date of Last Re-election:
N/A

Membership of Board Committees:
- Board Nomination and Remuneration Committee

Qualifications:
- Degree in Public Administration majoring in Organisational Behaviour & Development, University of DeMontfort, Leicester, United Kingdom
- Human Resource Management in Asia, INSEAD

Working Experience:
Gaik Bee brings a wealth of experience from a progressive 37-year career spanning the entire spectrum of Human Resource Management. She served at several international and Malaysian corporates including Digital Equipment Malaysia, ICI Paints (M) Sdn Bhd, Sunway Group of Companies and Arthur Young & Co., among others, before retiring as Executive Director/ Human Resource Director of Guinness Anchor Berhad in 2006.

Some of her key achievements include successful merger and acquisition integration initiatives and negotiations with in-house unions. During her tenure in employment, she was a member of the Malaysian Employers Federation (MEF) Council and a panel member of the Malaysian Industrial Court. She was also a Member of the Accreditation Board of the Women Institute of Management (WIM) Professional Manager Certification Program. Post retirement, she engages in executive coaching and strategic leadership for organisations, having also served Axiata in this capacity.

Directorships of Public Companies:
Axiata Group
Listed
- Nil

Non-listed
- Nil

Others
Listed
- Nil

Non-listed
- Nil

Notes:
None of the Directors have:
- Any family relationship with any Director and/or major shareholder of Axiata.
- Any conflict of interest with Axiata.
- Any conviction for offences within the past five years and particulars of any public sanctions or penalties imposed on them by any regulatory bodies during the financial year ended 31 December 2018 (other than traffic offences).
- Information on Directors' attendance at Board meetings held during the financial year is disclosed on page 72 of the Integrated Annual Report 2018.

Governance & Compliance Information
Board Remuneration

Breakdown of the aggregated remuneration of NEDs of Axiata into appropriate components including remuneration for services rendered by them to Axiata Group FY18 is set out below:-

	Axiata			Subsidiaries		Total
Name of Director	Fees (RM'000)	Meeting Allowances[a] (RM'000)	Monetary Value of Benefits-in-Kind (RM'000)	Fees (RM'000)	Meeting Allowances (RM'000)	(RM'000)
Tan Sri Ghazzali Sheikh Abdul Khalid[a]	298	52	60	224	18	652
David Lau Nai Pek[b]	288	73	71	154	33	619
Dato' Mohd Izzaddin Idris[c, d]	253	41	66	22	6	388
Dato Dr Nik Ramlah Nik Mahmood[e]	248	50	25	72	6	401
Dr David Robert Dean[f]	264	53	110	286	14	727
Dr Muhamad Chatib Basri[f]	240	26	87	413	45	811
Dr Lisa Lim Poh Lin[g]	135	16	69	0	0	220
Tengku Dato' Sri Azmil Zahruddin Raja Abdul Aziz[h, i]	239	38	0	0	0	277
Tan Sri Datuk Wira Azman Hj. Mokhtar[i, j]	213	24	74	0	0	311
Datuk Azzat Kamaludin[k, l]	120	37	6	181	44	388
Kenneth Shen[m, n, o]	15	0	5	358	19	397
Total	**2,313**	**410**	**573**	**1,710**	**185**	**5,191**

a Fees and Meeting Allowances from subsidiaries – Robi and Ncell
b Fees and Meeting Allowances from subsidiaries – Celcom, Smart and edotco
c 50% of Fees and Meeting Allowances paid directly to UEM Group Berhad up to the last day of service on 6 October 2018
d Fees and Meeting Allowances from subsidiary – Dialog
e Fees and Meeting Allowances from subsidiary – edotco
f Fees and Meeting Allowances from subsidiary – XL
g Appointed on 8 June 2018
h Appointed on 12 January 2018
i Fees and Meeting Allowances paid directly to Khazanah
j Resigned on 3 August 2018
k Fees and Meeting Allowances from subsidiaries – Celcom, Dialog and edotco
l Retired on 23 May 2018
m Fees and Meeting Allowances paid directly to Khazanah up to 12 January 2018
n Fees and Meeting Allowances from subsidiaries – XL and edotco
o Resigned on 12 January 2018

Executive Director

Breakdown of the aggregated remuneration of Tan Sri Jamaludin Ibrahim for FY18 into appropriate components is set out below:-

	(RM'000)
a. Salaries, Allowances and Bonus	6,936
b. Benefits (Contribution to EPF, ESOS and RSA Expenses and Monetary Value of Benefits-in-Kind)	3,615

Governance & Compliance Information
Directors' Training List 2018

Director	List of Training/Conference/Seminar/Workshop Attended/Participated in 2018
Tan Sri Ghazzali Sheikh Abdul Khalid	1) Asia-Pacific Round Table by ISIS Malaysia – 7 to 9 May 2018. 2) Axiata Mid-Year Board Strategy Retreat "Running on the Telco Treadmill – Fit, Fat or Falling behind?" by Guest Speaker, Palace of The Golden Horses, Seri Kembangan – 20 to 21 July 2018. 3) Seminar on Director's Remuneration for GLICs, GLCs & Government Agencies by Aram Global Sdn Bhd, Hotel Istana, Kuala Lumpur – 19 September 2018. 4) Praxis Economic Seminar #GameChangers 2019 by ISIS Malaysia, Sheraton Imperial KL - 4 October 2018. 5) ASEAN Board of Directors: Future-Proof Your Boardroom by Management Events, DoubleTree by Hilton Kuala Lumpur – 18 to 19 October 2018. 6) 2019 Budget: What You Need To Know, The Economy, Capital Market and You by Securities Industry Corporation (SIDC), Sime Darby Convention Centre (SDCC), Kuala Lumpur – 14 November 2018. 7) Axiata Year-End Board Retreat "Economic Outlook-Beneath the surface by Guest Speaker, TPC Kuala Lumpur – 21 to 22 November 2018.
Tan Sri Jamaludin Ibrahim	1) XL Board Retreat by Guest Speakers, Westin Hotel Jakarta – 8 to 10 February 2018: Topics i) Evolving and business portfolio and return model ii) Rubber to hit the road on Digital Transformation iii) Evolving our governance model 2) GSMA Foundation Board Member, Barcelona – 24 February 2018. 3) MWC attended keynote, Barcelona – 26 February 2018. 4) ASL by Guest Speakers, Anantara Hotel, Bangkok – 23 to 24 March 2018: Topics i) Mega Trends "Reshaping our Future" ii) eSIM and Ecosystem Disruptive Impacts – a contrarian view? iii) Applied Analytics in Management, Marketing & Products iv) Building a Trusted Telco Blockchain-as-a-service Infrastructure 5) Digital ASEAN Workshop by World Economy Forum, Office of Google Asia Pacific, Singapore – 26 April 2018. 6) Cyber Security Forum by Guest Speakers, Aloft Hotel, Kuala Lumpur – 18 July 2018: Topics i) Transforming Security in a Digital Era ii) Security the Google Way iii) Lessons Learnt – Proactive steps to address cyber challenges iv) Evolving Threat Landscape and Key Themes 7) Axiata Mid-Year Board Strategy Retreat "Running on the Telco Treadmill – Fit, Fat or Falling behind?" by Guest Speaker. Palace of The Golden Horses, Seri Kembangan – 20 to 21 July 2018. 8) Khazanah Megatrends Forum 2018 "Balance – Recalibrating Markets Firms, Society and People", Mandarin Hotel, Kuala Lumpur – 8 to 9 October 2018. 9) Axiata Year-End Board Retreat "Economic Outlook-Beneath the surface" by Guest Speaker, TPC Kuala Lumpur – 21 to 22 November 2018. 10) ASL by Guest Speakers, Sheraton, Petaling Jaya – 28 to 29 November 2018: Topics i) Teamwork, Synergy, Knowing When to Strike – How to Conquer the World - Mountaineer & Motivational ii) Are we "FIT" Enough? – Cost Transformation: Success stories, learnings and experience sharing in Axiata and Beyond iii) Aggressive for Enterprise – Getting 20%
David Lau Nai Pek	1) GSMA Mobile World Congress Shanghai 2018 – 27 to 30 June 2018. 2) Axiata Group Cyber Security Forum , Aloft Hotel Kuala Lumpur – 18 July 2018. 3) Axiata Mid-Year Board Strategy Retreat "Running on the Telco Treadmill – Fit, Fat or Falling behind?" by Guest Speaker, Palace of The Golden Horses, Seri Kembangan – 20 to 21 July 2018. 4) EPF International Social Security Conference, Hilton Hotel, Kuala Lumpur – 8 to 9 August 2018. 5) Khazanah Megatrends Forum 2018 "Balance – Recalibrating Markets, Firms, Society and People", Mandarin Hotel, Kuala Lumpur – 8 to 9 October 2018. 6) Axiata Year-End Board Retreat "Economic Outlook-Beneath the surface" by Guest Speaker, TPC Kuala Lumpur – 21 to 22 November 2018.
Dr Muhamad Chatib Basri	1) Axiata Mid-Year Board Strategy Retreat "Running on the Telco Treadmill – Fit, Fat or Falling behind?" by Guest Speaker, Palace of The Golden Horses, Seri Kembangan – 20 to 21 July 2018. 2) Axiata Year-End Board Retreat "Economic Outlook-Beneath the surface" by Guest Speaker, TPC Kuala Lumpur – 21 to 22 November 2018.

Governance & Compliance Information
Directors' Training List 2018

Director	List of Training/Conference/Seminar/Workshop Attended/Participated in 2018
Dato' Mohd Izzaddin Idris	1) Securities Commission Malaysia: Invitation to World Capital Markets Symposium – Renaissance of Capitalism: Markets for Growth, Kuala Lumpur – 6 February 2018. 2) UEM Group: Talk Series – Roundtable Discussion Making Corporate Transformation Happen by Microsoft – 15 March 2018. 3) Axiata Digital Innovation Fund (ADIF) Board Retreat by Guest Speakers – 19 March 2018: Topics i) Going regional from Malaysia to ASEAN ii) Ecosystem – Movers and Shapers of Malaysia's digital economy 4) UEM Group Induction Program (GrIP), as speaker – 3 May 2018. 5) UEM Risk Management Champion Bootcamp – 7 May 2018. 6) UEM Group Induction Programme (GrIP), as speaker – 18 July 2018. 7) Axiata Mid-Year Board Strategy Retreat "Running on the Telco Treadmill – Fit, Fat or Falling behind?" by Guest Speaker, Palace of The Golden Horses, Seri Kembangan – 20 to 21 July 2018. 8) Axiata Year-End Board Retreat "Economic Outlook-Beneath the surface by Guest Speaker, TPC Kuala Lumpur – 21 to 22 November 2018.
Dato Dr Nik Ramlah Nik Mahmood	1) Malaysian Code on Corporate Governance Reporting and Corporate Guide, Bursa Malaysia – 16 March 2018. 2) Audit Committee Institute Roundtable, KPMG – 19 March 2018. 3) Enhancing the value of ICM through social and impact investing by Securities Commission Malaysia and Oxford Centre for Islamic Finance – 24 to 25 March 2018. 4) Harnessing Islamic Finance for a green future by Securities Commission Malaysia and World Bank – 14 to 15 May 2018. 5) GSMA Mobile World Congress Shanghai – 27 to 29 June 2018. 6) FIDE Forum – Blockchain for Financial Services – 15 July 2018. 7) Axiata Mid-Year Board Strategy Retreat "Running on the Telco Treadmill – Fit, Fat or Falling behind?" by Guest Speaker, Palace of The Golden Horses, Seri Kembangan – 20 to 21 July 2018. 8) Business Foresight Forum 2018: Disruptions and Collaborations – The rise of capital markets 4.0 by SIDC – 8 August 2018. 9) Khazanah Megatrends Forum 2018, "On Balance: Recalibrating Markets, Firms, Society and People" – October 2018. 10) Axiata Year-End Board Retreat "Economic Outlook-Beneath the surface by Guest Speaker, TPC Kuala Lumpur – 21 to 22 November 2018. 11) Meetup Asia 2018 by Tower Xchange, Marina Bay Sands Singapore – December 2018. 12) Mentoring for Directors by 30% Club, Securities Commission Malaysia, Kuala Lumpur – December 2018.
Dr David Robert Dean	1) Mandatory Accreditation Programme by Iclif Leadership and Governance Centre, Kuala Lumpur – 29 to 30 January 2018. 2) Mobile World Congress in Barcelona – 26 to 28 February 2018. 3) Axiata Mid-Year Board Strategy Retreat "Running on the Telco Treadmill – Fit, Fat or Falling behind?" by Guest Speaker, Palace of The Golden Horses, Seri Kembangan - 20 to 21 July 2018. 4) Axiata Year-End Board Retreat "Economic Outlook-Beneath the surface by Guest Speaker, TPC Kuala Lumpur – 21 to 22 November 2018. 5) World Economic Forum: Global Meeting of the Future Council on the Digital Economy and Society, Dubai – 10 to 12 November. 6) G-STIC Conference on Sustainable Development, Brussels, – 28 to 30 November 2018. 7) Executive Program, Mountain View, California by Singularity University, Palo Alto – 2 to 7 December 2018.
Tengku Dato' Sri Azmil Zahruddin Raja Abdul Aziz	1) Invest Malaysia (KL) by Bursa Malaysia – 23 January 2018. 2) Montgomery Conference (Santa Monica) by The Montgomery Summit – 7 to 8 March 2018. 3) Credit Suisse Asia Investment Conference (Hong Kong) by Credit Suisse – 1 and 22 Mar 2018. 4) Malaysia Global Investment Forum (Kuala Lumpur) by Asian Investor – 26 June 2018. 5) Sustainability Circle Event by Khazanah – 19 July 2018. 6) Axiata Mid-Year Board Strategy Retreat "Running on the Telco Treadmill – Fit, Fat or Falling behind?" by Guest Speaker, Palace of The Golden Horses, Seri Kembangan – 20 to 21 July 2018. 7) Iskandar Malaysia – '5 Big Ideas' (e.g. Cool IP, SIM City , Green IP, Smart IP and Active IP) to present an update on the Khazanah initiatives – 26 July 2018. 8) Southeast Asia Venture Capital & Private Equity Conference by MVCA – 31 July 2018. 9) Smart 4.0 Leadership Forum, "Smart City Strategies in creating socially just, multiracial city", Royale Chulan, Kuala Lumpur – 28 August 2018. 10) 2018 Milken Institute Asia Summit, Four Season Hotel, Singapore – 13 to 14 September 2018. 11) Khazanah Megatrend Forum, "Balance – recalibrating Markets, Firms, Society and People", Mandarin Hotel, Kuala Lumpur – 8 to 9 October 2018. 12) 8th Annual Private Innovative Company Conference by Goldman Sachs – 14 to 15 November 2018. 13) Axiata Year-End Board Retreat "Economic Outlook-Beneath the surface by Guest Speaker, TPC Kuala Lumpur – 21 to 22 November 2018.
Dr Lisa Lim Poh Lin	1) Axiata Mid-Year Board Strategy Retreat "Running on the Telco Treadmill – Fit, Fat or Falling behind?" by Guest Speaker, Palace of The Golden Horses, Seri Kembangan – 20 to 21 July 2018. 2) Axiata Year-End Board Retreat "Economic Outlook-Beneath the surface" by Guest Speaker, TPC Kuala Lumpur – 21 to 22 November 2018. 3) Mandatory Accreditation Programme by Iclif Leadership and Governance Centre, Kuala Lumpur – 29 to 30 November 2018.

Governance & Compliance Information
Profile of Group Senior Leadership Team

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

Please refer to page 4

DR HANS WIJAYASURIYA
Corporate Executive Vice President & Regional Chief Executive Officer, South Asia Operations

Nationality / Age / Gender:
Sri Lankan / 50 / Male

Date of Appointment to Current Position:
1 January 2017

Years of Service at Axiata:
25 years

Department/Portfolio:
- South Asia Region

Academic/Professional Qualification(s):
- Degree in Electrical and Electronic Engineering, University of Cambridge
- Masters of Business Administration (MBA), University of Warwick, UK
- PhD in Digital Mobile Communications, University of Bristol
- Chartered Engineer and Fellow of the Institute of Engineering Technology, UK

Working Experience:
In line with Axiata's regional expansion in the South Asia region, Hans was appointed as Corporate Executive Vice President & Regional Chief Executive Officer, South Asia Operations in January 2017. Up to the end of 2016, Hans also functioned as the Group CEO of Dialog, Sri Lanka. He joined Dialog's founding management team in 1994, and took on the role of CEO in 1997. From 2012 to 2014, Hans was also the founding CEO of Axiata Digital Services.

Directorships of Public Companies:
Axiata Group
Listed
- Dialog

Non-listed
- Robi

Others
Listed
- John Keells Holdings PLC

VIVEK SOOD
Group Chief Financial Officer

Nationality / Age / Gender:
Indian / 54 / Male

Date of Appointment to Current Position:
3 April 2017

Years of Service at Axiata:
2 years

Department/Portfolio:
- Financial Controls
- Treasury & Corporate Finance
- Investor Relations
- Procurement
- Strategic Cost Management
- Strategic Finance, Financial Planning & Analysis

Academic/Professional Qualification(s):
- Bachelor in Commerce, University of Delhi
- Chartered Accountant of the Institute of Chartered Accountants of India

Working Experience:
Vivek was the Executive Vice President and Group Chief Marketing Officer of Telenor Group Inc. Prior to this, he has held positions as CFO and subsequently CEO of Telenor India, CEO of Grameenphone (Bangladesh) and COO and CFO of Tata AIA Life Insurance.

Directorships of Public Companies:
Axiata Group
Listed
- XL

Non-listed
- Robi

Governance & Compliance Information
Profile of Group Senior Leadership Team

AZWAN KHAN OSMAN KHAN
Deputy Group Chief Financial Officer

Nationality / Age / Gender:
Malaysian / 49 / Male

Date of Appointment to Current Position:
1 November 2018

Years of Service at Axiata:
14 years

Department/Portfolio:
- Group Finance

Academic/Professional Qualification(s):
- Bachelor of Engineering (Hons), Imperial College, London

Working Experience:
Azwan has served at Axiata for approximately 14 years, having held senior positions within the Group. He was appointed to his current role as Deputy Group Chief Financial Officer in November 2018. Prior to that, he was Deputy CEO at Celcom Axiata for a period of two years. He was also Group Chief Operating Officer of Dialog in Sri Lanka, in addition to having served as Group Chief Strategy Officer at Axiata and Chief Strategy Officer at Celcom. Azwan's experience prior to joining Axiata includes roles at Boston Consulting Group and Shell Malaysia.

DATIN SRI BADRUNNISA MOHD YASIN KHAN
Group Chief Talent Officer

Nationality / Age / Gender:
Malaysian / 59 / Female

Date of Appointment to Current Position:
1 June 2011

Years of Service at Axiata:
11 years

Department/Portfolio:
- Organisational Development
- Talent Management
- Learning & Development
- Corporate Responsibility

Academic/Professional Qualification(s):
- Bachelor of Science (Honours) in Biochemistry and Pharmacology, University of Aston, Birmingham, UK

Working Experience:
Badrunnisa has had over 31 years of working experience. Her career has predominantly been with Shell in Malaysia, with the first half focusing on IT software application and the second half in Human Resources, where her last stint was in a global position reporting to Shell Group HR. Before Axiata, she was with TM where she served as General Manager, Leadership & Talent Management, Group HR. She was also the Head of Group Human Resources in Axiata before the function was split to allow her to focus on Talent Management across the Group.

ASRI HASSAN SABRI
Group Chief Corporate Officer

Nationality / Age / Gender:
Malaysian / 52 / Male

Date of Appointment to Current Position:
1 September 2018

Years of Service at Axiata:
3 years

Department/Portfolio:
- Group Programme Office
- GCEO Office Support
- Government Relations
- Corporate Communications & Sustainability
- Regulatory Affairs

Academic/Professional Qualification(s):
- Bachelor of Commerce, University of Newcastle, Australia

Working Experience:
Asri has 30 years of working experience in various management, consulting and entrepreneur engagements in the IT and telecom industries. Previously, he was the CEO of Axiata Business Services, as well as Axiata's Group Chief Business Operations Officer. He is a former country President for Motorola Malaysia, a position he held from 2006 to 2008. He was also a strategic partner with Provident Capital Partners, an established South Asian private equity company. Besides Motorola, Asri has also worked with other multinational corporations (MNCs) such as Nokia.

Governance & Compliance Information
Profile of Group Senior Leadership Team

HADI HELMI ZAINI SOORIA
Group Chief Internal Auditor

Nationality / Age / Gender:
Malaysian / 49 / Male

Date of Appointment to Current Position:
15 October 2018

Years of Service at Axiata:
22 years

Department/Portfolio:
- Group Internal Audit
- Compliance Investigation

Academic/Professional Qualification(s):
- Associate Member of CIMA and the Association of International Certified Professional Accountants (AICPA)
- MBA, Multimedia University, Malaysia

Working Experience:
Hadi has been with Axiata Group for over 20 years, and has held various management positions across the Group including Senior Vice President in Celcom, Managing Director of edotco Malaysia, and Chief Financial Officer of Ncell, a position he held for more than two years. He was among Ncell's new management team after its acquisition and has been instrumental in the company's successful integration into the Axiata Group.

SURYANI HUSSEIN
Group Company Secretary

Nationality / Age / Gender:
Malaysian / 53 / Female

Date of Appointment to Current Position:
1 April 2008

Years of Service at Axiata:
16 years

Department/Portfolio:
- Company Secretarial

Academic/Professional Qualification(s):
- LLB (Hons) Bachelor of Laws, International Islamic University, Malaysia
- Advocate and Solicitor of the High Court of Malaya and Licensed Company Secretary

Working Experience:
Suryani, a qualified Advocate and Solicitor of the High Court of Malaya and licenced Company Secretary, spent the early years of her career in legal practice. She subsequently joined the corporate sector doing both legal and company secretarial work and was appointed Head of Legal and Secretarial, Celcom in 2002. Suryani joined Axiata upon its listing in 2008 and until June 2011 retained her leadership role as Head of Legal in Celcom.

DARKE M SANI
Group Chief Human Resources Officer

Nationality / Age / Gender:
Singaporean / 63 / Male

Date of Appointment to Current Position:
1 June 2011

Years of Service at Axiata:
7 years

Department/Portfolio:
- Human Resources
- Organisational Development
- Facility Management

Academic/Professional Qualification(s):
- Bachelor’s Degree in Civil Engineering, National University of Singapore

Working Experience:
Darke has had over 30 years working experience both in Malaysia and in the South Asia region, having held several senior positions in multinational companies and large local companies. These include Managing Director of Southeast Asia and India of Apple Inc, Managing Director (Singapore) of Digital Equipment Corporation (now part of Hewlett-Packard) and Managing Director of Enterprise Business of Maxis Communications at Malaysia. Prior to joining Axiata in 2011, he was a director of a leadership development and management consulting company.

Governance & Compliance Information
Profile of Group Senior Leadership Team

DOMINIC P ARENA
Group Chief Strategy & Marketing Officer

Nationality / Age / Gender:
Australian / 42 / Male

Date of Appointment to Current Position:
1 March 2016

Years of Service at Axiata:
3 years

Department/Portfolio:
- Group Corporate Strategy
- Marketing & Brand Development
- Strategic Projects
- Product Innovation & Partnerships

Academic/Professional Qualification(s):
- Bachelor of Engineering in Telecommunications (Honours) and a Graduate Diploma in Engineering Management (Dip. Eng. Prac., Honours), University of Technology, Sydney, Australia
- Member, Australian Institute of Company Directors (MAICD)

Working Experience:
Dominic has over 24 years of working experience in the telecoms, media and technology sectors having held executive roles with global telecom operators including Vodafone, Orange and British Telecom as well as leading strategic advisory firms. Prior to joining Axiata, Dominic was the Group Managing Director of AEC Advisory, a regional strategic and corporate advisory firm headquartered in Singapore. Preceding this, he held several senior corporate advisory roles as a global equity Partner of Value Partners Management Consulting, as Regional Director APAC for BT Global Services consulting group, as a Director of KPMG Australia and a Director with KPMG Consulting in Southeast Asia in charge of Telecom & Media advisory.

ANNIS SHEIKH MOHAMED
Group Chief Corporate Development Officer

Nationality / Age / Gender:
Malaysian / 47 / Male

Date of Appointment to Current Position:
1 July 2011

Years of Service at Axiata:
7 years

Department/Portfolio:
- Corporate Development

Academic/Professional Qualification(s):
- Bachelor Degree in Business Administration (Hons), majoring in Finance, Investment and Banking, University of Wisconsin-Madison, USA

Working Experience:
Annis has close to 17 years of working experience in the banking industry with extensive knowledge and experience in the areas of financial advisory, structured finance, acquisition finance and project finance. He started his career at Citibank Berhad and later joined Macquarie Malaysia and RHB Sakura Merchant Bankers Bhd. His last position before joining Axiata was Chief Officer & Head of Investment Banking in Kuwait Finance House (Malaysia) Berhad (KFHMB).

TAN GIM BOON
Group General Counsel and Risk Officer

Nationality / Age / Gender:
Malaysian / 46 / Male

Date of Appointment to Current Position:
14 April 2014

Years of Service at Axiata:
15 years

Department/Portfolio:
- Corporate Counsel
- Risk Management
- Enterprise Risk Management

Academic/Professional Qualification(s):
- Bachelor of Commerce and Bachelor of Law, University of Adelaide, Australia
- Advocate and Solicitor of the High Court of Malaya and as a solicitor in New South Wales, Australia
- Masters of Law, University of New South Wales, Australia

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

Governance & Compliance Information
Profile of Group Senior Leadership Team

ANTHONY RODRIGO
Group Chief Information Officer

Nationality / Age / Gender:
Sri Lankan / 51 / Male

Date of Appointment to Current Position:
1 August 2017

Years of Service at Axiata:
8 years

Department/Portfolio:
- Information Technology

Academic/Professional Qualification(s):
- B.Eng from Kings College London
- MBA, Regis University Denver, USA

Working Experience:
Anthony has been with Axiata Group of companies since 2010, having joined Dialog Axiata as their Chief Information Officer (CIO) and Chief Digital Services Officer. Since his appointment as the Axiata Group CIO in 2017, he has continued with his role as CIO of Dialog. Prior to joining Dialog, Anthony was the Head of the North America Systems Integration Business for Nokia Siemens Networks. He holds several European and United States Patents in the area of Charging and Speech Recognition technology.

YAP WAI YIP
Group Financial Controller

Nationality / Age / Gender:
Malaysian / 62 / Male

Date of Appointment to Current Position:
1 November 2016

Years of Service at Axiata:
11 years

Department/Portfolio:
- Group Accounts
- Accounts Operation
- Internal Management Reporting
- Corporate Policy and Governance
- Financial ERP System
- Taxation

Academic/Professional Qualification(s):
- Chartered Accountant of Malaysian Institute of Accountants
- Fellow Member of The Association of Chartered Certified Accountants, UK
- Graduate of The Institute of Chartered Secretaries and Administrators, UK

Working Experience:
Yap has over 37 years of working experience, of which more than 24 years were in the IT industry and 11 years in telecommunications. His previous roles within Axiata Group include Chief Financial Officer of Robi from 2014 to 2016, Chief Financial Officer of Dialog in 2010, Acting Chief Financial Officer of Axiata from November 2010 to May 2011 and from January 2017 to April 2017. He was Axiata's Group Financial Controller from 2008 to 2010 and resumed the role in November 2016. While in the IT industry, he was the Controller of IBM Asia Pacific's Accounting Center which provides accounting shared services covering countries within the Asia Pacific region of ASEAN, South Asia, Greater China, Japan, Korea and Australia/New Zealand. He was the recipient of several awards from accounting professional bodies and an IBM patent for an IT application.

Notes:
1. None of the Group Senior Leadership Team have:
   - Any family relationship with any Director and/or major shareholder of Axiata
   - Any conflict of interest with Axiata
   - Any conviction for offences within the past five years and particulars of any public sanctions or penalties imposed on them by any regulatory bodies during the financial year ended 31 December 2018 (other than traffic offences)
2. Unless otherwise indicated, these individuals do not hold directorships in public listed and non-listed companies.
3. Years of Service at Axiata refers to tenure within Axiata and its group of companies.

Governance & Compliance Information
Profile of Operating Companies' Management Team

MOHAMAD IDHAM NAWAWI
Chief Executive Officer
Celcom

Nationality / Age / Gender:
Malaysian / 51 / Male

Date of Appointment to Current Position:
1 September 2018

Years of Service at Axiata:
6 years

Academic/Professional Qualification(s):
- Bachelor of Science in Mechanical Engineering, University of Rochester, New York, USA
- Master Degrees in Communications Management (MBA in Telecommunications), University of Strathclyde, Glasgow, Scotland

Working Experience:
Mohamad Idham was appointed as the CEO of Celcom on 1 September 2018. Prior to this, Idham served as the Group Chief Corporate Officer in Axiata. At Axiata, Idham's responsibility included building relationships and advocacy programmes with the Government, regulators and other stakeholders at the highest level across the Group's markets. Additionally, he led the Axiata Transformation Programme 2.0 from 2012 to 2015, and was instrumental in establishing the RM100 million Axiata Digital Innovation Fund. Idham has more than 20 years' experience in regional telecommunications and IT industries.

Directorships of Public Companies:
Axiata Group
Non-Listed
- Celcom

SUREN J. AMARASEKERA
Managing Director
Ncell

Nationality / Age / Gender:
Sri Lankan / 54 / Male

Date of Appointment to Current Position:
1 July 2017

Years of Service at Axiata:
2 years

Academic/Professional Qualification(s):
- Master of Business Administration (MBA). University of Chicago, Booth School of Business, Illinois, USA
- Masters of Science in Computer Systems Engineering. Syracuse University, New York, USA
- Bachelor of Science. Syracuse University, New York, USA

Working Experience:
Suren has 26 years of working experience in the telecommunications industry in globally renowned telcos, namely Singapore Telecommunications Ltd., Sri Lanka Telecom's Mobitel, Maxis Berhad in Malaysia and Maxis Communications Berhad (Aircel Limited in India). Prior to joining Ncell, Suren functioned as Strategic Projects Director at Axiata, focusing on key group initiatives across its South Asian operations in Bangladesh, Nepal, Sri Lanka and Pakistan.

SUPUN WEERASINGHE
Group Chief Executive
Dialog

Nationality / Age / Gender:
Sri Lankan / 43 / Male

Date of Appointment to Current Position:
1 January 2017

Years of Service at Axiata:
19 years

Academic/Professional Qualification(s):
- Bachelor of Science (First Class Honours) in Accountancy and Financial Management, University of Jayewardenepura, Sri Lanka
- MBA, University of Western Sydney, Australia
- Fellow Chartered Management Accountant, UK (FCMA)
- Alumnus of Harvard Business School

Working Experience:
Since January 2017, Supun has been the Group Chief Executive of Dialog. Before returning to Dialog, Supun was the CEO and Managing Director of Robi in Bangladesh from 2014 to 2016. Prior to joining Robi, Supun served as the Group Chief Strategy Officer of Axiata in Malaysia. At Axiata, he also served as the Head of Network Transformation, Strategic Business Unit under which he led the Group Technology, Carrier Collaboration and Axiata Intelligence Unit. Prior to his assignment to Axiata Group in 2013, Supun was the Group Chief Operating Officer of Dialog. He started his career in telecommunications at Dialog in 1999 and held multiple roles such as Head of Strategy and CEO of the Mobile Business.

Directorships of Public Companies:
Axiata Group
Listed
- Dialog

Governance & Compliance Information
Profile of Operating Companies' Management Team

DIAN SISWARINI
President Director
XL

Nationality / Age / Gender:
Indonesian / 50 / Female

Date of Appointment to Current Position:
1 April 2015

Years of Service at Axiata:
22 years

Academic/Professional Qualification(s):
- Bandung Institute of Technology, majoring in Telecommunications
- Harvard Advance Management Program, Harvard Business School

Working Experience:
Dian has more than 20 years of working experience in the telecommunications industry and Dian Siswarini began her career in XL in 1996 holding various key positions at the Department of Network and Engineering. In 2007, Dian was appointed as Director of Network Services. Along with the change of XL strategy, in 2011 she was entrusted to lead the Department of Content and New Business as Chief Digital Services Officer until 2013. In June 2014, she was appointed as Group Chief of Marketing and Operations Officer to assist the growth of all Axiata subsidiaries. Dian rejoined XL as Vice President on 7 January 2015 and was subsequently appointed as President Director in April 2015.

MAHTAB UDDIN AHMED
Managing Director / Chief Executive Officer
Robi

Nationality / Age / Gender:
Bangladeshi / 52 / Male

Date of Appointment to Current Position:
1 November 2016

Years of Service at Axiata:
8 years

Academic/Professional Qualification(s):
- Bachelor of Honours and Masters in Accounting, University of Dhaka, Bangladesh
- Fellow member of Institute of Cost and Management Accountant of Bangladesh (ICMAB), FCMA & CGMA of Chartered Institute of Management Accountants (CIMA, UK)
- Alumnus, Harvard Business School

Working Experience:
Mahtab was appointed as Managing Director and Chief Executive Officer of Robi on 1 November 2016. Prior to this, he held the position of Chief Operating Officer of Robi from April 2014 to March 2016. He joined Robi in September 2010 as the Chief Financial Officer (CFO), a position he held till 2014. Prior to this, Mahtab spent 17 years at Unilever, holding various business and finance leadership positions. He is currently the Vice President of the Association of Mobile Telecom Operators of Bangladesh (AMTOB) and former Vice President of Bangladesh Malaysia Chamber of Commerce and Industry (BMCCI). He is also the Executive Committee member of Foreign Investors' Chamber of Commerce and Industry (FICCI)

Directorships of Public Companies:
Axiata Group
Non-listed
- Robi

THOMAS HUNDT
Chief Executive Officer
Smart

Nationality / Age / Gender:
German / 41 / Male

Date of Appointment to Current Position:
19 February 2013

Years of Service at Axiata:
6 years

Academic/Professional Qualification(s):
- Siemens AG "Stammhauslehre", Siemens Zweigniederlassung Leipzig, Germany
- IHK Industrial Business Administration

Working Experience:
Thomas has gained vast experience in the telecommunications industry during his tenure in key management positions with Siemens AG's Communication Division and Nokia Siemens Networks. Thomas was also a member of the Supervisory Board of Azerfon in Azerbaijan. Since mid-2008, he has been CEO of Smart Mobile, which he grew from greenfield, number eight position in the market to number three position, including through the acquisition of Star-Cell in 2011 and the merger with Hello in 2013. Since then, Thomas has been instrumental in Smart's leadership in Cambodia.

Directorships of Public Companies:
Axiata Group
Non-listed
- edotco (Cambodia)
- Ncell

Others
Non-listed
- European Chamber of Commerce Cambodia

SURESH SIDHU
Chief Executive Officer
edotco Group

Nationality / Age / Gender:
Malaysian / 52 / Male

Date of Appointment to Current Position:
26 August 2014

Years of Service at Axiata:
10 years

Academic/Professional Qualification(s):
- Degree in Natural Studies, University of Cambridge, UK
- MBA from INSEAD, France

Working Experience:
Suresh Sidhu has been Chief Executive Officer of edotco Group since August 2014 where he and his team have overseen the transformation that has produced one of the fastest growing tower companies in the world in terms of towers and tenancies, with growth from new build as well as M & A. Prior to joining edotco, Suresh was the Chief Corporate and Operations Officer of Celcom. Suresh also previously held senior roles at Axiata and Dialog. In addition, his previous work experience includes roles with Maxis, the Boston Consulting Group and Sime Darby Berhad.

MOHD KHAIRIL ABDULLAH
Chief Executive Officer
Axiata Digital Services

Nationality / Age / Gender:
Malaysian / 48 / Male

Date of Appointment to Current Position:
1 January 2015

Years of Service at Axiata:
7 years

Academic/Professional Qualification(s):
- BA (Engineering) and MEng, University of Cambridge, UK
- MBA from INSEAD, France

Working Experience:
Khairil was appointed as Chief Executive Officer of Axiata Digital Services in January 2015. He first joined Axiata in 2012 and served as Group Chief Marketing and Operations Officer. Prior to Axiata, Khairil was a Partner at Bain & Company Inc., a leading global management consultancy. He was with Bain for more than 15 years. Prior to joining Bain, Khairil was an operations consultant at Coopers & Lybrand Management Consulting Services. He was also founder and operations manager of P-Shift Consulting (South Asia) from 1996 to 1997, and manufacturing consultant with PERA Consulting in London and Kuala Lumpur from 1995 to 1996.

Notes:
1. None of the operating companies' management team have:
   - Any family relationship with any Director and/or major shareholder of Axiata.
   - Any conflict of interest with Axiata.
   - Any conviction for offences within the past five years and particulars of any public sanctions or penalties imposed on them by any regulatory bodies during the financial year ended 31 Dcember 2018 (other than traffic offences).
2. Unless otherwise indicated, these individuals do not hold directorships in public listed and non-listed companies.
3. Years of Service at Axiata refers to tenure within Axiata and its group of companies.

Governance & Compliance Information

Significant Milestones in 2018

22 January 2018

Headstart (Private) Limited ("Headstart") became a 50.59% of Digital Holdings Lanka (Private) Limited, a wholly-owned subsidiary of Dialog via conversion of the last tranche of its bonds in Headstart subsequent to its initial conversion in 2015 resulting into its earlier 26% stake in Headstart.

22 January 2018

ABS completed the incorporation of Axiata Global Services Pte Ltd to carry out regional Business-to-Business transactions including shared service support for Axiata Group.

30 January 2018

Following the receipt by Celcom of an offer from the MCMC on the reissuance of the existing Spectrum Assignment in 1950MHz to 1965MHz and 2140MHz to 2155MHz for a period of 16 years effective from 2 April 2018, subject to price component payment of RM118.4 million being made in one lump sum before 1 February 2018 and annual fixed fee payment of RM50 million payable before 15 December 2018 throughout the assignment period, the price component fee in one lump sum was submitted by Celcom to the MCMC on this date.

13 February 2018

With the non-participation by Axiata of the allotment by Idea of its 326,633,165 equity shares of face value of INR10 each ("Idea Shares") at an issue price of INR99.50 per Idea Share aggregating to INR32.5 billion on preferential basis to several entities, Axiata Group's shareholding in Idea was diluted from 19.7% to 18.1%.

23 February 2018

Following further notification by Idea on the allotment of 424,242,424 Idea Shares at an issue price of INR82.50 per Idea Share aggregating to INR35 billion to eligible qualified institutional buyers in the Qualified Institutional Placement, Axiata Group's shareholding in Idea was further diluted from 18.1% to 16.34%.

20 March 2018

Dialog Broadband Networks (Private) Limited, a wholly-owned subsidiary of Dialog, entered into a Shareholder Agreement on 16 March 2018 with St. Anthony's Property Developers (Private) Limited to acquire through a primary issuance, a 35% equity stake in Digital Reality (Private) Limited for the purpose of establishing, operating and managing a data centre business in Sri Lanka.

4 May 2018

edotco Malaysia Sdn Bhd ("edotco MY"), a wholly-owned subsidiary of edotco Group, entered into a Sale and Purchase of Shares Agreement with Utara Jernih Sdn Bhd and Mohd Azam bin Saad for the acquisition of 80,002 ordinary shares representing 80% of the issued share capital of Tanjung Digital Sdn Bhd ("TDSB") for a total cash consideration of RM140 million.

4 May 2018

edotco Pakistan Private Limited ("edotco PK") a wholly-owned subsidiary of edotco Group, obtained the approval of Pakistan Telecommunication Authority on the change of shareholding in edotco PK by way of subscription by Dawood Hercules Corporation Limited of 45% of its share capital.

12 June 2018

With the completion of the exercise of the Mitsui Call Option in accordance with the terms of the Amended and Restated Shareholders Agreement ("ARSA") between Axiata Investments (Cambodia) Limited ("AIC"), Southern Coast Ventures Inc. ("SCV") and M&Y Asia Telecom Holdings Pte. Ltd. ("M&Y Asia") dated 19 May 2017, AIC and M&Y Asia respectively held 72.5% and 20% in Axiata (Cambodia) Holdings Limited, the holding company of Smart with the balance 7.5% held by SCV.

11 July 2018

Axiata Investments (Labuan) Limited ("AIL") on 10 July 2018 completed the incorporation of Axiata Digital Labs (Private) Limited to function as Software Development and IT Enabled Services venture of Axiata Group.

13 July 2018

AIL entered into a Share Purchase Agreement with Adnan Asdar Ali ("AA") for the divestment AIL's entire 89% stake in Multinet for a sum of USD1 on a cash free and debt free basis. AA is the current shareholder of Multinet holding the remaining 11% stake in Multinet.

20 July 2018

Sumitomo Corporation ("Sumitomo") on 20 July 2018 invested in Axiata Digital Advertising Sdn Bhd ("*ada*"), a subsidiary of the Company held via Axiata Digital, for the subscription of 3,334,017 shares at a consideration of RM81.2 million (USD20 million) representing 18.31% of total issued and paid-up share capital of *ada*.

27 July 2018

edotco MY completed the acquisition of the Sale Shares representing 80% of the issued share capital of TDSB resulted into TDSB becoming a subsidiary of Axiata.

16 August 2018

Axiata Group unconditionally and irrevocably relinquished some of its rights under the Share Subscription Agreement dated 25 June 2008 between; inter-alia, Axiata Group and Idea in relation to subscription by Axiata Group of shares in Idea, the same having been duly acknowledged by Idea on even date ("Relinquishment of Rights"), which include, amongst others, the following:-

i) Rights to appoint Axiata representative as a Board member of Idea and to the Board Audit Committee of Idea, and
ii) Anti-dilution rights.

With the Relinquishment of Rights, Axiata Group ceased to have significant influence on Idea in accordance with applicable accounting standard which will result in:-

i) Idea being reclassified as a financial asset measured at fair value through other comprehensive income; and
ii) An estimated de-recognition loss for financial year ending 31 December 2018.

18 September 2018

The Sale and Purchase of the Shares ("SPA") dated 30 August 2017 on the Proposed Acquisition of Deodar (Private) Limited ("Deodar") has been terminated by Pakistan Mobile Communications Limited due to the non-fulfilment of the conditions precedent to the SPA; in particular, regulatory approval for the resulting change of control in Deodar contemplated under the SPA.

Consequentially, edotco Investments (Labuan) Limited ("edotco Labuan") will not proceed with the Proposed Subscription under the Subscription Agreement with Dawood Hercules Corporation Limited of which the Subscription Monies was intended to partially fund the acquisition of Deodar.

8 November 2018

AIL completed the divestment of its entire 89% stake in Multinet resulting in the cessation of Multinet as a subsidiary of Axiata.

Governance & Compliance Information
Awards

2018

Axiata

- **MSWG-ASEAN Corporate Governance Recognition Awards 2018**
  Top 3 PLCs (Malaysia)
  Top 50 ASEAN PLCs (Top 11 – 30)

- **NACRA 2018**
  Certificate of Merit – Axiata Integrated Annual Report 2017

- **Australasian Reporting Awards 2018**
  Silver Award – Axiata Integrated Annual Report 2017

- **Sustainable Business Awards Malaysia 2018**
  Best Stakeholder Engagement and Materiality

Celcom

- **2018 Frost & Sullivan Malaysia Excellence Awards**
  Customer Experience for In-Store Centre Experience Award
  Contact Centre Experience in Telecommunications Industry Award
  Malaysia Telecom IoT Service Provider of the Year Award

- **Forbes Top 10 "Most Customer-Focused Companies in Asia"**

- **Telecom Asia Awards 2018**
  Best Customer Service Award

- **CX Asia Excellence Awards 2018**
  Gold Award for the Best Social Media Strategy
  Bronze Award for the Best Contact Centre
  Best Customer Service Award

- **Youtube**
  Silver Creator Award

- **19th Malaysian Contact Centre Awards 2018**
  Gold Award for Best In-house Outbound Contact Centre under 100 seats
  Gold Award for the Best Contact Centre by Language – Indonesia
  Silver Award for the Best In-House Inbound Contact Centre above 100 seats – Postpaid
  Silver Award for the Best In-House Inbound Contact Centre under 100 seats – Prepaid
  Silver Award for the Best Social Media
  Bronze Award for Best Customer Relationship Management
  Bronze Award for the Best-In House Inbound Contact Centre under 100 seats – Priority
  Bronze Award for the Best Innovation Adoption
  Bronze Award for Best In-House Contact Centre for Priority

- **Standard and Industrial Research Institute of Malaysia (SIRIM)**
  World's First Telco with ISO 18295-2:2017 Certification for Customer Contact Centres

XL

- **Frost & Sullivan 2018 Asia Pacific ICT Awards**
  2018 Asia-Pacific Mobile Data Service Provider of the Year
  2018 Indonesia Mobile Data Service Provider of the Year
  2018 Indonesia Mobile Service Provider of the Year

- **Indonesia Content Marketing Awards (ICMA) 2018**
  The Best Content Marketing Implementation In Office Equipment, IT, Telecommunication for AXIS

- **100% Indonesia Music Award**

- **PR Indonesia Award**
  The Most popular among the Media
  Corporate PR of Private Companies

- **Selular Award 2018**
  Best Community Development programme – XL Sisternet
  Best Experience Center – XL Center
  Best 4G Network Deployment

- **Satyalancana Award**

- **Satyalancana Pembangunan**
  Marwan Oemar Baasir, Group Head Regulatory and Government Relations
  Francky Rinaldo Pakpahan, Group Head West Region, XL
  Resi Yuki Bramani, Head Frequency and Government Management, XL

- **Satyalancana Wira Karya**
  M. Hira Kurnia, Group Head People Services, XL
  Tri Wahyuningsih, Group Head Corporate Communications, XL
  Bambang Parikesit, Group Head Jabodetabek Region, XL
  Retno Wulan Ari Istianti, Group Head Contact Center, XL
  Hasanudin Farid, Head Technology Strategy, XL

- **TOP Business Magazine - Top CSR 2018**
  Top CSR 2018 Telecommunications Sector for XL
  Top Leader on CSR Commitment 2018 for Dian Siswarini, President Director XL

- **Indonesia Best Employer Brand Awards 2018**

- **Top 50 Most Valuable Brands in Indonesia**

- **Indonesia PR of the Year 2018**
  Spokesperson of the year 2018: Tri Wahyuningsih, Group Head Corporate Communications, XL
  Head of Corcomm of the Year 2018: Henry Wijayanto, Head of External Communications, XL
  PR Officer of the Year 2018: Estella Maria
  Corcomm Team of the Year 2018: Corporate Secretary/Corporate Communications Team

- **SWA Magazine**
  Dian Siswarini - The Best CEO 2018

- **SPEx2 Awards 2018**
  The Best in the Telecommunications Industry
  The Best in Executing Strategy Transformation

- **6th Annual Get to Fast Faster 2018**
  Fixed Wireless Access Innovation

- **Smarties Award 2018**
  Bronze Award for Digital Ramadan Video

- **The 10th IICD Corporate Governance Conference & Award 2018**
  Ranked 20 of Top 50 of the Biggest Market Capitalisation Public Listed Companies
  The Best Role of Stakeholders

Dialog

- **2018 Global Telecom (GLOTEL) Awards**
  Dialog and Ericsson have won the IoT Initiative of the Year award for successfully deploying South Asia's first commercial Massive IoT network

- **Leadership in Energy and Environmental Design (LEED)**
  Dialog Broadband Networks, a subsidiary Dialog, has been rated Gold for Sri Lanka's first UPTIME Tier III certified commercial Data Centre

- **Speedtest® Award by Ookla®**
  Sri Lanka's Fastest Mobile Network 2018

- **Brand Finance League Table**
  Sri Lanka's Top Telecommunications Brand

Governance & Compliance Information
Awards

- **Corporate Accountability 2018**
  Retained No. 1 position in Corporate Accountability rankings for 8th consecutive cycle

- **SLIM – Nielsen Peoples Awards 2018**
  Telecom Service Provider of the year – Winner (7th Consecutive Year)
  Internet Service Provider of the year – Winner (6th Consecutive Year)

- **LMD Magazine 2018**
  Ranked No. 1 for Service Excellence in the Telecommunications Industry
  Ranked No. 5 for Most Respected Entity

- **PCI – DSS Certification**
  Awarded for Genie

- **GSMA Certification**
  Awarded for Mobile Money

- **Customer Excellence Award 2018**
  Best Digital Experience

- **Payments and Cards Awards**
  KamiKaze B2B India - Best Payment App of the Year 2018 for My Dialog App

- **Business Today Top 30**
  Ranked No. 6

Robi

- **World HRD Congress**
  Global Best Employer Brand 2018

- **YouTube Silver Play Button**
  10 Minute School Live

- **Flame Awards 2018**
  Robi's Chief Commercial Officer, Pradeep Shrivastava
  YOLO campaign of the country's No. 1 network of friends, Airtel

- **8th Commward – Bangladesh Brand Forum, in association with the Cannes Lions International Festival**
  13 Awards for various categories

- **ISO 9001: 2015 Quality Management System Certification**

- **Bangladesh Innovation Award 2018**
  Cholbe Robi App

- **5th Digital Marketing Summit**
  3 Awards for Robi 10 Minute School

- **Speedtest® Award by Ookla®**
  Best Download Speed in Dhaka for Q3 2018

- **Socialbakers**
  Robi and Airtel recognised as "Socially Devoted Brand" for Q4 2018

Smart

- **2018 Frost & Sullivan Asia Pacific Best Practices Awards**
  Cambodia's Mobile Service Provider of the Year 2018
  Cambodia's Mobile Data Service Provider of the Year 2018

- **Global Banking and Finance Review**
  Best Telecommunications Company Cambodia 2018
  Best Corporate Social Responsibility (CSR) Company Cambodia 2018

- **Telecom Asia**
  Best Emerging Market Operator 2018

- **Cambodia's General Department of Taxation**
  Gold Award for Tax Compliance 2018

Ncell

- **World HRD Congress, 2018**
  Nepal Best Employer Brand Awards 2018

- **Department of Hydrology and Meteorology (DHM), and Society of Hydrologists and Meteorologists (SOHAM), Nepal, 2018**
  Dr. Rishi Ram Sharma Disaster Information Prize 2018

edotco

- **Frost & Sullivan Asia Pacific Best Practices Awards**
  Asia Pacific Telecoms Company of the Year Award 2018

- **In-House Community**
  In-House Legal Team of the Year – Property, Infrastructure & Logistics (edotco Myanmar)

Axiata Digital

- **BIMA – International Business Magazine**
  Best Mobile Innovation for Emerging Markets UK

- **Digital Insurance Agenda**
  Top 100 DIA Insurtech 2018

- **StoreKing – Smart CEO's Startup50 Conference & Award**
  Listed: Smart CEO Startup 50 Award

- **StoreKing – Top 100 Startups to Watch 2018 in India (Shortlisted)**

- **11 Street – 'Graduates' Choice Award 2018**
  Malaysia Top Graduate Employer Brands in eCommerce

ada

- **Google Premier Partner Award**
  Mobile Innovation for Lineman

- **Digital Marketing Award**
  Gold for Best Use of Data & Analytics (Pepsodent Ramadan Campaign)
  Gold for Best App Marketing Stories of Victory (Robi Axiata)
  Silver for Best Use of Mobile (Pepsodent Ramadan Campaign)

Boost

- **MOB-EX Award**
  Best Marketing Campaign

- **Malaysia Fintech Award**
  Most Popular Advertisement

- **Malaysia Appies 2018**
  Best Marketing Idea

- **Malaysian Media Award 2018**
  Best Use of Technology

- **IDC 2018**
  Digital Disruptor of the Year

Governance & Compliance Information
Awards

PAST AWARDS FOR AXIATA
2017

- **MSWG-ASEAN Corporate Governance Recognition Awards 2017**
  Chairman Of The Year Award – Tan Sri Datuk Wira Azman Hj. Mokhtar
  Excellence Award For CG Disclosure
  Merit Award For Board Diversity

- **PwC Malaysia Building Trust Awards 2017**
  Runner Up

- **Global Responsible Business Leadership Awards 2017**
  Masterclass Best Sustainability Report

- **ACCA Malaysia Sustainability Reporting Awards (MASRA) 2017**
  2nd Runner Up

- **Australasian Reporting Awards 2017**
  Silver Standard – 2015 Annual Report

- **CSR Malaysia Awards 2017**
  CSR Company of the Year

2016

- **GSMA Mobile Asia Awards 2016**
  Outstanding Contribution to the Asian Mobile Industry Award – Axiata Regional CEO for South Asia, Dr Hans Wijayasuriya

- **MSWG Malaysia-ASEAN Corporate Governance Awards 2016**
  Ranked No. 3 in Excellence Award for Top Corporate Governance (CG) and Performance (Overall Category)
  Excellence Award for Long-term Value Creation
  Excellence Award for Environmental, Social and Governance (ESG) Practices
  Ranked No. 3 in Merit Award for Corporate Governance (CG) Disclosures

- **MSWG Malaysia-ASEAN Corporate Governance Transparency Index 2016**
  Ranked No. 3 among Top 100 Companies with Good Disclosures
  Ranked No. 3 among Top 100 Companies for Overall Corporate Governance (CG) and Performance

- **ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2016**
  Commendation Award for Innovation

- **Asia Pacific Procurement Leaders Award**
  Best Procurement Transformation 2016

- **Bank Negara Malaysia**
  Emas Status for Second Issuance of Sukuk

2015

- **MSWG-ASEAN Corporate Governance Index 2015 Awards**
  Excellence Award for Environmental, Social and Governance (ESG) Practices
  Top 10 Corporate Governance Disclosure Merit Recognition Award
  Exemplary AGM Conduct & Minutes

- **ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2015**
  Best Sustainability Report

- **Asia Pacific Procurement Leaders Award**
  Best Procurement Transformation 2015

- **FinanceAsia Best Managed Company Poll 2016**
  No. 2 Best Managed Company in Malaysia
  No. 3 Most Committed to Corporate Governance in Malaysia
  No. 3 Best at Investor Relations in Malaysia
  No. 4 Best at Corporate Social Responsibility in Malaysia
  No. 1 Best CFO in Malaysia

- **Bank Negara Malaysia**
  Emas Status for Issuance of Sukuk

2014

- **2015 GSMA Mobile World Congress Chairman's Award**
  Dato' Sri Jamaludin Ibrahim, President and Group CEO

- **Frost & Sullivan Asia Pacific ICT Awards**
  Best Telecom Group 2014

- **Malaysian-ASEAN Corporate Governance Index 2014 Awards**
  Top 5 Corporate Governance – Overall Recognition
  Exemplary Environmental, Social and Governance (ESG) Practices
  CEO of the Year, Dato' Sri Jamaludin Ibrahim

- **The Edge Billion Ringgit Club 2014**
  Malaysia's Outstanding CEO 2014, Dato Sri Jamaludin Ibrahim
  Best CR Initiative, 3rd Place

- **ACCA Malaysia Sustainability Reporting Awards (MaSRA) 2014**
  Best Sustainability Report, Runner-up

- **National Annual Corporate Reports Awards (NACRA) 2014**
  Best Designed Annual Report, Silver Award

- **Kancil Awards 2014**
  Film Craft Cinematography, Bronze Kancil

2013

- **Frost & Sullivan Asia Pacific ICT Awards**
  Best Telecom Group 2013

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

- **Malaysian Business Awards**
  ASEAN Conglomerate & CEO of the Year Award – Dato' Sri Jamaludin Ibrahim

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

- **Islamic Finance News**
  Cross Border Deal of the Year 2012

- **KLIFFE**
  Most Outstanding Islamic Product

- **Malaysia-ASEAN Corporate Governance Index 2013 Awards**
  Top 3 Corporate Governance Transparency Award
  Top 5 Overall Corporate Governance Award
  Best Conduct of Annual General Meeting Award
  Industry Excellence Award – Telecommunications

- **Malaysian Institute of Accountants (MIA)**
  NACRA Merit Award

- **International Legal Alliance Summit**
  Silver Award Best Asian and South Pacific Legal

Governance & Compliance Information
Awards

2012

- **Frost & Sullivan Asia Pacific ICT Awards**
  Best Telecom Group 2012
- **Boston Consulting Group**
  2012 BCG Southeast Asia Challengers
- **Asian Strategy & Leadership Institute (ASLI)**
  Asian Corporate Giants 2012 Listing – Top 10
- **Bank Negara Malaysia**
  Emas Status for Issuance of Sukuk
- **Finance Asia**
  Best Islamic Finance Deal 2012
- **Euromoney Islamic Finance**
  Most Innovative Deal 2012
- **Alpha Southeast Asia**
  The Best Deal of the Year 2012 in Southeast Asia
- **IFM (Industry Fund Management)**
  Cross Border Deal of the Year 2012

2011

- **Asia Pacific Brands Foundation (APBF)**
  BrandLaureate CEO of the Year 2010-2011
- **Forbes Asia's Fab 50**
- **Frost & Sullivan Asia Pacific ICT Award 2011**
  Best Telecommunications Group of the Year
- **Malaysian Corporate Governance Index Awards 2011**
  Best Conduct of AGM
  Distinction Award
- **Telecom Asia Awards 2011**
  Best Regional Mobile Group

2010

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

2009

- **Frost & Sullivan Asia Pacific ICT Award**
  Best Telecom Group of the Year 2009
- **National Annual Corporate Report Awards (NACRA) 2009**
  Gold Award in the Best Designed Annual Report category
- **Malaysian Corporate Governance Index 2009**
  Merit Award
- **Alpha South East Asia Annual Deal Awards 2009**
  Best Secondary Deal of the Year 2009 in Southeast Asia

Governance & Compliance Information
Statement on Risk Management and Internal Control

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

Board's Responsibility

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

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

1. Axiata Enterprise Risk Management Framework

The Group adopts the Axiata Enterprise Risk Management Framework ("ERM") as a standardised approach for timely identification, reporting and management of principal risks and ensures implementation, tracking and review of effectiveness of mitigation actions for the risks identified. Where appropriate, the framework is embedded into the day-to-day business activities and management decision making framework of the Group. The framework benchmarked against ISO31000:2009, is adopted by all risk management teams across the subsidiaries. It stresses the importance of balancing between risk and reward in making strategic business decisions, a tool in managing both existing and potential risks with the objective of protecting key stakeholders' interests, and compliance with statutory and legal requirements.

