

# Advancing Asia



Pakistan



India



Sri Lanka



Bangladesh



Cambodia



Malaysia



Singapore



Indonesia



# 2014

## Revenue

RM18.7 Billion  
USD5.7 Billion

## PAT

RM2.3 Billion  
USD0.7 Billion

## Market Cap

RM60.5 Billion  
USD18.5 Billion

## Subscribers

>260 Million

## Employees

25,000

## Countries

8

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\* Unless otherwise stated, all information contained in this Annual Report is as at 31 March 2014.

## Towards a Digital and Greener Future

\* Axiata is committed towards a digital and greener future. Last year more than 6000 readers accessed our Annual and Sustainability reports on digital platforms through the web and app downloads, which is almost three times the number of printed copies. In our bid to further digitalise our ecosystem whilst being mindful of our carbon footprint, we continue to expand our digital reports.

For these reasons, we have reduced our printed pages by a further 20%. All other information and updates on Axiata are now available on our digital platforms. Please log on for the whole story.

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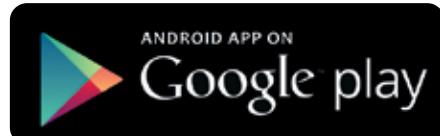
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# Group Profile



**axiata**  
*'Prisms by Axiata'*



Axiata Group Berhad (Axiata) is one of the largest Asian telecommunications groups in Asia with over 260 million customers. Axiata's vision is to be a regional champion by 2015 by piecing together the best throughout the region in connectivity, technology and talent, uniting them towards a single goal: Advancing Asia.

Axiata has controlling interests in mobile operators in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia with significant strategic stakes in India and Singapore. In addition, the Malaysian-grown holding company has a stake in non-mobile telecommunications operations in Pakistan.

The Group's mobile subsidiaries and associates operate under the brand name "Celcom" in Malaysia, "XL" in Indonesia, "Dialog" in Sri Lanka, "Robi" in Bangladesh, "Smart" in Cambodia, "Idea" in India and "M1" in Singapore. Added to this, the Group has established a communications infrastructure solutions and services company called "edotco".

The Group revenue for 2014 was RM18.7 billion (USD5.7 billion). Its market capitalisation stood at over RM60.5 billion (USD18.5 billion) at the end of 2014.

The Group provides employment to over 25,000 people across Asia.

Axiata was awarded the Frost & Sullivan Asia Pacific ICT Award for Best Telecom Group for six consecutive years in 2009, 2010, 2011, 2012, 2013 and 2014 and the Telecom Asia Best Regional Mobile Group 2010 and 2011 for its operations in multiple Asian markets. In 2011, Axiata was the only Malaysian company to make the Forbes Asia Fab 50 List.

### **Axiata's Journey**

Axiata was incorporated in Malaysia on 12 June 1992 as a private limited company under the name of TMI, operating as a division within TM. In 2008, the TM Group completed a strategic demerger exercise which resulted in an enhanced TMI, which was merged with Celcom. TMI was subsequently listed on Bursa Securities on 28 April 2008 and in March 2009, TMI changed its name to Axiata Group Berhad and launched a new identity, enhancing its position as a leading regional mobile operator. The move was a requisite step to reinforce the Group's new business philosophy and its commitment to advancing Asia by addressing the unfulfilled communication needs of local populations with affordable and innovative products and services. Axiata has gone from 40 million customers, pre-demergers, to over 260 million across eight countries, in seven years, making Axiata one of the largest mobile players in Asia.

### **Shaping the Future**

Axiata has always been ahead of the curve, quickly adapting to change and positioning its business model to capitalise on the developments in an increasingly digitalised world. Parallel to its investments in network and technology modernisation over the years, Axiata has also evolved its business to embrace the digital age and fast growing demand for data. 2015 will be a critical year for Axiata as it progresses in its transformation beyond a traditional telecommunications company.

In advancing Asia, Axiata remains committed to its role as a responsible corporate citizen, to make a difference to people's lives and help transform the countries in which it operates. Further details of Axiata's sustainability efforts are now available online.

## Vision

# Regional Champion 2015

**by** Advancing Asia, bringing together people, connectivity and technology

## Code of Conduct

Axiata is committed to conduct its business fairly, impartially and in full compliance with all applicable laws and regulations in Malaysia and in countries where the Group has operations. The Group's professionalism, honesty and integrity must at all times be upheld in all of the Company's business dealings by all employees.

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

## Core Values

At Axiata, there are two core values that we embrace across the Group: Uncompromising Integrity and Exceptional Performance. These two values define who we are and how we operate.



### Uncompromising Integrity

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

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

### Exceptional Performance

Always pushing ourselves to deliver benchmarked outstanding performance.

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

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

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

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

# Financial Calendar

## Quarterly Results

<b>2014</b>	27 May 2014	►	27 August 2014	►	24 November 2014
	Unaudited consolidated results for the 1st quarter ended 31 March 2014		Unaudited consolidated results for the 2nd quarter and half-year ended 30 June 2014		Unaudited consolidated results for the 3rd quarter ended 30 September 2014
<hr/>					
<b>2015</b>	25 February 2015	Audited consolidated results for the 4th quarter and financial year ended 31 December 2014			

## Dividends

<b>2014</b>	5 May 2014	►	4 June 2014	►	19 June 2014
	Notice of Book Closure for Final Tax Exempt Dividend under Single Tier System of 14 sen per Ordinary Share of RM1.00 each		Date of Entitlement for Final Tax Exempt Dividend under Single Tier System of 14 sen per Ordinary Share of RM1.00 each		Payment of Final Tax Exempt Dividend under Single Tier System of 14 sen per Ordinary Share of RM1.00 each
<hr/>					
	5 September 2014	►	9 October 2014	►	24 October 2014
	Notice of Book Closure for Interim Tax Exempt Dividend under Single Tier System of 8 sen per Ordinary Share of RM1.00 each		Date of Entitlement for Interim Tax Exempt Dividend under Single Tier System of 8 sen per Ordinary Share of RM1.00 each		Payment of Interim Tax Exempt Dividend under Single Tier System of 8 sen per Ordinary Share of RM1.00 each

**Notice of 23rd Annual General Meeting and Issuance of Annual Report 2014  
28 April 2015**

**23rd**  
Annual General Meeting  
**20 May 2015**

# Corporate Information

## Board of Directors

### Tan Sri Dato' Azman Hj. Mokhtar

Chairman

Non-Independent Non-Executive Director

### Dato' Sri Jamaludin Ibrahim

Managing Director/President &

Group Chief Executive Officer

### Tan Sri Ghazzali Sheikh Abdul Khalid

Independent Non-Executive Director

### Datuk Azzat Kamaludin

Senior Independent Non-Executive Director

### Dato' Abdul Rahman Ahmad

Independent Non-Executive Director

### Juan Villalonga Navarro

Independent Non-Executive Director

### David Lau Nai Pek

Independent Non-Executive Director

### Bella Ann Almeida

Independent Non-Executive Director

### Dr Muhamad Chatib Basri

Independent Non-Executive Director

### Kenneth Shen

Non-Independent Non-Executive Director

## Group Company Secretary

Suryani Hussein

LS0009277

## Registered Office

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

Tel : +603 2263 8888

Fax : +603 2263 8903

## Share Registrar

### Tricor Investor Services Sdn Bhd

(Company No. 118401-V)

Level 17, The Gardens North Tower

Mid Valley City, Lingkaran Syed Putra

59200 Kuala Lumpur, Malaysia

Tel : +603 2264 3883

Fax : +603 2282 1886

## Auditors

PricewaterhouseCoopers (AF: 1146)

Level 10, 1 Sentral, Jalan Travers

Kuala Lumpur Sentral

50706 Kuala Lumpur, Malaysia

Tel : +603 2173 1188

Fax : +603 2173 1288

## Website

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

## Investor Relations

Tel : +603 2263 8817

Fax : +603 2263 7755

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

## Stock Exchange Listing

Listed on Main Market of Bursa Malaysia

Securities Berhad

Listing Date : 28 April 2008

Stock Code : 6888

Stock Name : Axiata

Stock Sector : Trading/Services

## Key Highlights

Axiata Group continues to deliver strong revenue growth and perform better than the industry in almost every market. 2014 was a year of successes and strategic investment as the Group strengthened its foundations, shaping the future of telecommunications within our footprint.

More than  
**260** million  
subscribers, 9% YoY growth

The Group closed 2014 with a total subscriber base of 266 million across Asia. This makes Axiata the second largest telecommunications company in Asia based on subscriber numbers.

**18**  
Digital Business Units

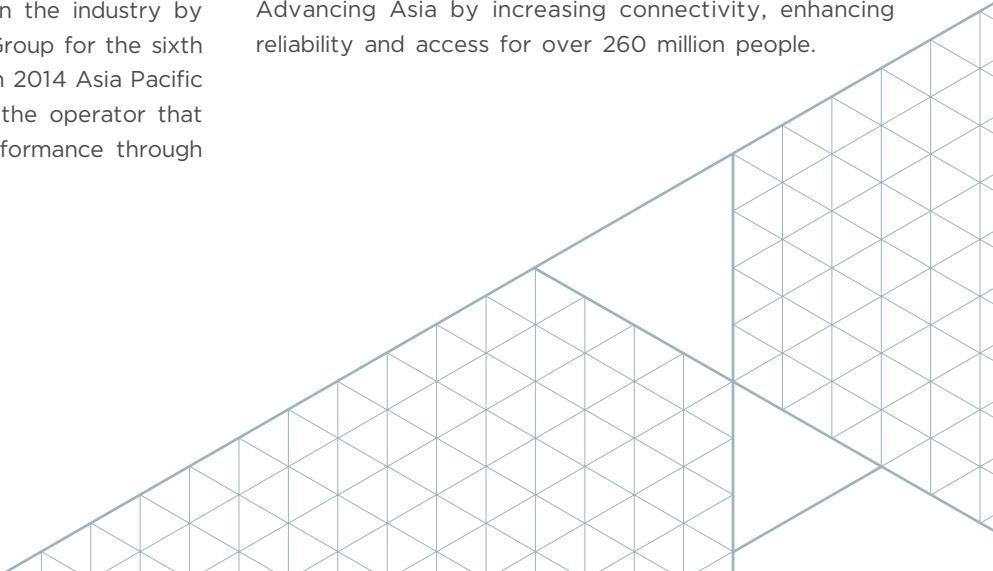
Continued focus on digital services with five new strategic partnerships as well as services and venture launched in 2014.

### Asia Pacific's Best Telecoms Group for the 6th consecutive year

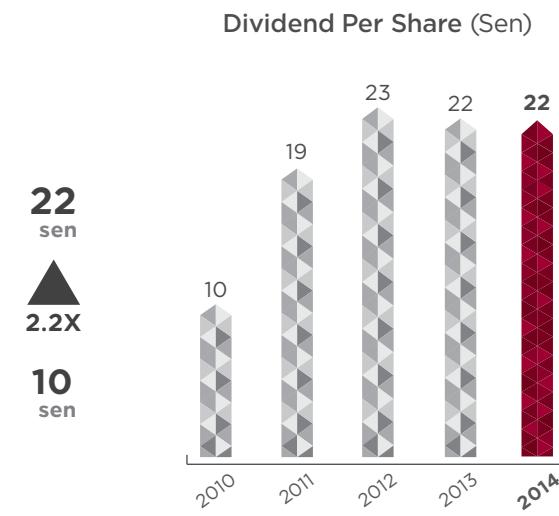
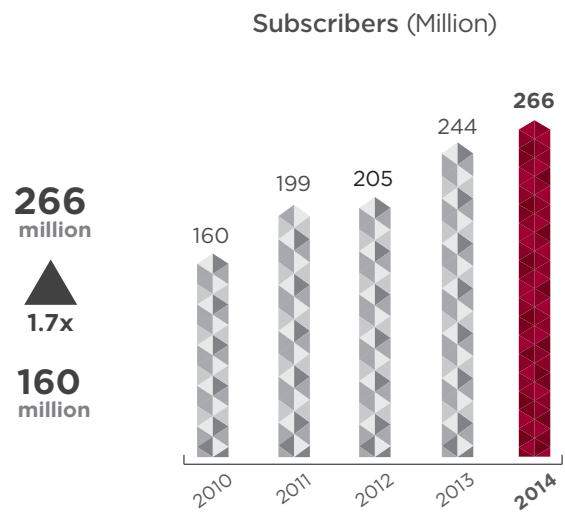
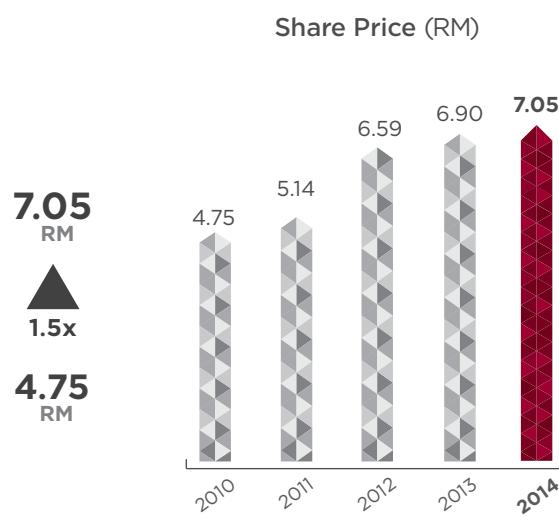
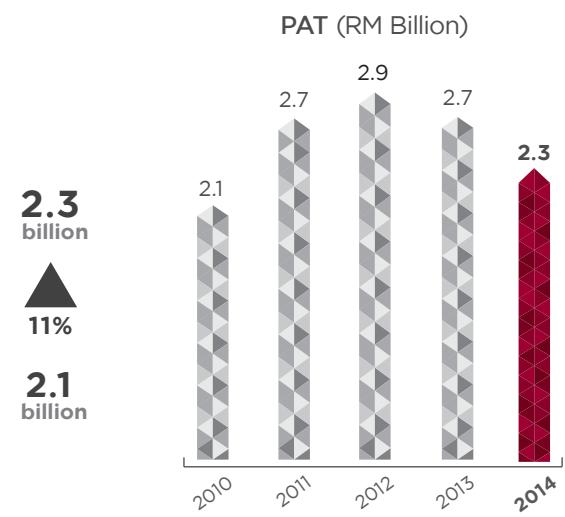
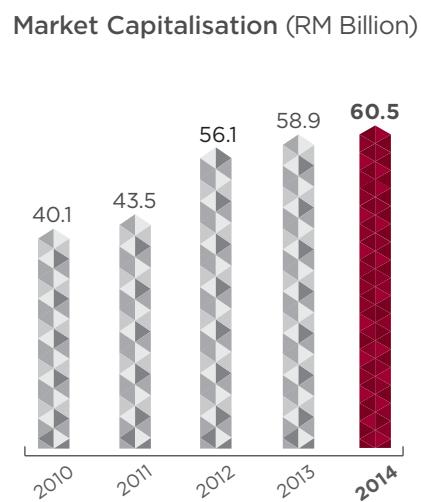
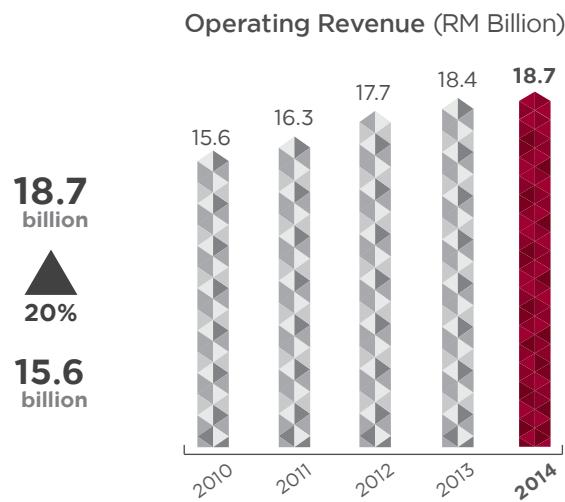
Axiata continued to gain momentum in the industry by taking top honours as Best Telecoms Group for the sixth consecutive year at the Frost & Sullivan 2014 Asia Pacific ICT Awards. The award is granted to the operator that has shown exemplary growth and performance through its investments in the region.

**RM4 Billion**  
Capex Invested across the  
Axiata footprint

Advancing Asia by increasing connectivity, enhancing reliability and access for over 260 million people.

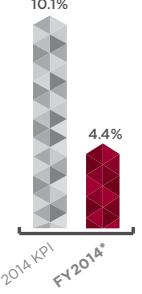
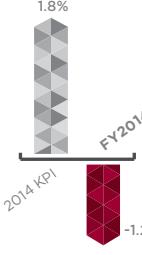
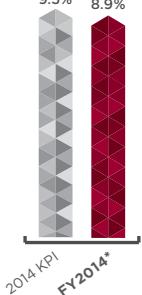
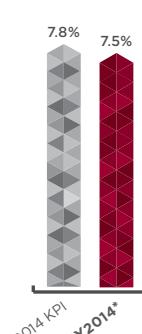


# Financial Highlights



# Key Performance Indicators

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

FY2014 KPI		Performance				
<b>Revenue Growth</b> Revenue growth measures overall YoY growth of the Group relative to its competitors and the industry, excluding all translation impact	 <p>2014 KPI FY2014*</p> <table> <tr> <td>2014 KPI</td> <td>10.1%</td> </tr> <tr> <td>FY2014*</td> <td>4.4%</td> </tr> </table>	2014 KPI	10.1%	FY2014*	4.4%	Challenging year for the Group primarily due to the delay of one quarter in Axis acquisition in Indonesia, coupled with challenges faced in the Malaysian operations arising from the IT transformation programme
2014 KPI	10.1%					
FY2014*	4.4%					
<b>EBITDA Growth</b> EBITDA growth measures overall YoY growth of the Group relative to its competitors and the industry, excluding all translation impact.	 <p>2014 KPI FY2014*</p> <table> <tr> <td>2014 KPI</td> <td>1.8%</td> </tr> <tr> <td>FY2014*</td> <td>-1.2%</td> </tr> </table>	2014 KPI	1.8%	FY2014*	-1.2%	
2014 KPI	1.8%					
FY2014*	-1.2%					
<b>ROIC</b> ROIC is defined as EBIT less tax over average invested capital	 <p>2014 KPI FY2014*</p> <table> <tr> <td>2014 KPI</td> <td>9.3%</td> </tr> <tr> <td>FY2014*</td> <td>8.9%</td> </tr> </table>	2014 KPI	9.3%	FY2014*	8.9%	The Group fell short of FY2014 target by 0.4% percentage points
2014 KPI	9.3%					
FY2014*	8.9%					
<b>ROCE</b> ROCE is defined as EBIT less tax over average capital employed	 <p>2014 KPI FY2014*</p> <table> <tr> <td>2014 KPI</td> <td>7.8%</td> </tr> <tr> <td>FY2014*</td> <td>7.5%</td> </tr> </table>	2014 KPI	7.8%	FY2014*	7.5%	The Group fell short of FY2014 target by 0.3% percentage points
2014 KPI	7.8%					
FY2014*	7.5%					

\* Based on constant currency



# Shaping the Future



More details available online at [www.axiata.com](http://www.axiata.com) or  
can be downloaded on AppStore or GooglePlay.

# Chairman's Statement



## Dear Shareholders,

Our journey towards realising our ambition to be a regional champion by 2015 is fast approaching its mark. I am pleased to report that Axiata has upheld its promise - raising the performance bar whilst remaining committed to its transformation into a new generation telecommunications company by 2020.

Since inception, we grew our subscriber base by more than six times to serve more than 260 million people in eight countries and our market capitalisation has increased by more than two times to RM60.5 billion (USD18.5 billion). Axiata's share price performance continues to remain resilient, closing at RM7.05 at the end of 2014. Today, Axiata is one of the largest and most respected Asian telecommunications companies.

These achievements are only the beginning of our journey. We are now entering the second phase of our journey, making bold moves and embracing new business models towards achieving mobile data leadership, paving the way to become a truly digital company. More specifically, we have put in place new growth strategies, driving continuous improvements to our businesses and operating models, and built new and stronger management teams, in our bid to become a 'New Generation Telco' by 2020. This is in the face of the rapidly evolving mobile industry as well as increased competition from existing players as well as Over-The-Top (OTT) players invading our space and emerging as a substitution to our services.

2014 was a challenging year, especially at Celcom. In addition, the Group, as with most regional companies, was impacted by adverse forex movements. The Group has nonetheless delivered overall healthy performance. This is a reflection of prudent cash management as well as a diverse portfolio. Our sustained underlying performance and strong cash position has allowed the Group to provide healthy returns to shareholders through a total dividend payout of 22 sen per share for the financial year ended 2014. The Group will continue to maintain a healthy dividend payout subject to overall financial performance, capital requirements, growth expansion strategies as well as dividends received from subsidiaries.

# Chairman's Statement

## Commitment to Sustainable Long Term Value Creation across Five Countries

As we steer forward and strive to push our business to greater excellence, Axiata remains committed to bring value and strong contributions to societies in which we operate, as one of the top contributors to each of the respective countries' economies.

In the last seven years, to support our business activities, we have spent more than USD8.3 billion in capital expenditure and created more than 1.5 million jobs. This has translated into an estimated USD93 billion in direct and indirect economic contribution.

Beyond our business activities, we continue to make an impact to the communities and countries in which we operate especially, but not limited to, education, leadership development and digital inclusion. In 2014, we further enhanced our commitment in the areas of disaster preparedness. Axiata was one of three founding signatories of the GSM Association Mobile Industry Humanitarian Connectivity Charter that was signed in Barcelona in March 2015.

We remain focused on adhering to the highest standards of corporate governance, transparency and sustainability reporting. Axiata's recognition at the Malaysia-ASEAN Corporate Governance Index 2013 awards for Top 5 Overall Corporate Governance for the second year in a row is testament to this. I also am proud to announce that Axiata has been recognised with two awards in recognition of our commitment to sustainability. Both awards were within a year of publishing our first sustainability report, against the GRI G4 framework. We are the first telco in Malaysia, and one of the first globally, to benchmark against this international framework.

## Continued Recognition of Management Excellence

Alongside these awards, I am happy to note that Axiata's outstanding leadership continues to receive local and international recognition. It gives me great pleasure to have this opportunity to congratulate Dato' Sri Jamaludin,

President and Group CEO, who was honoured with two very distinguished awards in 2014 for CEO of the Year at the MSWG-Asean Corporate Governance Transparency Index Awards as well as Malaysia's Outstanding CEO 2014, at the Edge Billion Ringgit Club. Most recently in March this year, Dato' Sri Jamaludin was the recipient of the 2015 GSM Association Chairman award which recognises outstanding personal contribution to the growth and development of mobile communications around the world. The awards are an acknowledgement of his leadership and valuable contribution in shaping Axiata into one of Asia's most successful mobile networks.

This year, I am very pleased to welcome back Dr Muhamad Chatib Basri to the Axiata Board of Directors line-up. Having served as the Chairman of the Investment Coordination Board and subsequently as the Minister of Finance of Indonesia, Dr Chatib brings with him a wealth of experience and knowledge of Indonesia, one of our biggest markets in the region. In addition, he brings invaluable expertise in international trade and macroeconomics which extends beyond Asia, an important addition to Axiata as we continue our journey as a regional champion.

## Acknowledgements

On behalf of the Board, I would like to thank our various stakeholders for their support during the year. As always, special mention of thanks for the facilitation and co-operation of the governments and regulators in the countries of our operating companies (OpCos). The Board also wishes to thank every employee and the management teams across the Group, our shareholders who continue to believe in our strategy of disciplined growth to strengthen the foundation for the future and our over 260 million customers across the region.

It thus gives me great pleasure to present to you the 2014 Annual Report of Axiata Group Berhad.

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

# President and GCEO'S Business Review

## Dear Shareholders,

In 2014, we continued to reshape the Group to realise our 2015 vision of becoming a regional champion and a leader, to meet our long-term financial and non-financial objectives. To that effect, we have worked hard on the financial results for 2014 whilst also developing new long-term opportunities and initiatives.

In 2014, underlying revenue growth, based on constant currency, remained robust and, with the exception of one, all of our OpCos performed better than the industry. The Group continued to make progress in delivering our long-term strategy of building firm foundations for the future with substantial investments in new technology and capacity to accommodate the rapid demand for data. We have also accelerated our execution of new businesses with edotco, now one of the largest tower companies in the region, and digital services, our small but fastest growing segment. Axiata ended the year with healthy profit of RM2.3 billion (USDO.7 billion) and a very strong balance sheet which allowed us to increase dividend payout without affecting our ability to support future growth. We are confident that with the foundations in place, we will make our vision a reality whilst striving towards our 2020 target to be a new generation telco.



**The Group recorded stable revenue growth of 1.9%, 4.4% at constant currency, to RM18.7 billion. Stellar growth was posted by Smart, XL and Idea, up by 36%, 10% and 19% respectively.**

Data continued to be the main growth driver, up

**31.5%**

**Transforming Our Core Business**

The Group saw a mixed year with stellar results from most OpCos, especially Dialog, Robi and Smart, but Celcom's previous exemplary track record was marred by its 2014 performance. Our affiliate, Idea, also performed extremely well.

The Group recorded stable revenue growth of 1.9%, 4.4% at constant currency, to RM18.7 billion (USD5.7 billion). Stellar growth was posted by Smart, XL and Idea, up by 36%, 10% and 19% respectively.

Data continued to be the main growth driver, up 31.5%. Data revenue showed strong growth in all markets driven by increased smartphone penetration.

The Group's EBITDA dipped by 3.7% to RM7.0 billion (USD2.1 billion). PATAMI in the year was RM2.3 billion (USD0.7 billion), down by 7.9% affected by Celcom's performance, Axis acquisition costs at XL and the weakening Indonesian currency which fell 9% against the Malaysian Ringgit. Forex did have an impact with the US Dollar also rising against the Malaysian Ringgit and most other currencies in our portfolio.

Axiata ended the year in a position of strength with RM5.1 billion (USD1.6 billion) in cash and maintained a healthy balance sheet. Axiata's Gross Debt to EBITDA ratio is now at a very healthy 1.99x.

After an unprecedented 31 consecutive quarters of excellent growth, Celcom's performance was primarily impacted by system related issues and other internal issues which saw revenue dip by 4% and normalised EBITDA by 6%.

Celcom's massive IT transformation exercise, a major undertaking and spanning all touch points from dealers, customer care to retail outlets, now at stabilisation stage, did have an impact on results but is set to ensure better customer experience whilst establishing a platform for growth in the long run. Data continued to show good traction, the fastest growing segment. Despite the overall sluggish market, data grew an impressive 24%, now contributing 22% to total revenue from 17% in 2013, fuelled by mobile internet revenue which was up 50%. Growth in the data segment was achieved on the back of an upsurge in smartphone penetration that climbed 15 percentage points to 47% from 32% a year ago.

Robi, Dialog and Smart performed much better than the industry. Together they now account for 23% of the Group's revenue and 22% of EBITDA compared to 20% and 17% respectively in 2013.

Dialog demonstrated strong revenue growth across its businesses of mobile, digital pay television and fixed line with revenue up 6%, EBITDA by 5% and PAT an excellent 17%. Similarly, Robi continued its strong growth trajectory across all financial metrics, outperforming the industry. YoY revenue increased by 9% with data revenue growing by more than 120%. In tandem, EBITDA grew by an impressive 18% and margin improved by 2.9 percentage points to 38.3%. PAT was up by 20% despite significant growth in related capex investments. Smart in particular saw an excellent year continuing to post stellar growth across all financial metrics. In a competitive market, revenue increased 36% and EBITDA by 61% whilst PAT more than doubled. Data revenue surged by 135% and now accounts for 22% of total revenue.

# serving over 260 million people

Following suit, our regional affiliates also saw a good 2014. Idea reported all round strong performance for the 9 months FY14 with revenue increasing by 19% and M1 full year FY2014 at 7%. PAT for Idea and M1 was up by 63% and 10% respectively.

XL saw a cautious return to form after flat growth in the previous year, posting an increase in gross revenue of 10% to IDR23.6 trillion (USD2.0 billion). This was primarily driven by an increased customer base from the Axis acquisition as well as a surge in data revenue of 42%. The year saw XL completing the integration with Axis, well ahead of schedule, and performing better than the industry in terms of overall performance. In line with XL's strategy of focusing on its core business, the year also saw the completion of sale of 3,500 towers to PT Solusi Tunas Pratama Tbk. (STP). The proceeds of IDR5.6 trillion (USDO.5 billion) will be used to pare down debt.

## Challenges, Opportunities And Outlook

We continue to face challenges from the market, competition, regulatory and global economic conditions as our core business continues to be impacted. Competition with existing and new OTT players continues to emerge as a substitution to voice and SMS.

Axiata has been preparing for this. Our diversified portfolio and strategy of focusing on the emerging and developed markets of Asia has put us in a strategic and strong position for long-term growth. The digital data revolution in our markets is now at the inflection point with the eco-system of high speed networks, smartphones, and applications in place. Asian smartphone penetration may rise substantially faster than growth rates for Europe and from a lower base in Axiata's markets. This bodes well for the Group given our footprint and strategic investments in the past few years.

## Expanding Our Core – Building A New Generation Telco

### Gearing up new business units

2014 saw the Group shifting up a gear in our transformation strategy towards becoming a new generation telco, offering services beyond just voice and SMS. This was especially so in the execution of our new businesses, which have all shown excellent traction in the year.

Axiata's digital services unit, ADS, which supports the increasingly digital lifestyle of our consumers, is focusing on digital entertainment, digital commerce, digital payment and digital advertising services, continued to see accelerated progress. In 2012 and 2013 we had jumpstarted and laid the business foundations, and in 2014, we brought to market a number of new businesses which has seen early successes. This includes the digital commerce platform, Celcom Planet, a joint venture with SK Planet, a subsidiary of SK Telecom, building on the success of Elevenia, our partnership with SK Planet in Indonesia. Since its launch in March last year, Elevenia in Indonesia has shown huge success, attracting more than 20 million visitors per month. As of January this year, it has more than 18,000 sellers and two million product listings.

Alongside this ADS also made successful inroads into the digital advertising space with its strategic joint venture with Adknowledge, Inc. to form Adknowledge Asia. The business works with brands, advertising agencies and app developers in Asia Pacific to provide them with data-driven advertising strategies, enabling ADS to tap into Asia's fast-growing and lucrative digital advertising spend. In Indonesia, Adreach, our mobile advertising arm now serves over 350 brands, advertisers and agencies in delivering mobile and digital advertising to telco subscribers.



## **President and GCEO'S Business Review**

Great progress was also made in Digital money with Dialog's very successful eZ Cash about to be implemented in Cambodia and Bangladesh. The year also saw the launch of the Mobile Internet Fulfillment Exchange (MIFE), our own Application Programme Interface (API) platform, which will enable our OpCos to fully leverage emerging digital opportunities as part of their overall digital strategy. The service allows our potential digital partners faster integration into Axiata's digital eco-system and assets.

### **Robi, Dialog and Smart performed better than the industry. Together they now account for 23% of revenue and 22% of the Group's EBITDA compared to 20% and 17% respectively in 2013.**

To further aid the digital ecosystem, we launched the Axiata Digital Innovation Fund (ADIF), a RM100 million (USD31 million) venture capital fund in partnership with Malaysia Venture Capital Management Berhad (MAVCAP). The fund, which will see Axiata committing RM50 million (USD15 million), is part of our corporate social responsibility and is intended to encourage and spur innovation and growth of Malaysia's digital ecosystem, helping companies in the digital services space with innovative products and market fit, through our extensive reach and knowledge of the region.

Alongside this, Axiata's passive infrastructure company, edotco Group, saw significant progress in 2014. It has now grown its tower portfolio in excess of 13,000, as of end 2014, and increased tenancies by 12.3%. In all countries run and managed by edotco, there has been steep improvements in operational efficiency and Capex resulting in savings of RM25 million (USD8 million), on structures and energy and efficiency improvements.

#### **Improving cost structure**

With around RM4 billion (USD1.2 billion) spent in network capex and more than RM1.5 billion (USD0.5 billion) in network opex yearly, reducing the cost structure of our operations remains a priority.

The re-organisation of procurement and treasury operations into centralised business operations for the group, continues to progress well. The Axiata Procurement Centre (APC) focusing on optimising our Network and IT expenditure, entered into strategic framework arrangements with our key network suppliers - Ericsson, Huawei, NEC, and SIAE. The agreements will enable our OpCos to realise business efficiencies and competitive advantage by optimising their demand and capitalise on group-wide pricing. APC consolidated the demand across five countries in the region and negotiated group pricing arrangements covering all Axiata markets. APC established a target to save USD150 million over a three year period and in 2014 delivered savings of USD78 million which is half way to the three year target and 52% greater than the 2014 KPI.

We have also institutionalised an advanced and focused mechanism for the effective deployment and tracking of incremental technology capex/opex for improved productivity. Alongside this, efforts to modernise the networks in every OpCo, especially the migration from legacy technology built for voice, to all internet protocol (IP), continued in a phased manner, to ensure more efficiency.

Group-IT completed the IT Architecture and Blueprint initiative, started in 2013, which looks to harmonise technology across the Group, for cost and operational efficiency. The outcome of this project has provided detailed inputs to every OpCo regarding technology refresh, new capabilities buildup and sun-setting roadmap in order to proactively advance IT capabilities, keeping in view the business requirements of the Group in the next three years.

APC established a three year target to save USD150 million **over a three year period and in 2014 delivered savings of**

# USD78 million

52% greater than the 2014 KPI.

## Continued Recognition From Peers

Our commitment and performance has led to our group of companies being recognised by peers and watch groups not only in their own countries, but also regionally. I am pleased to note that Axiata and our subsidiaries again dominated the awards ceremony at the Frost & Sullivan Asia Pacific ICT Award 2014. Axiata Group won the Best Telecommunications Group for the sixth consecutive year. This prestigious award is granted to the operator with presence in at least four Asia Pacific markets that has shown exemplary growth and performance in 2013 through its investments in the region. Axiata Group also took home three awards in total with XL winning the Most Innovative Telecom Service Provider of the Year and Dialog was voted Best Emerging Market Service Provider of the Year. Axiata Group also took home two awards at the 2015 Global Mobile Awards, which were presented at the GSMA Mobile World Congress in Barcelona. Dialog won the Mobile Money Award for eZ Cash and the Best Technology Enabler Award for the MIFE platform, Ideamart.

The awards are an acknowledgement of the continued success of our OpCos not just in the region but internationally, as well as an acknowledgement of the Group's progress towards its regional ambitions.

## A Regional Champion

We are now entering our watershed year of 2015 where we aim to meet our regional aspirations, as a truly Malaysian grown multinational. Axiata is today one of the largest Asian telecommunications companies with presence in eight countries. Since inception, Axiata has grown our subscriber base by more than six times to serve over 260 million people, revenue for the Group increased 87% to RM18.7 billion (USD5.7 billion), PAT by 66% to RM2.3 billion (USD0.7 billion) and market capitalisation has increased more than two times to RM60.5 billion (USD18.5 billion). I am happy to note that not only are we on track to meet our regional ambitions, we have put in place foundations to meet the challenges and opportunities in the industry today preparing the Group beyond 2015 for the new digitised world.

Whilst we remain cautious given the challenges and increased competition expected in the industry, we will be aggressively moving into our next phase of becoming a leader in mobile data and positioning for a new business model. We will be investing significantly to transform our core looking at, amongst other things, customer relationships, distribution, customer care, pricing innovation and new skills. This will be alongside a focus on data profitability as well as looking at new cost structures.

## Acknowledgements

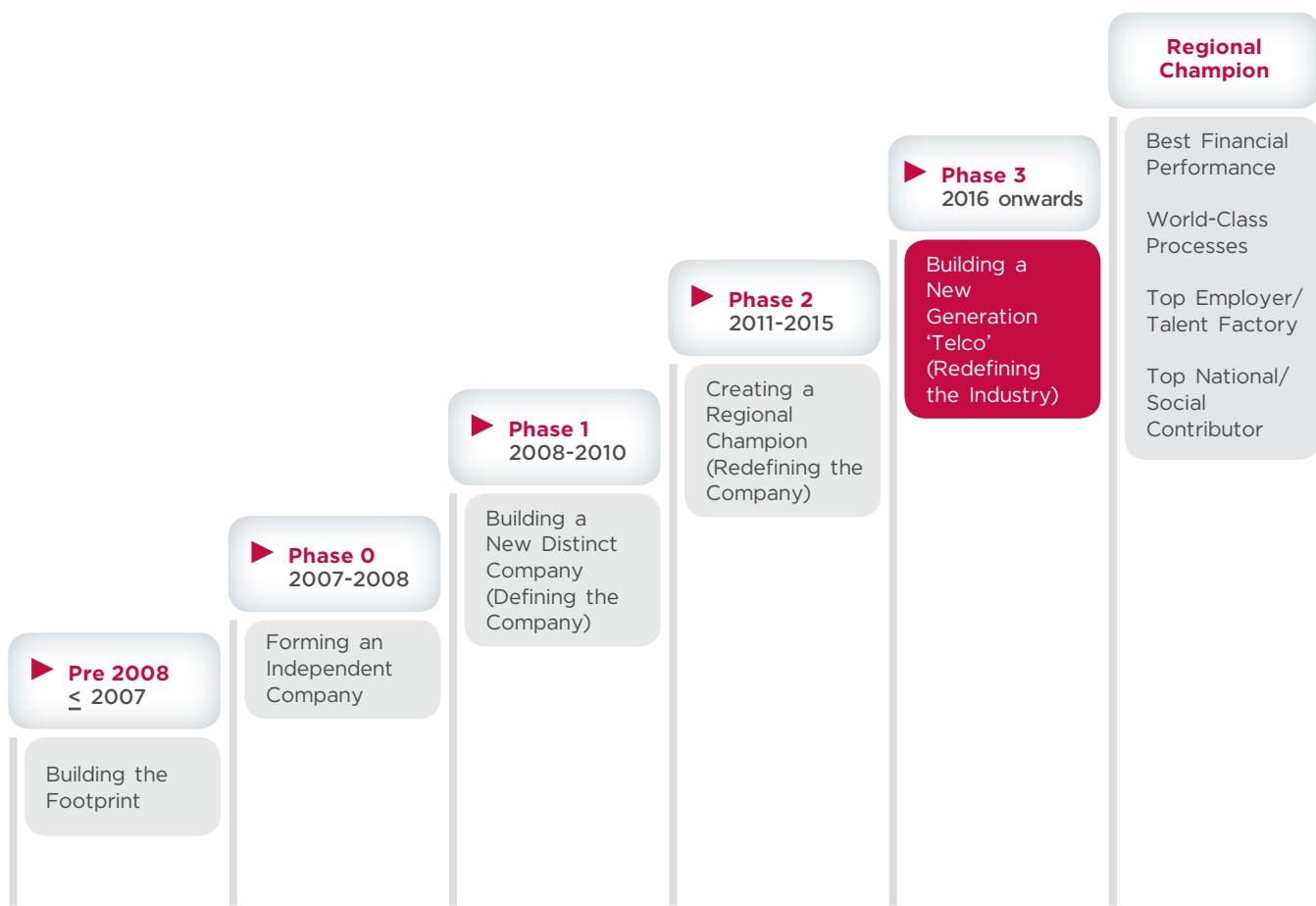
On behalf of the management of Axiata Group, I would like to express our thanks to our many stakeholders including investors, partners and the media for their continued support, as well as governments and regulators for their co-operation and facilitation in growing our businesses in their respective countries. Our most sincere gratitude to all our colleagues across Asia, who have worked tirelessly to get us to where we are today; and to our Board of Directors for their guidance in setting the strategic direction for the Group. Most of all, we would like to acknowledge our over 260 million customers for their continued support and loyalty.

**Dato' Sri Jamaludin Ibrahim**

Managing Director/  
President & Group Chief Executive Officer

# Strategic Journey Towards Building a New Generation Telco

Since its demerger with Telekom Malaysia in 2008, Axiata has gone through two distinct phases. In Phase 1, our vision was to build a new distinct company, which set the stage for Phase 2 (2011-2015) where we are now, creating a regional champion. As the world of communications evolves, our vision for 2020 is to build a ‘New Generation Telco’ in Phase 3 of our journey.



Axiata is today one of the largest Asian telecommunications companies with presence in eight countries. Axiata has controlling interests in mobile operators in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia with strategic stakes in India and Singapore. Added to this, the Group has established a communications infrastructure solutions and services company, edotco. Since 2007, Axiata grew its subscriber base by more than six times to serve over 266 million people, revenue for the Group increased 87% to RM18.7 million, PAT by 80% to RM2.3 billion and market capitalisation has increased more than four times to RM58.9 billion.

## Axiata's strategic objectives

These achievements are only the beginning of our journey. Axiata is currently at the tailend of the second phase of its transformation journey. In this stage, we are focused on redefining our company, paving the way for shaping the future of telecommunications in the region. More specifically, we have put in place a new growth strategy; driving continuous improvements to our business and operating models, and built new and stronger management teams, in our bid to become a 'New Generation Telco' by 2020.

Axiata defines its 'New Generation Telco' objectives along four parameters and related key measurements:

Strategic Objective	Key Measurement
Best Financial Performance	Revenue, Market Capitalisation and ROIC benchmarked against leading telecommunications groups within Asia
World-Class Processes	Processes benchmarking against peers and Net Promoter Score (NPS) ratings, benchmarked against industry players
Top Employer/Talent Factory	Identification of the development of talent and level of employee engagement, benchmarked against world-class companies
Top National/Social Contributor	Recognised as top 10 national development contributor in the countries within our footprint

## Challenges and opportunities

The industry has evolved at a remarkable pace and today we face multi-dimensional challenges and opportunities from within our markets, society and people.

### Challenges:

- Tapering industry growth as mobile markets mature in the region with mobile penetration rising above 100%.
- Foreign exchange volatility increases operating risks in the region.
- Substitution risks for our traditional voice and SMS services, especially from Over-The-Top (OTT) players, driven by rising smartphone penetration.
- Political and regulatory risks where spectrum fees, taxes and government policy place additional pressures on the mobile industry.

### Opportunities:

- Increasingly affordable smartphones accelerate smartphone penetration especially in developing countries.
- Exponential increase in demand for data services as smartphone adoption proliferates, coupled with the development of rich content in the ecosystem.
- Digitalisation of consumers' lifestyle, shifting from offline to online, will drive convergence of services, device and network.
- Opportunities in digital services and Internet-of-Things (IoT) by leveraging and complementing core mobile business.

# Strategic Journey Towards Building a New Generation Telco

## Axiata's Long-Term Strategy to Become a 'New Generation Telco'

Given the challenges and opportunities in the industry today Axiata has developed a long-term strategy that will take the Group from where it is now to its vision of becoming a 'New Generation Telco' by 2020.

Our overall long-term strategy centres around mobile data leadership and positioning for a new business model. The five pillars to the Group's long-term strategy include:



### **Transform the core:**

#### **Mobile Data Leadership**

Today data services account for one fifth of Axiata's revenue. Our mid-term focus is to gain mobile data leadership. In other words, Axiata aims to become the most attractive and used highway for mobile internet, and our strategy follows four paradigms:

- (1) be an early innovator and subsequently the leader to develop the mobile data market rather than a follower, to capture pent-up demand at a later stage.
- (2) build sufficient data capacity and ensure adequate data throughput speeds in key traffic hotzones with an economically optimal mix of technologies, comprising macro-networks and small-cells.
- (3) build up data coverage in rural areas through a combination of own network rollout and network sharing partnerships, to ensure that wireless internet access is widely available whilst delivering reasonable economic returns.
- (4) focus on measures to drive down cost per Mbit delivered and pursue leadership in data production efficiency, to ensure sustainability of the mobile data business and economic returns.

### **Digitisation**

With the digitalisation of consumer's lifestyle, Axiata will focus on digitising our core business especially in the areas of selling to our customers as well as customer care. This is to ensure we cater to the needs of our customers on the back of the exponential growth of mobile internet.

### **Expand the core:**

The growth of mobile internet provides further growth opportunities for Axiata's adjacency businesses. We want to capitalise on this and the growth areas that we will focus on are:

- (1) pursuing new growth for our supporting businesses by carving them out and driving additional shareholders value, such as in the case of our passive infrastructure carve out edotco.
- (2) supporting our core wireless business through partnerships with OTT players and differentiating our core wireless offerings alongside our OTT partners. In countries where we have mobile presence, we aim to be the preferred telco for OTT partnerships.

- (3) capturing growth opportunities close to our core business in areas such as Internet-of-Things (IoT)/Machine-to-Machine (M2M) or mobile payment where these new services can ride on our ubiquitous wireless network.
- (4) digital businesses where we can add value as a company through the leveraging of our sales networks, or through access to our network infrastructure and platforms.

**Build robust and sustainable business portfolio:**

Axiata will continue to pursue in-country consolidation where viable, make small investments in digital services to acquire the necessary capabilities, and be cautiously opportunistic in new footprints, within the region, where it makes strategic sense and is financially justifiable.

**Execute cost management initiatives:**

- Our vision to achieve mobile data leadership runs parallel to our objective for data profitability, which will drive continuous and diligent cost efficiencies and timely go-to-market strategies.
- Axiata will drive needle-moving cost initiatives by actively challenging and recalibrating its cost structure, and leveraging its multi-country regional presence. Such moves are being driven by a centralised procurement function, Procurement Shared Service (PSS) and a centralised treasury function, Axiata Treasury Center (ATC).

- The Group will also drive value creation through co-operation and carrier collaboration initiatives.
- Axiata will continuously optimise its passive assets such as its infrastructure business through edotco. This will be achieved via tower sharing, infrastructure consolidation and collaboration with other industry players.

**Optimise of key enablers:**

The Group will also be focusing on the optimisation of key enablers to its overall strategy. These include:

- optimised synergies across the Group
- improved IT systems
- shared best practices
- new business models

Axiata is currently on track to realise its vision of becoming a ‘Regional Champion’. The strategy put forward will require investments, both financial and non-financial, in the near term. As such, the Group’s financial stance and value proposition to its shareholders remains as ‘balanced growth and dividend proposition’, with upsides on one or the other in the long term.

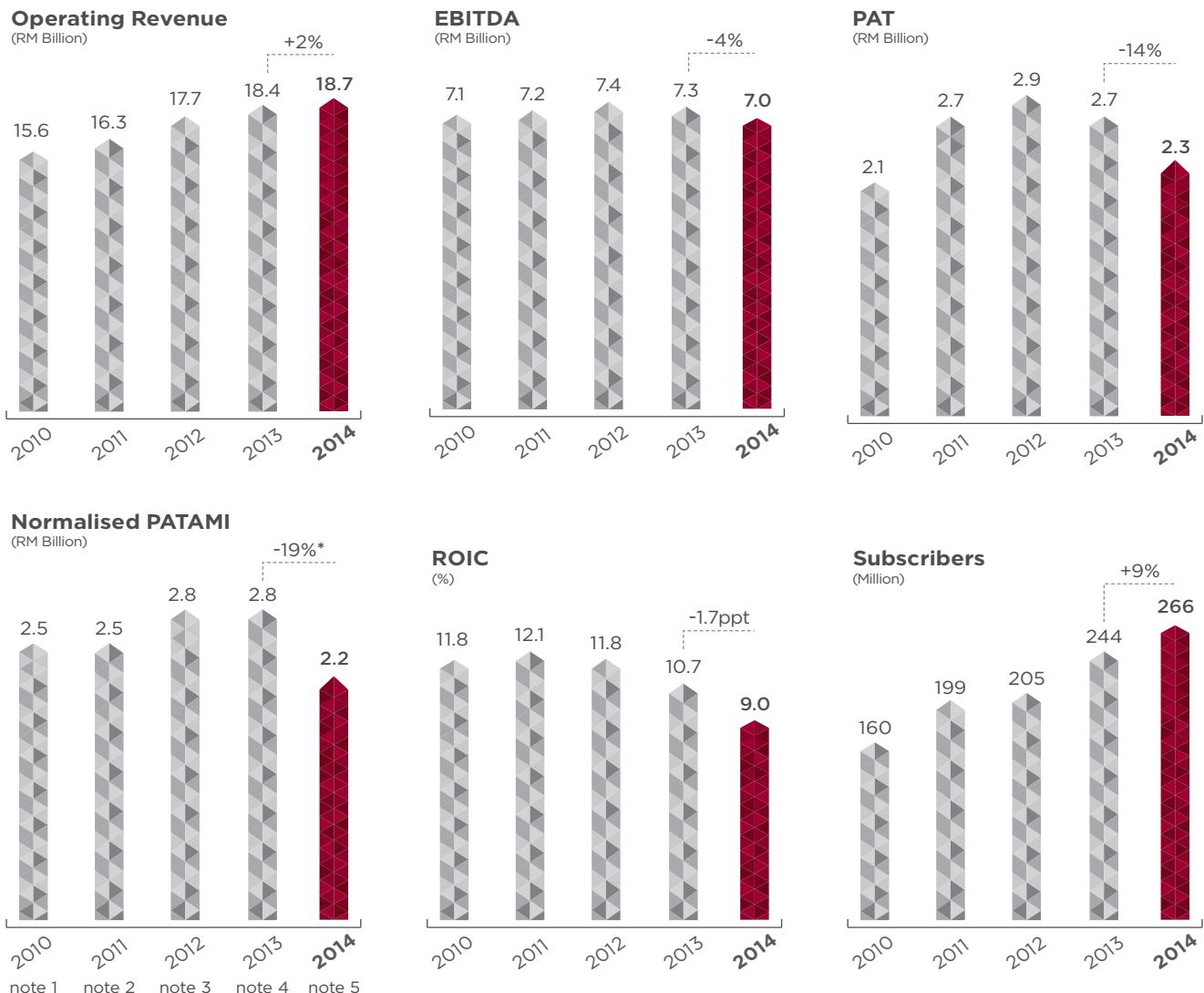


# Financial Performance



More details available online at [www.axiata.com](http://www.axiata.com) or  
can be downloaded on AppStore or GooglePlay.

