AXIATA GROUP BERHAD (242188-H)

The Board of Directors of Axiata Group Berhad is pleased to announce the following unaudited results of the Group for the financial period ended 30 June 2013.

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2nd Quarter Ended		Financial Period Ended	
	30/6/2013	30/6/2012	30/6/2013	30/6/2012
	RM '000	RM '000 Restated	RM '000	RM '000 Restated
Operating revenue	**4,629,385**	4,416,613	**9,111,262**	8,663,488
Operating costs				
- depreciation, impairment and amortisation	**(854,383)**	(828,446)	**(1,706,082)**	(1,618,654)
- foreign exchange losses	**(37,653)**	(21,358)	**(22,349)**	(88,279)
- domestic interconnect and international outpayment	**(651,141)**	(540,580)	**(1,334,007)**	(1,007,634)
- marketing, advertising and promotion	**(380,409)**	(346,403)	**(735,226)**	(710,895)
- other operating costs	**(1,423,733)**	(1,317,181)	**(2,799,854)**	(2,645,077)
- staff costs	**(309,953)**	(271,761)	**(598,316)**	(535,846)
- other gains - net	**40,006**	20,264	**35,725**	18,368
Other operating income	**16,775**	25,563	**22,863**	47,229
Operating profit before finance cost	**1,028,894**	1,136,711	**1,974,016**	2,122,700
Finance income	**98,149**	63,709	**170,186**	126,585
Finance cost excluding net foreign exchange losses on financing activities	**(183,246)**	(164,836)	**(346,982)**	(326,421)
Net foreign exchange losses on financing activities	**(42,834)**	(33,298)	**(40,183)**	(86,397)
	(226,080)	(198,134)	**(387,165)**	(412,818)
Jointly controlled entities				
- share of results (net of tax)	**(1,201)**	-	**(1,201)**	-
Associates				
- share of results (net of tax)	**84,553**	14,903	**151,611**	92,521
- loss on dilution of equity interests	**(11,604)**	(5,405)	**(19,033)**	(12,070)
Profit before taxation	**972,711**	1,011,784	**1,888,414**	1,916,918
Taxation	**(265,448)**	(243,173)	**(505,945)**	(503,361)
Profit for the financial period	**707,263**	768,611	**1,382,469**	1,413,557
Other comprehensive income/(expense):				
Items that will not be reclassified to profit or loss:				
- actuarial gains/(losses) on defined benefits plan, net of tax	**26,807**	10,201	**5,461**	(8,655)
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	**(15,846)**	(5,685)	**68,967**	(315,061)
- net investment hedge, net of tax	**12,193**	(22,288)	**19,655**	(41,104)
Other comprehensive income/(expense) for the financial period, net of tax	**23,154**	(17,772)	**94,083**	(364,820)
Total comprehensive income for the financial period	**730,417**	750,839	**1,476,552**	1,048,737
Profit for the financial period attributable to:				
- owners of the Company	**644,777**	666,638	**1,259,342**	1,232,267
- non-controlling interests	**62,486**	101,973	**123,127**	181,290
	707,263	768,611	**1,382,469**	1,413,557
Total comprehensive income for the financial period attributable to:				
- owners of the Company	**654,700**	628,759	**1,339,469**	939,435
- non-controlling interests	**75,717**	122,080	**137,083**	109,302
	730,417	750,839	**1,476,552**	1,048,737
Earnings per share (sen) (Note B,13)				
- basic	**7.6**	7.8	**14.8**	14.5
- diluted	**7.5**	7.8	**14.7**	14.4

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012)

AXIATA GROUP BERHAD (242188-H)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30/6/2013 RM '000 Unaudited	As at 31/12/2012 RM '000 Audited
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	8,529,721	8,508,209
Share premium	2,178,912	2,094,125
Reserves	8,540,401	9,498,174
Total equity attributable to owners of the Company	19,249,034	20,100,508
Non-controlling interests	1,951,434	1,906,714
Total equity	21,200,468	22,007,222
NON-CURRENT LIABILITIES		
Borrowings	11,919,559	10,765,691
Derivative financial instruments	113,892	194,181
Deferred income	282,987	247,188
Other payable	75,978	68,417
Provision for liabilities	373,849	338,948
Deferred tax liabilities	1,503,891	1,418,265
Total non-current liabilities	14,270,156	13,032,690
	35,470,624	**35,039,912**
NON-CURRENT ASSETS		
Intangible assets	9,084,932	8,392,514
Property, plant and equipment	17,190,470	16,585,314
Jointly controlled entities	417	1,618
Associates	6,867,356	6,838,467
Available-for-sale financial asset	898	892
Derivative financial instruments	63,434	33,621
Long term receivables	86,714	98,750
Deferred tax assets	253,812	263,842
Total non-current assets	33,548,033	32,215,018
CURRENT ASSETS		
Inventories	401,752	381,499
Trade and other receivables	2,554,021	2,112,098
Derivative financial instruments	11,356	22,087
Financial assets at fair value through profit or loss	9	8
Tax recoverable	37,665	40,839
Deposits, cash and bank balances	6,643,533	7,906,204
Assets directly associated with non-current assets classified as held-for-sale	276,665	252,848
Total current assets	9,925,001	10,715,583
LESS : CURRENT LIABILITIES		
Trade and other payables	5,713,100	5,730,997
Borrowings	1,866,833	1,892,371
Current tax liabilities	261,400	115,045
Liabilities directly associated with non-current assets classified as held-for-sale	161,077	152,276
Total current liabilities	8,002,410	7,890,689
Net current assets	1,922,591	2,824,894
	35,470,624	**35,039,912**
Net assets per share attributable to owners of the Company (sen)	226	236

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012)

AXIATA GROUP BERHAD (242188-H)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

	Attributable to equity holders of the Company											
	Issued and fully paid-up ordinary shares of RM1 each											
	Share capital RM '000	Share premium RM '000	Currency translation differences RM '000	Capital contribution reserve RM '000	Merger reserve RM '000	Hedging reserve RM '000	ESOS and RSA reserve RM '000	Actuarial reserve RM '000	Retained earnings RM '000	Total RM '000	Non-controlling interests RM '000	Total equity RM '000
At 1 January 2013	**8,508,209**	**2,094,125**	**(554,660)**	**16,598**	**346,774**	**(116,997)**	**111,044**	**(4,387)**	**9,699,802**	**20,100,508**	**1,906,714**	**22,007,222**
Profit for the financial period	-	-	-	-	-	-	-	-	1,259,342	1,259,342	123,127	1,382,469
Other comprehensive income/(expense):												
- Currency translation differences arising during the financial period:												
- subsidiaries	-	-	105,762	-	-	-	-	-	-	105,762	12,039	117,801
- associates	-	-	(48,834)	-	-	-	-	-	-	(48,834)	-	(48,834)
	-	-	56,928	-	-	-	-	-	-	56,928	12,039	68,967
- Net investment hedge, net of tax	-	-	-	-	-	19,655	-	-	-	19,655	-	19,655
- Actuarial loss for the financial period, net of tax	-	-	-	-	-	-	-	3,544	-	3,544	1,917	5,461
Total comprehensive income/(expense)	**-**	**-**	**56,928**	**-**	**-**	**19,655**	**-**	**3,544**	**1,259,342**	**1,339,469**	**137,083**	**1,476,552**
Transactions with owners:												
- Issuance of new shares	21,512	63,131	-	-	-	-	-	-	-	84,643	-	84,643
- Share issue expense	-	(197)	-	-	-	-	-		-	(197)	-	(197)
- Acquisition of a subsidiary	-	-	-	-	-	-	-	-	(10,431)	(10,431)	32,657	22,226
- Dilution of equity interest in a subsidiary	-	-	-	-	-	-	-	-	3,248	3,248	7,982	11,230
- Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(133,002)	(133,002)
- Dividends paid to shareholders	-	-	-	-	-	-	-	-	(2,302,749)	(2,302,749)	-	(2,302,749)
- Employee share option scheme:												
- value of employees' services	-	-	-	-	-	-	34,543	-	-	34,543	-	34,543
- transferred from ESOS reserve upon exercise	-	21,853	-	-	-	-	(21,853)	-	-	-	-	-
Total transactions with owners	21,512	84,787	-	-	-	-	12,690	-	(2,309,932)	(2,190,943)	(92,363)	(2,283,306)
At 30 June 2013	**8,529,721**	**2,178,912**	**(497,732)**	**16,598**	**346,774**	**(97,342)**	**123,734**	**(843)**	**8,649,212**	**19,249,034**	**1,951,434**	**21,200,468**