2. Risk Governance Structure

A robust and effective risk management system is critical for the Group to achieve continued profitability and sustainable growth in shareholders' value in today's hypercompetitive market. The Group is committed towards continuous improvement to the way in which risk is being managed in relation to the operating environment taking into account the risk appetite of the Group. The BRMC plays a key role in driving Axiata's ERM Framework by having an oversight function on overall risks to the Group in delivering its business plan vis-à-vis the Group's risk appetite. The Group Risk Management Department ("GRM") assists the Board and BRMC in discharging their risk management responsibilities and ensure systematic implementation and monitoring of the effectiveness of risk management, and processes across the Group. The BRMC meets quarterly to review existing, new and evolving risks and where necessary, evaluate effectiveness of mitigation plans. The following depicts the key parties within the Group's Risk Governance Structure and their principal risk management roles and responsibilities:

Board of Directors

- Maintains a sound system of risk management and internal controls
- Approves risk management policy and framework, governance structure and sets the risk appetite
- Receives, deliberate and endorses BRMC reports on risk governance

Board Audit Committee

- Assist the Board in evaluating the adequacy of governance & internal control framework

Board Risk Management Committee

- Assist in identifying principal risks at Group level and providing assurance that the ERM is implemented groupwide
- Review and recommend frameworks and policies specifically to address enterprise risks inherent in all business operations
- Promote cross-functional sharing of risk information and learnings from actions taken to mitigate risk
- Monitor compliance with ERM Framework, regulatory requirements and status of action plans for both Group and subsidiaries
- Coordinate and promote risk management culture and its implementation

Group Risk Management Department

- Establish, formulate, review, recommend and manage sound and best practice ERM programmes for Axiata Group
- Inculcate risk awareness within the Group
- Assist Axiata OpCos and Business Units in establishing their internal risk policy and structures, including business continuity programme for their respective companies and units
- Identify, analyse and consolidate risk matters for reporting and monitoring
- Secretariat for the BRMC
- Present consolidated risk reports and recommended mitigation plans for the BRMC's review
- Encourages and recommend the adoption of mitigation actions where appropriate
- Monitor the mitigation actions

Risk function (OpCos) and each Business Units (Corporate Centre)

- Primarily responsible for managing risks in relation to their operations and functions
- Identify, analyse and consolidate of risk matters for reporting and monitoring
- Encourage and recommend the adoption of mitigation actions, where appropriate
- Coordinate with Axiata Group Risk Management Department on Implementation of risk management policy and practices

Governance & Compliance Information
Statement on Risk Management and Internal Control

The risk management and governance process at both Axiata Corporate Center and the OpCos is based on the common ERM Framework. Whilst the Group recognises the autonomy of the local jurisdictions within each region, the GRM strives to ensure a consistent and standardised approach in managing risk across the Group.

Risk management processes at the OpCo level is managed through the risk committees chaired by the Chief Executive Officer ("CEO") and certain senior management members. At the same time, each OpCo Risk Management function is expected to provide timely risk updates and act as the key liaison with the GRM. Events which may materially impact the Group's financial position and reputation will be escalated to the GRM for appropriate action. At the same time, the OpCos Risk Management function would provide recommendation on the adoption of appropriate mitigation steps and provide quarterly updates to their respective BAC on the action taken.

In order to further strengthen accountability at the management level, the CEO or Chief Financial Officer ("CFO") of each OpCo presents its risk profile at the Axiata Group BRMC on a rotational basis. This process provides the Group with the opportunity to understand risk issues faced by the companies directly from OpCos' CEOs or CFOs, thus allowing the Board to have a comprehensive view of principal risks and mitigation activities across the board and ensure accountability by OpCos in managing their risks. As and when new OpCos are established, the GRM will work closely with the new management team in the set-up of the risk function.

The Group faces many risks and uncertainties which we mitigate and manage through various risk management strategies, actions and controls. These risks vary widely with some threatening the Group's business model, future performance and financial standing of the business. There may be risks that are beyond the Group's control, or presently unknown or currently assessed as insignificant, which may later prove to be material. Nonetheless, the Group aims to mitigate the exposures through appropriate risk management strategies and internal controls as much as possible.

Principally, the Group's key risk factors are categorised into the following eleven (11) categories:

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

A write-up of the key risks faced by the Group are listed in Appendix 1 of this Statement.

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

Key Internal Control Structures of the Group

1.0 Control Environment

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

1.1 Integrity and Ethical Values

- **Code of Conduct**

  The SLT and Board set the tone at the top for corporate behaviour and corporate governance. All employees of the Group shall adhere to the policies and guidelines as set out in the Code of Conduct of the Group which sets out the principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing within the Group and with external parties. The Group's Code of Conduct covers areas such as compliance with respect to local laws and regulations, integrity, conduct in the workplace, business conduct, protection of the Group's assets, confidentiality, conflict of interest and anti-competition practices. In 2018, various initiatives including enhancement of the Gift Policy, with ongoing enforcement, consequence management on violation of integrity and values and Group Recognition Event to inculcate and encourage the appropriate behaviours continued.

- **Guidelines on Misconduct and Discipline**

  Guidelines are in place for handling misconduct and disciplinary matters. These guidelines govern the actions to be taken in managing the misconduct of employees who breach the Code of Conduct or do not comply with the expressed and implied terms and conditions of employment. The Code of Conduct has also been extended to contractors and suppliers of the subsidiaries.

1.2 Board Committees

(a) Board

Clear roles of the Board are stated under the Corporate Governance Overview Statement in the Integrated Annual Report 2018.

(b) Board Committees

Promote corporate governance and transparency, in addition to the Board, the Group has the BAC and Board Nomination and Remuneration Committee ("BNRC"), collectively known as 'Board Committees' in place. With effect from 2018, the BRMC was introduced to overseas the risk activities that was previously overseen by the BAC. These Board Committees have been established to assist the Board in overseeing internal control, risk management, Board effectiveness, and nomination and remuneration of the Group's key positions and directors. The responsibilities and authority of the Board and Board Committees are governed by a clearly defined Terms of Reference ("ToR").

(c) BAC

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

It has direct access to the internal and external auditors and full discretion to invite any Director to attend its meetings. Further details of the BAC are stated under the BAC Report section of this Integrated Annual Report 2018.

(d) BRMC

The BRMC reviews and endorses the Group Risk Profile and reviews reports from the GRM and recommend them to the Board for approval.

The Cyber Security Steering Committee ("CSSC") also reports to the BRMC. The CSSC accelerates the implementation of cybersecurity initiatives, by establishing an Information Security Programme across all OpCos to strengthen the resilience against cyber threats.

Composition and Meetings

In 2018, the BRMC, met four (4) times on 21 February 2018, 21 May 2018, 21 August 2018 and 29 November 2018. The composition and the attendance record of the BRMC members are listed below:

Name of Director	Status of Directorship	No. of Meetings Attended
David Lau Nai Pek (Chairman of BRMC)	Senior Independent Non-Executive Director	4 out of 4
Tan Sri Jamaludin Ibrahim	Managing Director/President & Group Chief Executive Officer	2 out of 4
Dr. David Robert Dean	Independent Non-Executive Director	4 out of 4
Dato Dr. Nik Ramlah Nik Mahmood	Independent Non-Executive Director	4 out of 4
Peter Chambers	Commissioner of XL	3 out of 4

(e) BNRC

Please refer to the Corporate Governance Overview Statement in the Integrated Annual Report 2018.

1.3 SLT

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

1.4 Organisation Structure

- **Clear Organisation Structure**

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

- **Corporate Centre**

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

1. Supporting role to Axiata Board Representatives at OpCos and OpCos' management; and
2. Supporting role to OpCos' functional heads.

Besides engaging in regular communication between the OpCos and the Group functions, the Corporate Centre also gives appropriate inputs and steers the Group on best practices through sharing of the Group's guidelines and strategies to minimise risk exposure and to increase the efficiency and effectiveness of business operations. The Corporate Centre is also responsible for key processes and functions including financial management, strategic planning, mergers and acquisitions, joint development projects, capital raising and allocation, leadership, talent development, group accounts and reporting, procurement, treasury, technology including cybersecurity and network.

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

1.5 Assignment of Authority and Responsibility (Finance)

- **Policies and Procedures**

Documented policies and procedures are in place for all major aspects of the Group's businesses and these are regularly reviewed and updated to ensure that they always remain effective and continue to support the organisation's business activities as the organisation continues to grow.

These policies and procedures are supported by clearly defined delegation of authorities for amongst others, spending on operating and capital expenditures, authority to enter into contracts and commitments, business plans and budget, and procurement of goods and services.

- **Limits of Authority ("LoA")**

The Board has approved a clearly defined and documented LoA to govern the business and day-to-day operations. The LoA is reviewed and updated regularly with the intent to ensure continuous improvements, reflect changing risks and resolve operational deficiencies. It establishes a sound framework of authority and accountability within the Group, including segregation of duties which facilitates timely, effective and quality decision making at the appropriate levels in the Group's hierarchy. The approved updated LoA is timely disseminated to all stakeholders to ensure seamless application and execution.

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

Governance & Compliance Information

Statement on Risk Management and Internal Control

1.6 Commitment to Competency

- **Competency Framework**

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

- **Performance Management**

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

  The Group has in place a Key Performance Indicators ("KPI") performance measurement process and compensation in order to create a high-performance work culture. This process also seeks to provide clarity, transparency and consistency in planning, reviewing, evaluating and aligning employees' actions and behaviours to that of the Group's vision and mission.

- **Training and Development Framework**

  It is the Group's policy to train employees at all levels so that they would be able to perform well in their present jobs and to develop employees to perform duties with wider responsibilities so that they may be ready to assume them when needed.

  In 2018, trainings continued to be focused building digital culture, mindset and capabilities, where the Group continued the effort to build digital culture and capabilities through online platform such as Lynda.com and other content providers. This is in line with enabling the organisation to move towards its vision of becoming a digital champion. In 2018, there was also a focus on building leadership capabilities for line managers to support the new performance management system – "Ignite"

  Programmes are also implemented to ensure that employees receive continuous training in various areas of work such as knowledge, health and safety, technical training, leadership and new product development.

- **Talent Development and Succession Planning**

  There is a Group Talent Management Framework in place to identify and develop a group talent pipeline within the organisation as a supply for future leadership demands. In this respect, the Group has met its target of identifying C-suite potentials that provides a cover ratio of 2:1, from within the organisation and has been intensifying its efforts in making these talents ready to succeed the current top management across the Group. This is done via structured leadership development programmes, mentoring and coaching, regular leadership readiness assessments, as well as cross-functional and cross-country assignments.

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

  Succession plans and the robustness of the talent pipeline are regularly reviewed by the Board. The talent pipeline includes fresh graduates and middle management levels so as to ensure a continuous supply of talent. As of 31 December 2018, fourteen (14) internal successors have been placed at top positions across the Group.

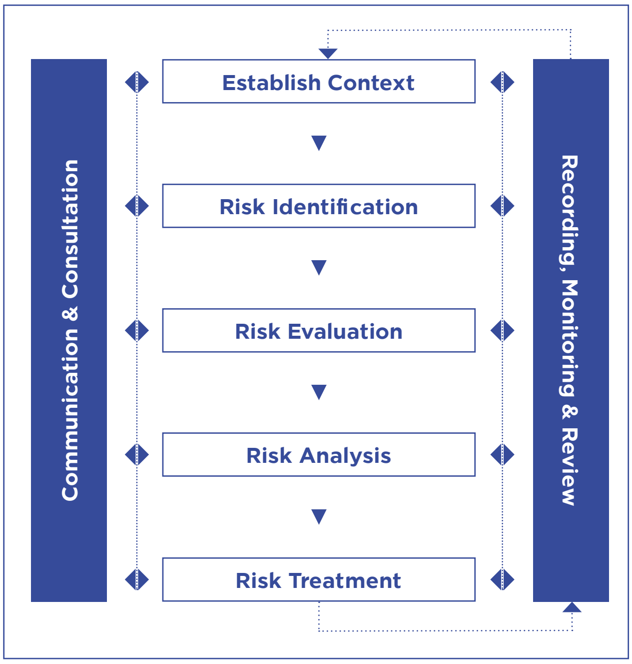
2.0 Risk Assessment

Axiata's risk management process is guided and principally aligned to ISO31000:2009 where risk is managed to ensure the achievement and implementation of strategic objectives. The Group conducts a top-down review of enterprise level risks as part of the annual strategic planning process to ensure that the risk implications of any changes in and implementation of our business strategy are identified, assessed and documented. This is supplemented by quarterly risk reviews. Investment proposals on the other hand is assessed separately by the due diligence team with feedback provided by the GRM and subsequently presented to the Board to make the appropriate decision. The outcome of these reviews is the identification of risks which is then assessed in terms of likelihood and magnitude of impact and development of specific action plans.

One of the key BRMC's role as stated in its ToR is "to review and recommend the risk management methodologies, policies (including framework) and risk appetite for adoption throughout the Group." In 2018, the Group's Risk Appetite Statement was formulated and deliberated at length by the BRMC and approved by the Board of Directors. The Statement took into account best practices and Axiata Group's business environment. The Group Risk Appetite is defined by our long-term view of our business, within the context of our aspirational financial targets and providing moderate growth and moderate dividend to our investors. It is also grounded on our core value of 'Uncompromising Integrity', high standards of corporate governance and our aim of being a good corporate citizen.

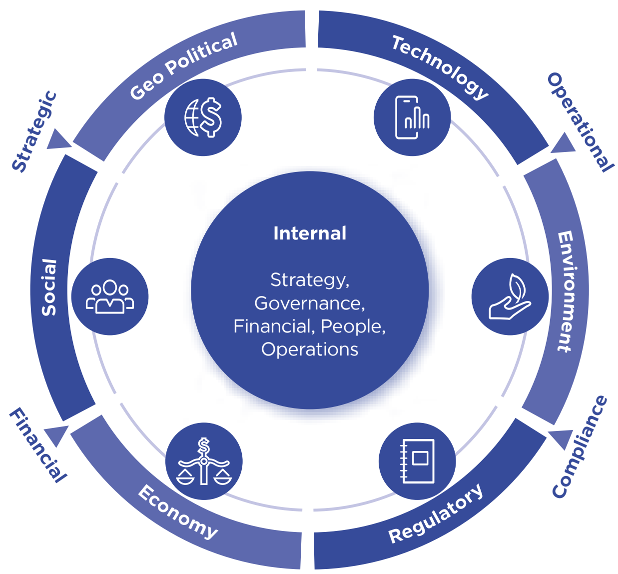
Axiata's Risk Assessment Process is depicted in the following diagram:

Process for Managing Risk



Governance & Compliance Information
Statement on Risk Management and Internal Control

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



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

3.0 Control Activities

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

3.1 Policies and Procedures

- **Financial and Operational Policies and Procedures**

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

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

- **Budgeting Process**

  A comprehensive annual budgeting process is in place to evaluate the feasibility and viability of the Group's businesses and to ensure that the OpCos' business plans are in line with the Group's strategic plans. Annual budgets consistent with the strategic plans are prepared by the OpCos and deliberated with their respective Boards. They are then presented and discussed during the Axiata Board Retreat for approval before the commencement of a new financial year.

  Upon approval of the budget, the Group's performance is periodically monitored and measured against the approved budget and ongoing business forecast, which is cleared by the GCEO and supported by the SLT. The Group's performance is also reported to the BAC and the Board. Reporting systems which highlight significant variances against the plan are in place to track and monitor performance. The results are reviewed on a quarterly basis by the Board to enable them to gauge the Group's overall performance, compared to the approved budget and prior periods, and to take remedial action, where necessary. Similar performance reviews at OpCos' Board level take place on a monthly or quarterly basis.

- **Whistle-Blowing Policy and Procedures**

  The Group has a Whistle-Blowing Policy which enables employees to raise matters in an independent and unbiased manner. As part of this Whistle-Blowing Policy and procedures, there is an anonymous ethics and fraud e-mail, under the administration of the Group Chief Internal Auditor ("GCIA"), as a mechanism for internal and external parties to channel their complaints or to provide information in confidence on fraud, corruption, dishonest practices or other similar matters by employees of the Group. The objective of such an arrangement is to encourage the reporting of such matters in good faith, with the confidence that employees or any parties making such reports will be treated fairly, their identity remains anonymous and are protected from reprisal.

- **Insurance and Physical Safeguard**

  The Group maintains an insurance programme to ensure that its assets and businesses are sufficiently covered against any damage that will result in material losses. This includes a cyber risk insurance taken up for the Group. At the same time, the Group also ensure that their major assets at OpCos are physically safeguarded and review the adequacy and type of insurance cover at regular intervals to ensure alignment against the Group's risk exposure and appetite.

3.2 Security (Application and IT Network)

- **Business Continuity Management**

  The Board is committed to safeguard the interest of our stakeholders by ensuring the ability of business operations to continue during a crisis. Through the implementation of Axiata Group Business Continuity Management ("BCM") across the Group, this assists the Group in building organisational resilience in the face of a crisis. The programme created is sufficiently robust to cover any changes that may arise due to technological evolution or organisational changes.

  The Group BCM Framework, aligned against international standards of ISO 22301 Business Continuity Management have been formalised and standardised across the Corporate Centre and OpCos. Business recovery plans have been documented for mission critical processes, tested regularly to ensure effective coordination, familiarity and awareness among employees. The GRM, which is led by the Group General Counsel & Risk Officer, is responsible in ensuring effective implementation, coordination and standardisation of business continuity efforts across the Group.

- **Information Technology ("IT")**

  IT modernisation and digital enablement for superior customer experience is identified as one of the Group's key strategies. All OpCos have been focusing in line with this strategy undertaking various initiatives which include the ground work for building the Digital IT Stack, application rationalisation, increased use of enhancing Application Programme Interfaces ("APIs"), modernising Business Support Systems ("BSS") and Operations Support Systems ("OSS") in order to meet evolving business requirements and achieve competitive positioning. Cybersecurity is an essential and underlying part of the Group's digital strategy and risk mitigation. In 2016, the Cyber Security Operations Center ("CSOC") was established across the majority of OpCos to improve incident monitoring capability. In addition, relentless focus continues on strengthening cybersecurity resilience through various initiatives, for example, periodic Cyber Security Posture Assessment ("CSPA") etc. With business continuity being another critical area, continued focus and investments are being ensured in disaster recovery for key IT systems.

3.3 Regulatory and Compliance

- **Group Regulatory Affairs ("GRA")**

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

  This approach encompasses:

  1. Regulatory Strategy:

  a. Constant monitoring of regulatory developments and identification of regulatory issues for each OpCo based on issues of highest strategic, financial and/or reputational impact;
  b. Periodic review of OpCo annual regulatory strategies which addresses these issues. This would translate into an advocacy plan engaging regulators and other authorities through formal and informal submissions and where appropriate, joint advocacy with international partners such as GSMA; and
  c. Development of Group-wide positions on key issues such as regulations for the digital economy such as e-SIM, digital identity ("eKYC"), digital financial services regulations, digital privacy, availability of new spectrum bands, taxation, industry sustainability, Over-the-Top ("OTT") regulations, Same-service-same-rules ("SSSR") and 5G policy.

  2. Stakeholder Engagement:

  a. Engagement plan covering key government and political stakeholders in each OpCo market including key agencies such as the National Regulatory Agencies with effective messages based on the regulatory strategy;
  b. Regularly working with National Regulatory Agencies on Knowledge Exchange Programmes and other capacity building events to promote common digital and financial inclusion objectives; and
  c. Engagement plan covering international and regional regulatory bodies, inter-governmental agencies and trade bodies with effective messages based on the regulatory strategy.

  3. Regulatory Compliance Framework:

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

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

  The Group Regulatory Policy provides guidance and establishes internal policies and procedures that attempt to manage the risk and impact of adverse regulatory decisions.

  Underpinning the Group Regulatory Policy is the understanding that the Group shall comply with all applicable laws and regulations, regulatory obligations and governmental policies in the jurisdictions in which it operates, and that regulatory advice should be obtained in an efficient and cost effective manner as and when required.

  It should be noted that the regulatory risks faced by Axiata in most markets are typical of those faced by telecommunications operators in emerging markets, where regulatory frameworks may be incomplete, there may be insufficient consultation with stakeholders or political influence may materially affect the operations of mobile markets. Current regulatory risks which affect Axiata in multiple national communications markets include but not limited to: spectrum refarming, availability of new spectrum and associated acquisition costs, timely renewal of key operating licenses and spectrum allocations, levels of sector-specific taxation, quality of service, subscriber registration, competition, level playing field challenges from OTT providers, network security, digital services regulations, universal service obligations and periodic review of legal and regulatory frameworks.

4.0 Information and Communications

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

4.1 Corporate Communications and Sustainability

General Guidelines and Roles

As the public face of a company where media is concerned, the Corporate Communications and Sustainability function is dedicated to maintaining and building a strong and positive image of the Group across its operating footprint in Asia and to be regarded by its target audiences as a regional thought-leader in the global telecommunications and digital industry. The department also serves to safeguard and protect the Group's corporate reputation and take on the role as the custodian of the Group's sustainability initiatives and nation building efforts.

This is conducted through various platforms including:

a. Producing compliant, open and transparent reports and communication materials based on the Main LR of Bursa Securities and where possible, to go beyond requirements;
b. Positioning, sharing of information and messaging with media by way of business interviews, media activities and news conferences;
c. Effective use of mainstream and digital communication channels to ensure public access and engagement;
d. Leveraging on the company's spokespersons to shape the public, investors and stakeholders' view and perception of the organisation in an accurate and coherent manner;
e. Proactively engaging and sharing company news, information and update with employees across the Group;
f. Being responsible for the governance and management of materiality impacting environmental, social and governance issues as aligned with the Group's sustainability framework; and
g. Managing crisis from a communications' perspective and across all strategic touch-points

In the face of rising complexity of the regional business environment and unpredictable geo-politics in most of our markets, Corporate Communications and Sustainability is guided to ensure that communications and engagements across the Group and within each local operation, and influencers inside and outside of Malaysia are effectively managed and meets the diverse needs of the organisation. Among the key efforts required under external communications include:

i. Preparing and publishing the Company's performance and financial reports such as the Integrated Annual Report, Sustainability Report, Audited Financial Statements and other various communication materials
ii. Helping spokespersons prepare for media interviews and developing messages that will be used to deliver to investors and shareholders
iii. Managing the corporate website and social media tools and platforms in terms of content creation, promotion and data analytics
iv. Creating platforms and communication channels to allow for engagement with stakeholders to include managing financial and corporate development announcements as well as mitigating reputational issues that may have a negative impact on corporate image

In the Group's efforts to transform to become the new generation digital company, digital and online communication tools and platforms are the mainstay of connecting with the public as well as employees in a seamless and purposeful manner. The use of social media to engage and share information with the diverse communities within the region and to engage and keep employees constantly informed of activities and corporate developments have become more important and relevant.

4.2 Media and Public Relations

The engagement of the media fraternity which also includes building positive relations with business journalists, senior writers and editors and ensuring timely and accurate messages are shared and positioned, is an important and strategic role of Corporate Communications. Amongst others, the media relations function include writing and distributing news releases, overseeing all planning work required for staging news conferences and media interviews, responding to media inquiries, preparing the Company's spokespersons to speak and engage with media and generally, ensuring the transparent and quality representation and position of the Company's interests and plans. The role also requires proactively and reactively managing issues and addressing any misinformation and misrepresentation that may in any way, impact the Group's reputation.

Monitoring and tracking of and reporting on print, social, online and digital media to include blogs, is becoming increasingly critical to ensure a firm and realistic grasp of what the public, media and social influencers are saying, and devising communication strategies to improve perception and address inaccuracies or public queries.

The Board also recognises the need for more dialogue with investors and analysts. Details of investor relations activities are listed within the Corporate Governance Overview Statement in the Integrated Annual Report 2018.

4.3 Crisis Communications

Incidences or events that can seriously threaten a company's reputation such as extensive network failure, threat to cybersecurity or insider trading, will require the function of Corporate Communications to lead in managing the crisis from a communications perspective, namely advising senior executives on messaging, managing media inquiries, preparing engagement platforms such as interviews and briefings and ensuring employees are kept duly informed. A crisis may entail Corporate Communications to collaborate with the relevant internal content and stakeholder owners to work with regulators, political officials, emergency response personnel and communications teams from other organisations when developing crisis messages. This is guided by the Axiata Group Crisis Communications Manual and Framework to address common crisis scenarios that affect the industry and business, with crisis simulation exercises and spokespersons training conducted periodically.

4.4 Employee Communications

Group Corporate Communications also functions as employee communications managers, to keep employees within the Corporate Centre and across the Group informed and engaged on new developments, activities and announcements. This is achieved through face-to-face engagements such as quarterly townhall sessions and facilitation of employee activities. In addition, the team has introduced various digital platforms such as intranet portals and internal social media as tools for internal communications, in line with Axiata's digital ambition. These include Workplace, Intranet portal, e-mail while leveraging on social media platforms such as the Company's Facebook, LinkedIn and Twitter channels.

4.5 Sustainability and Governance

The Group Sustainability team is responsible for the governance and management of material environmental, social and governance issues aligned within the Group's Sustainability Framework. Group Sustainability will ensure compliance with the sustainability policy, benchmark against international standards, align with the indicators of the Sustainable Development Goals, update material issues, conduct stakeholder engagement, standardise data collection, implement management systems and develop communication materials for internal and external stakeholders.

All OpCos should align and localise the Group Sustainability Framework to their local context and be responsible for collecting related data needed to support Group's Sustainability Framework. Group Sustainability provides advisory support and capacity building to all OpCos on a need basis to improve their sustainability performance. OpCos are encouraged to produce their own sustainability report in compliance with the most current Global Reporting Initiative Standard.

5.0 Monitoring

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

5.1 Performance Reporting

- **SLT Meetings**

  The SLT meets monthly and as and when required, to deliberate on business performance, financial and operating risks and issues which include reviewing, resolving and approving all key business strategic measures and policies. Progress, exceptions and variations are also fully discussed and appropriate action taken. In 2018, there were 14 SLT meetings held at Group level. Similar meetings were held regularly at OpCo level.

  Significant matters, identified during these meetings are highlighted on a timely basis to the Board, which is responsible for setting the business direction and for overseeing the conduct of the Group's operations. Through these mechanisms, the Board is informed of all major control issues pertaining to internal control, regulatory compliance and risk taking. This ensures that business objectives stay on course.

- **Major Control Issues**

  Quarterly reports on financial and operational control issues are tabled and subsequently reviewed by the BAC.

- **Business Control Incident ("BCI") Reporting**

  The Group has in place BCI Reporting aimed at capturing and disseminating the lessons learnt from internal control incidents with the objective of preventing similar incidents from occurring in other OpCos within the Group and to enable monitoring of internal control incidents that have caused significant losses. Nine (9) such incident reported were shared with all OpCos in 2018.

- **Headline Performance KPIs**

  Headline Performance KPIs have been set and agreed upon by the Board as part of the broader KPI framework that the Group has in place.

  The headline KPIs represent the main corporate performance measurement targets for the year and are announced publicly as a transparent performance management practice.

5.2 Ongoing Monitoring

- **Financial and Operational Review**

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

- **Internal Audit ("IA")**

  The function of IA is highlighted within the BAC Report section in the Integrated Annual Report 2018.

APPENDIX 1 - Key Risks Faced by the Group

1. Financial Risk

As a global player with presence across 11 countries, the Group is exposed to foreign currency exchange volatilities which could adversely affect the Group's cash flow and financial performance. The Group has borrowings in foreign currencies and is cognisant of the foreign exchange and interest rates exposures. To minimise this risk, Axiata Treasury Management Centre has been tasked to oversee and control the Group's treasury and funding matters, develop hedging strategies which are governed strictly by the treasury policies, taking into consideration current and future outlook of the relevant economies and foreign exchange markets with the ultimate objective of preserving the Group's profitability and sustainability.

2. Market Risk

The Group's key markets are predominantly emerging markets which are generally characterised as being economically less developed, prone to economic uncertainties and sensitive towards any changes in developed countries. Our OpCos continue to be challenged by stiff price competition with little certainty of possible market consolidation in certain markets. In some markets, overall industry revenue suffered a year on year decline. The Group takes the necessary measures to drive efficiencies and innovations through investments in new technologies, have in place cost efficiencies, establish strategic ties with OTT or other digital product developers in order to create products and services that meet evolving customer needs, increase the Group's share of customers wallets, retain customers and maintain profitability and cash flow. In addition, the Group is open and actively looking for opportunities for consolidation in the market which is one of its strategic needle-moving initiatives.

3. Regulatory Risk

The telecommunication sector where the Group operates is subjected to a broad range of rules and regulations, put in place by various regulatory bodies. The sector is subjected to high tax rates and significant spectrum acquisition costs in auctions. This is in addition to multiple levies such as service taxes, excise duties and Value-Added Tax ("VAT") amongst others. In some countries, the Group is faced with prolonged tax litigations often due to lack of judicial precedent while others are challenged with a systematic increase in taxes. Such policies and regulations could disrupt the Group's business operations and impair its business returns and long-term growth prospects. These rules and regulations may also limit the Group's flexibility to respond to market conditions, competition and new technologies. In responding to such a challenging environment, the Group advocates strict compliance, fair and transparent practices of government policies. The Group has instituted dedicated personnel and resources to constantly monitor all relevant developments and maintain regular contact and a courteous relationship with the governing authorities. The Group also constantly enhance our process flows to encourage quick and cost-effective responses to changing regulations. The Group has been at the forefront in engaging regulatory officials in implementing sustainable regulatory regimes as well as participate in government consultations and industry association events, to foster collaboration and knowledge sharing for best industry policies and practices.

4. Cyber and Data Privacy Risk

At Axiata, we are always conscious of the sensitivity of our customers' information, which includes their personal data, records of communications information, behavioural and locations and their use of the Internet and digital applications. Thus, we recognize the importance of having effective and meaningful privacy protection in place when we collect, use, and share personal data. We aim to instill digital trust and confidence in our customers through our comprehensive Privacy and Information Security policies, frameworks and management. Our vendors and business partners too must adhere to a high standard of data protection and compliance to the Axiata Supplier Code of Conduct principles.

The Axiata Privacy Council was established in 2018 to set the Privacy and Data Protection baseline expectations in all OpCo and assist the Group to manage exposure to unacceptable compliance risk. The Axiata Group Code of Conduct was refreshed with the inclusion of privacy and data protection obligations expected from all its employees. Within each of our OpCos, compliance with national laws and regulations are a vital core of our corporate governance. In Malaysia, we have set our commitment to privacy, based on the Personal Data Protection Act ("PDPA") 2010.

Cybersecurity is an essential component of our digital strategy and risk management. At Axiata we have defined an aggressive three-year cyber security strategy to improve our processes, technology and people by 2020. This initiative is endorsed and supported by the Axiata Group Board, BRMC and a group wide CSSC. In addition, each OpCo in the group is aligned to a common KPI and collaborate through regular regional meetings.

We have adopted the internationally recognised National Institute of Standards and Technology ("NIST") framework to identify the key functions and are targeting improvement to our ability to effectively detect and respond to incidents.

We continue to relentlessly focus on strengthening our Cyber Security position by conducting both internal, and independent external security posture assessments. The 2019 plans involve improving our capability through the tools, people and processes we have deployed to continuously assess our defenses, improve our response, and ensure our networks and services are secure to deliver on our ambition to maintain the trust of our customers.

5. Digital Risk

As telecommunication industry continues to digitise, the relevant laws and regulations may not have caught up with the new lines of businesses that sprung up in the digital economy. The local governments within the Group footprint are looking to impose OTT regulation which requires OTT players' compliance hence creating a level playing field for the telco operators. While such regulations are meant to create a level playing field between the OTT players and telco operators, as the Group embraces digital business, it will be affected as well.

The digitisation of functions and processes means that areas previously not regulated by reference to cyber laws may now be subject to these additional regulation. Given the uncertainties and inconsistencies in the legal and regulatory requirements, it is important for the Group to keep pace with different policy initiatives at both national and international levels and expedite the implementation of relevant action plans to ensure compliance and strengthening of cyber security measures to safeguard data security and integrity.

6. Operational Risk

The Group relies on third party vendors in many aspects of our business. Their non-performance will have an impact on the Group's operations. The telecoms industry is dominated by a handful of vendors, which means loss of supply due to a key vendor suffering business failure may significantly affect our core business and operations. Axiata Procurement Centre's key role is to be on the lookout for ways to manage these risks, monitor the performance of the vendors and develop new relationships to reduce such dependencies.

The Group's operations and assets span across wide geographical locations and hence are subjected to risks of technical failures, partner failures, human errors, willful acts and natural disasters.

7. Geo-Political Risk

The Group operates in countries that are affected by political instability, civil unrest and other social tensions. Political systems in a few countries remain fragile, resulting in regime uncertainties and in most cases, risk of unexpected and unanticipated actions. Such conditions, which are beyond the Group's control, may cause disruption to the business, undermining market sentiment and investor confidence towards the Group. To mitigate this risk, the Group work closely with the respective OpCo Management, leveraging on their local expertise, knowledge and ability to continually assess the changing political scenario and have in place various measures to ensure a timely response in the event of such occurrences. The Group emphasis on maintaining a neutral government relations and contribute to the socio-economic development of these countries through various CSR initiatives, as highlighted in the annual sustainability report.

8. Strategic & Investment Risk

Evolution of the telecommunication landscape, through the substitution of services by non-traditional OTT service providers, and entry of new operators, including Mobile Virtual Network Operators ("MVNOs") has had a profound impact on the sector. There is a change in customer expectations away from simple connectivity to customers wanting better experience in Internet connection, network quality and competitive tariff rates. Increasingly, the ability to provide compelling digital content and lifestyle applications such as music and mobile money are equally important for mobile users. The entry of new players has also created pricing pressure eroding the Group's margin. Keeping pace with changing consumer expectations and competitive pricing has become a challenge across most of the key markets the Group operates. To mitigate this risk, the Group closely monitors the competitive landscape, explores and makes appropriate investments to upgrade its technology and platform and reviews the relevance of its products and services offerings in order to stay in the game. Prudent cost management keeps our budget lean while maintaining strong strategic alliances with network vendors helps us to keep pace with technology shifts.

Venturing into new growth areas remains as one of the Group's strategic initiatives to create additional revenue streams such as participating in digital and OTT initiatives and investing into new markets and services that rely on connectivity. The Group recognises the risk and repercussions involved in poor investment decisions and the management of these new initiatives post-acquisition. In order to manage this risk, we have put in place a Mergers and Acquisition Committee that oversees all acquisitions and divestments and at the same time, maintain a robust due diligence process to evaluate and manage the potential risks involved. Post-acquisition, transition teams are put together to ensure that financial, organisational, cultural and mindset changes that are required are implemented appropriately.

9. People Risk

People are one of the key pillars of success for the Group as it underpins our ability to implement the Group's strategy and deliver superior services to our customers. We actively seek out people who are able and motivated to live the Group's values. Nonetheless, hiring the right employee and loss of key talent remain a challenge, especially in the digital economy. Our Talent Management team is on a constant lookout for suitable employees, whilst developing our people through robust talent development programmes, attractive performance based rewards and providing a safe and healthy work environment. The Group advocates staff empowerment to allow for employees to respond to rapidly changing customer demands. Employee engagement is also critical for the Group as a failure to motivate and keep employees engaged will reduce overall morale, increase attrition and ultimately affect our business.

10. Technology Risk

The Group constantly strives to be at the forefront of both technology and innovation in all our operating regions. Rapid technological advances may result in premature obsolescence of key technology and equipment before the end of their expected useful life. On the other hand, lag in development and deployment of new technologies may also result in the Group falling behind its competitors. To remain relevant, it is imperative that the Group constantly reviews and refreshes its technology yet maintain financial prudence.

Future proofing is therefore identified as a critical criteria in selecting network equipment and is built into the procurement process. Group is closely studying the technological advancements in mobile communications industry, particularly on 4G and 5G technologies, whilst carefully crafting the network strategy for the future.

The Group is also watching closely, the developments on concerns over network equipment vendors based in China both with respect to alleged cyber security threats and investigations by the government of the USA on their business practices. Whilst a cyber security audit is planned to ascertain the security vulnerabilities, Network Functions Virtualisation in Voice and Data core networks is being expedited in all OpCos as a way to mitigate any probable impacts caused by the outcome of the action of the government of the United State of America.

11. Governance and Integrity Risk

The Group is driven by our key values of Uncompromising Integrity and Exceptional Performance (UI.EP) to ensure high ethical standards and good corporate governance are maintained. We believe that sound corporate governance is a key success factor when conducting business in a global, highly competitive, regulated and changing market. The Group's Code of Conduct sets out rules and guidelines on how personnel acting for or on behalf of the Group are expected to conduct business. The Group will continue its focus on maintaining and further developing the strong ethical platform and corporate governance standard to support Axiata's business integrity and continuing strong performance.

Governance & Compliance Information
Board Audit Committee Report

Summary of the Board Audit Committee's Key Activities in 2018

During the FY18, the BAC discharged its functions and carried out its duties as set out in the ToR. Key activities undertaken by the BAC include the following:

Risks and Controls

- The Group's major business risks and remedial actions were reported and deliberated at the BAC each quarter, a summary of which is reported to the Board.
- Four (4) Board Risk Management Committee meetings where the Group's risks were assessed from various control perspectives that included preventive and detective controls.
- Reviewed the Group gearing status and portfolio rebalancing, hedging and forex currency exposure and cash management of the Group.
- Reviewed Axiata Digital Services investment portfolio including the accounting impact by asset/portfolio.
- Reviewed and approved the proposed policy on "put option" in mergers and acquisitions ("M&A") deals and recommended to the Board for approval.
- Reviewed the set up for the fraud and investigation function across the Group.
- Reviewed the impairment of investments in Idea.
- A Cyber Security Forum initiated by the Cyber Security Steering Committee ("CSSC") was held on 18th July 2018 attended by Operating Companies ("OpCo") BAC Chairmen and Senior Management of Axiata and OpCos to discuss the Cyber Strategy as well as progress of improvement initiatives for 2018.
- Reviewed the impairment of 2G and other assets.
- Approved a corporate policy that govern the establishment of new legal entity in Axiata and/or subsidiary of Axiata.
- The BAC Chairman visited XL in Indonesia to review the challenges faced by XL's management operating in a challenging environment and XL's perspective on governance and controls.
- Reviewed the Purchase Price Allocation ("PPA"), Goodwill and Capital Gains Tax ("CGT") of Ncell in Nepal.
- Review the accounting impact arising from the sale of M1 Singapore.
- A total of 124 internal audit reviews were completed across the Group.

Other recurring works include:

- Reviewed and recommended the Corporate Governance Overview Statement, Statement on Risk Management and Internal Control and BAC Report for the Integrated Annual Report 2018 to the Board for approval.
- Reviewed the financial results quarterly, half yearly and annually prior to the Board for approval.
- Reviewed the accounting impact and accounting entries arising from merger and acquisition deals and revised accounting policies when required.
- Reviewed the potential impairment exposure of major investments.
- Treatment of investment in Idea.
- Reviewed on a quarterly basis the related party transaction entered into by Axiata pursuant to the shareholders mandate on Recurrent Related Party Transactions ("RRPT") procured at the 26th AGM of the Company held on 23 May 2018 and the reporting of these transactions in the Integrated Annual Report 2018.
- During the financial year ended 31 December 2018, Axiata has granted a total of 1,992,100 shares under the Performance-Based Employee Share Options and Share scheme (details provided under Notes 14 of the Audited Financial Statements) at the Share Reference Price of RM5.20 for 28 February 2018 Regular Stock Purchase ("RSP") grant. The BAC has reviewed the allocation of the above shares granted to eligible employees (as defined in the Bye-Laws of the Performance-Based Employee Share Option and Share Scheme) and noted its compliance with the conditions for the allocation of share options/ shares as approved.
- Held two (2) private meetings with the external auditors on 21 February 2018 and 21 August 2018 respectively without the presence of Management. The topics that were discussed were the sufficiency and adequacy of information provided to external auditors to perform the audit, cooperation provided by the Management and key matters noted from audits.
- Reviewed and approved appointment of external auditors, taking into consideration their competencies, commitments, objectivity and independence.
- Reviewed and approved the annual internal audit plan and budget.
- Assessed the quality of internal audit staff, experience, discipline and length of service.
- Reviewed 9 business control incidents and identified cases of control weaknesses including fraud; for sharing of lessons learnt within the Group to avoid similar incidents.
- Acknowledged, reviewed and investigated 27 defalcation cases across the Group.

Composition and Meetings

In 2018, the BAC, met eight (8) times on 24 January 2018, 21 February 2018, 26 March 2018, 21 May 2018, 6 July 2018, 21 August 2018, 9 October 2018 and 23 November 2018. The composition and the attendance record of BAC members are listed below.

Name of Director	Status of Directorship/ Qualifications	No. of Meetings Attended
David Lau Nai Pek (Chairman of BAC)	Senior Independent Non-Executive Director	8 out of 8
Dato' Mohd Izzaddin Idris	Independent Non-Executive Director	4 out of 4*
Dr. David Robert Dean	Independent Non-Executive Director	8 out of 8
Datuk Azzat Kamaludin	Senior Independent Non-Executive Director	4 out of 4**

* Appointed on 22 May 2018
** Resigned on 23 May 2018

Financial Literacy

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

Dato' Mohd Izzaddin Idris has spent many years in major companies in Malaysia undertaking various senior positions in the fields of investment banking, financial and general management. Dato' Izzaddin has served in at Malaysian International Merchant Bankers Berhad, Malaysian Resources Corporation Berhad and Southern Bank Berhad. He was also the Chief Financial Officer/Senior Vice President (Group Finance) of Tenaga Nasional Berhad, and most recently the Group Managing Director/Chief Executive Officer of UEM Group Berhad.

Dr. David Dean has been an independent advisor to several startups and larger companies with more than 28 years of experience. Dr. Dean retired as Senior Partner from The Boston Consulting Group ("BCG"), where he contributed significantly to the firm's most innovative thinking in areas of Internet economy, cloud computing and personal data.

Group Internal Audit

The internal audit function is under the purview of Axiata Group Internal Audit ("AGIA") and headed by the Group Chief Internal Auditor ("GCIA"), who is independent and reports directly to the BAC.

The internal audit reporting structure within the Group has been organised whereby the audit departments of the OpCos report directly to the BAC of the respective OpCo with a dotted reporting line to the GCIA. AGIA has direct control and supervision over internal audit activities in OpCos that do not have an audit function. The GCIA also acts as the secretary to the BAC and CSSC and attends OpCo BAC meetings.

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

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

In addition, international standards and best practices are adopted to further enhance the relevancy and effectiveness of the internal audit activities. The areas of coverage include finance, sales, marketing, information and technology, billing, network, corporate governance, human resources, customer service, digital services and procurement. The audit reports of these assignments provide independent and objective assessment of the following:

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

The internal audit reports are issued to management of each OpCo for their comments and to agree on action plans with deadlines to complete the necessary preventive and corrective actions. The reports are tabled at each OpCo's BAC and the summary of the key findings are presented thereto for due deliberation to ensure that management undertakes to carry out the agreed remedial actions. Members of management of each OpCo are invited to the OpCo BAC meetings from time to time, especially when major control weaknesses are highlighted by Internal Audit.

Key audits and reviews completed in 2018 were:
- Cyber Security Awareness and Accountability Audit
- Treasury Management Audit
- Review of the Axiata Procurement Centre
- Cost Optimisation Review
- Post Merger Integration Review

The total cost incurred by AGIA in 2018, inclusive of all OpCos, was RM16.1 million. There are a total of 64 internal auditors across the Group whilst AGIA at Corporate Centre has eight approved headcount and operates on a resource sharing basis with other OpCos' Internal Audit Divisions. All the internal auditors have tertiary qualifications and the level of expertise and professionalism within AGIA at the end of 2018 is as follows:

Expertise Category	Percentage of total auditors
Finance	31%
IT/MIS	23%
Network/Engineering	15%
Marketing	15%
General/Others	16%

Professional Category	Percentage of total auditors
Professional Certification	
• CPA, ACCA, CA, CIMA	30%
• Certified IS Auditor	5%
• Others	87%
Post Graduate	
MBA and Masters	44%

Governance & Compliance Information

Strengthening Data Privacy and Cyber Security in 2018

As Axiata continues with our journey towards becoming a New Generation Digital Champion, we remain committed to respecting and protecting our customers' privacy and personal data with the utmost respect, due care and diligence.

In upholding our commitment and responsibility to customers, in 2018 the Group enhanced our cyber security and data privacy practices with the aim of providing them seamless connectivity experience on our regional mobile networks. By doing so, we hope to inspire customers' trust and confidence in our ability to safeguard their privacy.

Commitment to Customer Privacy and Data Protection

Axiata recognises the importance of having effective and meaningful privacy and security protection measures as part of providing a strong value proposition to our customers. We remain a responsible organisation in managing our customers' information, by ensuring we have defined and implemented robust Privacy and Information Security policies, frameworks and management systems, based on our values of Uncompromising Integrity and Exceptional Performance ("UI.EP"). Additionally, we ensure compliance with national and international legal and regulatory requirements, as well as benchmarking our policies against global industry best practices.

Our efforts have resulted in increased understanding and awareness on the importance of safeguarding information. Employees handling personal data are trained and well-equipped with critical skills in ensuring that customers' personal data is safeguarded and protected.

Only authorised employees are allowed to process our customers' personal data. Our vendors and business partners also understand the importance of safeguarding our customers' information. As part of the Axiata procurement and contracting process, we expect our vendors and business partners to adhere to the same high standards of data protection and compliance as our employees, as outlined in the principles of the Axiata Supplier Code of Conduct.

During the year, we implemented several initiatives within the Group. These include, but are not limited to the way in which we process and protect personal data; maintain a cross-functional Privacy and Information Security Team; detect and report non-conformities and data breaches; and create an organisational and employee culture which rests on a clear understanding of the importance of safeguarding personal information. We have also doubled down on our commitment to data protection by obtaining cyber insurance in the event of any data breach.

Governed by the Axiata Regulatory Compliance Framework, we continue to provide the Board of Directors (Board) with an oversight of Axiata's regulatory compliance performance. In 2018, our Privacy Governance was further enhanced with the establishment of the Group Privacy Council, comprising of the SLT of Axiata Group, and the Group Chief Information Security Officer and Group Head of Privacy.

Moving into 2019 and 2020, we have set ourselves an ambitious agenda, where significant emphasis will be placed on Personal Data Security. We will develop and implement a Privacy and Personal Data Management Programme to enhance our current Group Privacy Framework by reviewing and enhancing key focus areas, namely, people, processes and technology. The overarching objective is to enhance our current business protocols, practices and standards to enable our ambition towards becoming a New Generation Digital Champion whilst respecting and protecting customers' privacy and personal data.

Enhancing Cyber Security

Cyber security is an essential component of Axiata's digital strategy and risk management. The Board has endorsed a three-year cyber security strategy – Digital Trust 2020 ("DT2020"). The DT2020 strategy is centred on improving the overall maturity of cyber security capabilities with an emphasis on building internal competencies as well as collaborating with industry and government.

To enable the implementation of the strategy, we have adopted fit-for-purpose Governance by establishing a Group Cyber Security Steering Committee ("CSSC") comprised of independent commissioner, Operating Company ("OpCo) Board directors, senior Group executives, and the Group Chief Information Security Officer ("CISO"). The Group CSSC has adopted an internationally recognised National Institute of Standards and Technology ("NIST") Cyber Security Framework and issued Minimum Baseline Security Standards ("MBSS") that are now widely implemented across the Group.

As part of our risk identification process, we regularly conduct both internal and external security posture assessments. Over and above our Threat and Vulnerability Management programme, in 2018, we began a "Bug Bounty" initiative to identify and responsibly disclose any software vulnerabilities. Furthermore, we undertook the most advanced form of testing "Red Teaming" across the Group to assess our cyber exposure. The "Red Teaming" and "Bug Bounty" exercises were successful in identifying gaps and areas of improvement. It also helped us identify talented individuals within the organisation as well as accelerated our goal of building and upskilling internal local talent.

The Group understands that the pace and volume of cyber-attacks make it virtually impossible to manage security manually, and the threat actors influencing the security landscape where we operate are also in a constant state of flux. Consequently, we have adopted leading technologies to ensure that we remain relevant and agile in measuring our risks using Machine Learning and Artificial Intelligence-based tools. We have implemented the Group Security Operations Centre and augmented it with world class Endpoint Detection and Response that provides real-time response. This has enabled us to take swift action to resolve high severity and emerging threats before they manifest as serious incidents.

As our security programmes and technologies improve, Axiata is also ensuring that our employees and third parties are security-conscious. We have undertaken Phishing exercises and embarked on a Group-wide Learning Management and Assessment programme to ensure all relevant stakeholders have the appropriate knowledge and are cyber savvy. In 2018, we also signed Memorandum of Understanding with the Malaysia Digital Economy Corporation to promote the sharing of best practices, cyber threat scenarios, and support the national agenda on talent development.

For the year ahead, we will continue with the implementation of our DT2020 strategy, emphasising on people, processes and technology. The Axiata Group Code of Conduct will be refreshed to include privacy and data protection requirements. We will review our existing operational structures towards increasing cyber awareness Group-wide and accelerating the coverage and scale of technology and standards implementation. Additionally, our focus is on enabling a secure Cloud journey, deploying the Learning Management System and conducting crisis simulation exercises to ensure we can effectively and swiftly respond in the event of a cyber-attack. Strong collaborations are critical if we are going to win the cyber war, and we will continue participating in industry forums and actively building partnerships with selected leading private and Government institutions to ensure we remain cyber resilient.

Governance & Compliance Information
Additional Compliance Information

1. **NON-AUDIT FEES** [Disclosed in accordance with Appendix 9C, Part A item 18, Main LR]

The amount of non-audit fees incurred for the services rendered to Axiata and the Group by its external auditors, PricewaterhouseCoopers PLT and its affiliated companies for the FY18 are RM1.9 million and RM15.6 million respectively.

Services rendered by PricewaterhouseCoopers PLT are not prohibited by regulatory and other professional requirements, and are based on globally practiced guidelines on auditors independence. PricewaterhouseCoopers PLT was engaged in these services when their expertise and experience of Axiata are important. It is also the Group's policy to use the auditors in cases where their knowledge of the Group means it is neither efficient nor cost effective to employ another firm of accountants.

2. **MATERIAL CONTRACTS INVOLVING DIRECTORS' / MAJOR SHAREHOLDERS' INTEREST** [Disclosed in accordance with Appendix 9C, Part A item 21, Main LR]

There were no material contracts of Axiata and/or its subsidiaries, involving the interest of the directors, chief executive who is not a director and major shareholders either subsisting as at 31 December 2018 or entered into since the end of FY17 except the material contracts between Axiata and its major shareholder subsisting as at 31 December 2018 as follows:-

- Shareholders Agreement between Axiata, Mount Bintang Ventures Sdn Bhd, a wholly-owned subsidiary of Khazanah Nasional Berhad, Innovation Network Corporation of Japan and edotco Group Sdn Bhd ("edotco") dated 18 January 2017 as amended by the Deed of Accession and Amendment dated 18 April 2017 to govern their relationships as shareholders of edotco.

3. **UTILISATION OF PROCEEDS** [Disclosed in accordance with Appendix 9C, Part A item 13, Main LR]

(a) The proceeds arising from the disposal of 10% equity interest in Axiata (Cambodia) Holdings Limited which was completed on 12 June 2018 for a total cash consideration of USD92.4 million (RM368.5 million) were utilised for working capital and general corporate purposes.

(b) The cash proceeds arising from the disposal of the entire 28.67% stake in M1 Limited by Axiata Investments (Singapore) Limited pursuant to the acceptance of Voluntary Conditional General Offer made by Konnectivity Pte. Ltd. on 15 February 2019 for a total cash consideration of SGD546.7 million (equivalent to RM1,649.3 million) were utilised for paring down debt and working capital purposes.