# Five-Year Group Financial Highlights



**Note 1 -** 2010 normalised PATAMI excludes gains on disposal/merger (-RM388.4 million), impairment/FRS adjustment (+RM1.2 billion), XL minority interest (-RM49.2 million) and foreign exchange gains (-RM54.9 million).

**Note 2 -** 2011 normalised PATAMI excludes acquisition and provision (+RM107.7 million), XL severance payment (+RM46.8 million), Celcom network impairment (+RM105.1 million), Celcom tax incentive (-RM140.0 million) and foreign exchange loss (+RM73.2 million).

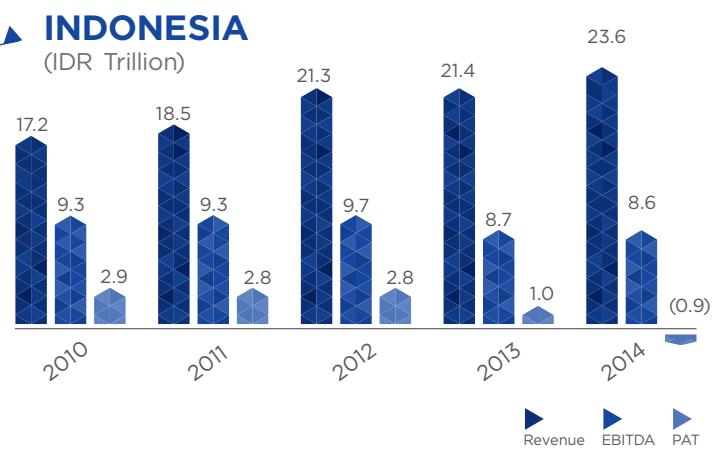
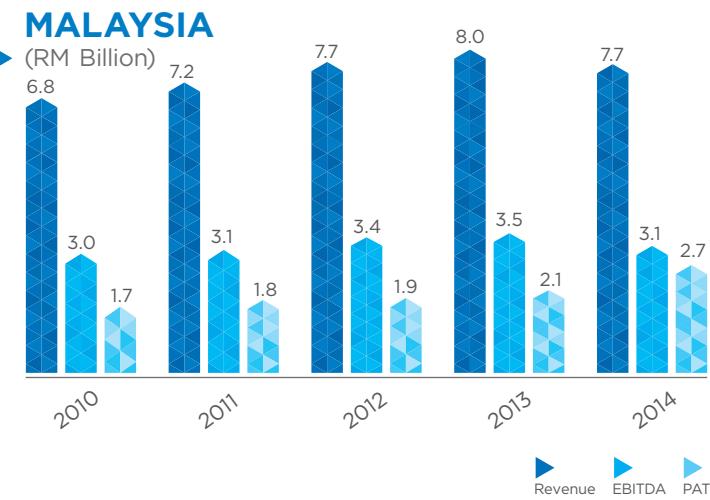
**Note 3 -** 2012 normalised PATAMI excludes Celcom tax incentive (-RM110.0 million), Celcom penalty on Sukuk (+RM26.3 million), Celcom network impairment (+RM161.6 million), Dialog tax impact (-RM47.8 million), Hello asset impairment (+RM46.0 million), Robi SIM tax (+RM34.4 million) and foreign exchange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

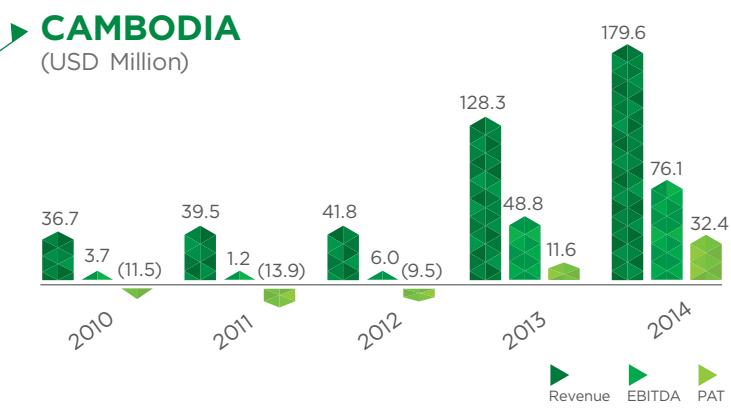
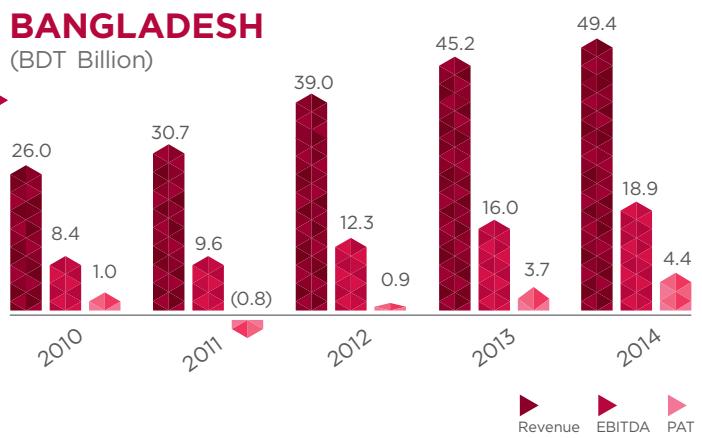
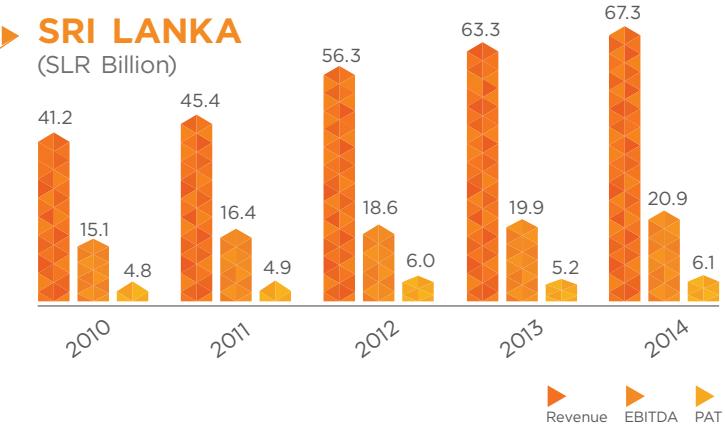
**Note 4 -** 2013 normalised PATAMI excludes Celcom tax incentive (-RM106.0 million), Celcom network impairment (+RM67.5 million), Robi physical count loss and impairment on receivables (+RM16.7 million), Smart assets write-off (+RM31.4 million) and foreign exchange loss (+RM201.3 million).

**Note 5 -** 2014 normalised PATAMI excludes gains on disposal of Samart i-Mobile (-RM116.7 million), XL gains on disposal of towers (-RM48.2 million) and foreign exchange loss (+RM55.5 million). Foreign exchange loss includes derivative loss of RM22.5 million.

\* 2014 PATAMI reflects normalisation for RM22.5 million of derivative losses. Derivative gains or losses were not normalised prior to 2014. If derivative gains of RM113.0 million were excluded in 2013, normalised PATAMI of 2013 would have been RM2.6 billion and 2014 normalised PATAMI would have declined by 15%.

# Reporting By Geographical Location<sup>1</sup>





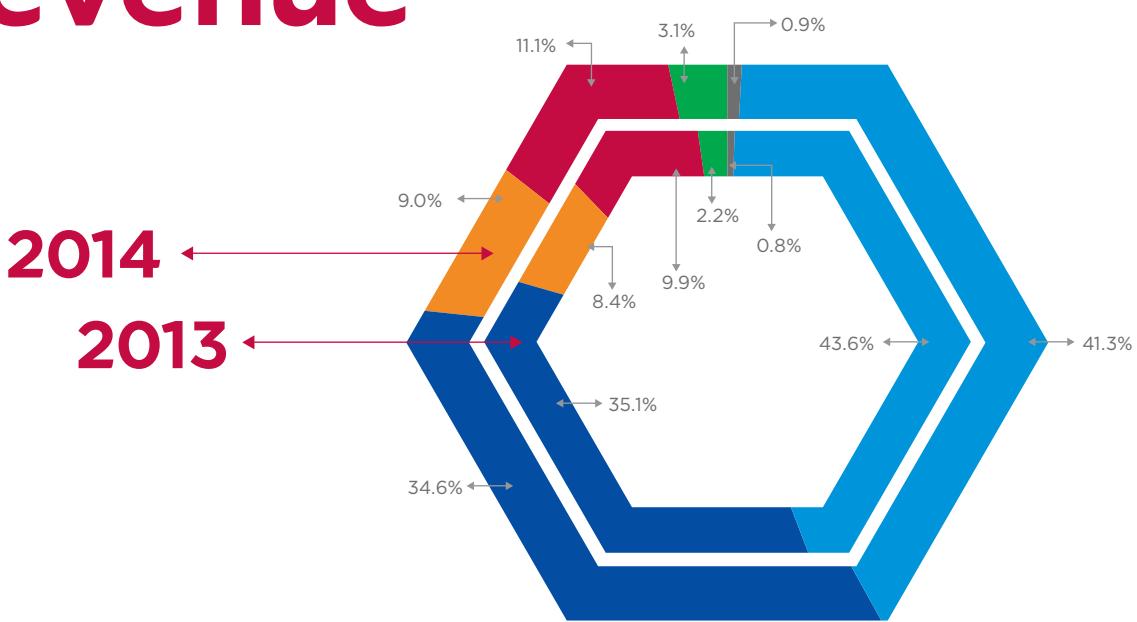
<sup>1</sup> All financial numbers are based on audited financial figures and follows the respective country GAAP.

# Summary Breakdown of Operating Revenue & EBITDA

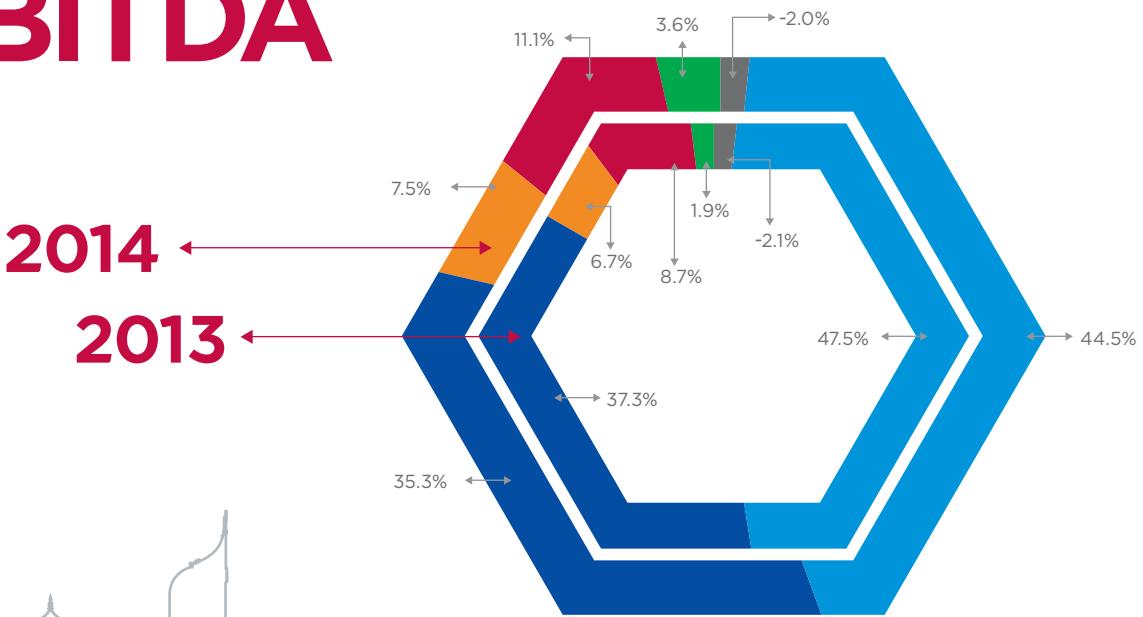
► Celcom   ► XL   ► Dialog   ► Robi   ► Smart   ► Others



# 2014 & 2013 Operating Revenue

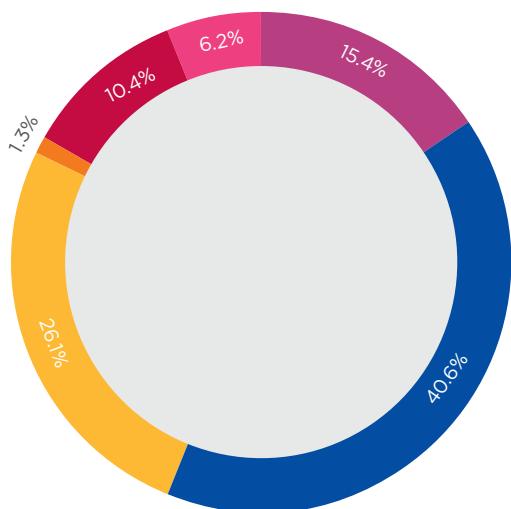


# 2014 & 2013 EBITDA

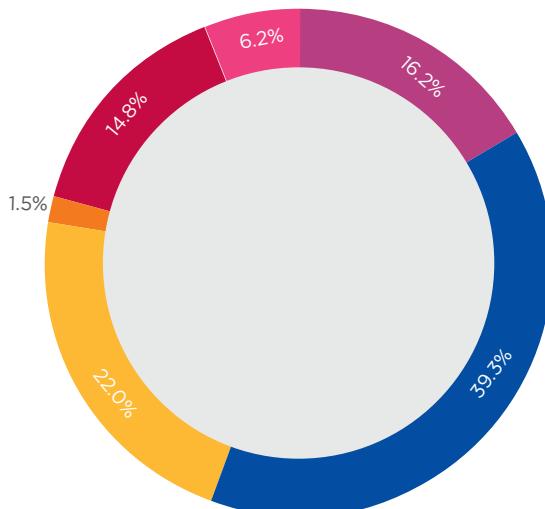


# Summary Breakdown of Assets & Liabilities

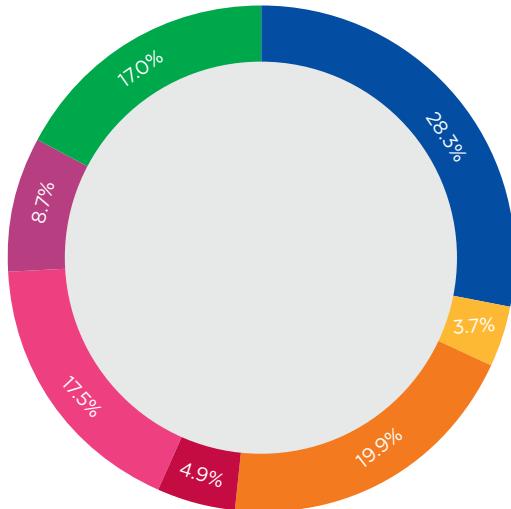
**2014 Total Assets**



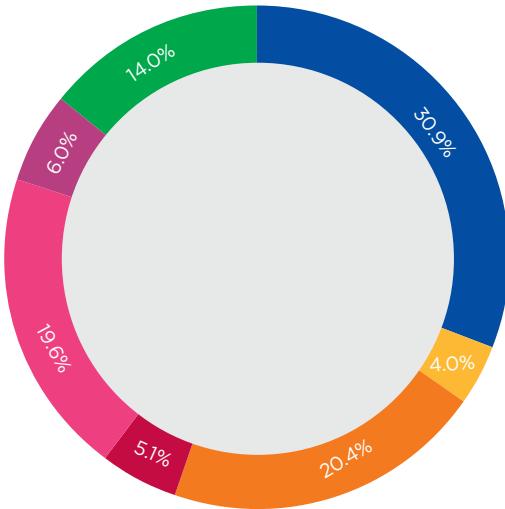
**2013 Total Assets**



**2014 Total Liabilities & Equity**



**2013 Total Liabilities & Equity**



## Total Assets

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

## Total Liabilities

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

# Five-Year Group Financial Summary

## Operational Highlights

All in RM Million unless stated otherwise	FY2014	FY2013	FY2012	FY2011	FY2010
1. Operating Revenue	<b>18,712</b>	18,371	17,652	16,290	15,621
2. Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)	<b>6,999</b>	7,271	7,424	7,177	7,054
3. Earnings from Associates & Joint Ventures	<b>339</b>	255	211	118	164
4. Profit Before Tax (PBT)	<b>3,114</b>	3,533	3,762	3,577	3,206
5. Profit After Tax (PAT)	<b>2,344</b>	2,739	2,880	2,712	2,117
6. Profit After Tax and Minority Interests (PATAMI)	<b>2,349</b>	2,550	2,513	2,346	1,770
7. Normalised PATAMI <sup>1</sup>	<b>2,239</b>	2,761	2,784	2,539	2,479
8. Total Shareholders' Equity	<b>20,745</b>	19,622	20,101	19,843	18,725
9. Total Assets	<b>49,127</b>	43,497	42,931	41,106	38,101
10. Total Borrowings	<b>13,893</b>	13,436	12,658	11,459	10,684
11. Subscribers (million)	<b>266</b>	244	205 <sup>2</sup>	199	160
Growth Rates YoY					
1. Operating Revenue	<b>1.9%</b>	4.1%	8.4%	4.3%	17.3%
2. EBITDA	<b>-3.7%</b>	-2.1%	3.4%	1.7%	30.2%
3. Total Shareholders' Equity	<b>5.7%</b>	-2.4%	1.3%	6.0%	3.0%
4. Total Assets	<b>12.9%</b>	1.3%	4.4%	7.9%	2.9%
5. Total Borrowings	<b>3.4%</b>	6.1%	10.5%	7.3%	-13.3%
Share Information					
1. Per Share					
Earnings (basic) - sen	<b>27</b>	30	30	28	21
Earnings (diluted) - sen	<b>27</b>	30	29	28	21
Net Assets - RM	<b>2.4</b>	2.3	2.4	2.3	2.2
2. Share Price information - RM					
High	<b>7.27</b>	7.00	6.76	5.14	4.76
Low	<b>6.44</b>	6.16	4.67	4.57	3.07
Financial Ratio					
1. Return on Invested Capital <sup>3</sup>	<b>9.0%</b>	10.7%	11.8%	12.1%	11.8%
2. Gross Debt to EBITDA <sup>4</sup>	<b>2.0</b>	1.8	1.7	1.6	1.5
3. Debt Equity Ratio <sup>5</sup>	<b>0.7</b>	0.7	0.6	0.6	0.6

### Notes:

- 1 Excludes XL severance payment and minority interest, accelerated depreciation/FRS adjustment, gains on disposal/merger, Celcom network impairment, tax incentive and penalty on Sukuk, Dialog tax impact, Robi SIM tax, physical count loss and impairment on receivables, Hello asset impairment, Smart assets write-off, acquisition and provision and foreign exchange gains/loss. FY2014 excludes loss on derivatives.
- 2 Restated subscribers based on active base definition starting 2012
- 3 EBIT less tax over average invested capital
- 4 Gross debt over EBITDA
- 5 Total borrowings over total shareholders' equity

# Group Financial Analysis<sup>1</sup>

Axiata ended FY2014 with steady revenue and profitability amidst a challenging year affected by slowing industry growth, intense competition and adverse political environment in some markets. Diligent execution of strategies by most OpCos resulted in the Group recording 1.9% revenue growth to RM18,711.8 million, 4.4% higher at constant currency reflecting the Group's resilience from a diversified portfolio. Data continues to drive growth momentum with accelerated growth across all OpCos. This is evident from the 31.5% growth in data revenue, which now contributes 19.2% to total Group revenue, a substantial increase from 14.8% in FY2013. EBITDA stood at RM6,998.6 million and PATAMI for the year was lower at RM2,348.7 million, affected by Malaysia's IT-transformation related issues, impact of Axis integration and weaker Rupiah in Indonesia. At year end, the Group recorded strong cash balance of RM5.1 billion after RM1.9 billion in dividend payment and also aggressive investment in data-related capital expenditure across all OpCos. All round excellent performance was also recorded by our associate companies in India and Singapore. In terms of market presence, the Group continued to make significant progress with a growth of 9% to 266 million subscribers at the end of FY2014.

Malaysia saw challenges in FY2014 affected by issues pertaining to IT transformation, stricter regulatory controls over short code product offerings and slower industry growth. Hence, total revenue for the year declined by 3.6% to RM7,729.3 million. EBITDA also decreased by 9.7% to RM3,116.6 million following lower revenue. PAT of RM1,732.<sup>12</sup> million was 16.8% below FY2013 due to lower EBITDA and certain tax incentives in FY2013.

In spite of the overall sluggish market and stiff competition, Malaysia ended the year with the highest number of subscribers versus its competitors for the second consecutive year. In addition, data revenue in Malaysia continued to gain traction and grew double-digit to 24.1% fueled by 50.3% growth in mobile internet and higher smartphone penetration. Data users of 6.2 million now represent 47.8% of its total subscriber base of 13.0 million. Malaysia will continue to focus on enhancing its mobile data network and accordingly invest substantially on its 4G/LTE network.

The completion of the IT transformation exercise and execution of the data leadership strategy is expected to eventually help Malaysia regain momentum and compete effectively.

<sup>1</sup> All financial numbers are based on Malaysia GAAP

<sup>2</sup> Normalised result for OpCo

In Indonesia Axis was acquired in Q1 2014 which saw a comprehensive integration exercise. The acquisition was important to obtain additional frequency to improve network quality and to also ensure that Indonesia will not be at a strategic disadvantage in the future in so far as frequency is concerned. Indonesia registered revenue of RM6,475.6 million in FY2014, an increase of 10.3% at constant currency (up 0.5% at actual currency) primarily driven by surge in data revenue and also contribution from Axis. FY2014 EBITDA stood at RM2,468.1 million, stable at constant currency (down 9.0% at actual currency) while EBITDA margin declined by 4 percentage points (pp) to 38% versus FY2013 due to the impact of the Axis integration. The integration was well-executed and completed by the end of FY2014, which was well ahead of schedule. This is reflected in QoQ performance whereby EBITDA margin increased by 4pp in Q4 2014. FY2014 loss after tax was RM249.2 million primarily due to the unrealised forex losses arising from weaker IDR and also due to the Axis integration. In line with Indonesia's strategy of focusing on its core business, Indonesia completed the sale of 3,500 towers to PT Solusi Tunas Pratama Tbk for RM1.5 billion which will be used to pare down debt and improve capital position.

Growth of data services in Indonesia continued to be strong. At local currency, data revenue in Indonesia increased by 41.6% during the year and contributed to 23.3% of total revenue as compared to 18.2% in FY2013. In addition, smartphone users grew 57.8% to 16.1 million which represents 27.0% of the total user base. As of year end 2014, Indonesia had 59.6 million users.

During the year, Indonesia continued to transform itself into a leading mobile internet provider amidst the changing business landscape. Various products and services in the areas of digital entertainment, mobile banking, mobile advertising and cloud services were offered to support customers' digital lifestyle and cater to the growing data business and trend towards smart devices.

Management efforts have gained recognition and the team won many accolades during the year, notably winning two awards at the Golden Ring Award 2014 for "Best Value Added Service" for Gudang Aplikasi services and "Best Customer Services".

Bangladesh continued its strong financial performance in FY2014 with double-digit growth in all key financial metrics and outperformed the market in terms of data revenue and EBITDA growth, despite operating in a challenging business and political environment.

Bangladesh's revenue continued its growth trajectory for the year, surging by 14.4% led by higher data, voice and SMS revenue. Data revenue in particular registered growth of 120.1% at local currency and accounted for 5.8% of total FY2014 revenue, double from the previous year. The aggressive drive for revenue growth also positively impacted EBITDA, which generated excellent growth of 22.9%. Bangladesh's PAT grew 24.1% despite continued investments in growth-related capex.

Sri Lanka achieved remarkable growth in revenue to RM1,686.2 million, an increase of 9.2%. Total mobile subscribers increased by almost 10% to 9.5 million. Positive results were also demonstrated across its businesses of mobile, digital pay television, and fixed line. Underpinned by strong performance in revenue, continuous operational improvements and cost rescaling programmes, EBITDA grew 8.1% in FY2014. PAT performance in turn grew double digit to 19.8% due to higher EBITDA and lower foreign exchange losses in FY2014 versus the previous year.

Capital investment in Sri Lanka during the year was 28.4% lower compared to FY2013 mainly due to the reprioritisation of key projects coupled with selective roll-out of networks. Capital expenditure during the year was directed mainly towards investments in 2G, 3G and 4G networks, Optical Fibre Network expansion projects and the Bay of Bengal Sub-Marine Cable project, with the aim of strengthening its leadership position in the country's telecommunications sector. As a result, Sri Lanka continued to exhibit a structurally robust balance sheet, with net debt to EBITDA ratio further improved from 1.29x in FY2013 to 0.92x in FY2014.

Cambodia posted stellar growth in all key financial metrics despite operating in a competitive and crowded market. Revenue increased by 48.4% during the year as data revenue more than doubled, now accounting for 22.4% of total revenue versus 13.0% in FY2013. Arising from the growth in revenue coupled with tightened cost management, Cambodia's EBITDA and PAT grew 80.1% and more than 100% respectively. Total subscribers increased by 22.9% to 6.5 million at the end of FY2014.

Excellent performance from regional associates in India and Singapore helped the Group maintain its strong results in FY2014.

India achieved a solid 18.8% growth in revenue for the nine months period ending December 2014 driven by a 16.9% increase in customer base. During the period, India cemented

itself as one of the few top global operators with over 150 million quality subscribers, adding 22.2 million new subscribers to end at 150.5 million year to date. Concurrently, India was able to increase average revenue per user (ARPU) by 5.9%, a commendable achievement.

India also continued its EBITDA growth momentum, posting an increase of 27.7% growth. PAT in the period grew 63.3% due to higher EBITDA, partly offset by higher depreciation and amortisation costs arising from prudent revision and reduction in the estimated useful life of its core network equipment.

Singapore ended FY2014 with modest increment of 1.4% in service revenue, driven by growth in its postpaid and fixed customer base as well as higher revenue from mobile data. Including handset sales, Singapore's total revenue increased by 6.8% year-on-year. EBITDA and PAT increased by 7.4% and 9.7% respectively. In December 2014, Singapore launched the country's first next-generation 4G network which enables download speeds of up to 300Mbps and will continue to invest in its networks to further improve customer experience. Singapore will also increase its presence in the corporate enterprise segment which it believes it is well-positioned to capture, through its enhanced new state-of-the-art data centre and suite of cloud solutions.

The Group ended the year with a strong balance sheet position. Cash and bank balance is at a strong RM5.1 billion after RM1.9 billion dividend payment during the year. Group total assets grew 12.9% in FY2014 with higher intangible assets and property, plant and equipment due to acquisition of Axis in Indonesia as well as continuous investments on network infrastructure across the Group's footprint. Group's debt levels are very healthy with Gross Debt to EBITDA at 1.99x and Net Debt to EBITDA at 1.25x. The healthy balance sheet will provide the flexibility required for future organic growth and potential industry consolidation in various markets.

During the year, the Group's Board of Directors declared an interim tax exempt dividend under single tier system of 8 sen per share, which was paid in the fourth quarter of the year. In light of the decent performance of the Group for FY2014, the Group's Board of Directors has recommended and announced a tax exempt final dividend under single tier system of 14 sen per share, bringing the total dividend declared for FY2014 to 22 sen per share. The final dividend is subject to the approval of the shareholders at the forthcoming AGM.



# Corporate Profile



More details available online at [www.axiata.com](http://www.axiata.com) or  
can be downloaded on AppStore or GooglePlay.

# Entities Across Asia

## Mobile Subsidiaries

### MALAYSIA



#### CELCOM AXIATA BERHAD

Year of Investment/Shareholding: 2008/100%  
Nature of Business: Mobile  
Subscribers: 13.0 Million  
Technology Deployed: GSM, GPRS, EDGE, 3G, HSPA+, WiFi, 4G LTE  
No. of BTS (2G/3G): 15,483  
Network Coverage (By population coverage): 2G-95.2% 3G-85%

#### Note:

Coverage based on national census of 2010.

### INDONESIA



#### PT XL AXIATA TBK

Year of Investment/Shareholding: 2005/66.5%  
Nature of Business: Mobile  
Subscribers: 59.6 Million  
Technology Deployed: GSM, GPRS, EDGE, 3G, HSPA+, DC-HSPA+  
No. of BTS (2G/3G): 52,012  
Network Coverage (By population coverage): 2G->90% 3G->40%

### SRI LANKA



#### DIALOG AXIATA PLC

Year of Investment/Shareholding: 1996/83.32%  
Nature of Business: Communication Services, Telecommunications Infrastructure Services, Media and Digital Services  
Subscribers: 9.5 Million  
Technology Deployed: GSM, GPRS, EDGE, 3G, HSPA, WiFi, CDMA, WiMAX, 4G LTE, MPEG-2, MPEG-4, HD  
No. of BTS (2G/3G/4G): 6,635  
Network Coverage (By population coverage): 2G-96%/3G-74%

### CAMBODIA



#### SMART AXIATA CO., LTD

Year of Investment/Shareholding: 2013/87.99%  
Nature of Business: Mobile  
Subscribers: 6.5 Million  
Technology Deployed: GSM, GPRS, EDGE, 3G, HSPA+, 4G LTE  
No. of BTS (2G/3G): 2,845  
Network Coverage (By population coverage): >97%

## Non-Mobile Subsidiaries & Associates/Affiliates

### MALAYSIA



#### EDOTCO GROUP SDN BHD

Year of Incorporation/Shareholding: 2012/100%  
Nature of Business: Telecommunications Infrastructure and Services

### PAKISTAN



#### MULTINET PAKISTAN (PRIVATE) LIMITED

Year of Investment/Shareholding: 2005/89%  
Nature of Business: Broadband and Long Distance, and International Services

## Mobile Associates/Affiliates

### INDIA



#### IDEA CELLULAR LIMITED

Year of Investment/Shareholding: 2008/19.8%  
Nature of Business: Mobile Services  
Subscribers: 150.5 Million (as of 31 December 2014)

### SINGAPORE

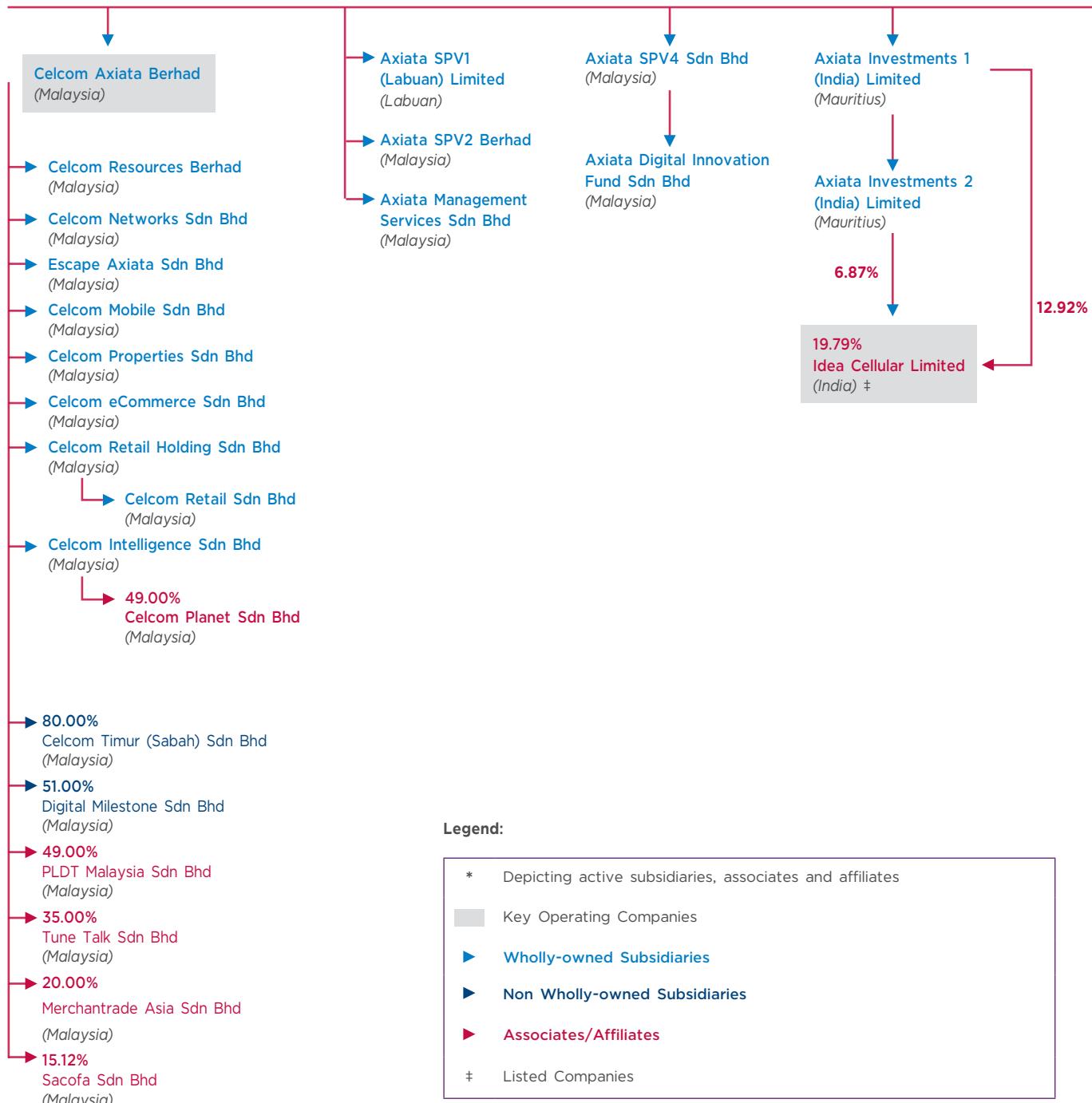


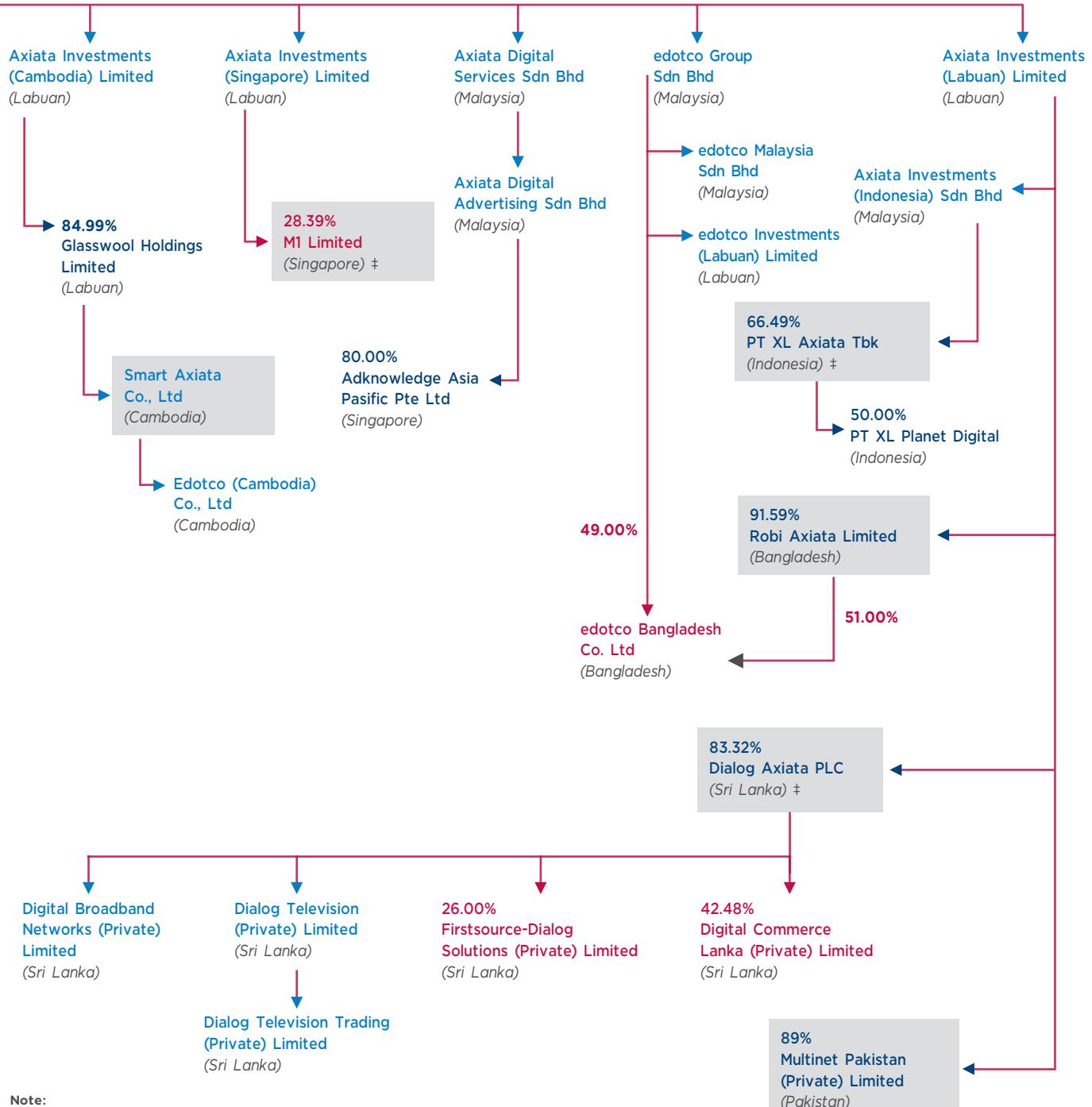
#### M1 LIMITED

Year of Investment/Shareholding: 2005/28.4%  
Nature of Business: Mobile and Fixed Services  
Subscribers: 2.0 Million (as of 31 December 2014)

# Group Corporate Structure\*

## Axiata Group Berhad





**Note:**

The complete list of subsidiaries, associates and joint ventures and their respective principal activities, country of incorporation and the Group's effective interest are shown in notes 39 to 41 to the financial statements on pages 304 to 313 of this Annual Report



# Board of Directors



**Standing from left to right:** Dato' Abdul Rahman Ahmad, Juan Villalonga Navarro, Dr Muhamad Chatib Basri, Bella Ann Almeida, Tan Sri Ghazzali Sheikh Abdul Khalid, David Lau Nai Pek and Kenneth Shen

**Seated from left to right:** Tan Sri Dato' Azman Hj. Mokhtar, Datuk Azzat Kamaludin and Dato' Sri Jamaludin Ibrahim

# Profile of Directors



## ► Tan Sri Dato' Azman Hj. Mokhtar

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

**Age:** 54

**Nationality:** Malaysian

**Date of Appointment:** 3 March 2008

**Length of Service:** 7 years

**Date of Last Re-election:** 23 May 2012

**Membership of Board Committees:** Nil

**Qualifications:**

- British Chevening Scholar
- Masters of Philosophy in Development Studies, Darwin College, Cambridge University, UK
- Fellow of the Association of Chartered Certified Accountants, UK
- Chartered Financial Analyst
- Diploma in Islamic Studies, International Islamic University, Malaysia

**Working Experience:**

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

**Directorships of Public Companies:**

Iskandar Investment Berhad (Chairman) and Yayasan Khazanah

**Other Information:**

Azman holds various board memberships including Khazanah Research Institute and Jadwa Investment in Saudi Arabia. He also serves on various Malaysian public service bodies including the Performance Management and Delivery Unit, the Capital Market Advisory Group for Securities Commission Malaysia, the National Export Council, the Executive Committee of Malaysia International Islamic Financial Centre, and Governance Council of the Malaysia Innovation Agency. He is also a Trustee of the Asia Business Council.



## ► Dato' Sri Jamaludin Ibrahim

**Managing Director/President & Group Chief Executive Officer**

**Age:** 56

**Nationality:** Malaysian

**Date of Appointment:** 3 March 2008

**Length of Service:** 7 years

**Date of Last Re-election:** 23 May 2013

**Membership of Board Committees:** Nil

**Qualifications:**

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

**Working Experience:**

Jamaludin is Managing Director/President & Group Chief Executive Officer of Axiata Group Berhad, which he joined in March 2008. He has worked for about 34 years in the ICT industry - 16 years in IT and 18 years in telecommunications.

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

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

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

**Directorships of Public Companies:**

Axiata Group - Celcom Axiata Berhad (Chairman), Dialog Axiata PLC (Alternate Director), PT XL Axiata Tbk, M1 Limited and Axiata Foundation

Other - GSMA Mobile For Development Foundation and Malaysian Global Innovation & Creativity Centre Berhad

**Other Information:**

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



### ► **Tan Sri Ghazzali Sheikh Abdul Khalid**

Independent Non-Executive Director

**Age:** 69

**Nationality:** Malaysian

**Date of Appointment:** 24 March 2008

**Length of Service:** 7 years

**Date of Last Re-election:** 23 May 2013

**Membership of Board Committees:**

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

**Qualifications:**

Degree in Economics, La Trobe University, Australia

**Working Experience:**

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

**Directorships of Public Companies:**

Axiata Group – Robi Axiata Limited (Chairman) and Axiata Foundation (Chairman)



### ► **Datuk Azzat Kamaludin**

Senior Independent Non-Executive Director

**Age:** 69

**Nationality:** Malaysian

**Date of Appointment:** 24 March 2008

**Length of Service:** 7 years

**Date of Last Re-election:** 28 May 2014

**Membership of Board Committees:**

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

**Qualifications:**

- Barrister-at-Law, Middle Temple, London, UK
- Degrees in Law and International Law, University of Cambridge, UK

**Working Experience:**

Azzat is a lawyer by profession and is a partner of the law firm of Azzat & Izzat. Prior to being admitted as advocate and solicitor of the High Court of Malaya in 1979, he served as an administrative and diplomatic officer with the Ministry of Foreign Affairs, Malaysia from 1970 to 1979. Between 1 March 1993 to 21 March 1999, he served as a member of the Securities Commission.

**Directorships of Public Companies:**

Axiata Group – Dialog Axiata PLC (Chairman) and Celcom Resources Berhad

Others – Boustead Holdings Berhad, Boustead Heavy Industries Corporation Berhad, KPJ Healthcare Berhad and Malaysian Directors Academy

## Profile of Directors



### ► Dato' Abdul Rahman Ahmad

Independent Non-Executive Director

**Age:** 45

**Nationality:** Malaysian

**Date of Appointment:** 17 January 2013

**Length of Service:** 2 years

**Date of Last Re-election:** 23 May 2013

**Membership of Board Committee:**

- Board Nomination Committee

**Qualifications:**

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

**Working Experience:**

Abdul Rahman is a Director and the Chief Executive Officer of Ekuiti Nasional Berhad (Ekuinas). He leads the Management Committee and is a member of the Investment Committee. Abdul Rahman began his career at Arthur Andersen, London and later served as Special Assistant to the Executive Chairman of Trenergy (M) Berhad/Turnaround Managers Inc Sdn Bhd. He subsequently joined Pengurusan Danaharta Nasional Berhad, the country's national asset management company as Unit Head and later went on to become Executive Director of SSR Associates Sdn Bhd. Prior to joining Ekuinas, Abdul Rahman was the Group Managing Director/Chief Executive Officer of Media Prima Berhad and Group Managing Director/Chief Executive Officer of Malaysia Resources Corporation Berhad. Abdul Rahman is also a Director of M+S Pte Ltd, a joint venture property company of Khazanah Nasional Berhad and Temasek Holdings (Private) Limited.

**Directorships of Public Companies:**

Ekuiti Nasional Berhad, Malaysian Resources Corporation Berhad and Icon Offshore Berhad



### ► David Lau Nai Pek

Independent Non-Executive Director

**Age:** 62

**Nationality:** Malaysian

**Date of Appointment:** 23 April 2008

**Length of Service:** 7 years

**Date of Last Re-election:** 23 May 2012

**Membership of Board Committee:**

- Board Audit Committee (Chairman)

**Qualifications:**

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

**Working Experience:**

David has over 35 years professional experience in finance and leading financial organisations in various locations in Australia, Brunei, China, Malaysia, New Zealand, Netherlands and UK. David retired from Shell Malaysia in August 2011 after serving the Shell Group for about 30 years. His major assignments include the Finance Director for Shell Malaysia, Finance Director for Shell China, Global Controller for the Exploration & Production Division of Royal Dutch Shell, and Vice-President Finance for Shell International Exploration and Production B.V., the Netherlands.

**Directorships of Public Companies:**

Axiata Group – Celcom Axiata Berhad (Chairman of Board Audit Committee) and Smart Axiata Co., Ltd (Chairman)

Others – Shell Refining Company (Federation of Malaya) Berhad, Malaysian Airline System Berhad and KKB Engineering Berhad

**Other Information:**

Member of Investment Panel of Employees Provident Fund



► **Juan Villalonga Navarro**

Independent Non-Executive Director

**Age:** 62

**Nationality:** Spanish

**Date of Appointment:** 24 March 2008

**Length of Service:** 7 years

**Date of Last Re-election:** 28 May 2014

**Membership of Board Committees:**

- Board Audit Committee

**Qualifications:**

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

**Working Experience:**

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

**Directorships of Public Companies:**

Nil



► **Bella Ann Almeida**

Independent Non-Executive Director

**Age:** 58

**Nationality:** British

**Date of Appointment:** 21 January 2013

**Length of Service:** 2 years

**Date of Last Re-election:** 23 May 2013

**Membership of Board Committees:**

- Board Nomination Committee
- Board Remuneration Committee

**Qualifications:**

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

**Working Experience:**

Ann has been Group Managing Director, Human Resources of The Hongkong and Shanghai Banking Corporation Limited since February 2008 and is a member of the Group Management Board. In 2011, her remit widened to include Corporate Sustainability. Ann joined the HSBC Group in 1992 and by 1995 she was appointed Head of HR for James Capel (Stockbroking). Since 1996, Ann has been Director, HR for the Investment Bank, Transaction Bank, Private Bank, Islamic Bank and Asset Management, before taking up her present role.

**Directorships of Public Companies:**

Nil

**Other Information:**

Non-Executive Chairman of the Human Resources Committee of Jadwa Investment, a Saudi Islamic bank

# Profile of Directors



## ► Dr Muhamad Chatib Basri

Independent Non-Executive Director

**Age:** 49

**Nationality:** Indonesian

**Date of Appointment:** 25 February 2015

**Length of Service:** 2 months

**Date of Last Re-election:** –

**Membership of Board Committee:**

Nil

**Qualifications:**

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

**Working Experience:**

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

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 ten years (other than traffic offences).

Any sanctions and/or penalties imposed on them by any regulatory bodies during the financial year ended 31 December 2014.

For information on Directors' attendance at Board Meetings held during the financial year, please refer to page 080 of the Statement on Corporate Governance.

## ► Kenneth Shen

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

**Age:** 50

**Nationality:** American

**Date of Appointment:** 5 October 2011

**Length of Service:** 3 years

**Date of Last Re-election:** 28 May 2014

**Membership of Board Committees:**

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

**Qualifications:**

- Bachelor of Arts degree (*magna cum laude*) in East Asian Languages and Civilisations (Japanese) and Economics from Harvard College, USA
- MBA, Harvard Graduate School of Business Administration, USA
- Completed studies at Keio University, Japan

**Working Experience:**

Kenneth joined Khazanah as Executive Director of Investments in 2011. He has more than 25 years of global investment, corporate finance and mergers and acquisitions experience gained in New York, Hong Kong, Qatar and Malaysia. Prior to joining Khazanah, Kenneth was with Qatar Investment Authority (QIA) from 2006 where he most recently was Advisor to the CEO and a member of the Board of Directors of Qatar Holding LLC. In addition, Kenneth had responsibility for QIA's direct investments in public and private companies as well as its investments in private equity, special situations and venture capital funds. Prior to that, he was with Salomon Brothers Inc and its successor companies from 1996 where his most recent role was Co-Head, Corporate Finance at Citigroup Global Markets Asia Limited. Prior to Salomon Brothers, Kenneth was with Lehman Brothers Inc. from 1992 in Lehman's Merchant Banking and Principal Investments Groups in New York.

**Directorships of Public Companies:**

Nil

# Profile of Management Team

## ► **Dato' Sri Jamaludin Ibrahim**

Managing Director/President &  
Group Chief Executive Officer

Please refer to page 040.

## ► **Chari TVT**

Group Chief Financial Officer

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

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

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



## Profile of Management Team

### ► René Werner

Group Chief Strategy Officer

René holds a Masters of Industrial Engineering from the Karlsruhe Institute of Technology (KIT), Germany as well as an MBA from the University of Massachusetts, Dartmouth, USA.

Prior to Axiata, René held various senior management positions over the course of 10 years at Deutsche Telekom, one of Europe's largest telecoms groups. Among others, René was heading Strategic Planning & Portfolio Management and M&A Strategy for Deutsche Telekom Group where René focused on the interlinkages between corporate finance, strategy and new business development. René more recently led the development of Deutsche Telekom's new group strategy and derived implementation initiatives.

Prior to joining Deutsche Telekom, René was a senior management consultant with Accenture focusing on the communications and high tech industry across Europe with a particular focus on go-to-market strategies, turnaround initiatives, setting up wireless operator alliances such as Freemove and setting up one of the first wireless portals and wireless data initiatives in Europe.