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012)

AXIATA GROUP BERHAD (242188-H)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2013

	Attributable to equity holders of the Company											
	Issued and fully paid-up ordinary shares of RM1 each											
	Share capital RM '000	Share premium RM '000	Currency translation differences RM '000	Capital contribution reserve RM '000	Merger reserve RM '000	Hedging reserve RM '000	ESOS and RSA reserve RM '000	Actuarial reserve RM '000	Retained earnings RM '000	Total RM '000	Non-controlling interests RM '000	Total equity RM '000
At 1 January 2012 (as previously reported)	8,466,182	1,989,885	(1,947,251)	16,598	346,774	(76,643)	96,838	-	10,396,129	19,288,512	1,832,355	21,120,867
Effect of adoption of MFRS1	-	-	1,813,994	-	-	-	-	-	(1,259,424)	554,570	60	554,630
At 1 January 2012 (as restated)	8,466,182	1,989,885	(133,257)	16,598	346,774	(76,643)	96,838	-	9,136,705	19,843,082	1,832,415	21,675,497
Profit for the financial period	-	-	-	-	-	-	-	-	1,232,267	1,232,267	181,290	1,413,557
Other comprehensive expense:												
- Currency translation differences arising during the financial period:												
- subsidiaries	-	-	(210,337)	-	-	-	-	-	-	(210,337)	(69,103)	(279,440)
- associates	-	-	(35,621)	-	-	-	-	-	-	(35,621)	-	(35,621)
	-	-	(245,958)	-	-	-	-	-	-	(245,958)	(69,103)	(315,061)
- Net investment hedge, net of tax	-	-	-	-	-	(41,104)	-	-	-	(41,104)	-	(41,104)
- Actuarial loss for the financial period								(5,770)		(5,770)	(2,885)	(8,655)
Total comprehensive (expense)/income	**-**	**-**	**(245,958)**	**-**	**-**	**(41,104)**	-	**(5,770)**	**1,232,267**	**939,435**	**109,302**	**1,048,737**
Transactions with owners:												
- Issuance of new shares	32,295	48,625	-	-	-	-	-		-	80,920	-	80,920
- Dilution of equity interest in a subsidiary	-	-	-	-	-	-	-	9	4,087	4,096	7,315	11,411
- Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(132,059)	(132,059)
- Dividends paid to shareholders	-	-	-	-	-	-	-	-	(1,273,698)	(1,273,698)	-	(1,273,698)
- Employees' share option scheme												
- value of employees' services	-	-	-	-	-	-	29,069	-	-	29,069	-	29,069
- transferred from ESOS reserve upon exercise	-	36,274	-	-	-	-	(36,274)	-	-	-	-	-
Total transactions with owners	32,295	84,899	-	-	-	-	(7,205)	9	(1,269,611)	(1,159,613)	(124,744)	(1,284,357)
At 30 June 2012	**8,498,477**	**2,074,784**	**(379,215)**	**16,598**	**346,774**	**(117,747)**	**89,633**	**(5,761)**	**9,099,361**	**19,622,904**	**1,816,973**	**21,439,877**

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012)

AXIATA GROUP BERHAD (242188-H)

UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE FINANCIAL PERIOD ENDED	
	30/6/2013	30/6/2012
	RM '000	RM '000
		Restated
Receipts from customers	8,808,739	8,710,851
Payments to suppliers and employees	(5,477,719)	(5,658,739)
Payment of finance cost	(347,943)	(336,528)
Payment of income taxes (net of refunds)	(313,066)	(508,317)
CASH FLOWS FROM OPERATING ACTIVITIES	**2,670,011**	**2,207,267**
Disposal of property, plant and equipment	10,792	6,314
Purchase of property, plant and equipment & capex inventories	(2,072,896)	(1,560,258)
Purchase of other intangible assets	(352,458)	(49,344)
Investment in a subsidiary	(402,007)	(66,621)
Additional investments in an associate	(404)	-
Acquisition of an associate	-	(2,940)
Net repayment from employees	98	39
Interest received	170,174	126,570
CASH FLOWS USED IN INVESTING ACTIVITIES	**(2,646,701)**	**(1,546,240)**
Proceeds from issuance of Performance-Based ESOS shares	84,643	80,920
Share issue expense	(197)	-
Proceeds from borrowings	1,595,861	1,518,346
Repayments of borrowings	(613,829)	(1,014,388)
Dividends paid to non-controlling interests	(133,002)	(132,059)
Dividends received from associates	54,905	53,519
Dividends paid to shareholders	(2,302,749)	(1,273,698)
CASH FLOWS USED IN FINANCING ACTIVITIES	**(1,314,368)**	**(767,360)**
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,291,058)	(106,333)
NET (INCREASE)/DECREASE IN RESTRICTED CASH AND CASH EQUIVALENT	(58,846)	77,253
EFFECT OF EXCHANGE RATE CHANGES	29,907	(27,192)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	**7,894,464**	**6,046,406**
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	**6,574,467**	**5,990,134**
Total deposits, cash and bank balances	6,643,533	6,480,224
Less :		
- Deposit pledged	(65,234)	(487,762)
- Bank overdraft	(3,832)	(2,328)
TOTAL CASH AND CASH EQUIVALENT AS AT THE END OF THE FINANCIAL PERIOD	**6,574,467**	**5,990,134**

(The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2012)

AXIATA GROUP BERHAD (242188-H)
(Incorporated in Malaysia)

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

1. Basis of Preparation

The unaudited financial statements for the financial period ended 30 June 2013 of the Group have been prepared in accordance with the International Financial Reporting Standards compliant framework, Malaysian Financial Reporting Standards ("MFRS"), MFRS 134 "Interim Financial Reporting", Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR"), and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2012 ("2012 Audited Financial Statements").