4. **PERFORMANCE-BASED EMPLOYEE SHARE OPTION AND SHARE SCHEME AND AXIATA GROUP PERFORMANCE-BASED LONG-TERM INCENTIVE PLAN** [Disclosed in accordance with Appendix 9C, Part A item 27, Main LR]

(a) PERFORMANCE-BASED EMPLOYEE SHARE OPTION AND SHARE SCHEME

The Performance-Based ESOS was approved by the shareholders of Axiata at an Extraordinary General Meeting held on 24 March 2009 and implemented on 16 April 2009. On 1 June 2011, Axiata's shareholders had, at the 19th AGM, approved the amendments to the Bye-Laws of the Axiata Share Scheme (Bye-Laws) to include a Restricted Share Plan ("RSP") and the same took effect from 15 July 2011. Thereafter, Axiata started to offer Eligible Employees the entitlement to receive Restricted Share Award ("RSA"), instead of ESOS Options.

Information on the Axiata Share Scheme as set out in Note 14(a) of the Audited Financial Statements for FY18 is as follows:

ESOS Options/RSA granted, vested, exercised and outstanding since the implementation of Axiata Share Scheme until FY18:

- Total Number of ESOS Options/RSA granted: 186,908,000 ESOS Options and 64,148,300 RSA
- The ESOS Options and RSA granted shall be vested only upon the fulfilment of certain performance criteria by Axiata and individuals as at vesting date
- Senior and top management can only vest the RSA at the end of the third year, with potential multiplier effect on the number of shares to be granted
- Total Number of RSA vested: 36,271,000 RSA
- Total Number of ESOS Options exercised: 146,237,236 ESOS Options
- Total number of ESOS Options/RSA outstanding: 17,291,635 ESOS Options, 20,850,400 RSA

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

	Granted		Adjusted	Exercised/Vested		Outstanding	
	ESOS Options	RSA	RSA[1]	ESOS Options	RSA	ESOS Options	RSA[2]
Tan Sri Jamaludin	4,301,700	1,716,700	489,200	2,346,900	986,100	1,954,800	1,219,800

Note:

[1] Adjusted refer to the additional number of shares vested due to multiplier effects or pro-rated shares offered at the time of vesting.

[2] The number of RSP shares that may vest is 1,219,800 provided that the performance targets for vesting are met. If not met, the amount could be nil or a portion of the amount. However, if the super stretched individual performance targets and the Group's superior company performance targets at the point of vesting are met, up to 6,757,000 Axiata Shares may be vested to Tan Sri Jamaludin.

In accordance with the Bye-Laws, not more than 50% of the Company's new ordinary shares made available under the Axiata Share Scheme shall be allocated, in aggregate to Eligible Employees who are Executive Directors of the Company or any corporation within the Group or who are Senior Management. For the FY18, the actual percentage of options/shares granted to them was 23.2% of the total number of options/shares granted.

(b) AXIATA GROUP PERFORMANCE-BASED LONG TERM INCENTIVE PLAN (PBLTIP)

On 25 May 2016, shareholders of the Company approved Axiata Group PBLTIP and the plan was implemented on 30 September 2016.

Information on the Axiata Group PBLTIP as set out in Note 14(b) of the Audited Financial Statements for FY18 is as follows:

PBLTIP granted, vested, exercised and outstanding since the implementation of Axiata Share Scheme until FY18:

- Total Number of PBLTIP granted: 7,168,800

The PBLTIP granted shall be vested only upon the fulfilment of certain performance criteria by Axiata and individuals as at vesting date with potential multiplier effect on the number of shares to be granted.

- Total Number of PBLTIP vested: Nil
- Total number of PBLTIP outstanding: 6,865,900

As provided below, with the exception of Tan Sri Jamaludin, none of the Directors of Axiata have been granted PBLTIP:

	Granted	Adjusted	Vested	Outstanding[3]
Tan Sri Jamaludin	1,083,600	-	-	1,083,600

Note:

[3] The number of PBLTIP shares that may vest is 1,083,600 provided that the performance targets for vesting are met. If not met, the amount could be nil or a portion of the amount. However, if the super stretched individual performance targets and the Group's superior company performance targets at the point of vesting are met, up to 6,501,600 Axiata Shares may be vested to Tan Sri Jamaludin.

5. **Recurrent Related Party Transactions of Revenue in Nature (RRPT)** [Disclosed in accordance with paragraph 10.09 (1) (b) and paragraph 3.1.5 of Practice Note 12, Main LR]

At the last AGM held on 23 May 2018, Axiata obtained a general mandate from its shareholders for the Group to enter into RRPT with related parties as set out in the Circular to Shareholders dated 24 April 2018 (RRPT Mandate). This RRPT Mandate is valid until the conclusion of Axiata's forthcoming 27th AGM to be held on 29 May 2019 (27th AGM).

Axiata proposes to seek a new RRPT Mandate at its forthcoming 27th AGM (Proposed Shareholders' Mandate). The Proposed Shareholders' Mandate, details as provided in the Circular to Shareholders dated 30 April 2019 which is made available together with the Company's Integrated Annual Report 2018 at https://axiata.com/investors/agm.html, if approved by the shareholders, would be valid until the conclusion of Axiata's next AGM.

Pursuant to paragraph 10.09 (2) (b) and paragraph 3.1.5 of Practice Note 12 of the Main LR, details of RRPT entered into during FY18 under the RRPT Mandate are as follows:

Transacting Companies	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Transaction	Value of Transaction RM'000
Axiata Group Berhad and/or its subsidiaries ("Axiata Group")	Telekom Malaysia Berhad and/or its subsidiaries ("TM Group")	- Khazanah - Tengku Dato' Sri Azmil Zahruddin Raja Abdul Aziz	**REVENUE**	
			Telecommunication and related services	
			- Interconnect payment from TM Group	16,329
			- Leased-line payment from TM Group	729
			- Voice Over Internet Protocol related services revenue from TM Group	384
			- Dark fibre and leased line from Celcom Axiata Berhad and/or its subsidiaries ("Celcom Group") to Fibrecomm Network (M) Sdn Bhd	530
			- Leased-line from Celcom Group to Fiberail Sdn Bhd	562
			- Transmission revenue on the services by Axiata Group to TM Group	4,120
			- Site rental payable for telecommunication infrastructure, equipment and related charges by TM Group to Axiata Group	30,364
			- Domestic Roaming Revenue	210,221

Transacting Companies	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Transaction	Value of Transaction RM'000
			COSTS	
			Telecommunication and related services	
			- Interconnect cost to TM Group	13,125
			- Voice Over Internet Protocol related services by TM Group to Axiata Group	1,538
			- Leased-line related costs to TM Group	4,172
			- Provision of data and bandwidth related services by TM Group to Axiata Group	50,790
			- Provision of contact centre and business process outsourcing services by VADS Berhad to Axiata Group	20,407
			- Leasing of fibre optic core and provision of bandwidth services from Fiberail Sdn Bhd to Celcom Group	334
			- Purchase of dark fibre, bandwidth, space and facility from Fibrecomm Network (M) Sdn Bhd by Celcom Group	927
			Non-telecommunications Services	
			- Site rental payable for telecommunication infrastructure, equipment and related charges by Axiata Group to TM Group	30,124
			- Rental of office premises payable monthly by Axiata Group to TM Group. The lease agreement has expired on 31 October 2018	10,451
			TOTAL	**395,107**
Axiata Group	edotco Group Sdn Bhd and/or its subsidiaries ("edotco Group")	- Axiata Group - Khazanah - Tengku Dato' Sri Azmil Zahruddin Raja Abdul Aziz	**REVENUE TO AXIATA GROUP/ COST TO EDOTCO GROUP[1]**	
			Telecommunication and related services	
			- Field Line Maintenance ("FLM") services revenue from edotco Group	13,972
			- Corrective maintenance and other service charges payment from edotco Group	2,312
		- edotco Group - Khazanah through its wholly-owned subsidiary, Mount Bintang Sdn Bhd	**COST TO AXIATA GROUP/ REVENUE TO EDOTCO GROUP[1]**	
			Telecommunication and related services	
			- Lease charges by edotco Group to Axiata Group	377,916
			- Passive infrastructure service charges by edotco Group to Axiata Group	300,568
			- FLM services cost to edotco Group	17,474
			TOTAL	**712,242**

Note:

[1] The amount will be eliminated as inter-segment revenue for edotco Group. Respective cost will be eliminated at Axiata Group as the transaction is the intercompany transactions within Axiata Group.

6. **STATUS OF LEGALISATION OF OUTDOOR STRUCTURES** [Disclosed in accordance with letter from SC dated 12 February 2014]

Pursuant to the approval from Securities Commission Malaysia (SC) in 2008 in relation to, amongst others, TM Group's demerger and the listing of Axiata, Axiata is required to obtain the relevant approvals for the transmission towers and rooftop sites (Outdoor Structures) of Celcom Group within two years from the date of the SC's approval letter (Timing Conditions).

SC had, in 2010 and 2012, granted an extension of time for Axiata to comply with the Timing Conditions until 29 January 2012 and 29 January 2014 respectively.

Following the application submitted by CIMB Investment Bank Berhad, on behalf of Axiata, for further extension of time for the legalisation of the remaining 28 Outdoor Structures, SC had, via their letter dated 12 February 2014, granted an exemption to Axiata from complying with the Timing Conditions, subject to, amongst others, Axiata disclosing the status of the legalisation in its Annual Report until such time the necessary approvals are obtained.

As at 31 March 2019, 19 Outdoor Structures remained to be legalised. Applications for legalisation of 11 Outdoor Structures have been declined by the local authority. Applications for legalisation of 6 Outdoor Structures which were rejected by the local authority have been re-submitted and documentation for applications for 2 Outdoor Structures earlier rejected by local authority are being prepared for re-submission.

Audited Financial Statements

Audited Financial Statements
Directors' Responsibility Statement

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which have been made out in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 so as to exhibit a true and fair view of the financial position of the Group and of the Company as of 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- Selected and applied the appropriate and relevant accounting policies on a consistent basis;
- Made judgments and accounting estimates that are reasonable and prudent in the circumstances; and
- Prepared the annual audited financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company.

The Directors also have the overall responsibilities to take such steps to safeguard the assets of the Group and for the establishment, designation, implementation and maintenance of appropriate accounting and internal control systems for the prevention and detection of fraud and other irregularities relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Audited Financial Statements
Directors' Report

The Directors hereby submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the provision of mobile communication services, telecommunication infrastructure and related services as well as digital services.

The principal activities of the Company are investment holding and provision of technical and management services on an international scale.

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 are as follows:

	Group RM'000	Company RM'000
Loss for the financial year attributable to:		
- owners of the Company	(5,034,573)	(1,202,119)
- non-controlling interests	(212,667)	-
	(5,247,240)	(1,202,119)

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 paid-up capital of the Company increased from 9,048.0 million ordinary shares to 9,071.0 million ordinary shares. The increase in paid-up capital of the Company was in line with the exercise of options and vesting of Restricted Share Awards ("RSA") granted under the Performance-Based Employee Share Option Scheme ("ESOS") and Restricted Share Plan ("RSP") [collectively known as the "Axiata Share Scheme"] by the employees of the Company and its subsidiaries as disclosed in Note 14(a) to the financial statements and implementation of Dividend Reinvestment Scheme ("DRS") as disclosed in Note 13(b) to the financial statements.

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

DIVIDENDS

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

	Tax exempt dividend under single tier system		
	Type	Per ordinary share Sen	Total RM'000
In respect of financial year ended 31 December:			
- 2017	Final	3.5	316,740
- 2018	Interim	5.0	453,487
		8.5	770,227

The DRS as stated in Note 13(b) to the financial statements was made applicable to the dividends declared during the financial year whereby shareholders were given the option to reinvest the whole or part of the dividend into new ordinary shares of the Company.

The Board of Directors had, on 22 February 2019 declared a tax exempt dividend under the single tier system of 4.5 sen per ordinary shares of the Company in respect of the financial year ended 31 December 2018.

Audited Financial Statements
Directors' Report

RESERVES AND PROVISIONS

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

AXIATA SHARE SCHEME AND AXIATA GROUP PERFORMANCE BASED LONG TERM INCENTIVE PLAN ("Axiata PBLTIP")

The Performance-Based ESOS of the Company was approved by its shareholders at an Extraordinary General Meeting ("EGM") held on 24 March 2009. The Performance-Based ESOS was implemented on 16 April 2009. On 1 June 2011, the Company's shareholders had, at the Nineteenth (19th) Annual General Meeting ("AGM") of the Company, approved the amendments to the Bye-Laws of the ESOS to include an RSP. Accordingly, the existing Performance-Based ESOS was renamed as the Axiata Share Scheme. Effective 15 July 2011, the Company implemented the Axiata Share Scheme and started to offer eligible employees the entitlement to receive RSA under the RSP in the Company on 18 July 2011.

On 25 May 2016, shareholders of the Company approved the Axiata PBLTIP and the plan was implemented on 30 September 2016.

Details of the Axiata Share Scheme and Axiata PBLTIP are disclosed in Note 14(a) and (b) to the financial statements.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Tan Sri Ghazzali Sheikh Abdul Khalid	
Tan Sri Jamaludin Ibrahim	
David Lau Nai Pek	
Dato' Mohd Izzaddin Idris	
Dato Dr Nik Ramlah Nik Mahmood	
Dr Muhamad Chatib Basri	
Dr David Robert Dean	
Tengku Dato' Sri Azmil Zahruddin Raja Abdul Aziz	Appointed on 12 January 2018
Dr Lisa Lim Poh Lin	Appointed on 8 June 2018
Khoo Gaik Bee	Appointed on 1 January 2019
Tan Sri Datuk Wira Azman Hj. Mokhtar	Resigned on 3 August 2018
Datuk Azzat Kamaludin	Retired on 23 May 2018
Kenneth Shen	Resigned on 12 January 2018

The names of Directors of subsidiaries are set out in the respective subsidiaries' statutory accounts and the said information is deemed incorporated herein by such reference and made part thereof.

In accordance with Clause 104 of the Constitution of the Company ("Constitution"), Tan Sri Ghazzali Sheikh Abdul Khalid, Tan Sri Jamaludin Ibrahim and Dato' Mohd Izzaddin Idris retire from the Board at the Twenty-seven (27th) AGM and being eligible, offer themselves for re-election.

In accordance with Clause 110(ii) of the Constitution, Dr Lisa Lim Poh Lin and Khoo Gaik Bee retire from the Board at the 27th AGM and being eligible, offer themselves for election.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year except as follows:

	Number of ordinary shares of the Company		
	As at 1.1.2018	Additions	As at 31.12.2018
Indirect interest			
Tan Sri Jamaludin Ibrahim	-	39,949[3]	39,949[1]
Tan Sri Jamaludin Ibrahim	2,742,330	1,224,176[4]	3,966,506[2]

[1] Shares held under CIMSEC Nominees (Tempatan) Sdn Bhd.

[2] Shares held under CIMSEC Nominees (Tempatan) Sdn Bhd for CIMB Commerce Trustee Berhad, a trustee of discretionary trust and the beneficiaries of which are members of the family of Tan Sri Jamaludin Ibrahim subject to the terms of such discretionary trust.

[3] Allotment of 349 shares pursuant to DRS on final dividend for the financial year ended 31 December 2017 and Vesting of 39,600 RSA (special grant).

[4] Allotment of 24,176 shares pursuant to DRS on final dividend for the financial year ended 31 December 2017 and exercise of 1,200,000 ESOS.

DIRECTORS' INTERESTS (CONTINUED)

	Options/RSA over number of ordinary shares of the Company			
	As at 1.1.2018	Granted	Exercised/ vested	As at 31.12.2018
Tan Sri Jamaludin Ibrahim[5]				
Axiata Share Scheme:				
- ESOS[6]	3,154,800	-	(1,200,000)	1,954,800
- RSA[7]	1,219,800	-	-	1,219,800
- RSA (special grant)	39,600	-	(39,600)	-
Axiata PBLTIP:				
- RSA[8]	670,100	413,500	-	1,083,600

5 At the EGM held on 24 March 2009, the shareholders of the Company approved the grant of options to Tan Sri Jamaludin Ibrahim to subscribe up to 5.5 million new ordinary shares of the Company to be issued under the Performance-Based ESOS for the Executive Directors and eligible employees of the Group.

Further to the above, the shareholders of the Company had at the Nineteenth (19th) AGM held on 1 June 2011, approved the grant of entitlement, allotment and issuance of the remaining 1,198,300 new ordinary shares of the Company to Tan Sri Jamaludin Ibrahim, under the new Axiata Share Scheme as approved at the said EGM.

Subsequently, the shareholders of the Company at the Twenty-first (21st) AGM held on 23 May 2013, approved the grant entitlement, allotment and issuance of up to 3.6 million new ordinary shares of the Company to Tan Sri Jamaludin Ibrahim under the Axiata Share Scheme.

6 1,954,800 options of Axiata Shares pursuant to Performance-Based ESOS.

7 The number of Axiata RSP shares that may vest is 1,219,800 provided that the performance targets for vesting are met. Otherwise, the number of shares that may vest could be a portion of the full amount or nil. However, if the super stretched individual performance targets and Axiata Group superior company performance targets at the point of vesting are met, up to 6,757,000 ordinary shares of the Company may be vested.

8 The number of Axiata PBLTIP shares that may vest is 1,083,600 provided that the performance targets for vesting are met. Otherwise, the number of shares that may vest could be a portion of the full amount or nil. However, if the super stretched individual performance targets and Axiata Group superior company performance targets at the point of vesting are met, up to 6,501,600 ordinary shares of the Company may be vested.

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, no Director has received or become entitled to receive a 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 by a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year was the Company or any of its subsidiaries a party to any arrangements whose object was to enable the Directors 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 and Axiata PBLTIP of the Company, details as disclosed in Notes 14(a) and 14(b) to the financial statements.

DIRECTORS' REMUNERATION

The Directors' remuneration of the Company for the financial year ended 31 December 2018 is disclosed in Note 7(d) to the financial statements.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and the Company were prepared, 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 provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(a) which would render the amounts written off for bad debts or the amount of the provision 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.

Audited Financial Statements
Directors' Report

OTHER STATUTORY INFORMATION (CONTINUED)

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.

AUDITORS REMUNERATION

The details of auditors' remuneration is disclosed in Note 7(b) to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The total amount of insurance premium paid by the Company during the financial year amounted to RM230,000 (2017:RM230,000).

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 27 March 2019. Signed on behalf of the Board of Directors:

TAN SRI GHAZZALI SHEIKH ABDUL KHALID
DIRECTOR

TAN SRI JAMALUDIN IBRAHIM
DIRECTOR

Kuala Lumpur

Audited Financial Statements

Statements of Comprehensive Income For The Financial Year Ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Operating revenue	6	**23,885,781**	24,402,401	**3,527,637**	59,565
Operating costs					
- depreciation, impairment and amortisation	7(a)	**(7,644,816)**	(5,986,213)	**(4,579,497)**	(241,998)
- foreign exchange gains/(losses)		**8,389**	(191,563)	**106,368**	(1,299,384)
- domestic interconnect and international outpayment		**(2,408,317)**	(2,700,723)	**-**	-
- marketing, advertising and promotion		**(2,147,698)**	(2,108,755)	**(43,019)**	(10,497)
- other operating costs	7(b)	**(8,927,499)**	(8,455,866)	**(90,037)**	(1,391,017)
- staff costs	7(c)	**(2,068,133)**	(1,906,939)	**(131,120)**	(138,360)
- other losses - net	8	**(297,790)**	(57,665)	**-**	-
Other (expenses)/income - net	9	**(3,057,592)**	5,370	**15,732**	616,171
Operating (loss)/profit before finance cost		**(2,657,675)**	3,000,047	**(1,193,936)**	(2,405,520)
Finance income	10	**221,459**	241,807	**11,123**	27,140
Finance cost excluding net foreign exchange (losses)/gains on financing activities	10	**(1,272,385)**	(1,253,369)	**(60,649)**	(63,292)
Net foreign exchange (losses)/gains on financing activities		**(208,689)**	352,000	**(9,694)**	201,958
		(1,481,074)	(901,369)	**(70,343)**	138,666
Joint ventures					
- share of results (net of tax)	29	**1,678**	(48,989)	**-**	-
Associates					
- share of results (net of tax)		**(26,364)**	(352,670)	**-**	-
- loss on dilution of equity interests		**(403,712)**	(2,595)	**-**	-
(Loss)/Profit before taxation		**(4,345,688)**	1,936,231	**(1,253,156)**	(2,239,714)
Taxation and zakat	11	**(901,552)**	(773,749)	**51,037**	(60,877)
(Loss)/Profit for the financial year		**(5,247,240)**	1,162,482	**(1,202,119)**	(2,300,591)

Audited Financial Statements

Statements of Comprehensive Income For The Financial Year Ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss:					
- actuarial gains on defined benefit plans, net of tax		**4,092**	18,027	**-**	-
- fair value through other comprehensive income		**(574,655)**	-	**-**	-
Items that may be reclassified subsequently to profit or loss:					
- currency translation differences		**(1,298,172)**	(2,070,454)	**-**	-
- net cash flow hedge		**(25,080)**	271	**-**	-
- net cost of hedging		**(42,994)**	-	**-**	-
- net investment hedge		**15,801**	(15,801)	**-**	-
- available-for-sale reserve		**-**	(1,358)	**-**	-
Other comprehensive expense for the financial year, net of tax		**(1,921,008)**	(2,069,315)	**-**	-
Total comprehensive expense for the financial year		**(7,168,248)**	(906,833)	**(1,202,119)**	(2,300,591)
(Loss)/Profit for the financial year attributable to:					
- owners of the Company		**(5,034,573)**	909,480	**(1,202,119)**	(2,300,591)
- non-controlling interests		**(212,667)**	253,002	**-**	-
		(5,247,240)	1,162,482	**(1,202,119)**	(2,300,591)
Total comprehensive expense for the financial year attributable to:					
- owners of the Company		**(6,764,630)**	(586,819)	**(1,202,119)**	(2,300,591)
- non-controlling interests		**(403,618)**	(320,014)	**-**	-
		(7,168,248)	(906,833)	**(1,202,119)**	(2,300,591)
Earnings per share (sen)					
- basic	12(a)	**(55.6)**	10.1	**-**	-
- diluted	12(b)	**(55.4)**	10.1	**-**	-

The above Statements of Comprehensive Income are to be read in conjunction with the notes to the financial statements on pages 53 to 182.

Audited Financial Statements

Statements of Financial Position As At 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	13	**13,502,368**	13,407,253	**13,502,368**	13,407,253
Reserves	15	**3,974,431**	11,323,883	**2,567,562**	4,534,623
Total equity attributable to owners of the Company		**17,476,799**	24,731,136	**16,069,930**	17,941,876
Non-controlling interests		**5,737,907**	5,773,447	**-**	-
Total equity		**23,214,706**	30,504,583	**16,069,930**	17,941,876
NON-CURRENT LIABILITIES					
Borrowings	16	**14,646,553**	14,796,319	**1,039,375**	-
Derivative financial instruments	18	**1,698,722**	1,441,161	**-**	-
Deferred income	19	**363,196**	270,915	**-**	-
Deferred gain on sale and lease back assets	20	**663,228**	817,073	**-**	-
Trade and other payables	21	**2,987,844**	1,644,197	**11,409**	7,329
Provision for assets retirement	22	**487,394**	468,920	**-**	-
Deferred taxation	23	**1,391,214**	1,672,496	**-**	-
Total non-current liabilities		**22,238,151**	21,111,081	**1,050,784**	7,329
		45,452,857	51,615,664	**17,120,714**	17,949,205
NON-CURRENT ASSETS					
Intangible assets	24	**20,926,703**	22,176,286	**-**	-
Contract acquisition costs	25	**108,503**	-	**-**	-
Property, plant and equipment	26	**27,290,458**	26,909,970	**21,288**	15,144
Subsidiaries	27	**-**	-	**22,297,603**	24,449,626
Associates	28	**266,475**	7,985,974	**-**	-
Joint ventures	29	**27,699**	26,022	**-**	-
Financial assets at fair value through other comprehensive income	30	**1,659,412**	-	**-**	-
Available-for-sale financial assets		**-**	62,030	**-**	-
Derivative financial instruments	18	**-**	143,777	**-**	-
Trade and other receivables	33	**686,804**	535,157	**2,000**	2,000
Amounts due from subsidiaries	32	**-**	-	**92,178**	88,207
Deferred taxation	23	**586,961**	270,046	**-**	-
Total non-current assets		**51,553,015**	58,109,262	**22,413,069**	24,554,977

Audited Financial Statements

Statements of Financial Position As At 31 December 2018

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
CURRENT ASSETS					
Inventories	31	**219,130**	174,279	**-**	-
Amounts due from subsidiaries	32	**-**	-	**169,516**	67,178
Trade and other receivables	33	**5,115,230**	4,496,637	**15,273**	20,280
Derivative financial instruments	18	**238,506**	53,109	**-**	-
Financial assets at fair value through profit or loss		**38**	64	**-**	-
Tax recoverable		**54,860**	41,615	**-**	-
Deposits, cash and bank balances	34	**5,071,448**	6,812,868	**452,182**	371,978
		10,699,212	11,578,572	**636,971**	459,436
Assets classified as held-for-sale	36	**1,602,800**	223,162	**-**	-
Total current assets		**12,302,012**	11,801,734	**636,971**	459,436
LESS: CURRENT LIABILITIES					
Trade and other payables	21	**12,484,444**	12,616,963	**124,820**	185,779
Deferred gain on sale and lease back assets	20	**120,942**	126,017	**-**	-
Borrowings	16	**4,483,197**	4,387,670	**428,990**	1,689,672
Derivative financial instruments	18	**155,901**	152,621	**-**	-
Amounts due to subsidiaries	32	**-**	-	**5,375,516**	5,133,757
Current tax liabilities		**1,157,686**	754,511	**-**	56,000
		18,402,170	18,037,782	**5,929,326**	7,065,208
Liabilities classified as held-for-sale	36	**-**	257,550	**-**	-
Total current liabilities		**18,402,170**	18,295,332	**5,929,326**	7,065,208
Net current liabilities		**(6,100,158)**	(6,493,598)	**(5,292,355)**	(6,605,772)
		45,452,857	51,615,664	**17,120,714**	17,949,205

The above Statements of Comprehensive Income are to be read in conjunction with the notes to the financial statements on pages 53 to 182.

Audited Financial Statements

Consolidated Statement of Changes in Equity For the Financial Year Ended 31 December 2018

	Note	Share capital RM'000	Currency translation differences RM'000	Reserves RM'000	Retained earnings RM'000	Total RM'000	NCI RM'000	Total equity RM'000
At 1 January 2018:								
- as previously reported		13,407,253	783,362	(1,044,085)	11,584,606	24,731,136	5,773,447	30,504,583
- first time adoption adjustments	46	-	-	-	(106,287)	(106,287)	4,604	(101,683)
- opening balance adjustment	18(f)	-	-	323,496	(323,496)	-	-	-
- as restated		13,407,253	783,362	(720,589)	11,154,823	24,624,849	5,778,051	30,402,900
Loss for the financial year		-	-	-	(5,034,573)	(5,034,573)	(212,667)	(5,247,240)
Other comprehensive expense:								
- Currency translation differences arising during the financial year:								
- subsidiaries		-	(988,285)	-	-	(988,285)	(191,964)	(1,180,249)
- associates		-	(179,489)	-	-	(179,489)	-	(179,489)
- derecognition of an associate		-	61,566	-	-	61,566	-	61,566
		-	(1,106,208)	-	-	(1,106,208)	(191,964)	(1,298,172)
- Net investment hedge		-	-	15,801	-	15,801	-	15,801
- Net cash flow hedge	18(g),(h)	-	-	(24,987)	-	(24,987)	(93)	(25,080)
- Net cost of hedging	18(g)	-	-	(42,994)	-	(42,994)	-	(42,994)
- Actuarial gain, net of tax		-	-	2,986	-	2,986	1,106	4,092
- Revaluation of financial assets at FVTOCI	30	-	-	(574,655)	-	(574,655)	-	(574,655)
Total comprehensive expense for the financial year		-	(1,106,208)	(623,849)	(5,034,573)	(6,764,630)	(403,618)	(7,168,248)
Transactions with owners:								
- Issuance of new ordinary shares		10,963	-	-	-	10,963	-	10,963
- Dilution of equity interests in subsidiaries		-	-	-	42,864	42,864	415,868	458,732
- Partial disposal of subsidiaries		-	(6,351)	-	265,690	259,339	99,181	358,520
- Additional investment in subsidiaries		-	-	-	(15,796)	(15,796)	12,756	(3,040)
- Dividends paid to shareholders via:								
- DRS	45	79,113	-	-	(79,113)	-	-	-
- Cash settlement	45	-	-	-	(691,114)	(691,114)	-	(691,114)
- Share-based payment expenses	14(a),(b)	-	-	10,324	-	10,324	-	10,324
- Transferred from Share-based payment reserve upon exercise/vest		5,039	-	(5,039)	-	-	-	-
- Dividends paid to NCI		-	-	-	-	-	(164,331)	(164,331)
Total transactions with owners		95,115	(6,351)	5,285	(477,469)	(383,420)	363,474	(19,946)
At 31 December 2018		13,502,368	(329,197)	(1,339,153)	5,642,781	17,476,799	5,737,907	23,214,706

Non-controlling interests ("NCI"), Dividend Reinvestment Scheme ("DRS"), Fair value through other comprehensive income ("FVTOCI")

Audited Financial Statements

Consolidated Statement of Changes in Equity For the Financial Year Ended 31 December 2018

	Note	Share capital RM'000	Share premium RM'000	Currency translation differences RM'000	Reserves RM'000	Retained earnings RM'000	Total RM'000	NCI RM'000	Total equity RM'000
At 1 January 2017:									
- as previously reported		8,971,415	4,081,106	2,288,800	(1,095,694)	9,335,025	23,580,652	5,037,449	28,618,101
- opening balance adjustments	18(f)	-	-	-	323,496	(323,496)	-	-	-
- as restated		8,971,415	4,081,106	2,288,800	(772,198)	9,011,529	23,580,652	5,037,449	28,618,101
Profit for the financial year		-	-	-	-	909,480	909,480	253,002	1,162,482
Other comprehensive expense:									
- Currency translation differences arising during the financial year:									
- subsidiaries		-	-	(1,369,813)	-	-	(1,369,813)	(578,331)	(1,948,144)
- joint ventures		-	-	(4,202)	-	-	(4,202)	-	(4,202)
- associates		-	-	(118,108)	-	-	(118,108)	-	(118,108)
		-	-	(1,492,123)	-	-	(1,492,123)	(578,331)	(2,070,454)
- Net investment hedge		-	-	-	(15,801)	-	(15,801)	-	(15,801)
- Net cash flow hedge	18(g),(h)	-	-	-	94	-	94	177	271
- Actuarial gain, net of tax		-	-	-	12,889	-	12,889	5,138	18,027
- Revaluation of AFS		-	-	-	(1,358)	-	(1,358)	-	(1,358)
Total comprehensive (expense)/ income for the financial year		-	-	(1,492,123)	(4,176)	909,480	(586,819)	(320,014)	(906,833)
Transactions with owners:									
- Issuance of new ordinary shares		7,540	110	-	-	-	7,650	-	7,650
- Transition to no par value regime	13	4,081,216	(4,081,216)	-	-	-	-	-	-
- Reversal of reserve		-	-	-	81	-	81	-	81
- Dilution of equity interest in subsidiaries		-	-	(1,180)	(987)	67,762	65,595	(63,564)	2,031
- Private placement of a subsidiary		-	-	724	40,087	1,229,623	1,270,434	908,552	2,178,986
- Partial disposal of a subsidiary		-	-	(12,859)	18,884	765,470	771,495	390,946	1,162,441
- Acquisition of subsidiaries		-	-	-	-	(3,614)	(3,614)	17,595	13,981
- Dividends paid to shareholders via:									
- DRS	45	339,888	-	-	-	(339,888)	-	-	-
- Cash settlement	45	-	-	-	-	(379,252)	(379,252)	-	(379,252)
- Share-based payment expenses	14(a),(b)	-	-	-	4,914	-	4,914	-	4,914
- Transferred from Share-based payment reserve upon exercise/vest		7,194	-	-	(7,194)	-	-	-	-
- Dividends paid to NCI		-	-	-	-	-	-	(197,517)	(197,517)
Total transactions with owners		4,435,838	(4,081,106)	(13,315)	55,785	1,340,101	1,737,303	1,056,012	2,793,315
At 31 December 2017 (restated)		13,407,253	-	783,362	(720,589)	11,261,110	24,731,136	5,773,447	30,504,583

The above Statements of Comprehensive Income are to be read in conjunction with the notes to the financial statements on pages 53 to 182.

Audited Financial Statements

Company Statement of Changes in Equity For the Financial Year Ended 31 December 2018

	Note	Share capital RM'000	Capital contribution reserve RM'000	Share-based payments reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2018		**13,407,253**	**16,598**	**133,367**	**4,384,658**	**17,941,876**
(Loss)/Total comprehensive expense for the financial year		**-**	**-**	**-**	**(1,202,119)**	**(1,202,119)**
Transactions with owners:						
- Issuance of new ordinary shares		**10,963**	**-**	**-**	**-**	**10,963**
- Dividends paid to shareholders via:						
- DRS	45	**79,113**	**-**	**-**	**(79,113)**	**-**
- Cash settlement	45	**-**	**-**	**-**	**(691,114)**	**(691,114)**
- Share-based payment expenses	14(a),(b)	**-**	**-**	**10,324**	**-**	**10,324**
- Transferred from Share-based payment reserve upon exercise/vest		**5,039**	**-**	**(5,039)**	**-**	**-**
Total transactions with owners		**95,115**	**-**	**5,285**	**(770,227)**	**(669,827)**
At 31 December 2018		**13,502,368**	**16,598**	**138,652**	**2,412,312**	**16,069,930**

	Note	Share capital RM'000	Share premium RM'000	Capital contribution reserve RM'000	Share-based payments reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2017		8,971,415	4,081,106	16,598	135,647	7,404,389	20,609,155
(Loss)/Total comprehensive expense for the financial year		-	-	-	-	(2,300,591)	(2,300,591)
Transactions with owners:							
- Issuance of new ordinary shares		7,540	110	-	-	-	7,650
- Transition to no par value regime	13	4,081,216	(4,081,216)	-	-	-	-
- Dividends paid to shareholders via:							
- DRS	45	339,888	-	-	-	(339,888)	-
- Cash settlement	45	-	-	-	-	(379,252)	(379,252)
- Share-based payment expenses	14(a),(b)	-	-	-	4,914	-	4,914
- Transferred from Share-based payment reserve upon exercise/vest		7,194	-	-	(7,194)	-	-
Total transactions with owners		4,435,838	(4,081,106)	-	(2,280)	(719,140)	(366,688)
At 31 December 2017		13,407,253	-	16,598	133,367	4,384,658	17,941,876

The above Statements of Comprehensive Income are to be read in conjunction with the notes to the financial statements on pages 53 to 182.

Audited Financial Statements

Statements of Cash Flows For the Financial Year Ended 31 December 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from/(used in) operating activities	35	**5,969,846**	5,732,951	**(310,779)**	(202,390)
Cash flows (used in)/from investing activities	35	**(7,973,059)**	(5,166,539)	**1,198,902**	1,342,394
Cash flows (used in)/from financing activities	35	**(547,606)**	1,247,666	**(917,730)**	(1,453,705)
Net (decrease)/increase in cash and cash equivalents		**(2,550,819)**	1,814,078	**(29,607)**	(313,701)
Effect of exchange (losses)/gains on cash and cash equivalents		**(162,027)**	(216,189)	**9,811**	(47,122)
Net decrease in restricted cash and cash equivalents		**28,936**	224,347	**-**	269,160
Cash and cash equivalents at the beginning of the financial year		**6,471,658**	4,649,422	**371,978**	463,641
Cash and cash equivalents at the end of the financial year	34	**3,787,748**	6,471,658	**352,182**	371,978

The above Statements of Comprehensive Income are to be read in conjunction with the notes to the financial statements on pages 53 to 182.

Notes to the Financial Statements For The Financial Year Ended 31 December 2018

1. GENERAL INFORMATION

The principal activities of the Group are the provision of mobile communication services, telecommunication infrastructure and related services as well as digital services.

The principal activities of the Company are investment holding and provision of technical and management services on an international scale.

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, Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur.

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

The financial statements have been approved for issuance in accordance with a resolution of the Board of Directors on 27 March 2019.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the Group which comprises the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows (collectively "Consolidated Statements"), and notes to the financial statements including a summary of significant accounting policies 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 2016 in Malaysia.

The financial statements of the Company which comprises the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, and notes to the financial statements including a summary of significant accounting policies 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 2016 in Malaysia.

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

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

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

(a) Standards and amendments to published standards that are applicable to the Group and the Company that are effective

New and amendments to published standards

The following standards and amendments to published standards have been adopted by the Group and the Company for the first time for the financial year beginning on 1 January 2018:

- MFRS 9 "Financial Instruments"
- MFRS 15 "Revenue from Contracts with Customers"
- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"
- Amendment to MFRS 2 "Share-based Payment"
- Annual Improvements to MFRSs 2014-2016 Cycle: MFRS 128 "Investments in Associates and Joint Ventures"

The adoption of the above has no significant impact to the Group and the Company except for MFRS 9 and MFRS 15 which resulted in changes in accounting policies as disclosed in Note 46 to the financial statements.

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

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

The Group and the Company will apply the new standards and amendments to standards in the following periods:

(i) Financial year beginning on/after 1 January 2019

- MFRS 16 “Leases” supersedes MFRS 117 “Leases” and the related interpretations.

  Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a “right-of-use” of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 ‘Property, Plant and Equipment’ and the lease liability is accreted over time with interest expense recognised in the income statement.

  For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

  The Group and the Company will apply MFRS 16 by using the simplified retrospective approach, therefore the comparative information will not be restated.

  The Group and the Company will apply the grandfathering approach in assessing whether a contract is or contains a lease. The Group will apply MFRS 16 to existing contracts that were previously identified as leases under MFRS 117 and IC Interpretation 4 “Determining whether an Arrangement contains a Lease”. Contracts that were not previously identified as containing a lease applying MFRS 117 and IC Interpretation 4 are not reassessed for whether there is a lease. Therefore, the definition of a lease under MFRS 16 is applied only to contracts entered into or changed on or after 1 January 2019.

  The purchases and sales of rights to access and rights to use licenses of intellectual property are excluded from the scope of MFRS 16.

  The Group and the Company will use the following practical expedients when applying MFRS 16 to leases previously classified as leases under MFRS 117 at the date of initial application and certain applicable practical expedients post adoption:

  √ Lease liabilities are measured at the present value of the remaining lease payments, discounted at incremental borrowing rate as at 1 January 2019.

  √ Apply a single discount rate to a portfolio of leases with similar characteristics.

  √ Apply the exemption not to apply MFRS 16 to account for short-term leases in which the term ends within twelve (12) months.

  √ Apply the exemption not to apply MFRS 16 on leases of low-value assets.

  √ Exclude initial direct costs from measuring the right-of-use asset.

  √ Apply hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

  The Group and the Company will use the practical expedient that a distinction will not be made in leases that contain both lease components and non-lease components. Each lease component will be accounted for as a lease, in conjunction with other related performance components.

  The Group and the Company anticipate:

  √ In future, depreciation and interest expense will be recognised instead of leasing expenses, which will improve Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA").

  √ Payment obligations for operating leases will be separately reported as right-of-use assets and lease liabilities. Hence, there will be moderate increase in total assets and liabilities on the first-time adoption due to the capitalisation of right of use assets and the recognition of lease liabilities. The increase in lease liabilities will lead to a corresponding increase in gross borrowings.

  √ Net cash flow is not impacted by MFRS 16, both net cash inflows from operating activities and payments classified within cash flow from financing activities will increase, as payments made at lease inception or subsequently will be characterised as a repayment of lease liabilities.

  √ Off balance sheet operating leases commitments disclosed in Note 37 under MFRS 117 will be recognised as assets and liabilities on the statement of financial position.

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

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

The Group and the Company will apply the new standards and amendments to standards in the following periods: (continued)

(i) Financial year beginning on/after 1 January 2019 (continued)

- IC Interpretation 23 "Uncertainty over Income Tax Treatments" provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over income tax treatment.

  If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty, by using either the most likely amount or based on the expected value.

  IC Interpretation 23 will be applied retrospectively.

- Amendments to MFRS 9 "Prepayment Features With Negative Compensation" allow companies to measure some pre-payable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a 'held to collect' business model.

  The amendments will be applied retrospectively.

- Amendments to MFRS 119 "Plan Amendment, Curtailment or Settlement" requires an entity to use the updated actuarial assumptions from remeasurement of its net defined benefit liability or asset arising from plan amendment, curtailment or settlement, to determine current service cost and net interest for the remaining period after the change to the plan.

  The amendments will be applied prospectively.

- Amendments to MFRS 128 "Long-term Interests In Associates and Joint Ventures" clarify that an entity should apply MFRS 9 (including the impairment requirements) to long-term interests in an associate or joint venture, which are in substance form part of the entity's net investment, for which settlement is neither planned nor likely to occur in the foreseeable future. In addition, such long-term interest are subject to loss allocation and impairment requirements in MFRS 128.

  The amendments shall be applied retrospectively.

- Annual Improvements to MFRS 2015 – 2017 Cycle:

  √ Amendments to MFRS 3 "Business Combinations" clarify that when a party obtains control of a business that is a joint operation, the acquirer should account the transaction as a business combination achieved in stages. Accordingly it should remeasure its previously held interest in the joint operation (rights to the assets and obligations for the liabilities) at fair value on the acquisition date.

  √ Amendments to MFRS 11 "Joint Arrangements" clarify that when a party obtains joint control of a business that is a joint operation, the party should not remeasure its previously held interest in the joint operation.

  √ Amendments to MFRS 112 "Income Taxes" clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

  √ Amendments to MFRS 123 "Borrowing Costs" clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.

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

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

The Group and the Company will apply the new standards and amendments to standards in the following periods: (continued)

(ii) Financial year beginning on/after 1 January 2020

- Amendments to MFRS 3 "Definition of a Business" revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

  The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets.

  In addition, the revised definition of the term 'outputs' is narrower, focusses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings.

  The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. Under this concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business.

  The amendments shall be applied prospectively.

Other than as mentioned above, the adoption of standards and amendments to published standards and IC Interpretation are not expected to have a material impact to the financial statements of the Group and the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Economic entities in the Group

(i) Subsidiaries

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

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

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying amount of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date, any gains or losses arising from such remeasurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred by the Group, the amount of any NCI in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, NCI recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Economic entities in the Group (continued)

(i) Subsidiaries (continued)

The Group applies predecessor accounting to account for business combinations under common control. Under predecessor accounting, assets and liabilities acquired are not restated to their respective fair values. They are recognised at the carrying amounts from the consolidated financial statements of the ultimate holding company of the Group and adjusted to conform with the accounting policies adopted by the Group. The difference between any consideration given and the aggregate carrying amounts of the assets and liabilities of the acquired entity is recognised as an adjustment to equity. No additional goodwill is recognised.

The acquired entity's results, assets and liabilities are consolidated as if both the acquirer and acquiree had always been combined. Consequently, the consolidated financial statements reflect both entities' full year's results. The comparative information is restated to reflect the combined results of both entities.

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

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

Transactions with NCIs that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling interest and NCI to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to NCI and any consideration paid or received is recognised in equity attributable to owners of the Group.

The potential cash payments related to put options issued by the Group over the equity of subsidiaries are accounted for as financial liabilities. The amount of financial liabilities is recognised initially at the present value of the estimated redemption amount within derivative financial instruments with a corresponding charge directly to equity. The charge to equity is recognised separately as written put options over non-controlling interest, adjacent to NCI in the net assets of consolidated subsidiaries.

The Group recognises the cost of writing such put options, determined as the excess of the fair value of the option over any consideration received, as a financing cost. Such options are subsequently measured at amortised cost, using the effective interest rate method, in order to accrete the liability up to the amount payable under the option at the date at which is first becomes exercisable. The charge arising from accretion of interest is recorded as finance cost while revaluation of the derivative financial instruments is presented in other gains/(losses) in profit or loss. In the event that the option expires unexercised, the liability is derecognised with a corresponding adjustment to equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, a joint venture or financial asset. In addition, any amounts previously recognised in OCI 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 OCI are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(iv) Joint arrangements

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

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

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated statement of financial position. Under the equity method, the investment in a joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the joint venture in profit or loss, and the Group's share of movements in OCI of the joint venture in OCI. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture, including any long-term interests that, in substance, form part of the Group's net investment in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. An impairment loss is recognised for the amount by which the carrying amount of the joint venture exceeds its recoverable amount.

Audited Financial Statements

Notes to the Financial Statements For The Financial Year Ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Economic entities in the Group (continued)

(iv) Joint arrangements (continued)

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group ceases to equity account its joint venture because of a loss of joint control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amount previously recognised in OCI in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in OCI are reclassified to profit or loss.

If the ownership interest in a joint venture is reduced but joint control is retained, only a proportionate share of the amounts previously recognised in OCI is reclassified to profit or loss where appropriate.

(v) Associates

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

Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment in an associate is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the associate in profit or loss, and the Group's share of movements in OCI of the associate in OCI. Dividends received or receivable from an associate are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The Group's investment in associates includes goodwill identified on acquisition.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. An impairment loss is recognised for the amount by which the carrying amount of the associate exceeds its recoverable amount.

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.

When the Group ceases to equity account its associate because of a loss of significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purpose of subsequently accounting for the retained interest as a financial asset. In addition, any amount previously recognised in OCI in respect of the entity is accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in OCI are reclassified to profit or loss.

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

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

The cost of an associate acquired in stages is measured as the sum of the fair value of the interest previously held plus the fair value of any additional consideration transferred as of the date when the investment became an associate. Any gain or loss on remeasurement of the previously held stake is taken to profit or loss and any OCI recognised in prior periods in relation to the previously held stake in the acquired associate is also recognised in profit or loss or OCI if election has been made under MFRS 9.

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 remeasured.

Any acquisition-related costs are expensed in the periods in which the costs are incurred.

Audited Financial Statements

Notes to the Financial Statements For The Financial Year Ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Intangible assets

(i) Goodwill

The Group recognised goodwill based on partial goodwill method. Goodwill represents the excess of the cost of acquisition of subsidiaries over the Group's share of the fair value of the identifiable net assets including contingent liabilities of subsidiaries at the date of acquisition and fair value of any pre-existing equity interest in the subsidiaries. Any shortfall is recognised in profit or loss.

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 is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the 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. 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 of disposal. 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 acquired in a business combination are recognised at fair value at the acquisition date. 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	15 - 16 years
Indonesia	4 - 10 years
Sri Lanka	5 - 10 years
Bangladesh	15 - 18 years
Cambodia	25 - 30 years
Nepal	5 - 10 years

(iii) Subscriber acquisition costs

<u>Accounting policies applied until 31 December 2017</u>

Subscriber acquisition costs incurred in providing the customer a free or subsidised device, 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 were assessed at each reporting date whether there was any indication that the subscriber acquisition cost may be impaired.

(iv) Customer contracts and the related relationship

Customer contracts and the related customer relationship arose from the acquisition of a subsidiary. The customer contracts and the related relationships are shown at fair value on acquisition of a subsidiary and subsequently subject to amortisation over the useful life. The customer contracts and the related customer relationships are tested for impairment whenever indication of impairment exists. The estimated useful lives of the customer contracts and related relationships are as follows:

Mobile segment:	
- Indonesia	4 years
- Nepal	10 years
- Bangladesh	2.5 years
Infrastructure segment	20 years

(v) Brands

Separately acquired brands are shown at historical cost. Brands acquired in a business combination are recognised at fair value at the acquisition date. Brands have a finite useful life and are carried at cost less accumulated amortisation and accumulated losses, if any. Amortisation is calculated using the straight-line method to allocate the cost of brands over their estimated useful lives as below:

Indonesia	2 years
Nepal	10 years
Bangladesh	3 years

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

PPE are stated at cost less accumulated depreciation and impairment losses. Cost includes its purchase price and any costs that are directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management.

(i) Cost

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

PPE also include telecommunication equipment and maintenance spares acquired for the purpose of replacing damaged or faulty plant or spares and supplies to be used in constructing and maintaining the network. PPE acquired in a business combination are recognised at fair value at the acquisition date.

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

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

(ii) Depreciation and residual value

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

Leasehold land	3 - 99 years
Buildings	8 - 50 years
Telecommunication network equipment	2 - 20 years
Movable plant and equipment	3 - 10 years
Computer support systems	2 - 10 years

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

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

(iii) Impairment

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

(iv) Gains or losses on disposals

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount of the related asset and are included in "other operating income−net" in 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.

Audited Financial Statements

Notes to the Financial Statements For The Financial Year Ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Investments in subsidiaries, associates and joint ventures in separate financial statements

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

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

On disposal of investments in subsidiaries, associates and joint ventures, the difference between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss. Disposal-related costs are expensed as incurred.

The advances to subsidiaries of which the Company does not expect repayment are considered as part of the Company's investments in the subsidiaries.

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

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

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

For investment in associates, when assessing FVLCS, the unit of account is the investment in associate as a whole. The Group uses the adjusted quoted price (applicable to quoted associates) which reflects the management's estimate of block discounts on similar purchases of NCI.

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

(f) Financial assets

(i) Classification

From 1 January 2018, the Group and the Company classify the financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group and the Company have made an irrevocable election at the time of initial recognition and adoption of MFRS 9 to account for the equity investment at fair value through other comprehensive income ("FVTOCI").

The Group and the Company reclassify debt investments when business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership of the asset.

(iii) Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed off in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Audited Financial Statements

Notes to the Financial Statements For The Financial Year Ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(iii) Measurement (continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and Company classify the debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the profit or loss.

- FVTOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the profit or loss.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. Fair value changes are recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's and the Company's management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's and the Company's right to receive payments are established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the profit or loss as applicable whereas changes in the fair value of financial assets at FVTOCI are recognised in OCI. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

(iv) Impairment

From 1 January 2018, the Group and the Company assess on a forward looking basis the expected credit losses ("ECL") associated with its financial instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company have four types of financial instruments that are subject to the ECL model:
- Trade receivables
- Finance lease receivables
- Contract assets
- Other receivables (including deposits, intercompanies and related parties balances)

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

ECL represents a probability-weighted estimate of the difference between present value of cash flows according to the contracts and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:
- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Audited Financial Statements

Notes to the Financial Statements For The Financial Year Ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(iv) Impairment (continued)

(i) General 3-stage approach and/or lifetime ECL for other receivables

At each reporting date, the Group and the Company measures ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

(ii) Simplified approach for trade receivables, contract assets and finance lease receivables

The Group and the Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and contract assets.

Significant increase in credit risk

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Group and the Company consider available reasonable and supportable forward-looking information.

The following indicators are incorporated:
- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria: When the counterparty fails to make contractual payments within one hundred and twenty (120) days after they fall due.

Qualitative criteria: The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:
- the debtor is in breach of financial covenants;
- concessions have been made by the lender relating to the debtor's financial difficulty;
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

Groupings of instruments of ECL measured on collective basis

- Collective assessment

  To measure ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and of customer's behaviour and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

- Individual assessment

  Trade receivables, finance lease receivables, contract assets and other receivables which are in default or credit-impaired or have individually significant balances, are separately assessed for ECL measurement.

Audited Financial Statements

Notes to the Financial Statements For The Financial Year Ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(v) Write-off

- Trade receivables, finance lease receivables and contract assets

  Trade receivables, finance lease receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

  Impairment losses on trade receivables, finance lease receivables and contract assets are presented within 'other operating costs' in the profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item in the profit or loss.

- Other receivables

  The Group and the Company write off financial assets, in whole or in part, when the Group and the Company have exhausted all practical recovery efforts and have concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group and the Company may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of the amounts previously written off will result in write back and credited against the same line item in the profit or loss.

(vi) Accounting policies applied until 31 December 2017

Classification

The Group and the Company classified its financial assets in the following categories: at FVTPL, loans and receivables, available-for-sale ("AFS") and held-to-maturity ("HTM"). The classification depended on the purpose for which the financial assets were acquired. Management determined the classification at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

(a) Financial assets at FVTPL

The Group classified financial assets at FVTPL if they are acquired principally for the purpose of selling in the short term, i.e. were held for trading. Derivatives were also categorised as held for trading unless they were designated as hedges.

The assets were presented as current assets if they were expected to be sold within twelve (12) months after the end of the reporting period; otherwise they were presented as non-current assets.

(b) Loans and receivables

Loans and receivables were non-derivative financial assets with fixed or determinable payments that were not quoted in an active market. If collection of the amounts was expected in one year or less they were classified as current assets. Otherwise, they were presented as non-current assets.

(c) AFS financial assets

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

(d) HTM financial assets

HTM financial assets were non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's and Company's management had 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 were included in non-current assets, except for those with maturities less than twelve (12) months from the end of the reporting period, which were classified as current assets.

Audited Financial Statements

Notes to the Financial Statements For The Financial Year Ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(vi) Accounting policies applied until 31 December 2017 (continued)

Recognition and initial measurement

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

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

Reclassification

The Group and the Company could choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset was no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables were permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that was unusual and highly unlikely to recur in the near term. In addition, the Group and the Company could choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the Group and the Company had the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification.

Reclassifications were made at fair value as of the reclassification date. Fair value became the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date were subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories were determined at the reclassification date. Further increases in estimates of cash flows adjusted effective interest rates prospectively.

Subsequent measurement – gains and losses

Available-for-sale financial assets and financial assets at FVTPL were subsequently carried at fair value. Loans and receivables and HTM financial assets were 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 were recognised in profit or loss in the period in which the changes arose.

Changes in the fair value of AFS financial assets were recognised in OCI, except for impairment losses and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets were recognised in profit or loss, whereas exchange differences on non-monetary assets were recognised in OCI as part of fair value change.

Impairment

The Group and the Company assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets were impaired. A financial asset or a group of financial assets were impaired and impairment losses were incurred only if there was 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) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss was 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 carrying amount of the asset was reduced and the amount of the loss was recognised in profit or loss. If a loan, receivable or held-to-maturity investment had a variable interest rate, the discount rate for measuring any impairment loss was 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 decreased and the decrease could 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 was recognised in profit or loss.

Assets classified as available-for-sale

If there was objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as 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 – was removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss were not reversed through profit or loss in a subsequent period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

(vi) Accounting policies applied until 31 December 2017 (continued)

Assets classified as available-for-sale (continued)

For debt securities, the Group and the Company used criteria and measurement of impairment loss applicable for 'assets carried at amortised cost' above. If the fair value of a debt instrument classified as available-for-sale increased in a subsequent period and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed through profit or loss.

Derecognition

Financial assets were derecognised when the rights to receive cash flows from the investments had expired or had been transferred and the Group and the Company had transferred substantially all risks and rewards of ownership.

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

When AFS financial assets were sold, the accumulated fair value adjustments recognised in OCI were reclassified to profit or loss.

(g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is 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. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(h) Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:
(i) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
(ii) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
(iii) Hedges of a net investment in a foreign operation (net investment hedge).