### ► Amandeep Singh

Group Chief Technology Officer

Amandeep holds a Bachelor of Engineering degree (Electronics & Communications) from Panjab University, India. He joined Axiata with over 22 years experience in the telecommunications network business.

Prior to Axiata, Amandeep was with the Airtel Group for more than nine years, working out of the company's offices in India and Africa. He led the formation of the Network Services Group for Airtel and also served as Chief Technology Officer (CTO) for the North Hub and West Hub of Airtel India. His last assignment before joining Axiata was with Airtel Africa based out of Kenya, where he was the Deputy CTO responsible to drive Pan Africa Network Transformation across all 16 countries which Airtel acquired from Zain. Prior to Airtel, Amandeep was with Spice Telecom India for more than six years, his last position was Chief Technology and Information Officer, based out of Bangalore.



► **Annis Sheikh Mohamed**

Head, Corporate Development

Annis was appointed Head, Corporate Development, on 1 July 2011. Annis has close to 17 years 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 of Kuwait Finance House (Malaysia) Berhad (KFHMB). Annis graduated from the University of Wisconsin-Madison, USA with a BBA majoring in Finance, Investment and Banking.



► **Darke M Sani**

Group Chief Human Resources Officer

Darke has had over 26 years experience both in Malaysia and in the South Asia region, in the telecommunications and IT industry; and in leadership development and management consulting. He has held several senior positions in multinational companies and large local companies. These include Managing Director of South East Asia and India of Apple Inc, Managing Director (Singapore) of Digital Equipment Corporation (now part of Hewlett-Packard) and Managing Director of Enterprise Business of Maxis Communications, Malaysia. Prior to joining Axiata in 2011, he was a director of a leadership development and management consulting company.

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



## Profile of Management Team

### ► **Datin Sri Badrunnisa Mohd Yasin Khan**

Group Chief Talent Officer

Badrunnisa holds a Bachelor of Science (Honours), in Biochemistry and Pharmacology, from the University of Aston in Birmingham, UK. She has had over 30 years of working experience. Badrunnisa's career has predominantly been with Shell in Malaysia with the first half focusing on IT software application and the second half in Human Resources, where her last stint was in a global position reporting to Shell's Group HR. Before Axiata, she was with TM where she was General Manager, Leadership & Talent Management, Group HR. She was also the Head of Group Human Resources in Axiata before the function was split to allow her to focus on Talent Management across the Group.



### ► **Mohamad Idham Nawawi**

Group Chief Corporate Officer

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

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



► **Suryani Hussein**

Group Company Secretary

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



► **Tan Gim Boon**

Group General Counsel and Risk Officer

Gim graduated with a Bachelor of Commerce in 1993 and a Bachelor of Laws in 1995 from University of Adelaide, Australia. In 2000, he completed a Master of Laws from University of New South Wales, Australia. Gim was admitted as an Advocate and Solicitor of the High Court of Malaya in 1997 and admitted as a solicitor in New South Wales, Australia in 2002.

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



# Profile of Operating Companies' Management Team

## ► Dato' Sri Mohammed Shazalli Ramly

Chief Executive Officer  
Celcom Axiata Berhad

Shazalli was appointed Chief Executive Officer and Director of Celcom on 1 September 2005. Prior to that, he was Chief Executive Officer of ntv7, Malaysia's seventh terrestrial TV station, a position he held for eight years since its launch in 1998.

Shazalli had earlier left his mark in the fast moving consumer goods industry, with Lever Brothers (1987-1993), followed by the Malaysian Tobacco Company (MTC) and British American Tobacco (BAT) (1993-1996) both in Malaysia and the UK. He also served as Astro's Marketing Director for two years where he pioneered the launch of Astro digital satellite services in Malaysia.

Shazalli graduated from Universiti Teknologi MARA Perlis in 1982, holds a Bachelor of Science (Marketing) from Indiana University, Bloomington, Indiana, USA and an MBA from St. Louis University, Missouri, USA.

Shazalli is currently director of several companies which include Celcom Axiata Berhad; Celcom Retail Sdn Bhd; Celcom Mobile Sdn Bhd, Celcom Networks Sdn Bhd, Celcom Resources Berhad, TuneTalk Sdn Bhd and Celcom Planet Sdn Bhd. He also holds the portfolio as CEO and Director of Escape Axiata Sdn Bhd, a wholly owned subsidiary of Celcom Axiata Berhad. Additionally, he is also a board member of Axiata Digital Services Sdn Bhd, the Kuala Lumpur Business Club and PRIMA Corporation, Malaysia and recently appointed to the board of Malaysian Airlines Systems Berhad as a Non-Executive Director.

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

## ► Dian Siswarini

President Director  
PT XL Axiata Tbk

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

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

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



## ► **Dr Hans Wijayasuriya**

Director and Group Chief Executive Officer  
**Dialog Axiata PLC**

Hans, a renowned digital mobile communications professional, is the Group Chief Executive Officer of Dialog. He joined Dialog's founding management team in 1994, and took on the role of CEO in 1997.

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

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

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

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

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

## ► **Supun Weerasinghe**

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

Supun Weerasinghe is the Managing Director and Chief Executive Officer of Robi. Prior to joining Robi, Supun served as Chief Strategy Officer of Axiata Group. He had also served as the Head of Network Transformation Strategic Business Unit under which he provided leadership to Group Technology, Carrier Collaboration and Axiata Intelligence Unit (previously Axiata Management Services). During this period, Supun assisted Axiata Group to craft its long-term strategic plan.

As the Group Chief Operating Officer (GCOO) of Dialog, Sri Lanka's mobile market leader, he was instrumental in driving the team towards making Dialog the leading diverse telco service provider in Sri Lanka.

He is a fellow member of the Chartered Institute of Management Accountants (CIMA), UK, and holds a B.Sc. in Accountancy and Financial Management from the University of Sri Jayewardenepura, Sri Lanka. He has an MBA from the University of Western Sydney, Australia and is an alumnus of the Harvard Business School (AMP 182).



## Profile of Operating Companies' Management Team

### ► Thomas Hundt

Chief Executive Officer  
Smart Axiata Co., Ltd.

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

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

### ► Mohd Khairil Abdullah

Chief Executive Officer  
Axiata Digital Services Sdn Bhd

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

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



### ► **Suresh Sidhu**

Chief Executive Officer  
**edotco Group Sdn Bhd**

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

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

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

### ► **Karen Kooi**

Chief Executive Officer  
**M1 Limited**

Karen was appointed Managing Director and Chief Executive Officer of M1 on 22 April 2009. Karen was also the Acting Chief Executive Officer of M1 from 1 February 2009 to 22 April 2009.

Karen joined M1 as Chief Financial Officer in August 1995. She was a key member of the senior management team responsible for the planning, development and launch of M1's commercial operations. Prior to joining M1, Karen held various senior financial positions in large public listed companies, including Singapore Press Holdings Limited and City Developments Limited. She has over 30 years of experience in general and financial management.

Karen is a Fellow of the Association of Chartered Certified Accountants (UK) and holds a Master of Business Administration in Investment and Finance (Distinction) from the University of Hull, UK.



# Profile of Operating Companies' Management Team

## ► **Himanshu Kapania**

Managing Director  
Idea Cellular Limited

Himanshu has been the Managing Director of Idea, an Aditya Birla Group company, since April 2011. He has engineered Idea's fast paced growth making it amongst the top three players and the fastest growing mobile operator in India. He has also led the company's foray into wireless broadband business, readying it for the next wave of growth.

Himanshu is a veteran in the Indian telecom industry, contributing to the evolution of the industry, over the last two decades. He has been actively involved in the industry from its early days when India was a two player mobile market to the present times of hyper competition with a dozen global mobile operators competing for the world's second largest telecom market.

Recently, he was elected to the Board of GSMA, for a period of two years, from January 2015. He was also the Chairman of GSM industry association in India, the Cellular Operators Association of India (COAI), till July 2014.

He also serves as a Director with Aditya Birla Management Corporation Pvt. Ltd. (ABMCPL), the strategic advisory unit of the Aditya Birla Group, a global Indian conglomerate, with revenue in excess of USD40 billion.

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

His current focus is getting the company ready for future high potential wireless broadband business with specific emphasis on 3G services.

## ► **Adnan Asdar**

Chief Executive Officer  
Multinet Pakistan (Private) Limited

Adnan, one of the pioneers of Multinet, is the driving force behind the company and has been responsible for spearheading the successful deployment of the nationwide optical fibre network.

Adnan has over 25 years experience in structural and forensic engineering, construction management, quality control and project management.

He also plays advisory roles in several non-profit organisations primarily focused on education and health and is on the Executive Council Board for the Citizen's Foundation, Hunar Foundation and Indus Hospital.

Adnan has a degree in Science (Civil Engineering) from Wisconsin, USA and a Masters in Science (Civil Engineering) from Minnesota, USA.



# Significant Milestones 2014

## ► 18 JANUARY 2014

Celcom extended the duration of the Network Collaboration Agreement with DiGi Telecommunications Sdn Bhd for a further period of three years to continue to carry on the network collaboration to realise the full benefit of the network infrastructure collaboration.

## ► 29 JANUARY 2014

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

## ► 19 MARCH 2014

The proposed acquisition by XL of PT Axis Telekom Indonesia (Axis) was completed. Axis was further merged into XL as a single entity. The merger between XL and Axis was completed on 8 April 2014.

## ► 2 JULY 2014

Axiata entered into an agreement with Samart Corporation Public Company Limited to dispose of its entire shareholding in SAMART i-Mobile representing 24.08% of the total issued and paid-up share capital of SAMART i-Mobile for a total gross consideration of BHT2,874.7 million. The disposal was completed on 30 July 2014.

## ► 30 SEPTEMBER 2014

XL entered into an Asset Purchase Agreement with PT Solusi Tunas Pratama Tbk for the disposal of 3,500 of its telecommunication towers at the consideration of IDR5.6 trillion. The disposal was completed on 23 December 2014.

## ► 24 NOVEMBER 2014

Dialog completed the incorporation of Digital Holdings Lanka (Private) Limited, a private company limited by shares, under the Companies Act, No. 7 of 2007.

## ► 26 NOVEMBER 2014

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

## ► 3 DECEMBER 2014

ADA, a wholly-owned subsidiary of Axiata Digital Services Sdn Bhd which in turn is a wholly-owned subsidiary of Axiata, entered into a Subscription and Shareholders' Agreement with Adknowledge International, Inc and Adknowledge Asia Pacific Pte Ltd (AAP) for the subscription of an 80% equity stake in AAP by ADA for a cash investment of up to USD9.0 million.

## ► 15 DECEMBER 2014

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

## ► 19 DECEMBER 2014

AIL a wholly-owned subsidiary of Axiata, entered into a Sale and Purchase Agreement for the acquisition of the entire issued share capital of Edotco Pakistan (Private) Limited.

# 2013

► **13 MAY 2013**

DBN, a subsidiary of Dialog, completed the acquisition of Sky Television and Radio Network (Private) Limited (Sky TV) at a consideration of SLR800 million. Sky TV was amalgamated with DBN on 3 July 2013.

► **16 MAY 2013**

XL entered into a joint venture with SK Planet Co Ltd and SK Planet Global Holdings Pte Ltd by incorporating a new limited liability company, PT XL Planet Digital Tbk.

► **4 JULY 2013**

Celcom entered into a Master Collaboration Agreement with Altel Communications Sdn Bhd for the purpose of collaborating to develop, establish, build, operate and manage shared infrastructure for the provision of communication services in Malaysia.

► **2 SEPTEMBER 2013**

Celcom entered into a one year Memorandum of Understanding with MY E.G. Services Bhd. to jointly explore possible business opportunities and collaboration in the areas of e-Government services delivery and joint go-to-market for specific target market segments.

► **26 SEPTEMBER 2013**

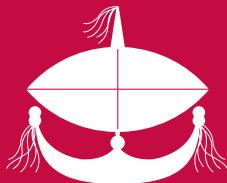
XL entered into a conditional Sale and Purchase Agreement with Saudi Telecom Company (STC) and Teleglobal Investments B.V., a 100%-owned subsidiary of STC, to purchase the entire issued share capital of PT Axis Telekom Indonesia, a 100%-owned subsidiary of STC, for a total cash consideration of USD865 million based on Axis's 100% enterprise value (on a cash free and debt free basis).

► **18 OCTOBER 2013**

Celcom completed the divestment of its entire stake in Celcom Childcare Sdn Bhd to Early Impression Sdn Bhd.

# Awards in 2014

## MALAYSIA



### **Axiata Group Berhad**

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

### **TMT Finance Asia**

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

### **Malaysian Business Awards**

ASEAN Conglomerate & 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

### **Celcom Axiata Berhad**

**Frost & Sullivan Asia Pacific ICT Awards**  
Wireless Data Service Provider of the Year 2013

### **Frost & Sullivan Malaysia Excellence Awards**

Mobile Service Provider of the Year 2013  
Broadband Service Provider of the Year 2013  
Telecommunications Wholesale Service Provider of the Year 2013

### **PIKOM ICT Leadership Awards**

ICT Personality of the Year 2013 – Dato' Sri Shazalli Ramly

### **Cyber Security Malaysia Awards, Conference and Exhibition (CSM-ACE)**

Cyber Security Organisation of the Year Award 2013

### **Customer Relationship Management & Contact Centre Association Malaysia (CCAM) 2013**

The Best of the Best Outsourced Contact Centre (Gold Award)

### **Malaysian Electronic Clearing Corporation Sdn Bhd (MyClear)**

Most Outstanding Merchant of Financial Process Exchange (FPX) Award

# Awards in 2014

## INDONESIA



### PT XL Axiata Tbk

#### **Euromoney Best Managed Companies in Asia 2013**

Best Managed Company in Indonesia.

#### **Carre Center for Customer Satisfaction and Loyalty (CCSL) and Bisnis Indonesia Daily**

Excellent Service Award (ESEA) 2013

#### **Warta Ekonomi Magazine – Indonesia's Most Admired Companies**

Indonesia Top 20 Most Admired CEO 2013 – Hasnul Suhaimi

#### **Indonesian Brand Champion Award 2013 by MarkPlus Insight**

Silver Brand Champion of Most Widely Used Brand for Telecommunications & ICT Gadget Mobile for GSM Internet Provider and GSM Operator  
Indonesia Service to Care Champion

#### **Cellular Award 2013**

CEO of the Year – Hasnul Suhaimi  
Most Innovative Programme – Paket Serbu  
Best Data Services

#### **Carre Center for Customer Satisfaction and Loyalty (CCSL)**

Contact Center Service Excellence Award 2013

#### **TelecomAsia Awards 2013**

Best Operator in Emerging Market

#### **Fortune Indonesia Magazine**

Best 20 of Most Admired Companies  
Third Ranked Winner in Infrastructure, Utilities, and Transportation Industry

#### **Indonesian Culture and Tourism Ambassador Society**

The Most Youthful Brand 2013

#### **Warta Ekonomi Magazine**

Indonesia Most Admired Companies 2013

#### **Contact Center World Asia Pacific Awards**

Best Leader (Gold)  
Best Operation Manager (Gold)  
Best Recruitment Campaign (Gold)  
Best IT Support (Gold)  
Best Contact Center (Bronze)  
Best Community (Bronze)  
Best Helpdesk (Bronze)

#### **Bubu Awards 2013**

Digital Business Leader - Hasnul Suhaimi

#### **Customer Relationship Excellence Awards 2012**

Best Social Media Program of the Year (Telecommunications)  
Best Use of Knowledge Management of the Year (Telecommunications)

#### **SINDO Daily's Indonesia's Top 50 Company Excellent Achievement**

Indonesia's Top 50, Company Excellent Achievement

#### **Global Telecoms Business Power 100**

100 Powerful People in Global Telecom Business Power 100 – Hasnul Suhaimi

#### **Contact Center World Global Industry Award**

Best Contact Center Executive/Director (Gold)  
Best Contact Center Operations Manager (Gold)  
Best Recruitment Campaign (Gold)  
Best IT Support Professional (Gold)

#### **Fortune Magazine & GML Performance Consulting Indonesia Strategy and Performance Execution Excellence (SPEx2) Award 2013**

Best in the Telecommunications Industry

#### **Indonesia Most impactful Brand Activation 2013**

Best Brand Activation for Youth

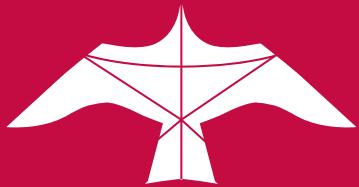
#### **Indonesian Best Corporate Transformation 2013**

Third Best Indonesia Corporate Transformation 2013

#### **Asia Best Company 2013**

Best Managed Company, Ranked Sixth  
Best Investor Relations, Ranked Eight

## SRI LANKA



### **Dialog Axiata PLC**

#### **Bestweb.lk Awards**

Best Sri Lankan e-Commerce and Advertising Website –  
Dialog's Anything.lk

#### **The LMD Most Respected Corporate Entities**

Dialog Axiata PLC, Ranked Third

#### **Brand Finance**

Most Valuable Sri Lankan Brands, Ranked Third

#### **Business Today**

Top 25 Corporates, Ranked Sixth

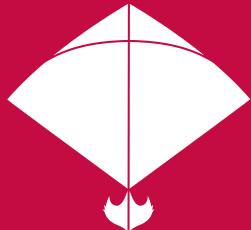
#### **Corporate Accountability Ratings by LMD-STING Consultants**

Platinum Rating, Ranked First

#### **SLIM-Nielsen PEOPLES**

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

## BANGLADESH



### **Robi Axiata Limited**

ISO 9001:2008 Certification

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

Emerging Market Service Provider of the Year 2013

#### **Asia Communication Awards 2013**

Emerging Market Initiative of the Year – 'BIMA and Robi Life Insurance'

#### **22<sup>nd</sup> World HRD Congress 2014**

Best Employer of the Year, Ranked Fifth  
Talent Management  
Best HR Strategy  
Global HR Strategy

# Awards in 2014

## SINGAPORE



### M1 LIMITED

#### National Arts Council's Patron of the Arts Award for 2013

Distinguished Patron of the Arts

#### GONG 2013 Creative Circle Awards

Film Advertising Craft (Best Editing) for 'M1. For Every One.', Silver Award

#### Singapore Service Class (S-Class) Certification, SPRING Singapore

Service excellence at the retail shopfront – M1 Shop

#### Outstanding Outlet Award, Changi Airport Group

Exemplary customer service – M1 Shop Changi Airport Terminal 3

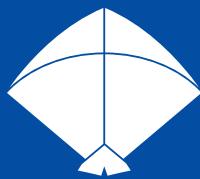
#### Frost & Sullivan Singapore Awards 2013

Best Customer Experience in Telecommunications

#### EXSA (Excellent Service) Awards

1 Star, 8 Gold and 32 Silver

## INDIA



### IDEA Cellular Limited

#### The Economic Times Telecom Awards 2013

Most Innovative Service Provider Enterprise Category  
My Favourite Service Provider

#### NDTV Business Leadership Award 2012

Telecom Category

#### Aegis Graham Bell Award 2013

Best Brand Campaign

#### Pitch Top 50 Brands Award

#### India's Best Companies to Work for Study 2013

Best in Class within Telecommunications Sector in 2013

#### Asia Business Awards 2013

Best Place to Work, Indian Telecom sector

#### CNBC TV18 India Business Leader Awards 2013

Storyboard Brand Campaign of the Year for Honey Bunny Campaign

# Past Awards

## 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

## Past 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

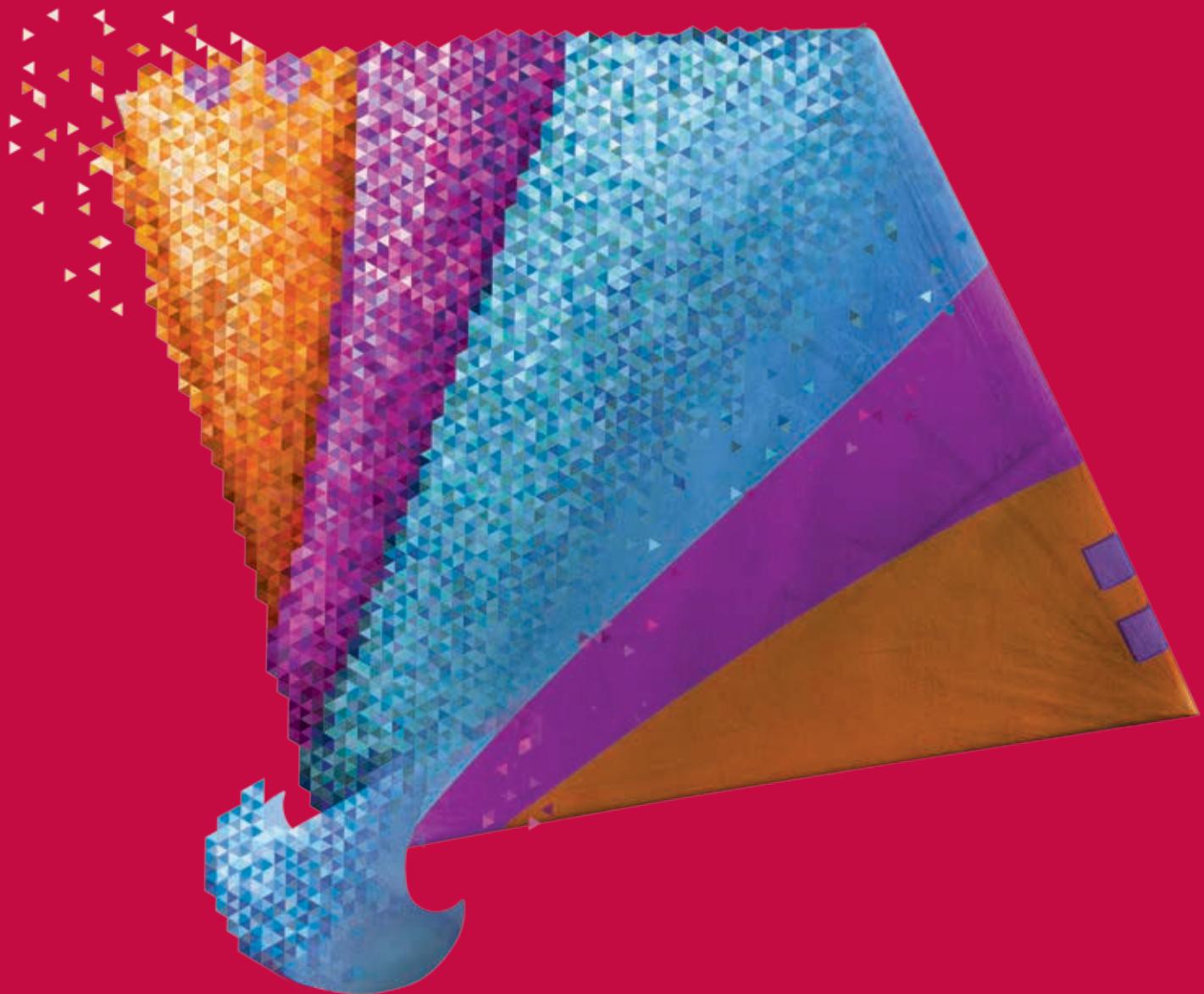
**Asia Pacific Brands Foundation (APBF)**  
BrandLaureate CEO of the Year 2010-2011

**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



# Investment Performance



More details available online at [www.axiata.com](http://www.axiata.com) or  
can be downloaded on App Store or Google Play.

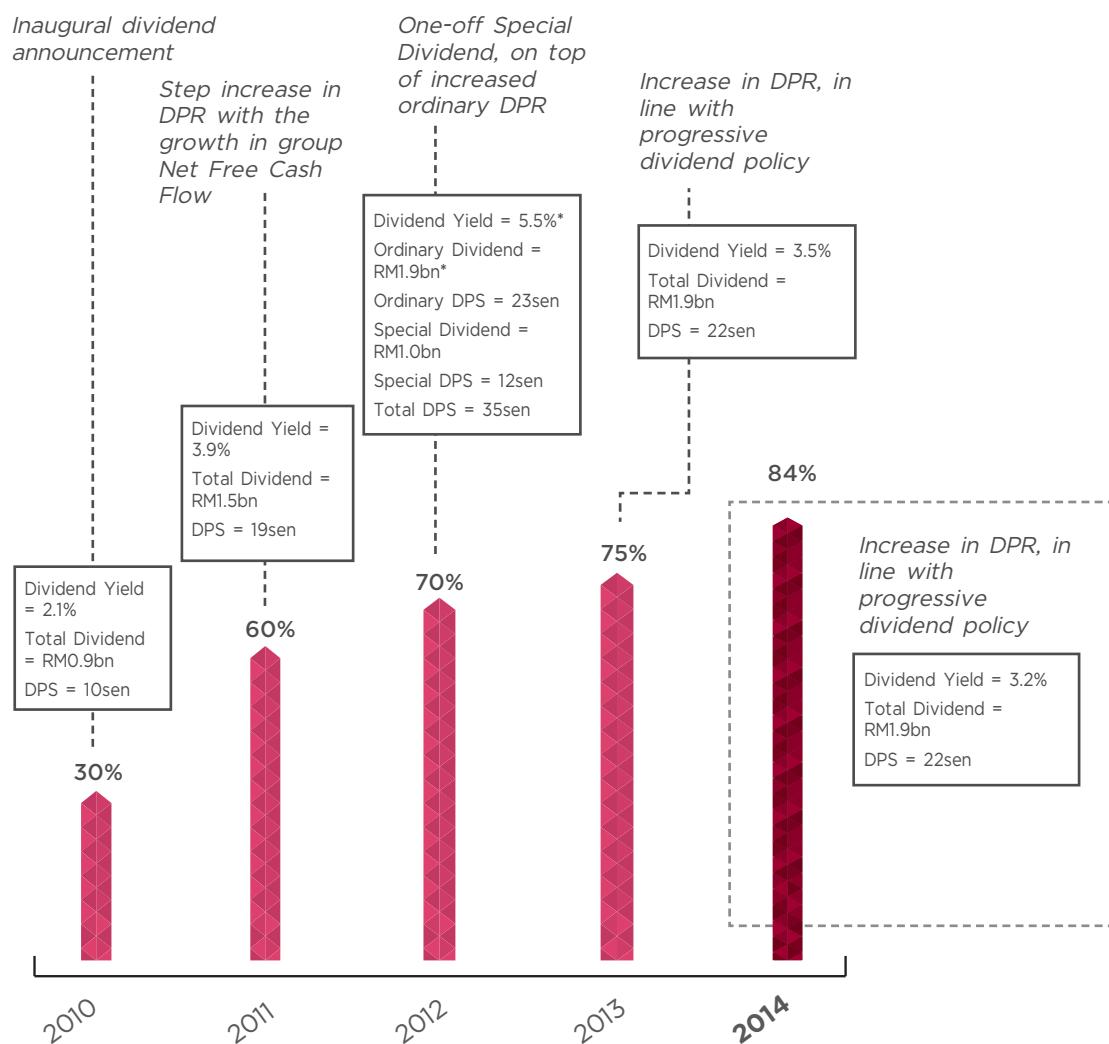
# Share Price Performance

Axiata Share Price vs FTSE Bursa Malaysia KLCI 2009 – 2014



# Prudent and Disciplined Dividend Payout

Axiata declared a 22 sen per share single tier dividend (including interim dividend of 8 sen per share paid last year), a dividend payout ratio of 84%, which marks a 9% increase from 2013's ordinary dividend payout ratio of 75%. The increased Dividend Payout Ratio (DPR) of 84% takes into consideration Axiata's financial performance, growth expansion strategies as well as dividends received from subsidiaries in FY2014. Management is committed to sustain positive performance with financial discipline, efficient cash management and prudent investments, and growth strategies moving forward.



\* Inclusive of the special dividend paid  
DPS – Dividend Per Share

**Axiata's investor relations is committed to handling inquiries from the investing community which includes equity analysts, fund managers and institutional shareholders, as well as others who are interested in undertaking an investment in the Company. This form of effective two-way communication is conducted through regular engagement sessions which includes conferences, non-deal roadshows and one-on-one meetings with the investing community which is attended either by the President & GCEO and/or GCFO and Investor Relations team. The Investor Relations team is responsible to provide updates on the Company's quarterly financial performance, corporate and regulatory developments as well as discuss strategic matters and address issues that the investing community may have with respect to the business or operations of the Company.**

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## Quarterly Results and Analysts Briefings

Axiata organises quarterly analysts results briefings chaired by the President & GCEO and GCFO once the quarterly financial performance is announced on Bursa Securities. These analysts briefings are conducted via conference calls and attended by the senior management of major OpCos as an avenue to provide dialogue between fund managers and research analysts with the Group's Senior Management as well as provide a platform for analysts and fund managers to receive a balanced and complete view of the Group's performance and the challenges facing the Group. The holding of analysts briefings immediately after the release of the results is aimed at facilitating timely publication and/or dissemination of analysts reports to the investing community. Consistent with equitable sharing of information and treatment of its shareholders, materials intended for analysts briefings are made available immediately after the release of the financial results.

The Company's quarterly financial performance materials presented during the analysts briefings are available online on the investor relations page at [www.axiata.com/investor/financial-reports/](http://www.axiata.com/investor/financial-reports/).

To date throughout FY2014, the Group has enjoyed relatively extensive coverage and exposure to the investment community with a total of 31 equity research analysts covering the Company.

## Media Conferences

Media conferences are held on a half-yearly basis upon release of half-year and full-year results. The media conferences are held separately from analysts briefings to address the different requirements of each group and to be more productive and efficient. Management ensures that all information is equally disseminated and materials for both the analysts briefings and media conferences are made available on Axiata's website.

In 2014, Axiata conducted 289 meetings with investors and analysts via face-to-face meetings and conference calls. In addition to the above, an Analysts Day was also organised on 8 October 2014 in Kuala Lumpur. The event was well received with participation by 64 analysts and investors, both local and foreign-based. Long-term strategies, new technology trends, financial strategies, data revenue and profitability as well as highlights of the tower company business were among the key topics covered.

## Conferences and Non-Deal Roadshows

### Conferences

<b>Asian Investment Conference Credit Suisse</b> Hong Kong 24-25 Mar	<b>Global Emerging Markets Conference Deutsche Bank</b> New York 3-4 Sept
<b>Investors' Forum CLSA</b> Hong Kong 16-17 Sep	<b>Nomura Investment Forum</b> Tokyo 2-3 Dec
<b>ASEAN Forum JP Morgan</b> London 8-9 Sep	<b>Asia Pacific Summit Conference Morgan Stanley</b> Singapore 12 Nov

### Non-deal Roadshow

<b>Macquarie</b> <b>Edinburgh, London</b> 27-28 Feb	<b>Goldman Sachs</b> <b>Hong Kong, Singapore</b> 6-7 Mar	<b>Maybank</b> <b>Kuala Lumpur,</b> 26 Nov
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<b>CIMB</b> <b>Boston, New York</b> 3-4 Mar	<b>Credit Suisse</b> <b>Edinburgh</b> 5 Sep
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**Investor Relations Contact:-**  
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Head, Investor Relations  
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Fax: +603 2263 7755  
E-Mail: ir@axiata.com

### Equity Research Coverage

- Affin Securities
- AmResearch
- Barclays
- BIMB Securities
- BNP Paribas
- BofA - Merrill Lynch
- CIMB
- Citi
- CLSA
- Credit Suisse
- DBS Vickers
- Deutsche Bank
- Goldman Sachs
- Hong Leong Investment Bank
- HSBC
- JF Apex Securities
- JPMorgan
- KAF Seagroatt & Campbell
- Kenanga Investment Bank
- Macquarie
- Maybank Kim Eng
- MIDF
- Morgan Stanley
- New Street Research
- Nomura
- Public Investment Bank
- RHB Research Institute
- Standard Chartered
- TA Securities
- UBS
- UOB Kay Hian



More details available online at [www.axiata.com](http://www.axiata.com) or  
can be downloaded on AppStore or GooglePlay.

# **Statement on Corporate Governance**

**Axiata's ethos is simple: best practice in corporate governance is best practice in business. This has been the way Axiata Group (Group) operates to ensure that the Group meets its long-term objectives to enhance shareholders' value on a sustainable basis. In practice, the Board leads in setting the tone and direction for the Group's strategy and management, with an emphasis on the importance of governance and plays an active role in administering governance practices and reviewing the Group's governance framework to ensure its relevance and ability to meet future challenges.**

## **• 2014 Overview**

There have been six notable developments in Board governance and administration for Axiata in FY14, details of which are outlined in the respective sections of this statement:-

- i) Search for a Board member representing Axiata's Indonesian footprint, leading to the appointment of Dr Muhamad Chatib Basri in February 2015;
- ii) Introducing Board succession planning as a specific agenda for the BNC thus allowing for a structured approach to be in place;
- iii) Conducted a comprehensive BEE facilitated by a leading global executive search and leadership consulting firm, adopting a 360 degree assessment approach and included benchmarking against selected Boards, international trends and/or best practices;
- iv) Amalgamation of SSC with BRC;
- v) Establishment of ADS Investment Board Committee (AIB) to review and approve M&A and/or equity investments in digital services exceeding the threshold specified in Axiata's LOA; and
- vi) Review of Axiata's NED remuneration structure and component with a leading global professional services company undertaking the review and benchmarking against peer group of companies.

Axiata's top 5 ranking in Malaysia in the Malaysia-ASEAN Corporate Governance Index 2014 administered by the MSWG is testament to its commitment on

corporate governance. Axiata also received an award for exemplary environment, social and governance (ESG) Practices for its ESG policies and activities related to sustainability. The biggest recognition by MSWG came in the form of 'Chief Executive Officer of the Year Award' for Dato' Sri Jamaludin Ibrahim, the President & GCEO who received the honour for having successfully led the Group's overseas ventures, advancing corporate governance practices beyond minimum requirements especially in the areas of diversity and ESG practices, as well as showcasing and encouraging good CG practices in the marketplace.

## **• Corporate Governance Framework**

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

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

# Statement on Corporate Governance

## • Compliance with MCCG 2012

Axiata has complied in all respects with the eight principles and 26 recommendations of the MCCG 2012 throughout FY14. We have included throughout this governance review all of the main principles and recommendations of MCCG 2012 that apply to the Company. The table to facilitate understanding of Axiata's compliance with the MCCG 2012 in respect of FY14 is available at [www.axiata.com//media/upload/corporate/MCCG2012-Checklist.pdf](http://www.axiata.com//media/upload/corporate/MCCG2012-Checklist.pdf)

This statement has been made in accordance with the resolution and authority of the Board dated 19 March 2015.

## • Shareholders' Rights

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

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

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

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

- i) The Chairman of the meeting;
- ii) At least two members present in person or by proxy or duly authorised representative;
- iii) Any member or members present in person or by proxy or duly authorised representative representing not less than one-tenth (1/10) of the total voting rights of all members having the right to vote at the meeting; or

- iv) Any member or members holding shares in the Company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares held by all members present in person or by proxy or duly authorised representative.

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

## BOARD OF DIRECTORS

### • Board Composition Framework

The Board Composition Framework formulated prior to Axiata's listing in 2008 continues to be the reference for the Board on Board composition and Directors' appointment. The framework which took into consideration amongst others the complexity and geographical spread of the Group's business, as well as best practices and recommendations in the Green Book, are as follows:-

- i) Maximum 10 Board members (up to two EDs);
- ii) Two NINEDs representing Khazanah as the major shareholder;
- iii) More than 50% of the Board to comprise INEDs with various mix of skills and experience and diversity, including in terms of nationality and gender. Although no specific target was set on gender diversity, Axiata will actively work towards the 30% target set by the Government by 2016; and
- iv) Up to three members with geographical experience matching Axiata's footprint (Indonesia/ Indian sub-continent/international).

Similar Board composition framework for major OpCos has been developed and refined over the years to ensure sufficient oversight and connectivity between the Board of Axiata, Corporate Centre and OpCos Board and Management. Consistent with the framework, the Board of a major OpCo, should comprise a maximum of eight members made-up of Axiata INED and Group Management representatives, OpCos' CEO, INED and joint venture partners with good mix of skill sets and diversity covering operations, marketing and finance.

- **Board Composition**



With the newest addition of Dr Chatib on 25 February 2015, Axiata's Board currently comprises 10 Directors. Of the 10, seven are INEDs, two NINEDs, including the Chairman (representing the interests of Khazanah,) and one ED, namely the President & GCEO. Independent Directors make out more than 50% of the Board composition, exceeding MCCG 2012's recommendation and the minimum number required under the Main LR and the Manual on Enhancing Board Effectiveness by the Putrajaya Committee on Government-Linked Companies High Performance (Green Book).

The high proportion of INEDs ensure effective check and balance of the Board's function with INEDs acting as caretakers for minority shareholders, providing unbiased perspectives in promoting constructive discussion of Management's proposals. The Board also ensures that it has the appropriate mix of diversity (including gender diversity), skills, experience and expertise to enhance the Board's decision making capabilities. This is fundamental given the size and geographical presence of the Group. The breadth of skillsets and experience of the Board is also instrumental in guiding Axiata through its journey and towards building a new generation telecommunications company and becoming a Regional Champion.

- **Board Charter**

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

The Axiata Board Charter was adopted by the Board in February 2013 and is reviewed from time to time.

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

- **Roles and Responsibilities of the Board**

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

# Statement on Corporate Governance

The LOA is subject to review from time to time and any revision is first tabled to the BAC for recommendation before seeking the Board's approval. In FY14, the Board approved the amendments and/or revisions to the LOA covering; inter-alia, areas on corporate development, review of business case and risk mitigation plan, business planning, procurement and Information Asset Management and introduction of new LOA for Digital Services and Customer Experience.

In accordance with the Axiata Board Charter, roles of the Board include to:-

- i) Provide strategic drive for the Company by guiding Senior Management in developing the broad corporate strategy, taking into account all appropriate considerations, challenging and approving the corporate strategy, performance objectives and parameters, monitoring developments and approving variations;
- ii) Oversee the conduct of the Company's business and evaluate whether the business is being properly managed;
- iii) Approve the Group Business Plan and changes thereon, creation of new businesses or activities or termination of existing businesses or activities which specifically change the nature of business of the Group;
- iv) Approve mergers, acquisitions and divestures (including strategic business alliances, acquisitions or disposal of investments and equity interests);
- v) Approve quarterly, annually unaudited and audited accounts or any audited accounts for special purposes;

- vi) Approve Group Policies, LOA and any revisions or amendments thereto;
- vii) Recommend matters that are specifically reserved for the approval of the Company's shareholders in general meetings;
- viii) Identify principal risks and ensure the implementation of appropriate systems to manage and mitigate these risks;
- ix) Review the adequacy and the integrity of the Company's internal control systems and management information systems, including the systems' compliance with applicable laws, regulations, rules, directives and guidelines. The Board must ensure that there is a satisfactory framework of reporting on internal financial controls and regulatory compliance; and
- x) Oversee the development and implementation of a corporate disclosure and shareholder communication policy.

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

There is clear division between the roles and responsibilities of the Chairman and the President & GCEO as set out in the Axiata Board Charter. The Chairman is responsible for the operations, leadership and governance of the Board, ensuring its effectiveness and assumes the formal role as the leader in chairing all Board meetings and shareholders' meetings. He leads the Board in overseeing Management and principally ensures that the Board fulfills its obligations under the Axiata Board Charter and as required under the relevant legislations. Some of the specific responsibilities of the Chairman include to:-

- i) Manage Board meetings and boardroom dynamics by promoting a culture of openness and debate where Directors are encouraged to provide their views;

- ii) Work closely with the President & GCEO to ensure provision of accurate, timely and clear information to facilitate the Board to perform effectively, able to make informed decisions and to monitor the effective implementation of the Board's decisions; and
- iii) Ensure meetings of the shareholders are conducted in an open and proper manner with appropriate opportunity for them to ask questions.

While the Chairman is a NINED by virtue of him being the representative of the major shareholder of the Company, he has never assumed an executive position in the Company.

The President & GCEO is responsible for the management of the Company's business, organisational effectiveness and implementation of Board strategies, policies and decisions. By virtue of his position as a Board member, he also acts as the intermediary between the Board and the SLT.

- **Independence**

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

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

During FY14, none of Axiata's INEDs disclosed any relationships that could materially interfere with, or be perceived to materially interfere with their independent judgement and ability to act in the best interests of Axiata. Based on the feedback from the BEE for FY13, the INEDs were rated highly on their ability to demonstrate the values and principles associated with independence during Board discussions such as impartiality, objectivity and consideration of all stakeholders' interests and ability to effectively delineate their role of providing oversight as Independent Directors.

Axiata has not established term limits for the INEDs as the Board believes that term limit does not in any way interfere with their exercise of independent judgement and ability to act in the best interests of the Company. Moreover, the term limit has the disadvantage of causing Axiata to lose the contributions of INEDs who have been able to develop over a period of time, providing invaluable insight into the Company's business, thereby increasing their contributions to Axiata.

As of to date, none of Axiata's INEDs has reached the nine years cumulative term as independent Directors.

# Statement on Corporate Governance

## • Directors' Commitment

Each Board member is expected to commit sufficient time to carry out his/her role as Director and/or member of the Board Committees in which he/she is a member of. A NED of Axiata is expected to be able to commit 20-25 days of his/her time for directorship in Axiata.

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

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

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

## • Board Gender Diversity Policies and Targets

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

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

In the search to fill the vacancy for an Indonesian representative on Axiata's Board which was concluded recently, specific mandate was given to the global executive search firm to include at least 50% female candidates in the pool. From there, the final selection was made in a fair and undiscriminating manner.

## • Board Appointments

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

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

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

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



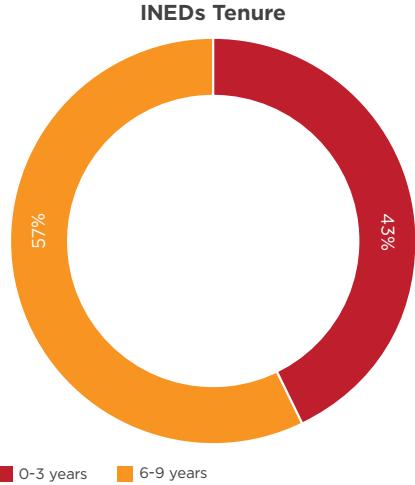
The appointment of Dr Muhamad Chatib Basri on 25 February 2015, the latest appointment to the Axiata Board, followed this process. The search for an Indonesian candidate for appointment on the Board of Axiata was initiated not long after Dr Chatib stepped down from the Axiata Board in June 2012 following his appointment as Chairman of Investment Coordinating Board, Indonesia. Candidates were sourced through internal recommendations as well as via the appointment of a global executive search firm. The BNC had several discussions on the progress and potential candidates in 2013 and 2014, and had taken the conscious decision to delay the process due to external factors. When the search resumed in December 2014, five candidates including two female candidates, in accordance with the BNC's specific mandate were shortlisted.

After a thorough review and referrals, Dr Chatib was identified as the most suitable candidate, meeting Axiata's requirements. The selection of Dr Chatib was made taking into consideration the following factors:-

- i) He is familiar with telecommunications industry and Axiata's business and footprint having served as Axiata's INED from November 2010 until June 2012;
- ii) His ministerial positions as Chairman of Investment Coordinating Board, Indonesia in June 2012 and the Minister of Finance of Indonesia from May 2013 to October 2014 coupled with his academic background and expertise in International Trade, Macroeconomic and Political Economy would make him an invaluable member of the Axiata Board; and
- iii) His ability to commit to his role as a Director despite his other commitments.

Following his appointment, a letter of appointment was issued outlining his duties and responsibilities and the disclosure required of him in compliance with the CA1965, Capital Market & Services Act 2007 and Main LR. The letter of appointment includes Axiata's governance documents such as Board Charter/Board Committees' ToRs and documents outlining NED's remuneration and benefits.

# Statement on Corporate Governance



Some of the key considerations/decisions made by the BNC/Board in putting in place a sound succession plan include:-

- i) Succession planning for each Director to be put in place one year in advance;
- ii) With the above objective in mind, Directors are to give notice of their intended retirement well in advance and are invited to submit their plan to the Company along with names of potential successors;
- iii) Recommendations from the annual BEE:-
  - a) Maintaining an ongoing list of potential Board candidates in various profile ‘buckets’;
  - b) Refreshing one or two INEDs per year each in 2014, 2015 and 2016 to provide a smooth and phased transition;
  - c) More balanced Board tenure; and
  - d) Mitigate the potential risk of ‘groupthink’ often observed in cohesive teams that have been together for an extended period of time.

## • Succession Planning

In 2014, Axiata Board passed the six year mark with six Board members having served the Board since its inception in 2008. Four Axiata INEDs; namely Tan Sri Ghazzali S.A. Khalid, Datuk Azzat Kamaludin, David Lau Nai Pek and Juan Villalonga Navarro will reach the nine year term limit under MCCC 2012 in 2017. Tan Sri Ghazzali and Datuk Azzat will also in 2017 reach 70 years of age. In view of these circumstances, the BNC and Board have taken a more proactive role in succession planning in 2014, with the same being introduced as a specific agenda.

## • Board Induction/Orientation Programme

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

The programme generally covers the following topics:-

- i) Company vision, mission and objectives;
- ii) Overview of Group Strategy, Finance, Procurement, Corporate Finance, Treasury, Human Resources, Internal Audit, Treasury and Investor Relations;
- iii) OpCos engagement process, background and major developments;
- iv) Risk Management, Talent Management and Leadership Development Programme;

- v) Technology updates and initiatives;
- vi) M&A updates;
- vii) Regulatory issues and recent developments; and
- viii) Corporate, Board and Governance structure.

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

Despite Dr Chatib having served on the Axiata Board previously, a similar programme is being organised for him.

- **Directors' Code of Ethics, Employees' Code of Conduct and Whistle-blowing Policy**

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

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

Axiata's employees may confidently and anonymously voice their grievances and raise their concerns of any unlawful or unethical situation or any suspected violation of the Code of Conduct in accordance with the Whistle-Blowing Policy administered by the GCIA and overseen by the BAC.

The Board emphasises good faith in reporting with assurance to employees that they will not be at risk of any form of victimisation, retribution or retaliation. Any attempt to retaliate, victimise or intimidate against anyone (whistle-blower) is a serious violation and shall be dealt with serious disciplinary action and procedures. Illegal or unethical practices may be reported directly to the statutory bodies such as the Malaysian Anti Corruption Commission, the Securities Commission, the police or other similar government agencies in other countries where the business is located, as provided under the Policy. The Policy was further enhanced with the Whistle-blower Protection Act 2010 where a whistle-blower must be given proper protection against an employer while a complaint is being investigated.

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

*Directors' Code of Ethics, Employees' Code of Conduct and Whistle-blowing Policy are available online at [www.axiata.com/corporate/corporate-governance](http://www.axiata.com/corporate/corporate-governance)*

- **Re-Appointment & Re-Election of Directors**

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

# **Statement on Corporate Governance**

At this forthcoming AGM, the three Directors who will be retiring by rotation are the Chairman, Tan Sri Dato' Azman Hj Mokhtar, David Lau and Dato' Abdul Rahman Ahmad. Dr Chatib, who was appointed recently in 2015 will also retire at this AGM. All of them, being eligible, offer themselves for re-election.

## **• Senior Independent Director**

For a few years now, Datuk Azzat Kamaludin has played his role as the Senior INED of Axiata. The roles of the Senior INED as defined in the Board Charter are as follows:-

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

During FY14, no shareholders had asked to meet with Datuk Azzat.

Shareholders and other interested parties may contact Datuk Azzat to address any concerns in writing or via telephone, facsimile or electronic mail as follows:-

Tel	: +6019 200 0878 or +603 7725 6050
Fax	: +603 7725 6070
Email	: azzat@axiata.com or azzat@azzatizzat.com
Postal Address	: Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia

*Contact details of the Senior Independent Director and his roles and responsibilities under the Axiata Board Charter are available online at [www.axiata.com/corporate/governance/#divRoles](http://www.axiata.com/corporate/governance/#divRoles)*

## **• Board Meetings and Attendance**

The calendar for Board meetings providing scheduled dates for meetings of the Board (including Pre-Board and Board Retreat sessions), Board committees and AGM as well as the Board Annual Calendar providing major items on the agenda for each financial year are fixed for the whole year in advance so as to enable Management to plan ahead and ensure the Board meetings are booked into their respective schedules.

In FY14, the Board met nine times (including off-site Mid-Year Strategy Retreat and Year-End Retreat) spending a total of approximately 84 hours. At least twice each year in June and November, the Board meets to set the tone for the Group's overall medium to long-term strategy and to discuss and challenge the Group's business strategy and plan and the following year's budget. The latter is also attended by representatives from the major OpCos. In FY14, these off-site meetings were held in July, in Jakarta and in November in Kuala Lumpur.