2. Accounting Policies

The accounting policies and method of computation applied in the unaudited interim financial statements are consistent with those used in the preparation of the 2012 Audited Financial Statements except for the adoption of new standards and amendments/improvements to existing standards that are applicable to the Group for the financial period beginning 1 January 2013 as set out below.

(a) New and amendments to existing standards

MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosures of Interests in Other Entities
MFRS 13	Fair Value Measurement
MFRS 127	Separate Financial Statements
MFRS 128	Investments in Associates and Joint Ventures

Amendments to MFRS 1 "First-time adoption of MFRSs" on Government Loans

Amendments to MFRS 7 "Financial Instruments: Disclosures" on Disclosure - Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 10, 11 and 12 on Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance

Amendment to MFRS 101 "Presentation of Financial Statements" on Presentation of Items of Other Comprehensive Income

(b) Annual improvements 2009-2011 Cycle

MFRS 1	First-time adoption of MFRS
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 132	Financial Instruments: Presentation
MFRS 134	Interim Financial Reporting

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

3. Seasonal or Cyclical Factors

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

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

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

(a) On 19 February 2013, the Group completed the acquisition of Latelz Cambodia Limited ("Latelz") as disclosed in Part A, 12 (b) of this announcement for a total cash consideration of RM483.3 million (USD156.0 million).

During the current quarter and financial period to date, the Group made cash payment of RM76.5 million (USD25.7 million) and RM418.3 million (USD136.0 million) and a total goodwill of RM354.7 million (USD114.2 million) [which is subject to further adjustments as at the date of completion] was recognised in conjunction with the above acquisition; and

(b) During the current quarter and financial period to date, the Group recognised net foreign exchanges losses of RM80.5 million and RM62.5 million respectively mainly arising from the revaluation of USD borrowings and payables.

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 30 June 2013.

5. Estimates

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

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

In preparing the unaudited interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the sources of estimates uncertainty were consistent as those applied in the 2012 Audited Financial Statements.

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

(a) During the current quarter and financial period to date, the Company issued additional 11.9 million and 21.5 million new ordinary shares of RM1 each respectively at an exercise price of RM1.81, RM3.15, RM3.45 and RM5.07 pursuant to the exercise of employee share option under Performance-Based Employee Share Option Scheme ("ESOS") and Restricted Share Plan ("Axiata Share Scheme").

The detail movement of the issued and paid-up capital and share premium reserve of the Company are as follows:

	Issued and fully paid-up ordinary shares of RM1 each	Share capital	Share premium	Total
	'000	RM'000	RM'000	RM'000
At 1 January 2013	8,508,209	8,508,209	2,094,125	10,602,334
Issuance of Performance-Based ESOS Shares	9,551	9,551	27,365	36,916
Transferred from ESOS reserve upon exercise	-	-	9,707	9,707
At 31 March 2013	8,517,760	8,517,760	2,131,197	10,648,957
Issuance of Performance-Based ESOS Shares	11,961	11,961	35,766	47,727
Transferred from ESOS reserve upon exercise	-	-	12,146	12,146
Share issue expenses	-	-	(197)	(197)
As 30 June 2013	8,529,721	8,529,721	2,178,912	10,708,633

(b) During the financial period to the date, the Company offered 28,910,600 ordinary shares of RM1 each of the Company under the Axiata Share Scheme to the eligible employees and Executive Directors of the Group.

Aside from the above, there were no other significant and unusual issues, repurchases and repayments of debt and equity securities during the financial period ended 30 June 2013.

7. Dividends paid

The Company declared and paid the dividends during the financial period as follows:

Date of payment	Description	Per ordinary share Sen	Total RM'000
14 June 2013	*Tax exempt dividend under single tier in respect of financial year ended 31 December 2012:*		
	- final	15	1,279,305
	- special	12	1,023,444
		27	2,302,749

8. Segmental Information

For the financial period ended 30 June 2013

	Malaysia	Indonesia	Bangladesh	Sri Lanka	Others	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	3,990,441	3,251,881	878,409	748,924	302,502	-	9,172,157
Inter-segment*	(4,052)	(21,971)	(435)	(15,353)	(8)	(19,076)	(60,895)
External operating revenue	3,986,389	3,229,910	877,974	733,571	302,494	(19,076)	9,111,262
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	1,741,561	1,361,018	316,162	240,666	(8,871)	(6,677)	3,643,859
Interest income	61,708	37,984	21,028	2,396	74,633	(27,563)	170,186
Interest expense	(108,376)	(166,218)	(12,327)	(7,606)	(77,873)	25,418	(346,982)
Depreciation of property, plant and equipment ("PPE")	(352,907)	(887,722)	(117,460)	(134,381)	(42,900)	33,105	(1,502,265)
Amortisation of intangible assets	(50,472)	(16,836)	(31,647)	(7,320)	(500)	-	(106,775)
Jointly controlled entities:							
- Share of results (net of tax)	(1,201)	-	-	-	-	-	(1,201)
Associates:							
- Share of results (net of tax)	2,865	-	-	(469)	149,215	-	151,611
- Loss on dilution of equity interests	-	-	-	-	-	(19,033)	(19,033)
Impairment of PPE, net of reversal	(68,894)	-	-	(1,155)	(17,871)	-	(87,920)
Other non-cash income/(expenses)	7,634	(34,788)	18,803	(16,639)	9,781	2,143	(13,066)
Taxation	(258,401)	(83,061)	(106,735)	(13,410)	(42,800)	(1,538)	(505,945)
Segment profit for the financial period	973,517	210,377	87,824	62,082	42,814	5,855	1,382,469

8. Segmental Information (continued)

For the financial period ended 30 June 2012 (restated)

	Malaysia	Indonesia	Bangladesh	Sri Lanka	Others	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	3,796,112	3,410,624	696,263	671,990	154,375	-	8,729,364
Inter-segment*	(4,970)	(27,909)	(110)	(15,300)	(1,260)	(16,327)	(65,876)
External operating revenue	3,791,142	3,382,715	696,153	656,690	153,115	(16,327)	8,663,488
EBITDA	1,659,648	1,712,360	224,853	219,701	(52,526)	-	3,764,036
Interest income	68,177	19,812	3,605	4,973	56,466	(26,448)	126,585
Interest expense	(109,084)	(126,205)	(40,705)	(8,627)	(68,114)	26,314	(326,421)
Depreciation of PPE	(423,116)	(859,631)	(108,083)	(124,817)	(33,475)	57,492	(1,491,630)
Amortisation of intangible assets	(39,331)	(12,190)	(25,669)	(2,569)	(211)	-	(79,970)
Associates:							
- Share of results (net of tax)	4,496	-	-	41	87,984	-	92,521
- Loss on dilution of equity interests	-	-	-	-	-	(12,070)	(12,070)
Impairment of PPE, net of reversal	10	(4,291)	-	3,425	(46,010)	-	(46,866)
Other non-cash income/(expenses)	35,412	(61,751)	212	(77,072)	(6,202)	134	(109,267)
Taxation	(238,661)	(172,771)	(42,120)	(8,118)	(25,964)	(15,727)	(503,361)
Segment profit/(loss) for the financial period	957,551	495,333	12,093	6,937	(88,052)	29,695	1,413,557

* 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.