Since adoption of MFRS 9, at inception of the hedge relationship, the Group and the Company document the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group and the Company document its risk management objective and strategy for undertaking its hedge transactions. Prior to 1 January 2018, the Group documented at the inception of the transaction, the relationship between hedging instruments and hedged items and its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that were used in hedging transactions have been, and will continue to be 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 18 to the financial statements. Movements on the hedging reserve in OCI 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 maturity of the hedged item is more than twelve (12) months and as a current asset or liability when the remaining maturity of the hedged item is less than twelve (12) months. Trading derivatives are classified as a current asset or liability.

(i) Fair value hedge

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

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

Audited Financial Statements

Notes to the Financial Statements For The Financial Year Ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Derivatives and hedging activities (continued)

(ii) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised in OCI and accumulated in reserves within equity. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss within 'other gains/(losses) - net'. Where the Group excludes the foreign currency basis spread from the designation of derivatives used as hedging instruments, the change in the foreign currency basis spread of the hedging instrument is recognised in OCI and accumulated in costs of hedging reserve within equity. The Group designates the cost of hedging application in relation to foreign currency basis spread on a hedge by hedge basis.

Amounts accumulated in equity (including the cost of hedging reserve) are reclassified to profit or loss in the periods when the hedged cash flows affects the profit or loss. 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'.

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 hedged cash flows affect profit or loss.

(iii) Net investment hedge

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

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in OCI and accumulated in reserves within equity. 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 or disposed.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in 'other gains/(losses) – net'.

(i) Financial liabilities

Classification, recognition and measurement

The Group and the Company classify their financial liabilities in the following categories: derivative financial instruments and other financial liabilities. Management determines the classification of financial liabilities at initial recognition.

The Group and the Company do not hold any financial liabilities carried at fair value through profit or loss (except for derivative financial instruments). See accounting policy Note 3(h) on derivative financial instruments and hedging activities.

Other financial liabilities are non-derivative financial liabilities. Other financial liabilities are initially recognised at fair value net of transaction costs and subsequently carried at amortised cost using effective interest method. They are included in current liabilities, except for maturities greater than 12 months after the end of the reporting date in which case they are classified as non-current liabilities.

The Group and the Company's other financial liabilities include borrowings, trade and other payables (excluding statutory liabilities) and amounts due to subsidiaries. For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, or through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(j) Inventories

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

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

Cost is determined on a weighted average basis and comprises all cost of purchase and other direct costs 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.

Audited Financial Statements

Notes to the Financial Statements For The Financial Year Ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Trade receivables and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group and the Company. 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 the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value plus transaction costs. Other receivables are recognised initially at fair value plus transaction costs. Transaction costs include transfer taxes and duties.

After recognition, trade and other receivables are subsequently measured at amortised cost using the effective interest method, less provision for impairment. See accounting policy Note 3(f) on impairment of financial assets.

(l) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the statement of cash flows. Bank overdrafts are included within borrowings in current liabilities in the statement of financial position.

(m) Trade payables

Trade payables represent liabilities for goods or services provided to the Group prior to the end of financial year which are unpaid. Trade payables are classified as current liabilities unless payment is not due within twelve (12) months after the reporting period. Otherwise, they are presented as non-current liabilities.

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

(n) Borrowings

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

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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

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

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

(o) Current and deferred tax

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in OCI or directly in equity. In this case the tax is also recognised in OCI 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, associates and joint ventures 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. This liability is measured using the single best estimate of the most likely outcome.

Audited Financial Statements

Notes to the Financial Statements For The Financial Year Ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Current and deferred tax (continued)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also 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 tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses or unused tax credits can be utilised.

Deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, associates or joint ventures, except where the timing of the reversal of the temporary difference is controlled by the investor or joint venturer and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the investor or joint venturer is unable to control the reversal of the temporary difference for associates or joint ventures. Only where there is an agreement in place that gives the investor or joint venturer the ability to control the reversal of the temporary difference, a deferred tax liability is not recognised.

Deferred and income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred and income 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.

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

(p) Provisions

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

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

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

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

(q) Contingent liabilities and contingent assets

The Group and the Company do not recognise a contingent liability but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company 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 one or more uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise a contingent asset but disclose its existence where inflow of economic benefits are probable, but not virtually certain.

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Contingent liabilities and contingent assets (continued)

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with MFRS 15 "Revenue from contracts with customers".

(r) Share capital

(i) Classification

Ordinary shares and non-redeemable preference shares 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.

(ii) Share issue expenses

Incremental costs directly attributable to the issuance of new shares are deducted against equity.

(iii) Dividends to shareholders of the Company

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period.

Distributions to holders of an equity instrument is recognised directly in equity.

(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 has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at lease commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the remaining balance of the liability. The finance cost is charged to 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. The PPE acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Deferred gain from sale and finance lease back transaction is amortised using the straight-line method over the lease period.

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

(ii) Operating leases

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

Gain from sale and operating lease back transaction is directly recognised when the transaction occurs.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in profit or loss when incurred.

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.

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Leases (continued)

(ii) Operating leases

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

Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in profit or loss when incurred.

(t) Revenue

(i) Revenue from contracts with customers

Accounting policies applied from 1 January 2018

The Group principally generates revenue from mobile services such as call time, messaging, data services, activation fee and sales of prepaid starter packs, interconnect services, sale of devices and others such as pay television transmission, broadband and infrastructure management services.

The Group recognises revenue when a contractual performance obligation is fulfiled by transferring control over the promised services or products to a customer provided that collectability of the consideration is probable. Revenue is measured based on the transaction price i.e. the consideration agreed in the contract with the customer excluding amounts collected on behalf of third parties such as sales taxes. In determining the transaction price, the Group considers variable and non-cash consideration such as rebates or discounts and consideration payable to a customer such as refunds to the extent that it is highly probable that a significant reversal will not occur.

The Group recognises mobile and interconnect services revenue when services are rendered.

Customer activation fees that are not considered as a separate performance obligation are recognised as contract liabilities and are recognised as revenue over the contracted period or period where services are transferred to customers.

Sales of prepaid starter packs with a sim card and preloaded credits are accounted for as one performance obligation as the sim card cannot be used on its own. Consideration received for prepaid credits is initially recognised as contract liability and recognised as revenue upon usage by the customer. Any credits not used are recognised in full upon expiry or customer churn, whichever is earlier.

Revenue from content services rendered to customers are recognised based on gross amount billed to customers when the Group acts as a principal or recognised after netting off costs paid to content providers when the Group acts as an agent in the transaction.

Revenue from sales of device is recognised at the point of time upon delivery and acceptance of the device by the customers where the control is being transferred to the customers.

Mobile services are offered separately and/or as a bundle along with other services and/or devices. The length of bundled contracts are usually between twelve (12) to twenty four (24) months. For bundled contracts, the Group accounts for individual products and services separately if they are distinct i.e. if a product or service is separately identifiable from other items in the bundled contract and if customers can benefit from it. Revenue is recognised on fulfilment of the individual obligations to the customer.

The total transaction price of bundled contracts are allocated among the individual performance obligations based on their relative stand-alone selling prices. The stand-alone selling prices are determined based on the observable price at which the Group sells the products and services on a stand-alone basis. For products and services that are not sold separately, the Group estimates stand-alone selling prices using other methods such as adjusted market assessment approach, cost plus margin approach or residual approach. As a result, revenue to be recognised for products (often delivered in advance) such as mobile devices that are sold at a subsidised price in a bundled contract with services is higher than the amount billed for the device, resulting in the recognition of contract assets. Contract assets are reversed and reduced over the remaining contract period.

For devices sold in bundled contracts, the consideration for the device can either be paid upfront or by instalments over the contract period. If the consideration is to be paid by instalments, the contract contains a significant financing component. The consideration will be adjusted for the effects of the financing component as finance income. For contracts with a length of less than twelve (12) months, the Group applies the practical expedient to not adjust the promised amount of consideration for the effects of significant financing component.

Each subscription to a contract for television transmission or broadband includes the provision of services, connection and devices such as set-top boxes and routers. The provision of set-top boxes, routers and connection fees are for the exclusive use of the Group's services and do not represent distinct services or goods. Therefore, the services and devices are accounted for as a single performance obligation satisfied over time. Revenue is recognised over the period the service is rendered or contract period, whichever is earlier.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Revenue (continued)

(i) Revenue from contracts with customers (continued)

The Group generally enters into master services agreements with its customers for infrastructure leasing and related services which comprises multiple elements that are distinct and delivered separately. The total transaction price is allocated to the tower leasing, maintenance and energy services based on the relative stand-alone selling prices. For provision of services including maintenance and energy services, other services and technical and operations support services which the Group recognises as revenue as and when services are rendered. These performance obligations are generally met over time as customer simultaneously receives and consumes benefits of services as and when the services are performed by the Group.

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

<u>Accounting policies applied until 31 December 2017</u>

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

- Mobile and interconnect services revenue

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

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

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

- Revenue from provision of passive infrastructure services to customers was recognised on an accrual basis based on prices agreed with customers through lease agreements.

- All other revenue were 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.

(ii) Lease of passive infrastructure

Operating revenue comprises the fair value of the consideration received or receivable for the sale of products and rendering of services net of returns, duties, sales discounts and sales taxes paid, after eliminating sales within the Group.

Lease revenue is generated from the leasing of space on the Group's telecommunication towers, where the customers install and maintain their individual communication network equipment. Lease revenue from operating lease is recognised on a straight-line basis over the fixed and non-cancellable term of the lease agreement, irrespective of when payments are due.

(iii) Interest income

<u>Accounting policies applied from 1 January 2018</u>

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial assets after deduction of the loss allowance, if any.

<u>Accounting policies applied until 31 December 2017</u>

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Revenue (continued)

(iv) Dividend income

Dividend income from investment in subsidiaries, joint ventures, associates and other investments is recognised when a right to receive payment is established. This applies even if they are paid out of pre-acquisition profits. Dividends are received from financial assets measured under FVTPL and at FVTOCI (2017: financial assets measured at FVTPL and AFS financial assets). Dividend income from financial assets at FVTPL is recognised as part of other gains/(losses). Dividend income from financial assets at FVTOCI (2017: AFS) is recognised as other income.

Accounting policies applied from 1 January 2018

Dividend that clearly represents a recovery of part of the cost of an investment is recognised in OCI if it relates to an investment in equity instruments measured at FVTOCI.

(u) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within twelve (12) months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as "Trade and other payables - payroll liabilities" in the statements of financial position.

(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 when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of MFRS 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve (12) months after the end of the reporting period are discounted to their present value.

(iv) Share-based compensation

The Group operates a number of equity-settled and cash-settled share-based compensation plan by the Company and certain subsidiaries under which the entity receives services from employees as consideration for equity instruments (options) of the Group and certain subsidiaries. The fair value of the options granted in exchange for the services of the employees are recognised as employee benefit expense with a corresponding increase to share option reserve within equity. The total amount to be expensed is determined by reference to the fair value of the options granted:
- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Non-market vesting conditions and service conditions are included in assumptions about the number of options that are expected to vest.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of the reporting period, the Group and the Company revise its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to share option reserve in equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

For cash settlement share-based payment transactions, the Group measures the employee services acquired and the liability incurred at the fair value of the liability. Until the liability is settled, the Group remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

In its separate financial statements of the Company, the grant by the Company of options over its equity instruments to the employees of subsidiaries in the Group is treated as services provided to the subsidiaries. The fair value of options granted to employees of the subsidiaries in exchange for the services of the employees to the subsidiaries are recognised as payables from subsidiaries, with a corresponding credit to equity of the Company.

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Employee benefits (continued)

(v) Post-employment benefit obligations

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

The liability recognised in the statements of financial position in respect of defined benefit pension plans is the present value of the defined obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for actuarial gains/(losses) and unrecognised past-service costs.

The defined benefit obligation is calculated annually by independent actuaries using the 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 in OCI in the period in which they arise and will not be reclassified to profit or loss.

Past-service costs are recognised immediately in profit or loss.

The current service cost of the defined benefit plan reflects the increase in the defined benefit obligation resulting from employee service in the current year. It is recognised in profit or loss in employee benefit expense, except where included in the cost of an asset.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

(vi) Cash-Based Long Term Incentive (“LTI”) compensation

The Group and the Company recognise a liability and an expense for LTI and over the vesting period, based on a formula that takes into consideration the number of employees, a performance multiplier and discount rate. Provision is recognised when the Group and the Company have a present legal or constructive obligation as a result of past events.

(v) Deferred revenue

(i) Mobile services

<u>Accounting policies applied until 31 December 2017</u>

Deferred revenue of mobile services included the unutilised balance of airtime, data and access fee in respect of prepaid cards sold to customers. Such amounts are recognised as revenue upon utilisation of airtime and activation of access right by the customer.

(ii) Lease of towers

Deferred revenue on lease of towers comprises the value of advance billings made to customers in respect of the rental of infrastructure towers. 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.

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

3. **SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

(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 functional currency"). The consolidated financial statements are presented in RM, which is the Company's functional and presentation currency.

(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 profit or loss. However, exchange differences are deferred in OCI when they arose from qualifying cash flow hedges or qualifying net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the profit or loss within 'finance cost'. All other foreign exchange gains and losses are presented in profit or loss on a net basis within 'foreign exchange gains/(losses)'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVTPL are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as FVTOCI are recognised in OCI.

(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 statement of financial position;
- income and expenses for each statement 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 OCI.

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 thereof are recognised in OCI.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in OCI. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on disposal.

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

Audited Financial Statements

Notes to the Financial Statements For The Financial Year Ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Government grants

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

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

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

(aa) Non-current assets (or disposal groups) classified as held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held-for-sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale continue to be recognised.

Non-current assets classified as held-for-sale and the assets of a disposal group classified as held-for-sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held-for-sale are presented separately from other liabilities in the statements of financial position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held-for-sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

(ab) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customers. If the Group performs by transferring goods or services to a customer before the customers pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets is presented within trade and other receivables in the statement of financial position.

(ac) Contract liabilities

A contract liability is the obligation to transfer the goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (which is earlier). Contract liabilities are recognised as revenue when the Group performs the services under the contract. Contract liabilities is presented within trade and other payables in the statement of financial position.

(ad) Contract acquisition costs

<u>Accounting policies applied from 1 January 2018</u>

Contract acquisition costs comprise the incremental costs of obtaining a contract (mainly sales commission paid to dealers) and the costs to fulfil a contract. These costs are capitalised if it can be assumed that the costs will be compensated by future revenue from the contract. Incremental costs of obtaining a contract are additional costs that would have not been incurred had the contract not been concluded. Costs to fulfil a contract are costs relating directly to a contract that are incurred after contract inception and serve the purpose of fulfiling the contract but are incurred prior to fulfilment and cannot be capitalised under any other standard. The Group has elected the practical expedient to recognise contract costs incurred related to contracts with an amortisation period of less than one year as an expense when incurred.

The capitalised contract acquisition costs are amortised on a straight-line basis over the estimated customer retention period or contract period whichever is earlier.

<u>Accounting policies applied until 31 December 2017</u>

Contract acquisition costs were recognised as an expense in the profit and loss when incurred.

Audited Financial Statements

Notes to the Financial Statements For The Financial Year Ended 31 December 2018

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 licenses 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. 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.

Intangible assets – estimated useful life of telecommunication licenses with allocated spectrum rights

The telecommunication licenses with allocated spectrum rights acquired by a subsidiary via business combination are not subject to amortisation and are tested annually for impairment as the Group is of the opinion that the licenses can be renewed in perpetuity at negligible cost and the associated spectrum rights, similar to land, have an indefinite economic useful life. The estimated indefinite economic useful life reflects the Group's expectation of the period over which the Group will continuously recover the benefits from the licenses.

(b) Critical accounting estimates and assumptions

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

The main risks relating to the Group's business in the countries or regions the Group operates in are as follows:

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

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 or more frequently if 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.

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, an appropriate discount rate and terminal growth rate.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting estimates and assumptions (continued)

(ii) Impairment assessment on non-financial assets (excluding goodwill)

The Group and the Company assess impairment of the assets or CGUs 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 are based on Group's and Company's estimates calculated using 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 are determined based on VIU or FVLCS 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 EBITDA margin, an appropriate discount rate and terminal growth rate.

The assumptions used and results of the impairment assessment of investment in an associate are disclosed in Note 28 to the financial statements.

(iii) Estimated useful lives of PPE

The Group reviews the estimated useful lives of PPE based on network and information technology ("IT") modernisation being planned by the Group. The network and IT modernisation involve estimating when the assets will be upgraded based on the approved modernisation plans and the useful lives of the network and IT assets are revised accordingly. 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.

(iv) Taxation

Income taxes

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

Deferred tax assets

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

(v) Contingent liabilities

Determination of the treatment of contingent liabilities is based on the Group's view of the expected outcome of contingencies after consulting legal counsel for litigation cases and internal and external experts of the Group for matters in the ordinary course of business. Please refer to Note 28 and Note 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 and derivative financial instruments are carried on the statements 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 uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each financial reporting period.

(vii) Provision for assets retirement

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(b) Critical accounting estimates and assumptions (continued)

(viii) Identification of performance obligation

The Group enters into bundled contracts with customers which include sale of devices and services such as call time, messaging, data and other services. The respective services and devices are accounted for as separate performance obligations when they are distinct i.e. if a service or device is separately identifiable from other items in the bundled contract and if a customer can benefit from it separately. The Group exercise judgement when identifying whether products and services within the bundled contract are distinct as separate performance obligations. The identification of separate performance obligations within a bundled contract affects the allocation of transaction price specified in the contract and the revenue recognised for each performance obligation.

(ix) Determination of stand-alone selling price ("SSP")

The Group estimates stand-alone selling price based on external inputs; methods for estimating stand-alone prices include determining the stand-alone price of similar goods and services sold by the Group, observing the stand-alone prices for similar goods and services when sold by third parties or using a cost-plus reasonable margin approach (which is sometimes the case for handsets and other equipment). Where it is not possible to reliably estimate stand-alone prices due to lack of observable stand-alone sales or highly variable pricing, which is sometimes the case for services, the stand-alone price of an obligation may be determined as the transaction price less the stand-alone prices of other obligations in the contract. The stand-alone price determined for obligations materially impacts the allocation of revenue between obligations.

5. INCORPORATIONS, ACQUISITIONS, DISPOSAL AND DILUTIONS OF INTERESTS

(a) Incorporations, significant acquisitions, disposal and dilutions of interests during the financial year

(i) Additional investment in Headstart Private Limited (“Headstart”)

Digital Holdings Lanka (Private) Limited (‘DHL’), a wholly-owned subsidiary of Dialog Axiata Plc (“Dialog”) proceeded with the conversion to equity the ‘Bond type D’ in Headstart (Private) Limited (‘Headstart’), consisting of 258 ordinary shares on 1 January 2018. Subsequent to the said conversion, the Group’s effective shareholding in Headstart has increased from 36.14% to 42.15% consisting of a total of 1,024 ordinary shares. Thereby, Headstart is consolidated as a subsidiary of the Group via the investment in DHL.

The additional investment above did not have a significant impact to the Group during the financial year.

(ii) Dilution on equity interest in Idea Cellular Limited (“Idea”)

Idea had on:

- 12 February 2018 allotted 326,633,165 equity shares with face value of INR10 each (“Idea Shares”) at an issue price of INR99.50 per Idea Share aggregating to INR32.5 billion on preferential basis to several entities to the National Stock Exchange of India Limited; and
- 23 February 2018 further allotted 424,242,424 Idea Shares at an issue price of INR82.50 per Idea Share aggregating to INR35.0 billion to eligible qualified institutional buyers under qualified institutional placement.

Following the non-participation by the Group on these allotments of Idea Shares above, the Group’s equity interest in Idea decreased from 19.74% to 16.33%.

In the previous financial year, the Group’s equity interest in Idea decreased from 19.77% to 19.74% following the issuance of new ordinary shares under Idea’s Employee Share Option Scheme.

The Group recognised a loss on dilution of equity interest amounting to RM357.6 million (2017: RM9.15million) during the financial year.

(iii) Disposal of 10.00% equity interest in Axiata (Cambodia) Holdings Limited (“ACH”)

On 12 June 2018, the Group via Axiata Investments (Cambodia) Limited (“AIC”) disposed of 10.00% equity interest in ACH to M&Y Asia Telecom Holdings Pte Ltd (“MY Asia”) for a cash consideration of RM368.5 million or USD92.4 million in conjunction with the Call Option exercised by MY Asia in accordance with the terms of the Amended and Restated Shareholders’ Agreement. Accordingly, AIC and MY Asia respectively holds 72.48% and 20.00% in ACH with the balance of 7.52% held by Southern Coast Ventures Inc.

The Group recognised an increase of RM265.7 million in the consolidated retained earnings and non-controlling interests amounting to RM108.1 million with the decrease in currency translation differences reserve of RM6.4 million accordingly.

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

(a) Incorporations, significant acquisitions, disposal and dilutions of interests during the financial year (continued)

(iv) Acquisition of Tanjung Digital Sdn Bhd ("TDSB")

edotco Malaysia Sdn Bhd ("edotco Malaysia"), a wholly-owned subsidiary of edotco Group Sdn Bhd ("edotco Group"), had on 4 May 2018 entered into a Sale and Purchase of Shares Agreement ("SPA") with Utara Jernih Sdn Bhd and Mohd Azam bin Saad for acquisition of 80,002 ordinary shares representing 80.0% of the issued share capital of TDSB. The acquisition was completed on 27 July 2018 for a purchase consideration of RM29.1 million. Effectively, the Group holds 50.40% in TDSB.

The acquisition above did not have a significant impact to the Group during the financial year.

(v) Dilution of equity interest in Axiata Digital Advertising Sdn Bhd ("ADA")

Sumitomo Corporation had on 20 July 2018 invested in ADA, a subsidiary of the Company held via Axiata Digital Services Sdn Bhd, for the subscription of 3,334,017 shares at a consideration of RM81.2 million (USD20.0 million) representing 18.31% of total issued and paid-up share capital of ADA.

The Group recognised an increase of RM52.5 million in the consolidated retained earnings and non-controlling interests amounting to RM28.7 million accordingly.

(vi) Dilution of equity interest in edotco Bangladesh Co. Ltd. ("edotco BD")

On 12 May 2018, the Group via edotco Group entered into a Share Subscription Agreement ("SSA") with Greencon Tower Company Limited ("Greencon") for 30.00% of the enlarged share capital of edotco BD which was subsequently amended on 12 November 2018 in which Greencon subscribed 71,651,025 ordinary shares in edotco BD for a consideration of BDT853 million (equivalent to RM41.9 million). edotco Group also had on 12 November 2018 entered into an SSA with BRAC, where BRAC subscribed 465,731,664 ordinary shares in edotco BD for a consideration of BDT5,546 million (equivalent to RM272.3 million).

The subscriptions by Greencon and BRAC were completed on 14 November 2018 in which Greencon and BRAC respectively hold 4.00% and 26.00% of the enlarged share capital of edotco BD. Separately, edotco Group also entered into an Arrangement Fee Agreement under which in consideration for edotco Group arranging the negotiation and signing of the SSA, Greencon shall pay the amount of USD15 million (equivalent to RM62.9 million) to edotco Group. The arrangement fee was treated as a transaction with owner and recognised in the consolidated retained earnings of the current financial year.

With the completion of the above transactions, the Group's effective shareholding in edotco BD decreased from 50.40% to 44.10% as at the reporting date. As a result, the Group recognised a decrease of RM3.1 million in the consolidated retained earnings and increase in non-controlling interests amounting to RM380.2 million accordingly.

(vii) Incorporation of subsidiaries and establishment of an associate

During the financial year, the Group incorporated and established the following subsidiaries and an associate:

- Axiata Business Services Sdn Bhd, a wholly-owned subsidiary of the Company, had on 22 January 2018 incorporated a new subsidiary, Axiata Global Services Pte Ltd, a private company limited by shares, in Singapore, under the Companies (Amendment) Act 2017.
- Axiata Investments (Labuan) Limited, a wholly-owned subsidiary of the Company, had on 10 July 2018 completed the incorporation of Axiata Digital Labs (Private) Limited, a private company limited by shares, in Sri Lanka, under the Companies Act, No. 7 of 2007 of Sri Lanka.
- Dialog Broadband Networks (Private) Limited ("DBN"), entered into a joint venture partnership with Anthony's Property Developers (Private) Limited ("SAPD"), to establish, operate and manage a data centre, Digital Reality (Private) Limited ("DRP"). Pursuant thereto, DBN and SAPD signed a Shareholders Agreement on 16 March 2018, wherein 17,500 ordinary shares were issued and allotted to DBN on 21 June 2018 for a consideration of SLR131.3 million or RM3.0 million. Effectively the Group holds 29.16% of DRP.

The above incorporations and establishment have no material impact to the Group during the financial year.

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

(i) Incorporation of Axiata Digital Ecode Sdn Bhd ("ADE")

Axiata Digital Services Sdn Bhd ("ADS"), had on 9 January 2017 completed the incorporation of ADE, a private company limited by shares, under the Companies Act, 1965 with an issued and paid-up share capital of ADE is RM2. Subsequently, ADE increased its paid-up capital to RM15.0 million via issuance of 14,999,998 ordinary shares.

The incorporation above did not have any significant impact to the Group in the previous financial year.

5. INCORPORATIONS, ACQUISITIONS, DISSOLUTIONS, DISPOSAL AND DILUTIONS OF INTERESTS (CONTINUED)

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

(ii) Acquisition of 31.01% equity interest in edotco BD by edotco Investments (Labuan) Limited ("edotco Labuan") from Robi Axiata Limited.

On 19 January 2017, a call option exercise to acquire 31.01% of the issued and paid-up capital of edotco BD pursuant to a sale and purchase agreement dated 5 November 2014 was completed by edotco Group Sdn Bhd ("edotco Group") via edotco Labuan. Accordingly, the Group's effective interest in edotco BD increased from 84.03% to 93.74%.

The internal restructuring above did not have material impact to the Group in the previous financial year.

(iii) Private placement of edotco Group and share divestment in edotco Group

On 27 January 2017, the private placement of edotco Group and the share divestment on edotco Group by the Company were completed with:

- 409,904,436 edotco Group's ordinary shares were issued to Innovation Network Corporation of Japan ("INCJ"), at a cash consideration of USD300.0 million (RM1,329.1 million); and
- 273,269,624 edotco Group's ordinary shares were disposed to Mount Bintang Ventures Sdn Bhd at a gross purchase consideration of USD200.0 million (RM888.7 million).

In conjunction with the private placement above, edotco Group had further issued the following:

- On 18 April 2017, a total 136,634,813 ordinary shares were issued to INCJ for a cash consideration of USD100.0 million (RM435.0 million); and
- On 28 April 2017, a total 136,634,813 ordinary shares were issued to Kumpulan Wang Persaraan (Diperbadankan) for a cash consideration of USD100.0 million (RM441.0 million).

With the completion of the transactions above, the Group's effective shareholding in edotco Group decreased from 100.00% to 62.37%. The Group recorded the following in the consolidated statement of changes in equity in the previous financial year:

Consolidated statements of changes in equity

	Currency translation differences RM'000	Other reserves RM'000	Retained earnings RM'000	Non-controlling interests RM'000	Total RM'000
Private placement	724	40,087	1,229,623	908,552	2,178,986
Divestment	(1,592)	18,884	590,475	278,428	886,195

(iv) Acquisition of 12.28% equity interest in Milvik AB

ADS had on 3 March 2017 entered into a Subscription Agreement with Kinnivek New Ventures AB, Milicom Holding 100 B.V., Leapfrog Financial Inclusion (Luxembourg) S.a r.l, Future Holdings Limited, Anders Olsson and the Pensioneer Trustee Company (Guernsey) Limited, Gustaf Agartson and Mathilda Strom for the acquisition of 12.28% or 1,523,116 ordinary shares of Milvik AB at a consideration of USD16.8 million (RM74.2 million). The above transaction was completed on 23 March 2017 and effectively Milvik AB became an associate of the Group.

The investment above did not have significant impact to the Group in the previous financial year.

(v) Acquisitions of equity interest in Unlockd Media Pty Ltd. ("Unlockd")

ADS had on 6 March 2017 entered into a Share Subscription Agreement ("SSA") with Unlockd for the acquisition of the following equity interests:

- Tranche 1 - On 19 May 2017, ADS acquired 127,258 ordinary shares at a cash consideration of USD5.0 million (RM21.6 million) and 151,370 ordinary shares at a consideration of USD5.9 million (RM25.7 million) in exchange for intangible assets held by ADS. Effectively Unlockd became a 9.60% owned associate of the Group;
- Tranche 2 - 76,355 ordinary shares at a consideration of USD3.0 million (RM12.1 million). ADS shall further subscribe for Tranche 2 subject to ADS achieving the additional conditions precedent as per the SSA. On 7 December 2017, ADS subscribed 38,177 shares for a cash consideration of USD1.5 million (RM6.2 million), increasing ADS's equity interest in Unlockd from 9.60% to 10.05%.

The investment above did not have any significant impact to the Group in the previous financial year.

5. **INCORPORATIONS, ACQUISITIONS, DISSOLUTIONS, DISPOSAL AND DILUTIONS OF INTERESTS (CONTINUED)**

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

(vi) Investment in Etobee Holding Pte Ltd. ("Etobee")

ADS had on 15 March 2017 entered into a Subscription Agreement ("SA") with the Investors, Kejora Investment Partners Pte Ltd, Gobi Partners, the Founders, namely Sven Milder and Iman Kusnadi and the existing shareholders, namely PT Kejora Digital Venturanusa, Bang Bang Venture Pte Ltd, Jimmy Setiadi Wibowo and PT Skystar Kapital Indonesia and Etobee for the acquisition of 20.31% or 300 Series A Preference Share of Etobee which will be split into 2 tranches as below:

- Tranche 1 – On 22 May 2017, ADS acquired 16.30% or 200 Series A Preference Share at a consideration of USD1.0 million (RM4.31 million). Effectively Etobee became an associate of the Group; and
- Tranche 2 – additional 4.01% or 100 Series A Preference Share at a consideration of USD0.5 million (RM2.0 million). ADS shall further subscribe for Tranche 2 subject to ADS achieving the additional conditions precedent as per the SA.

The investment above did not have any significant impact to the Group in the previous financial year.

(vii) Additional investment in Headstart (Private) Limited ("Headstart")

Digital Holdings Lanka (Private) Limited ("DHL"), a subsidiary of Dialog Axiata PLC, proceeded with the conversion to equity the 'Bond type B' and 'Bond type C' in Headstart, consisting of 414 ordinary shares on 15 March 2017. Subsequent to the said conversion, the total shareholding of DHL in Headstart increased from 26.00% to 43.37%.

The additional investment above did not have any significant impact to the Group in the previous financial year.

(viii) Investments in Localcube Commerce Private Limited ("Localcube")

On 7 April 2016, the Group via Axiata Investments (Mauritius) Limited ("AIM"), a wholly-owned subsidiary of ADS entered into a Share Subscription Agreement with Localcube and the promoters, namely Sridhar Gundaiah and Govardhan Krishnappa Kadaliah for the issuance of 6,236 Compulsorily Convertible Preference Shares of Localcube at par value of INR10 per share representing 25.22% of issued and paid-up capital of Localcube for a total consideration of RM51.6 million (USD12.8 million).

On 12 May 2017, the Group further subscribed the remaining 1,559 Compulsorily Convertible Preference Shares of Localcube at par value of INR10 per share resulting in AIM's total shareholding of 29.65% of issued and paid-up capital of Localcube for a total consideration of RM14.2 million (USD3.2 million).

The investments above did not have any significant impact to the Group in the previous financial year.

(ix) Disposal of 10.00% equity interest in Axiata (Cambodia) Holdings Limited ("ACH")

On 19 May 2017, the Company and its wholly-owned subsidiary, Axiata Investments (Cambodia) Limited ("AIC") entered into a Share and Purchase Agreement ("SPA") with M&Y Asia Telecom Holdings Pte. Ltd. ("MY Asia") and Mitsui & Co., Ltd. ("Mitsui") for the disposal by AIC of 226 ordinary shares of USD1 each in ACH, the holding company of Smart Axiata Co., Ltd. ("Smart"), representing 10.00% of the total issued and paid-up share capital of ACH, for a total cash consideration of USD66.0 million (RM285.7 million) ("Initial Sale"). Mitsui and the Company are the guarantors for MY Asia's and AIC's obligations, respectively under the SPA.

Pursuant to the Initial Sale, AIC also entered into an Amended and Restated Shareholders Agreement with MY Asia and Southern Coast Ventures Inc. ("SCV") to govern their relationship as shareholders of ACH which includes inter-alia, a call option to MY Asia for further 10.00% stake in ACH.

On 1 June 2017, the initial sale was completed. The Group's effective shareholding in ACH decreased from 92.48% to 82.48%. As a result, the Group recognised an increase of RM175.0 million in the consolidated retained earnings and non-controlling interests amounting to RM112.5 million with the decrease in currency translation differences reserve of RM11.3 million accordingly in the previous financial year.

(x) Incorporation of Xpand Investments (Labuan) Limited ("Xpand Labuan")

Axiata Business Services Sdn Bhd ("ABS") had on 6 June 2017 completed the incorporation of Xpand Labuan, a private company limited by shares, in the Federal Territory of Labuan, Malaysia under the Labuan Companies Act 1990 with an issued and paid-up share capital of USD2.

The incorporation above did not have any significant impact to the Group in the previous financial year.

(xi) Incorporation of Adknowledge Asia Philippines Inc ("AAP")

Adknowledge Asia Pacific Pte Ltd, a subsidiary of the Group had on 10 July 2017 completed the incorporation of AAP, a private company limited by shares with an issued and paid-up share capital of AAP of PHP10.0 million.

The incorporation above did not have any significant impact to the Group in the previous financial year.

5. **INCORPORATIONS, ACQUISITIONS, DISSOLUTIONS, DISPOSAL AND DILUTIONS OF INTERESTS (CONTINUED)**

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

(xii) Acquisition of Tanzanite Tower Private Limited ("TTPL")

On 3 August 2017, edotco Pakistan (Private) Limited ("edotco PK"), a wholly-owned subsidiary of edotco Group completed the acquisition of 100.00% equity interest in TTPL for a purchase consideration of USD88.9 million (RM380.5 million) after adjustments provided under the terms of the Sale and Purchase Agreement.

In accordance with the terms of the SPA, TTPL had on the Completion Date entered into a Share Pledge Agreement ("PA") with HB Offshore Investments Limited ("HBOIL"), the owner of wi-tribe Pakistan Limited ("wi-tribe"), provider of wireless broadband services in Islamabad, Rawalpindi, Lahore, Karachi, and Faisalabad. Under the PA, TTPL shall be the beneficiary (by way of security) for all the wi-tribe shares held by HBOIL, being the only issued capital of wi-tribe, as security for wi-tribe's indebtedness and obligations to TTPL under the Amended and Restated Tower Space Master License Agreement dated 28 June 2016 for a limited period of time between Tower Share (Private) Ltd and wi-tribe.

The following summarised the consideration paid on the acquisition of TTPL at consolidated basis, the fair value of the identifiable assets acquired, liabilities assumed and NCI at the acquisition date.

	RM'000
Purchase consideration	380,509
Receivable from closing adjustments	(2,663)
	377,846

Details of the net identifiable assets acquired were as follows:

PPE	127,263
Intangible assets	91,386
Trade and other receivables	16,186
Cash and bank balances	1,907
Trade and other payables	(5,537)
Borrowings	(2,032)
Provision for assets retirement	(4,415)
Deferred tax liabilities	(40,636)
Net identifiable assets acquired	184,122
Add: Goodwill on acquisition	193,724
Net assets acquired	377,846

The Group assessed the fair value of the identified assets acquired and liabilities assumed on the date of acquisition via purchase price allocation ("PPA") exercise. However, MFRS 3 allows any adjustments to PPA up to twelve (12) months from the date of acquisition.

The goodwill arising from acquisition was attributable to the expansion of regional tower footprint in Pakistan.

Acquisition related costs of RM9.7 million was charged to other operating costs in the consolidated profit or loss in the previous financial year.

There was no significant impact to the consolidated revenue and profit after tax had acquisition occurred at the beginning of the previous financial year as TTPL was newly incorporated on 4 May 2017.

(xiii) Acquisition of Suvitech Co. Ltd. ("Suvitech")

On 15 May 2017, ABS entered into a Share Sale and Purchase Agreement for the acquisition of 65.00% of the issued share capital of Suvitech at a consideration of USD11.1 million (equivalent to RM47.9 million). The acquisition was completed by ABS through its wholly-owned subsidiary, Xpand Labuan on 16 August 2017.

The acquisition above did not have significant impact to the Group in the previous financial year.

(xiv) Disposal of PT XL Planet ("XLJV")

On 22 August 2017, PT XL Axiata Tbk ("XL") and SK Planet Global Holdings Pte Ltd entered into a Conditional Sales and Purchase Agreement to sell its entire ownership share in XLJV to PT Jaya Kencana Mulia Lestari and Superb Premium Pte Ltd. On 29 August 2017, the Purchasers have been given full control over the management of XLJV. Accordingly, the Group recorded a loss on disposal amounting to RM54.4 million relating to this disposal in the previous financial year.

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5. INCORPORATIONS, ACQUISITIONS, DISSOLUTIONS, DISPOSAL AND DILUTIONS OF INTERESTS (CONTINUED)

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

(xv) Registration of SADIF LP ("SADIF")

Smart had on 8 September 2017 registered SADIF a limited partnership, in Labuan, under the Labuan Limited Partnerships and Limited Liability Partnerships Act 2010.

SADIF was registered with 80.00% of the limited partnership held by Smart and the remaining 19.00% and 1.00% held by Forte Investment Holdings Co., Ltd and Mekong Strategic Ventures, respectively.

The registration above did not have any significant impact to the Group in the previous financial year.

(xvi) Acquisition of Colombo Trust Finance PLC ("CTF")

On 12 September 2017, Dialog acquired a total of 37,374,598 ordinary shares of CTF, a finance company licensed by the Central Bank of Sri Lanka, representing 80.34% of the voting rights in CTF. The shares were acquired at a price of LKR 28.70 per share amounting to a total consideration of LKR1.1 billion (RM29.6 million).

In accordance with the Takeovers and Mergers Code of the Securities and Exchange Commission of Sri Lanka, the Company made a mandatory offer to the remaining shareholders of CTF to acquire the remaining 9,144,645 ordinary voting shares held by such shareholders in CTF at an offer price of LKR 28.70 per share.

On 2 November 2017, Dialog increased its stake in CTF to 98.87% following the mandatory offer which has netted 8,619,031 million shares or 18.53%. The shares were acquired at a price of LKR 28.70 per share amounting to a total consideration of LKR247.4 million (RM6.6 million). With the latest addition, Dialog now holds 45,993,629 million shares or 98.87% stake in CTF.

The acquisition above did not have any significant impact to the Group in the previous financial year.

(xvii) Incorporation of Merchantrade Digital Services Sdn Bhd ("MDS")

ADS, had on 13 September 2017 completed the incorporation of MDS, a private company limited by shares, under the Companies Act 2016 with paid-up share capital of RM1,000 of which 51.00% is held by ADS and the remaining by Merchantrade Asia Sdn Bhd ("MAS"), which is a joint venture of the Group. MDS is the designated vehicle for the joint venture between ADS and MAS to carry out the business of digital financial services and solution provider.

The incorporation above did not have any significant impact to the Group in the previous financial year.

(xviii) Incorporation of Axiata Digital Bangladesh (Private) Limited ("ADB")

ADS, had on 11 October 2017 completed the incorporation of ADB, a private company limited by shares, in People's Republic of Bangladesh, under the Companies Act (Bangladesh) 1994. The issued and paid-up share capital of ADB is BDT1.6 million divided into 16,000 ordinary shares of BDT100 each.

The incorporation above did not have any significant impact to the Group in the previous financial year.

(xix) Incorporation of Dialog Axiata Digital Innovation Fund (Private) Limited ("DADIF")

DHL together with ADS and BOV Capital (Private) Limited ("BOV") incorporated DADIF on 12 October 2017, with the objective of establishing and operating a venture capital fund for the investment in digital start-up businesses. At present, BOV holds 2 shares whilst DHL and ADS hold 1 share each of DADIF.

The incorporation above did not have any significant impact to the Group in the previous financial year.

(xx) Incorporation of PT Axiata Digital Analytics Indonesia ("PTADAI")

Axiata Digital Advertising Sdn Bhd, a wholly-owned subsidiary of ADS, had on 25 October 2017 incorporated a new subsidiary, PTADAI, a limited liability company under Indonesian Law No. 40 of 2007 with an approved share capital of USD250,000.

The incorporation above did not have any significant impact to the Group in the previous financial year.

(xxi) Incorporation of PT Axiata Digital Services Indonesia ("PTADSI")

ADS had on 16 November 2017 incorporated PTADSI, a limited liability company under Indonesian Law No. 40 of 2007 with an approved share capital of USD250,000.

The incorporation above did not have any significant impact to the Group in the previous financial year.

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5. INCORPORATIONS, ACQUISITIONS, DISSOLUTIONS, DISPOSAL AND DILUTIONS OF INTERESTS (CONTINUED)

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

(xxii) Incorporation of APIgate Sdn Bhd ("APIgate")

ADS had on 12 December 2017 completed the incorporation of APIgate, a private company limited by shares, under the Companies Act 2016 with an issued and paid-up share capital of RM2.

The incorporation above did not have any significant impact to the Group in the previous financial year.

(xxiii) Incorporation of On Site Services Sdn Bhd ("On Site Services")

Celcom Axiata Berhad ("Celcom") had on 18 December 2017 completed the incorporation of On Site Services, a private company limited by shares, under the Companies Act 2016 with an issued and paid-up share capital of RM2.

The incorporation above did not have any significant impact to the Group in the previous financial year.

(xxiv) Accretion of equity interest in edotco Group via capitalisation of intercompany advances

On 19 December 2017, the Group increased its equity interest in edotco Group from 62.37% to 63.00% via capitalisation of intercompany advances amounting to RM102.2 million (USD24.2 million).

The accretion above did not have any significant impact to the Group in the previous financial year.

(xxv) Disposal of Yonder Music Inc ("Yonder")

On 22 December 2017, ADS entered into a Conditional Sales and Purchase Agreement to sell its entire ownership share in Yonder to Yonder Music Partners LLC. Accordingly, the Group recorded a total loss amounting to RM30.0 million relating to this disposal in the previous financial year.

(xxvi) Dilution of equity interest in Milvik AB

On 19 December 2017, Milvik AB announced a financing (including USD30.0 million growth round) which resulted in the decrease of ADS's equity interest in Milvik AB from 12.28% to 10.63%. Accordingly, the Group recognised a total gain on dilution of RM5.1 million in the previous financial year.

(xxvii) Dilution on equity interest in Axiata Digital Innovation Fund Sdn Bhd ("ADIF")

During the financial year, the Group's equity interest in ADIF via Axiata SPV4 Sdn Bhd, a wholly-owned subsidiary of the Company, decreased from 71.07% to 62.19% following the issuance of shares to the new shareholder of ADIF, namely Johor Corporation or its nominee pursuant to the Subscription Agreement entered into between the parties therein dated 3 May 2017.

The dilution above did not have significant impact to the Group in the previous financial year.

6. OPERATING REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue under MFRS 15:				
- Mobile services	**19,752,747**	-	**-**	-
- Interconnect services	**1,266,813**	-	**-**	-
- Sale of devices	**1,273,518**	-	**-**	-
- Others*	**1,058,191**	-	**-**	-
- Technical and management services fees	**-**	-	**83,837**	-
	23,351,269	-	**83,837**	-
Revenue under MFRS118:				
- Mobile services	**-**	18,920,141	**-**	-
- Interconnect services	**-**	1,700,761	**-**	-
- Technical and management services fees	**-**	-	**-**	59,565
- Others*	**-**	3,383,290	**-**	-
	-	24,004,192	**-**	59,565
Dividend income	**-**	-	**3,443,800**	-
Lease and services of passive infrastructure	**534,512**	398,209	**-**	-
Total	**23,885,781**	24,402,401	**3,527,637**	59,565

* Others include revenue from pay television transmission, sale of devices, other data and digital services. During the financial year, the Group presented sale of devices as a key component of revenue under MFRS 15.

Disaggregation of revenue of the Group and the Company accounted for under MFRS 15 by timing of revenue recognition are as below:

				2018
			Group	Company
	RM'000 At a point of time	RM'000 Over time	RM'000 Total	RM'000 Over time
By categories:				
- Mobile services	**-**	**19,752,747**	**19,752,747**	**-**
- Interconnect services	**-**	**1,266,813**	**1,266,813**	**-**
- Sale of devices	**1,273,518**	**-**	**1,273,518**	**-**
- Others	**-**	**1,058,191**	**1,058,191**	**-**
- Technical and management services fees	**-**	**-**	**-**	**83,837**
	1,273,518	**22,077,751**	**23,351,269**	**83,837**
By segments:				
Mobile:				
- Malaysia	**949,532**	**6,335,100**	**7,284,632**	**83,837**
- Indonesia	**148,384**	**6,121,010**	**6,269,394**	**-**
- Bangladesh	**29,616**	**3,222,676**	**3,252,292**	**-**
- Sri Lanka	**112,019**	**2,588,030**	**2,700,049**	**-**
- Nepal	**376**	**2,097,663**	**2,098,039**	**-**
- Cambodia	**33,591**	**1,110,186**	**1,143,777**	**-**
Infrastructure	**-**	**224,095**	**224,095**	**-**
Others	**-**	**378,991**	**378,991**	**-**
	1,273,518	**22,077,751**	**23,351,269**	**83,837**

7(a). DEPRECIATION, IMPAIRMENT AND AMORTISATION

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Depreciation of PPE	26	**6,335,435**	5,014,373	**7,494**	8,858
Reversal of impairment of PPE	26	**(78,877)**	(38,475)	**-**	-
Impairment of advances to a subsidiary	27(b)	**-**	-	**4,572,003**	233,140
Impairment of goodwill	24	**16,426**	-	**-**	-
Impairment of PPE	26	**13,416**	14,802	**-**	-
Write off of PPE	26	**377,350**	21,809	**-**	-
Amortisation of:					
- intangible assets	24	**836,834**	973,378	**-**	-
- contract acquisition costs	25	**81,140**	-	**-**	-
Impairment of an associate	28(b)	**45,592**	-	**-**	-
Others		**17,500**	326	**-**	-
Total		**7,644,816**	5,986,213	**4,579,497**	241,998

7(b). OTHER OPERATING COSTS

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Impairment of:					
- amount due from a subsidiary		**-**	-	**-**	12,163
- trade and other receivable	33	**246,635**	147,492	**2,108**	-
Business license fees		**1,213,187**	1,201,003	**-**	-
Loss on restructuring of advances	(a)	**-**	-	**-**	1,276,582
Charges and commissions		**125,265**	105,324	**146**	55
Cost of SIM and recharge cards		**159,594**	220,192	**-**	-
Revenue sharing outpayment		**501,414**	444,252	**-**	-
Leased circuit charges		**315,861**	278,574	**-**	-
Maintenance		**1,174,719**	1,384,610	**6,838**	7,026
Professional fees		**228,246**	206,402	**32,131**	38,596
Rental-land and buildings		**1,328,051**	1,455,615	**5,360**	5,950
Rental-equipment		**229,395**	218,108	**457**	640
Rental-others		**86,895**	98,566	**23**	4
Roaming costs		**253,686**	210,038	**-**	-
Supplies and inventories		**1,465,988**	817,337	**211**	28
Transportation and travelling		**115,838**	111,777	**6,318**	6,504
Universal service provision/obligation contribution		**582,749**	610,508	**-**	-
Utilities		**299,261**	286,676	**334**	307
Others[1]		**600,715**	659,392	**36,111**	43,162
Total		**8,927,499**	8,455,866	**90,037**	1,391,017

(a) Resulted from certain advances to subsidiaries that had been restructured from USD denominated advances to MYR denominated advances in the previous financial year.

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7(b). OTHER OPERATING COSTS (CONTINUED)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
[1] Others include:				
Audit fees:				
- PricewaterhouseCoopers Malaysia ("PwCM"):				
- current year	**4,823**	3,684	**2,353**	1,840
- under provision in prior year	**199**	-	**369**	-
- Member firms of PricewaterhouseCoopers International Limited ("PwCI")*	**5,147**	5,985	**-**	-
- Others	**242**	224	**-**	-
Audit related fees(i):				
- PwCM and PwCI	**4,241**	2,695	**1,624**	1,789
	14,652	12,588	**4,346**	3,629
Other fees paid to PwCM and PwCI:				
- Tax and tax related services(ii)	**727**	1,142	**29**	216
- Other non-audit services(iii)	**10,628**	14,935	**271**	2,791
Total	**26,007**	28,665	**4,646**	6,636

* Separate and independent legal entity from PwCM.

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

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

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

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 Director of the Company)

		Group		Company	
	Note	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
Staff costs excluding Directors:					
- salaries, allowances, overtime and bonus		**1,526,019**	1,379,121	**79,587**	93,321
- termination benefits		**22,010**	148,287	**-**	-
- contribution to EPF		**106,969**	107,641	**14,453**	10,118
- other staff benefits		**371,790**	228,657	**19,781**	17,315
- share-based payment expenses	14(a),(b)	**8,196**	2,800	**6,917**	9,220
- share-based compensation expense of a subsidiary	14(c)	**9,273**	11,902	**-**	-
- Pioneer Grant of a subsidiary	14(d)	**3,663**	17,790	**-**	-
- Long-term Incentive Plan of a subsidiary	14(e)	**8,319**	2,355	**-**	-
- Special Grant of a subsidiary	14(f)	**1,512**	-	**-**	-
Remuneration of Executive Director of the Company	7(d)	**10,382**	8,386	**10,382**	8,386
Total		**2,068,133**	1,906,939	**131,120**	138,360

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7(d). DIRECTORS' REMUNERATION

	Note	Group		Company	
		2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
Remuneration of Executive Director of the Company:					
- salaries, allowances and bonus*		**6,936**	5,023	**6,936**	5,023
- contribution to EPF*		**1,318**	1,249	**1,318**	1,249
- share-based payment expenses	14(a),(b)	**2,128**	2,114	**2,128**	2,114
		10,382	8,386	**10,382**	8,386
Remuneration of Non- Executive Directors of the Company:					
- fees and allowances		**4,618**	4,243	**2,723**	2,611
Total		**15,000**	12,629	**13,105**	10,997

* The Group and the Company revised the basis of disclosure for bonus and related EPF from actual pay out to provision for bonus expenses recognised during the financial year. Accordingly, the comparative information for 2017 was restated.

Estimated monetary value of benefits of Directors amounting to RM742,121 (2017: RM710,956) for the Group and the Company.

8. OTHER LOSSES - NET

	Group	
	2018 RM'000	2017 RM'000
Financial assets at FVTPL	**(21)**	(3)
Derivatives at FVTPL:		
- CCIRS	**(122,782)**	(9,837)
- Call spread options	**97,561**	42,038
Derivatives at amortised cost:		
- Put option over shares held by NCI	**(272,548)**	(89,863)
Total	**(297,790)**	(57,665)

9. OTHER OPERATING (EXPENSE)/INCOME - NET

	Note	Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Loss on disposal of PPE		**(8,606)**	(14,894)	**-**	-
Gain on partial disposal of a subsidiary		**-**	-	**-**	612,924
Loss on disposal of joint ventures	5(b) (xiv),(xxv)	**-**	(84,409)	**-**	-
Gain on disposal of intangible asset	5(b)(v)	**-**	25,683	**-**	-
Bad debts recovered		**13**	23	**8,397**	-
Reversal/(Provision) of loss on assets classified as held-for-sale	36	**18,527**	(161,430)	**-**	-
Loss on derecognition of an associate	28(a)	**(3,319,150)**	-	**-**	-
Others^		**251,624**	240,397	**7,335**	3,247
Total		**(3,057,592)**	5,370	**15,732**	616,171

^ Includes amortisation on deferred gain on sale and lease back assets of a subsidiary of RM121.3 million (2017: RM137.5 million) and success fee income of RM200.4 million, net of provision for impairment of RM134.4 million.

10. FINANCE INCOME/(COST)

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000
Finance income				
Islamic Financial Instruments	**53,779**	65,306	**10,347**	26,511
Other deposits, cash and bank balances	**167,680**	176,501	**776**	629
Total	**221,459**	241,807	**11,123**	27,140
Finance cost				
Other borrowings	**(764,117)**	(751,180)	**(60,649)**	(63,292)
Profit on Sukuks	**(457,038)**	(452,252)	**-**	-
Finance expense on CCIRS:				
- cash flow hedge	**(51,230)**	(49,937)	**-**	-
Total	**(1,272,385)**	(1,253,369)	**(60,649)**	(63,292)

11. TAXATION AND ZAKAT

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current taxation		**1,413,973**	1,126,075	**(51,037)**	60,877
Deferred taxation		**(512,884)**	(353,255)	**-**	-
Total taxation		**901,089**	772,820	**(51,037)**	60,877
Zakat		**463**	929	**-**	-
Total taxation and zakat		**901,552**	773,749	**(51,037)**	60,877
Current taxation:					
- Current financial year		**1,478,960**	1,132,727	**4,963**	60,877
- Prior financial years		**(64,987)**	(6,652)	**(56,000)**	-
		1,413,973	1,126,075	**(51,037)**	60,877
Deferred taxation:					
- Net origination of temporary differences	23	**(528,453)**	(419,422)	**-**	-
- Other		**15,569**	66,167	**-**	-
		(512,884)	(353,255)	**-**	-
Total taxation		**901,089**	772,820	**(51,037)**	60,877
Zakat		**463**	929	**-**	-
Total taxation and zakat		**901,552**	773,749	**(51,037)**	60,877

11. TAXATION AND ZAKAT (CONTINUED)

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(Loss)/Profit before taxation	**(4,345,688)**	1,936,231	**(1,253,156)**	(2,239,714)
Taxation calculated at the applicable Malaysian tax rate of 24%	**(1,042,965)**	464,695	**(300,757)**	(537,532)
Tax effects of:				
- income not subject to tax	**(81,062)**	(111,103)	**(849,714)**	(147,102)
- share of results of associates	**6,327**	84,641	**-**	-
- share of results of joint ventures	**(403)**	11,757	**-**	-
- change in statutory tax rate	**126,045**	-	**-**	-
- approved tax credit of a subsidiary	**(23,353)**	(99,250)	**-**	-
- different tax rates in other countries	**(37,640)**	(86,286)	**-**	-
- utilisation of previously unrecognised tax losses	**(12,096)**	-	**-**	-
- unrecognised deferred tax assets	**99,632**	76,171	**11,800**	28,669
- expenses not deductible for tax purposes	**1,931,591**	438,847	**1,133,975**	716,842
- group relief	**-**	-	**9,659**	-
- prior financial years income tax	**(64,987)**	(6,652)	**(56,000)**	-
- zakat	**463**	929	**-**	-
Total taxation and zakat	**901,552**	773,749	**(51,037)**	60,877

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	
	2018	2017
(Loss)/Profit attributable to owners of the Company (RM'000)	**(5,034,573)**	909,480
Weighted average number of ordinary shares in issue ('000)	**9,058,640**	8,992,086
Basic EPS (sen)	**(55.6)**	10.1

12. EARNINGS PER SHARE (CONTINUED)

(b) Diluted earnings per share

For the diluted EPS calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has share options and Restricted Share Awards ("RSA") granted to employees under the Axiata Share Scheme and Axiata Group Performance Based Long Term Incentive Plan ("Axiata PBLTIP") as disclosed in Note 14(a) and (b) 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 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.