The overall calendar of meetings of the Board and Committees held in FY14 and attendance of the respective Directors are provided below:-

	Jan	Feb	Mar	Apr	May	June	Jul	Aug	Sept	Oct	Nov	Dec
BOD	● Special	●	●	● Special	●	● Mid-Year Strategy Retreat		●			● 2-day Business Planning Session	●
BAC		●			●			●			● Special	●
BNC	●	●	●		●	●					●	
BRG	●	●	●		●			●			●	
SSC <sup>1</sup>		●	●									

#### Notes

<sup>1</sup> With effect from 9 April 2014, the SSC was amalgamated with the BRC

Analysis on percentage of time spent by the Board of Axiata on agenda items deliberated at Board meetings in FY14 is provided below:-

#### Total Number of Meetings

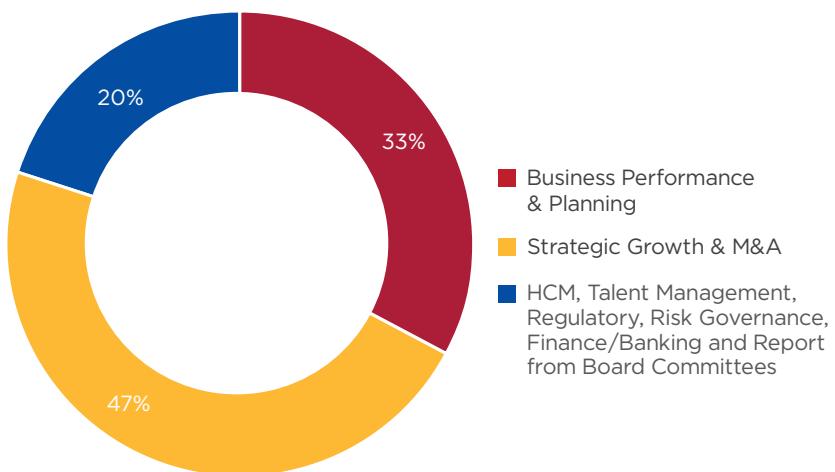
BOD – 9, BAC – 5, BNC – 6, BRC – 6, SSC – 2

#### Total Hours

84 hours (Including Board Retreats)

Strategy Retreat (June): 22 hours, 15 minutes

BP Session (November): 19 hours, 45 minutes



# Statement on Corporate Governance

Name of Director	No. of Meetings				
	BOD 9	BAC 5	BNC 6	BR C 6	SSC <sup>1</sup> 2
Tan Sri Dato' Azman Hj. Mokhtar	9/9 (100%)	n/a	n/a	n/a	n/a
Dato' Sri Jamaludin Ibrahim	9/9 (100%)	n/a	n/a	n/a	n/a
Tan Sri Ghazzali Sheikh Abdul Khalid	9/9 (100%)	n/a	6/6 (100%)	6/6 (100%)	2/2 (100%)
Datuk Azzat Kamaludin	9/9 (100%)	5/5 (100%)	6/6 (100%)	6/6 (100%)	2/2 (100%)
Dato' Abdul Rahman Ahmad	9/9 (100%)	n/a	5/6 (83%)	n/a	n/a
David Lau Nai Pek	9/9 (100%)	5/5 (100%)	n/a	n/a	n/a
Juan Villalonga Navarro	7/9 (78%)	2/5 (40%)	n/a	n/a	n/a
Kenneth Shen	9/9 (100%)	5/5 (100%)	6/6 (100%)	6/6 (100%)	2/2 (100%)
Ann Almeida	7/9 (78%)	n/a	4/6 (67%)	4/6 (67%)	2/2 (100%)

## Notes

n/a - Not Applicable

<sup>1</sup> With effect from 9 April 2014, the SSC was amalgamated with the BRC

Based on the attendance record, all Directors attended more than 75% of Board meetings.

### • Supply of Information

In line with the Green Book, the Board receives the Board meeting agenda and meeting papers within a minimum of 14 days and seven days respectively prior to the meetings. In order for Board meetings to be more effective and to enable in-depth deliberation of matters, the meeting agenda at Board meetings are sequenced in such a way taking into consideration the complexity of the proposals and/or whether they are items for approval, discussion or notation by the Board. Time allocation is also determined for each agenda item in order for Board meetings to be conducted efficiently.

Presentations to the Board are prepared and delivered in a manner that ensures clear and adequate presentation of the subject matter. The Board paper format includes an Executive Summary which outlines the salient key points of matters to be deliberated. For accessibility and more effective administration of the board papers, it is made accessible electronically through secured means.

All issues raised, discussions, deliberations, decisions and conclusions including dissenting views made at Board meetings with clear actions to be taken by responsible parties are recorded in the minutes.

Board papers and presentations by Management at each Board meeting are rated by the Board. During FY14, the overall average Board rating on the quality of Management papers and presentations was 4.35 out of 5.0 points.

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

As the Group's quarterly results is one of the regular annual schedule of matters which is tabled to the Board for approval at the quarterly Board meetings, notices on the closed period for trading in Axiata's securities are also circulated to Directors, key management personnel and principal officers who are deemed to be privy to any

sensitive information and knowledge in advance of whenever the closed period is applicable based on the targeted date of announcement of the Group's quarterly results. This is to comply with the Main LR and the Capital Markets & Services Act 2007 requirements where key management personnel and principal officers of the Company and the Group are prohibited from trading in securities or any kind of property based on price sensitive information which has not been publicly announced within 30 calendar days before the targeted date of announcement of the quarterly results up to the date of announcement. In 2014, none of the Directors dealt in Axiata's securities during the closed period.

- **Management of Conflicts of Interest**

The Board aims to avoid conflict of interest with the Group as far as possible and formal procedures for managing compliance on conflicts of interest are in place. Where the Board is considering a matter in which a Director has an interest, the relevant Director immediately discloses the interest and abstains from participating in any discussion or voting on the subject matter and, where appropriate, excuses himself/herself from being present in the deliberations. In the event a corporate proposal is required to be approved by shareholders, interested Directors will abstain from voting in respect of their shareholdings in Axiata on the resolutions relating to the corporate proposal, and will further undertake to ensure that persons connected to them similarly abstain from voting on the resolutions. This is recorded in the minutes of the meetings.

- **Board Access to Management, Company Secretary and Independent Professional Advice**

The Directors enjoy complete and unrestricted access, either collectively or in their individual capacities to the SLT and Group Company Secretary. Directors may seek briefing from the SLT on specific matters, in addition to regular presentations by the SLT to the Board and Board Committees. Directors may also interact directly with, or request further explanation, information or update on any aspects of the Company's operations from the SLT. Selected Board

members were invited by the SLT on several occasions to deliberate and/or provide their inputs on matters in which the SLT intends to propose to the Board for approval.

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

The profile of the Group Company Secretary is provided in page 049 under Profile of Management Team.

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

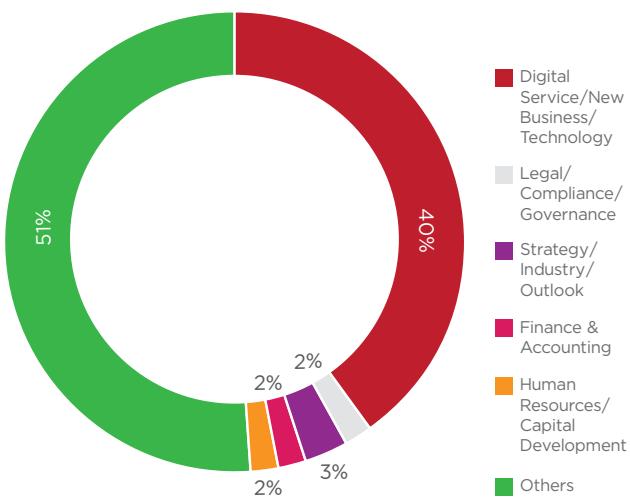
In addition, the Board is also authorised, whether as a full Board or in their individual capacities, to seek independent professional advice, if necessary, at the Company's expense from time to time to enable the Board to discharge its duties in relation to matters being deliberated. Similar access is also extended to

# Statement on Corporate Governance

all Board Committees on the same basis. Appropriate procedures are in place to allow access to such advice. No Board matters were referred to external legal counsels for advice during FY14.

## • Directors' Training & Education

A dedicated training budget is allocated every year for Directors' continuing education. 'Guidelines for Axiata Board Training Programme (BTP Guidelines) adopted by the Board provides a framework to effectively address the training needs of the Board including types of training applicable to Directors (newly appointed and existing Directors), budget provision, internal processes and reporting on Directors' Training.



The BNC through feedback from the Board provided during the BEE, annually identifies the training needs of Axiata Directors and the Group Company Secretary has the responsibility of ensuring the relevant training programmes are brought to the attention of the Board. Directors' focus is no longer on topics related to regulatory and governance alone but also industry related and current issues. For more effective learning, Axiata also organises its own in-house education programme by inviting experts to speak on specific topics of interest either during Board meetings or in

separate sessions. Topics covered in such sessions during FY14 include Customer Behaviour and OTT, Technology Updates and Economic Outlook For The Asia-Pacific Region, all of which are directly relevant to Axiata.

Some of the training/conferences/seminars and/or workshops in which members of the Board have participated during FY14 are listed in **Appendix 1** of this Statement.

## • Board Effectiveness Evaluation

From 2009, Axiata has undertaken a similar approach in conducting the BEE facilitated by the same external consultant. In 2014, the BEE was the BNC's prime focus where fresh proposals were invited to select a consultant to perform a full comprehensive Board assessment. This covered one-to-one interviews with Board members and selected SLT members and benchmarking of inter-alia, Axiata's Board composition, practices and governance against selected Boards of best-in-class companies or global brands (Europe/Asia based) with a balanced industry mix (Telecommunications/Others) as well as international trends and/or best practices. The exercise was deemed necessary to validate the findings of the past year's BEE which while consistently positive were no longer providing the Board with any new information. Axiata Board was determined not to treat the BEE as a mere 'box-ticking' exercise but to provide the Board and individual Directors a thorough and complete evaluation of all aspects of its governance practices and performance particularly where there are still gaps and weaknesses. The benchmarking against international trends and best practices would provide the Board with new learnings and insights into the practices of other global high performing Boards.

The selected global consulting firm adopted the questionnaire approach with a series of 'open' questions requiring narrative answers and enhancement hypothesis, which was tested with the Board members and SLT.

Areas of evaluation include both Board and self-peer evaluation as follows:-

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

The results of the BEE were presented by the consultant and deliberated at both the BNC and Board meetings in May 2014 with individual reports of self-peer evaluation provided to each Board member. In summary, the findings of the BEE; inter-alia, concluded that Axiata Board is extremely well-run with good chemistry and bonding amongst Directors, composition of the Board is constructed with due consideration to international and gender diversity and the Board is appropriately involved in strategic issues. From a benchmarking perspective, Axiata compared favourably with world-class companies.

Areas of enhancements that arose from the BEE which had been actioned by the Board include commencement of discussion on Board succession planning as the Board has passed the six-year mark, amalgamation of SSC and BRC, nomination of the Chairman of the BNC to guide, coach and develop new Board members, and on-boarding. Other areas of enhancements recommended by the consultant are to assign new Board members to specific projects for more interaction with SLT members and on skillsets and Board composition, to create space for one or two more international Director(s) with social media/e-commerce/internet experience.

For 2014, the same facilitator has been appointed to conduct an update on the BEE and the previous findings. The exercise is ongoing and the report is expected to be tabled in May to the BNC and Axiata Board, exactly one year from the previous BEE.

# **Statement on Corporate Governance**

## **Board Committees**

There are currently three main Board Committees namely:-

- BAC;
- BNC; and
- BRC.

*The ToRs of the Board Committees are available online at [www.axiata.com/corporate/corporate-governance](http://www.axiata.com/corporate/corporate-governance)*

Board Committees meetings are normally held in conjunction with the Board meetings. All deliberations, recommendations and decisions of the Board Committees are recorded and minuted and subsequently confirmed by the Board Committees at the subsequent Board Committee meetings. During the Board meetings, the Chairman of the various Board Committees provides summary reports of the decisions and recommendations made by the Board Committees, and highlights to the Board if any further deliberation is required at Board level. Verbal reports are provided if Board committee meetings are held on the same day as the Board meetings.

A brief description of each Board Committee is provided below:-

### **BAC**

The members of BAC are as follows:-

- i) David Lau Nai Pek - Chairman, INED (Member of Malaysian Institute of Accountants and New Zealand Institute of Chartered Accountants)
- ii) Datuk Azzat Kamaludin - Senior INED
- iii) Juan Villalonga Navarro - INED
- iv) Kenneth Shen - NINED

All BAC members are financially literate, well above the level needed for a BAC.

Further details on the summary of activities of the BAC during FY14 and the BAC ToR are set out separately in the BAC Report on pages \_\_\_ to \_\_\_ of this Annual Report.

The Group Chief Financial Officer (GCFO) and Group Financial Controller attend all meetings of the BAC except when meetings are held between the BAC and external

auditors without Management's presence. During FY14, the BAC met with the external auditors without Management's presence twice.

### **BNC and BRC**

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

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

### **BNC**

The key responsibilities of the BNC are as follows:-

- i) To oversee the selection and assessment of Directors and to ensure that the Board composition meets the needs of the Group;
- ii) To facilitate and review Board induction and training programmes;
- iii) To recommend or approve, as the case may be, based on the ToR, the appointment of key management of the Group;
- iv) To assess the effectiveness of the Board, Board Committees and individual Directors (including the President & GCEO); and
- v) To review, on an annual basis, the size of the Board and the required mix of skills, experience and responsibilities present on the Board in ensuring its continued effectiveness.

During FY14, the BNC met six times where key activities were as follows:-

- i) Deliberated on Axiata Board Framework/Board composition covering inter-alia, search for Indonesian candidate; INEDs' independence, tenure/succession plan, gender diversity, Board committees chairmanship, and redefine the BNC roles/involvement in interviewing candidates for key/Senior Management positions;
- ii) Reviewed additional parameters for Board Composition Framework for OpCos' Board;

- iii) Deliberated on succession planning for INEDs nearing nine year independence tenure limit and next steps for each INEDs to provide his/her individual plan on tenure and retirement plan;
- iv) Deliberated on Indonesian candidates for appointment as Axiata Board member;
- v) Deliberated on Directors' training needs and 2015 Annual Training Calendar;
- vi) Reviewed and recommended extension of employment contracts for key personnel including the GCEO;
- vii) Recommended the appointment of a new INED, Dialog and Axiata nominees on the Board of Directors' of Dialog;
- viii) Reviewed and recommended the appointments of key personnel at CC;
- ix) Reviewed and recommended the renewal of employment contract for CEO of Celcom;
- x) Reviewed and deliberated succession planning for CEO positions at edotco Group and ADS business unit;
- xi) Reviewed and recommended the appointment of CEO, edotco Group and CEO, ADS and Robi's COO and CFO;
- xii) Reviewed and deliberated on 2013BEE findings and report;
- xiii) Deliberated on updates and follow-up items from 2013BEE; and
- xiv) Deliberated the approach for 2014BEE.

#### **BRG**

The key responsibilities of the BRG are as follows:-

- i) To assist the Board in determining the policy and structure for the compensation of NEDs and remuneration of the ED and key management of the Group; and
- ii) To recommend to the Board the remuneration of the ED in all its forms and compensation of NEDs, drawing from external advice as necessary.

During FY14, the BRG met six times where the key activities were as follows:-

- i) Reviewed and recommended the remuneration structure of Axiata's NEDs including benefits;
- ii) Reviewed and recommended Axiata Group Remuneration and Benefits Policy;
- iii) Reviewed the performance achievements and recommended the rewards for the President & GCEO and reviewed the performance of the Group Cosec against pre-determined KPIs for FY14;
- iv) Reviewed and recommended the pool for CC's bonus and salary increments for FY14;
- v) Reviewed and recommend additional grant of Restricted Share Awards (RSA) to the President & GCEO; and
- vi) Reviewed and recommended the Long Term Incentive Plan for Axiata and edotco Group.

Taking into consideration the recommendations from the BEE in 2014 and to benefit from synergies (membership and ToRs), the Board of Axiata had on 9 April 2014 resolved on the amalgamation of the BRG and SSC, and for the duties and responsibilities of administering the Axiata Share Scheme to be included under the purview of the BRG.

During FY14, the SSC met twice where the key activities were as follows:-

- i) Reviewed and recommended 2014 RSP grants and parameters and vesting of ESOS;
- ii) Reviewed and recommended the extension of the Axiata Share Scheme and New LTIP;
- iii) Reviewed and approved changes in the implementation of the RSP-Grant Cycles;
- iv) Reviewed and approved the RSP vesting conditions and treatment of the RSA;
- v) Reviewed and approved implementation details and timeline of the RSP;
- vi) Reviewed and approved refinements on implementation of the restricted share plan; and
- vii) Reviewed the LTIP for ADS.

# Statement on Corporate Governance

## ADS Investment Board

In March 2014, the Board resolved on the establishment of AIB, a Board committee with the primary objective to review and approve ADS' equity investments/divestments within the Group based on the specified limits in the LOA of Axiata applicable to ADS. Under its ToR, the members shall, inter-alia, comprise:-

- i) President & GCEO;
- ii) Axiata Board Nominee(s) - Dato' Abdul Rahman Ahmad (Chairman), David Lau Nai Pek and Kenneth Shen;
- iii) GCFO, Axiata; and
- iv) Group Chief Digital Services Officer, Axiata/CEO, ADS.

During FY14, the AIB met three times where the key activities were as follows:-

- i) Review ADS governance matters including its ToR, roles and oversight functions,
- ii) ADS investment approach and investment thesis; and
- iii) ADS's investment proposals in Cambodia, Bangladesh, Sri Lanka and Singapore.

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

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

<sup>1</sup> Meeting allowances are paid on a per meeting basis, notwithstanding any adjournment and number of days

<sup>2</sup> In accordance with shareholders' approval, Axiata pays Board and Board committees' Directors' fees on a monthly basis

## DIRECTORS' REMUNERATION

### • Non-Executive Directors

In 2014, the Board with the input of external consultants, undertook a review and benchmarking of Axiata's NEDs remuneration. The level of remuneration after the review is based on a set of fees that reflects the experience, expertise and level of responsibilities undertaken by the NEDs concerned, including on Board committees. For the NEDs of Axiata, the remuneration structure was benchmarked against industry standards and set within the 75th percentile of large group of companies.

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

## **Benefits**

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

### *Frequency of Review*

Every five years, the Director's remuneration is decided by the Board collectively after review by the BRC and individual Directors do not participate in decisions regarding his/her remuneration package.

The Directors' aggregate remuneration for FY14 distinguishing between the ED and NEDs with categorisation into appropriate components is set out in the Audited Financial Statements on page 224 of this Annual Report.

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

<b>Executive Director<sup>1</sup></b>	<b>No. of Director</b>
RM8,200,000.00 – RM8,250,000.00	1
<b>Non-Executive Directors<sup>2,3</sup></b>	
RM250,00.00 – RM300,000.00	2
RM300,00.00 – RM350,000.00	3
RM350,00.00 – RM400,000.00	2
RM650,00.00 – RM700,000.00	1

<sup>1</sup> Includes ESOS expenses (non-monetary) of RM1.6 million.

<sup>2</sup> Fees and Meeting Allowances for representatives of Khazanah on the Board are paid directly to Khazanah

<sup>3</sup> Fees and Meeting Allowances payable to Ann Almeida is accrued for donation to Axiata Foundation

### **• Executive Director**

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

The component parts of the remuneration are therefore structured to link the remuneration package with corporate and individual performance as well as relative shareholders' returns and takes into account similar packages at comparable companies (of similar size and complexity to Axiata locally; and in the same industry in the region), based on information prepared by independent consultants and survey data.

The BRC reviews and recommends the remuneration package of the ED for the Board's approval and it is the responsibility of the Board as a whole to approve the total remuneration package of the ED, giving due consideration to law and corporate governance principles. The current remuneration policy of the ED consists of basic salary, performance-linked bonus, benefits-in-kind, EPF contributions and share awards/share options respectively based on the recommendation of the BRC. The ED is not entitled to monthly fees, nor is he is entitled to receive any meeting allowances for the Board and Board Committee meetings he attends.

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

The evaluation on the achievement of each of the KPIs against an agreed performance standard is reviewed by the BRC and the recommendations of the BRC are tabled for approval by the Board. The rewards accorded to the ED for his achievement of the respective KPIs comprise annual bonuses and long-term incentive plan in the form of RSA or options over the shares of the Company. In the case of stock options/RSA, its vesting is further subject to performance conditions established by the Board and the final number of shares of RSA will depend on the level of achievement of these targets over the performance period.

# **Statement on Corporate Governance**

## **RELATIONSHIP WITH OTHER STAKEHOLDERS AND SHAREHOLDERS**

### **• Communication with Shareholders and Investors**

The Board acknowledges the importance of an effective communication channel between the Board, stakeholders, institutional investors and the investing public at large to provide a clear and complete picture of the Group's performance and position as much as possible. The Company is fully committed to maintaining a high standard in the dissemination of relevant and material information on the Group's development in its commitment to maintain effective, comprehensive, timely and continuing disclosure. There is also strong emphasis on the importance of timely and equitable dissemination of information. Disclosures of corporate proposals and/or financial results are made not only in compliance with the Main LR but also include additional items through media releases and are done on a voluntary basis. Whilst efforts are made to provide as much relevant and material information as possible to the shareholders and stakeholders, the Board is cognisant of the legal and regulatory framework governing the release of materials and sensitive information so as not to mislead the shareholders. Therefore, information that is price-sensitive or may be regarded as undisclosed material information about the Group is not disclosed to any party until it is already in the public domain through disclosure.

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

#### **1. Annual Report**

The Annual Report is a major channel of communication disclosing information not only on the Group's business, financials and other key activities but also additional information such as strategies, operations performance, challenges and its management. The Board places great importance on the content of the Annual Report to ensure the accuracy of the information as the Annual Report is a vital source of information for investors, shareholders and the general public. The working committee comprising senior management and personnel from various divisions plays an important role to ensure accuracy of

information and full compliance with the relevant regulatory requirements. The contents of the Annual Report are continuously enhanced, taking into account developments, amongst others, in corporate governance. At the Board level, the Board Annual Report Committee, chaired by the BAC Chairman, oversees the production of the Annual Report and reviews its contents before it is published.

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

#### **2. Announcements to Bursa Securities**

Announcement of quarterly financial results, circulars and various announcements are made via Bursa LINK in full compliance with regulatory authorities' disclosure requirements. The same is also made available on Axiata's corporate website. Prior to its release, announcements intended for Bursa Securities are subject to review and approval by the President & GCEO, GCFO, BAC or Board, to ensure that the announcement fulfills the disclosure requirements as well as meets what is intended by management. In a few instances, announcements are also reviewed by external advisors to ensure that its contents are not only accurate but relevant information is included, taking into consideration disclosure requirements and market perspectives.

*Filings and announcements to Bursa Securities are available online at [www.axiata.com/investor/bursa-announcement](http://www.axiata.com/investor/bursa-announcement)*

#### **3. Media Releases**

Media releases are also disseminated to the media on all significant corporate developments and business initiatives to keep the investing community and shareholders updated on the Group's developments. Media releases are subject to approval by the President & GCEO and whenever necessary, also released to Bursa Securities to increase the visibility of media releases.

Primary contact for Corporate Communications:-  
Faridah Hashim, Vice President, Corporate Communications  
Tel : +603-2263 8881  
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Postal Address : Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia

*Media releases are available online at [www.axiata.com/mroom](http://www.axiata.com/mroom)*

4. Quarterly Results and Analysts' Briefings

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

To date throughout FY14, the Group has enjoyed relatively extensive coverage and exposure to the investment community with a total of 31[35,FY13] equity research analysts covering the Company.

This equitable policy is not only prevalent to financial affairs but also extended to major transactions such as acquisition of Axis by XL. Audiocasts of the presentation of this transaction was also made available on Axiata's corporate website.

*Presentation materials and audiocasts to analysts are available online at [www.axiata.com/investor/financial-reports](http://www.axiata.com/investor/financial-reports)*

5. Media Conference

Media conferences are held on a half-yearly basis upon release of half-year and full-year results. The media conferences are held separately from analysts' briefings to address the different requirements of each group and to be more productive and efficient. Management ensures that all information is equally disseminated and materials for both the analysts' briefings and media conferences are made available on Axiata's corporate website.

6. Investor Relations

Axiata's investor relations efforts include scheduling regular engagement sessions with the investing community and is attended either by the President & GCEO and/or GCFO and Investor Relations unit. Such engagement includes conferences, non-deal roadshows, and one-on-one meetings with equity analysts, fund managers and institutional shareholders. The objective is to provide updates on the Company's quarterly financial performance, corporate and regulatory developments as well as to discuss strategic matters and address issues that the investing community may have with respect to the business or operations of the Company.

Some of the investor conferences and non-deal roadshows attended by Axiata in FY14 are:-

• **Conferences**

- i) Asian Investment Conference (Credit Suisse), Hong Kong – March;
- ii) Invest Malaysia (Maybank and Bursa Securities), Kuala Lumpur – June;
- iii) Global Emerging Markets Centerence (Deutsche Bank), New York – September;
- iv) ASEAN Forum (JP Morgan), London – September;
- v) Investors' Forum (CLSA), Hong Kong – September;
- vi) Asia Pacific Summit Conference (Morgan Stanley), Singapore- November; and
- vii) Investment Forum (Nomura), Tokyo – December.

# **Statement on Corporate Governance**

## **• Non-Deal Roadshows**

- i) Macquarie, London and Edinburgh – February;
- ii) CIMB, Boston and New York – March;
- iii) Goldman Sachs, Singapore and Hong Kong – March;
- iv) Credit Suisse, Edinburgh – September; and
- v) Maybank, Kuala Lumpur – November.

Axiata conducted 289 meetings with investors and analysts via face-to-face meetings and conference calls in FY14.

In addition to the above, an Analysts' Day was also held on 8 October 2014 in Kuala Lumpur. The event was well received with participation by 64 analysts and investors, both local and foreign based. Long-term strategy, new technology trends, financial strategies, data revenue and profitability as well as highlights of the tower company business were amongst the key topics covered.

Primary contact for investor relations:-

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Fax : +603-2263 7755  
E-Mail : ir@axiata.com  
Postal Address : Corporate Headquarters, Axiata Tower, 9 Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia

## **7. Company Website**

All information on share price, financial reports, stock exchange filings, presentations, financial calendar, ownership profile and media releases are posted on the Investor Relations section. In addition, audio casts on briefings of quarterly results to analysts are also available for streaming or download from the Company's corporate website at [www.axiata.com](http://www.axiata.com).

For queries regarding shareholding, kindly contact:

Tricor Investor Services Sdn Bhd  
Tel : +603-2264 3883  
Fax : +603-2282 1886  
Email : [is.enquiry@mytricorglobal.com](mailto:is.enquiry@mytricorglobal.com)  
Postal Address : Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia

## **Annual General Meeting**

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

At the AGM in 2014, all Directors were present in person to engage directly with, and be accountable to the shareholders for the stewardship of the Company. Before the commencement of the proceedings, the Group Company Secretary highlighted administrative matters covering the voting procedures including the procedures for a demand to be made for a resolution to be voted by way of poll and timing of making such demand.

The proceedings of the AGM normally commences with a concise but comprehensive presentation by the President & GCEO on the financial performance of the Company for the preceding financial year, preceding quarter and the Company's vision and initiatives. The presentation is supported by visual illustrations of key points and key financial figures to facilitate shareholders' understanding. During the AGM, the shareholders are also at liberty to raise questions on all affairs of the Company unlike Extraordinary General Meetings where questions raised are on the proposed resolution/s being tabled. The Chairman, subject to the line of questions and relevance, entertains questions raised at the AGM as long as there is sufficient time and they are not repetitive.

Further, the President & GCEO also shares with the meeting the responses to questions submitted in advance by the MSWG. The Board, Management and the Company's external legal counsels and auditors, PricewaterhouseCoopers Malaysia, are in attendance to respond to questions raised and provide clarification as required by the shareholders. To ensure transparency, replies to queries made by organisations representing minority shareholders, namely MSWG are also made available and distributed at the AGM.

At the AGM, all valid proxy appointments are properly recorded, counted and reviewed by the external auditors. Since its listing in 2008, the Company has also appointed its external auditors to act as independent scrutineers for its general meetings. The appointment comes under a separate engagement letter where the scope of work includes verifying number of shares represented by shareholders and proxy holders present and voting at general meetings as shown in proxy forms and polling slips against Register of Members/Record of Depositors determined for general meetings, administering poll, counting of votes by show of hands and tabulating the results.

While members of the media are not invited into the AGM meeting hall, a media conference is held immediately after the AGM where the Chairman, President & GCEO and GCFO update media representatives on the resolutions passed and answer questions on matters related to the Group. This approach provides the Company with a more efficient way to address both the shareholders and the media. The results of all resolutions are presented to the audience and outcome of the AGM is announced on the same day via Bursa LINK.

### **Key Performance Indicators**

On 25 February 2015, the Company announced the Headline KPIs set and agreed by the Board and Management of the Group as follows:-

#### FY15 Headline KPIs

<b>FY15 Headline KPIs</b>	<b>(%)</b>
Revenue Growth	4.0
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) Growth	4.0
Return on Invested Capital (ROIC)	8.7
Return on Capital Equity (ROCE)	7.7

The Headline KPIs shall not be construed as forecasts, projections or estimates of the Group or representations of any future performance, occurrence or matters as they are merely a set of targets/aspirations of future performance aligned to the Group's strategy and which have been derived on the assumption that the Group shall operate under the current business environment under which they had been determined.

In establishing the FY15 Headline KPIs, the Management of Axiata has taken into consideration the following challenges:-

- No material increase in competition in the mobile market space of the Group's major OpCos;
- No material regulatory changes impacting the OpCos;
- No material change in currency volatility, liquidity, shortages and interest rates in the Asia-Pacific region in general; and in Southeast Asia in particular;
- No material change in Capex budget spending in all OpCos; and
- Excludes divestment and M&A impact.

# **Statement on Corporate Governance**

Moving forward, the Group will continue to transform and expand its core business as well as to increase the focus on data leadership and profitability given its exponential growth opportunity. The Group will remain aggressive but targeted in its investments, towards achieving a diversified and balanced portfolio. The Group is committed to optimise its financial performance through disciplined Opex and Capex spend, executed via diligent cost management initiatives and measures.

Axiata is expected to regain momentum in FY15, as Celcom has completed its IT transformation, enabling it to expedite the launch of new products; and XL is currently well placed to benefit from Axis' integration. Smart, Robi and Dialog are expected to continuously deliver steady growth for the Group.

## **ACCOUNTABILITY AND AUDIT**

### **Financial Reporting**

The Board is committed to ensuring that a clear, balanced and meaningful assessment of the Group's financial performance and prospects through the audited financial statements and quarterly announcement of results are provided to shareholders and regulatory bodies. In this respect, the Board through the BAC oversees the process and the integrity and quality of financial reporting, annually and quarterly. The BAC, in this respect, assists the Board by reviewing the financial statements and quarterly announcements of results to ensure completeness, accuracy and adequacy in the presence of external auditors and internal auditors before recommending the same for the Board's approval.

The Directors' Responsibility Statement for the audited financial statements of the Company and the Group is set out in page 165 of this Annual Report. The details of the Company's and Group's financial statements for FY14 can be found on page 166 to 321 of the Annual Report.

### **Related Party Transactions**

The Company has an internal compliance framework to ensure it meets its obligations under the Main LR including obligations relating to related party transactions. Processes and procedures are in place, to ensure that Recurrent Related Party Transactions (RRPTs) are entered

into on terms not more favourable to related parties than to the public. This is achieved after taking into account the pricing and contract rates, terms and conditions, level of service and expertise required, and the quality of products and services provided, as compared to prevailing market prices and rates, industry norms and standards, as well as general practice, adopted by service providers of similar capacities and capabilities generally available in the open market. The annual internal audit plan incorporates a review of all RRPTs entered into or to be entered into under the shareholders' mandate procured at the AGM, to ensure that all the relevant approvals for RRPTs have been obtained.

RRPT transactions are recorded and the same presented to the BAC on a quarterly basis. This includes the utilisation of the RRPT mandate and/or where applicable, new RRPT transactions for the BAC's review and endorsement.

Axiata had at its 22nd AGM, obtained a general mandate for the Group to enter into RRPT with Telekom Malaysia Berhad Group (TM Group) for transactions predominantly related to telecommunications and/or related services. The procurement of mandate for the Group to enter into RRPT with TM Group was obtained as these transactions in aggregate may result with the Company having to obtain shareholders' approval prior to the Group entering into the transactions. As these transactions may be constrained by time-sensitive nature and confidentiality, it would be impractical for the Company to seek shareholders' approval on a case-by-case basis. The procurement of the mandate will also substantially reduce the expenses associated with convening of general meetings and improve administrative efficiency.

Based on the actual amount utilised from the date of the above AGM until March 2015, none of the actual aggregate value of transaction has exceeded 10% or more of the estimated amount under the mandate. The amount of RRPT entered into during the FY14, pursuant to RRPT mandate, is disclosed in pages 119 to 120.

## **Internal Control and Risk Management**

The Board has overall responsibility and accountability for the Group's internal control systems and continues to maintain and review its internal control systems to ensure, as far as possible, the protection of the Group's assets and the Company's shareholders investments. A quarterly updated risk profile of the Group and each of the OpCos is presented to the BAC and the Board. The BAC reviews in detail the major risks that the Group faces in its business and operations and management controls and processes that are in place to manage those risks. Such systems are designed to manage rather than eliminate risks and provide only reasonable assurance against misstatement or loss.

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

The Company has also established an enterprise wide risk management (ERM) framework to proactively identify, evaluate and manage key risks to an optimal level. In line with the Company's commitment to deliver sustainable value, this framework aims to provide an integrated and organised approach entity-wide. It outlines the ERM methodology which is in line with the ISO31000, mainly promoting risk ownership and continuous monitoring of key risks identified.

Based on the ERM framework, a risk reporting structure has been established to ensure prompt communication to the BAC and the Board. Axiata has established a Group Risk Management Committee (RMC) comprising the SLT and chaired by the Chairman of the BAC. The RMC is mainly responsible for managing the overall ERM process and recommends quarterly ERM reports to the BAC for its onward submission to the Board. The RMC ensures continuous review of the key risks of the Group, and monitors the implementation of the mitigation plans on a quarterly basis.

Although many risks remain outside the Company's direct control, a range of activities are in place to mitigate the key risks identified as set out in the Statement on Internal Control. A significant number of risks faced relate to wider operational and commercial affairs of the Company and the Group including those in relation to competition and regulatory developments.

An overview of the state of internal control within the Group, which includes the risk and internal control framework and key internal control structures, are set out in the Statement on Internal Controls in pages 097 to 109 of this Annual Report.

## **Relationship with Auditors**

The BAC manages the relationship with its external auditors on behalf of the Board. The BAC considers the re-appointment, remuneration and terms of engagement of the external auditors annually. Further information on the role of the BAC in relation to both, internal auditors and external auditors are stated in the BAC Report in pages 111 to 116 of this Annual Report. A summary of the activities of the BAC during the year are set out in page 110 of the Annual Report.

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

# Statement on Corporate Governance

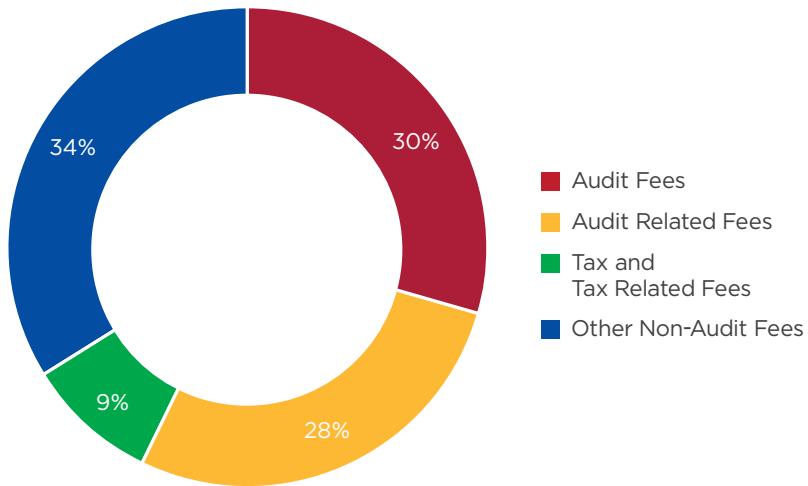
Details of statutory audit, audit-related and non-audit fees paid/payable in FY14 to the external auditors are set out below:-

<u>Fees paid/payable to PwC</u>	<u>RM'000</u>
Audit Fees	
• PwC Malaysia ( <b>PwCM</b> )	2,834
• Member firm of PwC International Limited (PwCI)	3,154
• Others	36
 Audit Related Fees <sup>1</sup>	
• PwCM and member firm of PwCI	5,648
	11,672
 Other fees paid to PwCM and member firm of PwCI	
Tax and tax related services <sup>2</sup>	1,880
Other non-audit services <sup>3</sup>	6,835
	20,387

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

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

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



## APPENDIX 1 – Directors’ Training List 2014

Director	List of Training/Conference/Seminar/Workshop Attended/Participated
<b>Tan Sri Dato' Azman Hj Mokhtar</b>	<ul style="list-style-type: none"> <li>• Symposium on Innovation and Growth, World Bank and Growth Dialogue, Kuala Lumpur - 17 January</li> <li>• CEO’s Series: ‘Organisational Agility and Learning in a Complex World’ (Panelist), World Economic Forum, Davos - 23 January</li> <li>• 2014 Spring Forum, Asia Business Council, India - 20-22 February</li> <li>• Global System for Mobile communications (GSM) Association : Mobile World Congress, Barcelona - 23-26 February</li> <li>• Malaysia’s Economy in 2014, Investment Conference 2014, Hong Kong - 23-26 March</li> <li>• ASEAN Leadership in a Leaderless World, LSE Asia Forum 2014: ‘Building Asian Futures : Integration, Welfare and Growth’ (Panelist), Kuala Lumpur - 3 April</li> <li>• Nurture Talent Uni-Industry (Speaker), UiTM Forum, Faculty of Business and Management, UiTM, Kuala Lumpur - 29 April</li> <li>• Sovereign Investor Forum, London - 8 May</li> <li>• Invest Malaysia, Bursa Malaysia Securities Berhad, Kuala Lumpur - 9-10 June</li> <li>• Changing Customer Behaviour and OTT, Boston Consulting Group, Axiata Mid-Year Strategy Retreat, Jakarta - 19 June</li> <li>• Global Economic Symposium, Kuala Lumpur - 8 September</li> <li>• ABC Forum, Planery Session: ‘Leadership and Transformation in ASEAN’ (Speaker), CIMB ASEAN Research Institute, Singapore - 9 September</li> <li>• 2014 Autumn Forum, Asia Business Council, Bali - 11-13 September</li> <li>• UN Private Sector Forum - Climate Summit 2014, United Nations, New York - 23 September</li> <li>• Khazanah Megatrends Forum, Khazanah Nasional Berhad, Kuala Lumpur - 29-30 September</li> <li>• 9th World Islamic Forum (WIEF) - Managing Risks in Business (Panelist), Dubai - 29 October</li> <li>• Economic Outlook for the Asia-Pacific Region, Goldman Sachs Inc, Business Planning Session, Kuala Lumpur - 6 November</li> <li>• Wacana Fikrah Ummah (Speaker), Dewan Bahasa dan Pustaka, Kuala Lumpur - 27 November</li> <li>• Global Lectures, Khazanah Nasional Berhad - 1 December</li> </ul>
<b>Dato' Sri Jamaludin Ibrahim</b>	<ul style="list-style-type: none"> <li>• Global System for Mobile communications (GSM) Association: Mobile World Congress, Barcelona - 23-26 February</li> <li>• Convergence Workshop, McKinsey, Kuala Lumpur - 18 April</li> <li>• Ericsson Technology Roadshow, Kuala Lumpur - 22 May</li> <li>• Changing Customer Behavior and OTT, Boston Consulting Group, Axiata Mid-Year Strategy Retreat, Jakarta - 19 June</li> <li>• Updates/Pricing Strategy Workshop, Boston Consulting Group, Kuala Lumpur - 4 August</li> <li>• KL Converge, Malaysian Communications and Multimedia Commission, Kuala Lumpur - 17-18 September</li> <li>• Khazanah Megatrends Forum, Khazanah Nasional Berhad, Kuala Lumpur - 29-30 September</li> <li>• Economic Outlook for the Asia-Pacific Region, Goldman Sachs Inc, Business Planning Session, Kuala Lumpur - 6 November</li> </ul>
<b>Tan Sri Ghazzali Sheikh Abdul Khalid</b>	<ul style="list-style-type: none"> <li>• Technology Updates, Group Technology, Axiata, Kuala Lumpur - 24 April</li> <li>• Corporate Directors’ Advanced Programme : Human Capital, MINDA, Kuala Lumpur - 6-7 May</li> <li>• 28th Asia-Pacific Roundtable, Institute of Strategic &amp; International Studies, Kuala Lumpur - 2-4 June</li> <li>• Changing Customer Behaviour and OTT, Boston Consulting Group, Axiata Mid-Year Strategy Retreat, Jakarta - 19 June</li> <li>• Khazanah Megatrends Forum, Khazanah Nasional Berhad, Kuala Lumpur - 29-30 September</li> <li>• Economic Outlook for the Asia-Pacific Region, Goldman Sachs Inc, Business Planning Session, Kuala Lumpur - 6 November</li> <li>• Corporate Directors’ Advanced Programme 2014: Innovation, MINDA, Kuala Lumpur - 12-13 November</li> </ul>

# Statement on Corporate Governance

Director	List of Training/Conference/Seminar/Workshop Attended/Participated
<b>Datuk Azzat Kamaludin</b>	<ul style="list-style-type: none"> <li>Corporate Directors' Advanced Programme: Strategy and Risks, MINDA, Kuala Lumpur – 12-13 March</li> <li>Technology Updates, Group Technology, Axiata, Kuala Lumpur – 24 April</li> <li>Changing Customer Behaviour and OTT, Boston Consulting Group, Axiata Mid-Year Strategy Retreat, Jakarta – 19 June</li> <li>Audit Committee Workshop Series, Malaysian Institute of Accountants, Kuala Lumpur – 17 July</li> <li>Audit Committee Workshop Series, Malaysian Institute of Accountants, Kuala Lumpur – 7 August</li> <li>Khazanah Megatrends Forum, Khazanah Nasional Berhad, Kuala Lumpur – 29-30 September</li> <li>Economic Outlook for the Asia-Pacific Region, Goldman Sachs Inc, Business Planning Session, Kuala Lumpur – 6 November</li> </ul>
<b>Dato' Abdul Rahman Ahmad</b>	<ul style="list-style-type: none"> <li>Changing Customer Behaviour and OTT, Boston Consulting Group, Axiata Mid-Year Strategy Retreat, Jakarta – 19 June</li> <li>Economic Outlook for the Asia-Pacific Region, Goldman Sachs Inc, Business Planning Session, Kuala Lumpur – 6 November</li> </ul>
<b>David Lau Nai Pek</b>	<ul style="list-style-type: none"> <li>Breakfast Talk with Dato' John Zinkin, Managing Director, Zinkin Ettinger Sdn Bhd, "Reconciling Leadership with Governance: Sustainable Value Creation Requires both Dynamic Leadership and Good Corporate Governance", MINDA, Kuala Lumpur – 18 March</li> <li>Technology Updates, Group Technology, Axiata, Kuala Lumpur – 24 April</li> <li>Governance Seminar, Employees Provident Fund Board, Kuala Lumpur – 29-30 May</li> <li>PricewaterhouseCoopers Telecom Conference, Paris – 1-7 June</li> <li>Changing Customer Behaviour and OTT, Boston Consulting Group, Axiata Mid-Year Strategy Retreat, Jakarta – 19 June</li> <li>Chief Financial Officers' Forum, UEM Group, Kuala Lumpur – 15 August</li> <li>Khazanah Megatrends Forum, Khazanah Nasional Berhad, Kuala Lumpur – 29-30 September</li> <li>Economic Outlook for the Asia-Pacific Region, Goldman Sachs Inc, Business Planning Session, Kuala Lumpur – 6 November</li> </ul>
<b>Juan Villalonga Navarro</b>	<ul style="list-style-type: none"> <li>Economic Outlook for the Asia-Pacific Region, Goldman Sachs Inc, Business Planning Session, Kuala Lumpur – 6 November</li> </ul>
<b>Kenneth Shen</b>	<ul style="list-style-type: none"> <li>Carcosa Day on "3 Diagonals", Cyberjaya – 17 February</li> <li>Venture Capital Investing Conference, San Francisco – 11-12 June</li> <li>Venture Capital Changing Customer Behaviour and OTT, Boston Consulting Group, Axiata Mid-Year Strategy Retreat, Jakarta – 19 June</li> <li>Khazanah Megatrends Forum, Khazanah Nasional Berhad, Kuala Lumpur – 29-30 September</li> <li>Leadership in the 21st Century Talk, Khazanah Nasional Berhad, Kuala Lumpur – 13 October</li> <li>International Forum of Sovereign Wealth Funds (IFSWF), Doha – 19-20 November</li> <li>6th Iskandar Malaysia CEO's Forum, Iskandar – 1 December</li> </ul>
<b>Ann Almeida</b>	<ul style="list-style-type: none"> <li>Changing Customer Behaviour and OTT, Boston Consulting Group, Axiata Mid-Year Strategy Retreat, Jakarta – 19 June</li> </ul>

# Statement on Risk Management and Internal Control

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

## Board’s Responsibility

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

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

Following the written assurance from the President & GCEO and GCFO, that the Group’s risk management processes and internal controls are operating effectively, the Board is of the view that the process of risk management and internal control processes in place for the year under review and up to the date of issuance of the financial statements is sound and sufficient to safeguard shareholders’ investments and the Group’s assets.

## Risk Management and Internal Control Framework

### • Axiata Enterprise Risk Management Framework

The Group adopts the Axiata Enterprise Risk Management (ERM) Framework as a standardised approach in identifying, assessing, reporting and monitoring risks facing the Group. The framework, benchmarked against ISO31000:2009 is adopted by all risk management teams across all subsidiaries. It stresses the importance of balancing between risk and reward in making strategic business decisions, a tool in managing both existing and potential risks with the objective of protecting key stakeholders’ interests, and compliance with statutory and legal requirements.

### • Risk Governance Structure

The Board via the BAC has assigned the Group’s risk oversight function to the GRMC, which consists of all the members of Axiata Group Senior Leadership Team (SLT). Chaired by the Axiata Group BAC Chairman, the GRMC is primarily responsible for driving Axiata’s ERM Framework, ensuring systematic implementation of risk management and monitoring of risks across the Group. The following depicts the key parties within the Group’s Risk Governance Structure and their principal risk management roles and responsibilities:

# Statement on Risk Management and Internal Control

Board of Directors



Board Audit Committee



Group Risk Management Committee



Group Risk Management Department



Risk Focals at Axiata CC and OpCos



- Maintains a sound system of risk management and internal control
  - Approves risk management policy and framework, governance structure and sets the risk appetite
  - Receives, deliberates and endorses the BAC reports on risk governance and internal control
- 
- Assists the Board in evaluating the adequacy of risk management and internal control framework
  - Reviews and endorses the Group Risk Profile
  - Receives and reviews reports from the Risk Committee and recommends them to the Board for approval
- 
- Assists in identifying principal risks at Group level and providing assurance that ERM is implemented group-wide
  - Reviews and recommends frameworks and policies specifically to address enterprise risk inherent in all business operations
  - Promotes cross-functional sharing of risk information
  - Monitors compliance to ERM Framework, regulatory requirements and status of action plans for both the Group and subsidiaries
  - Coordinates and promotes risk management culture and implementation
- 
- Establishes, formulates, recommends and manages sound and best practice ERM programmes for the Group
  - Inculcates risk awareness within the Group
  - Assists Axiata OpCos and Business Units in establishing their internal risk policy and structures, including business continuity programme for the Group
  - Identification and consolidation of risk matters
  - Secretariat for the GRMC
  - Consolidates risk reports from Axiata OpCos and Business Units for the GRMC's review
- 
- Primarily responsible for managing risk on a day-to-day basis
  - Promote risk awareness within their operations and introduce risk management objectives into their business and operations
  - Coordinate with Axiata Group Risk Management Department on implementation of risk management policy and practices

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

The key risks faced by the Group are listed in Appendix 1 of this statement.

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

## **Key Internal Control Structures of the Group**

### **1.0 Control Environment**

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

#### **1.1 Integrity and Ethical Values**

- **Code of Conduct and Practice**

The Senior Management and Board set the tone at the top for corporate behaviour and corporate governance. All employees of the Group shall adhere to the policies and guidelines as set out in the Code of Conduct of the Group which sets out the principles to guide employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity when dealing within the Group and with external parties. The Group's Code of Conduct covers areas such as compliance with respect to local laws and regulations, integrity, conduct in the workplace, business conduct, protection of the Group's assets, confidentiality, conflict of interest and anti-competition practices.

In 2014, the Group continued with efforts to promote the two Axiata Group shared values – “Uncompromising Integrity” and “Exceptional Performance”. Interactive workshops were held to encourage employees to embrace and display the confidence to live up to the values across the Group. Initiatives such as Group Recognition Events, refreshed gifts policy, animation video and many others were developed to inculcate and encourage the appropriate behaviours.

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

#### **1.2 Board Committees**

##### **(a) Board**

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

##### **(b) Board Committees**

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

##### **(c) BAC**

The primary function of the BAC is to implement and support the oversight function of the Board in relation to overseeing financial reporting and internal control as set out in the Duties and Responsibilities herein.

# Statement on Risk Management and Internal Control

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

(d) **BNC**

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

(e) **BRG**

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

## **1.3 Senior Leadership Team (SLT)**

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

## **1.4 Organisation Structure**

• **Clear Organisation Structure**

The Group has an appropriate organisational structure led by functional SLT members who have clear roles of responsibility and lines of reporting. The proper segregation of duties promotes ownership and accountability for risk taking and defines lines of accountability and delegated authority for planning, executing, controlling and monitoring of business operations. Competent and professional individuals have been selected as part of our SLT to ensure we manage our business well and to deliver business results.