9. Valuation of Property, Plant and Equipment ("PPE")

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

10. Acquisitions of PPE

During the financial period to date, the Group acquired additional PPE amounting to RM1,886.1 million mainly for its telecommunication network equipment and capital work in progress.

11. Events after the Interim Period

On 16 May 2013, PT XL Axiata Tbk ("XL") entered into an agreement with SK Planet Co. Ltd ("SKP") and SK Planet Global Holdings Pte. Ltd ("SKGH") whereby SKP and XL agreed to enter into a joint venture arrangement by incorporating a new limited liability company ("NewCo") to develop an e-commerce platform to provide an online multi-category open market place for the sales of physical goods and services in Indonesia via the internet. The agreement stipulates that SKGH and XL are to contribute IDR equivalent of RM58.3 million (USD18.3 million) each for the initial share capital and respectively hold 50.00% of the total share capital of the NewCo. In accordance with the agreement, SKGH and XL have also committed to access the market conditions up to 2015 and contribute additional share capital based on the conditions stated in the agreement. The NewCo having the name, PT XL Planet Digital, was incorporated under Deed of Establishment No. 9 dated 8 July 2013.

Other than the above, there was no other significant event after interim period that requires disclosure and/or adjustment as at 23 August 2013.

12. Effects of Changes in the Composition of the Group

(a) Proposed disposal of 49.00% equity interest in Mobile Telecommunication Company of Esfahan ("MTCE")

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

The disposal has no significant impact to the Group during the financial period to date.

(b) Acquisition by Axiata Investments (Cambodia) Limited ("AIC") of Glasswool Holdings Limited ("Glasswool")

On 13 December 2012, the Company and its wholly-owned subsidiary, AIC have entered into a SPA with Timeturns Holdings Limited for the acquisition of the entire ordinary shares in issue of Glasswool, which became the owner of the entire ordinary shares in issue of Latelz in Cambodia ("Acquisition of Latelz") upon completion of the Acquisition of Latelz. Subsequently, it was the Group's intention to merge the operations of Hello Axiata Company Limited ("Hello") and Latelz as one combined entity.

The acquisition was settled via a combination of cash considerations and a 10.0% stake in a combined entity to be held by the remaining partner. On 19 February 2013, the acquisition and the transfer of Hello's telecommunication business and assets were completed and Latelz became a 90.00% owned subsidiary of the Group effectively.

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

(c) Acquisition of Sky Television and Radio Network (Private) Limited ("Sky TV")

Dialog Broadband Networks (Private) Limited ("DBN"), a wholly-owned subsidiary of Dialog Axiata PLC, had on 13 May 2013, completed acquisition of entire ordinary shares in issue of Sky TV at a consideration of SLR800.0 million (USD6.4 million). Following the completion of the acquisition, Sky would be amalgamated with DBN. The amalgamation of Sky TV with DBN was completed on 3 July 2013.

Acquisition of Sky TV was concluded as acquisition of asset and has no significant impact to the Group during the current quarter and financial period to date.

(d) Dilution on equity interest in M1 Limited ("M1")

During the current quarter and financial period to date, the Group's equity interest in M1, held through Axiata Investments (Singapore) Limited, a wholly owned subsidiary of the Company, decreased from 28.92% to 28.78% and 29.06% to 28.78% respectively following the issuance of new ordinary shares under M1's ESOS.

The dilution has no significant impact to the Group during the current quarter and financial period to date.

(e) Dilution on equity interest in Idea Cellular Limited ("Idea")

During the current quarter and financial period to date, the Group's equity interest in Idea, decreased from 19.93% to 19.91% following the issuance of new ordinary shares under Idea's ESOS.

The dilution has no significant impact to the Group during the current quarter and financial period to date.

(f) Dilution on equity interest in XL

During the current quarter and financial period to date, the Group's equity interest in XL, decreased from 66.55% to 66.48% following the issuance of new ordinary shares under XL's Shares Based Compensation Scheme.

The dilution has no significant impact to the Group during the current quarter and financial period to date.

There were no other changes in the composition of the Group for the financial period ended 30 June 2013.

13. Significant Changes in Contingent Assets or Contingent Liabilities

There has been no significant change in contingent assets or contingent liabilities from that disclosed in the 2012 Audited Financial Statements.

14. Capital Commitments

PPE	Group	
	As at 30/6/2013	As at 30/6/2012
	RM'000	RM'000
• Commitments in respect of expenditure approved and contracted for	**1,717,662**	1,740,916
• Commitments in respect of expenditure approved but not contracted for	**3,171,520**	1,758,470

15. Financial Instruments At Fair Value Measurements

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

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

The Group measured the financial instruments based on 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.

The Group's financial derivative financial instruments as at 30 June 2013 were grouped as below:

Derivatives Financial Instruments	Level 1	Level 2	Total
	RM'000	RM'000	RM'000
Assets			
Financial assets at fair value through			
profit or loss	9	-	9
- Trading securities	-	74,790	74,790
- Non-hedging derivatives			
Liabilities			
- Non-hedging derivatives	-	(11,118)	(11,118)
- Derivatives used for hedging	-	(102,774)	(102,774)
Total	**9**	**(39,102)**	**(39,093)**

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

1. Review of Performance

(a) Quarter-on-Quarter

The Group continued to deliver continuous revenue growth of 4.8% to RM4,629.4 million in the current quarter ("Q2'13") from RM4,416.6 million recorded in the second quarter 2012 ("Q2'12"), on the back of higher revenue contribution from all key Operating Companies ("OpCo") except Indonesia, which was affected by translation due to strengthening RM against IDR. At constant currency, the Group revenue would have registered strong growth of 7.1%. Operating costs of the Group increased by 11.7% to RM2,765.2 million in Q2'13 from RM2,475.9 million in Q2'12, mainly driven by Malaysia, Indonesia and Bangladesh. As a result, Group EBITDA decreased by 3.9% quarter-on-quarter and margin dipped by 3.6 percentage points to 40.3%. Profit After Tax ("PAT") in the period decreased by 8.0% to RM707.3 million, mainly from lower profit contribution from operations in Indonesia and higher foreign exchange losses in Q2'13, off-set by higher profit performance from Malaysia, Bangladesh and Cambodia operations and higher net contribution from the associate companies in Q2'13.

Malaysia gross revenue grew 5.8% in Q2'13 driven by higher revenue from sales of devices, MVNO segment and USP claw-back revenue. Device sales revenue increased by 101.7% while revenue from MVNO growth by 25.0%. Malaysia broadband revenue continued to show an uptrend, registered growth of 17.9% quarter-on-quarter driven by 9.5% increase in subscribers, and contributing 13.1% to total revenue. In Q2'13, Malaysia operating costs grew 6.1% mainly from cost associated with USP claw-back and devices costs, which is in tandem with higher sales of devices in the current quarter. Consequently, EBITDA in the period showed increase of 5.4% with margin steady at 44.2% in the current quarter. Excluding the USP component, EBITDA margin would be higher at 45.0%. PAT posted a growth of 3.6% to RM504.5 million, mainly flowing from the higher EBITDA and also utilisation of tax credit in the current quarter.