	Group	
	2018	**2017**
(Loss)/Profit attributable to owners of the Company (RM'000)	**(5,034,573)**	909,480
Weighted average number of ordinary shares in issue ('000)	**9,058,640**	8,992,086
Adjusted for share-based payment ('000)	**29,005**	35,344
Weighted average number of ordinary shares for the purpose of computing diluted EPS ('000)	**9,087,645**	9,027,430
Diluted EPS (sen)	**(55.4)**	10.1

13. SHARE CAPITAL

		Group and Company			
		2018		2017	
	Note	No. of shares '000	Value RM'000	No. of shares '000	Value RM'000
Ordinary shares paid-up capital:					
At the beginning of the financial year (2017: at RM1 each)		**9,047,951**	**13,407,253**	8,971,415	8,971,415
Transition to no par value regime on 31 January 2017 under the Companies Act 2016	13(a)	**-**	**-**	-	4,081,216
Performance-Based ESOS		**2,755**	**13,809**	2,103	9,590
Restricted Share Awards		**384**	**2,193**	1,387	5,144
Dividend Reinvestment Scheme	13(b)	**19,928**	**79,113**	73,046	339,888
At the end of the financial year - ordinary shares with no par value		**9,071,018**	**13,502,368**	9,047,951	13,407,253

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13. SHARE CAPITAL (CONTINUED)

(a) The Companies Act 2016 was enacted to replace the Companies Act, 1965 and became effective on 31 January 2017. Amongst the key changes introduced in the Companies Act 2016 which affected the share capital of the Company in the previous financial year were as below:
(i) removal of the authorised share capital;
(ii) shares of the Company would cease to have par or nominal value; and
(iii) the Company's share premium account had become part of the Company's share capital.

There was no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(b) DRS

The shareholder of the Company via Annual General Meeting ("AGM") approved the renewal of the authority for the Directors of the Company to allot and issue new ordinary shares of the Company in relation to the DRS that provided the shareholders of the Company the option to elect to reinvest their full or partial cash dividend entitlement in new ordinary shares of the Company. In the event that only part of the electable portion is reinvested, the shareholders shall receive the remaining portion of the dividend in cash.

The Company has issued the new ordinary shares pursuant to DRS at the conversion price disclosed in Note 45 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 Employee Share Option Scheme and Restricted Share Plan ["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. The Performance-Based ESOS was implemented on 16 April 2009.

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

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

The total number of the Performance-Based ESOS granted, percentage exercisable and the vesting periods are 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

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14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

	Entitlement over the Company's shares				
RSA	Reference date	Vesting date[6]	% of shares to be vested[1]	Number of shares granted[3]	Reference price[4] RM
Grant 3(b), 2011[2]					
Tranche 1	18 July 2011	18 July 2013	50	243,350	5.03
Tranche 2	18 July 2011	18 July 2014	50 - 100	526,450	5.03
Grant 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[2]					
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[2]					
Tranche 1	30 Nov 2012	30 Nov 2014	50	131,400	5.92
Tranche 2	30 Nov 2012	30 Nov 2015	50 - 100	252,500	5.92
Grant 5(a), 2013					
Tranche 1	20 Feb 2013	20 Feb 2015	50	6,585,950	6.27
Tranche 2	20 Feb 2013	20 Feb 2016	50 - 100	10,374,750	6.27
Grant 5(b), 2013[2]					
Tranche 1	15 Aug 2013	15 Aug 2015	50	268,100	6.90
Tranche 2	15 Aug 2013	15 Aug 2016	50 - 100	440,500	6.90
Grant 6(a), 2014					
Tranche 1	15 Feb 2014	15 Feb 2016	50	6,790,450	6.55
Tranche 2	15 Feb 2014	15 Feb 2017	50 - 100	10,466,650	6.55
Grant 6(b), 2014[2]					
Tranche 1	15 Aug 2014	15 Aug 2016	50	121,950	6.95
Tranche 2	15 Aug 2014	15 Aug 2017	50 - 100	406,650	6.95
Grant 7(a), 2015[5]	15 Feb 2015	15 Feb 2018	100	3,617,000	7.11
Grant 7(b), 2015[2&5]	15 Aug 2015	15 Aug 2018	100	317,200	5.92
Grant 8, 2016[2&5]	15 Feb 2016	15 Feb 2019	100	5,338,000	5.68

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

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

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

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

[5] Effective from financial year 2015, general employees of the Group were awarded a new cash based long term incentive plan instead of Axiata Share Scheme.

[6] The unvested RSA after vesting date is subject to retest on quarterly basis until vested or expiry of the scheme whichever is earlier.

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

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

(ii) Basis of allocation and maximum allowable allotment

The total number of new ordinary shares of the Company that can be offered and allotted to any Eligible Employees (as defined in the Bye-Laws in relation to the Axiata Share Scheme shall be at the absolute discretion of the Board or the Axiata Share Scheme Committee which was folded under the Board Remuneration Committee effective from financial year 2014 that has been established to administer the Axiata Share Scheme from time to time) after taking into consideration such criteria as may be determined by the Board or at the absolute discretion of Axiata Share Scheme Committee.

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

(iii) Eligibility

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

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

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

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

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

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

(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 an RSA will be based on the fair value of the shares on the date of offer.

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

(v) Duration of the Axiata Share Scheme

The Axiata Share Scheme shall be in force for a period of eight (8) years from the effective date of implementation of the Performance-Based ESOS and RSP, being a date of full compliance with the relevant requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") in relation to the initial Long Term Performance-Based ESOS. All Share Options, whether or not exercisable, shall forthwith lapse upon the expiry of the Scheme. All unvested Shares under the RSA which are not vested shall forthwith lapse upon the expiry of the Scheme on 15 April 2017. On 20 May 2014, the shareholders of the Company via AGM approved the extension of the scheme from eight (8) years to ten (10) years until 15 April 2019.

(vi) Retention period

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

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

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

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

(i) Selling Flexibility; or

(ii) To directly subscribe for shares.

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

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

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

Performance-Based ESOS

Group	Exercise price RM	At 1 January 2018	Exercised	Lapsed/ forfeited	At 31 December 2018	Fair value at grant date RM
Grant 1(a), 2009						
Tranche 1	1.81	**897,400**	(72,950)	(127,850)	**696,600**	0.54
Tranche 2	1.81	**1,978,326**	(132,440)	(331,951)	**1,513,935**	0.57
		2,875,726	(205,390)	(459,801)	**2,210,535**	
Grant 1(b), 2010						
Tranche 1	3.15	**3,500**	-	-	**3,500**	0.93
Tranche 2	3.15	**72,600**	-	-	**72,600**	0.98
		76,100	-	-	**76,100**	
Grant 2, 2010						
Tranche 1	3.45	**2,103,750**	(858,400)	(82,000)	**1,163,350**	1.09
Tranche 2	3.45	**2,939,350**	(582,700)	(109,600)	**2,247,050**	1.15
		5,043,100	(1,441,100)	(191,600)	**3,410,400**	
Grant 3(a), 2011						
Tranche 1	5.07	**5,595,200**	(452,500)	(130,400)	**5,012,300**	1.05
Tranche 2	5.07	**7,397,200**	(655,900)	(159,100)	**6,582,200**	1.10
		12,992,400	(1,108,400)	(289,500)	**11,594,500**	
Grand total		**20,987,326**	(2,754,890)	(940,901)	**17,291,535**	
Weighted average exercise price		**4.23**	3.98	3.15	**4.33**	

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

Performance-Based ESOS

Group	Exercise price RM	At 1 January 2017	Exercised	Lapsed/ forfeited	At 31 December 2017	Fair value at grant date RM
Grant 1(a), 2009						
Tranche 1	1.81	958,261	(60,250)	(611)	897,400	0.54
Tranche 2	1.81	2,308,913	(326,850)	(3,737)	1,978,326	0.57
		3,267,174	(387,100)	(4,348)	2,875,726	
Grant 1(b), 2010						
Tranche 1	3.15	3,500	-	-	3,500	0.93
Tranche 2	3.15	104,700	(28,100)	(4,000)	72,600	0.98
		108,200	(28,100)	(4,000)	76,100	
Grant 2, 2010						
Tranche 1	3.45	2,571,350	(461,600)	(6,000)	2,103,750	1.09
Tranche 2	3.45	3,580,138	(585,800)	(54,988)	2,939,350	1.15
		6,151,488	(1,047,400)	(60,988)	5,043,100	
Grant 3(a), 2011						
Tranche 1	5.07	6,025,800	(274,050)	(156,550)	5,595,200	1.05
Tranche 2	5.07	7,892,000	(366,550)	(128,250)	7,397,200	1.10
		13,917,800	(640,600)	(284,800)	12,992,400	
Grand total		23,444,662	(2,103,200)	(354,136)	20,987,326	
Weighted average exercise price		4.18	3.64	4.73	4.23	

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

Performance-Based ESOS

Company	Exercise price RM	At 1 January 2018	Exercised	Lapsed/ forfeited	At 31 December 2018	Fair value at grant date RM
Grant 1(a), 2009						
Tranche 1	1.81	**222,950**	-	-	**222,950**	0.54
Tranche 2	1.81	**337,450**	-	-	**337,450**	0.57
		560,400	-	-	**560,400**	
Grant 1(b), 2010						
Tranche 2	3.15	**42,300**	-	-	**42,300**	0.98
Grant 2, 2010						
Tranche 1	3.45	**1,176,000**	(773,500)	-	**402,500**	1.09
Tranche 2	3.45	**1,248,100**	(426,500)	-	**821,600**	1.15
		2,424,100	(1,200,000)	-	**1,224,100**	
Grant 3(a), 2011						
Tranche 1	5.07	**1,791,900**	-	-	**1,791,900**	1.05
Tranche 2	5.07	**1,891,700**	-	-	**1,891,700**	1.10
		3,683,600	-	-	**3,683,600**	
Grand total		**6,710,400**	(1,200,000)	-	**5,510,400**	
Weighted average exercise price		**4.20**	3.45	-	**4.36**	

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

Performance-Based ESOS

Company	Exercise price RM	At 1 January 2017	Exercised	Lapsed/ forfeited	At 31 December 2017	Fair value at grant date RM
Grant 1(a), 2009						
Tranche 1	1.81	222,950	-	-	222,950	0.54
Tranche 2	1.81	337,450	-	-	337,450	0.57
		560,400	-	-	560,400	
Grant 1(b), 2010						
Tranche 2	3.15	45,800	(3,500)	-	42,300	0.98
Grant 2, 2010						
Tranche 1	3.45	1,176,000	-	-	1,176,000	1.09
Tranche 2	3.45	1,248,100	-	-	1,248,100	1.15
		2,424,100	-	-	2,424,100	
Grant 3(a), 2011						
Tranche 1	5.07	1,791,900	-	-	1,791,900	1.05
Tranche 2	5.07	1,893,700	(2,000)	-	1,891,700	1.10
		3,685,600	(2,000)	-	3,683,600	
Grand total		6,715,900	(5,500)	-	6,710,400	
Weighted average exercise price		4.20	3.85	-	4.20	

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

RSP

Group	Closing price at grant date RM	At 1 January 2018	Vested	Lapsed/ forfeited	At 31 December 2018	Fair value at grant date RM
Grant 3(b), 2011						
Tranche 2	5.03	**20,000**	-	-	**20,000**	3.90
Grant 4(a), 2012						
Tranche 1	5.39	**62,050**	-	-	**62,050**	4.39
Tranche 2	5.39	**216,150**	-	-	**216,150**	4.26
		278,200	-	-	**278,200**	
Grant 4(b), 2012						
Tranche 1	6.00	**24,350**	-	-	**24,350**	4.93
Tranche 2	6.00	**52,050**	-	-	**52,050**	4.69
		76,400	-	-	**76,400**	
Grant 4(c), 2012						
Tranche 1	6.19	**2,300**	-	-	**2,300**	4.46
Tranche 2	6.19	**134,600**	-	-	**134,600**	4.11
		136,900	-	-	**136,900**	
Grant 5(a), 2013						
Tranche 1	6.60	**250,300**	-	(15,000)	**235,300**	4.76
Tranche 2	6.60	**2,904,350**	-	(647,500)	**2,256,850**	4.28
		3,154,650	-	(662,500)	**2,492,150**	
Grant 5(b), 2013						
Tranche 1	6.90	**53,800**	-	-	**53,800**	4.88
Tranche 2	6.90	**220,550**	-	(25,800)	**194,750**	4.10
		274,350	-	(25,800)	**248,550**	
Grant 6(a), 2014						
Tranche 1	6.69	**6,017,100**	-	(236,650)	**5,780,450**	4.77
Tranche 2	6.69	**6,109,800**	-	(554,850)	**5,554,950**	4.20
		12,126,900	-	(791,500)	**11,335,400**	
Grant 6(b), 2014						
Tranche 1	6.94	**103,200**	-	(4,350)	**98,850**	4.72
Tranche 2	6.94	**319,800**	-	(4,350)	**315,450**	3.97
		423,000	-	(8,700)	**414,300**	
Grant 7(a), 2015	7.06	**3,036,300**	(119,700)	(302,400)	**2,614,200**	4.46
Grant 7(b), 2015	6.29	**317,200**	-	(35,200)	**282,000**	4.35
Grant 8, 2016	5.88	**3,831,150**	(264,250)	(614,600)	**2,952,300**	3.79
Grand total		**23,675,050**	(383,950)	(2,440,700)	**20,850,400**	

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

RSP

Group	Closing price at grant date RM	At 1 January 2017	Vested	Lapsed/ forfeited	At 31 December 2017	Fair value at grant date RM
Grant 3(b), 2011						
Tranche 2	5.03	20,000	-	-	20,000	3.90
Grant 4(a), 2012						
Tranche 1	5.39	62,050	-	-	62,050	4.39
Tranche 2	5.39	216,150	-	-	216,150	4.26
		278,200	-	-	278,200	
Grant 4(b), 2012						
Tranche 1	6.00	24,350	-	-	24,350	4.93
Tranche 2	6.00	52,050	-	-	52,050	4.69
		76,400	-	-	76,400	
Grant 4(c), 2012						
Tranche 1	6.19	2,300	-	-	2,300	4.46
Tranche 2	6.19	134,600	-	-	134,600	4.11
		136,900	-	-	136,900	
Grant 5(a), 2013						
Tranche 1	6.60	250,300	-	-	250,300	4.76
Tranche 2	6.60	3,339,650	(134,700)	(300,600)	2,904,350	4.28
		3,589,950	(134,700)	(300,600)	3,154,650	
Grant 5(b), 2013						
Tranche 1	6.90	53,800	-	-	53,800	4.88
Tranche 2	6.90	235,250	-	(14,700)	220,550	4.10
		289,050	-	(14,700)	274,350	
Grant 6(a), 2014						
Tranche 1	6.69	6,405,200	(146,500)	(241,600)	6,017,100	4.77
Tranche 2	6.69	6,728,700	(30,600)	(588,300)	6,109,800	4.20
		13,133,900	(177,100)	(829,900)	12,126,900	
Grant 6(b), 2014						
Tranche 1	6.94	105,100	-	(1,900)	103,200	4.72
Tranche 2	6.94	373,200	-	(53,400)	319,800	3.97
		478,300	-	(55,300)	423,000	
Grant 7(a), 2015	7.06	3,390,500	-	(354,200)	3,036,300	4.46
Grant 7(b), 2015	6.29	317,200	-	-	317,200	4.35
Grant 8, 2016	5.88	5,338,000	(1,075,150)	(431,700)	3,831,150	3.79
Grand total		27,048,400	(1,386,950)	(1,986,400)	23,675,050	

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

RSP

Company	Closing price at grant date RM	At 1 January 2018	Vested	Lapsed/ forfeited	At 31 December 2018	Fair value at grant date RM
Grant 4(a), 2012						
Tranche 2	5.39	**132,800**	-	-	**132,800**	4.26
Grant 4(b), 2012						
Tranche 2	6.00	**22,600**	-	-	**22,600**	4.69
Grant 4(c), 2012						
Tranche 2	6.19	**103,600**	-	-	**103,600**	4.11
Grant 5(a), 2013						
Tranche 1	6.60	**15,000**	-	(15,000)	**-**	4.76
Tranche 2	6.60	**1,488,350**	-	(327,000)	**1,161,350**	4.28
		1,503,350	-	(342,000)	**1,161,350**	
Grant 5(b), 2013						
Tranche 1	6.90	**41,250**	-	-	**41,250**	4.88
Tranche 2	6.90	**58,350**	-	-	**58,350**	4.10
		99,600	-	-	**99,600**	
Grant 6(a), 2014						
Tranche 1	6.69	**372,050**	-	(31,700)	**340,350**	4.77
Tranche 2	6.69	**2,327,650**	-	(162,600)	**2,165,050**	4.20
		2,699,700	-	(194,300)	**2,505,400**	
Grant 6(b), 2014						
Tranche 1	6.94	**63,450**	-	-	**63,450**	4.72
Tranche 2	6.94	**231,150**	-	-	**231,150**	3.97
		294,600	-	-	**294,600**	
Grant 7(a), 2015	7.06	**1,726,700**	(107,900)	(75,100)	**1,543,700**	4.46
Grant 7(b), 2015	6.29	**109,000**	-	-	**109,000**	4.35
Grant 8, 2016	5.88	**2,234,650**	(171,800)	(241,000)	**1,821,850**	3.79
Grand total		**8,926,600**	(279,700)	(852,400)	**7,794,500**	

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

RSP

Company	Closing price at grant date RM	At 1 January 2017	Vested	Lapsed/ forfeited	At 31 December 2017	Fair value at grant date RM
Grant 4(a), 2012						
Tranche 2	5.39	132,800	-	-	132,800	4.26
Grant 4(b), 2012						
Tranche 2	6.00	22,600	-	-	22,600	4.69
Grant 4(c), 2012						
Tranche 2	6.19	103,600	-	-	103,600	4.11
Grant 5(a), 2013						
Tranche 1	6.60	15,000	-	-	15,000	4.76
Tranche 2	6.60	1,583,150	(94,800)	-	1,488,350	4.28
		1,598,150	(94,800)	-	1,503,350	
Grant 5(b), 2013						
Tranche 1	6.90	41,250	-	-	41,250	4.88
Tranche 2	6.90	58,350	-	-	58,350	4.10
		99,600	-	-	99,600	
Grant 6(a), 2014						
Tranche 1	6.69	541,850	(146,500)	(23,300)	372,050	4.77
Tranche 2	6.69	2,433,250	-	(105,600)	2,327,650	4.20
		2,975,100	(146,500)	(128,900)	2,699,700	
Grant 6(b), 2014						
Tranche 1	6.94	63,450	-	-	63,450	4.72
Tranche 2	6.94	282,650	-	(51,500)	231,150	3.97
		346,100	-	(51,500)	294,600	
Grant 7(a), 2015	7.06	1,801,800	-	(75,100)	1,726,700	4.46
Grant 7(b), 2015	6.29	109,000	-	-	109,000	4.35
Grant 8, 2016	5.88	3,033,900	(760,250)	(39,000)	2,234,650	3.79
Grand total		10,222,650	(1,001,550)	(294,500)	8,926,600	

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14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

The fair value of the Performance-based ESOS granted in which MFRS 2 applies, was 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.

The fair value of the RSA granted in which MFRS 2 applies, was 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 4(a)	Grant 4(b)	Grant 4(c)
Reference price	RM5.03	RM5.20	RM5.86	RM5.92
Grant date at valuation*	18 Jul 2011	16 Apr 2012	17 Aug 2012	10 Dec 2012
Vesting date:				
- Tranche 1	18 Jul 2013	30 Mar 2014	31 Jul 2014	30 Nov 2014
- Tranche 2	18 Jul 2014	30 Mar 2015	31 Jul 2015	30 Nov 2015
Closing share price at grant date*	RM5.03	RM5.39	RM6.00	RM6.19
Expected dividend yield	2.54%	4.23%	4.06%	4.15%
Risk free interest rates (Yield of Malaysian Government Securities)	3.19% - 3.32%	3.09% - 3.18%	2.97% - 3.04%	3.00% - 3.08%
Expected volatility#	19.9%	27.5%	19.2%	18.6%

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

\# The expected volatility rate of the Company's RSA was derived using three (3) years historical volatility due to availability of data with more data points to increase the credibility of assumptions.

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(a) Performance-Based Employee Share Option Scheme and Restricted Share Plan ["Axiata Share Scheme"] (continued)

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

	Entitlement over the Company's shares						
	Grant 5(a)	Grant 5(b)	Grant 6(a)	Grant 6(b)	Grant 7(a)	Grant 7(b)	Grant 8
Reference price	RM6.27	RM6.90	RM6.55	RM6.95	RM7.11	RM5.92	RM5.68
Grant date at valuation*	29 Mar 2013	15 Aug 2013	07 Apr 2014	02 Sep 2014	09 Apr 2015	17 Sep 2015	14 Apr 2016
Vesting date:							
- Tranche 1	20 Feb 2015	15 Aug 2015	15 Feb 2016	15 Aug 2016	-	-	-
- Tranche 2	20 Feb 2016	15 Aug 2016	15 Feb 2017	15 Aug 2017	15 Feb 2018	15 Aug 2018	15 Feb 2019
Closing share price at grant date*	RM6.60	RM6.90	RM6.69	RM6.94	RM7.06	RM6.29	RM5.88
Expected dividend yield	4.58%	4.20%	3.79%	3.89%	3.96%	3.96%	4.08%
Risk free interest rates (Yield of Malaysian Government Securities)	2.88%-3.09%	3.17%-3.36%	3.00% - 3.38%	3.46%	3.57%	3.76%	3.22%
Expected volatility#	18.7%	17.4%	16.5%	15.8%	14.26%	15.20%	16.1%

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

\# The expected volatility rate of the Company's RSA was derived using three (3) years period on daily basis historical volatility due to availability of data with more data points to increase the credibility of assumptions.

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Share-based payment expenses*	**1,325**	(110)	**747**	7,229

* Includes reversal of previous financial year expenses.

(b) Axiata Group Performance Based Long Term Incentive Plan ("Axiata PBLTIP")

On 25 May 2016, shareholders of the Company had approved the Axiata PBLTIP and it was implemented on 30 September 2016. Effectively the Group and the Company started to offer eligible employees the entitlement to receive Axiata PBLTIP.

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

	Entitlement over the Company's shares				
	Reference date	Vesting date	% of shares to be vested[1]	Number of shares granted[3]	Reference price[4] RM
Grant 1(a), 2017	28 Feb 2017	28 Feb 2020	100	4,680,100	4.43
Grant 1(b), 2017[2]	15 Aug 2017	15 Aug 2020	100	496,600	4.83
Grant 2, 2018	28 Feb 2018	28 Feb 2021	100	1,992,100	5.40

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

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

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

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

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(b) Axiata Group Performance Based Long Term Incentive Plan ("Axiata PBLTIP") (continued)

The salient terms and conditions of the PBLTIP are as follows:

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

The maximum number of shares which may be allotted upon the vesting of PBLTIP shares, (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 PBLTIP.

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 PBLTIP exceeding 7% of the Company's issued and fully paid-up ordinary share capital, all shares under the Axiata PBLTIP 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 PBLTIP 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 one of the Eligible Employees (as defined in the Bye-Laws in relation to the Axiata PBLTIP shall be at the absolute discretion of the Board of Remuneration Committee that has been established to administer the Axiata PBLTIP from time to time) after taking into consideration such criteria as may be determined by the Board or the Board Remuneration Committee at their absolute discretion.

Not more than 10% of the Company's new ordinary shares available under the Axiata PBLTIP 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 paid-up share capital.

(iii) Eligibility

Any employee of the Group (other than subsidiaries which are dormant) shall be eligible to participate in the Axiata PBLTIP 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 in its absolute discretion.

Eligibility under the Axiata PBLTIP does not confer on any Eligible Employee any claim, right to participate in, or any other right whatsoever under the Axiata PBLTIP and an Eligible Employee does not acquire or have any right over, or in connection with, any PBLTIP shares under this Axiata PBLTIP 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 PBLTIP.

(iv) PBLTIP shares reference price

The reference price at which the Grantees shall be allotted new Shares will be based on the fair value of the shares on the date of offer.

(v) Duration of the Axiata PBLTIP

The Axiata PBLTIP shall be in force for a period of ten (10) years from the effective date of implementation, being a date of full compliance with the relevant requirements of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). All PBLTIP shares, whether or not exercisable, shall forthwith lapse upon the expiry of the Scheme. All unvested Shares under the Axiata PBLTIP which are not vested shall forthwith lapse upon the expiry of the Scheme on 30 September 2026.

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14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(b) Axiata Group Performance Based Long Term Incentive Plan ("Axiata PBLTIP") (continued)

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

	At 1 January	Granted	Lapsed/ forfeited	At 31 December	Weighted average fair value at grant date RM
Group					
2018					
Grant 1(a), 2017	**4,629,100**	**-**	**(251,900)**	**4,377,200**	**4.33**
Grant 1(b), 2017	**496,600**	**-**	**-**	**496,600**	**4.56**
Grant 2, 2018	**-**	**1,992,100**	**-**	**1,992,100**	**4.67**
Grand total	**5,125,700**	**1,992,100**	**(251,900)**	**6,865,900**	
2017					
Grant 1(a), 2017	-	4,680,100	(51,000)	4,629,100	4.33
Grant 1(b), 2017	-	496,600	-	496,600	4.56
Grand total	-	5,176,700	(51,000)	5,125,700	
Company					
2018					
Grant 1(a), 2017	**3,790,700**	**-**	**(94,900)**	**3,695,800**	**4.33**
Grant 1(b), 2017	**496,600**	**-**	**-**	**496,600**	**4.56**
Grant 2, 2018	**-**	**1,992,100**	**-**	**1,992,100**	**4.67**
Grand total	**4,287,300**	**1,992,100**	**(94,900)**	**6,184,500**	
2017					
Grant 1(a), 2017	-	3,790,700	-	3,790,700	4.33
Grant 1(b), 2017	-	496,600	-	496,600	4.56
Grand total	-	4,287,300	-	4,287,300	

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

	Entitlement over the Company's shares		
	Grant 1(a)	Grant 1(b)	Grant 2
Reference price	4.43	4.83	5.40
Grant date at valuation*	14 Apr 2017	13 Oct 2017	27 Apr 2018
Vesting date	28 Feb 2020	15 Aug 2020	28 Feb 2021
Closing share price at grant date*	RM5.06	RM5.27	RM5.30
Expected dividend yield	2.02%	2.02%	3.42%
Risk free interest rates (Yield of Malaysian Government Securities)	3.48%	3.46%	3.73%
Expected volatility#	20.56%	22.06%	22.84%

The expected volatility rate of the Company's PBLTIP shares was derived using three (3) years period on daily basis 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.

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 Axiata PBLTIP are summarised as below:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Share-based payment expenses	**8,999**	5,024	**8,298**	4,105

14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(c) Share-based compensation plan of XL

On 10 December 2015, Board of Commissioners of XL approved a long term incentive program 2016-2020 under which the Company's shares without pre-emptive rights or cash consideration are to be awarded as retention program to motivate employees to enhance performance. The programe was approved by the EGM of shareholders of XL on 10 March 2016.

Under the new scheme, the eligible employees will be contingently granted certain amount of new shares or cash consideration which will vest only if prescribed company performance target is met and the individual employees attaining certain performance rating. XL's performance is measured based on return on capital employed. Employee's performance is measured based on average employee's performance ratings over the relevant vesting period. In addition the employees are required to be with XL up to the end of the relevant vesting period to receive the granted shares issued under this programme. The shares will be issued at the end of the relevent vesting period and are locked up for one (1) year in accordance with prevailing regulation in Indonesia Stock Exchange. The cash consideration will be distributed at the same time with the release date of the shares previously mentioned.

Total share-based compensation expense recognised in the consolidated profit or loss for the financial year ended 31 December 2018 was RM9.3 million (2017: RM11.9 million) as disclosed in Note 7(c) to the financial statements.

(d) Pioneer Grant of edotco Group

On 8 December 2014, edotco Group approved the edotco Pioneer Grant to the eligible employees of edotco Group and its subsidiaries. The plan is to motivate the employees to drive value creation for edotco Group. Pursuant to the grant letter issued to the eligible employees, the Pioneer Grant will be settled in cash or new ordinary shares of edotco Group upon occurrence of certain events during the vesting period, otherwise the award will be settled in cash based on independent valuation.

On 31 March 2015, edotco Group issued grant letters to eligible employees. The movement in the number of ordinary shares of edotco Group, in which the employees are entitled to is as follows:

Group	At 1 January	Grant	Paid	Lapsed/ Forfeited	At 31 December
2018	**12,861,800**	**-**	**(12,861,800)**	**-**	**-**
2017	13,183,300	-	-	(321,500)	12,861,800

The total share-based compensation expense recognised in the consolidated profit or loss for the financial year ended 31 December 2018 was RM3.7 million (2017: RM17.8 million).

(e) Long-term Incentive Plan ("LTIP") of edotco Group

edotco Group has developed and implemented a performance based LTIP for senior management of edotco Group and its subsidiaries. Under the plan, eligible senior management are entitled to ordinary shares of edotco Group for no cash consideration upon the occurrence of certain event during the vesting period, otherwise, the award will be settled in cash, based on an independent valuation.

The number of ordinary shares granted, their respective grant date and vesting period is summarised as follows:

LTIP for Senior Management	Grant date	Units granted[1]	Vesting date
Grant 1(a), 2017	17 Mar 2017	1,713,700	31 Mar 2019
Grant 1(b), 2017	17 Mar 2017	66,800	14 Aug 2019
Grant 1(c), 2017	17 Mar 2017	1,203,600	31 Mar 2020
Grant 2(a), 2017	15 Aug 2017	192,900	14 Aug 2020
Grant 3(a), 2018	**31 Mar 2018**	**2,302,400**	**31 Mar 2021**
Grant 3(b), 2018	**31 Aug 2018**	**202,551**	**31 Aug 2021**

[1] The number of equity instruments initially granted excludes the multiplier effects which will be offered to eligible employees based on the edotco Group's and individual's performance for the award period.

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14. EMPLOYEE SHARE OPTION AND SHARE SCHEME (CONTINUED)

(e) Long-term Incentive Plan ("LTIP") of edotco Group (continued)

The movement in the number of ordinary shares granted during the financial year, in which the employees of edotco Group is entitled to is as follows:

	At 1 January	Granted	Forfeited	As 31 December
2018				
Grant 1(a), 2017	**1,481,300**	**-**	**-**	**1,481,300**
Grant 1(b), 2017	**66,800**	**-**	**-**	**66,800**
Grant 1(c), 2017	**1,203,600**	**-**	**-**	**1,203,600**
Grant 2(a), 2017	**192,900**	**-**	**-**	**192,900**
Grant 3(a), 2018	**-**	**2,302,400**	**(68,100)**	**2,234,300**
Grant 3(b), 2018	**-**	**202,551**	**-**	**202,551**
	2,944,600	**2,504,951**	**(68,100)**	**5,381,451**
2017				
Grant 1(a), 2017	-	1,713,700	(232,400)	1,481,300
Grant 1(b), 2017	-	66,800	-	66,800
Grant 1(c), 2017	-	1,203,600	-	1,203,600
Grant 2(a), 2017	-	192,900	-	192,900
	-	3,177,000	(232,400)	2,944,600

The total share-based compensation expense recognised in the consolidated profit or loss for the financial year ended 31 December 2018 was RM8.3 million (2017: RM2.4 million).

(f) Special grant of edotco Group

On 1 October 2018, edotco Group granted a one-off special grant to the eligible general employees and senior management of edotco Group (the "Special Grant"). The plan is aimed at motivating employees and driving the continued growth and performance of edotco Group.

The Special Grant will vest upon the occurrence of certain events between 1 October 2018 to 30 September 2023 (the "Validity Events"). This grant will be null and void upon the non-occurrence of the Validity Events after 30 September 2023. The vesting date of the Special Grant is one (1) year from the date of occurrence of any of the Validity Events or as determined by the Board thereafter.

The Special Grant offered to general employees of edotco Group will be paid out in cash on the vesting date based on the edotco Group's independent valuation. The grant to senior management will be paid out in ordinary shares of edotco Group for no cash consideration upon the occurrence of the Validity Events on its vesting date, otherwise, the award will be settled in cash, based on an independent valuation.

The movement of number of Special Grant instruments granted during the financial year, in which the employees of edotco Group is entitled to, is as follows:

	At 1 January	Granted[1]	Forfeited	At 31 December
2018				
Special grant	**-**	**6,883,500**	**-**	**6,883,500**

[1] The number of equity instruments initially granted excludes the multiplier effects which will be offered to eligible employees based on the Group's and individual's performance for the award period.

The total share-based compensation expense recognised in the consolidated profit or loss for the financial year ended 31 December 2018 was RM1.5 million.

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15. RESERVES

	Note	Group 2018 RM'000	Group 2017 RM'000 Restated	Company 2018 RM'000	Company 2017 RM'000
Retained earnings		**5,642,781**	11,261,110	**2,412,312**	4,384,658
Currency translation differences arising from translation of:					
- subsidiaries		**(388,515)**	606,121	**-**	-
- associates		**59,318**	177,241	**-**	-
		(329,197)	783,362	**-**	-
Reserves:					
- Capital contribution	(a)	**16,598**	16,598	**16,598**	16,598
- Merger	(b)	**346,774**	346,774	**-**	-
- Hedging	(c)	**(70,863)**	(17,913)	**-**	-
- Cost of hedging	(d)	**770**	-	**-**	-
- Share-based payments	(e)	**138,652**	133,367	**138,652**	133,367
- Actuarial		**26,982**	23,996	**-**	-
- Other	(f)	**(1,258,051)**	(1,258,051)	**-**	-
- FVTOCI	(g)	**(540,015)**	-	**-**	-
- AFS		**-**	34,640	**-**	-
		(1,339,153)	(720,589)	**155,250**	149,965
Total		**3,974,431**	11,323,883	**2,567,562**	4,534,623

(a) 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.

(b) 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 a Group's restructuring exercise on 25 April 2008.

(c) The Group's hedging reserve consists of cash flow hedge arising from effective hedges as disclosed in Note 18(g) and 18(h) to the financial statements.

(d) The Group's cost of hedging reserve represents the change in the foreign currency basis spread of the CCIRS as disclosed in Note 18(g) to the financial statements.

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

(f) The Group's other reserve relates to the put option liabilities over shares held by NCI as disclosed in Note 18(d) and 18(e) to the financial statements.

(g) The Group's FVTOCI reserve is the fair value changes of financial assets at FVTOCI as disclosed in Note 30 to the financial statements.

15. RESERVES (CONTINUED)

The movement of Reserves of the Group attributable to the owners of the Company is as below:

	Note	Capital contribution RM'000	Merger RM'000	Hedging RM'000	Cost of hedging RM'000	Actuarial RM'000	Share-based payment RM'000	FVTOCI RM'000	AFS RM'000	Other RM'000	Total RM'000
Group											
At 1 January 2018:											
- as previously reported		16,598	346,774	(341,409)	-	23,996	133,367	-	34,640	(1,258,051)	(1,044,085)
- opening balance adjustments	18(f)	-	-	323,496	-	-	-	-	-	-	323,496
- first time adoption adjustments	46	-	-	(43,764)	43,764	-	-	34,640	(34,640)	-	-
- as restated		16,598	346,774	(61,677)	43,764	23,996	133,367	34,640	-	(1,258,051)	(720,589)
Other comprehensive expense:											
- Net investment hedge		-	-	15,801	-	-	-	-	-	-	15,801
- Net cash flow hedge	18(g),(h)	-	-	(24,987)	-	-	-	-	-	-	(24,987)
- Net cost of hedging	18(g)	-	-	-	(42,994)	-	-	-	-	-	(42,994)
- Actuarial gain, net of tax		-	-	-	-	2,986	-	-	-	-	2,986
- Revaluation of financial assets at FVTOCI	30	-	-	-	-	-	-	(574,655)	-	-	(574,655)
Total other comprehensive (expense)/income		-	-	(9,186)	(42,994)	2,986	-	(574,655)	-	-	(623,849)
Transactions with owners:											
- Share-based payment expenses		-	-	-	-	-	10,324	-	-	-	10,324
- Transferred from share-based payment reserve upon exercise/vest		-	-	-	-	-	(5,039)	-	-	-	(5,039)
Total transaction with owners		-	-	-	-	-	5,285	-	-	-	5,285
At 31 December 2018		16,598	346,774	(70,863)	770	26,982	138,652	(540,015)	-	(1,258,051)	(1,339,153)

15. RESERVES (CONTINUED)

The movement of Reserves of the Group attributable to the owners of the Company is as below: (continued)

	Note	Capital contribution RM'000	Merger RM'000	Hedging RM'000	Actuarial RM'000	Share-based payment RM'000	AFS RM'000	Other RM'000	Total RM'000
At 1 January 2017:									
- as previously reported		16,598	346,774	(325,702)	11,107	135,647	35,998	(1,316,116)	(1,095,694)
- opening balance adjustment	18(f)	-	-	323,496	-	-	-	-	323,496
- as restated		16,598	346,774	(2,206)	11,107	135,647	35,998	(1,316,116)	(772,198)
Other comprehensive expense:									
- Net investment hedge		-	-	(15,801)	-	-	-	-	(15,801)
- Net cash flow hedge	18(g),(h)	-	-	94	-	-	-	-	94
- Actuarial gain, net of tax		-	-	-	12,889	-	-	-	12,889
- Revaluation of AFS		-	-	-	-	-	(1,358)	-	(1,358)
Total other comprehensive expense		-	-	(15,707)	12,889	-	(1,358)	-	(4,176)
Transaction with owners:									
- Reversal of reserve		-	-	-	-	-	-	81	81
- Dilution of equity interest in subsidiaries		-	-	-	-	-	-	(987)	(987)
- Private placement of a subsidiary		-	-	-	-	-	-	40,087	40,087
- Partial disposal of subsidiaries		-	-	-	-	-	-	18,884	18,884
- Share-based payment expenses	14(a),(b)	-	-	-	-	4,914	-	-	4,914
- Transferred from share-based payment reserve upon exercise/vest		-	-	-	-	(7,194)	-	-	(7,194)
Total transactions with owners		-	-	-	-	(2,280)	-	58,065	55,785
At 31 December 2017 (as restated)		16,598	346,774	(17,913)	23,996	133,367	34,640	(1,258,051)	(720,589)

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16. BORROWINGS

	Note	2018 W.A.R.F %	2018 Non-current RM'000	2018 Current RM'000	2018 Total RM'000	2017 W.A.R.F %	2017 Non-current RM'000	2017 Current RM'000	2017 Total RM'000
Group									
Overseas									
Secured:									
- Borrowings from financial institutions	(a)	**9.82**	**43,887**	**45,621**	**89,508**	5.26	75,525	88,499	164,024
- Bank overdrafts	34	**10.33**	**-**	**16,439**	**16,439**	5.60	-	4,646	4,646
Unsecured:									
- Borrowings from financial institutions		**7.72**	**3,773,262**	**1,284,106**	**5,057,368**	5.87	3,712,186	2,015,822	5,728,008
- Sukuk Ijarah	(c)(iii)	**9.44**	**721,595**	**101,939**	**823,534**	8.90	561,200	389,436	950,636
- Bonds	(d)	**9.04**	**191,141**	**93,376**	**284,517**	-	-	-	-
- Bank overdrafts	34	**-**	**-**	**86,861**	**86,861**	1.46	-	88,178	88,178
		7.93	**4,729,885**	**1,628,342**	**6,358,227**	4.99	4,348,911	2,586,581	6,935,492

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

	Note	2018 W.A.R.F %	2018 Non-current RM'000	2018 Current RM'000	2018 Total RM'000	2017 W.A.R.F %	2017 Non-current RM'000	2017 Current RM'000	2017 Total RM'000
Group									
Malaysia									
Secured:									
- Borrowings from financial institutions	(e)	**3.90**	**-**	**813,560**	**813,560**	3.44	223,831	357	224,188
Unsecured:									
- Notes	(b)	**5.34**	**1,244,023**	**11,787**	**1,255,810**	5.35	1,209,045	11,476	1,220,521
- Borrowings from financial institutions		**3.26**	**1,039,375**	**428,990**	**1,468,365**	1.83	-	1,689,672	1,689,672
- Sukuk	(c)(i),(ii)	**4.06**	**7,633,270**	**1,600,518**	**9,233,788**	4.07	9,014,532	99,584	9,114,116
		4.09	**9,916,668**	**2,854,855**	**12,771,523**	3.88	10,447,408	1,801,089	12,248,497
Total		**5.37**	**14,646,553**	**4,483,197**	**19,129,750**	4.28	14,796,319	4,387,670	19,183,989
Company									
Unsecured:									
- Borrowings from financial institutions		**3.26**	**1,039,375**	**428,990**	**1,468,365**	1.83	-	1,689,672	1,689,672

16. BORROWINGS (CONTINUED)

(a) Secured by way of fixed charge on certain PPE and deposits with financial institutions of certain subsidiaries, as disclosed in Note 26(a) and Note 34 to the financial statements respectively.

(b) USD300.0 million (RM964.8 million) Guaranteed Notes ("Notes") maturing on 28 April 2020 are guaranteed by the Company. The Notes, which were issued at 99.94%, carry a coupon rate of 5.375% per annum ("p.a.") (payable semi-annually in arrears) and have a tenure of 10 years from the date of issuance.

(c) Sukuk of the Group consist of a Multi-Currency Sukuk Programme, a Sukuk Murabahah Programme and a Sukuk Ijarah 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 12 November 2015, the Group successfully priced the issuance USD500.0 million (RM2,181.8 million) Sukuk pursuant to the Sukuk Programme. The Sukuk, which was issued at par, carries a coupon rate of 3.466% p.a. (payable semi-annually in arrears) and has a tenure of five (5) years from the date of issuance.

On 19 November 2015, the Sukuk was listed and quoted on Bursa Malaysia (under the Exempt Regime) and on the Singapore Exchange Securities Trading Limited.

On 24 March 2016, the Group successfully priced the issuance USD500.0 million (RM1,996.8 million) Sukuk pursuant to the Sukuk Programme. The Sukuk, which was issued at par, carries a coupon rate of 4.357% p.a. (payable semi-annually in arrears) and has a tenure of ten (10) years from the date of issuance.

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

(ii) Sukuk Murabahah

On 14 August 2012, Celcom via its wholly-owned subsidiary, Celcom Networks Sdn Bhd ("Celcom Networks") established a Sukuk Murabahah Programme of up to RM5.0 billion in nominal value.

Subsequently, on 29 August 2017, Celcom Networks completed the issuance of Sukuk Series 9 to 11 amounting to RM1.0 billion nominal value of rated Sukuks to finance the repayment of Sukuk borrowings of RM1.0 billion which had fallen due. The tenure of the Sukuk Murabahah is between five (5) to ten (10) years.

The details of the Sukuk Murabahah as at 31 December are as follows:

	Contractual profit rate[1] %	Maturity date	Notional amount 2018 RM'million	Notional amount 2017 RM'million
Series 3	3.75	29 Aug 2019	**1,500**	1,500
Series 4	3.90	28 Aug 2020	**1,200**	1,200
Series 5	4.05	27 Aug 2021	**400**	400
Series 6	4.20	29 Aug 2022	**400**	400
Series 7	4.85	28 Oct 2021	**150**	150
Series 8	5.27	28 Oct 2026	**350**	350
Series 9	4.85	29 Aug 2022	**200**	200
Series 10	5.05	29 Aug 2024	**350**	350
Series 11	5.20	29 Aug 2027	**450**	450
			5,000	5,000

[1] payable semi-annually

(iii) Sukuk Ijarah

On 28 October 2015, XL established a Sukuk Ijarah Programme of up to IDR5.0 trillion in nominal value. The Sukuk Programme was established under a 2-year shelf registration programme. The issuance of Shelf Sukuk Ijarah I XL Axiata Tranche I Year 2015 ("Sukuk Ijarah I, Tranche I") amounting up to IDR1.5 trillion (RM466.5 million) was based on the Shariah principle of Ijarah with the payment of Ujrah to be made quarterly in arrears. On 2 December 2015, Tranche I Sukuk was listed and quoted on Indonesian Stock Exchange ("IDX").

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16. BORROWINGS (CONTINUED)

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

(iii) Sukuk Ijarah (continued)

The details of Sukuk Ijarah I, Tranche I are as below:

	Annual fixed Ijarah return IDR' million	Maturity date	Nominal value 2018 RM'million	Nominal value 2017 RM'million
Series B	26,445	2 Dec 2018	-	76.9
Series C	33,915	2 Dec 2020	**92.4**	96.3
Series D	46,750	2 Dec 2022	**121.6**	126.7
			214.0	299.9

Revenue sharing of Sukuk Ijarah I, Tranche I is paid on a quarterly basis where the first payment was due on 2 March 2016 and the last payment will be paid simultaneously with payment of principal of each series of the Sukuk Ijarah.

On 28 April 2017, XL issued Sukuk Ijarah namely Shelf Sukuk Ijarah I XL Axiata Tranche II Year 2017 ("Sukuk Ijarah I, Tranche II") amounting to IDR2.8 trillion (RM712.9 million) with maturity periods between three hundred seventy six (376) days and ten (10) years and was registered in Indonesia Stock Exchange on 2 May 2017.

The details of Sukuk Ijarah I, Tranche II are as below:

	Annual fixed Ijarah return IDR' million	Maturity date	Nominal value 2018 RM'million	Nominal value 2017 RM'million
Series A	75,400	8 May 2018	-	309.9
Series B	33,768	28 Apr 2020	**115.0**	119.8
Series C	12,425	28 Apr 2022	**40.6**	42.3
Series D	23,660	28 Apr 2024	**74.4**	77.5
Series E	31,584	28 Apr 2027	**96.1**	100.1
			326.1	649.6

Revenue sharing of Sukuk Ijarah I, Tranche II is paid on a quarterly basis where the first payment was due on 28 July 2017 and the last payment will be paid simultaneously with payment of principal of each series of the Sukuk Ijarah.

On 8 October 2018, XL issued Sukuk Ijarah namely Shelf Sukuk Ijarah II XL Axiata Tranche I Year 2018 ("Sukuk Ijarah II, Tranche I") amounting to IDR1.0 trillion (RM273.0 million) with maturity periods between three hundred seventy (370) days and ten (10) years and was registered in Indonesia Stock Exchange on 17 October 2018.

The details of Sukuk Ijarah II, Tranche I are as below:

	Annual fixed Ijarah return IDR' million	Maturity date	Nominal value 2018 RM'million
Series A	29,535	26 Oct 2019	**102.4**
Series B	36,909	16 Oct 2021	**114.1**
Series C	14,304	16 Oct 2023	**42.6**
Series D	3,434	16 Oct 2025	**9.8**
Series E	6,180	16 Oct 2028	**17.2**
			286.1

Revenue sharing of Sukuk Ijarah II, Tranche I is paid on a quarterly basis where the first payment is due on 16 January 2019 and the last payment is paid simultaneously with payment of principal of each series of the Sukuk Ijarah.

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16. BORROWINGS (CONTINUED)

(d) On 8 October 2018, XL issued a series of bonds namely Shelf Public Offering Shelf Bond I Tranche I Year 2018 XL Axiata ("Bond I, Tranche I") amounting to IDR1.0 trillion (RM286.0 million) with maturity periods between three hundred seventy (370) days and ten (10) years.

The details of Bond I, Tranche I are as below:

	Annual fixed interest rate %	Maturity date	Nominal value 2018 RM'million
Series A	8.25	26 Oct 2019	**93.8**
Series B	9.10	16 Oct 2021	**128.7**
Series C	9.60	16 Oct 2023	**37.5**
Series D	10.10	16 Oct 2025	**5.4**
Series E	10.30	16 Oct 2028	**20.6**
			286.0

(e) Borrowings are secured by way of fixed charge on certain PPE as disclosed in Note 26(a) and charges over shares of a subsidiary.

(f) Borrowings of the Group are subject to certain covenants. These covenants require that certain ratios (Debts over Assets, EBITDA to Borrowing/ Finance Costs and Debts to EBITDA) to be met, limitation to certain asset sales or transferred and maintaining majority ownership in certain subsidiaries held by the Group. The Group is in compliance with these covenants at each reporting date.

(g) Total floating interest rate borrowings of the Group are RM5,873.5 million (2017: RM7,019.1 million) as at the reporting date.

(h) The Group and Company net movements in borrowings are analysed below:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 January	**19,183,989**	22,259,881	**1,689,672**	2,968,244
Proceeds from borrowings and Sukuk	**6,779,461**	6,803,244	**1,392,625**	2,143,936
Repayments of borrowings and Sukuk	**(7,036,886)**	(8,250,018)	**(1,630,204)**	(3,226,039)
Bank overdrafts	**10,476**	43,003	**-**	-
Foreign exchange losses/(gains)	**404,127**	(741,827)	**9,694**	(201,958)
Net finance costs and transaction costs (net of payment)	**61,684**	68,217	**6,578**	5,489
Acquisition of subsidiaries	**111,449**	7,935	**-**	-
Currency translation differences	**(384,550)**	(965,500)	**-**	-
Reclassification as liabilities held-for-sale	**-**	(40,946)	**-**	-
At 31 December	**19,129,750**	19,183,989	**1,468,365**	1,689,672

16. BORROWINGS (CONTINUED)

The currencies profile of the borrowings of the Group and the Company are as follows:

	2018 Group entities' functional currency						2017 Group entities' functional currency					
	RM RM'000	IDR* RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000	RM RM'000	IDR* RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000
Group												
RM	**5,053,126**	**-**	**-**	**-**	**-**	**5,053,126**	5,043,748	-	-	-	-	5,043,748
USD	**7,718,397**	**40,943**	**760,966**	**363,898**	**10,394**	**8,894,598**	7,204,751	1,424,760	619,597	474,609	12,126	9,735,843
IDR	**-**	**3,648,248**	**-**	**-**	**-**	**3,648,248**	-	3,036,317	-	-	-	3,036,317
SLR	**-**	**-**	**369,474**	**-**	**6,805**	**376,279**	-	-	353,484	-	-	353,484
BDT	**-**	**-**	**-**	**1,101,182**	**1,501**	**1,102,683**	998	-	-	1,003,078	-	1,004,076
PKR	**-**	**-**	**-**	**-**	**53,682**	**53,682**	5,555	-	-	-	-	5,555
THB	**-**	**-**	**-**	**-**	**1,134**	**1,134**	-	-	-	-	4,966	4,966
Total	**12,771,523**	**3,689,191**	**1,130,440**	**1,465,080**	**73,516**	**19,129,750**	12,255,052	4,461,077	973,081	1,477,687	17,092	19,183,989
Company												
USD	**1,468,365**	**-**	**-**	**-**	**-**	**1,468,365**	1,689,672	-	-	-	-	1,689,672

* Derivative financial instruments as disclosed in Note 18(a) and (b) to the financial statements are entered on USD borrowings in IDR functional currency.

USD: United States Dollar
IDR: Indonesian Rupiah
SLR: Sri Lankan Rupee
BDT: Bangladeshi Taka
PKR: Pakistani Rupee
THB: Thai Baht

16. BORROWINGS (CONTINUED)

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

	2018		2017	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Group				
Overseas:				
- Borrowings from financial institutions[1]	**5,250,176**	**5,250,176**	5,984,856	5,984,856
- Sukuk Ijarah[2]	**823,534**	**868,908**	950,636	1,037,322
- Bonds[3]	**284,517**	**297,269**	-	-
	6,358,227	**6,416,353**	6,935,492	7,022,178
Malaysia:				
- Borrowings from financial institutions[1]	**2,281,925**	**2,281,925**	1,913,860	1,913,860
- Notes[2]	**1,255,810**	**1,290,443**	1,220,521	1,286,114
- Multi-Currency Sukuk[2]	**4,180,662**	**4,196,573**	4,067,485	4,207,043
- Sukuk Murabahah[2]	**5,053,126**	**5,097,068**	5,046,631	5,437,265
	12,771,523	**12,866,009**	12,248,497	12,844,282
	19,129,750	**19,282,362**	19,183,989	19,866,460
Company				
Malaysia:				
- Borrowings from financial institutions[1]	**1,468,365**	**1,468,365**	1,689,672	1,689,672

[1] The fair values are calculated based on cash flows discounted using a rate based on the borrowing rate which ranges from 1.64% to 11.92% (2017: 1.64% to 12.10%) p.a. and are within level 2 of the fair value hierarchy.

[2] The fair values are based on quoted prices in an active market and is within level 1 of the fair value hierarchy.

[3] The fair values are calculated based on cash flows discounted using a rate based on the bond annual fixed interest rate which ranges from 8.25% to 10.30% p.a and are within level 2 of the fair value hierarchy.