Regular reviews of the organisational structure are held to address the changes in the business environment as well as to keep abreast of current and future trending of new technologies, products and services.

• **Corporate Centre**

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

1. Supporting role to Axiata Board Representatives at OpCos and OpCos' management; and
2. Supporting role to OpCos' Functional Heads.

Besides engaging in continuous day-to-day communication between the OpCos and the Group functions, the Corporate Centre also gives appropriate inputs and steers the Group on best practices through sharing of the Group's guidelines and strategies to minimise risk exposure and to increase the efficiency and effectiveness of business operations.

The Corporate Centre is also responsible for key processes and functions including plotting the future path of the Group, strategic planning, mergers and acquisitions, joint development projects, capital raising and allocation, leadership, talent development, group accounts and reporting, procurement, treasury, technology and network.

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

## **1.5 Assignment of Authority and Responsibility**

- **Policies and Procedures**

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

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

- **Limits of Authority (LoA)**

The Board has approved a clearly defined and documented LoA which is to be used consistently throughout the Group. These are regularly updated to reflect changing risks or to resolve operational deficiencies. It establishes a sound framework of authority and accountability within the Group, including segregation of duties which facilitates timely, effective and quality decision-making at the appropriate levels in the Group's hierarchy.

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

## **1.6 Commitment to Competency**

- **Competency Framework**

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

- **Performance Management**

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

The Group has in place a KPI performance measurement process as prescribed under the Government-Linked Company Transformation (GLCT) programme to link performance and compensation in order to create a high performance work culture. This process also seeks to provide clarity, transparency and consistency in planning, reviewing, evaluating and aligning employees actions and behaviours to that of the Group's vision and mission.

- **Training and Development Framework**

It is the Group's policy to train employees at all levels so that they would be able to perform well in their present jobs and also to develop employees who are considered to have the potential to perform duties with wider responsibilities so that they may be ready to assume them when needed. Programmes are also implemented to ensure that employees receive continuous training in various areas of work such as knowledge, health and safety, technical training, leadership and new product development.

# Statement on Risk Management and Internal Control

## • 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 100 C-suite potentials from within the organisation and has been intensifying its efforts in making these talent ready to succeed the current top management across the Group. This is done via intensifying leadership development programmes, mentoring and coaching as well as cross-functional and cross-country assignments.

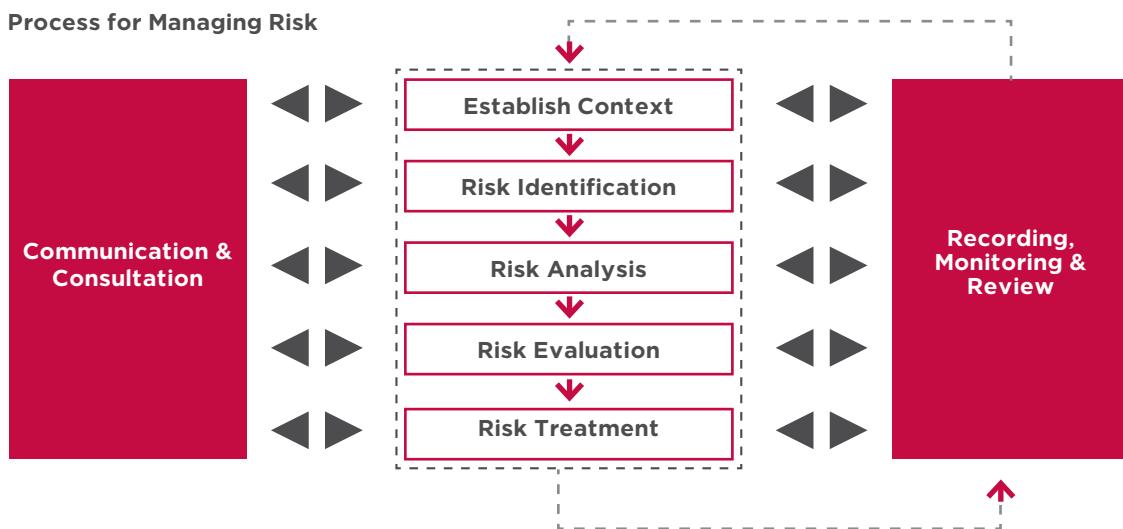
This leadership talent pipeline is also regularly reviewed via the Group Talent Council and assessed as potential successors for key positions in the Group, via internal and external benchmarks.

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 2014, nine internal successors have been placed at top positions across the Group.

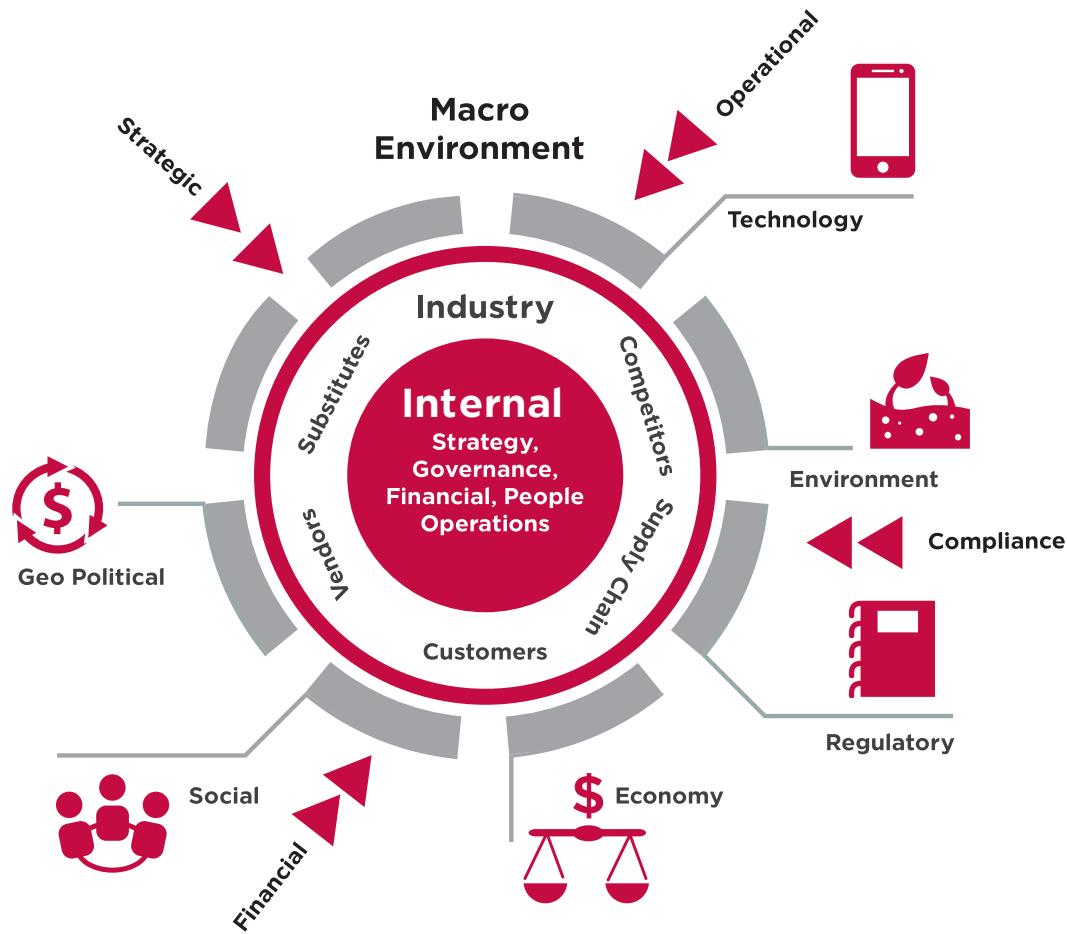
## 2.0 Risk Assessment

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's risk management process typically involves identifying particular events or circumstances relevant to the organisation's objectives and risk appetite, assessing them in terms of likelihood and magnitude of impact, evaluation of adequacy of existing controls, determining a response strategy, and monitoring progress. This will in turn protect and create value for stakeholders, including shareholders, employees, customers, regulators, and the society.

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



The risk identification process, which is done on an on-going basis entails scanning of all key factors within Axiata's business context from an 'outside-in' perspective, i.e. from macro-environment (external) to industry and internal. Risks 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 risk mitigation plans.

- **Control Self Assessment (CSA)**

CSA is an effective process used by the Group for improving business internal controls and processes. It allows employees of the Group to identify the risks involved in achieving the business objectives, to evaluate the adequacy and effectiveness of the controls in place and activities designed to manage those risks. CSA was performed on selected areas in Celcom, XL and Robi in 2014.

# Statement on Risk Management and Internal Control

## 3.0 Control Activities

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

### 3.1 Policies and Procedures

- **Financial and Operational Policies and Procedures**

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

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

- **Budgeting Process**

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

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

- **Whistleblower Policy and Procedures**

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

- **Insurance and Physical Safeguard**

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

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

- **Business Continuity Management**

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

Customisation is one of the key success factors for the Group's BCM programme. As each OpCo operates out of multiple locations, a "one-size-fit-all" business continuity plan (BCP) may not necessarily work. As such, Location Business Recovery Plans are also developed for the site offices within each OpCo's operations region. The Location Business Recovery Plans documents the necessary recovery strategies, steps, personnel, systems and resources required for that location to continue or restore its services during a crisis.

Crisis Management Teams are established at Celcom, Dialog, XL and Robi and in the process of being established at the Group and Smart, with specific roles and responsibilities. Incident escalation process has also been formalised, covering all key aspects of the organisation such as health and safety, facilities, network and IT, etc. The Group has also recently concluded its business impact analysis exercise at Celcom and Dialog with updated business priorities. Efforts are currently underway in developing mitigation strategies to meet the revised business priorities, including strengthening all aspects of the Disaster Recovery Plan.

Desktop walkthrough exercise at Celcom and crisis simulation exercise at Dialog are amongst the key milestones achieved in 2014. At the same time, the Group advocates continuous review, updating and testing of the Business Continuity Plans.

- **Information Technology (IT) Policy**

The Corporate IT Policy continues to be a focus item. The Board recognises the importance of a well-formulated IT strategy, architecture and implementation. IT focus at the Group has been augmented with the formation of a Group IT Team in the Technology Division to continue with the ongoing improvement programmes and to implement a holistic IT strategy initiated in 2011, starting with Celcom. Further progress has been made in 2012/2013 by initiating an IT architecture blueprint project for all the OpCos, after incorporating the various best practices from within and outside the Group to make sure that the Group's IT network is always ready for future service requirements and the related challenges. This project was completed in 2014. Another area of focus for the year was to put in place a standard security policy, in consultation with the OpCos, which has been accomplished. All the OpCos have initiated the process for implementing the new security policy.

### **3.3 Regulatory and Compliance**

- **Group Regulatory Affairs (GRA)**

A four-pronged approach is adopted towards managing regulatory issues confronting the OpCos, supported by regular review of the Group's risk matrix, managed as part of the Enterprise Risk Management process. Risks which are both jurisdictional and international are recognised and managed.

# Statement on Risk Management and Internal Control

The four-pronged approach encompasses:

1. Identification of regulatory priorities for each OpCo, focusing on issues of highest strategic, financial and/or reputational impact;
2. Supporting development of national OpCo regulatory strategies, addressing these issues and communicating with regulators through national and international submissions, supported by proactive stakeholder engagement;
3. Development of group-wide positions on key issues such as spectrum management, sector taxation, licence renewal and regulatory compliance; and
4. Ensuring a group-wide baseline of best practice regulatory skills and knowledge, through the development of Axiata Asian Best Practice papers and other industry collaterals.

The Group Regulatory Policy outlined in the Group Policy document provides guidance and establishes internal policies and procedures that attempt to manage the risk and impact of adverse regulatory decisions. Underpinning the Group Regulatory Policy is the understanding that the Group shall comply with all applicable laws and regulations, regulatory obligations and governmental policies in the jurisdictions in which it operates, and that regulatory advice should be obtained in an efficient and cost effective manner as and when required.

It should be noted that the regulatory risks faced by Axiata in most markets are typical of those faced by communications operators in emerging markets, where regulatory frameworks may be incomplete, there may be insufficient consultation with stakeholders, or political influence may materially affect the operations of mobile markets. Current regulatory risks which affect Axiata in multiple national communications markets include: spectrum availability and price, levels of sector-specific taxation, service quality and subscriber registration.

## 4.0 Information and Communications

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

### 4.1 Corporate Communication Policy

There is a Corporate Communications Policy in place to ensure that communication across the Group and to investors inside and outside of Malaysia are effectively managed and meets the diverse needs of the organisation.

The Board recognises the need for a robust reporting framework given the growth of the Group's international investments and are working towards further strengthening that element of the internal control system. The Board also recognises the need for more dialogue with investors and analysts as well as with the media moving forward. Details of investor relations activities are listed within the Statement on Corporate Governance section of this Annual Report.

### 4.2 Business Control Incident (BCI) Reporting

The Group has in place BCI Reporting aimed at capturing and disseminating the lessons learnt from internal control incidents with the objective of preventing similar incidents from occurring in other OpCos within the Group and to enable monitoring of internal control incidents that have caused significant losses. Five such incident reporting were shared with all OpCos in 2014.

## **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 2014, there were 10 SLT meetings held at Group level. Similar meetings were held regularly at OpCo level.

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

- **Major Control Issues**

Quarterly reports on financial and operational control issues form part of the initiative to the Group.

- **Headline Performance KPIs**

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

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

### **5.2 Ongoing Monitoring**

- **Financial and Operational Review**

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

- **Internal Audit (IA)**

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

## **APPENDIX 1 – Key Risks Faced by the Group**

### **1. Long Term Business Sustainability**

Customers' spending behaviour continuously evolves beyond traditional telecommunications services, where smartphones are becoming part of their daily lifestyle. Thus, the Group constantly explores and makes appropriate investments to upgrade its technology and platform to enhance the relevance of its products and services. The Group is also cognisant of the latest industry and customer behaviour and technology evolution, including inflection point of related technologies to take innovation to the next level. The Group is also continuously reviewing and proactively making changes to its business model, fast-tracking ROI on its investments and ensuring the long-term competitiveness and financial performance of the Group.

# Statement on Risk Management and Internal Control

## 2. Adverse Regulatory, Legal and Political Development

The Group operates in an industry that is subject to a broad range of rules and regulations, put in place by various governing bodies and regulatory frameworks. In 2014, two of our OpCos saw a change of their government following the general elections. Adverse and unexpected changes to government policies and regulations could disrupt the Group's business operations and impair its business returns and long-term growth prospects. To mitigate this risk, the Group emphasises on strict compliance and has instituted dedicated personnel and resources to constantly monitor all relevant developments and maintain regular contact and courteous relationship with the governing authorities.

## 3. Competition Risk

The profound impact of smartphones (therefore data traffic) has changed the telecommunications market landscape quite significantly where providers need to look beyond the traditional revenue base of voice and SMS towards data. The Group acknowledges the presence of stiff competition in the telecommunications market in all regions we operate in and is continuously monitoring the development of both domestic and international business environments. The Group also takes the necessary measures to ensure it invests appropriately so as to remain competitive in the industry and increase the Group's share of the customers' wallet.

## 4. Dependence on Major OpCos

The Group's revenue depends primarily on Celcom and XL, which collectively account for close to 70% of the Group's revenue. Any major adverse developments in these two OpCos could materially affect the Group's overall financial performance. To mitigate this risk, the Group's Strategy team is continuously developing robust business strategies to increase contribution from the other OpCos whilst maintaining Celcom's and XL's market share; and at the same time, exploring feasible M&A opportunities to expand and diversify its business portfolio, hence achieving inorganic growth.

## 5. Substitution Risk

The emergence of non-traditional 'Over-The-Top' (OTT) service providers that provide free VoIP calls and messaging could impact our core revenue base. The Group is proactively looking into mitigation strategies, such as the bundling of voice and data to ensure that the impact of substitution is minimised. Additionally, the Group is exploring opportunities to participate in digital and OTT initiatives to further enhance its core business revenue.

## 6. Technology Obsolescence

As the telecommunications industry continues to evolve beyond traditional services, the Group strives to be at the forefront in both technology and innovation in all our operating regions. At the same time, the Group recognises the risk of lagging in the development and deployment of new technologies and its related ecosystems. Such lags may result in capital expenditure in technologies in order to expedite deployment of new infrastructure to remain competitive in the respective markets. Alongside with our OpCos, the Group has taken steps to constantly assess the development of these new technology ecosystems and the readiness of the required components.

## 7. Treasury and Funding Risk

2014 has been a volatile year with fluctuating currency exchange and interest rates amid global economic slowdown. Due to our international presence, the Group is exposed to these volatilities which could adversely affect the Group's financial performance. Local liquidity constraints and high financing interests for medium and/or long-term borrowing may result in funding constraints for some OpCos in some of the markets. As it is not commercially viable to hedge all currency and interest exposures, the Group has established the Regional Treasury Management Centre to oversee and control the Group's treasury and funding matters, hence preserving the Group's profitability and sustainability.

## **8. System and Network Disruptions/Failure**

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

## **9. People and Organisation**

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

## **10. Project Management**

The Group embarks in ongoing strategic transformation projects which could affect critical business functions and processes. As such, the Group places emphasis on structured and disciplined project management practices to ensure it meets its intended objectives. Post-mortem of major projects are also carried out for learning and continuous improvement purposes.

## **11. Investment Risk**

The Group is on a constant lookout for investment opportunities to enhance its global footprint. At the same time, it recognises the repercussions of incorrect investment decisions such as conflict of interest with main stream business, poor selection of business partners, etc. The Group maintains a robust due diligence process and constantly evaluates the investment risks at hand. The Group has also established an M&A Committee to mitigate the risk related to investment. Our M&A team is cautious of the common pitfalls associated with new investments and ensures the necessary controls are in place prior to its execution. In addition, Management is also cognisant of the risks associated with potential capital calls by existing OpCos due to volatilities in the respective markets and global economic downturn in general.

# Board Audit Committee Report

## Summary of the BAC's Key Activities in 2014

During the FY14, 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 was reported to the Board.
- Four (4) Group Risk Management Committee meetings were held with the SLT. The Group's risks were assessed from various control perspectives that included cultural, predictive, preventive and detective controls.
- In 2014, as per the previous years, all OpCos have been asked to assume the worst case scenarios and develop the necessary mitigation plans. A summary of the OpCos' top risks arising from this exercise was then tested against the Group's risk profile.
- Reviewed the implementation of Business Continuity Management (BCM) and IT Disaster Recovery Plan across the Group; including detailed reviews of BCM implementation in Celcom and Dialog.
- Reviewed the Group's Forex Strategy and the development of a structured Treasury Management function across the Group. Also commissioned a group-wide audit review on Treasury Management. This resulted in a new Treasury policy which addresses and minimises the Group's exposure to currency fluctuations.
- Commissioned a group-wide revenue assurance review.
- Reviewed information security action plans to mitigate information security risks across the Group, especially from cyber threats.
- Emphasised on the effective promotion and implementation of Uncompromising Integrity and Exceptional Performance (UIEP) values across the Group.
- Reviewed the implementation of the IT Transformation project, including the status of sunset systems; together with the associated lessons learnt. (Celcom)

- Reviewed the implementation of the Goods and Services Tax towards the 1 April 2015 roll out. (Celcom)
- Reviewed the statement of compliance by Management with the applicable laws and regulations. (XL)
- Reviewed the identification and mapping of assurance activities based on the 'Three Lines of Defence'. (Dialog)
- 110 internal audit reviews were completed across the Group.

### Other recurring works include:

- Reviewed and recommended the Statement on Corporate Governance, Statement on Internal Control and BAC Report to the Board for approval.
- Reviewed on a quarterly basis the related party transactions entered into by Axiata pursuant to the shareholders mandate on RRPT procured at the 22nd AGM of the Company held on 28 May 2014 and the reporting of these transactions in the 2014 Annual Report.
- Reviewed the cash flow assumptions and working papers in order to determine the recoverability of major assets.
- Verified the allocation of 17,785,700 share options or share awards given to the Group's eligible employees in accordance with the Performance-Based ESOS and Share Scheme for FY14. The BAC was satisfied that the allocation of the said share options or share awards was in compliance with the criteria set out in the ESOS Bye-Laws and Share Scheme Committee.
- Held two private meetings with the external auditors on 19 February 2014 and 26 August 2014 without the presence of management and Internal Audit.
- Reviewed five business control incidents and identified cases of control weaknesses including fraud for sharing of lessons learnt within the Group to avoid similar incidents;
- Acknowledged 20 defalcation cases across the Group.
- Reviewed and recommended changes in Limits of Authority at one (1) OpCo for the Board's approval.

## Composition and Meetings

In 2014, the Board Audit Committee (BAC), met five times on 19 February 2014, 27 May 2014, 26 August 2014, 5 November 2014 and 18 November 2014. The composition and the attendance record of the BAC members are listed below.

Name of Director	Status of Directorship/Qualifications	No. of Meetings Attended
David Lau Nai Pek <i>(Chairman of the BAC)</i>	Independent Non-Executive Director	5 out of 5
Datuk Azzat Kamaludin	Senior Independent Non-Executive Director	5 out of 5
Juan Villalonga Navarro	Independent Non-Executive Director	2 out of 5
Kenneth Shen	Non-Independent Non-Executive Director	5 out of 5

## Financial Literacy

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

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

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

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

## Group Internal Audit

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

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

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

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

# Board Audit Committee Report

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

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

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

Key audits that were completed in 2014 include:

- Treasury Management
- Telco Regulatory Management
- Infrastructure Management
- SAP ERP
- IT Development & Operations
- Win and Defend Initiative

The total cost incurred by AGIA last year, inclusive of all OpCos, was RM10.4 million.

There are a total of 50 internal auditors across the Group whilst AGIA at Corporate Centre has five approved headcount and operates on a resource sharing basis with other OpCos' Internal Audit Divisions. All the internal auditors have tertiary qualifications and the level of expertise and professionalism within AGIA at the end of 2014 is as follows:

Expertise Category	Percentage of total auditors
Finance	30%
IT/MIS	20%
Network/Engineering	18%
Marketing	16%
General/Others	16%

Professional Category	Percentage of total auditors
<b>Professional Certification</b>	
• CPA, ACCA, CA, CIMA	22%
• Certified Internal Auditor (CIA)	6%
• Certified IS Auditor (CISA)	16%
• Internship – CPA, ACCA, CA, CIMA	4%
• Internship – CIA/CISA	10%
• Institute of Internal Auditors Membership	40%
• Others	8%
<b>Post Graduate</b>	
• MBA and Masters	38%
• Internship – Masters	4%

## **APPENDIX 1**

### **Terms of Reference – Key Summary**

In performing its duties and discharging its responsibilities, the BAC is guided by the ToR. The key roles from the ToR are summarised below:

#### **1.0 Function of the BAC**

- 1.1 The primary function of the BAC is to implement and support the oversight function of the Board in relation to overseeing financial reporting and internal controls as set out in the Duties and Responsibilities herein
  
- 1.2 It is the objective of the BAC to assist the Board to assure the shareholders of Axiata that the Directors of Axiata comply with the specified financial standards and required disclosure policies developed and administered by Bursa Securities and other approved accounting standard bodies. In addition, the BAC needs to ensure consistency with Bursa Securities' commitment to encourage high standards of corporate disclosure and transparency. The BAC will continue to adopt best practices aimed at maintaining appropriate standards of corporate responsibility, integrity and accountability to Axiata's shareholders.

#### **2.0 Composition of the BAC**

- 2.1 The BAC must be composed of no fewer than three members, all of whom shall be Non-Executive Directors and the majority shall be Independent Non-Executive Directors.
  
- 2.2 Members of the BAC shall possess sound judgment, objectivity, management experience, integrity and knowledge of the industry. A member of the BAC shall excuse himself/herself from the meeting during discussions or deliberations of any matter which gives rise to an actual or perceived conflict of interest situation for him/her. This is to avoid BAC members from participating in matters that will create conflict of interests.

- 2.3 Members of the BAC shall be financially literate and at least one member of the BAC
  - i. Must be a member of the Malaysian Institute of Accountants (MIA); or
  - ii. If he/she is not a member of the MIA, he/she must have at least three years working experience and:
    - a. He/she must have passed the examination specified in Part I of the 1st Schedule of the Accountants Acts 1967; or
    - b. He/she must be a member of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Acts 1967; or
  - iii. Have a degree/master/doctorate in accounting or finance and at least three years post qualification experience in accounting or finance; or
  - iv. Have at least seven years experience of being a Chief Financial Officer of a corporation or have the function of being primarily responsible for the management of the financial affairs of a corporation; or
  - v. Fulfils other such requirements as may be prescribed or approved by Bursa Securities.

#### **3.0 Duties and Responsibilities of the BAC**

In carrying out its responsibilities, the BAC's policies and procedures remain flexible to changes in circumstances and conditions that are in compliance with legal and regulatory requirements.

The following are the main duties and responsibilities of the BAC:

##### **3.1 Financial Reporting and Processes**

- i. Review the quarterly interim results, half yearly results and annual financial statements of the Group prior to reporting and presenting to the Board for approval.
- ii. Review the financial statements of Axiata with the external auditors before the audited financial statements are presented to the Board for approval and report the same to the Board.

# Board Audit Committee Report

- iii. Discuss problems and reservations arising from the interim and final audits and any matters the external auditors may wish to discuss (in the absence of management or the GCIA where necessary).
- iv. Propose best practices on disclosure of financial results and annual report of the Company in line with the principles set out in the Malaysian Code on Corporate Governance, other applicable laws, rules, directives and guidelines.
- v. Review the integrity of the Group's internal and external financial reporting processes and assess significant deficiencies and weaknesses in the design or operations of the Group's internal accounting procedures and controls, including review and assess management's follow up actions on the weaknesses of these procedures and controls as highlighted by the external auditors and internal auditors as per the external auditors' management letters.
- vi. Review and discuss with management the Group's major financial risk exposures, and initiatives taken to monitor and control such exposures over financial reporting which may cause adverse effect to management's ability to record, track changes, process and summarise financial information.
- ii. Consider any question of resignation (including review of any letter of resignation and report the same to the Board.) or dismissal. In the event of the dismissal of the external auditors, the BAC shall provide reason(s) for the dismissal for the Board's approval and the external auditors for their records.
- iii. Review whether there is a reason (supported by grounds) to believe that the external auditors are not suitable for reappointment and report the same to the Board.
- iv. Review the external auditors' audit plan before the audit commences and report the same to the Board.
- v. Discuss the nature, approach and scope of the audit before the audit commences and ensure co-ordination where more than one audit firm is involved.
- vi. Review the evaluation of the internal control system with the external auditors and report the same to the Board.
- vii. Be directly responsible for the compensation, evaluation and oversight of the external auditors or any other auditor preparing or issuing an audit report for the Group and, where appropriate, provide reports to the Board on the independence, terms of engagement and proposed fees of the external auditors.
- viii. Meet with the external auditors at least twice in the financial year (without the presence of other directors and employees, whenever deemed necessary) to discuss problems and reservations arising from the interim and final audits, and any matters the external auditors may wish to discuss.
- ix. Review the external auditors audit report, and report the same to the Board.
- x. Review the external auditors' management letter and management's response.

- x. At least annually assess and report to the Board on the independence of the external auditors, obtaining from the external auditors a written statement delineating all relationships between the audit and the Group and delineating any other relationships that may adversely affect the independence of the external auditors.
- xii. Monitor the extent of non-audit work to be performed by the external auditors to ensure that the provision of non-audit services does not impair their independence or objectivity. This includes a pre-approval process for any such work and the hiring of employees or former employees of the external auditors.
- xiii. Resolve any disagreement between management and the external auditors regarding financial reporting.

### 3.3 Internal Audit Function

- i. Approve the Internal Audit Charter, which defines the independent purposes, authority, scope and responsibility of AGIA.
- ii. Discuss with the GCIA the annual internal audit scope, plans and objectives, resources, qualifications, independence, reporting structure and performance of AGIA.
- iii. Review and recommend the Internal Audit Business Plan, including the IA Plan and budget, for the Board's final approval, and review the results of the internal audit process. Where necessary the BAC is to ensure:
  - a. That appropriate action is taken on the recommendations of AGIA and reports the same to the Board.
- b. That AGIA's scope, functions, competence and resources are adequate and that it has the necessary authority to carry out its work and report the same to the Board; and
- c. That the goals and objectives of AGIA are commensurate with corporate goals.
- iv. Review any appraisal or assessment of the performance of the members of AGIA.
- v. The GCIA shall report directly to the BAC and shall be responsible for the regular review and appraisal of the effectiveness of the risk management, internal control and governance processes within the Group.
- vi. The Head of Internal Audit at the OpCos report functionally to the OpCo's BAC and on a dotted line basis to the GCIA for purposes of standardising the operations of internal audit in Axiata and its OpCos by furnishing reports to the GCIA in relation to matters including but not limited to, major control issues, audit reports, quarterly reports, and Minutes of OpCos BAC meetings.
- vii. Review internal audit results and reports from the GCIA including the reports on the Group's internal controls, and progress in remedying any material control deficiencies raised by AGIA.
- viii. Approve the appointment or termination of the GCIA and senior staff members of AGIA.
- ix. Take cognisance of resignations of the GCIA and staff members of AGIA and provide the resigning GCIA or staff members the opportunity to submit his/her reasons for resigning.

# Board Audit Committee Report

- x. Annually review and appraise the performance of the GCIA, including the role and effectiveness of AGIA.
- xi. Be informed, referred to and agree on the initiation, commencement and mechanism of any disciplinary proceeding/investigation, including the nature and reasons for the said disciplinary proceeding/investigation, as well as the subsequent findings and proposed disciplinary actions against the GCIA. As an employee of the Group, the GCIA is subject to the Group's human resources policies and guidelines, including disciplinary proceedings/investigations and actions.
- xii. Ensure that AGIA be independent of the activities they audit and perform audits with impartiality, proficiency and due professional care. The Board or the BAC should determine the remit of AGIA.
- xiii. Discuss problems and reservations arising from the internal audit results, reports or any matters Internal Audit may wish to discuss in the absence of management where necessary.

## 3.4 Company Oversight

- i. Review the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, rules, directives and guidelines. Review the Company's policies and practices with respect to risk assessment and management. Consider major findings of internal investigations and management's response.
- ii. Review of management's ethics and compliance programmes in conjunction with the Company's code of business ethics; towards improving the work culture and behaviour

- iii. Review the performance in the Group, i.e. assessing and directing management's drive in improving culture and behaviour for ethics and compliance programme.
- iv. Monitor the process for dealing with complaints received by the Group regarding accounting issues, internal control matters or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.
- v. Consider and review any significant transactions, which are not within the normal course of business and any related party transactions and conflict of interest situations that may arise within the Group, including any transaction, procedure or course of conduct that raises questions of management's integrity and report the same to the Board.
- vi. Verify the allocation of share options or awards given to the Group's eligible employees is in accordance with the criteria for the employees share option and share scheme and the Main LR at the end of each financial year.
- vii. Report promptly to Bursa Securities if the BAC views that a matter resulting in a breach of the Main LR reported by the BAC to the Board has not been satisfactorily resolved by the Board.

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

# Additional Compliance Information

## 1. Share Buy-Back

Axiata did not carry out any Share Buy-Back exercise for the financial year ended 2014 (FY14).

[Disclosed in accordance with Appendix 9C, Part A item 14 and Appendix 12D of Paragraph 12.23, Main LR]

## 2. Options Or Convertible Securities

With the exception of options over ordinary shares of Axiata (ESOS Options) and Restricted Share Awards (RSA) issued under the Performance-Based ESOS and Share Scheme (Axiata Share Scheme), Axiata has not issued any options and/or convertible securities.

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

Information on the Axiata Share Scheme is set out in Note 14(a) of the Audited Financial Statements for FY14 on pages 231 to 247 of this Annual Report.

Information on ESOS Options/RSA granted, vested, exercised and outstanding since the implementation of Axiata Share Scheme until FY14 are as follows:-

- Total Number of ESOS Options/RSA granted: 186,908,000 ESOS Options and 56,097,100 RSA

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

- Total Number of ESOS Options/RSA vested: 145,524,513 ESOS Options, 9,177,450 RSA
- Total Number of ESOS Options exercised: 127,685,396 ESOS Options
- Total number of ESOS Options/RSA outstanding: 35,890,693 ESOS Options<sup>1</sup>, 44,260,200 RSA<sup>1</sup>

### Note:

<sup>1</sup> Excluding 23,454,111 ESOS Options and 2,659,450 RSA declared null and void due to resignation, termination or suspension of employment in accordance with the terms of the Bye-Laws.

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

	Granted		Vested		Outstanding	
	ESOS Options	RSA	ESOS Options	RSA	ESOS Options	RSA
Dato' Sri Jamaludin Ibrahim	4,301,700	4,310,600	4,301,700 <sup>1</sup>	-	4,301,700	4,310,600

### Note:

<sup>1</sup> None of the ESOS Options vested have been exercised

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 Axiata or any corporation within the Group or who are Senior Management. For the FY14, the actual percentage of ESOS Options/RSA granted to them was 24.3% of the total number of ESOS Options/RSA granted. Since,

# **Additional Compliance Information**

commencement of the Axiata Share Scheme, the actual percentage of ESOS Options/RSA granted in aggregate to Eligible Employees who are Executive Directors of Axiata or any corporation within the Group or who are Senior Management is 20.5%.

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

## **3. Depository Receipt Programme**

Axiata did not sponsor any depository receipt program for the FY14.

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

## **4. Sanction and/or Penalty**

MCMC issued compounds of RM500,000 to Celcom, a subsidiary of Axiata, in January 2014 for cases relating to management of customer prepaid registration.

MCMC issued compounds of RM310,000 to Celcom in May 2014 for cases of dropped calls between July and September 2013. MCMC issued further compounds to Celcom in November 2014 for cases of dropped calls amounting to RM120,000 and a case relating to the management of prepaid registration amounting to RM10,000.

[Disclosed in accordance with Appendix 9C, Part A item 17, Main LR]

## **5. Non-Audit Fees**

The amount of non-audit fees incurred for the services rendered to Axiata and the Group by its external auditors, Messrs PricewaterhouseCoopers and its affiliated companies for the FY14 are RM5,955,558 and RM14,060,194 respectively.

Services rendered by PricewaterhouseCoopers are not prohibited by regulatory and other professional requirements, and are based on globally practiced guidelines on auditors' independence.

PricewaterhouseCoopers was engaged in these services when their expertise and experience of Axiata are important. It is also the Group's policy to use the auditors in cases where their knowledge of the Group means it is neither efficient nor cost effective to employ another firm of accountants.

[Disclosed in accordance with Appendix 9C, Part A item 18, Main LR]

## **6. Variation In Results**

There were no profit estimates, forecasts or projections made or released by Axiata for the FY14.

[Disclosed in accordance with Appendix 9C, Part A item 19, Main LR]

## **7. Profit Guarantee**

There were no profit guarantees given by Axiata for the FY14.

[Disclosed in accordance with Appendix 9C, Part A item 20, Main LR]

## **8. Material Contracts Involving Directors'/ Major Shareholders' Interest**

There were no material contracts of Axiata and/or its subsidiaries involving directors' and major shareholders' interests either subsisting as at 31 December 2014 or entered into since the end of FY13.

[Disclosed in accordance with Appendix 9C, Part A item 21, Main LR]

## **9. Utilisation Of Proceeds**

The Reminbi denominated 1 billion Sukuk has already been paid in full in September 2014. There were no proceeds raised from corporate proposals during the FY14.

[Disclosed in accordance with Appendix 9C, Part A item 13, Main LR]

## 10. Recurrent Related Party Transactions of Revenue in Nature (RRPT)

At the last AGM held on 28 May 2014, Axiata has obtained a general mandate from its shareholders for the Group to enter into RRPT with related parties as set out in the Circular to Shareholders dated 6 May 2014 (**RRPT Mandate**). This RRPT Mandate is valid until the conclusion of Axiata's forthcoming 23rd AGM to be held on 20 May 2015 (**23rd AGM**).

Axiata proposes to seek a new RRPT Mandate at its forthcoming 23rd AGM (**Proposed Shareholders' Mandate**). The Proposed Shareholders' Mandate, details as provided in the Circular to Shareholders dated 28 April 2015 sent together with the Annual Report, if approved by the shareholders, would be valid until the conclusion of Axiata's next AGM.

Pursuant to paragraph 10.09 (2) (b) and paragraph 3.1.5 of Practice Note 12 of the Main LR, details of RRPT entered into during FY14 under the RRPT Mandate are as follows:-

<b>Transacting Companies</b>	<b>Transacting Related Parties</b>	<b>Interested Major Shareholder/ Director</b>	<b>Nature of Transaction</b>	<b>Value of Transactions RM'000</b>
Axiata Group	Telekom Malaysia Berhad and/or its subsidiaries ( <b>TM Group</b> )	- Khazanah - Tan Sri Dato' Azman Hj Mokhtar - Kenneth Shen	<b>REVENUE</b> <u>Telecommunications and Related Services</u> <ul style="list-style-type: none"> <li>- Interconnect payment from TM Group</li> <li>- Leased-line payment from TM Group</li> <li>- Voice Over Internet Protocol (<b>VOIP</b>) related services revenue from TM Group</li> <li>- Dark fibre and leased line from Celcom Group to Fibrecomm Network (M) Sdn Bhd (<b>Fibrecomm</b>)</li> <li>- Leased-line from Celcom Group to Fiberail Sdn Bhd (<b>Fiberail</b>)</li> <li>- Transmission revenue on the services by Axiata Group to TM</li> <li>- Site rental payable for telecommunication infrastructure, equipment and related charges by TM Group to Axiata Group</li> </ul>	28,589 2,490 13,745 547 597 5,825 2,441
			<b>COSTS</b> <u>Telecommunications and Related Services</u> <ul style="list-style-type: none"> <li>- Interconnect cost to TM Group</li> <li>- VOIP related services by TM Group to Axiata Group</li> <li>- Leased-line costs to TM Group</li> <li>- Provision of data and bandwidth related services by TM Group to Axiata Group</li> <li>- Internet access and broadband charges by TM Group to Celcom Group</li> </ul>	26,136 18,969 14,547 20,450 1,044

## Additional Compliance Information

Transacting Companies	Transacting Related Parties	Interested Major Shareholder/ Director	Nature of Transaction	Value of Transactions RM'000
			<b>COSTS (Cont'd.)</b> <u>Telecommunications and Related Services</u> <ul style="list-style-type: none"> <li>- Provision of contact centre and business process outsourcing services by VADS Berhad to Axiata Group</li> <li>- Leasing of fibre optic core and provision of bandwidth services from Fiberail to Celcom</li> <li>- Purchase of dark fibre, bandwidth, space and facility from Fibrecomm to Celcom Group</li> </ul> <u>Non-telecommunications Services</u> <ul style="list-style-type: none"> <li>- Site rental for telecommunication infrastructure, equipment and related charges by TM Group to Celcom</li> <li>- Rental of office premises payable monthly by Axiata Group to TM Group</li> </ul>	64,018 4,224 2,343  26,014 9,774
			<b>TOTAL</b>	<b>241,754</b>

### 11. Status of Legalisation of Outdoor Structures

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

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

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

As at 31 March 2015, 27 Outdoor Structures remained to be legalised. Applications for the approval of the local authorities in respect of these outdoor structures have been declined. The Group is in the midst of appealing the above decisions.

[Disclosed in accordance with letter from SC dated 12 February 2014]



# Operating Companies Business Review



More details available online at [www.axiata.com](http://www.axiata.com) or  
can be downloaded on AppStore or GooglePlay.



**Widest network coverage** in Malaysia, covering over **95%** and **85%** of the population with its **2G** and **3G** networks respectively

**MVNO base** grew **more than 65%** YoY

**13.0 million** subscribers; **leading industry** in subscriber base

**Leading mobile broadband service provider** with **close to 1.5 million** subscribers

**More than 20%** growth in wireless broadband subscribers YoY. Growth rate, net additions and total subscribers are the **highest in the industry**

## **Malaysia Celcom Axiata Berhad**

### **About Celcom**

Celcom is Malaysia's premier and most experienced mobile telecommunications company with the widest coverage in the nation. It provides both prepaid and postpaid mobile services to close to 13 million subscribers and is the leading mobile broadband service provider with close to 1.5 million subscribers. Celcom is also growing its position in content and value-added services (VAS), enterprise solutions, bulk wholesale services, digital services and machine-to-machine (M2M) solutions, in line with evolving technologies and changing consumer behaviour in Malaysia.

Celcom has the widest network in Malaysia, covering 95% and 85% of the population with its 2G and 3G networks respectively. With its approximately 1500 LTE sites, Celcom continues to invest in network coverage, capacity and performance to maintain its technology leadership and position as the country's best mobile service provider whilst looking to drive differentiation based on a superior network and exceptional mobile data and internet experience.

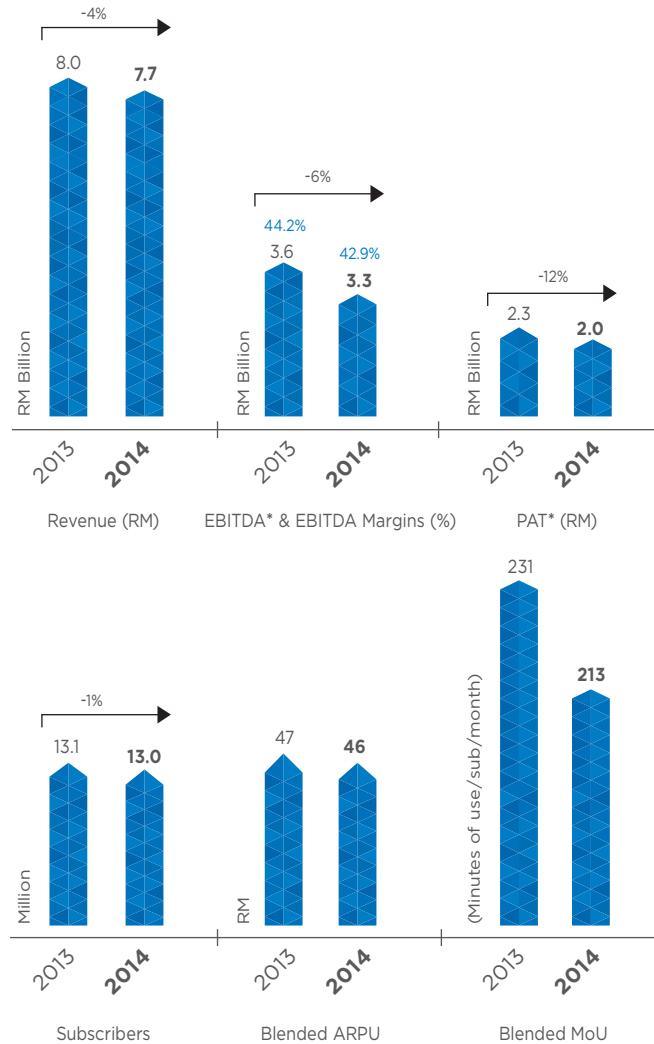
Celcom is also a pioneer in industry leading partnerships which include Mobile Virtual Network Operators (MVNOs) as well as domestic and international roaming. Celcom currently has six MVNO partners that provide additional channels to the market, covering niche segments with strong growth potential. With the strong support from Celcom, MVNOs are performing extremely well and have captured a majority of the MVNO market share.

Celcom's long standing partnerships with local and global operators have resulted in economies of scale, optimised network coverage and unrivalled mobile experience for its customers. Celcom subscribers today enjoy roaming



services in over 200 countries via over 550 network partners. As part of the Axiata Group, its customers also enjoy great rates and consistent experience whilst roaming.

Through initiatives such as its industry-leading Consumer Lab, Celcom has a firm focus on customers needs that has led to higher levels of product and services innovation, customer service excellence, and industry accolades at local and regional levels.



\* EBITDA and PAT excludes impact of edotco disposal, holding company charge and charges on Sukuk and ESCAPE.

## Business Review 2014

2014 was a challenging year for the telecommunications industry in Malaysia. Amidst stiff market conditions, Celcom defended its subscriber market share whilst managed to contain revenue decline, stemming from an increase in price based competition, stringent measures to control content by switching off indiscriminate SMS broadcasts that led to a short term impact on revenue and limitations in the launching of new products during a substantial part of the year due to the ongoing IT transformation project. The IT transformation is aimed at achieving competitive advantage and delivering the best customer experience to Celcom customers in the long term. With the completion of the IT transformation project, Celcom is poised to introduce more innovative products in 2015. Celcom closed the year in the lead position with the highest number of mobile subscribers in Malaysia, at 13.0 million. Throughout the year, Celcom has been working closely with its MVNO's to grow its share in various segments of the market. As a result, its MVNO subscribers grew by more than 65%, ending the year with over 3 million subscribers.

The company also defended its market leadership in mobile broadband, closing the year with close to 1.5 million subscribers, a growth of more than 20% YoY and capturing more than 40% of the market. The year saw strong growth in data services, now contributing 22% to revenue, a growth of about 24% from 2013. This uplift was driven by increased smartphone penetration and positive response towards attractive data services offerings. Smartphone users on Celcom's network have also increased by 43% YoY.

In line with consumers growing shift towards data, Celcom introduced a string of products such as a new post paid plan (Celcom First) and IOX (Internet of Xpax). Celcom also realigned its digital services and developed a clear strategic direction for digital money.

## **Celcom has also been transforming its workforce with various initiatives towards developing its human capital. At the end of 2014, the company completed the structural re-organisation in line with its objective of delivering the best in class experience to its customers.**

2014 also saw the completion of key milestones in Celcom's entire network and IT transformation projects. Celcom continued its commitment towards strengthening its network advantage through nationwide deployment of various network modernisation initiatives. Celcom currently has more than 1500 LTE sites with plans to roll out more sites to better serve its subscribers. Several collaborative efforts with key industry players were also initiated with a view of building a more sustainable ecosystem that is cost-effective whilst providing optimum network coverage.

Celcom has also been transforming its workforce with various initiatives towards developing its human capital. At the end of 2014, the company completed the structural re-organisation in line with its objectives of delivering the best in class experience to its customers. All these are in line with its efforts to drive greater customer experience which has been acknowledged through industry awards such as 2014 Frost & Sullivan Best Customer Experience Award.

Continuing with the shift towards digital services from 2013, Celcom took a substantial leap beyond its core business in online shopping and digital entertainment. In 2014, Celcom worked with SK Planet Global Holdings Pte Ltd to successfully form a joint venture entity, Celcom Planet Sdn Bhd. Through this joint venture entity, an online market place known as 11street was created to complement Celcom's current e-commerce business, namely BachaBooku, TheCresent and Buzzar.

Celcom also provides, exclusive local content and personal entertainment through its subsidiary ESCAPE. In 2014, we migrated our mobile money service, Aircash, to a new platform. The new platform will offer better consumer experience as well as new services for all smartphone users. For the future, it will look at mobile remittance known as Doowit and other opportunities in the payment space.

## Financial Performance

After 31 consecutive quarters of growth, the fourth quarter of 2014 was impacted by systems-related issues, a tightening of short code offerings as well as changing consumer behaviour with the increase of smartphone adoption.

Celcom's IT transformation exercise, a major undertaking spanning all touch points from dealers, customer care to retail outlets, did have an impact on results but is set to ensure better customer experience whilst establishing a platform for growth in the long term.

Enhanced smarter spend initiatives and continued focus on cost structures resulted in a decrease in operating expenses by 4% YoY. Data continued to show good traction and is the fastest growing segment. Despite the overall sluggish market in 2014, data grew an impressive 24%, now contributing 22% of YoY total revenue from 17% in 2013, fuelled by a 50% increase in mobile internet revenue. Growth in the data segment was achieved on the back of an upsurge in smartphone penetration that climbed 15 percentage points to 47% from 32% a year ago.

## Outlook for 2015

The telecommunications industry as a whole witnessed a decline in traditional mobile services, in particular for SMS and voice. Nonetheless, mobile services was valued at over RM14 billion in 2014.

Celcom is committed to strengthening its telecommunications business along with other new growth areas that will allow the company to leverage on its existing assets.

In 2015, Celcom will continue to focus on its core activities whilst concurrently enhancing its focus on mobile data and digital services. Data will be the main focus for all new product launches and drive further network roll out. Celcom strives to propel its data business by acquiring new customers, up-selling and increasing its smartphone uptake. Celcom is optimistic of sustaining growth via these innovative plans and 4G LTE which will play a key role in meeting the exponential demand for data services and content. Celcom will also embark on the next generation of revenue stream with an emphasis on digital brands and solution businesses.

With the proliferation of smartphone devices and the growing shift in consumer behaviour towards data and adjacent services, Celcom is expected to capitalise on new opportunities in the value chain to capture growth. The company will continue to embrace OTT and digitalisation by building on its alliances and digitalising its businesses. Areas of focus are on the ‘new economy’ of content, convergence, M2M and solutions, digital advertising, digital payment and digital commerce.

Several key transformation initiatives that were operationalised earlier will translate into a stronger ecosystem to deliver better customer experience in 2015. Equal focus will be placed on customer experience and cost optimisation through several initiatives including industry collaborations, as well as focusing on data roll-out for all technologies towards building the best and most customer-centric network. All these are the key drivers behind Celcom’s commitment towards being the best mobile network in Malaysia.