Gross revenue of Indonesia decreased by 6.3% mainly due to translation impact of weakening IDR against RM in the current quarter. At constant currency, Indonesia revenue would have recorded positive growth of 0.3%. Despite the challenging environment in Indonesia due to competitive pricing and heightened competitions in the market, stabilizing trend is evident in current quarter. Operating costs increased by 8.8% mainly from higher interconnect cost arising from introduction of SMS interconnect fee regulation since prior year same quarter, and increase network cost to accommodate data growth. Indonesia base transmission sites grew 22.4% a year ago. Subsequently, EBITDA in the period decreased by 21.4% with margin dipped by 8.1 percentage points to 41.9%. Consequently PAT performance was adversely affected, resulting in negative growth of 59.0% to RM110.9 million.

Bangladesh posted a strong revenue growth of 24.9% mainly from prepaid revenue, at the back of a 22.5% increase in prepaid revenue generating subscriber base. Operating costs increased by 21.0% with higher marketing and interconnect cost, arising from higher off-net outgoing calls recorded in Q2'13. EBITDA in the period grew a strong 32.7% to RM161.3 million and PAT improved significantly by 459.4% to RM43.7 million, flowing mainly from the strong EBITDA, higher net interest income and currency translation gain due to strengthening of BDT against USD in Q2'13.

1. Review of Performance (continued)

(a) Quarter-on-Quarter (continued)

Sri Lanka gross revenue grew 11.4% quarter-on-quarter mainly attributed to its mobile and international segment. Mobile revenue increased by 11.8% from higher prepaid revenue, which increased by 12.4% in tandem with the increase in prepaid net subscribers addition of 4.0%. International revenue grew 16.0% resulted from higher transit revenue recorded, in tandem with increase in transit minutes. In Q2'13, Sri Lanka operating costs increased by 13.0% mainly from higher international business related cost, customer maintenance and network related cost. Despite the cost increase, EBITDA in the period grew 8.2% contributed by higher revenue and continuous stringent cost management initiatives. PAT in the period consequently registered higher to RM22.9 million, an increase of 9.6% quarter-to-quarter flowing mainly from the strong EBITDA recorded.

Other segment consists of other subsidiaries and profit contribution from associates and jointly controlled entities, has a revenue contribution of RM154.7 million to total Group revenue in Q2'13. Cambodia revenue grew significantly by 208.0% quarter-on-quarter, now contributing 2% to total Group revenue in Q2'13 as compared to 1% in prior quarter, reflecting the consolidation results of Latelz into the Cambodia operations in Q1'13. As a result, Cambodia EBITDA and PAT registered excellent growth of 754.2% and 301.0% respectively. Associates and jointly controlled entities contribution in share of profit increased to RM71.7 million from RM9.5 million in Q2'12, mainly due to share of positive contribution in India in Q2'13 as compared to loss (post GAAP adjustments) in prior quarter.

(b) Year-on-Year

For the first half of the financial year ("1H'13"), Group revenue continued with a strong growth at 5.2% to RM9,111.3 million against RM8,663.5 million recorded in first half of 2012 ("1H'12"), with all OpCo registered higher revenue contribution except Indonesia, which was affected by translation impact due to strengthening of RM against IDR. At constant currency, the Group revenue would have registered strong growth of 7.6%. Operating costs of the Group increased by 11.6% to RM5,467.4 million in 1H'13 from RM4,899.5 million in 1H'12 mainly coming from Malaysia, Indonesia and Bangladesh operations. Higher increase in cost against revenue resulted in Group EBITDA decreasing by 3.2% to RM3,643.9 million year-on-year, with margin at 40.0%, 3.4 percentage points below by last year 1H comparison. PAT in the period decreased by 2.2% to RM1,382.5 million mainly from lower profit contribution in Indonesia operations, off-set by increased profit contribution from Bangladesh and Cambodia operations, lower foreign exchange losses incurred by the operation in Sri Lanka and higher net contribution from the associate companies during 1H'13.

Malaysia gross revenue grew 5.1% in 1H'13 mainly due to higher revenue from sales of devices, MVNO segment and USP claw-back revenue. Device sales revenue increased by 117.4% while revenue from MVNO growth by 11.7%. Malaysia's broadband revenue continued to show strong positive traction, registered growth of 18.6% year-on-year and contributing 13.0% to total revenue. During the period, operating costs increased by 5.3% compared to 1H'12, with major increase attributed to cost associated with USP claw-back and devices costs. EBITDA in the period grew 4.9% with margin steady at 43.6% in 1H'13. Excluding the USP component, EBITDA margin would be higher at 44.7%. PAT in the current period posted a moderate growth of 1.7% to RM973.5 million, mainly from improved EBITDA contribution, off-set by lower operating income and higher taxation in 1H'13.

1. **Review of Performance (continued)**

(b) Year-on-Year (continued)

Gross revenue of Indonesia decreased by 4.7% from 1H’12, mainly due to translation impact of weakening IDR against RM in the current period. At constant currency, Indonesia revenue would have registered growth of 1.7% year-on-year. Despite the challenging environment, Indonesia operations seemed to be stabilizing towards the end of 1H’13. Operating costs increased by 11.3% mainly from higher interconnect cost arising from introduction of SMS interconnect fee regulation since 2H last year and network cost to accommodate data growth, and in tandem with increase in base transmission sites. As a result, EBITDA decreased by 20.5% in 1H’13 and margin dipped by 8.3 percentage to 41.9%. This adversely affected the PAT performance, which consequently decreased by 57.5% to RM210.4 million in 1H’13, off-set by lower taxation in the current period.

Bangladesh gross revenue registered an excellent double-digit growth of 26.2% mainly from prepaid and postpaid revenue, which increased by 20.5% and 68.6% respectively. Growth in revenue is mainly due to both acquisition campaign and customer retention, resulting in 22.9% increase in revenue generating base subscribers. During the current period, operating costs increased by 19.3% mainly from higher marketing, interconnect and regulatory cost. With revenue tracking higher than increase in cost, EBITDA in the period grew a solid 40.6% and PAT improved significantly by 626.2% to RM87.8 million, flowing from EBITDA, higher net interest income and foreign exchange gain due to strengthening of BDT against USD in 1H’13.

Sri Lanka gross revenue grew double-digit of 11.4% with growth across all segments in particular from mobile and international segments. Mobile revenue increased by 9.4% from higher prepaid revenue, which increased by 10.6% in tandem with the increase in prepaid revenue generating subscribers base of 11.8%. International revenue grew 22.1% resulted from higher termination revenue recorded, in tandem with increase in termination minutes. Fixed line revenue increased by 40.1% driven by strong growth in organic revenues as well as from the consolidation of Suntel Ltd, whilst tele-infrastructure and television revenue grew 15.4% and 19.8% respectively. Sri Lanka operating costs increased by 12.4% year-on-year mainly from higher network related cost, customer maintenance and manpower cost. EBITDA in the period grew 9.5%. At constant currency, Sri Lanka would have posted a double-digit EBITDA growth of 12.3%. PAT in the current period recorded higher at RM62.1 million, an increase of 794.9%, mainly from higher EBITDA and lower foreign exchange loss caused by the strengthening of SLR against USD in 1H’13.