17. FINANCIAL INSTRUMENTS BY CATEGORIES

		2018				2017			
	Note	Financial assets classified as amortised cost RM'000	Assets at FVTPL RM'000	Assets at FVTOCI 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	18	**-**	**238,506**	**-**	**238,506**	-	196,886	-	196,886
AFS financial asset		-	**-**	**-**	**-**	**-**	-	62,030	62,030
Trade and other receivables		**2,863,226**	**-**	**-**	**2,863,226**	2,577,204	-	-	2,577,204
Financial assets at FVTPL		-	**38**	**-**	**38**	**-**	64	-	64
Financial assets at FVTOCI	30	**-**	**-**	**1,659,412**	**1,659,412**	-	-	-	-
Deposits, cash and bank balances	34	**5,071,448**	**-**	**-**	**5,071,448**	6,812,868	-	-	6,812,868
Total		**7,934,674**	**238,544**	**1,659,412**	**9,832,630**	9,390,072	196,950	62,030	9,649,052

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

17. FINANCIAL INSTRUMENTS BY CATEGORIES (CONTINUED)

		2018				2017		
	Note	Liabilities at FVTPL RM'000	Financial liabilities classified as amortised cost RM'000	Derivative financial instruments RM'000	Total RM'000	Liabilities at FVTPL RM'000	Other financial liabilities RM'000	Total RM'000
Group								
Financial liabilities								
Borrowings	16	**-**	**19,129,750**	**-**	**19,129,750**	-	19,183,989	19,183,989
Derivative financial instruments	18	**39,613**	**1,673,344**	**141,666**	**1,854,623**	196,836	1,396,946	1,593,782
Trade and other payables excluding statutory liabilities		**-**	**11,781,392**	**-**	**11,781,392**	-	10,527,169	10,527,169
Total		**39,613**	**32,584,486**	**141,666**	**32,765,765**	196,836	31,108,104	31,304,940

		2018		2017	
	Note	Financial assets classified as amortised cost RM'000	Total RM'000	Loans and receivables RM'000	Total RM'000
Company					
Financial assets					
Advances to subsidiaries	27	-	-	17,584,314	17,584,314
Amounts due from subsidiaries	32	261,694	261,694	155,385	155,385
Other receivables	33	6,456	6,456	3,041	3,041
Deposits, cash and bank balances	34	452,182	452,182	371,978	371,978
Total		720,332	720,332	18,114,718	18,114,718

	Note	Financial liabilities classified as amortised cost RM'000	Total RM'000	Other financial liabilities RM'000	Total RM'000
Financial liabilities					
Other payables		59,090	59,090	124,867	124,867
Borrowings	16	1,468,365	1,468,365	1,689,672	1,689,672
Amounts due to subsidiaries	32	5,375,516	5,375,516	5,133,757	5,133,757
Total		6,902,971	6,902,971	6,948,296	6,948,296

18. DERIVATIVES FINANCIAL INSTRUMENTS

		Group			
		2018		2017	
	Note	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000 Restated
Non-current					
Non-hedging derivatives:					
- CCIRS	(f)	-	**(39,613)**	-	(57,327)
- Call spread options	(b)	-	-	135,434	-
- Convertible warrants in an associate	(c)	-	-	8,343	-
- Put option over shares held by NCI	(d)	-	**(1,527,832)**	-	(1,255,284)
		-	**(1,567,445)**	143,777	(1,312,611)
Derivatives designated as hedging instruments:					
- CCIRS	(f),(g)	-	**(131,277)**	-	(128,550)
Total non-current		-	**(1,698,722)**	143,777	(1,441,161)
Current					
Non-hedging derivatives:					
- CCIRS	(a),(f)	**1,935**	-	52,730	(359)
- Call spread options	(b)	**228,228**	-	-	-
- Convertible warrants in an associate	(c)	**8,343**	-	-	-
- Put option over shares held by NCI	(e)	-	**(145,512)**	-	(141,662)
		238,506	**(145,512)**	52,730	(142,021)
Derivatives designated as hedging instruments:					
- CCIRS	(f),(g)	-	**(10,389)**	-	(10,600)
- IRS	(h)	-	-	379	-
Total current		**238,506**	**(155,901)**	53,109	(152,621)
Total		**238,506**	**(1,854,623)**	196,886	(1,593,782)

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

(a) CCIRS

Information relating to a CCIRS of a subsidiary of the Group is as follows:

Counter-party	Notional amount USD' million	Notional amount IDR' billion	Period	Exchange period	Fixed interest rate paid on IDR notional	Exchange rate per 1USD:	Fixed interest rate received on USD notional
Standard Chartered Bank	50.0	495.9	13 June 2013 – 13 June 2018	Quarterly	7.60%	IDR9,918	2.3%

(b) Call spread options

Information relating to call spread options of a subsidiary of the Group are as follows:

Counterparties	Notional amount USD' million	Period	Strike/cap rate 1USD:	Premium per annum	Start of optional termination date
Bank of America Merrill Lynch – Singapore	100.0	29 May 2014 – 9 Jan 2019	IDR11,580-IDR14,580	3.33%	9 Oct 2015
DBS Bank Ltd. Singapore	200.0	30 May 2014 – 14 Mar 2019	IDR11,600-IDR14,600	3.22%	17 March 2015

18. DERIVATIVES FINANCIAL INSTRUMENTS (CONTINUED)

Non-hedging derivatives (continued)

(c) Convertible warrants in an associate

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

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

(d) Put option over shares held by NCI in Robi

In conjunction with the amalgamation/merger of Airtel with Robi on 16 November 2016, the Group granted a non-controlling shareholder a put option which requires the Group to purchase all the shares held by this non-controlling shareholder, at a price determined to be lower of EBITDA with a fixed multiple or EBITDA with comparable companies' multiple. The put option is exercisable four (4) years from 16 November 2016, for a period of two (2) years. During the financial year, the Group estimated the price at EBITDA with a fixed multiple (2017: comparable companies' multiple).

The present value of the put option liability is estimated by reference to the following assumptions:

(i) Discount rate

The Group determines the appropriate discount rate at the end of each financial year. In choosing the appropriate discount rate, the Group exercises judgement in selecting the 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 approximating the terms of the related put option obligation.

(ii) EBITDA

The Group determines the EBITDA based on forecasts and projections approved by the management for one (1) year.

(iii) Comparable companies' multiple

The comparable companies' multiple as estimated by the Group is based on the forecasted enterprise value of comparable companies over respective companies forecasted EBITDA.

The Group uses judgement to select a variety of methods and makes assumptions based on market conditions existing at the end of each reporting period.

(e) Put option over shares held by NCI in edotco SG

Pursuant to a shareholder agreement entered into with YSH Finance Limited ("YSH Finance"), a non-controlling shareholder of the Group, the Group granted YSH Finance an irrevocable and unconditional right to require the Group to purchase all of the shares of edotco Investment Singapore Pte. Ltd. held by YSH Finance and all of the shareholder loans provided by YSH Finance for a purchase price of USD35.0 million or such other price as the Group and YSH Finance may agree.

(f) Net investment hedge – CCIRS

Information relating to the CCIRS of a subsidiary of the Group as at 31 December are as follows:

Counter- parties	Notional amount USD' million	Notional amount SGD' million	Period	Exchange period	Fixed interest rate paid on SGD notional	Fixed interest rate received on USD notional	Fair value (liabilities)/assets 2018 RM'000	Fair value (liabilities)/assets 2017 RM'000
Hong Kong and Shanghai Banking Corporation	150.0	210.7	28 Oct 2010 – 28 Apr 2020	Semi-annually	4.315%	5.375%	**(18,673)**	(29,491)
Goldman Sachs	150.0	210.7	28 Oct 2010 – 28 Apr 2020	Semi-annually	4.350%	5.375%	**(19,005)**	(28,195)

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18. DERIVATIVES FINANCIAL INSTRUMENTS (CONTINUED)

Non-hedging derivatives (continued)

(f) Net investment hedge – CCIRS (continued)

In conjunction with the adoption of MFRS 9, the Group had reassessed its existing hedge relationships. The Group has an SGD net investment hedge where a USD300 million receivable under a cross currency interest swap ("CCIRS") and a borrowing of USD300 million were designated to hedge against the foreign currency risk of the Group's net investment in an associate. Based on the assessment, the Group concluded that changes in the foreign currency translation of the borrowing and the fair value of the CCIRS do not proportionately offset the changes in the foreign currency translation of the net investment in associate. Consequently, the related portion of the hedge reserve was reclassified to the retained earnings as at 1 January 2017. The statement of financial position as at 1 January 2017 is not presented as the financial statement line items are not affected.

As a result, the Group ceased its hedge relationship between CCIRS and its net investment in an associate.

Derivatives designated as hedging instrument

(g) Cash flow hedge – CCIRS

The underlying debt instrument for the CCIRS is the Group's Multi-currency Sukuk as disclosed in Note 16(c)(i) to the financial statements. The hedging instrument is designed to hedge against foreign currency risk.

Information relating to the CCIRS of a subsidiary of the Group as at 31 December are as follows:

Counter parties	Notional amount USD' million	Notional amount RM' million	Period	Exchange period	Fixed interest rate paid on RM notional	Fixed interest rate received on USD notional	Fair value (liabilities)/assets 2018 RM'000	Fair value (liabilities)/assets 2017 RM'000
CIMB Bank Berhad	255.0	1,025.3	30 Sep 2016 – 19 Nov 2020	Semi-annually	5.440%	3.466%	(774)	(11,854)
Hong Kong and Shanghai Banking Corporation	30.0	122.5	8 Sep 2016 – 19 Nov 2020	Semi-annually	5.350%	3.466%	(1,871)	(3,085)
CIMB Bank Berhad	130.0	545.1	20 Dec 2016 – 24 Mar 2026	Semi-annually	6.656%	4.357%	(62,556)	(56,219)
Hong Kong and Shanghai Banking Corporation	20.0	83.2	28 Oct 2016 – 24 Mar 2026	Semi-annually	6.730%	4.357%	(9,211)	(8,279)
Bank of Tokyo Mitsubishi	154.0	640.7	27 Dec 2016 – 24 Mar 2026	Semi-annually	6.641%	4.357%	(67,255)	(59,713)

The derivative is designated as cash flow hedge to hedge the currency risk of borrowings denominated in USD. The hedge has been fully effective from inception and during the financial year.

The Group recognised a loss of RM67.5 million (2017: loss of RM0.8 million) in OCI after reclassification of fair value arising from the unrealised foreign exchange gains of RM64.8 million (2017: losses of RM258.3 million) on the CCIRS from the OCI to the profit or loss.

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

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18. DERIVATIVES FINANCIAL INSTRUMENTS (CONTINUED)

Derivatives designated as hedging instrument (continued)

(h) Cash flow hedge – IRS

The IRS is used to hedge cash flow risk arising from a floating rate borrowing of a subsidiary. The hedging instrument is designed to hedge against interest rate risks.

Information relating to the derivative as at 31 December is as follows:

Notional amount USD' Million	Period	Exchange period	Fixed interest rate paid	Floating interest rate received	Fair value assets/(liabilities) 2018 RM'000	Fair value assets/(liabilities) 2017 RM'000
33.8	13 Jan 2014 – 29 July 2018	Quarterly	2.6075%	3 months' LIBOR +1.45%	-	379

The fair value changes of the derivative are attributable to interest rate movements.

19. DEFERRED INCOME

	Group 2018 RM'000	Group 2017 RM'000
At 1 January	270,915	245,894
Received during the financial year	178,270	74,125
Released to profit or loss	(81,269)	(43,426)
Currency translation differences	(4,720)	(5,678)
At 31 December	363,196	270,915

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

20. DEFERRED GAIN ON SALE AND LEASE BACK ASSETS

Deferred gain arising from tower sale and finance lease back transaction where the gain is deferred and amortised over lease back period of ten (10) years. The remaining useful life is 6 to 8 years. (2017: 7 to 9 years)

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21. TRADE AND OTHER PAYABLES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current:					
Defined benefit plans	(a)	**92,737**	91,126	**-**	-
Finance lease payables	(b)	**2,670,267**	1,254,886	**-**	-
Contract liabilities	(c)	**18,528**	-	**-**	-
Other payables		**206,312**	298,185	**11,409**	7,329
Total non-current		**2,987,844**	1,644,197	**11,409**	7,329
Current:					
Trade payables		**3,226,013**	2,720,556	**-**	-
Accruals		**4,711,062**	5,084,013	**21,760**	18,346
Customer deposits		**109,916**	94,101	**-**	-
Business license payable		**155,993**	162,602	**-**	-
Payroll liabilities		**479,662**	584,325	**46,673**	46,887
Other accruals		**588,770**	485,989	**-**	-
Other payables		**588,916**	1,110,241	**37,330**	106,521
Finance lease payables	(b)	**424,005**	166,304	**-**	-
USP payables		**559,713**	682,341	**-**	-
Contract liabilities	(c)	**1,295,243**	-	**-**	-
Taxes		**309,989**	461,991	**19,057**	14,025
Deferred revenue		**35,162**	1,064,500	**-**	-
Total current		**12,484,444**	12,616,963	**124,820**	185,779
Total trade and other payables		**15,472,288**	14,261,160	**136,229**	193,108

(a) Defined benefit plans

The Group operates defined benefit plans in Indonesia, Sri Lanka and Bangladesh. The movement in the present value of obligations of the defined benefit plans is as follows:

	Group 2018 RM'000	Group 2017 RM'000
At 1 January	91,126	107,937
Acquisition of a subsidiary	67	308
Additions	7,061	-
Charge to profit or loss:		
- current service cost	17,799	13,116
- interest costs	6,634	9,922
- past service cost	(9,738)	(7,902)
	14,695	15,136
Benefit paid	(7,517)	(3,536)
Settlement loss	-	-
Charge to OCI:		
- actuarial gains	(4,092)	(18,027)
Currency translation differences	(8,603)	(10,692)
At 31 December	92,737	91,126

Present value of the defined benefit 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:

	Group 2018	Group 2017
Discount rate (p.a.)	8.0% - 12.35%	7.3% - 10.5%
Salary increment rate (p.a.)	6.5% - 8.5%	7.0% - 9.0%

21. TRADE AND OTHER PAYABLES (CONTINUED)

(b) Details of the lease payables according to the maturity schedule are as follows:

	Group	
	2018 RM'000	2017 RM'000
Within one (1) year	**424,005**	166,304
Between one (1) and five (5) years	**1,331,070**	641,927
More than five (5) years	**1,339,197**	612,959
Finance lease payables	**3,094,272**	1,421,190

The movement in lease payable is as below:

	2018 RM'000	2017 RM'000
At 1 January	**1,421,190**	1,294,558
Additions	**1,907,560**	435,998
Interest accrued	**149,532**	102,033
Repayment:		
- leases	**(208,300)**	(153,693)
- interest	**(119,561)**	(126,192)
Currency translation differences	**(56,149)**	(131,514)
	3,094,272	1,421,190

The fair value of lease liabilities as at 31 December 2018 is RM3,253.0 million (2017: RM1,587.0 million)

(c) The movement of contract liabilities of the Group is below:

		Group
	Note	2018 RM'000
At 1 January		-
First time adoption adjustments	46	**1,101,471**
Revenue recognised that was included in the contract liability balance at the beginning of the year		**(1,101,471)**
Increases due to cash received, excluding amounts recognised as revenue during the year		**1,441,021**
Currency translation differences		**(127,250)**
At 31 December		**1,313,771**
Current		**1,295,243**
Non-current		**18,528**
		1,313,771

The following table shows revenue expected to be recognised in the next financial year in relation to performance obligations that are unsatisfied as at the reporting date.

	Group
	2018 RM'000
Mobile services	1,128,057

Management expects that approximately all of the transaction price allocated to the unsatisfied performance obligations as at 31 December 2018 will be recognised as revenue in financial year 2019 and 2020.

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21. TRADE AND OTHER PAYABLES (CONTINUED)

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

	2018							2017						
	Functional currency							Functional currency						
	RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	NPR* RM'000	Others RM'000	Total RM'000	RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	NPR* RM'000	Others RM'000	Total RM'000
Group														
RM	**3,696,943**	**5,445**	**-**	**-**	**-**	**-**	**3,702,388**	4,855,093	-	-	-	-	-	4,855,093
USD	**45,314**	**113,983**	**99,114**	**-**	**178,547**	**643,957**	**1,080,915**	23,612	159,804	54,486	-	213,484	452,307	903,693
IDR	**-**	**6,878,950**	**-**	**-**	**-**	**-**	**6,878,950**	-	4,350,467	-	-	-	-	4,350,467
SLR	**-**	**-**	**836,143**	**-**	**-**	**-**	**836,143**	-	-	940,380	-	-	-	940,380
BDT	**-**	**-**	**-**	**2,261,721**	**-**	**-**	**2,261,721**	-	-	-	2,133,251	-	-	2,133,251
NPR	**-**	**-**	**-**	**-**	**674,161**	**-**	**674,161**	-	-	-	-	1,047,361	-	1,047,361
Others	**34,145**	**921**	**-**	**-**	**-**	**2,944**	**38,010**	26,391	105	-	-	-	4,419	30,915
Total	**3,776,402**	**6,999,299**	**935,257**	**2,261,721**	**852,708**	**646,901**	**15,472,288**	4,905,096	4,510,376	994,866	2,133,251	1,260,845	456,726	14,261,160
Company														
RM	**120,279**	**-**	**-**	**-**	**-**	**-**	**120,279**	120,859	-	-	-	-	-	120,859
USD	**14,637**	**-**	**-**	**-**	**-**	**-**	**14,637**	72,249	-	-	-	-	-	72,249
IDR	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-	-	-
Others	**1,313**	**-**	**-**	**-**	**-**	**-**	**1,313**	-	-	-	-	-	-	-
Total	**136,229**	**-**	**-**	**-**	**-**	**-**	**136,229**	193,108	-	-	-	-	-	193,108

* NPR = Nepalese Rupee

Credit terms of trade and other payables for the Group and the Company vary from 30 to 90 days (2017: 30 to 90 days) depending on the terms of the contracts respectively.

22. PROVISION FOR ASSETS RETIREMENT

	Group	
	2018 RM'000	2017 RM'000
At 1 January	**468,920**	493,954
Provision for the financial year	**35,854**	4,464
Acquisition of subsidiaries	**2,081**	4,415
Accretion of interest	**7,812**	19,319
Currency translation differences	**(13,100)**	(37,419)
	501,567	484,733
Utilised during the financial year	**(14,173)**	(15,813)
At 31 December	**487,394**	468,920

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

23. DEFERRED TAXATION

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

	Group	
	2018 RM'000	2017 RM'000
Deferred tax assets	**(586,961)**	(270,046)
Deferred tax liabilities	**1,391,214**	1,672,496
Net deferred tax liabilities	**804,253**	1,402,450

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

		Group	
	Note	2018 RM'000	2017 RM'000
At 1 January:			
- as previously reported		**1,402,450**	1,904,322
- first time adoption adjustments	46	**(45,779)**	-
- as restated		**1,356,671**	1,904,322
Credit to profit or loss:			
- PPE and Intangible assets		**(416,766)**	(233,762)
- Tax losses		**(52,748)**	(47,068)
- Provision and others		**(58,939)**	(138,592)
	11	**(528,453)**	(419,422)
Acquisition of subsidiaries		**28,661**	54,025
Debit to OCI:			
- actuarial reserve		**1,600**	2,801
Currency translation differences		**(54,226)**	(96,953)
Reclassification as liabilities classified as held-for-sale	36	**-**	(42,323)
At 31 December		**804,253**	1,402,450

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

23. DEFERRED TAXATION (CONTINUED)

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

	Group	
	2018 RM'000	2017 RM'000
Deferred tax assets:		
- PPE and Intangible assets	**47,635**	7,613
- Tax losses	**464,272**	425,522
- Provision and others	**710,594**	615,537
Before offsetting	**1,222,501**	1,048,672
Offsetting	**(635,540)**	(778,626)
After offsetting	**586,961**	270,046
Deferred tax liabilities:		
- PPE and intangible assets	**2,024,223**	2,450,661
- Others	**2,531**	461
Before offsetting	**2,026,754**	2,451,122
Offsetting	**(635,540)**	(778,626)
After offsetting	**1,391,214**	1,672,496

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

	Group		Company	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000 Restated
Unutilised tax losses	**869,538**	617,871	**146,906**	129,658
Deductible temporary differences	**361,449**	237,881	**93,971**	62,049
	1,230,987	855,752	**240,877**	191,707
Tax effect	**295,437**	205,380	**57,810**	46,010

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's and the Company's unutilised tax losses with no expiry period amounting to RM810.8 million and RM146.9 million as at 31 December 2018 respectively will be imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment (i.e. from year of assessments 2019 to 2025).

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

24. INTANGIBLE ASSETS

		Group			
	Note	Goodwill RM'000	Licenses RM'000	Others* RM'000	Total RM'000
Net book value					
At 1 January:					
- as previously reported		**13,755,420**	**7,468,643**	**952,223**	**22,176,286**
- first time adoption adjustments	46	**-**	**-**	**(192,507)**	**(192,507)**
- as restated		**13,755,420**	**7,468,643**	**759,716**	**21,983,779**
Acquisition of subsidiaries		**41,038**	**-**	**91,455**	**132,493**
Additions		**-**	**464,948**	**37,828**	**502,776**
Amortisation	7(a)	**-**	**(803,118)**	**(33,716)**	**(836,834)**
Impairment	7(a)	**(16,426)**	**-**	**-**	**(16,426)**
Inter-classification		**-**	**257,508**	**(257,508)**	**-**
Currency translation differences		**(541,820)**	**(292,387)**	**(4,878)**	**(839,085)**
At 31 December 2018		**13,238,212**	**7,095,594**	**592,897**	**20,926,703**
At 1 January 2017		13,767,051	9,071,111	567,943	23,406,105
Acquisition of subsidiaries		232,733	56,399	91,386	380,518
Additions^		-	46,886	266,910	313,796
Amortisation	7(a)	-	(847,539)	(125,839)	(973,378)
Currency translation differences		(244,364)	(857,127)	151,823	(949,668)
Reclassification to held-for-sale		-	(1,087)	-	(1,087)
At 31 December 2017		13,755,420	7,468,643	952,223	22,176,286

* Others are brands, customer contacts and the related customer relationship. In previous financial year, others included subscriber acquisition costs.

^ Additions mainly comprised of subscriber acquisition costs.

	Group			
	Goodwill RM'000	Licenses RM'000	Others* RM'000	Total RM'000
Net book value				
At 31 December 2018				
Cost	**13,332,135**	**10,647,177**	**1,150,639**	**25,129,951**
Accumulated amortisation	**-**	**(3,551,583)**	**(557,742)**	**(4,109,325)**
Accumulated impairment losses	**(93,923)**	**-**	**-**	**(93,923)**
	13,238,212	**7,095,594**	**592,897**	**20,926,703**
At 31 December 2017				
Cost	13,832,917	8,176,847	1,477,659	23,487,423
Accumulated amortisation	-	(708,204)	(525,436)	(1,233,640)
Accumulated impairment losses	(77,497)	-	-	(77,497)
	13,755,420	7,468,643	952,223	22,176,286

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

24. INTANGIBLE ASSETS (CONTINUED)

The remaining amortisation period of acquired telecommunication licenses with allocated spectrum rights range from one (1) year to twenty five (25) years [2017: One (1) year to twenty six (26) years].

The carrying amount of the telecommunication licenses of a subsidiary which belongs to Indonesia's CGU having an indefinite useful life amounts to RM1,633.7 million (2017: RM1,702.3 million).

Impairment tests for goodwill

The Group undertakes an annual test for impairment of its goodwill allocated to the 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:

	2018 RM'000	2017 RM'000
Mobile segment:		
- Malaysia	**4,031,110**	4,031,110
- Indonesia	**5,125,671**	5,205,847
- Sri Lanka	**219,287**	264,101
- Cambodia	**208,907**	203,381
- Nepal	**3,265,798**	3,672,872
Infrastructure segment	**308,218**	298,319
Others	**79,221**	79,790
Total	**13,238,212**	13,755,420

Key assumptions used

The recoverable amount of Malaysia's, Indonesia's, Sri Lanka's, Cambodia's and Nepal's CGU under mobile segment and infrastructure segment including goodwill in this test is determined as below:

	Type of business	2018	2017
Mobile segment:			
- Malaysia	Mobile business	**VIU**	VIU
- Indonesia	Mobile business	**VIU**	VIU
- Sri Lanka	Fixed communication business (consist of fixed telephone, data and infrastructure) and television business	**VIU**	VIU
- Cambodia	Mobile business	**VIU**	VIU
- Nepal	Mobile business	**FVLCS**	FVLCS
Infrastructure segment	Telecommunication infrastructure and services	**FVLCS**	FVLCS

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

- a three (3) year period for the mobile business in Malaysia and Cambodia;
- a five (5) year period for mobile business in Indonesia, and
- a five (5) year period for the fixed telecommunication and television business in Sri Lanka.

The FVLCS calculations apply a discounted cash flow model based on market's participants' view [level three (3) in fair value hierarchy] covering a three (3) year period for the mobile business in Nepal and ten (10) year period for Infrastructure segment in Pakistan, Myanmar and Malaysia due to long-term customer contracts, intensive capital required in the initial phase and expected market penetration growth in these countries.

The forecasts and projections reflect management's expectation of revenue growth, operating costs and margins based on past experience and future outlook of the respective CGUs. Cash flows beyond the third (3rd) year for the mobile businesses in Malaysia, Nepal, Cambodia, fifth (5th) year for the mobile business in Indonesia, Sri Lanka and tenth (10th) year for the Infrastructure segment are extrapolated in perpetuity using estimated terminal growth rates which takes into consideration the current Gross Domestic Product, inflation and average growth rates for the telecommunication industry. These rates have been determined with regards to projected growth rates for the market in which the CGUs participate and are not expected to exceed the long term average growth rates for these markets.

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

24. INTANGIBLE ASSETS (CONTINUED)

Impairment tests for goodwill (continued)

Key assumptions used (continued)

Pre-tax discount rates applied to the cash flow forecasts are derived from the pre-tax cash flows at the date of assessment of the respective CGU that reflects the risk of the CGU.

The following assumptions have been applied in the VIU and FVLCS calculations:

	Infrastructure segment	Mobile segment				
		Nepal	Cambodia	Sri Lanka	Indonesia	Malaysia
2018						
Discount rate	**8.2% to 15.0%**	**11.5%**	**13.7%**	**15.8% to 26.53%**	**12.8%**	**15.4%**
Terminal growth rate	**2.0% to 5.0%**	**4.0%**	**2.0%**	**3.0%**	**3.0%**	**0.0%**
Revenue growth rate	**-12.0% to 25.0% over 10 years**	**-2.0% to 1.7% over 3 years**	**3.1% to 3.7% over 3 years**	**3.7% to 12.7% over 5 years**	**5.5% to 6.7% over 5 years**	**0.9% to 1.5% over 3 years**
2017						
Discount rate	13.7% to 14.2%	11.5%	13.5%	14.4%	10.2%	11.6%
Terminal growth rate	5.0%	4.0%	2.0%	3.0%	3.0%	0.0%
Revenue growth rate	7.9% to 44.7% over 10 years	0.4% to 4.5% over 3 years	1.8% to 4.6% over 3 years	7.0% to 14.5% over 5 years	5.0% to 6.4% over 5 years	0.5% to 3.4% over 3 years

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

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

25. CONTRACT ACQUISITION COSTS

	Note	Group 2018 RM'000
At 1 January		
- as previously reported		**-**
- first time adoption adjustments	46	**104,250**
- as restated		**104,250**
Additions		**93,312**
Amortisation	7(a)	**(81,140)**
Currency translation differences		**(7,919)**
At 31 December		**108,503**

Contract acquisition costs comprise incremental cost to obtain the contract and cost to fulfil the contract. As at 31 December 2018, the balances mainly represent sales commission paid to dealers. The contract acquisition costs are expected to be amortised over 20 to 36 months.

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

26. PROPERTY, PLANT AND EQUIPMENT

	Note	Land RM'000	Buildings RM'000	Telecommunication 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								
Net book value								
At 1 January 2018		**419,338**	**222,599**	**22,220,298**	**556,257**	**877,815**	**2,613,663**	**26,909,970**
Addition*		**70,767**	**25,882**	**7,121,127**	**160,804**	**534,636**	**96,632**	**8,009,848**
Acquisition of subsidiaries		**-**	**-**	**37,961**	**81**	**640**	**1,430**	**40,112**
Disposal		**-**	**(108)**	**(44,549)**	**(1,333)**	**(1,763)**	**(18,265)**	**(66,018)**
Written off	**7(a)**	**-**	**-**	**(286,466)**	**(53,888)**	**(33,906)**	**(3,090)**	**(377,350)**
Depreciation	**7(a)**	**(76,828)**	**(33,088)**	**(5,562,713)**	**(180,587)**	**(482,219)**	**-**	**(6,335,435)**
Impairment	**7(a)**	**-**	**-**	**(13,416)**	**-**	**-**	**-**	**(13,416)**
Reversal of impairment	**7(a)**	**-**	**-**	**6,009**	**57**	**-**	**72,811**	**78,877**
Currency translation differences		**(18,364)**	**(16,292)**	**(791,370)**	**(8,251)**	**(38,243)**	**(83,610)**	**(956,130)**
At 31 December 2018		**394,913**	**198,993**	**22,686,881**	**473,140**	**856,960**	**2,679,571**	**27,290,458**

* Included in the additions is finance lease arrangement of subsidiaries amounting to RM1,907.6 million (2017; RM436.0 million).

	Note	Land RM'000	Building RM'000	Telecommunication 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								
Net book value								
At 1 January 2017		508,831	229,766	23,255,921	533,345	658,083	2,295,659	27,481,605
Addition		50,406	38,658	5,454,707	251,518	371,405	534,111	6,700,805
Inter-classification		(12,811)	10,949	(367,362)	42,510	326,012	702	-
Acquisition of subsidiaries		2,420	294	109,945	9,179	263	17,729	139,830
Disposal		(1,223)	(275)	(17,930)	(5,474)	(5,301)	(13,648)	(43,851)
Written off	7(a)	-	(1)	(21,654)	(35)	(4)	(115)	(21,809)
Depreciation	7(a)	(80,509)	(34,552)	(4,284,025)	(182,585)	(432,702)	-	(5,014,373)
Impairment	7(a)	-	-	-	(14,802)	-	-	(14,802)
Reversal of impairment	7(a)	-	-	10,369	-	-	28,106	38,475
Reclassification to held-for-sale		(5,607)	(1,974)	(242,539)	(43,046)	-	(11,594)	(304,760)
Currency translation differences		(42,169)	(20,266)	(1,677,134)	(34,353)	(39,941)	(237,287)	(2,051,150)
At 31 December 2017		419,338	222,599	22,220,298	556,257	877,815	2,613,663	26,909,970

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

26. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land RM'000	Buildings RM'000	Telecom-munication network equipment RM'000	Movable plant and equipment RM'000	Computer software systems RM'000	Capital work-in progress RM'000	Total RM'000
Group							
At 31 December 2018							
Cost	**1,316,016**	**493,118**	**50,759,647**	**1,274,044**	**4,491,691**	**2,758,387**	**61,092,903**
Accumulated depreciation	**(914,038)**	**(267,196)**	**(27,705,674)**	**(792,311)**	**(3,622,547)**	**-**	**(33,301,766)**
Accumulated impairment losses	**(7,065)**	**(26,929)**	**(367,092)**	**(8,593)**	**(12,184)**	**(78,816)**	**(500,679)**
Net book value	**394,913**	**198,993**	**22,686,881**	**473,140**	**856,960**	**2,679,571**	**27,290,458**
At 31 December 2017							
Cost	1,297,347	510,832	49,984,345	1,602,150	4,532,298	2,773,830	60,700,802
Accumulated depreciation	(870,944)	(261,087)	(27,392,936)	(1,022,866)	(3,642,232)	-	(33,190,065)
Accumulated impairment losses	(7,065)	(27,146)	(371,111)	(23,027)	(12,251)	(160,167)	(600,767)
Net book value	419,338	222,599	22,220,298	556,257	877,815	2,613,663	26,909,970

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

	Group	
	2018 RM'000	2017 RM'000
Telecommunication network	**4,218,062**	3,726,399
Movable plant and equipment	**175,912**	207,313
Computer support system	**4,526**	4,467
Land	**14,534**	14,442
Buildings	**7,153**	7,911
	4,420,187	3,960,532

(b) XL owns land located throughout Indonesia with Building Use Rights (*Hak Guna Bangunan or "HGB"*) for periods of 10-59 years (2017: 10-59 years) which will expire between 2019 and 2047 (2017: 2018 and 2047).

As at 31 December 2018, there are 74 locations (2017: 75 locations) with a total book value of RM11.7 million (2017: RM12.2 million) and for which HGB certificates are in the process.

(c) As described in the Group's critical accounting estimate in Note 4(b)(iii), the Group reviewed the estimated useful life of certain telecommunications network equipment of subsidiaries. The revision was accounted for as a change in accounting estimate and has increased the depreciation charge during the financial year of the Group by RM1,457.7 million. In addition to the above, the Group had further written off and impaired its property, plant and equipment of RM345.4 million and RM13.4 million respectively.

(d) Included in the net book value of telecommunication network equipment of the Group are leased assets amounting to RM 2,925.4 million (2017: RM1,400.4 million).

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

26. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

		Movable plant and equipment				
	Note	Office equipment RM'000	Furniture and fitting RM'000	Mobile equipment RM'000	Motor vehicle RM'000	Total RM'000
Company						
Net book value						
At 1 January 2018		**12,120**	**2,931**	**-**	**93**	**15,144**
Addition		**11,608**	**2,030**	**-**	**-**	**13,638**
Depreciation	7(a)	**(6,902)**	**(499)**	**-**	**(93)**	**(7,494)**
At 31 December 2018		**16,826**	**4,462**	**-**	**-**	**21,288**
At 1 January 2017		13,714	3,961	47	226	17,948
Addition		6,043	20	-	-	6,063
Disposal		(9)	-	-	-	(9)
Depreciation	7(a)	(7,628)	(1,050)	(47)	(133)	(8,858)
At 31 December 2017		12,120	2,931	-	93	15,144
At 31 December 2018						
Cost		**55,711**	**12,649**	**558**	**671**	**69,589**
Accumulated depreciation		**(38,885)**	**(8,187)**	**(558)**	**(671)**	**(48,301)**
Net book value		**16,826**	**4,462**	**-**	**-**	**21,288**
At 31 December 2017						
Cost		44,103	10,619	558	671	55,951
Accumulated depreciation		(31,983)	(7,688)	(558)	(578)	(40,807)
Net book value		12,120	2,931	-	93	15,144

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

27. SUBSIDIARIES

		2018			2017		
	Note	Malaysia RM'000	Overseas RM'000	Total RM'000	Malaysia RM'000	Overseas RM'000	Total RM'000
Company							
Unquoted shares, at cost		**6,868,234**	**182,925**	**7,051,159**	6,868,234	182,925	7,051,159
Accumulated impairment losses		**(3,996)**	**(181,851)**	**(185,847)**	(3,996)	(181,851)	(185,847)
Net cost of investments in subsidiaries		**6,864,238**	**1,074**	**6,865,312**	6,864,238	1,074	6,865,312
Advances to subsidiaries	(a)	**7,763,988**	**14,076,728**	**21,840,716**	5,116,739	14,303,997	19,420,736
Accumulated impairment losses	(b)	**(233,140)**	**(6,175,285)**	**(6,408,425)**	(233,140)	(1,603,282)	(1,836,422)
Net advances to subsidiaries treated as quasi-investment		**7,530,848**	**7,901,443**	**15,432,291**	4,883,599	12,700,715	17,584,314
Total		**14,395,086**	**7,902,517**	**22,297,603**	11,747,837	12,701,789	24,449,626

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.

(a) During the financial year, a subsidiary of the Company declared a dividend of RM2,500.0 million to the Company of which there was no cash settlement.

(b) Advances to a subsidiary amounting to RM4,572.0 million (2017: RM233.1 million) have been impaired during the financial year due to objective evidence of non-recoverability.

(c) The currency profile of advances to subsidiaries is as follows:

	Company	
	2018 RM'000	2017 RM'000
RM	**15,432,291**	11,041,558
USD	**-**	6,542,756
	15,432,291	17,584,314

During the financial year, the Company has considered the entire balances of the advances to subsidiaries as part of the Company's investment in subsidiaries as the Company does not expect repayment from subsidiaries as at 31 December 2018.

In the previous financial year, the Company anticipated that the advances to subsidiaries which were unsecured, non-interest bearing with no fixed terms of repayment would be repayable but not in the foreseeable future.

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

27. SUBSIDIARIES (CONTINUED)

(d) NCI

The total NCI of the Group as at reporting date is RM5,737.9 million (2017: RM5,773.4 million), of which:

- RM1,750.3 million (2017: RM2,153.8 million) is attributable to mobile segment-Indonesia,
- RM823.3 million (2017: RM929.1 million) is attributable to mobile segment-Nepal,
- RM859.6 million (2017: RM824.2 million) is attributable to mobile segment-Bangladesh; and
- RM1,594.4 million (2017: RM1,437.4 million) is attributable to Infrastructure segment.

The remaining NCI of the Group are immaterial individually.

The information below is before inter-company eliminations.

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

		Infrastructure business		Mobile business					
				Indonesia		Bangladesh		Nepal	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit/(Loss) for the financial year	39	**208,419**	170,150	**(939,835)**	116,839	**103,370**	(104,367)	**694,244**	711,430
OCI		**(46,518)**	(234,874)	**(259,509)**	(738,208)	**18,586**	(481,089)	**(194,381)**	(121,488)
Total comprehensive (expense)/income		**161,901**	(64,724)	**(1,199,344)**	(621,369)	**121,956**	(585,456)	**499,863**	589,942
Profit/(Loss) for the financial year attributable to NCI		**94,487**	65,347	**(316,161)**	39,305	**32,365**	(34,660)	**138,849**	142,286
Dividend paid to NCI		**-**	-	**-**	-	**-**	-	120,833	167,478

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

	Infrastructure business		Mobile business					
			Indonesia		Bangladesh		Nepal	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current assets	**3,215,598**	2,688,655	**14,420,658**	14,589,170	**6,439,794**	6,157,194	**1,634,912**	2,019,594
Current assets	**2,433,971**	1,935,201	**2,021,397**	2,116,653	**712,065**	825,904	**1,944,393**	3,025,760
Non-current liabilities	**(322,395)**	(460,109)	**(6,731,743)**	(5,800,294)	**(609,327)**	(425,169)	**(115,207)**	(193,893)
Current liabilities	**(1,845,214)**	(726,823)	**(4,510,404)**	(4,506,276)	**(3,501,730)**	(3,630,762)	**(967,877)**	(2,276,785)
Net assets	**3,481,960**	3,436,924	**5,199,908**	6,399,253	**3,040,802**	2,927,167	**2,496,221**	2,574,676

27. SUBSIDIARIES (CONTINUED)

(b) NCI (continued)

The information below is before inter-company eliminations.

(iii) The summarised statement of cash flows as at 31 December are as follows:

	Infrastructure business		Mobile business					
			Indonesia		Bangladesh		Nepal	
	2018 RM'000	2017 RM'000 Restated	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net cash flow from/(used in) operating activities	**394,681**	500,194	**2,676,327**	2,864,427	**940,907**	(118,743)	**917,942**	675,445
Net cash flow (used in)/ from investing activities	**(1,352,737)**	(1,072,724)	**(1,774,159)**	(1,977,196)	**(850,828)**	157,349	**(226,795)**	(509,483)
Net cash flow from/(used in) financing activities	**280,920**	1,717,278	**(1,312,082)**	(573,980)	**(27,182)**	(161,593)	**(1,601,229)**	(75,272)
Net (decrease)/ increase in cash and cash equivalent	**(677,136)**	1,144,748	**(409,914)**	313,251	**62,897**	(122,987)	**(910,082)**	90,690
Effect of exchange rate changes on cash and cash equivalents	**17,455**	(68,859)	**(22,304)**	(47,728)	**540**	(33,322)	**(96,521)**	(7,652)
Cash and cash equivalents at beginning of financial year	**1,333,214**	257,325	**731,694**	466,171	**84,784**	241,093	**1,687,395**	1,604,357
Cash and cash equivalents at the end of financial year	**673,533**	1,333,214	**299,476**	731,694	**148,221**	84,784	**680,792**	1,687,395

28. ASSOCIATES

	2018			2017		
	Malaysia RM'000	Overseas RM'000	Total RM'000	Malaysia RM'000	Overseas RM'000	Total RM'000
Group						
Quoted investments	**-**	**-**	**-**	-	8,762,053	8,762,053
Unquoted investments	**199,526**	**254,117**	**453,643**	190,820	204,587	395,407
Share of post-acquisition results and reserves	**(54,674)**	**(78,855)**	**(133,529)**	(67,152)	444,090	376,938
	144,852	**175,262**	**320,114**	123,668	9,410,730	9,534,398
Accumulated impairment losses	**-**	**(45,592)**	**(45,592)**	-	(1,085,035)	(1,085,035)
Currency translation differences	**-**	**(8,047)**	**(8,047)**	-	(463,389)	(463,389)
Share of net assets of associates	**144,852**	**121,623**	**266,475**	123,668	7,862,306	7,985,974

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

28. ASSOCIATES (CONTINUED)

(a) Provision of loss and derecognition on Idea as an associate

On 20 March 2017, the Group announced Idea and Vodafone India Limited ("VIL") were to merge under a scheme of amalgamation. The scheme provided for the amalgamation of Idea with VIL and Vodafone Mobile Services Limited ("VMSL"), a wholly-owned subsidiary of VIL. Idea being the resultant entity was to issue an allotment of fully paid-up equity shares of Idea to the equity shareholders of VIL and VMSL. The amalgamation, once completed, resulted in a dilution of the Group's effective interest in Idea from 16.33% to 8.15%. As a result, the Group had classified a portion of its investment in Idea as a non-current asset classified as held for sale as at 30 June 2018 as the amalgamation between Idea and VIL was highly probable to be completed in the next twelve (12) months. Prior to the reclassification, the Group had performed an impairment assessment in accordance with MFRS 136. The Group recorded a none cash impairment of RM3,275.1 million of its entire investment in Idea as at 30 June 2018 based on the adjusted fair value of quoted investments which was considered to result in a "level 2" valuation.

On 16 August 2018, the Group relinquished some of its rights under the Subscription Agreement dated 25 June 2008 between the Group and Idea in relation to the subscription of Idea's shares by the Group. Amongst others, the Group relinquished its right to appoint an Axiata representative to the Board and anti-dilution rights. Accordingly, the Group ceased to have significant influence over Idea and re-designated its entire investment in Idea of RM2,170.0 million as a financial asset at FVTOCI as disclosed in Note 30 to the financial statements. The Group recognised an additional loss on derecognition of an associate of RM44.1 million based on the market value of Idea on that date.

(b) During the financial year, the Group impaired a total amount of RM45.6 million of its investment in associates mainly due to voluntary administration of an associate.

(c) Reclassification of M1 as non-current asset classified as held-for-sale

On 28 December 2018, the Group classified its investment in an associate, M1 Limited of RM1,602.8 million as "Assets classified as held-for-sale" under MFRS 5 "Non-current Assets Held-for-Sale and Discontinued Operations" as disclosed in Note 36 (b) to the financial statements.

(d) Impairment test on Idea

The Group had undertaken the test of impairment of its investment in Idea in the previous financial year following an impairment indicator arising from the shortfall between the carrying value and adjusted fair value. No impairment loss was required for the carrying amount of Idea as at 2017 as its recoverable amount exceeded its carrying amount.

Key assumptions used

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 was:

Assumptions	Basis of determination
Projection period	2018-2022 years cash flow forecast is used.
Cost of equity	14.50% was used in line with market analysis.
Terminal growth rate	Long term terminal growth rate was estimated to be 4.00% applied beyond the fifth (5th) year cash flows to perpetuity.
Blended EBITDA margin	Ranging from 17.23% in 2018 to 35.90% in 2021.
Effective tax rate	34.60%.
Capital expenditure	The cash flow forecasts for capital expenditure are based on past experiences to provide voice, data products and services in the circles Idea operates in.

28. ASSOCIATES (CONTINUED)

(d) Impairment test on Idea (continued)

Based on management's assessment, no additional impairment charge was required on the carrying amount of Idea for the financial year ended 31 December 2017. The Group's review included on impact assessment of changes in key assumptions. The effect of the movement in the key assumptions to the recoverable amount was as follows:

Changes in key assumptions	2017 (Shortfall)* /Headroom RM'000	 Headroom /(Shortfall)* RM'000
(Decrease)/increase in discount rate by 25 basis points	(261,291)	322,947
Increase/(decrease) in terminal growth rate by 25 basis points	230,200	(172,155)
Increase/(decrease) in EBITDA margin by 50 basis points.	388,840	345,237

* The shortfall represents an impairment loss that would affect the Group's result.

(e) Impairment test on M1

The Group had undertaken the test of impairment of its investment in M1 following an impairment indicator arising from the shortfall between the carrying value and adjusted fair value. No impairment loss was required for the carrying amount of M1 as at 28 December 2018 (pre-reclassification) and 31 December 2017 as its recoverable amount exceeded its carrying amount.

Key assumptions used

2018

The recoverable amount was determined based on VIU calculation, which was based on the Group's share of the present value of the estimated future cash flows expected to be generated by M1, including cash flows from the operations of the associate and the proceeds from the disposal of its investment in M1. A significant portion of the VIU calculation as at 28 December 2018 came from the expected proceeds from the pending disposal of M1 following the offer price announced by M1 on 28 December 2018.

2017

The recoverable amount was determined based on VIU calculation, which (2017: applied a discounted cash flow model based on the forecasts and projections approved by the management). These forecasts and projections reflected 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 in 2017 are:

Assumptions	Basis of determination
Projection period	2018-2020 years cash flow forecast is used.
Cost of equity	7.70% was used in line with market analysis.
Terminal growth rate	Long term terminal growth rate is estimated to be 1.00% applied beyond the third (3rd) year cash flows to perpetuity.
Blended EBITDA margin	28.00%
Effective tax rate	17.00%
Capital expenditure	The cash flow forecasts for capital expenditure are based on M1's capital commitments and past experiences to provide voice, data products and services in the country M1 operates in.

Based on the sensitivity analysis performed, the Directors concluded that no reasonable change in the base case assumptions would cause the carrying amount of the investment in M1 to exceed its recoverable amount.

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

28. ASSOCIATES (CONTINUED)

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

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

	2018		2017	
	Idea RM'000	M1 RM'000	Idea RM'000	M1 RM'000
Revenue	**9,483,709**	**3,273,989**	19,989,934	3,334,360
(Loss)/Profit for the financial year	**(1,493,659)**	**390,893**	(2,281,966)	426,706
Group's share of (loss)/profit for the financial year	**(185,747)**	**167,577**	(450,460)	122,422
Dividend received from associates	**-**	**90,187**	-	92,587

The Group's share of loss of other immaterial associates is RM8.2 million (2017: RM24.6 million).

(ii) The summarised statement of financial position of material associates of the Group as at 31 December were as follows:

	2017	
	Idea RM'000	M1 RM'000
Non-current assets	58,477,862	2,896,009
Current assets	3,158,116	948,170
Current liabilities	(7,352,376)	(816,396)
Non-current liabilities	(37,948,050)	(1,728,519)
	16,335,552	1,299,264

(iii) The adjusted fair value of material associates of the Group as at 31 December were as follows:

	2017	
	Idea RM'000	M1 RM'000
Adjusted fair value	4,441,762	1,302,330

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

The details of carrying amount of the associates of the Group are as follows:

	2018		2017			
	Others RM'000	Total RM'000	Idea RM'000	M1 RM'000	Others RM'000	Total RM'000
Group's share of net assets	**177,694**	**177,694**	3,224,638	372,759	172,537	3,769,934
Goodwill	**130,843**	**130,843**	3,919,156	1,148,526	132,522	5,200,204
Accumulated impairment losses (net of currency translation differences)	**(42,062)**	**(42,062)**	(984,164)	-	-	(984,164)
At 31 December	**266,475**	**266,475**	6,159,630	1,521,285	305,059	7,985,974

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

28. ASSOCIATES (CONTINUED)

List of contingent liabilities of an associate, Idea as at 31 December 2017 were as follows:

Description	Potential exposure 2017 RM'million
1. One-off excess spectrum charges On 8 January 2013, the local regulator, the Department of Telecommunications ("DoT") had issued demand notices towards one time spectrum charges: (a) for spectrum beyond 6.2 MHz in respective service areas for retrospective period from 1 July 2008 to 31 December 2012, amounting to INR3,691.3 million, and (b) for spectrum beyond 4.4 MHz in respective service areas effective 1 January 2013 till expiry of the period as per respective licenses amounting to INR17,443.7 million. In the opinion of the Directors, inter-alia, the above demand amounts to alteration of financial terms of the licenses issued in the past. The Directors believed it was not probable that the claim would materialise and therefore, pending outcome of this matter, no provision had been recognised.	1,340.0
2. Income tax demands An associate of the Group received various demands by income tax authorities in respect of its income tax returns for the financial years 2007-08 to 2014-15. The tax demands were mainly on the account of disallowance of revenue share license fee, disputes on non-applicability of tax deduction at source on pre-paid margin allowed to prepaid distributors and roaming settlements and disallowance of interest proportionate to interest free advances given to wholly-owned subsidiaries. The tax demands for financial years 2008-09 were mainly on the difference between fair value of investment made in Indus Towers Limited and net book value of the assets transferred to Idea Infrastructure Services Limited (a 100.0% subsidiary of the associate, which further through a scheme of merger got merged with Indus Towers Limited under High Court approved scheme). The associate had filed an appeal against these demands at the Commissioner of Income Tax appeals. In the opinion of the Directors, it was not probable that the claim would materialise and therefore, pending outcome of matters, no provision had been recognised.	4,849.3
3. Other taxes, custom duties and demands under adjudication, licensing, appeal or disputes As at 31 December 2017, other taxes, custom duties, demands under adjudication, licensing, appeal or disputes amounted to approximately INR86.6 billion (2016: INR88.8 billion). The above primarily included demands raised during revenue share license fees assessments. The nature of demands raised due to the difference in interpretation of definition of Adjusted Gross Revenue and other license fee assessment related matters. This also included disputes relating to alleged non-compliance of licence conditions and other disputes with DoT. Most of these demands were currently before the Hon'ble TDSAT, Hon'ble High Court and Hon'ble Supreme Court. In the opinion of the Directors, it was not probable that the claim would materialise and therefore, pending outcome of matters, no provision had been recognised.	5,490.0
Total exposure	11,679.3
Total exposure share of the Group	2,305.5

The contingent liabilities of the associate are no longer disclosed following the derecognition of the associate as disclosed in Note 28 (a) to the financial statements.

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

29. JOINT VENTURES

	Group	
	2018 RM'000	2017 RM'000
Unquoted investments	**29,190**	29,190
Share of post-acquisition reserves	**(1,491)**	(3,168)
Share of net assets of joint ventures	**27,699**	26,022

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

	Group	
	2018 RM'000	2017 RM'000
Revenue	**149,300**	638,027
Profit/(Loss) for the financial year	**8,390**	(119,177)
Group share of profit/(loss) for the financial year	**1,678**	(48,989)

The Group's equity interests in the joint ventures, their respective principal activities and countries of incorporation are listed in Note 43 to the financial statements.

30. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at FVTOCI comprise the following investments:

	Group
	2018 RM'000
Quoted security:	
- Vodafone Idea Limited	**1,595,345**
Unquoted securities	**64,067**
	1,659,412

The movement of financial assets at FVTOCI is as below:

	Note	2018 RM'000
At 1 January		**-**
First time adoption adjustment	46	**62,030**
Reclassified to investment in a subsidiary		**(620)**
Reclassified from investment in an associate/Non-current asset held-for-sale	28(a)	**2,170,000**
Additional investment		**2,700**
Revaluation at fair value	15	**(574,655)**
Currency translation differences		**(43)**
At 31 December		**1,659,412**

31. INVENTORIES

	Group	
	2018 RM'000	2017 RM'000
Trading inventories	**250,024**	199,542
Allowance for inventory obsolescence	**(30,894)**	(25,263)
	219,130	174,279

Inventories mainly comprise of SIM cards, handsets and other consumables.

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

32. AMOUNTS DUE FROM/TO SUBSIDIARIES

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

	2018			2017		
	RM RM'000	USD RM'000	Total RM'000	RM RM'000	USD RM'000	Total RM'000
Amounts due from subsidiaries:						
- Non-current	**-**	**92,178**	**92,178**	-	88,207	88,207
- Current	**99,227**	**70,289**	**169,516**	20,804	46,374	67,178
	99,227	**162,467**	**261,694**	20,804	134,581	155,385
Amounts due to subsidiaries:						
- Current	**1,436,747**	**3,938,769**	**5,375,516**	1,128,782	4,004,975	5,133,757

Amounts due to subsidiaries include an amount of RM807.7 million (2017: RM807.7 million) which bears interest at 3.05% (2017: 3.05%) p.a.

Except as disclosed otherwise above, amounts due from/to subsidiaries are unsecured, interest free and repayable on demand.

Generally, the Company considers the amounts due from subsidiaries to have low credit risk as the Company is able to determine the timing of payments when they are payable. The Company determines their probability of default individually using internal information available and collection received subsequent to the reporting date. No loss allowance is provided for the amounts due from subsidiaries as their ECL are considered insignificant. Details of the measurement of ECL is similar as other receivables are disclosed in Note 33 to the financial statements.

33. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Finance lease receivables	(a)	**74,330**	80,450	**-**	-
Lease revenue equalisation	(b)	**74,173**	49,078	**-**	-
Long term prepayment	(c)	**374,199**	311,215	**-**	-
Contract assets	(d)	**201,160**	-	**-**	-
Less: Provision for impairment		**(33,531)**	-	**-**	-
		167,629	-	**-**	-
Trade receivables	(e)	**2,774,231**	2,426,500	**-**	-
Less: Provision for impairment		**(568,127)**	(404,550)	**-**	-
		2,206,104	2,021,950	**-**	-
Deposits		**516,193**	407,218	**6,425**	3,692
Less: Provision for impairment		**(71,743)**	(40,493)	**-**	-
		444,450	366,725	**6,425**	3,692
Other receivables		**699,775**	500,742	**8,564**	3,041
Less: Provision for impairment		**(115,454)**	(23,149)	**(2,108)**	-
		584,321	477,593	**6,456**	3,041
Prepayments		**1,464,990**	1,258,172	**2,551**	14,379
Staff loans		**2,527**	2,132	**-**	-
USP receivables		**224,429**	355,534	**-**	-
Advances		**184,882**	108,945	**1,841**	1,168
Total trade and other receivables after provision for impairment		**5,802,034**	5,031,794	**17,273**	22,280

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

33. TRADE AND OTHER 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	
	2018 RM'000	2017 RM'000
Within one (1) year	**28,745**	28,059
Between one (1) and five (5) years	**56,561**	55,137
More than five (5) years	**-**	13,784
	85,306	96,980
Unearned finance lease income	**(10,976)**	(16,530)
Finance lease receivables	**74,330**	80,450
Current	**24,613**	22,968
Non-current	**49,717**	57,482
Finance lease receivables	**74,330**	80,450

(b) Lease revenue equalisation is related to the effect of fixed escalation clauses that is spread on a straight-line basis over the lease term.

(c) Long term prepayment consists of prepayment for transmission of a subsidiary.

(d) The movement of contract assets is as below:

		Group
	Note	2018 RM'000
Contract assets		
At 1 January		**-**
First time adoption adjustments	46	**73,445**
Transfer to trade receivables		**(95,873)**
Increase as a result of increased subscriptions		**213,777**
Provision for impairment		**(23,720)**
At 31 December		**167,629**
Current		**109,873**
Non-current		**57,756**
		167,629

The movement of provision of impairment of contract assets is as below:

As at 1 January		**-**
First time adoption adjustments	46	**9,811**
Provision for impairment	7(b)	**23,720**
At 31 December		**33,531**

(e) The Group's trade receivables include receivables on deferred payment terms which allows customers to purchase devices with 24 monthly installment payments.

33. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

		Group		Company
	Note	2018 RM'000	2017 RM'000	2018 RM'000
Trade receivables				
At 1 January				
- as previously reported		**404,550**	397,806	**-**
- first time adoption adjustments	46	**61,238**	-	**-**
- as restated		**465,788**	397,806	**-**
Provision for impairment	7(b)	**217,142**	122,070	**-**
Written off		**(15,296)**	(79,131)	**-**
Currency translation differences		**(99,507)**	(36,195)	**-**
At 31 December		**568,127**	404,550	**-**
Other receivables and deposits				
At 1 January				
- as previously reported		**63,642**	31,906	**-**
- first time adoption adjustments	46	**13,973**	-	**-**
- as restated		**77,615**	31,906	**-**
Provision for impairment^		**140,190**	25,422	**2,108**
Currency translation differences		**(30,608)**	6,314	**-**
At 31 December		**187,197**	63,642	**2,108**

^ The provision during the financial year includes RM5.8 million of provision for impairment of other receivables as disclosed in Note 7(b) and RM134.4 million of provision for impairment of success fee receivable as disclosed in Note 9 to the financial statements.