**Celcom strives to drive a leading position in mobile data via its innovative plans and 4G LTE will play a key role to meet the exponential demand for data services and content. Celcom will also embark upon the next generation of revenue stream with an emphasis on digital brands and solution businesses.**



**Strong data traction with data revenue **growth of 42% YoY****

**Digital services revenue posted 51% YoY growth with continued take-up of services**

**4G LTE roll-out commenced with service available in 4 major cities**

**Axis merger and integration successfully completed**

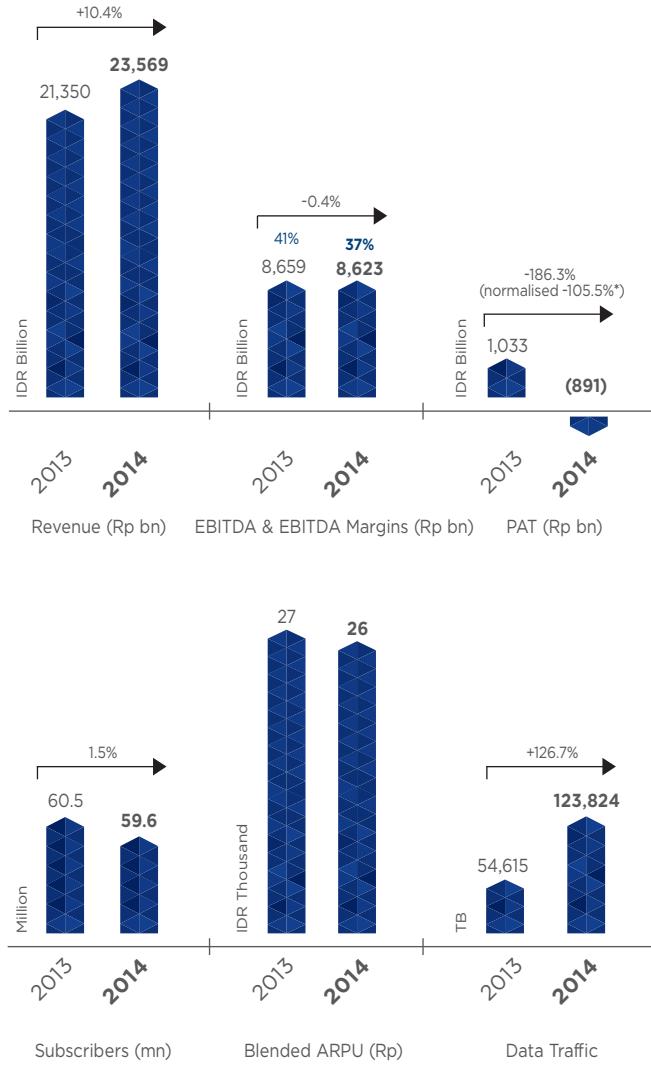
## **Indonesia PT XL Axiata Tbk**

### **About XL**

XL is one of Indonesia's leading telecommunications service providers and offers an array of innovative telecommunications products and services ranging from voice, SMS and VAS to mobile data covering more than 90% of the population. With over 18 years of experience, XL has in depth understanding of its subscribers' needs and is credited with bringing cellular services to ordinary Indonesians when it introduced the budget 'IDR1/second' plan in 2007, allowing more middle and lower income groups access to cellular services. XL has grown from a small company offering basic telephony services into one of the country's largest telecommunications companies, with extensive network infrastructure and services.

XL's network runs on GSM 900/DCS 1800 and IMT-2000/3G technologies and it holds several licences, including Closed Regular Network (Leased Line), Internet Services Protocol (ISP), Voice over Internet Protocol (VoIP), Internet Interconnection Services (NAP), and an e-Money (Electronic Money) licence from the Central Bank of Indonesia, which enables XL to provide remittance services to its subscribers. As one of the leading market players in Indonesia, XL continues to innovate and is transforming itself into a leading mobile data provider, serving the burgeoning demand for data amongst Indonesians. XL is dynamic in managing and operating its business, and fast in adapting to changes in the industry and market landscape, to deliver excellent service quality to its customers.





\* Normalised PAT – excludes unrealised forex transaction and accelerated depreciation

## Business Review 2014

After a challenging 2013 due to intense competition, 2014 was a year of transformation for XL as the focus was on the merger and integration process with Axis. XL recorded revenue growth of 10% driven by strong data traction and the execution of key repositioning strategies. Data remains the fastest growing segment, increasing 42% YoY, contributing 29% to usage revenue compared to 23% in the previous year. Non-voice revenue (data, SMS and digital services) contributed 58% to total usage revenue, an increase from 54% a year ago. In addition, data traffic saw high growth of 127% YoY driven by increased smartphone penetration. Currently 16.1 million or 27% of XL's subscriber base are smartphone users.

Overall, XL's subscribers reduced slightly to 59.6 million from 60.5 million a year ago due to a price optimisation strategy that led to higher churn and a decline in lower-value subscribers whilst strengthening the existing customer base.

XL's revenue composition continues to reflect consumers communication trend which is becoming increasingly data-centric. Over the last four years, XL has focused all its business transformation strategies to capitalise on the demand for data. Key transformation strategies were channelled towards building a robust new-generation data network, including commencing 4G LTE roll-out on a trial basis, and providing the best mobile data and digital services for its customers.

XL deployed 7,066 new BTS in 2014 bringing the total number of 2G and 3G BTS to 52,012. To ensure exceptional data experience and coverage for its customers, over 16,000 Node Bs were strategically positioned to cater to consumers demand for data.

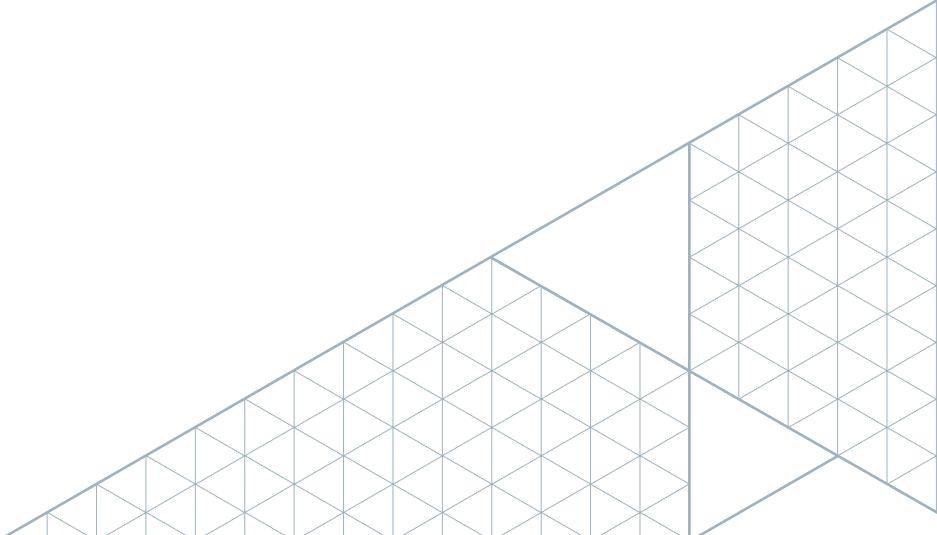
Coverage for its 2G and 3G networks is now more than 90% and 40% respectively. From a capacity point of view, total capacity for 2G is now 10.28Gbps and total capacity for its 3G network is 238.49Gbps. Its BTS are also located strategically for easy traffic management without affecting network quality.

**In October 2014, XL became the first mobile operator in Indonesia to test 4G (LTE) spectrum with a connection speed of up to 100 Mbps. Two months later, XL launched 4G (LTE) services in four major cities namely Jakarta, Yogyakarta, Bogor and Medan.**

As data growth and smartphone adoption in Indonesia steadily increases, customers are also beginning to have higher expectations for better services and more non-traditional service offerings at affordable prices. To meet this demand and expectation, XL introduced a host of data-centric products and services in 2014.

As an extension to the success of XL's Internet Unlimited package, a new starter pack, Internet Super Unlimited with a simple data package within fair usage limits, was introduced to target new data entry users before repositioning these users towards bigger volume packages tailored to their specific needs.

Throughout 2014, XL continued to collaborate and offer bundling packages with smartphone manufacturers such as Apple, ASUS, Samsung, Blackberry, LG, Sony and Nokia. These bundling packages, coupled with XL's network coverage and quality, offer a compelling value proposition to XL's subscribers to enjoy affordable and enhanced internet experience.



XL established partnerships with the best dealers by offering them exclusivity in managing its product distribution in the designated clusters. XL also implemented a “Best-in-class Distribution” strategy. As of end of 2014, XL has 65 partner agencies responsible for managing more than 220,000 independent retail outlets in 124 clusters. XL also has more than 5,000 non-traditional retail outlets with Mobile Data Service (MDS), the modern channel dealers who are responsible for managing more than 23,000 modern channel outlets.

XL increased its participation in retail outlets by more than 100% for sales of data service packages, from 75,000 retail outlets at the end of 2013 to 160,000 at the end of 2014.

As of 31 December 2014, XL operates 105 direct distribution channels through its XL Center. In addition to functioning as a direct product distribution channel, XL Center also disseminates information to the end users. By managing its own service centres, XL is able to monitor and improve customer service, quality of complaint handling and customer satisfaction index more quickly and accurately.

During 2014, XL Digital Services expanded its partnerships with key industry players to build an ecosystem. From 6,000 partners in 2013, it has now reached more than 10,000 partners. XL collaborates with leading strategic partners such as Alfamart (a well known department store network), Blue Bird (the largest taxi fleet), and Bank OCBC NISP, supporting its customers’ needs for a digital lifestyle. XL served more than 1,000 corporate customers and developed more than 75 portfolios in 2014.

XL’s digital entertainment platform, Gudang Aplikasi, provides over 18,000 applications for download and has more than 1.3 million registered users with more than 50,000 transactions per month and this continues to rise. Its M-Payment business through XL Tunai has over 130 registered merchants and a customer base of 1.3 million, an increase of 63% from the previous year. M-Banking also saw active subscribers grow 38% from the previous year and increased its bank partnerships to 50 from 40 in the previous year whilst also launching both Debit and Credit payments via Visa and Mastercard in July 2014.

Through XL Mads, XL expanded its mobile advertising solutions to the Small Medium Enterprises (SMEs) market with more than 500 SMEs currently using the service. Its M2M serves more than 509,000 subscribers while, via a collaboration with PT PLN (Persero), XL became the first mobile operator to provide a two-way smart metering system (SIMPLY, Smart Electronic Two-Way Meter Service).

XCloud maintains its position as among the top three cloud and data centre service providers in Indonesia, serving more than 40 corporate clients whilst its e-commerce platform, Elevenia has more than 18,000 sellers and over 2 million live listing of products.

## Financial Performance

In 2014, XL recorded revenue of IDR23.6 trillion, a growth of 10.4% YoY driven by strong expansion in its data segment which grew 42% YoY. Usage revenue increased by 14% to IDR18.9 trillion, contributing 80% to total gross revenue.

EBITDA was stable totalling IDR8.6 trillion whilst EBITDA margin declined to 37% from 41%. This was mainly due to the integration with Axis after taking into account the negative EBITDA since its acquisition on 19 March 2014. Since the acquisition, XL has improved Axis' cost structure with approximately 70% monthly reduction or IDR2 trillion annual savings.

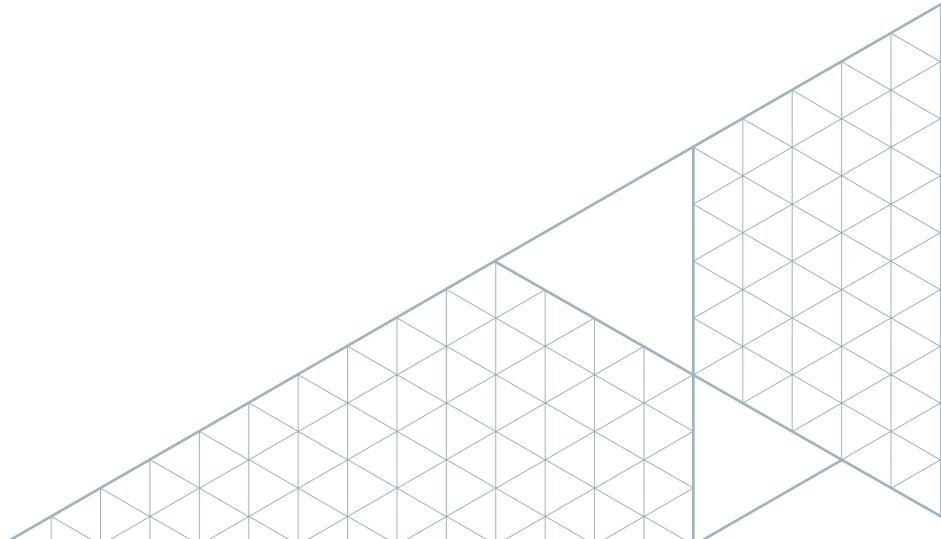
XL recorded a net loss in FY14 amounting to IDR891 billion as a result of the Axis acquisition and the weakening rupiah. Excluding the impact from the unrealised forex transactions, XL would have recorded a net loss of IDR57 billion.

## Outlook for 2015

XL's acquisition of Axis is expected to drive industry consolidation and provide better service quality to its customers. More importantly, the additional spectrum will add to capacity and relieve the pressure on XL to build more sites, creating better capex efficiencies.

XL's advantage lies in its technology and network readiness to cater to the surge in data consumption in Indonesia. To date, XL has one of the most advanced core networks in the market with next generation network capabilities. This allows XL to better manage capacity and network operations and is able to scale-up its network features to match the future technology requirements of Indonesian consumers.

With a stronger network that is 4G LTE ready and able to support future technology requirements from data usage, XL is looking to expand its data and digital business further over the coming years. XL believes it has the foundations in place for shaping its future as a leading mobile data service provider.





Continued its revenue growth trajectory, **growing 6%** during 2014

### **Two Global Mobile Awards at GSMA Mobile World Congress**

- Best Mobile Money Service
- Best Technology Enabler

Launched **world's first inter-operable** Mobile Money network

## **Sri Lanka Dialog Axiata PLC**

### **About Dialog**

Dialog operates Sri Lanka's largest and fastest growing mobile telecommunications network. The company is also one of the largest listed companies on the Colombo Stock Exchange in terms of market capitalisation.

Dialog has been at the forefront of innovation in the mobile industry in Sri Lanka since the late 90's, driving the country's mobile telephony infrastructure to a level of advancement on par with the developed world. The company delivers advanced mobile telephony and high speed mobile broadband services to a subscriber base of 9.5 million Sri Lankans via its 2.5G, 3G/3.5G and 4G networks. Dialog was the first service provider in South Asia to launch 3G, HSDPA as well as mobile 4G LTE services.

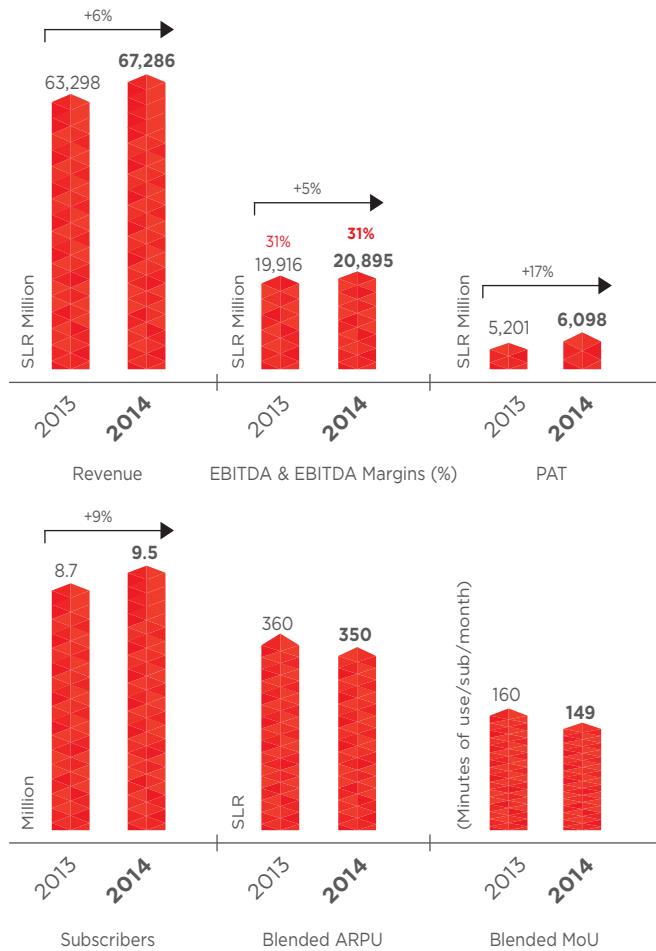
Dialog, the winner of two Global Awards at the Mobile World Congress 2015, was also voted by the Sri Lankan public as Telecom Service Provider of the Year and Internet Service Provider of the Year at the SLIM-Nielsen People's Awards for successive years. Rated Platinum No. 1 for Corporate Accountability in Sri Lanka for several years in succession, Dialog is also one of Sri Lanka's Most Valuable Brands as rated by Brand Finance.

Dialog provides a comprehensive suite of International roaming services across a global footprint comprising of more than 200 countries, along with a wide portfolio of international telecommunications services, including retail and wholesale international voice and data services. Most recently, Dialog became a member of the Bay of Bengal Gateway (BBG) consortium, increasing international bandwidth to Sri Lanka with a submarine cable landing point in South Colombo.



Dialog supplements its market leading position in the mobile telecommunications sector with a robust footprint and market presence in Sri Lanka's fixed telecommunications and digital television markets through its fully owned subsidiaries Dialog Broadband Networks (Private) Ltd. (DBN) and Dialog Television (Private) Ltd., (DTV).

Dialog is also the leader in the digital services and digital commerce space. With a strategic stake in Digital Commerce Lanka, Dialog has consolidated its strong portfolio of leading Sri Lankan e-commerce properties including Anything.lk, ibuy.lk, and tradenet.lk into one portal, WoW.lk.



## Business Review 2014

Amidst the intense competition in key mobile and data space, Dialog further consolidated its position as the undisputed market leader in Sri Lanka's mobile telecoms in 2014, recording a significant improvement in its financial performance. Dialog's steady revenue growth supplemented with effective cost management initiatives translated to growth in profitability. Dialog demonstrated strong growth in revenue across Mobile, Digital Pay Television and Fixed Line businesses to record consolidated revenue of SLR67.3 billion for the year 2014 representing an increase of 6% YoY.

The company, further strengthened its subscriber market share by 1.4 percentage points during the year. Dialog's subscriber base reached 9.5 million at the end of year against 8.7 million in the previous year.

The accelerated digitalisation and advancement of lifestyles is evident globally with the increased adoption of smartphones. In fast-tracking this transformation to Sri Lankan consumers, the company introduced an affordable series of Dialog branded handsets in 2014. Consequently, smartphone adoption has started to reach the critical mass which is reflected via growth in smartphone penetration within the Dialog network to 19% from 9% during the year.

Mobile broadband services continue to grow rapidly, fuelled by the expanding range of applications and availability of affordable smartphones as well as data focused infrastructure investments. Accordingly data revenue grew by a strong 57% YoY while Dialog's mobile broadband subscriber base grew by an impressive 66% YoY, confirming the competitive advantage the company holds in the broadband sphere.

Dialog Mobile has island-wide 2G coverage with over 4,000 base stations. To cater for the exponential growth in data traffic, Dialog expanded its 3G and mobile 4G-LTE base stations by 12% during the year and upgraded capacity of the existing 3G network.

With the emergence of the new digital ecosystem, Dialog aspires to become the leader in Sri Lanka's growing digital services industry. The company secured two global awards, 'Best Technology Enabler Award' and 'The NFC & Mobile Money Award', at the 20th Mobile World Congress held in Barcelona in February 2015 for ideamart and eZ Cash respectively. Currently, over 850,000 Dialog mobile customers engage with the ideamart community. ideamart is the largest ecosystem in Sri Lanka which provides innovative solution to public and enterprises to create their own mobile applications and monetise using Dialog's network.

eZ Cash is Sri Lanka's premier mobile payment network and has the distinction of being the first mobile money system in the world to be interoperable end-to-end across multiple service providers, bringing together a combined approachable base of over 14 million Sri Lankans.

Dialog launched Digital Reach, an analytics-based digital advertising platform with built-in governance and ecosystem control which facilitates the implementation of Dialog's digital advertising business of highly targeted multichannel campaigns for Sri Lanka's leading brands and agencies. In addition, the self-service portal within Digital Reach enables the SME sector to realise the same benefits on a prepaid basis.

Dialog Broadband Network (DBN) is a strong player in the fixed telecommunications market, offering multiple services to individuals and corporate clients including fixed telephony, broadband, Internet leased lines, data communications, hosted PABX offerings, Internet Data Centre and converged ICT solutions. DBN's subscriber base at the end of 2014 was 427,000 and the Company further strengthened its presence in the enterprise sector by offering innovative solutions supported by 4G LTE technology and fibre.

DBN launched Sri Lanka's first fixed 4G LTE network in December 2012 to deliver high speed broadband to Sri Lankan homes and enterprises and continued to increase its geographical footprint during the year. The product has received wide acceptance since introduction and has experienced exponential growth.

The company's Pay Television business Dialog Television (DTV) is the only licensed Direct-to-Home (DTH) satellite service provider operating in Sri Lanka with island wide coverage. It caters to the diverse infotainment needs of 452,000 households in the country with an estimated Pay TV market share of 77%. The business has promising prospects with low Pay TV market penetration in the country which is currently estimated to be less than 15%. DTV continued to exploit this opportunity and grew its base by 36% YoY.

## Financial Performance

Dialog's PAT for the year 2014 grew by a significant 17% YoY to reach SLR6.1 billion which translated to a net PAT Margin of 9.1% on the back of strong improvement in EBITDA and the decrease in translational forex losses resulting from lower depreciation of the SLR against the USD during 2014 compared to the previous year.

Supported by the strong revenue growth and cost management initiatives, EBITDA for 2014 was recorded at SLR20.9 billion, an increase of 5% YoY while EBITDA margin was registered at 31.1%.

Dialog directed its investment strategy towards streamlining developments in High Speed Broadband Infrastructure and capacity growth. Hence, capital expenditure for 2014 amounted to SLR15.2bn focused towards investment in its 2G, 3G and 4G network, Optical Fibre Network (OFN) expansion projects and the Bay of Bengal Gateway (BBG) Sub-Marine Cable project to further strengthen the Group's leadership in Sri Lanka's ICT sector.

## Outlook for 2015

Sri Lanka's telecommunications market will continue to be competitive in both voice and broadband services. The high speed broadband service sector demonstrates substantial growth potential considering the relatively low penetration level in the country. With its industry-leading 3G and 4G networks in operation, Dialog is well positioned to seize market opportunities in broadband and innovative products and services. 2015 will see Dialog fortifying its position as the leader in digital services in the country.



**Revenue grew by 9.4% in FY2014 amidst fierce competition**

**EBITDA recorded an 18.3% growth with a 2.9 percentage point improvement in EBITDA margin**

**PAT grew by 20.4% through focused investments and excellence in cost management**

## Bangladesh Robi Axiata Limited

### About Robi

Robi, the most dynamic and rapidly-growing telecommunications operator in Bangladesh, is developing its services to meet increasing customer needs - ranging from voice and high speed Internet services to tailor-made telecommunications solutions. Robi is a joint venture company between Axiata Group Berhad of Malaysia and NTT DoCoMo Inc. of Japan. It commenced operation in 1997 as Telekom Malaysia International (Bangladesh) with the brand name 'Aktel'. In 2010 the company was rebranded to 'Robi' and the company changed its name to Robi Axiata Limited.

Robi draws from the international expertise of Axiata and NTT DoCoMo Inc. Services support 2G and 3.5G voice, CAMEL Phase II & III and 3.5G Data/GPRS/EDGE service with high speed internet connectivity. Its GSM service is based on a robust network architecture and cutting edge technology. The company has the widest International Roaming coverage in Bangladesh connecting 600 operators across more than 200 countries. Robi's customer-centric solution includes value added services (VAS), quality customer care, digital network security and flexible tariffs.

Robi as a leading operator has been on the forefront in introducing data products to address the development in the market. In order to address the growing demand for data the company has introduced myNet which allows the subscribers to choose the data volume as well as the validity period. Robi is first operator to introduce this innovative product.





\* Restated based on BTRC definition

\* RGB - Revenue Generating Base

Robi is also taking the lead role in introducing digital services in the country. With the launch of the mobile based Appstore, Robi has opened its strong countrywide 3.5G network to any prospective apps developer to try any mobile centric business idea at no cost. The product further assists in hosting their applications and providing a Risk Free opportunity for any budding developer.

Since its inception in 1996, Axiata Group and its predecessor Telekom Malaysia has invested more than BDT150 billion. Moreover the company has contributed over BDT140 billion to the Bangladesh Exchequer in the same period.

As a subsidiary of Axiata Berhad Malaysia, Robi draws on leading edge technology to provide its service in Bangladesh, covering almost 100% of the population, Robi is committed to provide best data and voice quality and will continue to ensure that its customers are able to enjoy the best experience through leading edge technology and innovative products and services.

## **Business Review 2014**

Robi ended the year with a subscriber base of 25.3 million, which represents 21% of the subscriber market share.

For 2014, Robi recorded revenue growth of 9.4% compared to the previous year. This was mainly from strong growth in data revenue of over 120%, supported by data usage growth of over 250% propelled by significant investments in its network to drive 3.5G and 2.5G data usage. Robi saw strong growth in 2014, faster than overall market growth, and strengthened its position as the second largest operator in terms of revenue market share in Bangladesh.

EBITDA grew by 18.3%, whilst EBITDA margin improved by 2.9 percentage points to reach 38.3%. This was predominantly on the back of revenue growth and focused efficiency in cost structure. PAT increased by 20.4% despite additional operating expenses and depreciation from increased investments in spectrum and CAPEX to support the roll out of 3.5G network and expansion of 2.5G network. This was largely due to strong growth in EBITDA and focused investment strategy.

The growth of data usage in the Bangladesh mobile telecommunications market is very encouraging and Robi has been at the forefront in introducing data products to address this development. Affordability being a very important factor, Robi was the first operator to offer 3.5G services at 2.5G rates. Robi's Internet scratch card offer also proved to be a major draw for Robi subscribers. The biggest innovation came in the form of myNet.

Robi organised a special Eid campaign whereby subscribers could contribute towards the purchase of new clothes for underprivileged children on the eve of Eid-ul-Fitr by recharging a certain amount for their mobile phone number. By taking part in this initiative the subscribers enjoyed special bonus talk-time offer. The campaign was a great success in keeping with the practice of generosity and giving during the month of Ramadan.

"Muktir Utshobe" a historical discount campaign was organised on the nation's Victory Day whereby special handset bundles were offered to customers. This campaign was very successful in promoting the use of smartphones, a key factor in creating market for data usage in the country. In addition, Robi had special handset campaigns throughout 2014 in partnership with leading international smartphone makers such as Samsung and Apple to cater to the needs of the different consumer segments.

In 2014, Robi recorded a revenue growth of 9.4%. This was made possible with the introduction of many new products. Special products targeting industrial workers were also launched. In addition, handset bundle offers for iPhone 6 and Samsung S5 were launched in partnership with handset makers Apple and Samsung.

Launching of the bdapps has enabled the prospective young app developers of the country to get access to Robi's entire subscriber base. The unique revenue sharing model used for the bdapps allows the app developers to get equal share of the revenue generated by the app uploaded onto bdapps platform. This certainly helps in promoting entrepreneurship among the young talented app developers of the country.

Robi has launched the first-ever recharge brand named Robi Recharge Plus for all digital channels. It was the first operator to launch an airtime recharge facility through website services. The Recharge Plus platform allows mobile users to visit the designated online recharge gateway and recharge against the mobile number of their choice while payment is done through an online payment mechanism using a debit/credit card. This gives the consumers freedom to recharge their talk time without having to visit a physical recharge agent.

Robi's 3.5G service is now available in all 64 districts of the country. In order to popularise its 3.5G services, Robi initiated a 3.5G Experience on Wheel Campaign for its customers around the country. From the events, customers got a unique chance to experience the best-in-class Robi 3.5G service for free and gave the customers an opportunity to explore the internet on a smartphone. Customers were also offered voice and data products at very attractive prices.

Robi continues to invest heavily to fast-track its 3.5G network and also to improve its 2.5G customer experience both in voice and data services. Robi has deployed over 2,400 3.5G sites. Total CAPEX investments made in 2014 amounted to BDT21.0 billion.

## Financial Performance

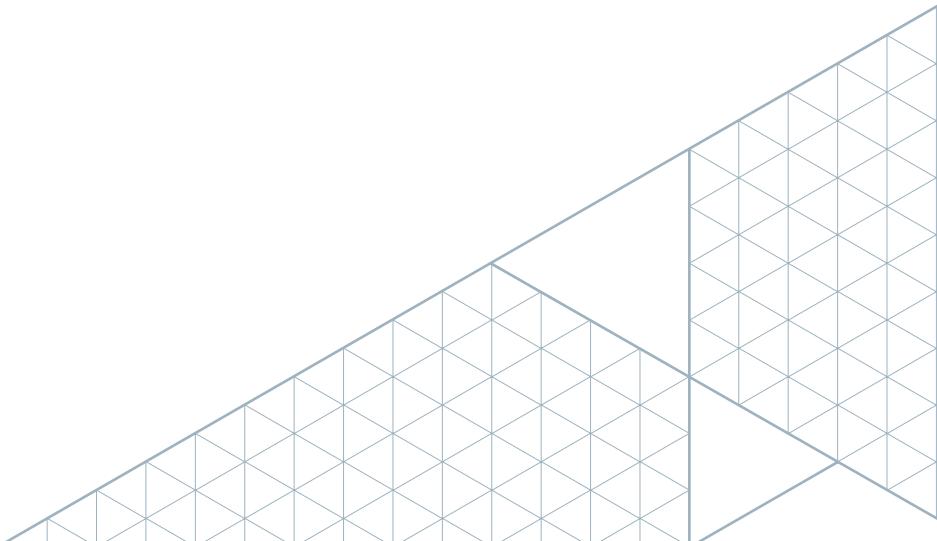
Robi continued its solid growth trajectory with strong growth across all financial metrics, outperforming the industry. YoY revenue increased by 9.4% with data revenue growing by more than 120% and now accounting for about 6% of total revenue against 2.9% in 2013. In tandem, EBITDA grew an impressive 18.3% and margin improved by 2.9 percentage points to 38.3%. Following suit, PAT for the year was also up 20.4% despite significant growth in related CAPEX investments.

## **Outlook for 2015**

Against the backdrop of unprecedented growth in data business last year, 2015 looks very promising. Robi's 3.5G data service is playing a major role in this exciting growth. Robi's remains committed to investing in its network to ensure the best customer experience in data services. However, voice remains the mainstay of revenue source for the company. While Robi concentrates on expanding its data revenue, quality of voice service will not be compromised.

In 2015, Robi plans to progress beyond being the market leader in a few regions and establish its self as a national brand by expanding market share in selected regions. Considering the low smartphone penetration, Robi has taken few market initiatives with great success. As the consumers are set to increase their usage of data, Robi believes its device strategy will help the company become the number one small screen operator. With operational excellence at the core of its initiatives, Robi aims the to continue its journey to become strong number two operator in the market in 2015.

**In 2014 Robi recorded a revenue growth of 9.4%. This was made possible due to the introduction of many new products. Special products targeting industrial workers were also launched. In addition, handset bundle offers for iPhone 6 and Samsung S5 were launched in partnership with handset makers Apple and Samsung.**





**1<sup>st</sup>** and only telco in Cambodia to  
launch **4G LTE**

**1<sup>st</sup>** and only telco in Cambodia  
offering Apple iPhones

**Exclusive partnership** with  
Universal Music

**Expansion** of retail and dealer  
footprints

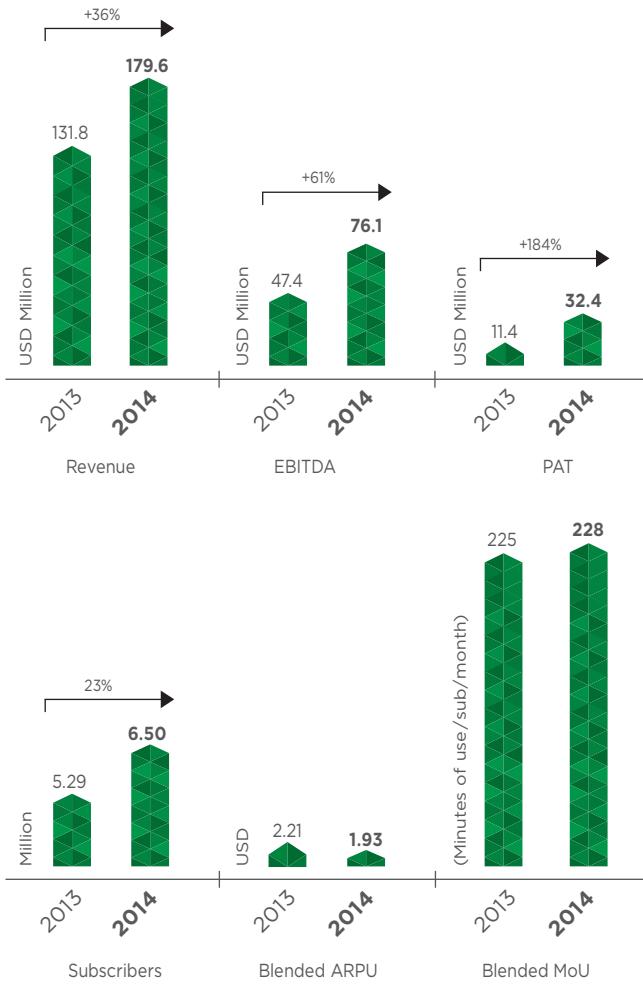
## Cambodia Smart Axiata Co., Ltd

### About Smart

Smart is Cambodia's second largest mobile telecommunications company serving 6.5 million subscribers under the 'Smart' brand. In January 2014, Smart launched its 4G LTE network and became the first mobile operator in Cambodia to provide full 4G services. Smart also provides 2G, 2.5G, 3G and 3.75G mobile services, supporting the very latest in multimedia and mobile Internet services as well as international roaming across more than 150 countries. Its extensive nationwide network coverage is available in all 25 provinces of Cambodia.

The company's workforce consists of more than 900 people including local and foreign talent. Smart is committed to its customers, employees and the people of Cambodia in delivering its promise of improving their lives. "Live. Life. Be Smart."





## Note:

Hello Axiata Company Limited and Latelz Co., Ltd merged in February 2013 and the combined entity is renamed Smart Axiata Co., Ltd. To provide like for like comparison, 2013 figures above are on proforma basis which assumes full year impact of combined entity.

## Business Review 2014

Smart emerged as Cambodia's second largest mobile operator in 2013 upon the merger between Latelz Co., Ltd. and Hello Axiata Co., Ltd. The year following the successful merger, Smart continued to strengthen its market competitiveness. In 2014, the company increased its subscriber base by 23%, closing the year with 6.5 million subscribers.

In 2014, Smart enhanced its network technology and became the first and only 4G LTE operator in Cambodia, and now provides 4G coverage in major provinces in the country. An independent study conducted and published under Ookla Net Index<sup>1</sup> indicates that Smart is the fastest mobile data provider in the country.

In September 2014, Smart became the exclusive partner of Universal Music for Cambodia. The signing of this partnership positions Smart as Universal Music's only representative in Cambodia, with the most extensive offering of music for mobile including Smart Tunes caller ring back tones, full-track audio downloads, full-track video downloads as well as music and video streaming. The agreement also includes digital content distribution rights, allowing Smart to exclusively distribute and resell Universal Music content in Cambodia.

In the same year, Smart also became the only authorised mobile operator to sell Apple products in Cambodia. Smart is presently the only operator distributing Apple iPhones at reasonable prices with attractive bundle plans to its subscribers.

Smart continued its credo of providing attractive and affordable mobile plans to its subscribers by introducing the Super 40 plan in 2014. This plan comes as an addition to the already highly affordable products and promotions such as the SmartLaor tariff and the Smart Xchange programme. In 2014 Smart continued to provide exciting VoIP packages for international calls as well as a vast array of VAS such as SmartLoan, iCall uPay, 3G Box or Smart Box.

<sup>1</sup> <http://explorer.netindex.com/maps?country=Cambodia>

As another ‘first in Cambodia’, Smart introduced the “Smart Personal Accident Insurance” for its subscribers, underwritten by Forte Insurance (Cambodia) Plc. This is the first time that a telecom company in Cambodia introduced insurance services to its customers. Following this, in late 2014, Smart and Bima Insurance introduced the country’s first mobile delivered life insurance product; ‘Smart Life Insurance’, underwritten by BIMA. Smart obtained an insurance agent license from the Cambodian Ministry of Economy and Finance to enable it to provide mobile insurance products.

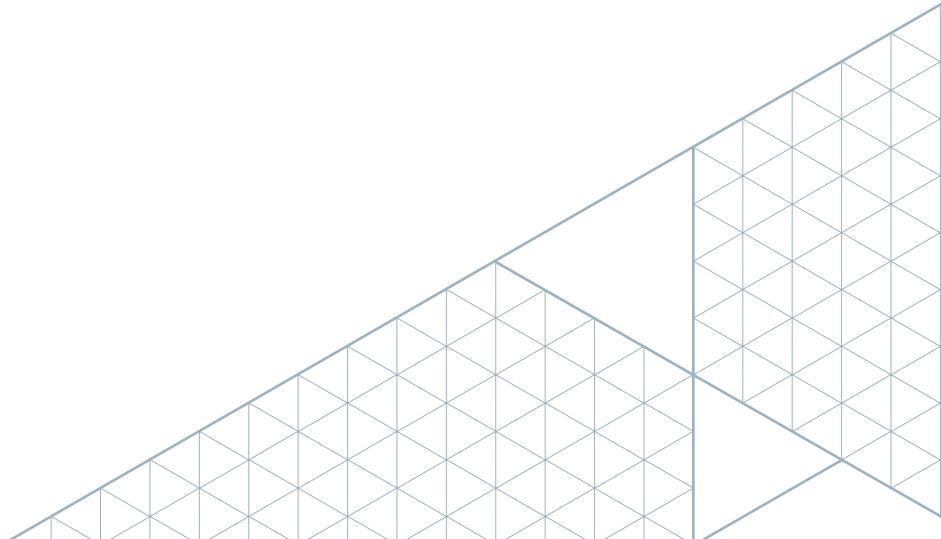
## Financial Performance

In 2014, Smart achieved double-digit year-on-year growth in revenue, EBITDA and PAT. Growth in revenue was mainly driven by data revenue expansion, with advanced data (Data + VAS + SMS) contributing 31% to total revenue.

In a crowded telecom market and with new players still entering the market, Smart managed to achieve a 36% year-on-year growth in overall revenue. Continuous focus on cost management and capex efficiency has enabled the company to achieve 61% and >100% year-on-year increase in EBITDA and PAT respectively.

## Outlook for 2015

Smart expects a continuous increase in Data subscribers and data revenues consequentially as well as an expansion of value added service revenues. Smart is cautiously optimistic that its expanded network coverage, overall brand popularity and innovative offerings including market penetration with 4G LTE, introduction of its own music streaming service, as well as smartphones at affordable rates with bundle plans will deliver strong results despite several uncertainty factors related to the economic outlook, regulatory environment as well as the lively competition. Smart also expects further growth of the company’s revenues and profits during 2015.





Over **150 million** subscribers; Ranks **6th** globally in terms of subscribers in a **single country** operations

Highest net addition of over **22 million** subscribers (VLR) in **CY2014**

National **Leader** in Mobile Number Portability (MNP) with over **12 million** net adds

CAGR of **17.1%** in revenue, almost double that of industry over the **last 4 years**

## India Idea Cellular Limited

### About Idea

Idea, an Aditya Birla Group company, is a publicly listed company, listed on the Bombay Stock Exchange and National Stock Exchange.

Idea is one of the top three mobile operators in India, with an annual revenue of USD5 billion and revenue market share of over 17%. With over 150 million subscribers, Idea ranks sixth in global rankings of operators in subscriber terms, for a single country operations.

Idea offers pan-India 2G, 3G services and is future-ready with 4G spectrum in major markets. It has its own National Long Distance (NLD) and International Long Distance (ILD) operations, and an Internet Service Provider (ISP) licence. Idea offers Mobile Banking Services through a Bank-led model, under the name 'Idea Money', in select markets.

Idea's robust network coverage is available in over 354,000 towns and villages through a network of 137,675 2G and 3G cell sites. Using the latest technology, Idea provides world-class service delivery through the most extensive network of service centres, including over 6,120 exclusive Idea stores.

Idea's strong growth in the Indian telephony market is supported by its high penetration in non-urban and rural markets.





As one of the top three mobile operators in India, Idea continues to build on its growth momentum of achieving over 1 percentage point growth in both Revenue Market Share (RMS) and Customer Market Share (VLR) on a YoY basis. Idea has stayed ahead of the curve, recording a CAGR of 17.1%, almost double that of the combined CAGR of the industry, for over four years. Idea recorded a YoY revenue growth of 18.2% during the calendar year 2014. The company also added 22.2 million subscribers - the highest net addition on VLR in the industry. In line with the growing demand for mobile internet, Idea's mobile data volume more than doubled at 128.8% YoY (CY basis 12 months). Idea's data revenue is now over 15% of service revenue compared to under 10% the previous year.

During the year, Idea also conducted a large scale expansion drive for its pan-India service centre network. It launched a range of service and retail stores in varied formats like 'My Idea', 'Idea Point' and 'Idea Service Points', to cater to the evolving needs and demands of mobile consumers in India. Idea now has over 6,120 exclusive service stores across the country.

Idea expanded its own 3G network in 11 service areas to include the North Indian state of Punjab in 2014. The company is gearing up to launch 3G on 900 MHz in Delhi in the first quarter of calendar year 2015. Idea offers pan-India 3G network (excluding the state of Orissa) through an Intra Circle Roaming arrangement with the country's leading mobile operators.

Earlier in 2014, Idea won contiguous spectrum in the 1800 MHz band in eight circles, which enables it to launch 4G LTE services in select markets in the future.

Idea also expanded its mobile-based banking services under the umbrella of Idea Money, through a bank-led model in certain markets.

## Business Review 2014

Idea closed the calendar year 2014 with the milestone achievement of recording over 150 million subscribers, catapulting it to becoming the sixth largest mobile operator in the world (source: GSMA Intelligence Report). This large base of subscribers presents a great opportunity to upgrade pure voice customers to wireless data services in the future.

Idea has consistently maintained its leadership in MNP over the last four years. As of 31 December 2014, Idea had recorded a net MNP gain of nearly 12 million customers from other existing telecommunications operators.

In order to cater to the ever growing subscriber base and to prepare for the next phase of growth based on mobile data services, Idea substantially increased its network capacity in 2014. In the calendar year 2014, Idea integrated 8,331 additional 2G sites; expanding its footprint to 109,931 sites covering 7,422 towns and 3,54,000 rural villages. During the same period, Idea expanded its 3G footprint by adding 7,840 3G sites, taking the overall 3G sites count to 27,744.

Idea has been consistently investing in optical fibre cable transmission network to tap the future potential of the wireless broadband needs of the its growing customer base. Idea Optical Fibre Cable has now expanded to over 90,000 km, a growth of over 10,000 km in calendar year 2014.

As a strong pan-India network, with deep roots in the rural parts of the country, Idea is adequately poised to drive mobile internet penetration in India. Idea enhanced its mobile data services portfolio through a slew of initiatives last year, such as investment in spectrum and network expansion, launch of innovative data products and devices including affordable 3G smartphones and high-speed WIFI dongles. Idea also released a brand campaign titled “No Ullu Banaoing”, to spread awareness about mobile internet which was highly popular amongst all segments of users and followed that up with the recent “IIN - Idea Internet Network” campaign.

In India, device price is critical for the take off of mobile data services. To bridge the affordability gap and enable 2G users to upgrade to 3G, Idea launched a range of affordable 3G devices for first time smartphone users.

## Financial Performance

For the three quarters of 2014 (April – December), Idea posted a total revenue of INR231,484 million, a growth of 18.9% over the first three quarters of 2013 (April – December). EBITDA was at INR77,473 million, while PAT was INR22,512 million.

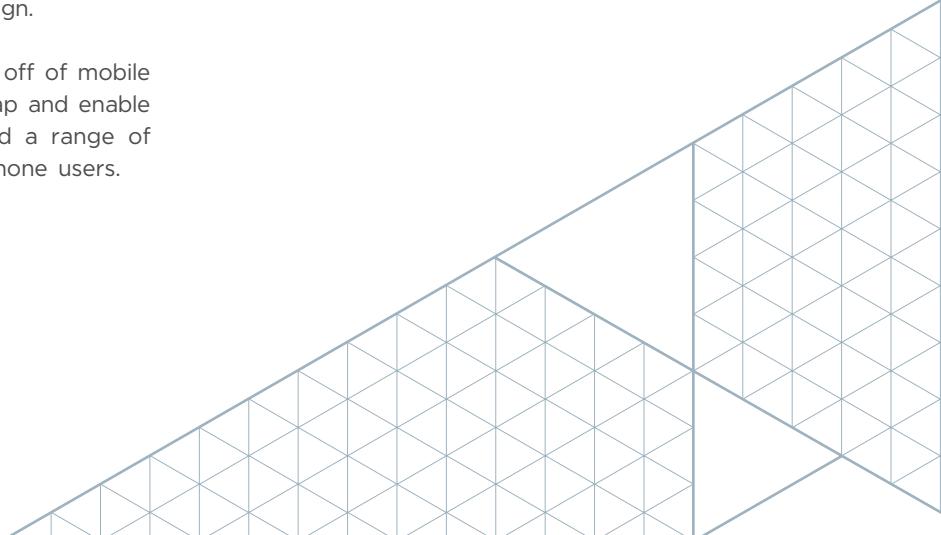
## Outlook for 2015

There has been a marked shift in the medium through which consumers access information in India. The mobile screen is the preferred medium for data usage, especially in non-urban Indian markets. The Indian telecommunications industry will see changes in line with the dramatic increase in data uptake by users.

There will also be a continued focus on the urban and semi-rural population of the country whereby telecommunications operators will continue to entice users with connectivity bundled with various value added services.

We expect the prices of smartphones to reduce sharply which will positively impact the take off of mobile data services in India.

The year 2015 will also be crucial for the growth of mobile-based banking and financial transaction services.





Launched Singapore's first nationwide Long Term Evolution-Advanced (LTE-A) service in December 2014, doubling download speeds for customers to up to 300Mbps

Unveiled new state-of-the-art data centre and enhanced cloud solutions in October 2014

M1 Shops became the first telecommunications company in Singapore to go counter-less with single touch point

M1's 10Gbps fibre service is the fastest corporate broadband service on Singapore's Next Generation Nationwide Broadband Network

## Singapore M1 Limited

### About M1

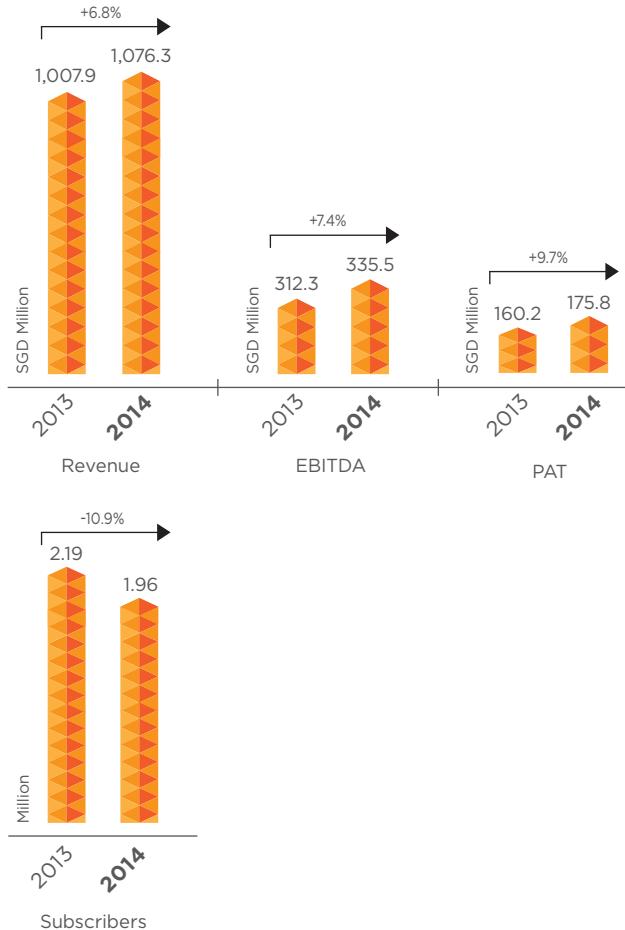
M1 is Singapore's most vibrant and dynamic communications company, providing mobile and fixed services to close to 2 million customers. Established in 1997, M1 has achieved many firsts, including the first operator to offer nationwide 4G services, as well as ultra high-speed fixed broadband, fixed voice and other services on the Next Generation Nationwide Broadband Network (NGNBN). With a continual focus on network quality, customer service, value and innovation, M1's mission is to link anyone and anything; anytime, anywhere.