Other segment consists of other subsidiaries and profit contribution from associates and jointly controlled entities, has a revenue contribution of RM283.4 million to total Group revenue. Cambodia revenue which contributed 60.0% of revenue in the results from Others, grew significantly by 164.6% year-on-year, now contributing 2% to total Group revenue in 1H’13 as compared to 1% in 1H’12, reflecting the consolidation of Latelz into Cambodia operations in Q1’13. As a result, Cambodia EBITDA and PAT registered excellent growth of 646.5% and 219.4% respectively. Associates and jointly controlled entities contribution in share of profit increased to RM131.4 million from RM80.5 million in 1H’12 mainly due to higher share of profit contribution in India.

1. **Review of Performance (continued)**

(c) Comparison with Preceding Quarter's Result

Group revenue increased by 3.3% to RM4,629.4 million recorded in Q2'13 from RM4,481.9 million in the first quarter 2013 ("Q1'13"), with all OpCo registered higher revenue contribution, especially from Malaysia, Indonesia and Bangladesh operations. At constant currency, the Group revenue would have registered higher growth of 3.7%. During the quarter, the Group operating costs increased by 2.3% to RM2,765.2 million in Q2'13 mainly coming from Indonesia and Bangladesh operations. Stronger traction in revenue against cost resulted in Group EBITDA increased by 4.7% to RM1,864.1 million and margin at 40.3%, up marginally 0.6 percentage points from preceding quarter. PAT for the current quarter posted growth of 4.7% to RM707.3 million in Q2'13 as a result of higher utilisation of tax credit in Malaysia and higher profit contribution from Indonesia and Cambodia operations, off-set by foreign exchange losses from Indonesia and Sri Lanka resulted from appreciation of USD against the respective local currencies.

Malaysia gross revenue grew by 1.6% in Q2'13 mainly contributed by increased sales of devices and higher revenue from MVNO, postpaid and broadband business. Device sales revenue grew 34.0% while MVNO and postpaid revenue increased by 17.0% and 1.6% respectively. Malaysia achieved a continuous positive momentum from broadband segment, registering 3.4% growth in Q2'13 and contributing 13.1% to total revenue. Operating costs decreased marginally by 0.5% as compared to Q1'13, attributed to lower cost associated with USP claw-back. As a result, EBITDA grew 4.5% and margin is at 44.2% in the current quarter. Excluding the USP claw-back, EBITDA margin would be higher at 45.0%. Malaysia PAT increased by 7.6% to RM504.5 million in the current quarter from RM469.0 million in Q1'13, flowing from the strong EBITDA and higher utilisation of tax credit in Q2'13.

Gross revenue of Indonesia grew 3.6% in Q2'13, a modest recovery from prior quarter results. At constant currency, Indonesia revenue would have registered growth of 4.9% as compared to the preceding quarter mainly due to higher voice, SMS and data revenue growth. Voice and SMS revenue both grew 6.1% while data revenue grew 6.9%. During the quarter, Indonesia operating costs grew 3.4% with major increase from network cost to accommodate data growth, and in tandem with increase in base transmission sites. Consequently, EBITDA in the current quarter grew 3.9% and PAT posted a double-digit growth of 11.4% to RM110.9 million, flowing from the strong EBITDA and lower net finance cost recorded, offset by higher foreign exchange translation losses arising from strengthening of USD against IDR in Q2'13.

Bangladesh revenue performance continued to grow, with gross revenue posted a growth of 8.4% mainly due to prepaid revenue, supported by 6.4% increase in prepaid revenue generating subscribers base. For the quarter, Bangladesh operating costs increased by 11.0%, contributed mainly by higher marketing, network related cost and interconnect cost arising from higher off-net outgoing calls. EBITDA grew 4.1% as compared to the preceding quarter but PAT decreased slightly by 0.9% to RM43.7 million, mainly from lower foreign exchange gains recorded in the current quarter due to revaluation of higher balance of USD borrowings and payables in Q2'13, as compared to the preceding quarter.

1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result

Sri Lanka gross revenue increased by 2.2% contributed mainly from its mobile segment, resulted from prepaid revenue which grew 4.7% driven by 2.0% growth in prepaid revenue generating subscribers base and mobile broadband revenue which grew 16.0% driven by 19.0% growth in broadband subscribers. Tele-infrastructure and television segment also showed positive improvement, growing by 2.4% and 2.2% respectively versus Q1'13. Sri Lanka operating costs increased by 2.4% driven by higher regulatory, device and network related cost. EBITDA in the current quarter grew 1.7% but PAT decreased by 41.7% to RM22.9 million in Q2'13, mainly attributed to higher foreign exchange losses as a result of strengthening of USD against SLR in Q2'13 compared to Q1'13.

Other segment consists of other subsidiaries and profit contribution from associates and jointly controlled entities, has a revenue contribution of RM154.7 million to total Group revenue in Q2'13. Cambodia which contributed 64.7% of revenue in the results from Others, saw its revenue grew 42.8%, while EBITDA and PAT grew 76.2% and 251.2% respectively, mainly due to higher revenue from prepaid business, a stronger traction with full results of the new consolidation of Latelz into Cambodia operations in this quarter. Associates and jointly controlled entities contribution in share of profit increased by 20.3% to RM71.7 million from RM59.6 million in Q1'13 mainly due to higher share of profit contribution in India in Q2'13 as compared to preceding quarter.

1. **Review of Performance (continued)**

(d) **Economic Profit ("EP") Statement**

	2nd Quarter Ended		Financial Period Ended	
	30/6/2013	30/6/2012	**30/6/2013**	30/6/2012
	RM'000	RM'000 Restated	**RM'000**	RM'000 Restated
EBIT*	988,888	1,116,447	1,938,291	2,104,332
Less: Adjusted Tax (25%)	(247,222)	(279,112)	(484,573)	(526,083)
NOPLAT	741,666	837,335	1,453,718	1,578,249
AIC	15,262,408	14,375,373	15,262,408	14,375,373
WACC	8.44%	7.12%	8.44%	7.12%
Economic Charge (AIC*WACC)	322,037	255,882	644,074	511,763
Economic Profit	419,629	581,453	809,644	1,066,486

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

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

The Group reported a higher AIC and WACC during the current quarter and financial period to date due to higher capital investment by the Group and higher cost of equity resulted from higher market risk premium.

The factor contributing to lower EP during the current quarter and financial period to date is mainly arising from higher Economic Charge during the current quarter and financial period to date.

Note:

EBIT = Earnings Before Interest & Taxes, excluding derivative financial instruments gains/(losses), certain non operational and one-off items as well as foreign exchange differences on financing activities.

NOPLAT= Net Operating Profit/(Loss) After Tax

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

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

2. Headline Key Performance Indicators ("KPIs") for the financial year ending 31 December 2013

On 21 February 2013, the Group announced its Headline KPIs guidance for the financial year ending 31 December 2013. The Group's 2013 Headline KPIs announced are as below:

Headline KPIs	**2013 Headline KPIs (%)**
Revenue Growth	7.6
EBITDA Growth	0.2
Return on Invested Capital ("ROIC")	10.3
Return on Capital Employed ("ROCE")	8.3

Moving forward, the Group will remain focused on its long-term transformation strategy which includes new approach to current business by defending and growing traditional services, invest-build and launching new businesses and continuously adopt careful and prudent measures particularly in respect of cost management, in order to optimise its financial performance.