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

Measurement of ECL

(i) Trade receivables, contract assets and finance lease receivables using simplified approach.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and the Company have identified the Gross Domestic Product ("GDP") and Consumer Price Index ("CPI") to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

(ii) Other receivables using general 3-stage approach

The Group and the Company use three categories for other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories. A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

Category	Group's definition of categories	Basis of recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows	12 month ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime ECL
Non-performing	Interest and/or principal repayments are 90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL

Based on the above, loss allowance is measured on either 12 month ECL or lifetime ECL using a PD x LGD x EAD methodology as follows:
- PD ('probability of default') – the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ('loss given default') – the percentage of contractual cash flows that will not be collected if default happens; and
- EAD ('exposure at default') – the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group and the Company consider historical data by each debtor by category and adjusts for forward-looking macroeconomic data. The Group and the Company have identified GDP to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

33. TRADE AND OTHER RECEIVABLES (CONTINUED)

Measurement of ECL (continued)

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Group's and the Company's maximum exposure to credit risk on these assets:

Trade receivables

2018	Current RM'000	Past due 0-3 months RM'000	Past due 3-6 months RM'000	Past due Over 6 months RM'000	Total RM'000
Expected loss rate	0%-10.4%	3.0%-14.6%	9.0%-28.5%	21.0%-84.0%	
Gross trade receivables	888,101	901,103	208,219	776,808	2,774,231
Provision for impairment	(35,433)	(53,491)	(39,047)	(440,156)	(568,127)
Net trade receivables	852,668	847,612	169,172	336,652	2,206,104
Gross contract assets	12,498	24,101	11,701	152,860	201,160
Provision for impairment	(2,172)	(4,144)	(1,996)	(25,219)	(33,531)
Net contract assets	10,326	19,957	9,705	127,641	167,629

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 and contract assets at the end of the reporting period to be adequate to cover the potential financial loss.

Credit terms of trade receivables for the Group range from 5 to 90 days (2017: 5 to 90 days).

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

33. TRADE AND OTHER RECEIVABLES (CONTINUED)

Measurement of ECL (continued)

Other receivables

31 December 2018	Expected credit loss rate RM'000	Basis for recognition of expected credit loss provision RM'000	Estimated gross carrying amount at default RM'000	Loss allowance RM'000	Carrying amount (net of impairment provision) RM'000
Group					
Performing	-	12 month ECL	827,084	-	827,084
Underperforming	21%	Lifetime ECL	254,467	(52,780)	201,687
Non-performing	100%	Lifetime ECL	134,417	(134,417)	-
Company					
Performing	-	12 month ECL	12,881	-	12,881
Non-performing	100%	Lifetime ECL	2,108	(2,108)	-

Prior adoption of MFRS 9, in respect to the trade and other receivables that are neither past due nor impaired, there is no indication as of reporting date that the debtors will not meet their payment obligations since the Group selects the highest possible quality creditworthy counterparties. The quality of these trade and other receivables is such that management believes no impairment provision is necessary, except in situations whether they are part of individually impaired trade and other receivables.

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

	Not past due	Past due					Total
		Specifically impaired	Not specifically impaired				
			0-3 months	3-6 months	6-12 months	Over 12 months	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2017	638,469	70,842	999,790	112,948	85,946	113,955	2,021,950

33. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	2018							2017						
	Functional currency							Functional currency						
	RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	NPR RM'000	Others RM'000	Total RM'000	RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	NPR RM'000	Others RM'000	Total RM'000
Group														
RM	**2,349,292**	**-**	**18**	**-**	**-**	**-**	**2,349,310**	1,827,176	-	-	-	-	-	1,827,176
USD	**28,473**	**35,670**	**91,979**	**5,265**	**157,080**	**138,968**	**457,435**	28,313	30,227	70,637	3,759	198,980	213,057	544,973
IDR	**-**	**1,391,470**	**-**	**-**	**-**	**-**	**1,391,470**	-	1,213,576	-	-	-	-	1,213,576
SLR	**-**	**-**	**304,299**	**-**	**-**	**-**	**304,299**	8	-	308,816	-	-	-	308,824
BDT	**-**	**-**	**-**	**540,664**	**-**	**-**	**540,664**	-	-	-	723,085	-	-	723,085
NPR	**-**	**-**	**-**	**-**	**170,938**	**-**	**170,938**	-	-	-	-	195,837	-	195,837
Others	**587,863**	**55**	**-**	**-**	**-**	**-**	**587,918**	218,268	55	-	-	-	-	218,323
Total	**2,965,628**	**1,427,195**	**396,296**	**545,929**	**328,018**	**138,968**	**5,802,034**	2,073,765	1,243,858	379,453	726,844	394,817	213,057	5,031,794
Company														
RM	**4,806**	**-**	**-**	**-**	**-**	**-**	**4,806**	3,623	-	-	-	-	-	3,623
USD	**6,847**	**-**	**-**	**-**	**-**	**-**	**6,847**	16,508	-	-	-	-	-	16,508
Others	**5,620**	**-**	**-**	**-**	**-**	**-**	**5,620**	2,149	-	-	-	-	-	2,149
Total	**17,273**	**-**	**-**	**-**	**-**	**-**	**17,273**	22,280	-	-	-	-	-	22,280

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

34. DEPOSITS, CASH AND BANK BALANCES

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deposits with licensed banks		**1,834,625**	2,304,811	**-**	-
Deposits under Islamic principles		**972,177**	1,665,982	**227,128**	294,586
Total deposits		**2,806,802**	3,970,793	**227,128**	294,586
Cash and bank balances		**2,264,646**	2,842,075	**225,054**	77,392
Total deposits, cash and bank balances		**5,071,448**	6,812,868	**452,182**	371,978
Represented by:					
Cash and cash equivalents in banks		**3,787,748**	6,471,658	**352,182**	371,978
Cash and cash equivalents of discontinued operation		**-**	9,079	**-**	-
Deposits pledged	16(a)	**54,593**	22,724	**-**	-
Deposit in Escrow Account		**25,180**	63,112	**-**	-
Deposit on investment in a subsidiary of the Group		**63,953**	86,826	**-**	-
Deposits maturing more than three (3) months		**1,036,674**	66,645	**100,000**	-
Bank overdrafts	16	**103,300**	92,824	**-**	-
Total deposits, cash and bank balances		**5,071,448**	6,812,868	**452,182**	371,978

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

	Group		Company	
(In days)	From	To	From	To
Financial year ended 31 December 2018	**Overnight**	**273**	**Overnight**	**116**
Financial year ended 31 December 2017	Overnight	365	Overnight	90

The effective interest rates on deposits for the Group and Company range from 1.85% to 12.00% (2017: 0.35% to 12.00%) per annum.

The Group and the Company placed its cash and bank balances with licensed financial institutions with rating ranging from P1 to B3 (2017: from P1 to B3) in managing its credit exposure.

34. DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

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

	2018							2017						
	Functional currency							Functional currency						
	RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	NPR RM'000	Others RM'000	Total RM'000	RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	NPR RM'000	Others RM'000	Total RM'000
Group														
RM	**2,215,686**	**-**	**-**	**-**	**-**	**85**	**2,215,771**	2,611,548	-	-	-	-	-	2,611,548
USD	**803,891**	**111,288**	**55,005**	**8,181**	**400,904**	**296,726**	**1,675,995**	1,102,194	153,776	87,995	8,130	1,124,946	273,271	2,750,312
IDR	**77**	**199,604**	**-**	**-**	**-**	**-**	**199,681**	80	600,639	-	-	-	-	600,719
SLR	**1,334**	**-**	**173,199**	**-**	**-**	**-**	**174,533**	1,845	-	134,895	-	-	-	136,740
BDT	**313,827**	**-**	**-**	**140,040**	**-**	**-**	**453,867**	1,879	-	-	76,654	-	-	78,533
Others	**71,401**	**-**	**-**	**-**	**280,200**	**-**	**351,601**	80,787	-	-	-	554,229	-	635,016
Total	**3,406,216**	**310,892**	**228,204**	**148,221**	**681,104**	**296,811**	**5,071,448**	3,798,333	754,415	222,890	84,784	1,679,175	273,271	6,812,868
Company														
RM	**252,476**	**-**	**-**	**-**	**-**	**-**	**252,476**	329,577	-	-	-	-	-	329,577
USD	**199,706**	**-**	**-**	**-**	**-**	**-**	**199,706**	42,401	-	-	-	-	-	42,401
Total	**452,182**	**-**	**-**	**-**	**-**	**-**	**452,182**	371,978	-	-	-	-	-	371,978

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Receipt from customers	**24,510,506**	23,648,914	**-**	-
Payments to suppliers and employees	**(16,222,297)**	(15,884,795)	**(250,130)**	(163,731)
Payment of finance costs	**(1,176,600)**	(1,297,431)	**(60,649)**	(38,659)
Payment of zakat	**-**	(3,123)	**-**	-
Payment of income taxes (net of refunds)	**(1,141,763)**	(730,614)	**-**	-
Total cash flows from/(used in) operating activities	**5,969,846**	5,732,951	**(310,779)**	(202,390)
Proceeds from disposal of PPE	**57,412**	28,945	**-**	-
Purchase of PPE	**(6,670,495)**	(4,914,051)	**(13,638)**	(6,063)
Acquisition of intangible assets	**(540,640)**	(99,372)	**-**	-
Investment in deposits maturing more than three (3) months	**(970,029)**	140,068	**(100,000)**	-
Investment in subsidiaries (net of cash acquired)	**(20,075)**	(446,015)	**-**	-
Partial disposal of subsidiaries (net of transaction costs)	**-**	-	**-**	886,193
Investment in an associate	**-**	(110,047)	**-**	-
Additional investment in associates	**(59,551)**	(20,149)	**-**	-
Additional investment in a joint venture	**-**	(34,003)	**-**	-
Interest received	**223,962**	239,343	**11,123**	27,140
Settlement of deferred purchase consideration of investment in subsidiaries	**-**	(43,221)	**-**	-
Settlement of divestment in a subsidiary	**(83,435)**	-	**-**	-
Other investment	**-**	(649)	**-**	-
Dividends received from associates	**90,187**	92,587	**-**	-
(Advances to)/Repayments from employees	**(395)**	25	**-**	-
Advances to subsidiaries	**-**	-	**(362,066)**	(352,224)
Repayments from subsidiaries	**-**	-	**1,663,483**	787,348
Total cash flows (used in)/from investing activities	**(7,973,059)**	(5,166,539)	**1,198,902**	1,342,394
Proceeds from borrowings	**6,779,461**	5,090,384	**1,392,625**	2,143,936
Repayments of borrowings	**(7,036,886)**	(7,250,018)	**(1,630,204)**	(3,226,039)
Repayment of Sukuk	**-**	(1,000,000)	**-**	-
Proceeds from Sukuk (net of transaction costs)	**-**	1,712,860	**-**	-
Proceeds from private placements of a subsidiary (net of transaction costs)	**-**	2,178,986	**-**	-
Partial disposal of subsidiaries (net of transaction costs)	**367,434**	1,162,440	**-**	-
Additional investment in a subsidiary	**(1,289)**	(6,555)	**-**	-
Additional investment in a subsidiary by NCI	**396,456**	-	**-**	-
Repayment of finance lease creditors	**(208,300)**	(153,693)	**-**	-
Proceeds from issuance of shares under Axiata Share Scheme	**10,963**	7,650	**10,963**	7,650
Dividends paid to NCI	**(164,331)**	(115,136)	**-**	-
Dividends paid to shareholders	**(691,114)**	(379,252)	**(691,114)**	(379,252)
Total cash flows (used in)/from financing activities	**(547,606)**	1,247,666	**(917,730)**	(1,453,705)

36. ASSETS/LIABILITIES CLASSIFIED AS HELD-FOR-SALE

(a) The assets and liabilities related to a subsidiary

Multinet Pakistan (Private) Limited ("Multinet"), an 89.0% owned subsidiary of the Group was classified as assets held-for-sale as at 31 December 2017 following the board approval on the intention disposal on Multinet in November 2017. As required by MFRS 5 the business was held at fair value less costs to sell, based on the indicative price in the term sheet. The Group recognised a total reversal of loss of RM 18.5 million (2017: RM 161.4 million loss) on assets classified as held-for-sale.

On 8 November 2018, the Group completed the divestment of its entire 89.0% equity interest in Multinet for a total cash consideration of RM4 (USD1) on a cash free and debt free basis, resulting in cessation of Multinet as a subsidiary of the Group.

Multinet was presented under the 'others' segment as disclosed in Note 38 to the financial statements in the previous financial year.

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

	Note	2017 RM'000
PPE		143,330
Intangible assets	24	1,087
Other current assets		78,745
		223,162

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

	Note	2017 RM'000
Borrowings		40,946
Deferred tax liabilities	23	42,323
Other current liabilities		174,281
		257,550

(b) Investment in M1

On 28 December 2018, the pre-conditional voluntary conditional general offer on M1 by Konnectivity Pte Ltd has been satisfied. Hence disposal of M1 by the Group is highly probable. Accordingly, the Group reclassified its investment in M1 as held-for-sale as disclosed in Note 28 to the financial statements.

37. CONTINGENCIES AND COMMITMENTS

(a) Capital commitments

	Group	
	2018 RM'000	2017 RM'000
PPE		
Commitments in respect of expenditure approved and contracted for	**2,092,594**	2,667,022

(b) Operating lease commitments

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

	Group	
	2018 RM'000	2017 RM'000
Payable with one (1) year	**272,402**	215,541
Payable more than one (1) year and no later than five (5) years	**732,418**	677,867
Payable more than five (5) years	**646,250**	580,017
Total	**1,651,070**	1,473,425

The rental expenses related to the commitment for the financial year ended 31 December 2018 and 2017 amounted to RM374.5 million and RM315.6 million respectively.

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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 & Information and Decree No.323/KEP/M.KOMINFO/09/2010 of the Minister of Communication & Information. No penalty will be imposed in the event that XL returns the license.

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

	Potential exposure	
Description	**2018 RM'million**	**2017 RM'million**
1. Rego Multi-Trades Sdn Bhd ("Rego") [now known as Celcom Trading Sdn Bhd] ("Celcom Trading") vs Aras Capital Sdn Bhd ("Aras Capital") and Tan Sri Dato' Tajudin Ramli ("TSDTR")	**-**	100.0
In 2005, Celcom Trading, a wholly-owned subsidiary of TRI commenced proceedings against Aras Capital and TSDTR for amounts due to Celcom Trading pursuant to an investment agreement with Aras Capital and an indemnity letter given by TSDTR. TSDTR filed its defence and instituted a counterclaim against Celcom Trading, Celcom Resources and its Directors to void and rescind the indemnity letter and claim damages. The High Court allowed Rego's claim and dismissed TSDTR's counterclaim on 20 June 2016 ("Judgement"). Subsequently, TSDTR filed an appeal at the Court of Appeal against the Judgement which was dismissed on 29 November 2017. TSDTR proceeded to file an application for leave to appeal to the Federal Court against the dismissal by the Court of Appeal which was also dismissed on 19 April 2018. There would be no further update on this matter since TSDTR has exhausted all avenues of appeal and the same was now concluded.		
2. Celcom Malaysia Berhad [now known as Celcom Axiata Berhad] ("Celcom") & Technology Resources Industries Berhad [now known as Celcom Resources Berhad] ("Celcom Resources") vs TSDTR & 6 others (Conspiracy Suit)	**7,215.0**	7,215.0
In 2008, Celcom and Celcom Resources initiated a claim against 5 of its former directors, DeTeAsia Holding GmbH, and Beringin Murni Sdn Bhd ("Defendants") for conspiring with each other to injure Celcom and Celcom Resources by causing and/or committing them to enter into various agreements in relation to certain rights issue shares in Celcom Resources. Celcom and Celcom Resources are seeking damages for conspiracy against the Defendants.		
Two (2) of the Defendants, TSDTR and Dato' Bistamam Ramli filed a counterclaim against Celcom and Celcom Resources for damages for breach of an alleged global settlement involving, inter-alia, the present action, and also for conspiracy and misrepresentation in inducing TSDTR to withdraw a counterclaim in another suit. Full trial of the case commenced on 22 January 2018 and is still on-going at the High Court level.		
The Directors, based on legal advice received, are of the view that it has good prospects of successfully defending the counterclaim.		

37. CONTINGENCIES AND COMMITMENTS (CONTINUED)

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

	Potential exposure	
Description	**2018 RM'million**	**2017 RM'million**
3. Celcom & Celcom Resources vs TSDTR & 8 others (Indemnity Suit)	**7,215.0**	7,215.0
In 2006, Celcom and Celcom Resources initiated a claim against 9 of its former directors ("Defendants") seeking inter-alia, for indemnity in respect of the sums paid out to Dete Asia under the Award dated 2 August 2005 handed down by the Tribunal of the International Court of Arbitration of the International Chamber of Commerce in Paris and damages for breach of their fiduciary duties. Two (2) of the Defendants, TSDTR and Dato' Bistamam Ramli filed a counterclaim against Celcom and Celcom Resources for damages for breach of an alleged global settlement involving, inter-alia, the present action, and also for conspiracy and misrepresentation in inducing TSDTR to withdraw a counterclaim in another suit. Full trial of the case commenced on 22 January 2018 and is still on-going at the High Court level.		
The Directors, based on legal advice received, are of the view that it has good prospects of successfully defending the counterclaim during the trial.		
4. Claim on Robi by National Board of Revenue of Bangladesh ("NBR")	**205.3**	204.0
The Large Tax Unit of NBR issued a show case letter dated 23 February 2012 to Robi demanding payment of supplementary duty and VAT levied on the issuance of a certain number of SIM cards to new customers of Robi on the pretext that the issuance was replacement purposes with regards to Robi's existing customers. The total demand amounted to BDT4,150.6 million.		
The Customs, Excise & VAT Appellate Tribunal had on 22 June 2017 kept the demand issued by NBR as valid and Robi has subsequently filed an appeal against the judgement to the Supreme Court of Bangladesh in September 2017. As of the date of this Report, a hearing date has not been fixed.		
The Board of Directors, based on legal advice received, are of the view that it has good prospects of succeeding on the claim.		
5. Robi's tax position	**310.2**	311.8
Robi has claimed for SIM tax subsidy as a deductible expense in its tax provision computations for FY 2005 to 2018 (2017: FY 2005 to 2017). 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'.		
Based on legal opinion received, the Board of Directors are of the view that Robi has good prospects of succeeding on the claim.		
6. Access Promotion Contribution ("APC") of Multinet Pakistan (Private) Limited ("Multinet")	**-**	154.1
Multinet filed a suit during the financial year ended 31 December 2010 in the Honourable High Court of Sindh against the Federation of Pakistan, Pakistan Telecommunications Authority ("PTA"), Pakistan Telecommunication Company Limited ("PTCL") and the Universal Service Fund Company inter-alia challenging the legality and enforcement of APC applicable on international incoming calls. Multinet has stopped paying APC to PTA from 30 September 2009. In the event a clawback is required, the estimated amount as per PTA monthly demand notice from January 2010 to December 2012 is PKR4.2 billion (2017: PKR4.2 billion).		
There is no exposure following the disposal of Multinet during the financial year as disclosed in Note 36(a) to the financial statements.		

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

37. CONTINGENCIES AND COMMITMENTS (CONTINUED)

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

	Potential exposure	
Description	2018 RM'million	2017 RM'million
7. Claim on Robi by NBR on VAT	**457.2**	-
NBR issued five (5) show cause cum demand notices to Robi. Robi filed writ petitions on 3 May 2018 to challenge the below: • the balance of VAT payable recorded in general ledger and VAT Return and VAT payable for the period from 2013 to 2016 of BDT7.1 billion. • unpaid VAT on merger and spectrum fee of BDT0.9 billion. • VAT is payable on interconnection charge from Bangladesh Telecommunications Limited ("BTCL") for 2012 of BDT16.5 million. • that VAT is payable on interconnection charge from BTCL for 2013 to 2016 of BDT35.7 million. • Cancellation of VAT Rebate claimed on imported telecom items of BDT1.2 billion. Set out below are the timelines following to the above demands: • On 3 April 2018, Robi submitted an application to the Chairman of NBR for a review under section 43 of VAT Act 1991 and filed 4 Writ Petitions (Writ Petition Nos. 5990 to 5993 of 2018) to the High Court challenging the demands of NBR. • On 15 May 2018, NBR directed the Director General (Audit, Investigation and Intelligence Directorate) to re-investigate this case. Following that, in the light of the re-investigation process, Robi filed for non-prosecution of the writ petitions. • On 8 July 2018, Director General (Audit, Investigation and Intelligence Directorate) formed a committee with members from NBR offices, BTRC and Robi. A hearing date was fixed for 30 July 2018. • On 19 July 2018, Robi applied to the Director General to include a member from Institute Chartered Accountants of Bangladesh/Institute of Chartered Cost Management Accounts of Bangladesh in the committee. • On 30 July 2018, Robi attended in the hearing. No outcome was reached. The re-investigation is on-going and Robi has been providing necessary clarification and documentation to the committee. Based on legal opinion received, the Board of Directors are of the view that Robi has good prospects of succeeding on the claim.		
Total exposure	**15,402.7**	15,199.9

The Company does not have any contingent liability as at 31 December 2018 and 31 December 2017.

(e) Fund commitment

The Group has committed to invest in ADIF for a total amount of RM50.0 million over the period of eight (8) years. As of 31 December 2018, the amount yet to be invested amounted to RM16.5 million (2017: RM25.3 million).

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

38. SIGNIFICANT NON-CASH TRANSACTIONS

Significant non-cash transactions other than disclosed elsewhere are as follows:

	Group	
	2018 RM'000	2017 RM'000
Vesting of RSA	**2,193**	7,241
DRS	**79,113**	339,888

39. SEGMENTAL REPORTING

By business segments and geographical location of the key operating companies of the Group

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

The business segments of the Group represent the core businesses and geographical locations of the key operating companies based on the operating results regularly reviewed by the Board of Directors. The business segments of the Group are as below:

(i) Mobile segment

The mobile business of the Group is segmented based on the countries in which the key operating companies operate, as shown in Note 41 to the financial statements. The reportable segments derive their revenue primarily from the provision of mobile services and others such as provision of interconnect services, pay television transmission services and provision of other data services.

(ii) Infrastructure segment

The reportable segment derives their revenue primarily from the provision of telecommunication infrastructure and services.

(iii) Others

Others comprise of investment holding entities, financing entities and other operating companies providing other services including digital services in Malaysia and other countries that contributed less than 10% of consolidated revenue.

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

39. SEGMENTAL REPORTING (CONTINUED)

	Mobile segment						Infrastructure segment	Others	Consolidation adjustments/ eliminations	Total
	Malaysia RM'000	Indonesia RM'000	Bangladesh RM'000	Sri Lanka RM'000	Nepal RM'000	Cambodia RM'000	RM'000	RM'000	RM'000	RM'000
Financial year ended 31 December 2018										
Operating revenue:										
Total operating revenue	7,339,023	6,514,623	3,272,532	2,715,382	2,113,473	1,159,741	1,530,680	430,930	-	25,076,384
Inter-segment[1]	(54,391)	(88,544)	(33)	(15,332)	(15,434)	(12,358)	(954,247)	(50,264)	-	(1,190,603)
External operating revenue	7,284,632	6,426,079	3,272,499	2,700,050	2,098,039	1,147,383	576,433	380,666	-	23,885,781
Results:										
EBITDA	1,906,000	2,527,143	794,746	1,081,774	1,301,146	543,772	684,228	(5,169,732)	4,665,057	8,334,134
Finance income	97,706	34,033	4,972	6,825	34,609	5,776	34,648	68,099	(65,209)	221,459
Finance expense	(205,100)	(508,570)	(147,700)	(55,342)	(18,256)	(391)	(31,008)	(385,264)	79,246	(1,272,385)
Depreciation of PPE	(1,053,080)	(3,334,909)	(577,701)	(531,463)	(339,516)	(192,940)	(316,984)	(11,210)	22,368	(6,335,435)
Amortisation of intangible assets	(61,011)	(41,950)	(251,924)	(33,821)	(129,182)	(9,681)	(28,346)	(11,778)	(269,141)	(836,834)
Joint ventures:										
- share of results (net of tax)[2]	1,678	-	-	-	-	-	-	-	-	1,678
Associates:										
- share of results (net of tax)	12,682	-	11,795	36	-	4,149	-	(55,026)	-	(26,364)
- loss on dilution of equity interests	-	-	-	-	-	-	-	(403,712)	-	(403,712)
Impairment of PPE, net of reversal	-	(6,138)	(1,518)	(7,172)	80,289	-	-	-	-	65,461
Other non-cash (expenses)/income[3]	(234,458)	78,330	296,325	(226,761)	(12,118)	(10,113)	(8,500)	14,622	(3,991,017)	(4,093,690)
Taxation	(154,039)	312,226	(25,625)	(48,762)	(222,728)	(68,250)	(125,619)	(524,359)	(44,396)	(901,552)
Segment profit/(loss) for the financial year	310,378	(939,835)	103,370	185,314	694,244	272,322	208,419	(6,478,360)	396,908	(5,247,240)

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

2 Share of results of associates are mainly contributed by Idea (-RM185.7 million) and M1 (RM167.6 million).

3 Included in other non-cash (expenses)/income of consolidation adjustments are loss on derecognition of an associate of RM3,319.2 million, elimination of intra-group restructuring gain on a subsidiary recorded by respective segment of RM303.6 million and gains arising from partial disposal of a subsidiary of RM274.7 million.

39. SEGMENTAL REPORTING (CONTINUED)

	Mobile segment						Infrastructure segment	Others	Consolidation adjustments/ eliminations	Total
	Malaysia RM'000	Indonesia RM'000	Bangladesh RM'000	Sri Lanka RM'000	Nepal RM'000	Cambodia RM'000	RM'000	RM'000	RM'000	RM'000
Financial year ended 31 December 2017										
Operating revenue:										
Total operating revenue	6,593,239	7,365,963	3,640,273	2,655,808	2,401,835	1,187,913	1,431,561	328,356	-	25,604,948
Inter-segment[1]	(44,101)	(77,612)	360	(13,799)	(49,628)	(14,031)	(1,002,438)	(1,298)	-	(1,202,547)
External operating revenue	6,549,138	7,288,351	3,640,633	2,642,009	2,352,207	1,173,882	429,123	327,058	-	24,402,401
Results:										
EBITDA	2,317,905	2,761,979	693,173	954,966	1,560,896	589,433	626,319	(802,615)	528,062	9,230,118
Finance income	85,633	46,484	5,332	6,897	27,593	7,699	24,892	87,939	(50,662)	241,807
Finance expense	(222,688)	(513,566)	(76,306)	(52,459)	(24,954)	(2,612)	(37,053)	(406,930)	83,199	(1,253,369)
Depreciation of PPE	(873,593)	(2,255,996)	(584,270)	(513,838)	(307,496)	(184,670)	(275,266)	(43,297)	24,053	(5,014,373)
Amortisation of intangible assets	(127,333)	(62,334)	(250,494)	(37,205)	(159,228)	(5,209)	(25,851)	(1,704)	(304,020)	(973,378)
Joint ventures:										
- share of results (net of tax)	403	(33,136)	-	-	-	-	-	(16,256)	-	(48,989)
Associates:										
- share of results (net of tax)[4]	(6,007)	-	16,303	(379)	-	(754)	7,737	(369,570)	-	(352,670)
- loss on dilution of equity interests	-	-	-	-	-	-	-	(2,595)	-	(2,595)
Impairment of PPE (net of reversal)	-	22,145	1,749	13,094	(13,315)	-	-	-	-	23,673
Other non-cash income/(expenses)[5]	220,662	101,673	(37,725)	(20,495)	(80,122)	(32,251)	(49,224)	1,398,667	(1,415,178)	86,007
Taxation	(337,206)	49,590	127,871	(47,212)	(291,944)	(88,074)	(101,404)	(121,958)	36,588	(773,749)
Segment profit/(loss) for the financial year	1,057,776	116,839	(104,367)	303,369	711,430	283,562	170,150	(278,319)	(1,097,958)	1,162,482

4 Share of associates' results contributed by Idea (-RM450.5 million) and M1 (RM122.4 million).

5 Included in other non-cash income/(expenses) is the adjustment on provision of loss on assets held-for-sale of RM161.4 million, elimination of gains arising from partial disposal of subsidiaries of RM796.5 million and intra-group restructuring gains on associates recorded by respective segments of RM153.6 million.

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39. SEGMENTAL REPORTING (CONTINUED)

By Geographical Location

In presenting information for geographical segments of the Group, total assets are determined based on where the assets are located.

	Malaysia RM'000	Indonesia RM'000	Others[7] RM'000	Total RM'000
As at 31 December 2018				
Total non-current assets at the end of the financial year[6]	**15,575,604**	**17,504,568**	**15,963,860**	**49,044,032**
As at 31 December 2017				
Total non-current assets at the end of the financial year[6]	14,712,659	17,611,056	25,134,830	57,458, 545

[6] Non-current assets other than financial instruments, deferred tax assets and post-employment benefit assets.
[7] Others include other mobile and infrastructure segments which are not individually material.

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.

(a) Market risks

(i) Foreign currency exchange risk

Group

The foreign exchange risk of the Group predominately arises from borrowings denominated in foreign currencies. The main currency exposure from borrowings denominated in foreign currency is USD. The Group has cross currency swaps and call spread options that are primarily used to hedge selected foreign currency borrowings to reduce the foreign currency exposures on these borrowings.

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

As at 31 December 2018, if USD were to strengthen/weaken by 5% against IDR, BDT, SLR and RM with all other variables held constant, this will result in foreign exchange losses/gains to the profit or loss of RM297.0 million (2017: RM232.9 million) on translation of USD denominated non-hedged borrowings.

Company

The foreign exchange risk of the Company predominately arises from non-hedged borrowings denominated in USD.

As at 31 December 2018, if USD were to strengthen/weaken by 5% against RM with all other variables held constant, this will result in foreign exchange gains/losses to the profit or loss of RM52.0 million (2017:RM242.9 million) on translation of USD denominated non-hedged borrowings.

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risks (continued)

(ii) Cash flow and fair value interest rate risk

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

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

Group

As at 31 December 2018, if interest rate on floating interest rates non-hedged borrowings had been lower/higher by 5% with all other variables held constant, this will result in a lower/higher interest expense of the Group amounting to RM17.0 million (2017:RM45.3 million).

Company

As at 31 December 2018, if interest rate on different foreign currencies denominated floating interest rates non-hedged borrowings had been lower/higher by 5% with all other variables held constant, this will result in a lower/higher interest expense of the Company amounting to RM2.4 million (2017:RM1.5 million).

(iii) Price risk

The Group is exposed to equity securities price risk because of the investments held by the Group classified on the consolidated statement of financial position as FVTOCI (2017:AFS) and FVTPL. The Group is not exposed to commodity price risk. No financial instrument or derivative has been employed to hedge this risk as the equity securities price risk is deemed as insignificant.

(b) Credit risk

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

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

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

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

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

The carrying amount of trade receivables that are past due and the expected credit losses of the trade receivables are 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 monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows. Due to the dynamic nature of the underlying business, the Group and the Company aims at maintaining flexibility in funding by keeping both committed and uncommitted credit lines available.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. As amounts included in the table are contractual undiscounted cash flows, these amounts may not be reconciled to the amounts disclosed on the statement of financial position for borrowings, trade and other payables and derivative financial instruments.

	2018					
	Trade and other payables RM'000	Borrowings RM'000	Gross settled CCIRS (Inflow) RM'000	Gross settled CCIRS Outflow RM'000	Put option derivatives RM'000	Total RM'000
Group						
Below 1 year	**9,287,814**	**4,719,402**	**(163,175)**	**202,266**	**145,512**	**14,191,819**
1-2 years	**538,509**	**6,575,484**	**(2,561,793)**	**2,603,310**	**1,655,178**	**8,810,688**
2-3 years	**527,262**	**1,933,443**	**(55,067)**	**84,436**	**-**	**2,490,074**
3-4 years	**467,370**	**1,469,164**	**(55,067)**	**84,436**	**-**	**1,965,903**
4-5 years	**467,595**	**2,497,911**	**(55,067)**	**84,436**	**-**	**2,994,875**
Over 5 years	**1,565,924**	**3,902,657**	**(1,401,548)**	**1,480,181**	**-**	**5,547,214**
Total contractual undiscounted cash flows	**12,854,474**	**21,098,061**	**(4,291,717)**	**4,539,065**	**1,800,690**	**36,000,573**
Total carrying amount	**11,781,392**	**19,129,750**	**-**	**179,344**	**1,673,344**	**32,763,830**

	2017						
	Trade and other payables RM'000	Borrowings RM'000	Gross settled CCIRS (Inflow) RM'000	Gross settled CCIRS Outflow RM'000	Net settled IRS RM'000	Put option derivatives RM'000	Total RM'000
Group							
Below 1 year	9,520,560	4,817,784	(158,858)	202,065	631	141,663	14,523,845
1-2 years	219,336	3,742,882	(158,858)	202,065	-	-	4,005,425
2-3 years	231,046	6,427,888	(2,494,012)	2,598,575	-	1,418,710	8,182,207
3-4 years	261,358	1,536,364	(53,610)	84,436	-	-	1,828,548
4-5 years	293,510	1,427,914	(53,610)	84,436	-	-	1,752,250
Over 5 years	723,842	4,430,117	(1,418,076)	1,564,617	-	-	5,300,500
Total contractual undiscounted cash flows	11,249,652	22,382,949	(4,337,024)	4,736,194	631	1,560,373	35,592,775
Total carrying amount	10,527,169	19,183,989	-	196,836	379	1,396,946	31,305,319

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Liquidity risk (continued)

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. As amounts included in the table are contractual undiscounted cash flows, these amounts may not be reconciled to the amounts disclosed on the statement of financial position for borrowings, trade and other payables and derivative financial instruments. (continued)

	2018					2017				
	Financial guarantee RM'000	Borrowings RM'000	Other payables RM'000	Amounts due to subsidiaries RM'000	Total RM'000	Financial guarantee RM'000	Borrowings RM'000	Other payables RM'000	Amounts due to subsidiaries RM'000	Total RM'000
Company										
Below 1 year	**80,439**	**455,404**	**59,090**	**5,375,516**	**5,970,449**	65,266	1,691,471	124,867	5,133,757	7,015,361
1-2 years	**1,294,169**	**33,632**	**-**	**-**	**1,327,801**	65,266	-	-	-	65,266
2-3 years	**13,400**	**1,047,783**	**-**	**-**	**1,061,183**	1,246,883	-	-	-	1,246,883
3-4 years	**340,139**	**-**	**-**	**-**	**340,139**	-	-	-	-	-
Total contractual undiscounted cash flows	**1,728,147**	**1,536,819**	**59,090**	**5,375,516**	**8,699,572**	1,377,415	1,691,471	124,867	5,133,757	8,327,510
Total carrying amounts	**-**	**1,468,365**	**59,090**	**5,375,516**	**6,902,971**	-	1,689,672	124,867	5,133,757	6,948,296

Financial guarantee represents the maximum amount of a guarantee provided by the Company to its subsidiaries as disclosed in Note 16(b) to the financial statements. It is based on the earliest period in which the guarantee could be called.

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 over total equity. Total borrowings including non-current and current borrowings as shown in the consolidated statement of financial position. Total equity is calculated as 'equity' in the consolidated statement of financial position.

	Note	2018 RM'000	2017 RM'000
Borrowings	16	19,129,750	19,183,989
Total equity		23,214,706	30,504,583
Gearing ratio		0.82	0.63

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

(e) Fair value estimation

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

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

The Group measured the financial instruments based on published price quotations (Level 1) and market approach valuation technique (Level 2) with inputs of valuation technique such as interest rates and yield curves observable at commonly quoted intervals; implied volatilities; and credit spreads that are observable direct or indirectly as at reporting date.

There were no transfers between Level 1 and Level 2 during the financial year.

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

	2018				2017			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000 Restated	Level 3 RM'000	Total RM'000
Group								
Assets								
Financial assets at FVTPL:								
- Trading securities	**38**	**-**	**-**	**38**	64	-	-	64
- Non-hedging derivatives	**-**	**238,506**	**-**	**238,506**	-	196,507	-	196,507
- Derivatives used for hedging	**-**	**-**	**-**	**-**	-	379	-	379
Financial assets at AFS:								
- Equity securities	**-**	**-**	**-**	**-**	-	61,317	713	62,030
Financial assets at FVTOCI:								
- Equity securities	**1,595,345**	**61,317**	**2,750**	**1,659,412**	-	-	-	-
Total assets	**1,595,383**	**299,823**	**2,750**	**1,897,956**	64	258,203	713	258,980
Liabilities								
Financial liabilities at FVTPL:								
- Non-hedging derivatives	**-**	**(39,613)**	**-**	**(39,613)**	-	(57,686)	-	(57,686)
- Derivatives used for hedging	**-**	**(141,666)**	**-**	**(141,666)**	-	(139,150)	-	(139,150)
Total liabilities	**-**	**(181,279)**	**-**	**(181,279)**	-	(196,836)	-	(196,836)

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40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Fair value estimation (continued)

(i) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

(ii) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of cross currency interest rate swaps and interest rate swaps is calculated as the present value of the estimated future cash flows based on observable market curves; and
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the reporting date, with the resulting value discounted back to present value.

(iii) Financial instruments in Level 3

The movement of the financial instruments in Level 3 has no material impact to the results of the consolidated financial statements.

(f) Offsetting financial assets and financial liabilities

The following financial assets and financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements.

	Gross amounts RM'000	Gross amounts of recognised (financial liabilities)/ financial assets set off RM'000	Net amounts RM'000
Group			
2018			
Trade receivables	**688,936**	**(220,790)**	**468,146**
Trade payables	**(3,233,064)**	**220,790**	**(3,012,274)**
2017			
Trade receivables	731,504	(242,678)	488,826
Trade payables	(2,797,342)	242,678	(2,554,664)
Company			
2018			
Amount due from subsidiaries	**4,254,930**	**(3,993,236)**	**261,694**
Amount due to subsidiaries	**(9,368,752)**	**3,993,236**	**(5,375,516)**
2017			
Amount due from subsidiaries	7,119,361	(6,963,976)	155,385
Amount due to subsidiaries	(12,097,733)	6,963,976	(5,133,757)

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41. LIST OF SUBSIDIARIES

The Group had the following subsidiaries as at 31 December 2018:

Name of company	Ownership interest directly held by the parent (%)	Ownership interest held by the Group (%)	Ownership interest held by NCI (%)	Principal activities	Country and place of incorporation
Axiata Investments (Labuan) Limited[1]	100.00	100.00	-	Investment holding	Federal Territory, Labuan, Malaysia
Axiata Investments 1 (India) Limited[2]	100.00	100.00	-	Investment holding	Mauritius
Axiata Management Services Sdn Bhd[1]	100.00	100.00	-	Provision of services under Axiata's Service Assurance Centre to telecommunication service providers	Malaysia
Celcom Axiata Berhad[1]	100.00	100.00	-	Telecommunication network capacity, infrastructure and services	Malaysia
Axiata Investments (Singapore) Limited[1]	100.00	100.00	-	Investment holding	Federal Territory, Labuan, Malaysia
Axiata SPV1 (Labuan) Limited[1]	100.00	100.00	-	Financing	Federal Territory, Labuan, Malaysia
Axiata Foundation[1 and 6]	-	-	-	Develop and nurture talent pool and foster, develop and improve education	Malaysia
Axiata SPV2 Berhad[1]	100.00	100.00	-	Financing	Malaysia
edotco Group Sdn Bhd[1]	63.00	63.00	37.00	Investment holding and provision of technical and operations support services in the telecommunications and related industries in local and/or international markets	Malaysia
Axiata Investments (Cambodia) Limited[1]	100.00	100.00	-	Investment holding	Federal Territory, Labuan, Malaysia
Axiata Digital Services Sdn Bhd[1]	100.00	100.00	-	Investment holding	Malaysia
Hello Axiata Company Limited[2 and 5]	100.00	100.00	-	Dormant	Cambodia
Axiata SPV4 Sdn Bhd[1]	100.00	100.00	-	Investment holding	Malaysia
Axiata Investments (UK) Limited[2]	100.00	100.00	-	Investment holding	United Kingdom
Axiata Business Services Sdn Bhd[1]	100.00	100.00	-	Provide international carrier services, and enterprise solutions	Malaysia
Dialog Axiata Digital Innovation Fund (Private) Limited[2] ("DADIF")[2 and 11]	-	45.83	54.17	Venture capital Fund	Sri Lanka
Subsidiaries held through Axiata Investments (Labuan) Limited					
Dialog Axiata PLC[2]	-	83.32	16.68	Communication services, telecommunication infrastructure services, media and digital services	Sri Lanka
Robi Axiata Limited[3]	-	68.69	31.31	Mobile telecommunication services	Bangladesh

41. LIST OF SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 December 2018: (continued)

Name of company	Ownership interest directly held by the parent (%)	Ownership interest held by the Group (%)	Ownership interest held by NCI (%)	Principal activities	Country and place of incorporation
Subsidiaries held through Axiata Investments (Labuan) Limited (continued)					
Axiata Lanka (Private) Limited[2]	-	100.00	-	Property development and letting of property for commercial purposes	Sri Lanka
Axiata Investments (Indonesia) Sdn Bhd[1]	-	100.00	-	Investment holding	Malaysia
Axiata Digital Labs (Private) Limited[2]	-	100.00	-	Software development and IT enabled services venture of Axiata Group	Sri Lanka
Subsidiary held through Axiata Investments (Indonesia) Sdn Bhd					
PT XL Axiata Tbk[2]	-	66.36	33.64	Mobile telecommunication services	Indonesia
Subsidiaries held through Dialog Axiata PLC					
Dialog Broadband Networks (Private) Limited[2]	-	83.32	16.68	Data and backbone, fixed wireless and transmission infrastructure	Sri Lanka
Dialog Television (Private) Limited[2]	-	83.32	16.68	Television broadcasting generated services and direct-to-home satellite pay television services	Sri Lanka
Digital Holdings Lanka (Private) Limited[2] ("DHL")	-	83.32	16.68	Investment holding	Sri Lanka
Dialog Business Services (Private) Limited[2]	-	83.32	16.68	Providing business process outsourcing services including call centre services	Sri Lanka
Dialog Finance Plc (formerly known as Colombo Trust Finance Plc)[3]	-	82.39	17.61	Providing financing services	Sri Lanka
Dialog Device Trading (Private) Limited[2]	-	83.32	16.68	Selling information technology enabled equipment	Sri Lanka
Subsidiary held through Dialog Television (Private) Limited					
Communiq Broadband Network (Private) Limited[2]	-	83.32	16.68	Dormant	Sri Lanka
Subsidiaries held through DHL					
Digital Health (Private) Limited[2]	-	44.33	55.67	Developing and operating a state-of-the-art electronic commerce infrastructure for the healthcare sector	Sri Lanka
Digital Commerce Lanka (Private) Limited[2]	-	83.32	16.68	e-commerce and digital marketing services	Sri Lanka
Headstart Private Limited[2]	-	42.15	57.85	Creating and providing e-learning content	Sri Lanka

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

41. LIST OF SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 December 2018: (continued)

Name of company	Ownership interest directly held by the parent (%)	Ownership interest held by the Group (%)	Ownership interest held by NCI (%)	Principal activities	Country and place of incorporation
Subsidiary held through Dialog Broadband Networks (Private) Limited					
Telecard (Private) Limited[2]	-	83.32	16.68	Dormant	Sri Lanka
Subsidiary held through Axiata Investments 1 (India) Limited					
Axiata Investments 2 (India) Limited[2]	-	100.00	-	Investment holding	Mauritius
Subsidiary held through Axiata Investments (Cambodia) Limited					
Axiata (Cambodia) Holdings Limited[1]	-	72.48	27.52	Investment holding	Federal Territory, Labuan, Malaysia
Subsidiaries held through Celcom Axiata Berhad					
Celcom Mobile Sdn Bhd[1]	-	100.00	-	Mobile communication, network and application services and content	Malaysia
Celcom Networks Sdn Bhd[1]	-	100.00	-	Network telecommunication, capacity and services	Malaysia
Celcom Properties Sdn Bhd[1]	-	100.00	-	Property investment	Malaysia
Escape Axiata Sdn Bhd[1]	-	100.00	-	Over-The-Top and other on demand content services	Malaysia
Celcom Retail Holding Sdn Bhd[1]	-	100.00	-	Strategic and business development, management, administrative, support services and investment holding	Malaysia
Celcom Intelligence Sdn Bhd[1 and 5]	-	100.00	-	Investment holding	Malaysia
Celcom Timur (Sabah) Sdn Bhd[1]	-	80.00	20.00	Fibre optic transmission network services	Malaysia
Celcom eCommerce Sdn Bhd[1]	-	100.00	-	Electronic wallet services	Malaysia
Celcom Resources Berhad[1]	-	100.00	-	Investment holding	Malaysia
Subsidiary held through Celcom Retail Holding Sdn Bhd					
Celcom Retail Sdn Bhd[1]	-	100.00	-	Trading and distribution of communication devices and related products and managing retail stores	Malaysia
Subsidiary held through Celcom Resources Berhad					
Celcom Trading Sdn Bhd[1]	-	100.00	-	Dealing in marketable securities	Malaysia
Subsidiary held through Axiata (Cambodia) Holdings Limited					
Smart Axiata Co., Ltd[2]	-	72.48	27.52	Mobile telecommunication services	Cambodia

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

41. LIST OF SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 December 2018: (continued)

Name of company	Ownership interest directly held by the parent (%)	Ownership interest held by the Group (%)	Ownership interest held by NCI (%)	Principal activities	Country and place of incorporation
Subsidiaries held through Axiata Digital Services Sdn Bhd					
Axiata Digital Advertising Sdn Bhd[1]	-	81.69	18.31	Investment holding and provision of multimedia advertising services as well as multimedia advertising sales support services	Malaysia
WSO2 Telco Inc[2]	-	70.00	30.00	Technology Enabler Service Provider	United States of America
Axiata Investments (Mauritius) Limited[2]	-	100.00	-	Investment holding	Mauritius
Axiata Digital Capital Sdn Bhd (formerly known as AD Video Sdn Bhd)[1]	-	100.00	-	Establish, maintain and operate an internet-based multimedia service	Malaysia
Subsidiaries held through Axiata Digital Services Sdn Bhd					
Merchantrade Digital Services Sdn Bhd[10]	-	51.00	49.00	Financial services	Malaysia
Axiata Digital e Code Sdn Bhd[1]	-	100.00	-	Research and development of information communication technology	Malaysia
Apigate Sdn Bhd[1]	-	100.00	-	Application programming interface, software and mobile applications	Malaysia
Axiata Digital Bangladesh (Private) Limited[3]	-	100.00	-	Online ticketing services	Bangladesh
PT Axiata Digital Services Indonesia[2]	-	99.82	0.18	Provision of digital services	Indonesia
Subsidiaries held through Axiata Digital Advertising Sdn Bhd					
ADA Digital Singapore Pte Ltd (formerly known as Adknowledge Asia Pacific Pte Ltd)[2]	-	81.69	18.31	Advertising service provider and investment holding	Singapore
PT Axiata Digital Analytics Indonesia[2]	-	81.87	18.13	Provision of digital analytics services	Indonesia
Subsidiaries held through ADA Digital Singapore Pte Ltd (formerly known as Adknowledge Asia Pacific Pte Ltd)					
Komli Asia Holdings Pte Ltd[2]	-	81.69	18.31	Investment holding and provision of IT products and services for online media companies	Singapore
Adknowledge Asia Pacific (India) Private Limited[2]	-	81.69	18.31	Dormant	India
Adknowledge Asia Philippines Inc[2]	-	80.87	19.13	Provision of technology and software solutions	Philippines
Subsidiary held through Komli Asia Holdings Pte Ltd					
Adknowledge Asia Hong Kong Limited ("AAP Hong Kong")[2]	-	81.69	18.31	Investment holding and provision of IT products and services for online media companies	Hong Kong

41. LIST OF SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 December 2018: (continued)

Name of company	Ownership interest directly held by the parent (%)	Ownership interest held by the Group (%)	Ownership interest held by NCI (%)	Principal activities	Country and place of incorporation
Subsidiaries held through AAP Hong Kong					
Adknowledge Asia (Thailand) Co Ltd[2 and 7]	-	81.57	18.43	Provision of IT products and services for online media companies	Thailand
Komli Network Philippines, Inc[2, 5 and 8]	-	81.69	18.31	Provision of multimedia advertising services and creative content, as well as multimedia advertising sales support services	Philippines
PT ADA Asia Indonesia (formerly known as PT Adknowledge Asia Indonesia)[2]	-	80.67	19.13	Provision of multimedia advertising services and creative content, as well as multimedia advertising sales support services	Indonesia
ADA Asia Malaysia Sdn Bhd (formerly known as Adknowledge Asia Malaysia Sdn Bhd)[2]	-	81.69	18.31	Provision of multimedia advertising services as well as multimedia advertising sales support services	Malaysia
Adknowledge Asia Singapore Pte Ltd[2]	-	81.69	18.31	Provision of IT products and services for online media companies	Singapore
Subsidiary held through WSO2 Telco Inc					
WSO2. Telco (Private) Limited[2]	-	70.00	30.00	Develop and provide support services for software technologies products and solutions	Sri Lanka
Subsidiaries held through Axiata Business Services Sdn Bhd					
Xpand Investments (Labuan) Limited[1]	-	100.00	-	Investment holding	Federal Territory, Labuan, Malaysia
Axiata Global Service Pte. Ltd.[2]	-	100.00	-	To provide international carrier services, management of partnerships and alliances	Singapore
Subsidiaries held through Xpand Investments (Labuan) Limited					
Suvitech Co., Ltd[2]	-	65.00	35.00	Owner and operation of a mobile virtual network enabler (MVNE) platform services for customer, enterprise and IoT services	Thailand
DeeXpand Co., Ltd. (Formerly known as VM Digital (Thailand) Co. Ltd)[2 and 5]	-	100.00	-	Dormant	Thailand

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41. LIST OF SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 December 2018: (continued)

Name of company	Ownership interest directly held by the parent (%)	Ownership interest held by the Group (%)	Ownership interest held by NCI (%)	Principal activities	Country and place of incorporation
Subsidiaries held through edotco Group Sdn Bhd					
edotco Malaysia Sdn Bhd[1]	-	63.00	37.00	Telecommunication infrastructure and services	Malaysia
edotco Investments (Labuan) Limited[1]	-	63.00	37.00	Investment holding	Federal Territory, Labuan, Malaysia
edotco Holdings (Labuan) Limited[1]	-	49.23	50.77	Investment holding	Federal Territory, Labuan, Malaysia
edotco Bangladesh Co. Ltd[3]	-	44.10	55.90	Telecommunication and infrastructure services	Bangladesh
Subsidiaries held through edotco Malaysia Sdn Bhd					
Tanjung Digital Sdn Bhd[1]	-	50.40	49.60	Investment holding	Malaysia
On Site Services Sdn Bhd[1]	-	44.10	55.90	Telecommunication and infrastructure services	Malaysia
Subsidiary held through Tanjung Digital Sdn Bhd					
Yiked Bina Sdn Bhd[1]	-	50.40	49.60	Telecommunication and infrastructure services	Malaysia
Subsidiaries held through edotco Investments (Labuan) Limited					
edotco Towers (Bangladesh) Limited[3]	-	63.00	37.00	Telecommunication infrastructure and services	Bangladesh
edotco Pakistan (Private) Limited[2]	-	63.00	37.00	Telecommunication infrastructure and services	Pakistan
edotco Services Lanka (Private) Limited[2]	-	63.00	37.00	Provision of end to end Integrated Infrastructure Services	Sri Lanka
edotco Investments Singapore Pte Ltd ("edotco SG")[2]	-	55.13	44.87	Investment holding	Singapore
Subsidiaries held through edotco SG					
Asian Towers Holdings Pte Limited[2]	-	55.13	44.87	Investment holding	Singapore
edotco Myanmar Limited[2]	-	55.13	44.87	Telecommunication infrastructure and services	Myanmar
Subsidiary held through edotco Holdings (Labuan) Limited					
edotco (Cambodia) Co., Ltd[2]	-	39.38	60.62	Telecommunication infrastructure and services	Cambodia
Associate held through Smart Axiata Co., Ltd					
edotco (Cambodia) Co., Ltd[2]	-	14.50	85.50	Telecommunication infrastructure and services	Cambodia

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

41. LIST OF SUBSIDIARIES (CONTINUED)

The Group had the following subsidiaries as at 31 December 2018: (continued)

Name of company	Ownership interest directly held by the parent (%)	Ownership interest held by the Group (%)	Ownership interest held by NCI (%)	Principal activities	Country and place of incorporation
Subsidiary held through edotco Pakistan (Private) Limited					
edotco Towers Pakistan (Private) Limited (formerly known as Tanzanite Tower (Private) Limited)[2]	-	63.00	37.00	Telecommunication infrastructure and services	Pakistan
Subsidiary held through Axiata Investments (UK) Limited					
Reynolds Holdings Limited[4]	-	100.00	-	Investment holding	St Kitts and Nevis
Subsidiary held through Reynolds Holdings Limited					
Ncell Private Limited[3 and 9]	-	80.00	20.00	Telecommunication services	Nepal

1 Audited by PricewaterhouseCoopers Malaysia.

2 Audited by member firms of PricewaterhouseCoopers International Limited which are a separate and independent legal entity from PricewaterhouseCoopers Malaysia.

3 Audited by a firm other than a member firm of PricewaterhouseCoopers International Limited.

4 No audit is required as allowed by the laws of the perspective country of incorporation.

5 Inactive as at 31 December 2018.

6 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.

7 AAP Hong Kong and MGMG Venture Co Ltd hold 255,200 ordinary shares and 382,800 preference shares respectively in the entity. One (1) ordinary share is entitled to one (1) vote and one thousand (1,000) preference shares are entitled to one (1) vote. Accordingly, AAP Hong Kong maintains its control over the entity.

8 AAP Hong Kong is holding 3,125 ordinary shares in the entity and 9,375 ordinary shares via Trust Deed.

9 Ncell has a financial year end in accordance with the calendar year of Nepal in every mid of July.

10 8.20% ownership interest is held through a joint venture of the Group, Merchantrade Asia Sdn Bhd.

11 ADS and Dialog hold direct interest of 25.0% and 20.83% respectively in DADIF. The Group exercises its controlling power on DADIF via Investment and Shareholders' Agreement.