The company holds Facilities-Based Operator and Services-Based Operator licences issued by the Infocomm Development Authority of Singapore (IDA), for the provision of telecommunication systems and services. M1 also has a Telecommunication Dealer's Class Licence, for the import and sale of telecommunications equipment, as well as licences issued by the Media Development Authority of Singapore, for the provision of Internet and MiBox TV services.

M1 operates nationwide 4G/LTE (Long Term Evolution) Advanced, 3G/High Speed Packet Access (HSPA) and 2G mobile networks, capable of download speeds of up to 300Mbps and upload speeds of up to 150Mbps. Through these networks, M1 provides customers with a wide range of voice, data and value-added postpaid and prepaid mobile services. To cater to its customers' varied needs, the company offers service plans with a choice of voice and data bundles.



# Business Review



M1 makes available International Direct Dial (IDD) services through the 002 and 021 prefixes, as well as an International Calling Card service using the prefix 1818. It also trades wholesale voice minutes with other international and local service providers, as well as provides dark fibre services to carriers and data centres. Since September 2010, M1 has been offering residential customers a range of fibre broadband services with speeds of up to 1Gbps, including fixed voice and other value added services.

M1 offers an extensive suite of mobile and fixed services, including connectivity solutions, managed services, cloud solutions and data centre services to the corporate segment. The company's dedicated team of corporate account managers are committed to the needs of its customers while the technical team provides support on provisioning and technical-related matters.

## Business Review 2014

The postpaid mobile segment remains the key contributor to M1's revenue. This segment made up 62.0% of its total mobile customer base as at end of 2014 and contributed 88.1% to mobile telecommunications revenue. During the year, M1 added 19,000 postpaid customers to bring its postpaid base to 1,149,000, representing a market share of 24.5%.

Mobile data usage continued to grow, driven by faster networks and devices. Average data usage per smartphone customer grew to 3.0GB per month in the fourth quarter of 2014, up from 2.5GB per month a year ago. Contribution from non-voice services increased to 47.3% of service revenue for 2014, up from 41.6% for 2013. As at end of 2014, 66% of M1's postpaid customers had migrated to tiered data plans, compared to 49% a year ago.

Through the year, the company continued to enhance and expand its products and services to cater to its customers' changing needs.

The growing appetite for data consumption led to an increased take up of data bundled plans. In September 2014, M1 discontinued its voice/message-only plans, and revised its data-bundled plans to offer more choices and bigger data bundles. Data add ons of up to 10GB were also introduced for customers with higher data needs.

M1's prepaid mobile service is mainly used by the migrant worker community, resident customers including parents who want to manage their childrens' mobile usage, and transient visitors to Singapore such as business travellers and tourists.

In April 2014, IDA effected a regulatory change which reduced the number of prepaid SIM cards per customer from ten to three. As a result, M1's prepaid customer base decreased to 703,000 as at end of 2014.

During the year, the company introduced new prepaid products for tourists, including a 4G prepaid SunSurf data plan offering 1GB of local data with three days validity at an affordable SGD5. New Travel SIM Cards with local/IDD calls, message and data bundles, in SGD30 and SGD50 denomination, were also made available.

In extending its reach to the migrant worker segment, M1 organised Deepavali carnivals at recreation centres across Singapore and also participated in International Migrants' Day celebration through a new collaboration with Migrant Workers' Centre, during which the company promoted its 30 days 1GB Prepaid SunSurf plan in English, Mandarin, Bengali and Tamil, as well as educated the migrant workers on data usage.

As at end of 2014, Singapore's home fibre penetration rate grew to over 50%, up from about 40% a year ago. During the year, M1 continued to champion fibre services with the launch of competitive service plans and complementary services in both the residential and corporate segments and in the process, added 18,000 customers to bring its fibre customer base to 103,000.

To cater to its customers' increasing bandwidth requirements, M1 launched its 1Gbps residential fibre service plan at a promotional offer of SGD49 a month. This allows customers to enjoy greater value and superior usage experience, such as transfer of large files, high-definition video streaming and online gaming.

In the corporate space, M1 was first to make available its 10Gbps service, the fastest fibre service on NGNBN, to cater to corporate customers with high bandwidth needs such as banks and cloud service providers. This was alongside the introduction of a competitively priced 1Gbps service. In addition, M1 broadened its suite of products and services, notably with the launch of a state-of-the-art data centre and enhanced cloud solutions through strategic partnerships with key technology vendors.

## Financial Performance

For 2014, M1's operating revenue increased 6.8% YoY to SGD1,076.3 million, on higher handset sales. Service revenue increased 1.4% to SGD831.1 million, driven by growth in postpaid mobile and fixed customer base, as well as higher revenue from mobile data. Revenue from non-voice services increased 5.7 percentage points to 47.3% of service revenue. Net profit after tax increased 9.7% to a record SGD175.8 million, with margin on service revenue increasing 1.7 percentage points to 21.2%. Free cash flow was lower at SGD93.2 million, due to higher capital expenditure and SGD40 million payment on spectrum rights. Net debt to EBITDA remained healthy at 0.8 times.

## Outlook for 2015

With its advanced mobile and fixed networks and strong focus on customer centricity, the company is well positioned to capitalise on the growth opportunities in the industry.

Data usage will continue to grow. From social media and online shopping to payment and cloud storage services anytime anywhere, online communications has become an intrinsic part of the digital lifestyle. Faster network and smarter devices will drive much of the growth in data consumption.

With continual fibre adoption in both the consumer and corporate segments, there are opportunities for M1 to further grow its fibre customer base. The company will build on its broadened range of product and service offerings launched in 2014, as well as the Government's initiatives to promote high-speed connectivity for businesses through the NGNBN, to further entrench its position in the fixed space, in particular, the corporate segment.

Increasingly, mobile Internet connections are also being embedded in electronics, vehicles, household devices, signages, buildings and energy systems, as well as other devices to form the Internet of Things, and this is transforming the physical world into a giant, digital connected world.

To ensure that the company is able to meet the future needs of its customers, M1 will continue to make the necessary strategic investments to enhance its product and service offerings, including investments into new smart solutions and Machine-to-Machine (M2M) platforms.



PAKISTAN

**MULTINET PAKISTAN  
(PRIVATE) LIMITED**

## About Multinet

Multinet is a leading independent telecommunications solution provider in Pakistan, operating a nationwide optical fibre cable network, connecting the major cities across Pakistan. The network enables Multinet to offer multiple and leading edge business services solutions for the carrier and Enterprise B2B segments such as point-to-point data connectivity, domestic and global Multi Protocol Label Switching (MPLS), broadband data, two-way video, data centre facilities and secure bandwidth solutions for businesses. Over its 10 year history, the company has transformed and grown to become a successful enterprise with a workforce of over 750 telecommunications professionals with a blue chip carrier client portfolio, both domestic and international. The Multinet team has an unbeaten track record of consistently delivering better than 99% availability and uptime. The key to Multinet's success has been its unshaken B2B focus and its vision to be the leading IT/infrastructure company in Pakistan.

## Financial Performance

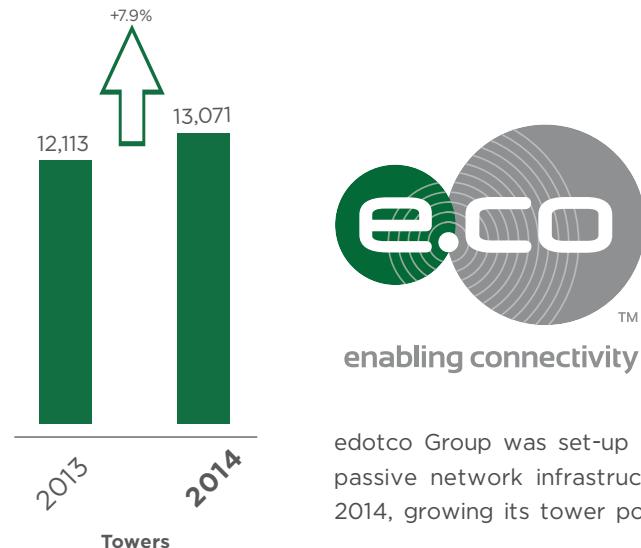
For the financial year ended 31 December 2014, the company recorded a revenue of PKR6.4 billion and EBITDA of PKR1.4 billion.



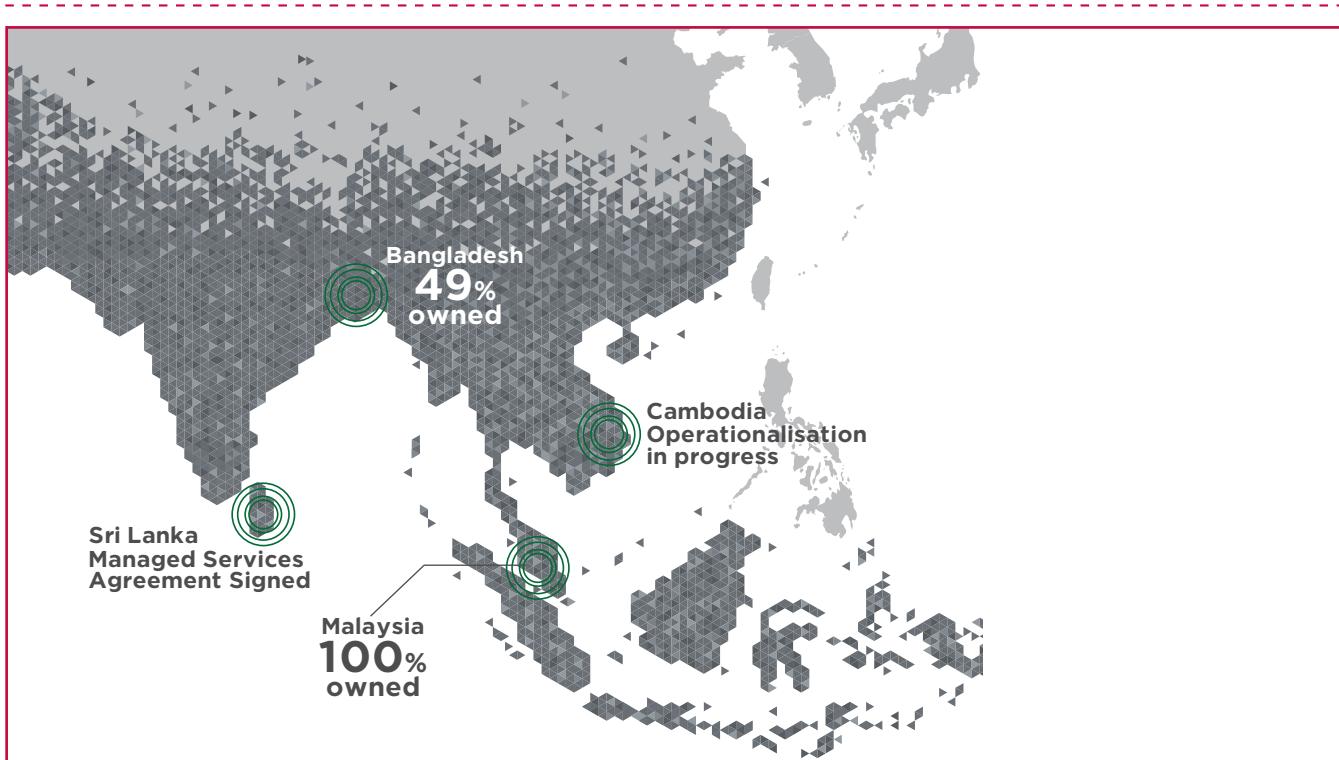
# New Business Units



More details available online at [www.axiata.com](http://www.axiata.com) or  
can be downloaded on AppStore or GooglePlay.



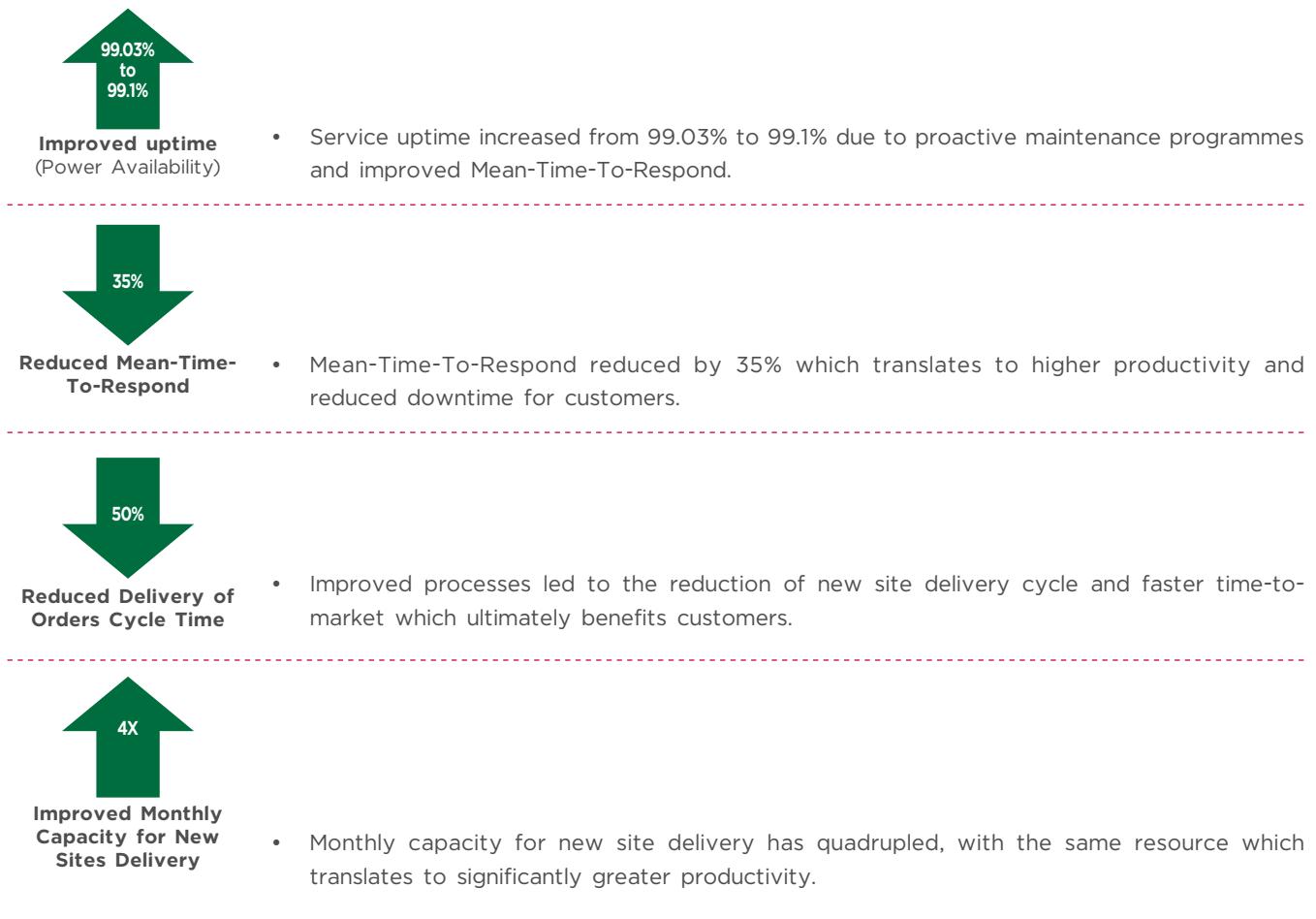
edotco Group was set-up in 2013, to own and manage the Axiata group of companies passive network infrastructure assets. The company has made significant progress in 2014, growing its tower portfolio from 12,113 in 2013 to 13,071 as of end 2014.



At present, edotco operates edotco Malaysia as a fully owned subsidiary and has acquired 49% of edotco Bangladesh. It also has a managed services agreement in place to run and operate Dialog's Tower SBU in Sri Lanka and is in the process of operationalising edotco Cambodia.

## Operational Excellence

In all countries run and managed by edotco, there has been steep improvements in operational efficiency and capex savings on both structures and energy. edotco provides field operations and energy managed services as part of its efforts to improve operational efficiency for the Axiata group.



## New Products

In 2014, edotco introduced state-of-the-art operational systems to enhance its services. edotco has launched its Remote Monitoring System (RMS) branded “echo”, a centralised passive infrastructure monitoring system that tracks key elements at the sites and transmits the information in real-time to its regional “echo Centre” which is based in Kuala Lumpur.

edotco’s Asset Lifecycle Management Platform (easi) is a tool that automates processes to deliver service excellence and tracks delivery to operations for every site under its management. Both products are tier one platforms that will bring further operational efficiency to the group.

edotco is also focusing on energy initiatives which will reduce the cost of operations as well as ensure lower capex and opex. In addition, it will significantly improve uptime for the Group’s customers and proactively reduce carbon footprint for a sustainable future.

# Axiata Digital Services

Axiata established its digital services arm, Axiata Digital Services in late 2012 to place the Group in the same space as OTT service providers, enabling Axiata to expand its portfolio of services to cater to online customers on smartphones, tablets and fixed Internet.

The move opens up new opportunities, to capture increased share of customer wallet and reach beyond Axiata's traditional mobile services of its 260 million plus mobile subscriber base. By the end of 2014, Axiata Digital Services had gained significant traction and has now become a fast growing business segment for the Group.

In the exploding digital ecosystem, Axiata's participation in Digital Services anchors on the following:

- Revenue uplift from Digital and OTT adjacencies to increase customer engagement within core mobile business
- Supplement core mobile business with value creation opportunities by unlocking assets in its core business
- Transform the core to an OTT/IoT-ready business
- Build new skills and capabilities in the digital space across Axiata

To drive these strategic initiatives, Axiata Digital Services will focus on measured investments in four business lines; Digital Advertising, Digital Commerce, Digital Money and Digital Entertainment.

Towards the end of 2014, Axiata Digital Services had built a strong and stable organisation with digital talent, skills and mindset developed in each of the countries. To further aid and strengthen its digital ecosystem, the Group launched the Axiata Digital Innovation Fund (ADIF), a RM100 million venture capital fund in partnership with Malaysia Venture Capital Management Berhad (MAVCAP).

The fund is intended to encourage and spur innovation and growth of Malaysia's digital ecosystem, helping companies in the digital services space with innovative products and market fit, through Axiata's extensive reach and knowledge of the region.

Similarly, in early 2015, Axiata launched its own Group-wide Application Programme Interface (API) Platform - Mobile Internet Fulfilment Exchange (MIFE). This radical open source digital enabler will accelerate engagement and partnership in Axiata's digital strategy.

Throughout 2014 and early 2015, Axiata Digital Services has made significant inroads in its digital services strategy. Some of the key achievements across Axiata Digital Services business lines in its OpCos are as follows:

<b>Digital Commerce</b> 	<p><b>Elevenia</b> – A digital commerce site, was launched in Indonesia in March 2014. A year on, Elevenia is attracting more than 20 million visitors per month. As of January 2015, there were more than 18,000 sellers and 2 million product listings on the site.</p> <p><b>11street.my</b> – Building on the successful partnership with SK Planet in Indonesia, Celcom entered into an agreement with SK Planet to form a joint venture to build an e-commerce business in Malaysia. 11street is expected to launch an optimised e-commerce platform by the second half of 2015.</p> <p>wow.lk, a digital commerce site in Sri Lanka was launched in 2012. The number of registered customers of wow.lk reached 250,000 last year. Wow.lk has expanded into an online classified business and launched HitAd.lk through a strategic partnership with Sri Lanka's largest print classified business.</p>
<b>Digital Advertising</b> 	<p><b>Adknowledge Asia</b> – Axiata Digital Services entered into a strategic joint venture with Adknowledge, Inc. to form Adknowledge Asia. The business will work with brands, advertising agencies and app developers across Asia Pacific to provide data driven advertising strategies in order to raise brand awareness, drive sales and app installs through digital video, mobile and social media marketing.</p> <p><b>Adreach</b>, XL's multi-operator mobile advertising service in Indonesia services over 350 brands, advertisers and agencies in delivering mobile and digital advertising to mobile subscribers for XL, Telkomsel, and Indosat.</p> <p><b>Dialog Digital Reach</b>, in Sri Lanka, Dialog launched Digital Reach, a self-service online advertising platform. It allows corporates to manage their own SMS ad campaigns end-to-end; from initiation to scheduling and campaign payment.</p>
<b>Digital Money</b> 	<p><b>eZcash</b>, launched in 2013, is an international award winning mobile money service reaching over 70% of all mobile subscribers in Sri Lanka and enabling more than 20,000 retail points. In 2014, Dialog, Etisalat Sri Lanka and Hutch entered into a partnership which has the distinction of being the first Mobile Money system in the world to be end-to-end inter-operable across multiple service providers. Dialog also launched Near Field Communications (NFC) transport card in the western province and powered Sri Lanka's first street parking meters with Tenaga Car Parks using NFC technology.</p> <p>In early 2015, eZcash won the coveted 2015 Global Mobile Awards – The NFC &amp; Mobile Money Award. Work is now in progress to launch the mobile money service in other Axiata markets.</p> <p><b>XL Tunai</b>, is a Top D-Money offering in Indonesia with more than 1 million registered users. 2014 saw XL Tunai expand its offerings by new payroll initiatives. The service was also awarded The Best Mobile Digital Service by Operator at the Indonesia Cellular Show 2014. With XL Tunai and other digital services offerings, XL received the recognition as the Frost &amp; Sullivan Indonesia Mobile Digital Service Provider of the Year.</p>
<b>Digital Entertainment &amp; Education</b> 	<p><b>Gudang Aplikasi</b>, an app store by XL in Indonesia has 1.3 million users and over 20,000 apps on the store.</p> <p><b>Guru.lk</b>, Dialog partnered with Headstart Limited to focus on e-learning business in Sri Lanka, specifically on content delivery. The website, Guru.lk was launched in 2014.</p>

# Corporate Responsibility At Axiata

## Creating Digital Ecosystems and Advancing Asia

In its vision of Advancing Asia, Axiata remains committed to conducting business responsibly. Affordable connectivity with innovative technology and nurturing a world-class talent pool are the underlying drivers in realising this vision.

The Group also remains mindful of its responsibility to stakeholders including shareholders, customers, employees and communities within its footprint across the region. While creating digital ecosystems, Axiata helps drive economic growth, build empowered societies and promote healthy environmental practices.

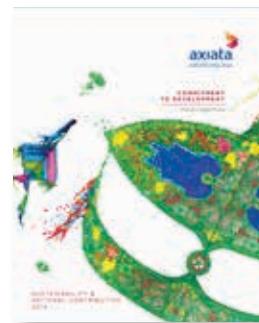
The Group's approach to sustainability and its achievements over 2014 are documented in detail in its Sustainability Report titled Committed to Development, Towards a Digital Future.

The report focuses on Axiata's four sustainability pillars: 'Beyond Short-Term Profits'; 'Nurturing People'; 'Process Excellence'; and 'Planet and Society'. The report also examines each of these four pillars and outlines how the Group has been adding value in each of these areas.

### Axiata's approach is driven by four sustainability pillars:



Axiata's 2014 Sustainability Report, Committed to Development, Towards a Digital Future, is available online at [www.axiata.com](http://www.axiata.com) and can be downloaded on AppStore and GooglePlay.



# Axiata's National Contribution

## Commitment to Long-Term Investment in All Our Countries

The Group makes a direct and indirect contribution to the economies of the countries in which it operates. Axiata's contribution includes new jobs, both directly and indirectly, new investments, training for employees, leadership opportunities across the Group and consequently across the region, access to state-of-the-art digital technology, the integration of greener technology and processes, facilitating the growth of the global telecommunications industry, and investments in disaster resilience, education, e-innovation and social inclusion.

Our 2013 Sustainability Report included a National Contribution Report using methodology developed by an independent party. For 2014, we asked the same independent third party to assess our contribution in our operating countries and provide updated data.

This part of the report is based on the data generated by the independent third party as evidence of the contributions Axiata has made in 2014 in the several countries of Asia in which we operate.

**USD93 billion**

GDP Contribution

Capital Investment since 2008

**USD15.4 billion**

Spent more than

**USD38 billion**

on operating expenditures

Employed more than

**25,000**

employees across Asia

Created more than

**1.5 million** jobs across Asia

Subscribers:

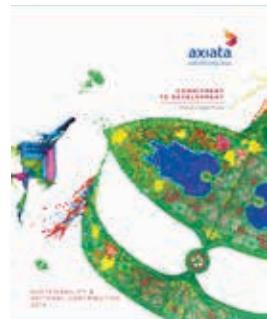
**over 260 million**

Network coverage connecting more than\*

**-450 million people**

\* excludes idea and M1

Axiata's 2014 Sustainability and National Contribution Report, Committed to Development, Towards a Digital Future is available online at [www.axiata.com](http://www.axiata.com) and can be downloaded on AppStore and GooglePlay.





# Financial Statement

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More details available online at [www.axiata.com](http://www.axiata.com) or  
can be downloaded on AppStore or GooglePlay.

# **Directors' Responsibility Statement**

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 so as to exhibit a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

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

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

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

# Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2014.

## Principal Activities

The principal activities of the Group are the provision of mobile communication services and network transmission related services.

The principal activities of the Company are investment holding and provision of technical and management services on an international scale, where it has investments in subsidiaries, joint ventures and associates. The principal activities of the subsidiaries are mainly the provision of mobile communication services and network transmission related services.

The principal activities of the subsidiaries are set out in Note 39 to the financial statements. There has been no significant change in the nature of the activities of the Group and the Company during the financial year.

## Financial Results

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

	Group RM'000	Company RM'000
Profit/(Loss) for the financial year attributable to:		
- owners of the Company	2,348,665	3,465,951
- non-controlling interests	(4,252)	-
	2,344,413	3,465,951

In the opinion of the Directors, the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

## Share Capital

During the financial year, the issued and paid-up capital of the Company was increased from RM8,540.7 million comprising 8,540.7 million ordinary shares of RM1 each to RM8,582.0 million. The increase in issued and paid-up capital of the Company was in line with the exercise of options and vesting of restricted share awards ("RSA") granted under the Performance-Based Employee Share Option Scheme ("ESOS") and Restricted Share Plan ("RSP") ["Axiata Share Scheme"] by the employees of the Company and its subsidiaries as disclosed in Note 14(a) to the financial statements.

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

## **Dividends**

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

<b>Tax exempt dividend under single tier system</b>			
	<b>Type</b>	<b>Per ordinary share of RM1 each Sen</b>	<b>Total RM'000</b>
<b>In respect of financial year ended 31 December:</b>			
- 2013	Final	14	1,198,932
- 2014	Interim	8	686,063
		22	1,884,995

The Board of Directors have recommended a final tax exempt dividend under the single tier system of 14 sen per ordinary share of RM1 each of the Company in respect of financial year ended 31 December 2014 amounting to a total of RM1,201.5 million, based on the issued and paid-up capital of the Company as at 31 December 2014. The proposed dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting (“AGM”).

## **Reserves and Provisions**

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

## **Axiata Share Scheme**

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

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

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

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

# Directors' Report

## Directors

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

Tan Sri Dato' Azman Hj. Mokhtar  
Dato' Sri Jamaludin Ibrahim  
Tan Sri Ghazzali Sheikh Abdul Khalid  
Datuk Azzat Kamaludin  
Dato' Abdul Rahman Ahmad  
David Lau Nai Pek  
Juan Villalonga Navarro  
Bella Ann Almeida  
Kenneth Shen

In accordance with Article 93 of the Company's Article of Association, Tan Sri Dato' Azman Hj. Mokhtar, David Lau Nai Pek and Dato' Abdul Rahman Ahmad retire from the Board at the Twenty-third (23rd) AGM and being eligible, offer themselves for re-election.

## Directors' Interests

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

	Number of ordinary shares of RM1 each of the Company			
	As at 1.1.2014	Additions	Disposed	As at 31.12.2014
<b>Indirect interest</b>				
Dato' Sri Jamaludin Ibrahim <sup>1</sup>	450,000	-	-	450,000

<sup>1</sup> 450,000 Axiata Shares held under CIMSEC Nominees (Tempatan) Sdn Bhd

	Number of options/shares over ordinary shares of RM1 each of the Company			
	As at 1.1.2014	Granted	Exercised	As at 31.12.2014
Dato' Sri Jamaludin Ibrahim <sup>2</sup>				
- ESOS <sup>3</sup>	4,301,700	-	-	4,301,700
- RSA <sup>4</sup>	2,477,600	1,833,000	-	4,310,600

## **Directors' Interests (continued)**

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

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

Subsequently, the shareholders of the Company at the 21st AGM held on 23 May 2013, approved the grant entitlements, allotment and issuance of up to 3.6 million new Axiata Shares to Dato' Sri Jamaludin Ibrahim under the Axiata Share Scheme.

- <sup>3</sup> 4,301,700 options of Axiata Shares pursuant to Performance-Based ESOS.

- <sup>4</sup> Pursuant to the offer of 1,833,000 (2013: 1,123,600) Restricted Shares during the financial year ended 31 December 2013 ("Offered Shares"). The Offered Shares is the maximum number of Axiata Shares that may be vested to Dato' Sri Jamaludin Ibrahim and are conditional upon the meeting of super stretched individual performance and the Group meeting superior company performance at the point of vesting in addition to the standard vesting conditions applicable to other eligible employees. Based on the lowest performance criteria of vesting conditions, only 305,500 of the Offered Shares (2013: 280,900) shall be vested to Dato' Sri Jamaludin Ibrahim.

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

## **Directors' Benefits**

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

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

## Statutory Information on the Financial Statements

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised at their book values in the ordinary course of business had been written down to their expected realisable values.

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

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.

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

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

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

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

In the opinion of the Directors:

- (a) the results of the Group's and the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and the Company for the financial year in which this report is made.

### **Events after the Reporting Period**

The events after the reporting period is disclosed in Note 44 to the financial statements.

### **Auditors**

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 24 February 2015.



**Tan Sri Dato' Azman Hj. Mokhtar**  
Director

Kuala Lumpur  
24 February 2015



**Dato' Sri Jamaludin Ibrahim**  
Director

# Statements of Comprehensive Income

For The Financial Year Ended 31 December 2014

	Note	2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Operating revenue	6	<b>18,711,777</b>	18,370,841	<b>2,994,547</b>	2,359,448
Operating costs					
- depreciation, impairment and amortisation	7(a)	<b>(3,671,618)</b>	(3,435,330)	<b>(5,050)</b>	(43,977)
- foreign exchange (losses)/gains		<b>(76,317)</b>	8,182	<b>551,119</b>	417,658
- domestic interconnect and international outpayment		<b>(2,470,796)</b>	(2,580,197)	<b>-</b>	-
- marketing, advertising and promotion		<b>(1,448,773)</b>	(1,476,660)	<b>(30,513)</b>	(35,012)
- other operating costs	7(b)	<b>(6,470,915)</b>	(5,815,918)	<b>(85,731)</b>	(94,905)
- staff costs	7(c)	<b>(1,322,718)</b>	(1,226,943)	<b>(111,212)</b>	(98,971)
- other (losses)/gains - net	8	<b>(41,753)</b>	203,648	<b>(5,765)</b>	-
Other operating income	9	<b>252,657</b>	47,881	<b>138,624</b>	940
Operating profit before finance cost		<b>3,461,544</b>	4,095,504	<b>3,446,019</b>	2,505,181
Finance income	10	<b>197,994</b>	261,296	<b>76,731</b>	82,620
Finance cost excluding net foreign exchange losses on financing activities		<b>(746,459)</b>	(720,729)	<b>(53,538)</b>	(30,926)
Net foreign exchange losses on financing activities		<b>(137,560)</b>	(358,118)	<b>-</b>	-
	10	<b>(884,019)</b>	(1,078,847)	<b>(53,538)</b>	(30,926)
Joint ventures					
- share of results (net of tax)	27	<b>(24,992)</b>	5,329	<b>-</b>	-
Associates					
- share of results (net of tax)		<b>407,213</b>	270,823	<b>-</b>	-
- loss on dilution of equity interests	5(a),(b)	<b>(43,284)</b>	(21,066)	<b>-</b>	-
Profit before taxation		<b>3,114,456</b>	3,533,039	<b>3,469,212</b>	2,556,875
Taxation and zakat	11	<b>(770,043)</b>	(794,462)	<b>(3,261)</b>	(26)
Profit for the financial year		<b>2,344,413</b>	2,738,577	<b>3,465,951</b>	2,556,849

	Note	Group 2014 RM'000	2013 RM'000	Company 2014 RM'000	2013 RM'000
Other comprehensive income/(expense):					
Items that will not be reclassified to profit or loss:					
- actuarial (losses)/gains on defined benefits plan, net of tax		(12,347)	5,593	-	-
Items that may be reclassified subsequently to profit or loss:					
- currency translation differences		455,035	(491,600)	-	-
- net cash flow hedge		(986)	-	-	-
- net investment hedge		21,588	(35,280)	-	-
Other comprehensive income/(expense) for the financial year, net of tax		463,290	(521,287)	-	-
Total comprehensive income for the financial year		2,807,703	2,217,290	3,465,951	2,556,849
Profit/(Loss) for the financial year attributable to:					
- owners of the Company		2,348,665	2,550,021	3,465,951	2,556,849
- non-controlling interests		(4,252)	188,556	-	-
		2,344,413	2,738,577	3,465,951	2,556,849
Total comprehensive income/(expense) for the financial year attributable to:					
- owners of the Company		2,724,321	2,242,481	3,465,951	2,556,849
- non-controlling interests		83,382	(25,191)	-	-
		2,807,703	2,217,290	3,465,951	2,556,849
Earnings per share (sen)					
- basic	12(a)	27.4	29.9	-	-
- diluted	12(b)	27.2	29.7	-	-

The above Statements of Comprehensive Income are to be read in conjunction with the notes to the financial statements on pages 180 to 317.

# Statements of Financial Position

As At 31 December 2014

	Note	2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
<b>CAPITAL AND RESERVES</b>					
ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Share capital	13	<b>8,582,017</b>	8,540,663	<b>8,582,017</b>	8,540,663
Share premium		<b>2,398,794</b>	2,223,076	<b>2,398,794</b>	2,223,076
Reserves	15	<b>9,763,721</b>	8,857,846	<b>6,729,994</b>	5,127,708
Total equity attributable to owners of the Company		<b>20,744,532</b>	19,621,585	<b>17,710,805</b>	15,891,447
Non-controlling interests		<b>1,813,255</b>	1,757,486	-	-
Total equity		<b>22,557,787</b>	21,379,071	<b>17,710,805</b>	15,891,447
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	16	<b>11,944,694</b>	11,752,387	-	823,333
Derivative financial instruments	19	<b>22,676</b>	109,384	-	-
Deferred income	20	<b>254,304</b>	271,585	-	-
Other payables	21	<b>1,793,891</b>	72,119	-	-
Provision for liabilities	22	<b>295,005</b>	293,102	-	-
Deferred tax liabilities	23	<b>1,700,087</b>	1,578,687	-	-
Total non-current liabilities		<b>16,010,657</b>	14,077,264	-	823,333
		<b>38,568,444</b>	35,456,335	<b>17,710,805</b>	16,714,780
<b>NON-CURRENT ASSETS</b>					
Intangible assets	24	<b>12,815,706</b>	9,548,554	-	-
Property, plant and equipment	25	<b>19,933,487</b>	17,106,708	<b>17,117</b>	14,707
Subsidiaries	26	-	-	<b>16,597,391</b>	14,732,003
Joint ventures	27	<b>52,977</b>	56,215	-	-
Associates	28	<b>7,504,007</b>	6,999,122	-	125,319
Available-for-sale financial assets		<b>1,118</b>	141	-	-
Derivative financial instruments	19	<b>133,910</b>	207,157	-	14,588
Long term receivables	29	<b>94,638</b>	97,533	-	-
Amounts due from subsidiaries	31	-	-	<b>1,801,367</b>	105,236
Deferred tax assets	23	<b>275,225</b>	241,955	-	-
Total non-current assets		<b>40,811,068</b>	34,257,385	<b>18,415,875</b>	14,991,853

	Note	2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
<b>CURRENT ASSETS</b>					
Inventories	30	<b>79,533</b>	62,805	-	-
Amounts due from subsidiaries	31	-	-	<b>357,610</b>	466,927
Trade and other receivables	32	<b>3,062,390</b>	2,679,905	<b>7,875</b>	26,204
Derivative financial instruments	19	<b>33,855</b>	31,403	-	-
Financial assets at fair value through profit or loss		<b>14</b>	8	-	-
Tax recoverable		<b>25,007</b>	32,822	-	-
Deposits, cash and bank balances	33	<b>5,115,570</b>	6,432,918	<b>172,563</b>	1,991,480
		<b>8,316,369</b>	9,239,861	<b>538,048</b>	2,484,611
<b>LESS: CURRENT LIABILITIES</b>					
Trade and other payables	21	<b>8,374,621</b>	6,108,805	<b>80,646</b>	78,834
Borrowings	16	<b>1,948,641</b>	1,683,988	-	1,901
Derivative financial instruments	19	<b>3,551</b>	-	-	-
Amounts due to subsidiaries	31	-	-	<b>1,162,472</b>	680,949
Current tax liabilities		<b>232,180</b>	248,118	-	-
Total current liabilities		<b>10,558,993</b>	8,040,911	<b>1,243,118</b>	761,684
Net current (liabilities)/assets		<b>(2,242,624)</b>	1,198,950	<b>(705,070)</b>	1,722,927
		<b>38,568,444</b>	35,456,335	<b>17,710,805</b>	16,714,780

The above Statements of Financial Position are to be read in conjunction with the notes to the financial statements on pages 180 to 317.

# Consolidated Statement of Changes in Equity

For The Financial Year Ended 31 December 2014

Note	Attributable to owners of the Company										Non-controlling interests RM'000	Total equity RM'000
	Share capital* RM'000	Share premium RM'000	Currency translation differences RM'000	Capital contribution RM'000	Merger reserve RM'000	Hedging reserve RM'000	ESOS^ and RSA# reserve RM'000	Actuarial reserve RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2014	8,540,663	2,223,076	(830,517)	16,598	346,774	(152,277)	155,298	(790)	9,322,760	19,621,585	1,757,486	21,379,071
Profit for the financial year	-	-	-	-	-	-	-	-	2,348,665	2,348,665	(4,252)	2,344,413
Other comprehensive income/(expense):												
- Currency translation differences arising during the financial year:												
- subsidiaries	-	-	361,212	-	-	-	-	-	361,212	90,994	452,206	
- associates	-	-	2,829	-	-	-	-	-	2,829	-	2,829	
	-	-	364,041	-	-	-	-	-	364,041	90,994	455,035	
- Net investment hedge	19(f)	-	-	-	-	21,588	-	-	21,588	-	21,588	
- Net cash flow hedge	19(h)	-	-	-	-	(829)	-	-	(829)	(157)	(986)	
- Actuarial loss on defined benefits plan, net of tax		-	-	-	-	-	-	(9,144)	-	(9,144)	(3,203)	(12,347)
Total comprehensive income/(expense) for the financial year	-	-	364,041	-	-	20,759	-	(9,144)	2,348,665	2,724,321	83,382	2,807,703
Transactions with owners:												
- Issuance of new ordinary shares	41,354	105,529	-	-	-	-	-	-	-	146,883	-	146,883
- Share issue expenses	-	(91)	-	-	-	-	-	-	-	(91)	-	(91)
- Dilution of equity interests in subsidiaries	5(a)(ii), (ix)	-	-	-	-	-	-	-	27,297	27,297	38,298	65,595
- Investment in a subsidiary		-	-	-	-	-	-	-	-	-	1,992	1,992
- Share buy-back of a subsidiary	5(a)(iv)	-	-	-	-	-	-	-	(152,530)	(152,530)	(187,206)	(339,736)
- Axiate Share Scheme:												
- value of employees' services	14(a)	-	-	-	-	-	91,610	-	-	91,610	-	91,610
- transferred from ESOS reserve upon exercise/ vest		-	70,280	-	-	-	(70,280)	-	-	-	-	-
- Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	(64,660)	(64,660)
- Dividends paid to shareholders	43	-	-	-	-	-	-	-	(1,884,995)	(1,884,995)	-	(1,884,995)
- Treasury shares of a subsidiary	5(a)(iv)	-	-	-	-	-	-	-	170,452	170,452	183,963	354,415
Total transactions with owners	41,354	175,718	-	-	-	-	21,330	-	(1,839,776)	(1,601,374)	(27,613)	(1,628,987)
At 31 December 2014	8,582,017	2,398,794	(466,476)	16,598	346,774	(131,518)	176,628	(9,934)	9,831,649	20,744,532	1,813,255	22,557,787

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

^ Employees Share Option Scheme ("ESOS")

# Restricted Share Awards ("RSA")

Attributable to owners of the Company													
Note	Share capital* RM'000	Share premium RM'000	Currency translation differences RM'000	Capital contribution 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 year	-	-	-	-	-	-	-	-	2,550,021	2,550,021	188,556	2,738,577	
Other comprehensive (expense)/income:													
- Currency translation differences arising during the financial year:													
- subsidiaries	-	-	(302,286)	-	-	-	-	-	(302,286)	(215,743)	(518,029)		
- associates	-	-	26,429	-	-	-	-	-	26,429	-	26,429		
	-	-	(275,857)	-	-	-	-	-	(275,857)	(215,743)	(491,600)		
- Net investment hedge	19(f)	-	-	-	-	(35,280)	-	-	(35,280)	-	(35,280)		
- Actuarial gain on defined benefit plan, net of tax		-	-	-	-	-	-	3,597	-	3,597	1,996	5,593	
Total comprehensive (expense)/income for the financial year	-	-	(275,857)	-	-	(35,280)	-	3,597	2,550,021	2,242,481	(25,191)	2,217,290	
Transactions with owners:													
- Issuance of new ordinary shares	32,454	92,782	-	-	-	-	-	-	-	125,236	-	125,236	
- Share issue expenses	-	(255)	-	-	-	-	-	-	-	(255)	-	(255)	
- Acquisition of a subsidiary	5(b)(ii)	-	-	-	-	-	-	-	682	682	52,610	53,292	
- Additional investment in a subsidiary	5(b)(vi)	-	-	-	-	-	-	-	51,786	51,786	(51,786)	-	
- Axiata Share Scheme:													
- value of employees' services	14(a)	-	-	-	-	-	80,678	-	-	80,678	-	80,678	
- transferred from ESOS reserve upon exercise		-	36,424	-	-	-	(36,424)	-	-	-	-	-	
- Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	(133,002)	(133,002)	
- Dividends paid to shareholders	43	-	-	-	-	-	-	-	(2,985,725)	(2,985,725)	-	(2,985,725)	
- Dilution of equity interest in a subsidiary	5(b)(viii)	-	-	-	-	-	-	-	6,194	6,194	8,141	14,335	
Total transactions with owners		32,454	128,951	-	-	-	-	44,254	-	(2,927,063)	(2,721,404)	(124,037)	(2,845,441)
At 31 December 2013	8,540,663	2,223,076	(830,517)	16,598	346,774	(152,277)	155,298	(790)	9,322,760	19,621,585	1,757,486	21,379,071	

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

^ Employees Share Option Scheme ("ESOS")

# Restricted Share Awards ("RSA")

The above Consolidated Statement of Changes in Equity is to be read with the notes to the financial statements on page 180 to 317.

# Company Statement of Changes in Equity

For The Financial Year Ended 31 December 2014

	Issued and fully paid-up ordinary shares of RM1 each		Non-Distributable		Distributable		Total RM'000
	Note	Number of shares '000	Nominal value RM'000	Share premium RM'000	Capital contribution reserve RM'000	ESOS and RSA reserve RM'000	
At 1 January 2014		8,540,663	8,540,663	2,223,076	16,598	155,298	4,955,812 15,891,447
Profit/Total comprehensive income for the financial year		-	-	-	-	-	3,465,951 3,465,951
Transactions with owners:							
- Issuance of new ordinary shares		41,354	41,354	105,529	-	-	146,883
- Share issue expenses		-	-	(91)	-	-	(91)
- Axiata Share Scheme: - value of employees' services	14(a)	-	-	-	-	91,610	91,610
- transferred from ESOS reserve upon exercise/vest		-	-	70,280	-	(70,280)	-
Dividends paid to shareholders	43	-	-	-	-	-	(1,884,995) (1,884,995)
Total transactions with owners		41,354	41,354	175,718	-	21,330 (1,884,995)	(1,646,593)
At 31 December 2014		8,582,017	8,582,017	2,398,794	16,598	176,628 6,536,768	17,710,805
At 1 January 2013		8,508,209	8,508,209	2,094,125	16,598	111,044 5,384,688	16,114,664
Profit/Total comprehensive income for the financial year		-	-	-	-	-	2,556,849 2,556,849
Transactions with owners:							
- Issuance of new ordinary shares		32,454	32,454	92,782	-	-	125,236
- Share issue expenses		-	-	(255)	-	-	(255)
- Axiata Share Scheme: - value of employees' services	14(a)	-	-	-	-	80,678	80,678
- transferred from ESOS reserve upon exercise		-	-	36,424	-	(36,424)	-
Dividends paid to shareholders	43	-	-	-	-	-	(2,985,725) (2,985,725)
Total transactions with owners		32,454	32,454	128,951	-	44,254 (2,985,725)	(2,780,066)
At 31 December 2013		8,540,663	8,540,663	2,223,076	16,598	155,298 4,955,812	15,891,447

The above Company Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements on page 180 to 317.

# Statements of Cash Flows

For The Financial Year Ended 31 December 2014

	Note	2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Cash flows from operating activities	34	<b>5,583,914</b>	5,648,243	<b>2,783,874</b>	2,074,688
Cash flows used in investing activities	34	<b>(6,347,356)</b>	(5,367,283)	<b>(1,757,142)</b>	(1,124,429)
Cash flows used in financing activities	34	<b>(396,518)</b>	(2,133,663)	<b>(2,549,246)</b>	(2,860,744)
Net decrease in cash and cash equivalents		<b>(1,159,960)</b>	(1,852,703)	<b>(1,522,514)</b>	(1,910,485)
Effect of exchange gains on cash and cash equivalents		<b>26,014</b>	30,357	<b>37,908</b>	43,296
Net increase in restricted cash and cash equivalents		<b>(9,608)</b>	(62,667)	<b>-</b>	-
Cash of a subsidiary previously held as non-current assets held-for-sale		<b>-</b>	1,342	<b>-</b>	-
Cash and cash equivalents at the beginning of the financial year		<b>6,010,793</b>	7,894,464	<b>1,657,169</b>	3,524,358
Cash and cash equivalents at the end of the financial year	33	<b>4,867,239</b>	6,010,793	<b>172,563</b>	1,657,169

The above Statements of Cash Flows are to be read in conjunction with the notes to the financial statements on pages 180 to 317.

# **Notes to the Financial Statements**

**For The Financial Year Ended 31 December 2014**

## **1. General Information**

The principal activities of the Group are the provision of mobile communication services and network transmission related services.

The principal activities of the Company are investment holding and provision of technical and management services on an international scale, where it has investments in subsidiaries, joint ventures and associates. The principal activities of the subsidiaries are mainly the provision of mobile communication services and network transmission related services.

The principal activities of the subsidiaries are set out in Note 39 to the financial statements. There has been no significant change in the nature of the activities of the Group and the Company during the financial year.

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

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

The financial statements have been approved for issuance in accordance with a resolution of the Board of Directors on 24 February 2015.

## **2. Basis of Preparation of the Financial Statements**

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

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

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (RM’000) except when otherwise indicated.

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

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

## **2. Basis of Preparation of the Financial Statements (continued)**

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

#### New and amendments to published standards

The following standards and amendments to published standards have been adopted by the Group and the Company for the first time for the financial year beginning on or after 1 January 2014:

- Amendments to MFRS 10 ‘Consolidated Financial Statements’, MFRS 12 ‘Disclosure of Interests in Other Entities’ and MFRS 127 ‘Consolidated and Separate Financial Statements’ introduce an exception to consolidation of investment entities. Investment entities are entities whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both and evaluate the performance of its investments on fair value basis. The amendments require investment entities to measure particular subsidiaries at fair value instead of consolidating them.
- Amendment to MFRS 132 ‘Financial Instruments: Presentation’ does not change the current offsetting model in MFRS 132. It clarifies the meaning of ‘currently has a legally enforceable right of set-off’ that the right of set-off must be available today (not contingent on a future event) and legally enforceable for all counterparties in the normal course of business. It clarifies that some gross settlement mechanisms with features that are effectively equivalent to net settlement will satisfy the MFRS 132 offsetting criteria.
- IC Interpretation 21 ‘Levies’ sets out the accounting for an obligation to pay a levy that is not income tax. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant registration that triggers the payment of levy.

The adoption of amendments to published standards and IC Interpretation did not have any material impact to the financial statements of the Group and the Company.

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

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

#### **(i) Financial year beginning on/after 1 January 2015**

Amendment to MFRS 119 ‘Employee Benefits’ applies to contributions from employees or third parties to defined benefits plans and clarifies the treatment of such contributions. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service. Entities with plans that require contributions that vary with service will be required to recognise the benefit of those contributions over employee’s working lives.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 2. Basis of Preparation of the Financial Statements (continued)

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

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

#### (i) Financial year beginning on/after 1 January 2015 (continued)

##### Annual Improvements 2010-2012 Cycle

- Amendment to MFRS 2 ‘Share-based Payment’ clarifies the definition of a ‘vesting condition’ and separately defines ‘performance condition’ and ‘service condition’.
- Amendment to MFRS 3 ‘Business Combinations’ clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in MFRS 132. It is also clarifies that all non-equity contingent consideration is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss.
- Amendment to MFRS 8 ‘Operating Segments’ requires disclosure of the judgements made by management in aggregating operating segments. It is also amended to require a reconciliation of segment assets to the entity’s assets when segment assets are reported.
- Amendment to MFRS 13 ‘Fair Value Measurement’ which amended the basis of conclusions to clarify that it did not intend to remove the ability to measure short term receivables and payables at invoice amounts where the effect of discounting is immaterial.
- Amendment to MFRS 116 ‘Property, Plant and Equipment’ and MFRS 138 ‘Intangible Assets’ clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.
- Amendment to MFRS 124 ‘Related Party Disclosures’ is amended to includes, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity. Disclosure of the amounts changed to the reporting entity is required.