The Group expects to face continued challenges for the financial year ending 31 December 2013 and careful execution of its business strategy remains a key focus. Amongst the key risks facing operating companies include increasing competition and regulatory challenges.

Based on period to date performance of the Group, and barring any unforeseen circumstances and adverse foreign currency fluctuations, the Board of Directors expect the Group's performance for the financial period ending 31 December 2013 will be in line with the announced KPIs.

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

The Group has not provided any profit forecast or profit guarantee in a public document in respect of the financial period ended 30 June 2013.

4. Taxation

The taxation charge for the Group comprises:

	2nd Quarter Ended		**Financial Period Ended**	
	30/6/2013	30/6/2012	**30/6/2013**	30/6/2012
	RM'000	RM'000	**RM'000**	RM'000
Income Tax:				
Malaysia				
Current year	(130,753)	(65,112)	(241,117)	(228,641)
Prior year	(6,100)	-	15,600	-
	(136,853)	(65,112)	(225,517)	(228,641)
Overseas				
Current year	(117,888)	(68,291)	(204,266)	(165,576)
Prior year	(24)	103	1,591	103
	(117,912)	(68,188)	(202,675)	(165,473)
Deferred Tax (net):				
Originating and reversal of temporary differences	(10,683)	(109,873)	(77,753)	(109,247)
Total taxation	(265,448)	(243,173)	(505,945)	(503,361)

The current quarter and financial period to date's effective tax rate for the Group is higher than the statutory tax rate mainly due to higher expenses not allowable for tax deduction.

5. Status of Corporate Proposals

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

On 19 July 2010, the Company announced the disposal of its entire shareholding in Multinet through its wholly-owned subsidiary, Axiata Investments (Labuan) Limited representing 89.00% of the total issued and paid-up share capital in Multinet. The completion of the sale is extended as the sale is subject to amongst others the fulfillment of conditions precedent for the sale.

Multinet continued to be classified as Assets and Liabilities Directly Associated with Non-current Assets classified as Held for Sale during the current quarter and financial period to date under FRS5 "Non-current Assets Held for Sale and Discontinued Operations".

(b) Divestment by Celcom Axiata Berhad ("Celcom") of its wholly-owned subsidiary, Celcom Childcare Sdn Bhd ("Celcom Childcare")

On 11 June 2013, the Company announced the entry by Celcom into a Share Sale Agreement ("SSA") with Early Impression Sdn Bhd ("Early Impression") on the divestment of Celcom Childcare. Under the SSA, Celcom disposed its entire shareholding in Celcom Childcare comprising 25,000 ordinary shares of RM1 each for a cash consideration of RM200,000.

The SSA is conditional upon Early Impression obtaining the necessary approvals, licenses and/or permits from relevant authorities for Celcom Childcare to operate as a childcare service centre.

As of 23 August 2013, other than the above, there is no other corporate proposal announced but not completed.

6. Group's Borrowings and Debt Securities

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

	2013		2012	
	Current	**Non-current**	Current	Non-current
	RM'000	**RM'000**	RM'000	RM'000
Secured	197,210	325,573	575,210	419,096
Unsecured	1,669,623	11,593,986	1,138,863	9,672,947
Total	**1,866,833**	**11,919,559**	1,714,073	10,092,043

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

Foreign Currencies	**2013**	2012
	RM'000	RM'000
USD	3,685,004	3,727,421
IDR	4,482,419	3,402,902
CNY	517,355	-
BDT	66,247	443,704
SLR	3,832	2,328
Total	**8,754,857**	7,576,355

7. Outstanding derivatives

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

Type of derivatives financial instruments	2013		2012	
	Notional Value	**Fair Value Favourable/ (Unfavourable)**	Notional Value	Fair Value Favourable/ (Unfavourable)
	RM'000	**RM'000**	RM'000	RM'000
Forward foreign currency contracts:				
- 1 – 3 years	395,063	29,780	-	-
- > 3 years	-	-	451,392	12,569
Cross currency interest rate swaps:				
- < 1 year	92,466	11,356	139,655	8,280
- 1 – 3 years	1,652,680	6,286	278,917	20,316
- > 3 years	1,106,175	(79,160)	1,747,790	(122,086)
Interest rate swaps contracts:				
- 1 – 3 years	380,986	(11,148)	-	-
- > 3 years	-	-	564,350	(18,656)
Convertible warrants in an associate:				
- > 3 years	-	3,784	-	3,784
Total		**(39,102)**		(95,793)

(b) The risks associated with the derivative financial instrument and the policies in place for mitigating such risks were disclosed in the 2012 Audited Financial Statements.

8. Fair value changes of financial liabilities

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

	2nd Quarter Ended		**Financial Period Ended**	
	30/6/2013	30/6/2012	**30/6/2013**	30/6/2012
	RM'000	RM'000	RM'000	RM'000
Total net (losses)/gains	(5,817)	5,316	(7,604)	8,619

9. Realised and Unrealised Profits or Losses Disclosure

	As at	
	30/6/2013	30/6/2012
	RM'000	RM'000 Restated
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	9,697,181	9,959,308
- Unrealised	(1,296,836)	(1,232,976)
	8,400,345	8,726,332
Total retained profits/(accumulated losses) from associated companies:		
- Realised	997,772	642,690
- Unrealised	(159,560)	(68,372)
	838,212	574,318
Total accumulated losses from jointly controlled entities:		
- Realised	(1,201)	-
	(1,201)	-
Less : Consolidation adjustments	(588,144)	(201,289)
Total Consolidated Retained Profits	8,649,212	9,099,361

10. Material Litigation

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

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

In 2005, Celcom Trading, a wholly-owned subsidiary of Celcom, commenced proceedings against Aras Capital and TSDTR for amounts due to Celcom Trading of RM261.8 million as at 30 November 2004 pursuant to an investment agreement with Aras Capital and an indemnity letter given by TSDTR. TSDTR filed its defence and instituted a counterclaim of RM100.0 million against Celcom Trading, Celcom Resources Berhad (formerly known as Technology Resources Industries Berhad) ("Celcom Resources") and its directors to void and rescind the indemnity letter and claim damages. Celcom Trading, Celcom Resources and the directors filed their respective applications to strike out TSDTR's counterclaim, which were dismissed by the Court. The directors appealed and the same was dismissed on 16 October 2012.The Court allowed the parties' application to amend the pleadings on 13 May 2013. At the case management on 30 July 2013, the Court directed the parties to file in the Common Bundle of Documents, Statement of Issues, Statement of Agreed Facts and Witness Statements by the next case management date which has been fixed on 2 September 2013.

10. Material Litigation (continued)

(b) Celcom & Another vs TSDTR & 6 Others

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

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

TSDTR and BR filed an application to strike out the Writ of Summons. On 17 July 2009, the Court dismissed TSDTR and BR's striking out application with costs. TSDTR and BR filed an appeal to the Court of Appeal. The appeal was heard on 25 June 2012 and 14 August 2012. The Court of Appeal fixed the appeal for continued hearing on 28 November 2012.