42. LIST OF ASSOCIATES

The investments in associates are as follows:

Name of company	Group's effective ownership interest 2018 (%)	2017 (%)	Principal activities	Country and place of incorporation
Associate held through Celcom Axiata Berhad				
Sacofa Sdn Bhd	**15.12**	15.12	Telecommunication infrastructure and services	Malaysia
Associate held through Axiata Investments (Singapore) Limited				
M1 Limited	**28.67**	28.69	Mobile telecommunication services, sales of telecommunication equipment and accessories	Singapore
Associate held through Axiata Investments 1 (India) Limited and Axiata Investments 2 (India) Limited				
Idea Cellular Limited (now known as Vodafone Idea Limited)	**-**	19.74	Mobile telecommunication services	India
Associate held through Dialog Axiata PLC				
Firstsource Dialog Solutions (Private) Limited	**21.66**	21.66	Information technology enabled services	Sri Lanka
Associate held through Digital Holdings Lanka (Private) Limited				
Headstart (Private) Limited	**-**	36.14	Creating and providing e-learning content	Sri Lanka
Associate held through Digital Broadband Networks (Private) Limited				
Digital Reality (Private) Limited	**29.16**	-	Establish, operate and manage data centre	Sri Lanka
Associate held through Axiata SPV4 Sdn Bhd				
Axiata Digital Innovation Fund Sdn Bhd[2]	**62.19**	62.19	Venture capital	Malaysia
Associates held through Axiata Digital Services Sdn Bhd				
Celcom Planet Sdn Bhd[1]	**42.95**	49.00	e-commerce platform business	Malaysia
Dialog Axiata Digital Innovation Fund (Private) Limited	**25.00**	25.00	Venture capital fund	Sri Lanka
Milvik	**10.63**	10.63	Micro-insurance platform business	Sweden
Unlockd Media Pty Ltd[3]	**10.05**	10.05	Ad and content funded mobile platform	Australia
Etobee Holdings Pte Ltd	**20.31**	20.31	Mobile application logistics provider	Indonesia
Associates held through Axiata Investments (Mauritius) Limited				
Localcube Commerce Private Limited	**29.65**	29.65	e-commerce and digital kiosk	India
LocalCube Commerce Asia Sdn Bhd	**29.66**	29.66	e-commerce	Malaysia
PT Localcube Commerce Indonesia	**29.64**	29.65	e-commerce	Indonesia
Associate held through Smart Axiata Co., Ltd				
SADIF LP[4]	**57.98**	65.98	Venture capital fund	Labuan

[1] In the previous financial year, the Group restructured its holding in Celcom Planet Sdn Bhd via disposal from Celcom Intelligence Sdn Bhd to Axiata Digital Services Sdn Bhd.

[2] The Group and the Company exercised its significant influence via 1 out of 5 votes in the Investment Committee.

[3] The Group exercised its significant influence via 1 out of 6 votes in the Investment Committee.

[4] The Group exercised its significant influence via 2 out of 5 votes in the Investment Committee.

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

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

43. LIST OF JOINT VENTURES

The investments in joint ventures are as follows:

Name of company	Group's effective ownership interest 2018 (%)	2017 (%)	Principal activities	Country and place of incorporation
Joint ventures held through Celcom Axiata Berhad				
PLDT Malaysia Sdn Bhd	**49.00**	49.00	Mobile virtual network operator	Malaysia
Digital Milestone Sdn Bhd[1]	**-**	51.00	Special purpose investment company	Malaysia
Tune Talk Sdn Bhd	**35.00**	35.00	Mobile communication services	Malaysia
Merchantrade Asia Sdn Bhd	**20.00**	20.00	Provision of money service business, i.e. remittance and money changing and operator of mobile virtual network	Malaysia
Joint venture held through PT XL Axiata Tbk				
PT One Indonesia Synergy	**33.18**	33.18	Consultancy services in future network collaboration	Indonesia

[1] On 20 April 2015, Digital Milestone commenced members' voluntary winding-up. Liquidators of Digital Milestone lodged the required return with the Registrar of Companies and the Official Receiver on 22 January 2018. Pursuant to Section 459 (5) of the Companies Act 2016, on expiration of 3 months after the lodging of such return, Digital Milestone was dissolved with effect from 23 April 2018.

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 Disclosures".

The Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are related parties of the Group. The Government of Malaysia has significant influence over the Group. The Group enters into transactions with many of these bodies, which includes but is not limited to:

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

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

The Group provides telecommunications services as part of its ordinary operations. The Group has collectively, but not individually significant transactions with Government-related entities. These telecommunication services are carried out on commercial terms that are negotiated and agreed upon between the parties.

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

Whenever exist, related party transactions also include transaction with entities that are controlled, joint ventures or significantly influenced directly by any key management personnel or their close family members.

In addition to related party transactions and balances mentioned elsewhere in the financial statements, set out below are significant related party transactions and balances which were carried out on terms and conditions negotiated amongst the related parties.

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

44. RELATED PARTY TRANSACTIONS (CONTINUED)

		Group		Company	
		2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
(a)	Sale of goods and services:				
	Associates:				
	- International roaming revenue	**9,567**	6,979	**-**	-
	Joint ventures:				
	- Telecommunication services	**154,678**	254,293	**-**	-
(b)	Purchase of goods and services:				
	Associates:				
	- Interconnection charges	**843**	795	**-**	-
	- Leaseline charges, maintenance and others	**68,906**	65,022	**-**	-
		69,749	65,817	**-**	-
	Joint ventures:				
	- Revenue sharing	**6,212**	18,336	**-**	-
(c)	Intercompany service agreement with subsidiaries:				
	- Technical and management services	**-**	-	**83,837**	59,565
(d)	Dividends received from subsidiaries/associates	**-**	-	**3,443,800**	-
(e)	Repayments from/(advances to) subsidiaries:				
	- Repayments	**-**	-	**1,663,483**	787,348
	- Advances	**-**	-	**(362,066)**	(352,224)
(f)	Interest expense on advances from subsidiaries	**-**	-	**(24,634)**	(24,634)

(g) The outstanding balances as at reporting date are disclosed in Note 27 and Note 32 to the financial statements.

		Group		Company	
		2018 RM'000	2017 RM'000 Restated*	2018 RM'000	2017 RM'000 Restated*
(h)	Key management compensation short term employee benefits:				
	- Salaries, allowances and bonus	**32,713**	29,467	**32,713**	29,467
	- Contribution to EPF	**3,177**	3,018	**3,177**	3,018
	- Estimated money value of benefits	**38**	44	**38**	44
	- Other staff benefits	**186**	205	**186**	205
	- Share-based payment expenses	**6,355**	8,663	**6,355**	8,663

* The Group and the Company revised the basis of disclosure for bonus and related EPF from actual pay out to provision for bonus expenses recognised during the financial year. Accordingly, the comparative information for 2017 was restated.

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

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Notes to the Financial Statements For The Financial Year Ended 31 December 2018

45. DIVIDENDS

	Tax exempt dividend under single tier system					
	2018			2017		
	Type	Per ordinary share Sen	Total RM'000	Type	Per ordinary share Sen	Total RM'000
In respect of financial year ended 31 December:						
- 2016	**-**	**-**	**-**	Final[2]	3.0	269,221
- 2017[1]	**Final**	**3.5**	**316,740**	Interim[3]	5.0	449,919
- 2018	**Interim**	**5.0**	**453,487**	-	-	-
		8.5	**770,227**		8.0	719,140

[1] Out of the total dividend distribution, a total RM79.1 million was converted into 19.9 million new ordinary shares of the Company at a conversion price of RM3.97 per ordinary share pursuant to DRS of the Company.

[2] Out of the total dividend distribution, a total RM113.2 million was converted into 24.1 million new ordinary shares of the Company at a conversion price of RM4.70 per ordinary share pursuant to DRS of the Company.

[3] Out of the total dividend distribution, a total RM226.7 million was converted into 49.0 million new ordinary shares of the Company at a conversion price of RM4.63 per ordinary share pursuant to DRS of the Company.

The Board of Directors had, on 22 February 2019 declared a tax exempt dividend under the single tier system of 4.5 sen per ordinary share of the Company in respect of financial year ended 31 December 2018.

46. CHANGES IN ACCOUNTING POLICIES

The Group's and Company's adoption of MFRS 9 and MFRS 15 from 1 January 2018 resulted in changes in accounting policies and adjustments to the Group's and Company's financial position as at 1 January 2018. The new accounting policies under MFRS 9 and MFRS 15 are set out in Note 3 to the financial statements.

The impact of the adoption of the new standards, MFRS 9 and MFRS 15 by the Group is set out below:

		First time adoption adjustments				
		MFRS 9		MFRS 15		
	As previously reported	Reclassi -fication	Expected credit loss	Revenue from bundled contracts	Contract acquisition costs	As restated
	RM'000	RM'000 A(b)	RM'000 A(c)	RM'000 B(b)(i)	RM'000 B(b)(ii)	RM'000
Reserves:						
- Retained earnings*	11,584,606	-	(66,441)	(144,096)	104,250	11,478,319
- AFS	34,640	(34,640)	-	-	-	-
- FVTOCI	-	34,640	-	-	-	34,640
- Hedging	(341,409)	(43,764)	-	-	-	(385,173)
- Cost of hedging	-	43,764	-	-	-	43,764
Total reserves	11,323,883	-	(66,441)	(144,096)	104,250	11,217,596
Total equity attributable to owners of the Company	24,731,136	-	(66,441)	(144,096)	104,250	24,624,849
Non-controlling interests	5,773,447	-	(901)	5,505	-	5,778,051
Total equity	30,504,583	-	(67,342)	(138,591)	104,250	30,402,900
Trade and other payables	1,644,197	-	-	20,489	-	1,664,686
Total non-current liabilities	21,111,081	-	-	20,489	-	21,131,570
Intangible assets	22,176,286	-	-	(192,507)	-	21,983,779
Contract acquisition costs	-	-	-	-	104,250	104,250
Financial assets at FVTOCI	-	62,030	-	-	-	62,030
Available-for-sale financial assets	62,030	(62,030)	-	-	-	-
Trade and other receivables	535,157	-	(12,990)	32,674	-	554,841
Deferred taxation	270,046	-	17,680	28,099	-	315,825
Total non-current assets	58,109,262	-	4,690	(131,734)	104,250	58,086,468
Trade and other receivables	4,496,637	-	(72,032)	59,387	-	4,483,992
Total current assets	11,801,734	-	(72,032)	59,387	-	11,789,089
Trade and other payables	12,616,963	-	-	45,755	-	12,662,718
Total current liabilities	18,295,332	-	-	45,755	-	18,341,087
Total net current liabilities	(6,493,598)	-	(72,032)	13,632	-	(6,551,998)

* The restated amounts excluded the opening balance adjustments as reflected in the consolidated statement of changes in equity.

Line items that were not affected by the changes have been excluded. As a result, the sub-total and totals disclosed cannot be recalculated from the numbers provided.

The impact of the adoption of the new standards, MFRS 9 and MFRS 15 by the Company is not material.

46. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(A) MFRS 9

(a) Transition for classification and measurement

In accordance with the transitional provisions provided in MFRS 9, comparative information for 2017 was not restated and continued to be reported under the previous accounting policies governed under MFRS 139 ("Financial Instruments: Recognition and Measurement"). The cumulative effects of initially applying MFRS 9 were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2018.

(b) Classification and measurement

MFRS 9 contains three (3) principal classification categories for financial assets: measured at amortised cost, FVTOCI and FVTPL. The classification of financial assets under MFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. MFRS 9 eliminates the previous MFRS 139 categories of held to maturity, loans and receivables and available-for-sale. Under MFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

On 1 January 2018 (the date of initial application of MFRS 9), the Group has assessed which business models apply to the financial instruments held by the Group and had classified its financial instruments into the appropriate MFRS 9 categories. There are no changes in classification for the Group's and Company's financial instruments except for the reclassification of equity investments from AFS financial assets to financial assets at FVTOCI.

The Group elected to irrevocably present in OCI changes in the fair value of all its non-trading equity investments previously classified as AFS, because these investments are held as long-term strategic investments that are expected to be held for the foreseeable future.

The Group has not designated any financial liabilities as at FVTPL. There are no changes in classification and measurement for the Group's and Company's financial liabilities.

(c) Impairment on financial assets

Until 31 December 2017, the Group and the Company assessed the impairment of loan and receivables and AFS financial assets based on the incurred impairment loss model. Note 3 sets out the details of accounting policies for impairment of financial assets under MFRS 139.

From 1 January 2018, the Group and the Company applied the ECL model to determine impairment on investment in debt instruments that are measured at amortised cost and at FVTOCI. The Group and the Company applied the MFRS 9 simplified approach which is to measure the loss allowance at an amount equal to lifetime ECL at initial recognition and throughout its life for all trade receivables, finance lease receivables and contract assets. The Group and the Company apply the general 3-stage approach when determining ECL for other receivables, intercompany and related parties balances.

The closing provision for impairment measured in accordance with MFRS 139 incurred loss model to the opening provision for impairment measured in accordance with the MFRS 9 ECL model at 1 January 2018 are disclosed in Note 33 to the financial statements.

(d) Hedge accounting

The Group applied hedge accounting retrospectively. At the date of initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships. Before the adoption of MFRS 9, the Group designated the change in fair value of the entire CCIRS in its cash flow hedge relationships.

Upon adoption of the hedge accounting requirements of MFRS 9, the Group designates only the spot element of CCIRS as hedging instrument. The spot element is determined with reference to the relevant spot market exchange rates. The differential between the contracted forward rate and the spot market exchange rate is defined as currency basis. It is discounted, where material. Changes in the fair value related to currency basis is recognised in OCI and accumulated as a separate component of equity under cost of hedging reserve.

46. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(B) MFRS 15

MFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced MFRS 118 Revenue, MFRS 111 Construction Contracts and related interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control – at a point in time or over time – requires judgement.

(a) Transition

The Group and the Company have elected to apply the modified retrospective approach for the initial application of MFRS 15. The cumulative effects of initial application of MFRS 15 were recognised as an adjustment to the opening balance of retained earnings as at 1 January 2018. Accordingly, the comparative information for 2017 was not restated.

In accordance with this transitional method, the Group has applied the following practical expedients:

- MFRS 15 is not applied retrospectively for those contracts which has been completed as of 1 January 2018; and
- MFRS 15 is not applied retrospectively to restate contracts that were modified before 1 January 2018.

(b) The main changes from the application of MFRS 15 are as follows:

(i) Revenue from bundled contracts (multiple-element arrangements)

The Group enters into bundled contracts with customers which include the sale of devices and services such as call time, messaging, data and other services. Under MFRS 15, the respective services and devices are accounted for as separate performance obligations when they are distinct i.e. if a service or device is separately identifiable from other items in the bundled contract and if a customer can benefit from it separately. The transaction price based on the consideration specified in the contract is allocated between the separate performance obligations based on their relative SSP. As a result, revenue to be recognised for devices (often delivered in advance) such as handsets that are sold at a subsidised price in a bundled contract with services is higher than the amount billed for the device, resulting in the recognition of contract assets. The higher device revenue recognised earlier based on the allocation reduces the service revenue to be recognised over the remaining contract period. The total revenue recognised remains unchanged over the contract period.

Consequently, handset subsidies are no longer capitalised as subscriber acquisition costs within Intangible Assets under MFRS 15 as handsets are accounted for as a separate performance obligation. The loss on the sale of device is recognised in profit or loss upon delivery and acceptance of the handset by the customers.

Deferred revenue in relation to contracts from customers was reclassified to contract liabilities within trade and other payables. Contract liabilities was also recognised for activation fee that is not a separate performance obligation.

The Group had also recognised the tax and deferred tax adjustments from the initial application of MFRS 15 accordingly.

(ii) Contract acquisition costs

Under MFRS 15, cost to obtain the contracts (i.e. sales commissions) and cost to fulfil the contracts are capitalised as contract acquisition cost on the statement of financial position and amortised over either the average customer retention period or the contract term, depending on the circumstances. The costs incurred with amortisation period of less than one year are recognised as an expense when incurred in line with the practical expedient elected by the Group.

Prior to MFRS 15, these expenses were recognised as expenses in the profit and loss when incurred.

46. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(B) MFRS 15 (continued)

(c) Had the Group continued to apply the previous accounting policies in accordance with MFRS 118 and MFRS 111 on these transactions, the impact on each financial statement line item in 2018 would be as shown in the following table. Line items that were not affected by the changes have been excluded. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

Consolidated statement of comprehensive income for the financial year ended 31 December 2018

	Pre-adoption	MFRS 15 adjustments	Post-adoption
	RM'000	RM'000	RM'000
Operating revenue	23,281,515	604,266	23,885,781
Other operating costs	(8,168,455)	(759,044)	(8,927,499)
Depreciation, impairment and amortisation	(7,769,834)	125,018	(7,644,816)
Operating loss before finance cost	(2,627,915)	(29,760)	(2,657,675)
Finance income	204,255	17,204	221,459
Loss before taxation	(4,333,132)	(12,556)	(4,345,688)
Taxation	(909,318)	7,766	(901,552)
Loss for the financial year	(5,242,450)	(4,790)	(5,247,240)
Other comprehensive expense - currency translation differences	(1,289,994)	(8,178)	(1,298,172)
Total comprehensive expense	(7,155,280)	(12,968)	(7,168,248)
Loss for the financial year attributable to:			
- owners of the Company	(5,027,448)	(7,125)	(5,034,573)
- non-controlling interests	(215,002)	2,335	(212,667)
Total comprehensive expense for the financial year attributable to:			
- owners of the Company	(6,750,703)	(13,927)	(6,764,630)
- non-controlling interests	(404,577)	959	(403,618)
Earnings per share (sen)			
- basic	(55.5)	(0.1)	(55.6)
- diluted	(55.3)	(0.1)	(55.4)

46. CHANGES IN ACCOUNTING POLICIES (CONTINUED)

(B) MFRS 15 (continued)

(c) Had the Group continued to apply the previous accounting policies in accordance with MFRS 118 and MFRS 111 on these transactions, the impact on each financial statement line item in 2018 would be as shown in the following table. Line items that were not affected by the changes have been excluded. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. (continued)

Consolidated statement of financial position as at 31 December 2018

	Pre-adoption	MFRS 15 adjustments	Post-adoption
	RM'000	RM'000	RM'000
Reserves	4,028,204	(53,773)	3,974,431
Total equity attributable to owners of the Company	17,530,572	(53,773)	17,476,799
Non-controlling interests	5,731,443	6,464	5,737,907
Total equity	23,262,015	(47,309)	23,214,706
Trade and other payables	2,972,134	15,710	2,987,844
Total non-current liabilities	22,222,441	15,710	22,238,151
Intangible assets	21,260,537	(333,834)	20,926,703
Contract acquisition costs	-	108,503	108,503
Trade and other receivables	619,384	67,420	686,804
Deferred taxation	551,096	35,865	586,961
Total non-current assets	51,675,061	(122,046)	51,553,015
Trade and other receivables	4,981,490	133,740	5,115,230
Total current assets	12,168,272	133,740	12,302,012
Trade and other payables	12,441,151	43,293	12,484,444
Total current liabilities	18,358,877	43,293	18,402,170
Net current liabilities	(6,190,605)	90,447	(6,100,158)

The adoption of MFRS 15 has no impact to the consolidated statement of cash flows of the Group.

Audited Financial Statements

Notes to the Financial Statements For The Financial Year Ended 31 December 2018

47. EVENTS AFTER REPORTING PERIOD

(a) Incorporation of Apigate India Services Private Limited ("Apigate India")

Apigate Sdn Bhd, a wholly-owned subsidiary of Axiata Digital Services Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, had on 5 February 2019 completed the incorporation of Apigate India, a private company limited by shares, under the Companies Act 2013.

Apigate India was incorporated with an issued and paid-up share capital of INR100,000. The intended principal activities of Apigate India are to carry out the Application Programming Interface business in the State of Maharashtra, India.

(b) Disposal of entire equity interest in M1

On 15 February 2019, the Group via its wholly-owned subsidiary, Axiata Investments (Singapore) Limited accepted the Voluntary Conditional General Offer made by Konnectivity Pte. Ltd. in accordance with Rule 15 of the Singapore Code on Take-overs and Mergers on 27 September 2018 ("Offer") to acquire entire equity interest in M1 comprising 265,410,150 ordinary shares at the offer price of SGD2.06 for a total consideration of RM1,649.3 million.

The disposal was completed on 27 February 2019.

(c) Incorporation of Smartluy Plc ("Smartluy")

Smart, had on 8 February 2019 completed the incorporation of Smartluy, a public limited company, under the laws of the Kingdom of Cambodia. Notification of completion of the incorporation process in accordance with the local laws was received on 27 February 2019.

The intended principal operating activity of SmartLuy is to conduct business in relation to payment services.

(d) Public interest litigation ("PIL") filed at the Supreme Court of Nepal ("SC")

Under section 7(2) read with section 2(1) of schedule 1 of the Income Tax Act 2058 (2002) ("the Act"), capital gains tax of 25% is payable by the seller on any gain arising from the disposal of a Nepali entity. In addition, under section 95A(2)(b) of the Act, the target company, whose shares is being disposed of, is required to deposit an advance with Large Tax Payers Office ("LTPO") representing 15% of the capital gains.

The Company had on 5 June 2017 announced that Ncell Private Limited ("Ncell") had deposited a cumulative advance of NPR 21.5 billion as at that date. LTPO had on 4 June 2017 conclusively certified and acknowledged that Ncell had fully complied with the direction of depositing advance tax pursuant to the Act.

A public interest litigation ("PIL") was brought against various parties at SC on 28 January 2018 alleging that Ncell and its holding companies, namely Reynolds Holdings Limited ("Reynolds") and Axiata Investments (UK) Limited ("AIUK"), have evaded their tax liabilities. The petitioners had demanded various prayers, including demanding an order mandating collection of capital gains tax from Ncell and AIUK. In its verbal ruling on 6 February 2019, SC had ruled in favour of the PIL. This is notwithstanding the letter from LTPO dated 4 June 2017.

The Group has yet to receive the written judgement from SC to understand the basis of the ruling. The Directors are of the view that the Group remains entitled to all rights and remedies available under international law. Based on the above, the Group has applied the requirements of MFRS 137, "Provisions, Contingent Liabilities and Contingent Assets" in accounting for this matter in the Consolidated Statements.

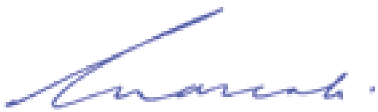
The Group will continue to monitor the situation in Nepal and will reassess the matter when the Group receives the written order from SC.

Audited Financial Statements

Statement by Directors Pursuant To Section 251(2) Of The Companies Act 2016

We, Tan Sri Ghazzali Sheikh Abdul Khalid and Tan 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 45 to 182 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with their resolution dated 27 March 2019.



TAN SRI GHAZZALI SHEIKH ABDUL KHALID
DIRECTOR

TAN SRI JAMALUDIN IBRAHIM
DIRECTOR

Statutory Declaration Pursuant To Section 251(1) Of The Companies Act 2016

I, Yap Wai Yip, 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 45 to 182 are, to the best of my knowledge and belief, 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.

YAP WAI YIP
(MIA No. 7933)

Subscribed and solemnly declared by the above named Yap Wai Yip at Kuala Lumpur in Malaysia on 27 March 2019, before me.

COMMISSIONER FOR OATHS

Audited Financial Statements

Independent Auditors' Report

To the Members of Axiata Group Berhad (Incorporated in Malaysia) (Company No. 242188-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Axiata Group Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2018 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 45 to 182.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

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

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There are no key audit matters in relation to the financial statements of the Company.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill in Indonesia *Refer to Note 3(b)(i) - Significant Accounting Policies – Goodwill, Note 4(b)(i) Critical accounting estimates and assumptions – Impairment assessment of goodwill and Note 24 – Intangible assets* As at 31 December 2018, the Group's goodwill arising from its acquisitions in Indonesia was RM5.1 billion. The Group is required to test goodwill for impairment annually. This area is important to our audit as the related cash generating unit ("CGU") is experiencing losses. Additionally the carrying amount of net assets of the Indonesia subsidiary is higher than its market capitalisation. Management's assessment of the 'value-in-use' of this CGU involves significant judgement about the future cash flows of the CGU.	We performed the following audit procedures: • We were assisted by our valuation expert in assessing the appropriateness of the methodology adopted by management for impairment assessment in accordance with MFRS 136 "Impairment of Assets"; • We assessed the key assumptions, including discount rate, terminal growth rate and revenue growth rate by benchmarking to market analysts' forecast and expectations in the same territory; and • We re-performed the sensitivity analysis performed by management by stress-testing the discount rate, terminal growth rate and revenue growth rate. Based on the procedures performed above, we did not find any exceptions to the Directors' conclusion that the goodwill is not impaired as at 31 December 2018.

Audited Financial Statements

Independent Auditors' Report To the Members of Axiata Group Berhad (Incorporated in Malaysia) (Company No. 242188-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Assessment of the carrying value of investment in Idea Cellular Limited ("Idea") *Refer to Note 3(e) – Significant Accounting Policies – Impairment of non-financial assets (excluding goodwill), Note 4(b)(ii) Critical accounting estimates and assumptions – Impairment assessment on non-financial assets (excluding goodwill), Note 5(a)(ii) – Incorporations, significant acquisitions, disposal and dilutions of interests during the financial year – Dilution on equity interest in Idea Cellular Limited ("Idea") and Note 28 – Associates* During the year, the Group's interest in Idea had decreased from 19.74% to 8.15% arising from the non-participation of Idea's issuance of new shares and the completion of the merger between Idea and Vodafone India Limited ("merger"). Idea had, on 12 February and 23 February 2018, allotted additional equity shares aggregating to INR 35.0 billion. Following the non-participation by the Group on Idea's issuance of new shares, the Group's equity interest in Idea decreased from 19.74% to 16.33%. The Group recognised a loss of dilution amounting to RM357.6 million during the financial year. As at 30 June 2018, the Group performed an impairment assessment of the carrying value of the remaining 16.33% equity interest in Idea prior to reclassifying a portion of the Group's equity interest as assets held for sale given the impending completion of the merger which was subsequently completed on 31 August 2018. The recoverable amount of the Group's investment in Idea was determined based on fair value less costs to sell on the basis that it was highly probable at that time the merger would be completed during the year. Accordingly, an impairment loss of RM3.3 billion was recognised. On 16 August 2018, the Group had relinquished its rights to appoint an Axiata representative as a Board member and anti-dilution rights under the Subscription Agreement between Group and Idea and therefore ceased to have significant influence over Idea. Accordingly, the Group had re-designated its investment in Idea to a financial asset at fair value through other comprehensive income. On 31 August 2018, the scheme of amalgamation between Idea and Vodafone India Limited had been completed. As a result, the Group's equity interest in Idea further diluted from 16.33% to 8.15%. We focused on this area due to the significant judgements and assumptions made by the Group in determining the basis of the recoverable amount of the Group's investment in Idea when the impairment assessment was performed during the year.	We performed the following audit procedures: • We checked the date of issuance and number of shares issued by Idea via the announcement made to the National Stock Exchange of India and recomputed the Group's shareholding in Idea and the corresponding loss on dilution; • We discussed with management the likelihood of the merger to be completed during the year and the appropriateness of using fair value less costs to sell to determine the recoverable amount of the Group's investment in Idea; • We checked the computation of the impairment performed by management; and • We checked that the relevant disclosures have been made in the financial statements. We did not find any material exceptions in the procedures performed.
Assessment of potential obligation *Refer to Note 47 - Events after reporting period* Under Section 7(2) read with Section 2(1) of Schedule 1 of the Income Tax Act 2058 (2002) ("the Act"), capital gains tax of 25% is payable by the seller on any gain arising from the disposal of a Nepali entity. In addition, under section 95A(2)(b) of the Act, the target company, whose shares is being disposed of, is required to deposit an advance with Large Tax Payers Office ("LTPO") representing 15% of the capital gains. The Group had on 5 June 2017 announced that Ncell Private Limited ("Ncell") had deposited to LTPO at that time a cumulative advance tax of NPR 21.5 billion. LTPO had on 4 June 2017 conclusively certified and acknowledged that Ncell had fully complied with the direction of depositing advance tax pursuant to the Act.	We performed the following audit procedures: • We read the relevant legal documents relating to the Capital Gains Tax ("CGT") claim; • We discussed with the external legal counsel to understand the legal impact of the verbal ruling made by the court; • We discussed with management the likelihood of the Group settling the CGT claim; and • We checked management's basis of estimating the matter in the consolidated statement of comprehensive income and consolidated statement of financial position by comparing to previous assessments and payments made by the Group. We did not find any material exceptions in the procedures performed.

Audited Financial Statements

Independent Auditors' Report To the Members of Axiata Group Berhad (Incorporated in Malaysia) (Company No. 242188-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td>Assessment of potential obligation (continued)

On 28 January 2018, a public interest litigation ("PIL") was brought against various parties at the Supreme Court of Nepal ("SC") alleging that Ncell and its holding companies, namely Reynolds Holdings Limited ("Reynolds") and Axiata Investments (UK) Limited ("AIUK"), have evaded their tax liabilities. The petitioners had demanded various prayers, including demanding an order mandating collection of Capital Gains Tax ("CGT") from Ncell and AIUK. In its verbal ruling on 6 February 2019, the Supreme Court had ruled in favour of the PIL despite the letter from LTPO dated 4 June 2017.

The Group has yet to receive the written judgement from the SC to understand the basis of the ruling. The Directors are of the view that the Group remains entitled to all rights and remedies available under international law. Based on the above, the Group has applied the requirements of MFRS 137, "Provisions, Contingent Liabilities and Contingent Assets" in accounting for this matter in the consolidated statement of comprehensive income and consolidated statement of financial position.

We focused on this area due to the significant judgements and assumptions made by the Group in accounting for the matter.</td><td></td></tr>
<tr><td>Accuracy of revenue recognition and the initial application of MFRS 15 'Revenue from Contracts with Customers' ("MFRS 15")

Refer to Note 3(t) – Significant Accounting Policies – Revenue, Note 6 – Operating Revenue and Note 46 (B) Changes in Accounting Policies - MFRS 15

Mobile, device and interconnect revenue, amounting to RM22.3 billion represents a significant component of the Group's revenue.

We focused on the accuracy of this area as mobile, device and interconnect revenue is an inherent risk which involves multiple element arrangements, the revenue is processed by billing systems that are complex, it involves large volumes of data with a combination of different products sold and there were price changes during the financial year.

In addition, we focused on the adjustments made by the Group following the initial application of MFRS 15 during the year. The Group elected to apply the modified retrospective method and recognised the cumulative effect of the transition directly in equity as of 1 January 2018. The adjustments are set out in Note 46 to the financial statements.

The application of MFRS 15 requires management's judgement for certain areas including the identification of separate performance obligations within bundled contracts and determining the relative stand-alone selling price for each performance obligation for transaction price allocation.</td><td>We performed the following audit procedures:

• We evaluated the relevant IT systems and the design of controls, and tested the operating effectiveness of controls over the:

- capture and recording of revenue transactions;

- authorisation of rate changes and the input of this information to the billing systems; and

- accuracy of calculation of amounts billed to customers.

• With regard to the adjustments arising from the application of MFRS 15:

- we assessed the impact analysis and the accounting estimates and judgement made by the Directors for material products and services;

- we inspected and discussed with management to understand the product features of material bundled contracts to evaluate management's identification of separate performance obligations; and

- we checked the stand alone selling prices used by management to allocate the transaction price for material bundled contracts to the Group's published selling prices for the individual services or equipment or other available market prices.

• We examined material non-standard journal entries and other adjustments posted to revenue accounts.

We did not find any material exceptions in the procedures performed.</td></tr>
</table>

Audited Financial Statements

Independent Auditors' Report To the Members of Axiata Group Berhad (Incorporated in Malaysia) (Company No. 242188-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Useful lives of property, plant and equipment ("PPE") *Refer to Note 3(c) – Significant Accounting Policies – Property, plant and equipment ("PPE"), Note 4(b)(iii) Critical accounting estimates and assumptions – Estimated useful lives of PPE and Note 26 – Property, plant and equipment* As at 31 December 2018, the Group recorded PPE of RM27.3 billion which comprised mainly telecommunication network equipment and accelerated depreciation charges of RM1.5 billion. The estimated useful lives of PPE are reviewed annually by management as disclosed in Note 3(c)(ii) and Note 4(b)(iii) to the financial statements. We focused on this area as the useful lives assigned to telecommunication equipment are areas of significant judgement by management, and management regularly reviews the useful lives due to the network and information technology ("IT") modernisation being undertaken by the Group. The network and IT modernisation involves estimating when the assets will be upgraded based on the approved modernisation plans and the useful lives of the network and IT assets are revised accordingly.	We performed the following audit procedures: • We checked whether the Directors' assessment of the PPE useful lives are appropriate by considering our knowledge of the business and practice in the wider telecommunication industry and also understanding the Group's network modernisation plans; and • We also tested whether approved useful live changes were appropriately applied prospectively in the fixed asset register. Based on the procedures performed above, we did not find any material exceptions in the Group's assessment of useful lives for PPE.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement on Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and other sections of the 2018 Integrated Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Audited Financial Statements

Independent Auditors' Report To the Members of Axiata Group Berhad (Incorporated in Malaysia) (Company No. 242188-H)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

(b) Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 41 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

IRVIN GEORGE LUIS MENEZES
02932/06/2020 J
Chartered Accountant

Kuala Lumpur
27 March 2019

Other Information

Other Information

Shareholding Statistics as at 29 March 2019

ANALYSIS OF SHAREHOLDINGS

Issued Shares:
- 9,072,782,543 Ordinary shares
- Voting Right : 1 vote per shareholder on a show of hands
  1 vote per ordinary share on a poll

Total No. of Shareholders:
- 19,634

DISTRIBUTION OF SHAREHOLDINGS
(without aggregating the securities from different securities accounts belonging to the same Depositor)

Size of Shareholdings	Shareholders				Shares			
	Malaysian		Foreign		Malaysian		Foreign	
	No.	%	No.	%	No.	%	No.	%
Less than 100	2,589	13.88	30	3.06	89,059	0.00[1]	1,027	0.00[1]
100 – 1,000	4,082	21.88	65	6.63	3,170,562	0.04	40,773	0.00[1]
1,001 – 10,000	9,823	52.66	209	21.33	33,855,429	0.42	892,202	0.09
10,001 – 100,000	1,736	9.30	247	25.20	43,153,046	0.53	10,232,455	1.07
100, 001 – 453,639,126 (less than 5% of issued shares)	421	2.26	429	43.78	2,331,449,082	28.73	946,307,080	98.83
453,639,127 and above (5% and above of issued shares)	3	0.02	0	0.00[1]	5,703,591,828	70.28	0	0.00[1]
Total	**18,654**	**100.00**	**980**	**100.00**	**8,115,309,006**	**100.00**	**957,473,537**	**100.00**

Note:
[1] Less than 0.01%

CATEGORY OF SHAREHOLDINGS

Category of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Individuals	16,170	82.36	72,506,116	0.80
Bank/Finance Companies	95	0.48	2,282,055,275	25.15
Investments Trusts/Foundations/Charities	12	0.06	154,000	0.00[1]
Other Types of Companies	235	1.20	279,717,186	3.08
Government Agencies/Institutions	14	0.07	3,393,589,458	37.40
Nominees	3,106	15.82	3,044,753,450	33.56
Others	2	0.01	7,058	0.00[1]
Total	**19,634**	**100.00**	**9,072,782,543**	**100.00**

Note:
[1] Less than 0.01%

Other Information

Shareholding Statistics as at 29 March 2019

SUBSTANTIAL SHAREHOLDERS (HOLDING 5% & ABOVE)

(as per Register of Substantial Shareholders)

No.	Name	Direct Interest		Indirect/Deemed Interest		Total Interest	
		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	Khazanah Nasional Berhad	3,285,606,277	36.21	85,632,340	0.94#	3,371,238,617	37.16
2.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	1,466,314,259	16.16	-	-	1,466,314,259	16.16
3.	AmanahRaya Trustees Berhad - Amanah Saham Bumiputera	1,082,516,684	11.93	-	-	1,082,516,684	11.93

Note:

Includes 165,150 Ordinary shares of Axiata Group Berhad ("Axiata Shares") being the number of Axiata Shares to be returned to Khazanah Nasional Berhad ("Khazanah") under the Selling Flexibility Arrangement to facilitate the sale of Axiata Shares by Axiata's employees who have exercised their Axiata ESOS options. Khazanah is deemed to have an interest in the Axiata Shares pursuant to Section 8 of the Companies Act 2016.

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

The Directors' direct and/or indirect interest in the Company based on the Register of Directors' Shareholdings are as follows:

Interest in the Company	Number of Ordinary shares					
	Direct Interest		Indirect Interest		Total Interest	
	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
Tan Sri Jamaludin Ibrahim	-	-	39,949	0.00[1]	39,949*	0.00[1]
Tan Sri Jamaludin Ibrahim	-	-	3,966,506	0.04	3,966,506#	0.04

Interest in the Company	Options/RSA over number of Ordinary shares					
	Direct Interest		Indirect Interest		Total Interest	
	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
Tan Sri Jamaludin Ibrahim - Options	1,954,800	0.02	-	-	1,954,800@	0.02
- Restricted Shares	1,219,800	0.01[1]	-	-	1,219,800&	0.00[1]
- PBLTIP	1,083,600	0.01	-	-	1,083,600^	0.01

Notes:

* Axiata Shares held under CIMSEC Nominees (Tempatan) Sdn Bhd ("CIMSEC Nominees")

Axiata shares held under CIMSEC Nominees for CIMB Commerce Trustee Berhad, a trustee of discretionary trust and the beneficiaries of which are members of the family of Tan Sri Jamaludin Ibrahim subject to the terms of such discretionary trust

@ Options pursuant to Axiata Performance-Based ESOS for Eligible Employees and Executive Directors of Axiata Group

& Restricted Share Grant under Axiata Share Scheme

^ Performance-Based Long Term Incentive Plan ("PBLTIP") granted in 2017

1 Less than 0.01%

Save as disclosed above, none of the Directors of the Company has any interest direct or indirect in the Company and its related corporations.

Other Information

Shareholding Statistics as at 29 March 2019

LIST OF TOP THIRTY LARGEST SHAREHOLDERS
(without aggregating the securities from different securities accounts belonging to the same Depositor)

No.	Name	No. of Shares Held	% of Issued Shares
1.	Khazanah Nasional Berhad	3,285,606,277	36.21
2.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	1,335,468,867	14.72
3.	AmanahRaya Trustees Berhad *Amanah Saham Bumiputera*	1,082,516,684	11.93
4.	Kumpulan Wang Persaraan (Diperbadankan)	371,887,166	4.10
5.	Urusharta Jamaah Sdn Bhd	237,100,065	2.61
6.	AmanahRaya Trustees Berhad *Amanah Saham Malaysia*	136,207,062	1.50
7.	Permodalan Nasional Berhad	135,345,667	1.49
8.	AmanahRaya Trustees Berhad *Amanah Saham Malaysia 2-Wawasan*	112,038,354	1.23
9.	AmanahRaya Trustees Berhad *Amanah Saham Malaysia 3*	90,628,955	1.00
10.	CIMSEC Nominees (Tempatan) Sdn Bhd *Exempt An for Khazanah Nasional Berhad (Axiata ESOS)*	85,579,640	0.94
11.	Cartaban Nominees (Asing) Sdn Bhd *GIC Private Limited for Government of Singapore (c)*	75,847,347	0.84
12.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA for Vanguard Emerging Markets Stock Index Fund*	70,010,319	0.77
13.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA for Vanguard Total International Stock Index Fund*	68,959,815	0.76
14.	Citigroup Nominees (Tempatan) Sdn Bhd *Great Eastern Life Assurance (Malaysia) Berhad (Par 1)*	68,330,281	0.75
15.	Cartaban Nominees (Asing) Sdn Bhd *Exempt An for State Street Bank & Trust Company (West CLT OD67)*	60,061,700	0.66
16.	Cartaban Nominees (Tempatan) Sdn Bhd *PAMB for Prulink Equity Fund*	58,770,644	0.65
17.	Citigroup Nominees (Tempatan) Sdn Bhd *Exempt An for AIA Bhd*	57,708,285	0.64
18.	Maybank Nominees (Tempatan) Sdn Bhd *Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)*	50,500,000	0.56
19.	AmanahRaya Trustees Berhad *Amanah Saham Bumiputra 3-Didik*	47,024,539	0.52
20.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (NOMURA)*	45,508,900	0.50
21.	AmanahRaya Trustees Berhad *Public Islamic Dividend Fund*	40,756,234	0.45
22.	Maybank Nominees (Tempatan) Sdn Bhd *Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)*	37,923,623	0.42
23.	Citigroup Nominees (Asing) Sdn Bhd *Exempt An for Citibank New York (Norges Bank 1)*	35,758,218	0.39
24.	Maybank Nominees (Tempatan) Sdn Bhd *MTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI) (419455)*	32,434,155	0.36
25.	AmanahRaya Trustees Berhad *Public Ittikal Sequel Fund*	27,019,671	0.30
26.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (CIMB PRIN)*	24,119,780	0.27
27.	AmanahRaya Trustees Berhad *Public Islamic Equity Fund*	21,379,678	0.24
28.	Citigroup Nominees (Tempatan) Sdn Bhd *Great Eastern Life Assurance (Malaysia) Berhad (Par 3)*	21,234,220	0.23
29.	AmanahRaya Trustees Berhad *Public Islamic Select Entrprises Fund*	19,357,304	0.21
30.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc.*	18,287,625	0.20
	TOTAL	**7,753,371,075**	**84.45**

Other Information

List of Top Ten Properties For The Financial Year Ended 31 December 2018

No.	Address/Location	Freehold/Leasehold - land and/or buildings	Current usage of land and buildings	Approximate age of buildings (years)	Date of acquisition/ capitalisation	Remaining lease period (years)	Land area (sq. meter)	Built-up area (sq. meter)	Net book value as at 31 Dec 2018 (RM)
1.	Office Building - 475, Union Place Colombo 02, Sri Lanka	Freehold building	Office building	4	31.08.2015	n/a	n/a	13,712.5	37,678,208
2.	Seksyen 13, Jalan Kemajuan, Petaling Jaya, Selangor, Malaysia	Leasehold land and building	Network office	25	23.03.1998	48	4,383.1	10,339.0	33,211,079
3.	Ekantakuna Technical Office Ekantakuna-4, Lalitpur, Nepal	Freehold land and building	Technical Office	34	17.06.2010	n/a	6,374.8	795.5	21,779,795
4.	Nakkhu Head Office Nakhu-4, Lalitpur, Nepal	Freehold land and building	Corporate office	34	17.05.2015	n/a	5,133.2	2,145.0	13,177,527
5.	Welivita Road, Malabe, Sri Lanka	Freehold land	Transmission stations	n/a	31.12.2013	n/a	163,894.0	15,000.0	12,828,999
6.	Jl. Arengka II, Kecamatan Tampan, Kelurahan Simpang Baru Kabupaten Pekanbaru, Indonesia	Leasehold land and free-hold building	Telecommunications and operations office	6	17.12.2012 (land) 11.12.2013 (building)	14	4,883.0	5,152.0	12,699,406
7.	Jl. Raya Kali Rungkut No. 15A, Surabaya, Indonesia	Leasehold land and freehold building	Telecommunications and operations office	9	17.04.2008 and 22.12.2008 (land) 08.10.2009 (building)	10	8,853.0	9,443.0	11,263,737
8.	Jl. Sumba B12-1 Mekarwangi, Cikarang Barat, Bekasi-Jawa Barat Kawasan MM2100, Indonesia	Leasehold land and free-hold building	Telecommunications and operations office	8	24.11.2008 (land) 01.02.2011 (building)	12	19,549.5	9,443.0	10,878,100
9.	Bandar Sri Manjalara, Mukim Batu, Kuala Lumpur, Malaysia	Land Leasehold	TNB substation, a satellite & guard house	n/a	23.05.1997	60	3,480.2	n/a	10,069,013
10.	Jl. Raya Margorejo Indah D-206 Kel. Sidosermo, Kec. Wonocolo, Surabaya, Jawa Timur, Indonesia	Leasehold land and freehold building	Business centres	5	08.03.2014	15	3,100.0	1,919.0	10,044,878

Other Information

Net Book Value of Land & Buildings For the financial year ended 31 December 2018

Location	Freehold No. of Lots	Freehold Area ('000 sq ft)	Leasehold No. of Lots	Leasehold Area ('000 sq ft)	Net book value of land RM'000	Net book value of buildings RM'000
1 **Malaysia**						
(a) Federal Territory (Kuala Lumpur)	-	-	3	91.0	6,760.2	4,968.3
(b) Selangor	2	59.6	2	48.7	7,541.7	19,663.2
(c) Perak	2	44.5	4	63.0	1,296.2	-
(d) Pulau Pinang	7	15.3	3	64.1	1,545.1	1,295.2
(e) Kedah	-	-	1	15.9	141.4	351.3
(f) Johor	6	41.6	1	78.8	1,392.0	1,400.9
(g) Negeri Sembilan	2	50.1	-	-	1,160.0	204.5
(h) Terengganu	-	-	7	871.8	375.6	9.6
(i) Kelantan	1	11.9	3	107.2	107.5	297.8
(j) Pahang	1	37.1	17	429.6	3,423.4	1,433.4
(k) Sabah	-	-	5	224.4	1,239.6	755.5
(l) Sarawak	2	320.1	3	58.5	633.0	657.8
2 **Indonesia**	-	-	11,528	34,453.1	304,321.2	31,943.6
3 **Sri Lanka**	39	1,027.4	-	-	14,258.7	103,617.5
4 **Bangladesh**	264	2,073.7	5,907	4,755.0	14,547.0	7,152.7
5 **Cambodia**	-	-	-	-	-	5,589.1
6 **Nepal**	9	479.2	-	-	36,170.4	19,652.6
Total	**335**	**4,160.5**	**17,484**	**41,261.1**	**394,913.0**	**198,993.0**

Other Information
Glossary

2G
Second generation wireless telephone technology

3G
Third generation mobile phone technologies covered by the ITU IMT- 2000 family

3R
Revamp, Rise, Reinvent

4G
Fourth generation mobile phone technology

Advanced Data
Data, VAS & Broadband

AAP
Adknowledge Asia Pacific Pte Ltd

ABS
Axiata Business Services

Axiata Digital
Axiata Digital Services Sdn Bhd

ADIF
Axiata Digital Innovation Fund

AGIA
Axiata Group Internal Audit

AGM
Annual General Meeting

AIC
Axiata Investments (Cambodia) Limited

AI1
Axiata Investments 1 (India) Limited

AI2
Axiata Investments 2 (India) Limited

AIL
Axiata Investments (Labuan) Limited

Airtel
Airtel Bangladesh Limited

AIS
Axiata Investments (Singapore) Limited

AMS
Axiata Management Services Sdn Bhd

API
Application Programme Interface

AOBDT
Annual Overseas Business Development Trip

ARPU
Average Monthly Revenue Per User

ASEAN
Association of Southeast Asian Nations

ATC
Axiata Towers (Cambodia) Company Limited

AUSAID
Australian Agency for International Development

Axiata
Axiata Group Berhad

Axiata Group
Axiata and its subsidiaires

Axiata Indonesia
Axiata Investments (Indonesia) Sdn Bhd

Axiata Share Scheme
Performance-Based ESOS and RSP

Axiata SPV1
Axiata SPV1 (Labuan) Limited

Axiata SPV2
Axiata SPV2 Berhad

Axis
PT Axis Telekom Indonesia

AYTP
Axiata Young Talent Programme

B2B
Business to Business

B2B2C
Business to Business to Consumer

BAC
Board Audit Committee

BEE
Board Effectiveness Evaluation

BICL
Bangladesh Infrastructure Company Limited

BNC
Board Nomination Committee

BOD
Board of Directors

BRC
Board Remuneration Committee

BTS
Base Transceiver Station

Bursa Securities
Bursa Malaysia Securities Berhad

CAMEL
Customised Applications for Mobile network Enhanced Logic

CAPEX
Capital Expenditure

CBN
Communiq Broadband Network (Private) Limited

CDMA
Code Division Multiple Access

Celcom
Celcom Axiata Berhad

Celcom Group
Celcom and its subsidiaries

Celcom Networks
Celcom Networks Sdn Bhd

Celcom Planet
Celcom Planet Sdn Bhd

Celcom Resources
Celcom Resources Berhad

CLM
Customer Lifecycle Management

CR
Corporate Responsibility

CSOC
Cyber Security Operation Centre

CSPA
Cyber Security Posture Assessment

CSSC
Cyber Security Steering Committee

CWI
Connected Women Initiative

DBN
Dialog Broadband Networks (Private) Limited

DCR
Directors' Circular Resolutions

Dialog
Dialog Axiata PLC

Digital
Digital Commerce Lanka (Private) Limited

DiGi
DiGi.Com Berhad

DiGi Tel
DiGi Telecommunications Sdn Bhd

DMSB
Digital Milestone Sdn Bhd

DPR
Dividend Payout Ratio

DPS
Dividend Per Share

DRS
Dividend Reinvestment Scheme

DTH
Direct to Home

DTT
Dialog Television Trading (Private) Limited

DTV
Dialog Television (Private) Limited

edotco Bangladesh
edotco Bangladesh Co Ltd

edotco Group
edotco Group Sdn Bhd

edotco Cambodia
Edotco (Cambodia) Co., Ltd

e-money
electronic money

EBIT
Earnings Before Interest and Taxes

EBITDA
Earnings Before Interest, Taxes, Depreciation and Amortisation

EDGE
Enhanced Data rates for GSM Evolution

ED
Executive Director

EES
Economic, Environmental and Social

EMDE
Emerging Market and Developing Economy

ERM
Enterprise Wide Risk Management

Escape
Escape Axiata Sdn Bhd

ESG
Environmental, Social and Corporate Governance

ESOS
Employee Share Option Scheme

Etisalat Indonesia
Emirates Telecommunications Corporation (Etisalat) International Indonesia Limited

EV
Enterprise Value

EVP
Executive Vice President

FCF
Free Cash Flow

FDI
Foreign Direct Investment

FSL
Firstsource Solutions Limited

FY17
Financial year ended 31 December 2017

FY18
Financial year ended 31 December 2018

GAAP
Generally Accepted Accounting Principles

GCEO
Managing Director/President & Group Chief Executive Officer

GCFO
Group Chief Financial Officer

GCIA
Group Chief Internal Auditor

GDP
Gross Domestic Product

GLC
Government Linked Companies

GLCT
Government Linked Company Transformation

GMV
Gross Merchandise Value

GPRS
General Packet Radio Service

GRMD
Group Risk Management Department

GSM
Global System for Mobile Communications

GSMA
The GSM Association

GADP
Group Accelerated Development Program

Glasswool
Glasswool Holdings Limited

Hello
Hello Axiata Company Limited

HACL
Hello Axiata Company Limited

HetNet
Heterogeneous Network

HSDPA
High Speed Downlink Packet Access

HSPA
High Speed Packet Access

IA
Internal Audit

ICT
Information and Communications Technology

IDC
Internet Data Centre

Idea
Idea Cellular Limited

ILD
International Long Distance

IMDA
Infocommunications Media Development Authority of Singapore

Other Information
Glossary

INED
Independent Non-Executive Director

IoT
Internet of Things

IP
Internet Protocol

IPVPN
Internet Protocol Virtual Private Network

ISP
Internet Services Protocol

Khazanah
Khazanah Nasional Berhad

KLCI
Kuala Lumpur Composite Index

KPI
Key Performance Indicator

LOA
Limits of Authority

LTE
Long Term Evolution

M1
M1 Limited

M2M
Machine to Machine

M&A
Mergers & Acquisitions

Main LR
Main Market Listing Requirements of Bursa Securities

MBB
Mobile Broadband

MCCG 2012
Malaysian Code on Corporate Governance 2012

MCMC
Malaysian Communications and Multimedia Commission

MDS
Mobile Data Services

MFRS
Malaysian Financial Reporting Standards

MFRS 9
MFRS 9 Financial Instruments

MFRS 15
MFRS 15 Revenue from Contracts with Customers

MIFE
Mobile Internet Fulfillment Exchange

MNP
Mobile Number Portability

MNVO
Mobile Virtual Network Operators

MoU
Memorandum of Understanding

MoU
Minutes of Use

MPEG
Moving Picture Experts Group

MSWG
Minority Shareholder Watch Group

Multinet
Multinet Pakistan (Private) Limited

MVNO
Mobile Virtual Network Operator

Ncell
Ncell Private Limited

NEC
Non-Executive Chairman

NED
Non-Executive Director

NGIN
New Generation Intelligent Network

NGNBN
Next Generation Nationwide Broadband

NINED
Non-Independent Non-Executive Director

NLD
National Long Distance

NPAT
Net PAT

NPS
Net Promoter Score

OECD
Organisation for Economic Co-operation and Development

OpCo
Operating Company

OPEX
Operating Expenditure

OTT
Over-The-Top

President & GCEO
Managing Director/President & Group Chief Executive Officer

PAT
Profit after Tax

PATAMI
Profit after Tax and Minority Interest

PBT
Profit before Tax

PLDT MY
PLDT Malaysia Sdn Bhd

PGC
PLDT Global Corporation

QoQ
Quarter on Quarter

RTC
Regional TowerCo

RSA
Restricted Share Awards

RSP
Restricted Share Plan

RMC
Risk Management Committee

Robi
Robi Axiata Limited

ROCE
Return on Capital Employed

ROE
Return on Equity

ROI
Return on Investment

ROIC
Return on Invested Capital

SIM
Samart I-Mobile Public Company Limited

SLT
Senior Leadership Team

Smart
Smart Axiata Co., Ltd

SMS
Short Message Service

SPA
Sales and Purchase Agreement

SSC
Share Scheme Committee

STC
Saudi Telecom Company

Suntel
Suntel Limited

Sky TV
Sky Television and Radio Network (Private) Limited

SME
Small and Medium Size Enterprise

SVOD
Streaming Video on Demand

TM
Telekom Malaysia Berhad

ToR
Terms of Reference

TMI
TM International Berhad (now known as Axiata)

TSR
Total Shareholder Return

UMTS900
900 MHz Frequency

UNCTAD
United Nations Conference on Trade and Development

USAID
United States Agency for International Development

USP
Universal Service Provision

VAS
Value Added Services

VoLTE
Voice over LTE

VWAMP
Volume Weighted Average Market Price

Summary of average and closing rates used for FY2018 and FY2017 are as follows:

FY2017

Local Currency:	Average	Closing
1 BDT: RM	0.053261	0.049140
1 IDR: RM	0.000322	0.000298
1 INR: RM	0.066044	0.063388
1 NPR: RM	0.041271	0.039617
1 PKR: RM	0.040850	0.036563
1 SGD: RM	3.113024	3.029300
1 SLR/LKR: RM	0.028195	0.026500
1 USD: RM	4.301453	4.047500

FY2018

Local Currency:	Average	Closing
1 BDT: RM	0.048138	0.049453
1 IDR: RM	0.000284	0.000286
1 INR: RM	0.059089	0.059355
1 NPR: RM	0.036928	0.037097
1 PKR: RM	0.033324	0.029720
1 SGD: RM	2.990764	3.040300
1 SLR/LKR: RM	0.024876	0.022600
1 USD: RM	4.034137	4.157500

WCDMA
Wideband CDMA

WiFi
Wireless Fidelity

WIMAX
Worldwide Interoperability for Microwave Access

XL
PT XL Axiata Tbk.

YoY
Year on Year

UIEP
Uncompromising Integrity and Exceptional Performance

CURRENCIES

BDT
Bangladeshi Taka, the lawful currency of Bangladesh

IDR
Indonesian Rupiah, the lawful currency of Indonesia

INR
Indian Rupee, the lawful currency of India

NPR
Nepalese Rupee, the lawful currency of Nepal

PKR
Pakistani Rupee, the lawful currency of Pakistan

RM
Ringgit Malaysia, the lawful currency of Malaysia

SGD
Singapore Dollars, the lawful currency of Singapore

SLR/LKR
Sri Lankan Rupee, the lawful currency of Sri Lanka

SDR
Special Drawing Rights, common currency in international roaming agreements

USD
United States Dollars, the lawful currency of the US

axiata
advancing asia