DeTeAsia, AH and OTA have filed their respective Memorandum of Conditional Appearance and application to strike out these proceedings. On 25 October 2010, the Court dismissed the said application respectively and on 28 October 2010 AH, OTA and DeTeAsia filed their respective appeals to Court of Appeal against the High Court decision. The appeals were heard on 25 June 2012 and 14 August 2012 and fixed for continued hearing on 28 November 2012.

Subsequently, the Court of Appeal vacated both appeals and at the hearing fixed on 27 June 2013, the Court of Appeal heard the parties' submissions and reserved its decision to a date to be fixed.

(c) Celcom & Another vs TSDTR & 8 Others

In connection with the Award in DeTeAsia's favour in August 2005, Celcom and Celcom Resources instituted proceedings against 9 of its former directors alleging that they had breached their fiduciary duties in entering into a Subscription Agreement on its behalf on 25 June 1996 with Deutsche Telekom AG ("Subscription Agreement"), and the ARSA whilst they were directors of Celcom and Celcom Resources. In addition, Celcom and Celcom Resources have also made a claim against TSDTR for alleged unauthorised profits made by him in connection with the execution of the abovementioned agreements. Celcom and Celcom Resources are seeking an indemnity from the directors for the sums paid by Celcom to DeTeAsia in satisfaction of the Award against it, return of the alleged unauthorised profits by TSDTR amounting to RM446.0 million, all monies received by the directors arising out of such breaches, losses and damages in connection with the entry of Celcom and Celcom Resources into the Subscription Agreement and the ARSA.

TSDTR and BR filed an application to strike out the proceedings. On 6 February 2009, the Court dismissed TSDTR and BR's striking out application with costs. TSDTR and BR filed an appeal to the Court of Appeal. The appeal was heard on 25 June 2012 and on 14 August 2012. The Court of Appeal fixed the appeal for continued hearing on 28 November 2012.

10. Material Litigation (continued)

(c) Celcom & Another vs TSDTR & 8 Others (continued)

The German directors have respectively applied to set aside these proceedings on the basis that the issues had been litigated and decided on their merits based on the Award. The said applications were respectively dismissed by the Court on 30 June 2010. The German directors filed their respective notices of appeal to the Court of Appeal. The appeals were heard on 25 June 2012 and 14 August 2012. The Court of Appeal then fixed 28 November 2012 for continued hearing.

Subsequently, the Court of Appeal vacated both appeals and at the hearing fixed on 27 June 2013, the Court of Appeal heard the parties' submissions and reserved its decision to a date to be fixed.

(d) Claim on Robi Axiata Limited ("Robi") by National Board of Revenue ("NBR")

The Large Tax Unit of the National Board of Revenue of Bangladesh, had issued a show cause letter dated 23 February 2012 to Robi. The letter alleged that Robi had evaded 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 were for replacement purposes with regards to Robi's existing customers. The amount in question amounts to RM267.7 million (BDT6,549.9 million). The show cause letter accompanied a demand to pay the amount, if the response to the show cause letter is not satisfactory.

Robi subsequently filed a writ in the High Court of Bangladesh on 26 April 2012 to challenge NBR's claim. The writ was heard by the High Court on 2 May 2012. At the hearing the High Court of Bangladesh granted Robi a stay of NBR's claim for 2 months and ordered Robi to reply to NBR's show cause letter within 10 days.

On 7 May 2012, NBR filed an application for Leave to Appeal to the Appellate Division of the Supreme Court of Bangladesh challenging the stay order of the High Court. Chamber Judge of the High Court heard the appeal on 8 May 2012 and rejected NBR's application for stay. Robi has replied to NBR's show cause letter on 10 May 2012.

The appeal filed by NBR against the order of stay was taken up by the Appellate Division for final hearing on 7 April 2013 and the appeal was disposed of with a direction upon the High Court Division to finally hear the writ petition within one month from the date of receipt of the order. In a brief hearing, High Court division disposed-off the Writ with a direction to the NBR to resolve the dispute by following appropriate procedure, within 120 days of the receipt of the judgment.

NBR has fixed the date for hearing on 26th of July 2013. Robi has requested to defer the hearing until Robi receipt the written judgment of the High Court. NBR agreed to defer the hearing date but yet to fix any date.

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

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

12. Additional Disclosure Requirements

Pursuant to the letter of approval from Securities Commission Malaysia dated 30 January 2008 in relation to, amongst others, the Telekom Malaysia Group's Demerger, the Company is required to obtain the relevant approvals for the transmission towers and rooftop sites ("Outdoor Structures") of Celcom within two (2) years from the date of the SC's approval letter. In addition, the Company is also required to disclose in its quarterly announcement, the status of application of such Outdoor Structures to Bursa Securities until all approvals are obtained.

On 30 January 2012, CIMB Investment Bank Berhad had, on behalf of the Company, inter-alia, announced that the SC had, through its letter dated 25 January 2012, granted an extension of time of two (2) years (i.e. up to 29 January 2014) for the Company to obtain the necessary approvals for the said Outdoor Structures.

The status of 49 Outdoor Structures (which are subject to the SC's condition above) as at 23 August 2013 is as follows:

(a) 3 Outdoor Structures have obtained local authorities approval;
(b) 1 Outdoor Structures are pending approval from local authorities;
(c) Initial applications for 36 Outdoor Structures have been declined. Celcom is in the midst of appealing to the relevant local authorities with respect to such applications; and
(d) 9 Outdoor Structures have been permanently dismantled.

13. Earnings Per Share ("EPS")

(a) Basic EPS

	2nd Quarter Ended		Financial Period Ended	
	30/6/2013	30/6/2012	**30/6/2013**	30/6/2012
Profit attributable to owners of the Company (RM'000)	644,777	666,638	1,259,342	1,232,267
Adjusted weighted average number of shares ('000)	8,517,059	8,509,016	8,518,848	8,512,663
Basic EPS (sen)	**7.6**	7.8	**14.8**	14.5

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

(b) Diluted EPS

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

	2nd Quarter Ended		Financial Period Ended	
	30/6/2013	30/6/2012	**30/6/2013**	30/6/2012
Profit attributable to owners of the Company (RM'000)	644,777	666,638	1,259,342	1,232,267
Adjusted weighted average number of shares ('000)	8,517,059	8,509,016	8,518,848	8,512,663
Adjusted for the Company's ESOS	69,601	28,451	56,015	23,989
Weighted average number of diluted ordinary shares for computation of diluted EPS ('000)	8,586,660	8,537,467	8,574,863	8,536,652
Diluted EPS (sen)	**7.5**	7.8	**14.7**	14.4

14. Qualification of Preceding Audited Financial Statements

The 2012 Audited Financial Statements were not subject to any qualification.

15. Dividend

The Board of Directors has declared an interim tax exempt dividend under single tier system of 8 sen per ordinary share of RM1 each of the Company for the financial year ending 31 December 2013 (30 June 2012: 8 sen).

Pursuant to Paragraph 8.26 of the Main LR of Bursa Securities, the interim dividend will be paid no later than 3 months from the date of declaration.

The Book Closure Date will be announced by the Company at a later date.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
30 August 2013