##### Annual Improvements 2011-2013 Cycle

- Amendment to MFRS 3 clarifies that MFRS 3 does not apply to the accounting for the formation of any joint venture under MFRS 11 ‘Joint Arrangements’.
- Amendment to MFRS 13 clarifies that the portfolio exception in MFRS 13 applies to all contracts (including non-financial contracts) within the scope of MFRS 139 ‘Financial Instruments: Recognition and Measurement’.
- Amendment to MFRS 140 ‘Investment Property’ assists users to distinguish between investment property and owner occupied property. However, preparers also need to consider the guidance in MFRS 3 to determine whether the acquisition of an investment property is a business combination.

## **2. Basis of Preparation of the Financial Statements (continued)**

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

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

#### **(ii) Financial year beginning on/after 1 January 2016**

Amendment to MFRS 11 'Joint Arrangements' requires an investor to apply the principles of MFRS 3 when it acquires an interest in a joint operation that constitutes a business. The amendments are applicable to both the acquisition of the initial interest in a joint operation and the acquisition of additional interest in the same joint operation. However, a previously held interest is not re-measured when the acquisition of an additional interest in the same joint operation results in retaining joint control.

Amendments to MFRS 10 and MFRS 128 'Investment in Associates' regarding sale or contribution of assets between an investor and its associate or joint venture resolve a current inconsistency between MFRS 10 and MFRS 128. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a 'business'. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

Amendment to MFRS 127 on 'Equity Method in Separate Financial Statements' allows entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

#### Annual Improvements 2012-2014 Cycle

- MFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' clarifies that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. This means that the asset (or disposal group) does not need to be reinstated in the financial statements as if it had never been classified as 'held for sale' or 'held for distribution' simply because the manner of disposal has changed. The amendment also rectifies an omission in the standard by explaining that the guidance on changes in a plan of sale should be applied to an asset (or disposal group) which ceases to be held for distribution but is not reclassified as 'held for sale'.
- MFRS 7 'Financial Instruments: Disclosures' adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement. The amendment clarifies that the additional disclosure on Offsetting financial assets and financial liabilities' is not specifically required for all interim periods, unless required by MFRS 134.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 2. Basis of Preparation of the Financial Statements (continued)

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

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

#### (ii) Financial year beginning on/after 1 January 2016 (continued)

##### Annual Improvements 2012–2014 Cycle (continued)

- MFRS 119 clarifies that, when determining the discount rate for post-employment benefit obligations, it is currency that the liabilities are denominated in that is important, not the country where they arise. The assessment whether there is a deep market in high-quality corporate bonds is based on corporate bonds in that currency, not corporate bonds in a particular country. Similarly, where there is no deep market in high-quality corporate bonds in that currency, government bonds denominated in the relevant currency should be used.
- MFRS 134 ‘Interim Financial Reporting’ requires a cross-reference from the interim financial statements to the location of that information.

#### (iii) Financial year beginning on/after 1 January 2017

MFRS 15 ‘Revenue from Contracts with Customers’ deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces MFRS 118 ‘Revenue’ and MFRS 111 ‘Construction Contracts’ and related interpretations.

#### (iv) Financial year beginning on/after 1 January 2018

MFRS 9 ‘Financial Instruments’ will replace MFRS 139 ‘Financial Instruments: Recognition and Measurement’. The complete version of MFRS 9 was issued in November 2014.

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income (“OCI”). The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with a irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

## **2. Basis of Preparation of the Financial Statements (continued)**

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

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

#### **(iv) Financial year beginning on/after 1 January 2018 (continued)**

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The impact of MFRS 9 and MFRS 15 are still being assessed. Aside from MFRS 9 and MFRS 15, the adoptions of amendments to published standards are not expected to have a material impact to the financial statements of the Group and the Company.

## **3. Significant Accounting Policies**

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

### **(a) Economic entities in the Group**

#### **(i) Subsidiaries**

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

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

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

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 3. Significant Accounting Policies (continued)

### (a) Economic entities in the Group (continued)

#### (i) Subsidiaries (continued)

Under the predecessor method of merger accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through consolidated profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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 income statement. The accounting policy of goodwill is stated in Note 3(b)(i) to the financial statements. Goodwill is carried at cost less accumulated impairment losses, if any.

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

### **3. Significant Accounting Policies (continued)**

#### **(a) Economic entities in the Group (continued)**

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

Transactions with NCIs that do not result in loss of control are accounted for as equity transactions—that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCIs are also recorded in equity.

##### **(iii) Disposal of subsidiaries**

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in consolidated profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, a joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in consolidated other comprehensive income are reclassified to consolidated profit or loss.

##### **(iv) Joint arrangements**

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

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

##### **(v) Associates**

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

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 3. Significant Accounting Policies (continued)

### (a) Economic entities in the Group (continued)

#### (v) Associates (continued)

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the post-acquisition results and changes of the associate's reserves in other comprehensive income after the date of acquisition and net off with any accumulated impairment loss. The Group's investment in associates includes goodwill identified on acquisition.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Equity accounting is discontinued when the Group ceases to have significant influence over the associates.

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

The cost of acquiring an additional stake in an associate is added to the carrying amount of associate and equity accounted. Goodwill arising on the purchase of additional stake is computed using fair value information at the date the additional interest is purchased. The previously held interest is not re-measured.

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

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

### **3. Significant Accounting Policies (continued)**

#### **(b) Intangible assets**

##### **(i) Goodwill**

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

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

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

##### **(ii) Licenses**

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

Malaysia	10 years
Indonesia	10 years
Sri Lanka	2 - 15 years
Bangladesh	15 years
Cambodia	25 years

##### **(iii) Subscriber acquisition costs**

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

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

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 3. Significant Accounting Policies (continued)

### (c) Property, plant and equipment (“PPE”)

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

#### (i) Cost

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

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

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

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

#### (ii) Depreciation and residual value

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

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

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

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

### **3. Significant Accounting Policies (continued)**

#### **(c) Property, plant and equipment (“PPE”)**

##### **(iii) Impairment**

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

##### **(iv) Gains or losses on disposals**

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

##### **(v) Asset exchange transaction**

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

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

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

##### **(vi) Repairs and maintenance**

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

#### **(d) Investments in subsidiaries and associates**

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

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

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

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 3. Significant Accounting Policies (continued)

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

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

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

For investment in associates, when assessing FVLCS, the unit of account is the investment in associate as a whole. Accordingly, for listed associates, the quoted price is adjusted to reflect management's estimate of block discounts on similar purchases of non-controlling interests.

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

### (f) Financial assets

#### (i) Classification

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

##### (a) Financial assets at FVTPL

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

##### (b) Loans and receivables

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

### **3. Significant Accounting Policies (continued)**

#### **(f) Financial assets (continued)**

##### **(i) Classification (continued)**

###### **(c) AFS financial assets**

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

###### **(d) HTM financial assets**

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

##### **(ii) Recognition and initial measurement**

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

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

##### **(iii) Subsequent measurement – gains and losses**

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

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

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

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 3. Significant Accounting Policies (continued)

### (f) Financial assets (continued)

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

##### (a) Assets carried at amortised cost

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

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

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- Disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - (i) adverse changes in the payment status of borrowers in the portfolio; and
  - (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

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

### **3. Significant Accounting Policies (continued)**

#### **(f) Financial assets (continued)**

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

###### **(a) Assets carried at amortised cost (continued)**

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

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

###### **(b) Assets classified as AFS**

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

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

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

##### **(v) De-recognition**

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

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

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 3. Significant Accounting Policies (continued)

### (g) Offsetting financial instruments

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

### (h) Derivative financial instruments and hedging activities

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

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

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

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

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

### (i) Fair value hedge

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

### **3. Significant Accounting Policies (continued)**

#### **(h) Derivative financial instruments and hedging activities (continued)**

##### **(i) Fair value hedge (continued)**

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

##### **(ii) Cash flow hedge**

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

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

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

##### **(iii) Net investment hedge**

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

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

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

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 3. Significant Accounting Policies (continued)

### (i) Inventories

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

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

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

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

### (j) Trade receivables

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

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

### (k) Cash and cash equivalents

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

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

### (l) Trade payables

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

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

### **3. Significant Accounting Policies (continued)**

#### **(m) Borrowings**

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

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the 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.

#### **(n) Current and deferred tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

# **Notes to the Financial Statements**

For The Financial Year Ended 31 December 2014

## **3. Significant Accounting Policies (continued)**

### **(n) Current and deferred tax (continued)**

Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

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

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

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

### **(o) Provisions**

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

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

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

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

### **3. Significant Accounting Policies (continued)**

#### **(p) Contingent liabilities and contingent assets**

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

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

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

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

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of MFRS 137 “Provisions, Contingent Liabilities and Contingent Assets” and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with MFRS 118 “Revenue”.

#### **(q) Share capital**

##### **(i) Classification**

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

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

##### **(ii) Share issue expenses**

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

##### **(iii) Dividends to shareholders of the Company**

Dividend distribution to the Company’s shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final and special dividends which are subject to approval by the Company’s shareholders.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 3. Significant Accounting Policies (continued)

### (r) Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

*Accounting by lessee*

#### (i) Finance leases

Leases of PPE where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of interest on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in payables. The interest element of the finance lease is charged to the profit or loss over the lease period, so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

PPE acquired under finance leases are depreciated over the estimated useful life of the asset, in accordance with the annual rates stated in Note 3(c)(ii) to the financial statements. Where there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term or its estimated useful life.

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

#### (ii) Operating leases

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

*Accounting by lessor*

#### (i) Finance leases

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

#### (ii) Operating leases

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

### **3. Significant Accounting Policies (continued)**

#### **(s) Income recognition**

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

##### **(i) Mobile and interconnect services revenue**

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

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

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

##### **(ii) Lease of passive infrastructure**

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

##### **(iii) Interest income**

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

##### **(iv) Dividend income**

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

##### **(v) Technical and management services fees**

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

##### **(vi) Other revenues**

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

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 3. Significant Accounting Policies (continued)

### (t) Employee benefits

#### (i) Short term employee benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group and the Company.

#### (ii) Contribution to Employees Provident Fund (“EPF”)

The Group’s and the Company’s contributions to EPF are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### (iii) Termination benefits

Termination benefits are payable whenever an employee’s employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group and the Company recognise termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits that is within the scope of MFRS 137 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve (12) months after the end of the reporting period are discounted to present value.

#### (iv) Share-based compensation

The Group and the Company operate an equity-settled and share-based compensation plan for its employees which are Employee Share Option Scheme (“ESOS”) and Restricted Share Plan (“RSP”) [“Axiata Share Scheme”].

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

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

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

### **3. Significant Accounting Policies (continued)**

#### **(t) Employee benefits (continued)**

##### **(iv) Share-based compensation (continued)**

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

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

When RSA is vested, the fair value is credited to share capital (nominal value) and share premium with corresponding debit to ESOS and RSA reserve.

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

##### **(v) Post-employment benefit obligations**

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

The defined benefit obligation is calculated annually by independent actuaries using projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximately to the terms of related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

Remeasurement, comprising actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions, are charged or credited to equity in other comprehensive income in the period in which they arise and will not be reclassified to profit or loss.

Past-service costs are recognised immediately in income statement.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 3. Significant Accounting Policies (continued)

### (u) Deferred revenue

Deferred revenue comprises:

- (i) The unutilised balance of airtime and access fee in respect of prepaid cards sold to customers. Such revenue amounts are recognised as revenue upon utilisation of airtime and activation of access right by the customer.
- (ii) The value of advance billings made to customers in respect of the rental of fibre optic network. Such amounts are recognised as revenue systematically over the period covered by the advance billings.

### (v) 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.

### (w) Foreign currencies

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in RM, which is the Company’s functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities (inclusive of advances to subsidiaries treated as quasi-investments) denominated in foreign currencies are recognised in the net profit for the financial year, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the profit or loss within ‘finance cost’. All other foreign exchange gains and losses are presented in profit or loss within ‘foreign exchange gains/(losses)’.

### **3. Significant Accounting Policies (continued)**

#### **(w) Foreign currencies (continued)**

##### **(ii) Transactions and balances (continued)**

Changes in the fair value of monetary securities denominated in foreign currency classified as AFS are analysed between translation differences resulting from changes in the amortised cost of the securities and other changes in the carrying amount of the securities. Translation differences related to changes in amortised cost are recognised in the profit or loss for the financial year, and other changes in carrying amount are recognised in other comprehensive income.

##### **(iii) Group companies (Consolidated financial statements)**

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

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

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

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences relating to that foreign operation recognised in consolidated other comprehensive income and accumulated in the separate component of equity are reclassified to consolidated profit or loss. In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to NCIs and are not recognised in consolidated profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control) the proportionate share of the accumulated exchange difference is reclassified to consolidated profit or loss.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 3. Significant Accounting Policies (continued)

### (x) 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.

### (y) Non-current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered as highly probable. They are stated at the lower of carrying amount and FVLCS.

### (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 attached conditions.

Government grants relating to costs are recognised in the profit or loss over the period necessary to match them with the costs they are intended to compensate.

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

## 4. Critical Accounting Estimates and Judgements

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

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

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

## **4. Critical Accounting Estimates and Judgements (continued)**

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

#### *Intangible assets - Acquired telecommunication licences with allocated spectrum rights*

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

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

#### *Intangible assets - Estimated useful life of telecommunication licenses with allocated spectrum rights*

The telecommunication licenses with allocated spectrum rights acquired by a subsidiary via business combination during the financial year are not subject to amortisation and are tested annually for impairment as the Group in the opinion that the licenses can be renewed in perpetuity at negligible cost and the associated spectrum rights, similar to land, have an indefinite economic useful life. The estimated indefinite economic useful life reflects the Group's expectation of the period over which the Group will continuously recover the benefits from the licenses.

### **(b) Critical accounting estimates and assumptions**

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

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

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

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 4. Critical Accounting Estimates and Judgements (continued)

### (b) Critical accounting estimates and assumptions (continued)

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

#### (i) Impairment assessment of goodwill

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

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

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

#### (ii) Impairment assessment of PPE and investments

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

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

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

The assumption used and results of the impairment assessment of investment in an associate are disclosed in Note 28 to the financial statements.

#### (iii) Estimated useful lives of PPE

The Group reviews the estimated useful lives of PPE based on factors such as business plan and strategies, expected level of usage and future technological developments at the end of each reporting period. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of PPE would increase the recorded depreciation charge and decrease the PPE balance.

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

#### **4. Critical Accounting Estimates and Judgements (continued)**

##### **(b) Critical accounting estimates and assumptions (continued)**

###### **(iv) Taxation**

###### Income taxes

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

###### Deferred tax assets

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

###### **(v) Contingent liabilities**

Determination of the treatment of contingent liabilities is based on the Group's view of the expected outcome of contingencies after consulting legal counsel for litigation cases and internal and external experts of the Group for matters in the ordinary course of business. Please refer to Note 28 and Note 35(d) to the financial statements for legal proceedings that the Group is involved in as at the end of each reporting period.

###### **(vi) Fair value of derivatives and other financial instruments**

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

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

###### **(vii) Provision for dismantling, removal or restoration**

Fair value estimates of provision for dismantling, removal or restoration generally involve discounted future cash flows, and periodic accretion of such liabilities due to the passage of time is recorded as finance cost. The significant assumptions used in estimating the provision are: timing of assets removals; cost of assets removals; expected inflation rates; and the weighted average cost of capital. There can be no assurances that actual costs and the probability of incurring obligations will not differ from these estimates.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 5. Incorporations, Acquisitions, Mergers, Disposals and Dilutions of Interests

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

#### (i) Incorporation of Axiata Digital Services Sdn Bhd (“ADS”)

On 29 January 2014, the Company incorporated ADS, a private company limited by shares, under the Companies Act, 1965 in Malaysia with an authorised share capital of RM0.4 million divided into 400,000 ordinary shares of which its issued and paid-up share capital is RM2. ADS is an investment holding company.

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

#### (ii) Dilution of equity interest in Glasswool Holdings Limited (“Glasswool”)

On 13 December 2013, Axiata Investments (Cambodia) Limited (“AIC”), a wholly-owned subsidiary of the Company entered into a Co-operation Agreement with Glasswool Holdings Limited (“Glasswool”) and Southern Coast Ventures Inc. (“SCV”). In accordance with the Co-operation Agreement, Glasswool shall issue to SCV the following additional ordinary shares in Glasswool subject to no material adverse event as defined in the Co-operation Agreement having occurred prior to the First, Second and Third anniversary from 19 February 2013 as below:

- i) 58 Ordinary Shares following the First Completion Date;
- ii) 60 Ordinary Shares following the Second Completion Date; and
- iii) 64 Ordinary Shares following the Third Completion Date.

On 3 March 2014, Glasswool issued 58 ordinary shares to SCV. Effectively, the Group’s equity interest in Glasswool decreased from 90.00% to 87.46% and the Group increased RM3.0 million and RM12.7 million of its consolidated retained earnings and non-controlling interests respectively.

#### (iii) Acquisition of Axis Telekom Indonesia (“Axis”)

On 26 September 2013, PT XL Axiata Tbk (“XL”) entered into a conditional sale and purchase agreement (“SPA”) with Saudi Telecom Company (“STC”) and Teleglobal Investments B.V. (“Teleglobal”), a wholly-owned subsidiary of STC, to purchase (or procure the purchase of) 95.00% shares in Axis. XL had also been granted a right to acquire the remaining 5.00% of the shares in Axis which was exercised in April 2014. The value of transaction was USD865.0 million whereby USD100.0\* would be used for the payment of 95.00% of Axis shares to Teleglobal and the remaining amount of RM2,836.6 million (USD865.0 million) was for the payment of Axis’s indebtedness by XL. The acquisition was completed on 19 March 2014 and Axis was merged with XL on 8 April 2014.

## **5. Incorporations, Acquisitions, Mergers, Disposals and Dilutions of Interests (continued)**

### **(a) Incorporation, acquisitions, merger, disposal and dilutions of interests during the financial year (continued)**

#### **(iii) Acquisition of Axis Telekom Indonesia (“Axis”) (continued)**

With acquisition and merger, XL expects to strengthen its position as the second strongest operator in telecommunications industry and the increase of XL’s spectrum on 1,800 MHz will improve service quality to subscribers and expectedly increase XL’s business performance and market share in the industry in the future.

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

	Note	RM'000
Net purchase consideration in cash		*
Details of the net assets acquired are as follows:		
PPE	25	<b>1,057,181</b>
Intangible assets		<b>1,735,246</b>
Other assets		<b>288,390</b>
Cash and bank balances		<b>6,400</b>
Indemnification assets		<b>287,318</b>
Other liabilities		<b>(2,180,373)</b>
Borrowings	34	<b>(2,836,552)</b>
Deferred tax liabilities		<b>(121,997)</b>
Total net liabilities acquired		<b>(1,764,387)</b>
Goodwill on acquisition		<b>1,764,387</b>
		-

The goodwill on acquisition is subject to finalisation of Purchase Price Allocation exercise within twelve (12) months from the date of acquisition of Axis.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 5. Incorporations, Acquisitions, Mergers, Disposals and Dilutions of Interests (continued)

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

#### (iii) Acquisition of Axis Telekom Indonesia (“Axis”) (continued)

The goodwill arising from the acquisition is attributable to economies of scale expected from combining the operations of XL and Axis.

Indemnification assets of RM287.3 million (IDR994.2 billion) represents bank guarantee provided by the previous majority shareholders of Axis to XL to cover all potential claims from the tax assessment issued by the tax office related to Axis’s value added tax underpayment, which had been provided for as liabilities of Axis assumed in business combination.

Following the merger of Axis business with XL, the result of Axis has been combined with XL. Had Axis been consolidated from 1 January 2014, consolidated proforma revenue and profit after tax of the Group are RM18,859.1 million and RM1,176.7 million respectively.

Acquisition related costs of RM87.3 million (IDR316.1 billion) have been charged to the consolidated other operating costs during the financial year.

#### (iv) Treasury shares transaction of XL

On 26 February 2014, XL bought back its issued and paid-up ordinary share of 231,114,140 (treasury shares) at a buy back price of IDR5,280 per ordinary share from its former shareholders who disapproved the Merger Plan of XL and Axis as disclosed in Note 5(a)(iii) to the financial statements for a net consideration of RM339.7 million which was subsequently paid by XL on 21 April 2014. As a result, the Group’s effective equity interest in XL increased from 66.48% to 68.34%. Accordingly, the Group reduced RM152.5 million and RM187.2 million of the consolidated retained earnings and non-controlling interests respectively.

Subsequently on 30 September 2014, XL resold the entire treasury shares in open market for a total net consideration of RM354.4 million. Accordingly, the Group’s effective equity interest in XL decreased from 68.34% to 66.48% and the Group increased RM170.4 million and RM184.0 million of its consolidated retained earnings and non-controlling interests respectively.

#### (v) Disposal of Samart i-Mobile Public Company Limited (“SIM”)

On 2 July 2014, the Company entered into an agreement with Samart Corporation Public Company Limited to dispose of its entire shareholding in SIM representing 24.08% of the total issued and paid-up share capital of SIM for a total net consideration of RM262.8 million. The disposal was completed on 30 July 2014 and a gain on disposal amounting to RM116.7 million was recognised during the financial year.

## **5. Incorporations, Acquisitions, Mergers, Disposals and Dilutions of Interests (continued)**

### **(a) Incorporation, acquisitions, merger, disposal and dilutions of interests during the financial year (continued)**

#### **(vi) Dilution of equity interest in Idea Cellular Limited (“Idea”)**

From 1 January 2014 to 10 June 2014, the Group’s equity interest in Idea decreased from 19.90% to 19.89% following the issuance of new ordinary shares under Idea’s ESOS.

On 11 June 2014, Idea issued 223,880,597 ordinary shares under the Qualified Institutions Placement exercise. On 24 July 2014, Idea further issued 51,838,540 ordinary shares with par value of INR10.00 each at an exercise price of INR144.68 per ordinary share to Axiata investments 2 (India) Limited, a wholly-owned subsidiary of the Group under Preferential Issuance. As a result, the Group’s effective equity interest in Idea diluted from 19.89% to 19.80%.

From 25 July 2014 until 31 December 2014, the Group’s equity interest in Idea further decreased from 19.80% to 19.79% (from 1 January 2013 to 31 December 2013: 19.93% to 19.90%) following the issuance of new ordinary shares under Idea’s ESOS.

The Group recognised a loss on dilution of equity interest amounting to RM29.7 million (2013: RM4.0 million) during the financial year.

#### **(vii) Acquisitions of equity interest in Digital Commerce Lanka (Pvt) Ltd (“Digital”)**

On 10 December 2012, Dialog entered into an Investment Agreement (“IA”) for the acquisition of 26.00% equity interest in Digital for a purchase consideration of RM4.9 million (SLR205.6 million). Effectively, Digital became an associate of the Group.

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

On 26 August 2014, Dialog further increased its equity interest in Digital from 28.32% to 42.48% (2013: 26.00% to 28.32%).

The acquisition has no significant financial impact to the Group.

#### **(viii) Acquisition of equity interest in Celcom Planet Sdn Bhd (“Celcom Planet”)**

On 17 October 2014, Celcom through its wholly-owned subsidiary, Celcom Intelligence Sdn Bhd (“Celcom Intelligence”) and SK Planet Global Holdings Pte Ltd (“SK Planet”), incorporated a joint venture entity with a shareholding ratio of 51 (SK Planet): 49 (Celcom Intelligence), namely Celcom Planet for the purpose of pursuing e-Commerce opportunities in Malaysia. Effectively, Celcom Planet became an associate of the Group.

The incorporation of Celcom Planet has no significant impact to the Group during the financial year.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 5. Incorporations, Acquisitions, Mergers, Disposals and Dilutions of Interests (continued)

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

#### (ix) Dilution of equity interest in Dialog

In line with the expiry of ESOS scheme of Dialog on 25 October 2014 as disclosed in Note 14(b) to the financial statements, a total 158.6 million ordinary shares were partially exercised by the employee of Dialog and the remaining were sold to market. Accordingly, the Group's equity interest in Dialog decreased from 84.97% to 83.32% and the Group increased RM24.3 million and RM25.6 million of its consolidated retained earnings and non-controlling interests respectively.

#### (x) Incorporation of Digital Holdings Lanka (Private) Limited ("DHL")

On 24 November 2014, Dialog incorporated DHL, a private company limited by shares, under the Companies Act, No.7 of 2007 in Sri Lanka with a stated capital of LKR10. The nature of business to be carried by DHL is as an investment holding company.

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

#### (xi) Incorporation of Axiata Digital Advertising Sdn Bhd ("ADA")

On 26 November 2014, the Group incorporated ADA, a private company limited by shares, under the Companies Act, 1965 with an authorised share capital of RM0.4 million divided into 400,000 ordinary shares of which its issued and paid-up share capital is RM2. The nature of business to be carried out by ADA is as an investment holding company.

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

#### (xii) Acquisition of equity interest in Merchantrade Asia Sdn Bhd ("Merchantrade")

On 20 November 2013, Celcom entered into a Shareholders' Agreement ("SA") and Share Subscription Agreement ("SSA") with Merchantrade and The Persons Described In Schedule 2 of both SA and SSA, namely Ramasamy a/l K. Veeran, Ravindra a/l Vamathevan, Ursine Holdings Sdn Bhd, Sumitomo Corporation and Sumitomo Corporation Asia & Oceania Pte Ltd (formerly known as Sumitomo Corporation Asia Pte Ltd) to boost the existing MVNO business and leverage on Merchantrade's remittance business. Under the terms of the SSA, Celcom is to subscribe 20.00% equity interest in Merchantrade via subscription of new ordinary shares to be issued by Merchantrade with the required investment of RM20.0 million.

The acquisition of 20.00% equity interest in Merchantrade was completed on 8 December 2014. Effectively Merchantrade became a joint venture of the Group.

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

## **5. Incorporations, Acquisitions, Mergers, Disposals and Dilutions of Interests (continued)**

### **(a) Incorporation, acquisitions, merger, disposal and dilutions of interests during the financial year (continued)**

#### **(xiii) Incorporation of edotco Investments (Labuan) Limited (“e.co Labuan”)**

On 15 December 2014, the Group incorporated e.co Labuan, a private company limited by shares, under the Labuan Companies Act, 1990 with an issued and paid-up share capital of USD1,000 divided into 1,000 ordinary shares. The nature of business to be carried by e.co Labuan is as an investment holding company.

The incorporation of e.co Labuan has no significant impact to the Group during the financial year.

#### **(xiv) Dilution of equity interest in M1 Limited (“M1”)**

During the financial year, the equity interest in M1, held through Axiata Investments (Singapore) Limited (“AIS”), a wholly-owned subsidiary of the Company decreased from 28.74% to 28.50% (2013: 29.06% to 28.74%) following the issuance of the shares under M1’s ESOS scheme. The Group recognised a loss on dilution of equity interest amounting to RM13.6 million (2013: RM15.2 million) during the financial year.

### **(b) Incorporation, acquisitions, merger, disposal and dilutions of interests in the previous financial year**

#### **(i) 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 of MTCE had no significant financial impact to the Group in the previous financial year.

#### **(ii) Acquisition of Glasswool by AIC**

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 Smart Axiata Co., Ltd (“Smart”) in Cambodia upon completion of the acquisition of Smart.

Subsequently, it was the Group’s intention to merge the operations of Hello Axiata Company Limited (“Hello”) and Smart as one combined entity. The acquisition was settled via a combination of cash considerations and a 10.00% 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 Smart became a 90.00% owned subsidiary of the Group effectively.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 5. Incorporations, Acquisitions, Mergers, Disposals and Dilutions of Interests (continued)

### (b) Incorporation, acquisitions, merger, disposal and dilutions of interests in the previous financial year (continued)

#### (ii) Acquisition of Glasswool by AIC (continued)

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

	Note	RM'000
Net purchase consideration in cash		<b>483,290</b>
Fair value of 10.00% of Hello's identifiable net assets and business transferred to Smart		<b>16,621</b>
Purchase consideration		<b>499,911</b>

Details of the net assets acquired are as follows:

PPE	25	<b>174,776</b>
Intangible assets		<b>278,565</b>
Inventories		<b>2,326</b>
Trade and other receivables		<b>16,245</b>
Cash and bank balances		<b>33,136</b>
Deferred tax liability		<b>(55,680)</b>
Trade and other payables		<b>(82,658)</b>
Total net assets		<b>366,710</b>
Less: NCI		<b>(36,671)</b>
Total net assets acquired		<b>330,039</b>
Goodwill on acquisition		<b>169,872</b>
		<b>499,911</b>

The goodwill arising from the acquisition is attributable to economies of scale.

In conjunction with the transfer of Hello's telecommunication business and assets on 19 January 2013, Hello disposed of 10.00% equity interest to NCI of Smart as summarised below:

	RM'000
Consideration received from NCI	<b>16,621</b>
Carrying amount of NCI disposed off	<b>(15,939)</b>
Increase in parent's equity	<b>682</b>

## **5. Incorporations, Acquisitions, Mergers, Disposals and Dilutions of Interests (continued)**

### **(b) Incorporation, acquisitions, merger, disposal and dilutions of interests in the previous financial year (continued)**

#### **(ii) Acquisition of Glasswool by AIC (continued)**

Acquisition related costs of RM8.8 million have been charged to the consolidated other operating costs in the previous financial year.

The impact of acquisition of Smart, had it occurred on 1 January 2013, was not material to the consolidated financial statements.

#### **(iii) 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 (“Dialog”) had, on 13 May 2013, completed the acquisition of the entire ordinary shares in issue of Sky TV at a consideration of RM19.0 million (SLR800.0 million). Subsequently the amalgamation of Sky TV with DBN was completed on 3 July 2013. As a consequence of the amalgamation, Sky TV ceased to exist as a corporate entity from the date of amalgamation and all its assets, liabilities and operations were accordingly succeeded by DBN.

The acquisition of Sky TV was concluded as an acquisition of asset and had no significant financial impact to the Group in the previous financial year.

#### **(iv) Incorporation of PT XL Planet Digital (“Planet Digital”)**

On 16 May 2013, 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 namely Planet Digital. SKGH and XL were to contribute IDR equivalent of RM59.3 million (USD18.3 million) each for the initial share capital and respectively hold 50.00% of the total share capital of Planet Digital. Planet Digital was incorporated under Deed of establishment No.9 dated 8 July 2013. Effectively, Planet Digital became a joint venture of the Group.

The incorporation of Planet Digital had no significant financial impact to the Group in the previous financial year.

#### **(v) Divestment by Celcom Axiata Berhad (“Celcom”) of its wholly-owned subsidiary, Celcom Childcare Sdn Bhd (“Celcom Childcare”)**

Celcom had, on 29 August 2012, completed the incorporation of Celcom Chidcare, a private company limited by shares, under the Companies Act, 1965.

On 11 June 2013, Celcom entered into a Share Sale Agreement with Early Impression Sdn Bhd (“Early Impression”) on the divestment of its entire shareholding in Celcom Childcare for a cash consideration of RM0.2 million. The disposal of Celcom Childcare to Early Impression was completed on 18 October 2013.

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

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 5. Incorporations, Acquisitions, Mergers, Disposals and Dilutions of Interests (continued)

### (b) Incorporation, acquisitions, merger, disposal and dilutions of interests in the previous financial year (continued)

#### (vi) Acquisition of additional equity interest in Robi Axiata Limited (“Robi”)

In the previous financial year, the Registrar of Joint Stock Companies and Firms of Bangladesh approved the new allotment of shares by Robi with the date of allotment on 28 July 2013. The new allotment was satisfied via the capitalisation of RM1,035.4 million (USD321.0 million) convertible shareholder’s advance by Axiata Investments (Labuan) Limited (“AIL”). Accordingly, the Group’s equity interest increased from 70.00% to 91.59%. The Group recorded an increase in retained earnings arising from the transaction with NCI amounting to RM51.8 million in the previous financial year.

#### (vii) Dilution of equity interest in Samart I-Mobile Public Company Limited (“SIM”)

In the previous financial year, the Group’s equity interest in SIM, decreased from 24.40% to 24.08% following the issuance of new ordinary shares under SIM’s warrant. The Group recognised a loss on dilution of equity interest amounting to RM1.9 million in the previous financial year.

#### (viii) Dilution of equity interest in XL

In the previous financial year, 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 plan as disclosed in Note 14(c) to the financial statements.

The Group recognised a gain on dilution amounting to RM6.2 million in retained earnings and RM8.1 million in NCI respectively in the previous financial year.

## 6. Operating Revenue

	Group		Company	
	2014 RM’000	2013 RM’000	2014 RM’000	2013 RM’000
Mobile services	<b>15,714,485</b>	15,391,568	-	-
Interconnect services	<b>1,317,165</b>	1,352,899	-	-
Dividend income:				
- Malaysia	-	-	<b>2,945,333</b>	2,301,815
- Overseas	-	-	<b>6,393</b>	8,056
Lease of passive infrastructure	<b>258,580</b>	308,769	-	-
Technical and management services fees	-	-	<b>42,821</b>	49,577
Others*	<b>1,421,547</b>	1,317,605	-	-
Total	<b>18,711,777</b>	18,370,841	<b>2,994,547</b>	2,359,448

\* Others include revenue from leased services, pay television transmission, sale of devices and other data services.

### 7(a). Depreciation, Impairment and Amortisation

	Note	2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Depreciation of:					
- PPE	25	<b>3,289,155</b>	3,078,359	<b>5,049</b>	3,662
- PPE of non-current assets classified as held-for-sale		–	17,869	–	–
Reversal of impairment of PPE	25	<b>(32,734)</b>	(9,554)	–	–
Impairment of:					
- Investment in a subsidiary		–	–	–	39,982
- PPE	25	<b>26,101</b>	21,288	–	–
Write off of PPE	25	<b>21,957</b>	60,524	<b>1</b>	333
Amortisation of:					
- intangible assets	24	<b>366,860</b>	264,909	–	–
- intangible assets of non-current assets classified as held-for-sale		–	882	–	–
Others		<b>279</b>	1,053	–	–
Total		<b>3,671,618</b>	3,435,330	<b>5,050</b>	43,977

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For The Financial Year Ended 31 December 2014

**7(b). Other Operating Costs**

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Impairment of:					
- trade and other receivables	32	<b>77,870</b>	110,904	-	-
- trade and other receivables of non-current assets classified as held-for-sale		-	1,821	-	-
Business license fees		<b>803,866</b>	577,302	-	-
Charges and commissions		<b>74,190</b>	80,155	<b>45</b>	244
Cost of SIM and recharge cards		<b>109,741</b>	107,047	-	-
Revenue sharing outpayment		<b>587,284</b>	376,837	-	-
Leased circuit charges		<b>212,986</b>	202,677	-	-
Maintenance		<b>1,185,442</b>	1,077,581	<b>8,280</b>	1,090
Professional fees		<b>256,645</b>	203,051	<b>37,984</b>	51,039
Rental-land and buildings		<b>1,009,590</b>	933,479	<b>4,632</b>	4,538
Rental-equipment		<b>196,898</b>	166,275	<b>286</b>	233
Rental-others		<b>67,066</b>	55,832	<b>7</b>	21
Roaming costs		<b>212,861</b>	246,110	-	-
Supplies and inventories		<b>354,309</b>	340,554	<b>495</b>	455
Transportation and travelling		<b>77,370</b>	76,461	<b>7,727</b>	7,678
USP/Obligation contribution		<b>458,405</b>	480,853	-	-
Utilities		<b>289,078</b>	256,335	<b>535</b>	446
Others <sup>1</sup>		<b>497,314</b>	522,644	<b>25,740</b>	29,161
Total		<b>6,470,915</b>	5,815,918	<b>85,731</b>	94,905

## 7(b). Other Operating Costs (continued)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<sup>1</sup> Others include:				
Audit fees:				
- PricewaterhouseCoopers Malaysia ("PwCM")	<b>2,834</b>	2,685	<b>1,608</b>	1,551
- Member firm of PwC International Limited ("PwCI")*	<b>3,348</b>	2,408	-	-
- Others	<b>45</b>	35	-	-
Audit related fees <sup>(i)</sup> :				
- PwCM and PwCI	<b>6,137</b>	4,512	<b>2,386</b>	3,323
	<b>12,364</b>	9,640	<b>3,994</b>	4,874
Other fees paid to PwCM and PwCI:				
- Tax and tax related services <sup>(ii)</sup>	<b>1,880</b>	1,368	<b>1,136</b>	969
- Other non-audit services <sup>(iii)</sup>	<b>6,043</b>	3,995	<b>2,434</b>	3,110
	<b>20,287</b>	15,003	<b>7,564</b>	8,953

\* 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.

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.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 7(c). Staff Costs (including remuneration of Executive Directors of the Company)

Note	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Staff costs excluding Directors:				
- salaries, allowances, overtime and bonus	<b>984,442</b>	877,407	<b>66,351</b>	55,329
- termination benefits	<b>8,774</b>	28,055	-	-
- contribution to EPF	<b>77,524</b>	68,417	<b>8,379</b>	9,918
- other staff benefits	<b>144,866</b>	154,083	<b>7,864</b>	8,029
- ESOS and RSA expenses	14(a) <b>90,031</b>	78,698	<b>20,401</b>	16,385
- Share based compensation expense of a subsidiary	14(c) <b>8,864</b>	10,973	-	-
Remuneration of Executive Directors of the Company	7(d) <b>8,217</b>	9,310	<b>8,217</b>	9,310
	<b>1,322,718</b>	1,226,943	<b>111,212</b>	98,971

## 7(d). Directors' Remuneration

Note	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Remuneration of Executive Directors of the Company:				
- salaries, allowances and bonus	<b>5,578</b>	6,160	<b>5,578</b>	6,160
- contribution to EPF	<b>1,060</b>	1,170	<b>1,060</b>	1,170
- ESOS and RSA expenses	14(a) <b>1,579</b>	1,980	<b>1,579</b>	1,980
	<b>8,217</b>	9,310	<b>8,217</b>	9,310
Remuneration of Non-Executive Directors of the Company:				
- fees and allowances	<b>2,875</b>	2,592	<b>2,453</b>	2,287
	<b>11,092</b>	11,902	<b>10,670</b>	11,597

Estimated money value of benefits of Directors amounting to RM643,486 (2013: RM544,026) for the Group and the Company.

## 8. Other (Losses)/Gains – Net

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Finance assets at fair value through profit or loss	<b>6</b>	-	-	-
Derivative financial instruments:				
– Forward foreign currency contracts (“FFC”)	<b>(34,960)</b>	59,577	<b>(5,765)</b>	-
– CCIRS	<b>8,798</b>	161,883	-	-
– Interest rate swap contracts (“IRS”)	<b>(24,432)</b>	(17,812)	-	-
– Warrants in an associate	<b>4,560</b>	-	-	-
– Call spread options	<b>4,275</b>	-	-	-
Total	<b>(41,753)</b>	203,648	<b>(5,765)</b>	-

## 9. Other Operating Income

	Group		Company	
Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Gain on disposal of PPE	<b>98,202</b>	13,977	<b>1</b>	174
Gain on disposal of an associate	<b>116,670</b>	-	<b>137,483</b>	-
Bad debts recovered	<b>7,493</b>	13,358	-	-
Others	<b>30,292</b>	20,546	<b>1,140</b>	766
Total	<b>252,657</b>	47,881	<b>138,624</b>	940

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 10. Finance (Cost)/Income

Note	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Finance income</b>				
Islamic Financial Instruments	<b>87,618</b>	158,546	<b>41,282</b>	77,832
Other deposits, cash and bank balances	<b>110,376</b>	102,750	<b>35,449</b>	4,788
	<b>197,994</b>	261,296	<b>76,731</b>	82,620
<b>Finance cost</b>				
Other borrowings	(537,870)	(489,033)	(49,636)	(11,171)
Profit on Islamic Private Debt Securities	(207,548)	(216,645)	-	-
Finance (expense)/income on CCIRS:				
- fair value hedge	(3,902)	(19,755)	(3,902)	(19,755)
- net investment hedge	<b>2,861</b>	4,704	-	-
Finance cost excluding net foreign exchange losses on financing activities	<b>(746,459)</b>	(720,729)	<b>(53,538)</b>	(30,926)
Net foreign exchange (losses)/gains on:				
- financing activities	(131,435)	(416,368)	<b>6,125</b>	(58,250)
- fair value hedge	(6,125)	58,250	(6,125)	58,250
Net foreign exchange losses on financing activities	<b>(137,560)</b>	(358,118)	-	-
Total finance cost	<b>(884,019)</b>	(1,078,847)	<b>(53,538)</b>	(30,926)
Net finance (cost)/income	<b>(686,025)</b>	(817,551)	<b>23,193</b>	51,694

## 11. Taxation and Zakat

Note	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current taxation:				
- Malaysian income tax	<b>678,607</b>	330,865	-	-
- Overseas taxation	<b>184,943</b>	310,151	<b>3,261</b>	26
	<b>863,550</b>	641,016	<b>3,261</b>	26
Deferred taxation	23	(94,405)	144,946	-
Total taxation		<b>769,145</b>	785,962	<b>3,261</b>
Zakat		<b>898</b>	8,500	-
Taxation and zakat		<b>770,043</b>	794,462	<b>3,261</b>
Current taxation:				
<b>Malaysia</b>				
Income tax:				
- Current year	<b>670,290</b>	478,484	-	-
- Under/(Over) accrual in previous financial years	<b>8,317</b>	(147,619)	-	-
	<b>678,607</b>	330,865	-	-
<b>Overseas</b>				
Income tax:				
- Current year	<b>184,943</b>	298,968	<b>3,261</b>	26
- Under accrual in previous financial years	-	11,183	-	-
	<b>184,943</b>	310,151	<b>3,261</b>	26
Deferred taxation:				
- Net origination of temporary differences	23	(94,405)	144,946	-
Total taxation		<b>769,145</b>	785,962	<b>3,261</b>
Zakat		<b>898</b>	8,500	-
Total taxation and zakat		<b>770,043</b>	794,462	<b>3,261</b>

The current income tax is calculated at the statutory tax rate of 25% (2013: 25%) of the estimated assessable profit for the financial year.

**Notes to the  
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**11. Taxation and Zakat (continued)**

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit before taxation	<b>3,114,456</b>	3,533,039	<b>3,469,212</b>	2,556,875
Taxation calculated at the applicable Malaysian tax rate of 25% (2013: 25%)	<b>778,614</b>	883,260	<b>867,303</b>	639,219
Tax effects of:				
- income not subject to tax	(126,386)	(76,431)	(916,720)	(675,911)
- share of results of associates	(101,803)	(67,706)	-	-
- share of results of joint ventures	6,248	(1,332)	-	-
- different tax rates in other countries	70,533	78,714	1,923	(1,960)
- change in statutory tax rate	(1,359)	(14,000)	-	-
- tax incentive	-	(105,797)	-	-
- utilisation of previously unrecognised tax losses	(10,133)	(9,482)	-	-
- unrecognised tax losses	20,756	18,142	17,444	17,118
- expenses not deductible for tax purposes	124,358	217,030	25,811	16,169
- group relief	-	-	7,500	5,391
- under/(over) accrual of income tax	8,317	(136,436)	-	-
- zakat	898	8,500	-	-
Total taxation and zakat	<b>770,043</b>	794,462	<b>3,261</b>	26

Included in the taxation of the Group are tax savings amounting to RM7.5 million (2013: RM5.4 million) due to Group Relief which allow companies with tax losses to surrender those losses to profit-making companies within the Group in the same year of assessment as provided under the taxation law of Malaysia.

## 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.

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
Profit attributable to owners of the Company (RM'000)	<b>2,348,665</b>	2,550,021
Weighted average number of shares in issue ('000)	<b>8,563,235</b>	8,527,631
Basic EPS (sen)	<b>27.4</b>	29.9

### (b) Diluted earnings per share

For the diluted EPS calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. The Company has share options and RSA granted to employees under the Axiata Share Scheme as disclosed in Note 14(a) to the financial statements which are dilutive potential ordinary shares and is assumed to have been converted into ordinary shares.

In respect of share options over the ordinary shares and RSA of the Company, a calculation is performed to determine the number of shares that could have been acquired at fair value based on the monetary value of the subscription rights attached to outstanding share options. The calculation serves to determine the unexercised share options and RSA outstanding for the purpose of computing the dilution. No adjustment is made to profit attributable to owners of the Company for the share options and RSA calculation.

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
Profit attributable to owners of the Company (RM'000)	<b>2,348,665</b>	2,550,021
Weighted average number of ordinary shares in issue ('000)	<b>8,563,235</b>	8,527,631
Adjusted for ESOS and RSA ('000)	<b>63,756</b>	55,325
Weighted average number of ordinary shares for the purpose of computing diluted EPS ('000)	<b>8,626,991</b>	8,582,956
Diluted EPS (sen)	<b>27.2</b>	29.7

# Notes to the Financial Statements

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## 13. Share Capital

	Group and Company			
	2014		2013	
	No. of shares '000	Nominal value RM'000	No. of shares '000	Nominal value RM'000
Ordinary shares of RM1 each:				
Authorised:				
At the beginning/end of the financial year	<b>12,000,000</b>	<b>12,000,000</b>	12,000,000	12,000,000
Issued and paid-up:				
At the beginning of the financial year	<b>8,540,663</b>	<b>8,540,663</b>	8,508,209	8,508,209
Issuance of new ordinary shares under Axiata Share Scheme:				
(a) Performance-Based ESOS at exercise price per ordinary share of:				
- RM1.81	<b>2,759</b>	<b>2,759</b>	3,706	3,706
- RM3.15	<b>482</b>	<b>482</b>	1,021	1,021
- RM3.45	<b>5,754</b>	<b>5,754</b>	14,059	14,059
- RM5.07	<b>23,659</b>	<b>23,659</b>	13,190	13,190
(b) RSA issued	<b>8,700</b>	<b>8,700</b>	478	478
At the end of the financial year	<b>8,582,017</b>	<b>8,582,017</b>	8,540,663	8,540,663

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

## 14. Employee Share Option and Share Scheme

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

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

On 1 June 2011, the Company's shareholders had, at the Nineteenth (19<sup>th</sup>) Annual General Meeting ("AGM") of the Company, approved the amendments to the Bye-Laws of the ESOS to include a RSP. Accordingly, the existing Performance-Based ESOS was renamed as Axiata Share Scheme.

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

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

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

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

<sup>2</sup> The grant was made to newly hired employees who did not receive the main cycle grants and have been confirmed as at reporting date.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 14. Employee Share Option and Share Scheme (continued)

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

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

RSA	Reference date	Vesting date	Entitlement over the Company's shares		
			% of shares to be vested <sup>1</sup>	Number of shares granted <sup>3</sup>	Reference price <sup>5</sup> RM
<b>Grant 3(b), 2011<sup>4</sup></b>					
Tranche 1	18 July 2011	18 July 2013	50	243,350	5.03
Tranche 2	18 July 2011	18 July 2014	50-100	526,450	5.03
<b>Grant 3(c), 2011<sup>4</sup></b>					
Tranche 1	30 Nov 2011	30 Nov 2013	50	23,700	5.10
Tranche 2	30 Nov 2011	30 Nov 2014	50-100	183,600	5.10
<b>Grant 4(a), 2012</b>					
Tranche 1	30 Mar 2012	30 Mar 2014	50	6,890,050	5.20
Tranche 2	30 Mar 2012	30 Mar 2015	50-100	10,603,550	5.20
<b>Grant 4(b), 2012<sup>4</sup></b>					
Tranche 1	31 July 2012	31 July 2014	50	122,150	5.86
Tranche 2	31 July 2012	31 July 2015	50-100	444,350	5.86
<b>Grant 4(c), 2012<sup>4</sup></b>					
Tranche 1	30 Nov 2012	30 Nov 2014	50	131,400	5.92
Tranche 2	30 Nov 2012	30 Nov 2015	50-100	252,500	5.92
<b>Grant 5(a), 2013</b>					
Tranche 1	20 Feb 2013	20 Feb 2015	50	6,585,950	6.27
Tranche 2	20 Feb 2013	20 Feb 2016	50-100	10,374,750	6.27
<b>Grant 5(b), 2013<sup>4</sup></b>					
Tranche 1	15 Aug 2013	15 Aug 2015	50	268,100	6.90
Tranche 2	15 Aug 2013	15 Aug 2016	50-100	440,500	6.90
<b>Grant 6(a), 2014</b>					
Tranche 1	15 Feb 2014	15 Feb 2016	50	6,790,450	6.55
Tranche 2	15 Feb 2014	15 Feb 2017	50-100	10,466,650	6.55
<b>Grant 6(b), 2014<sup>4</sup></b>					
Tranche 1	15 Aug 2014	15 Aug 2016	50	121,950	6.95
Tranche 2	15 Aug 2014	15 Aug 2017	50-100	406,650	6.95

## **14. Employee Share Option and Share Scheme (continued)**

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

- <sup>3</sup> Senior and top management can only vest the RSA at the end of the third (3<sup>rd</sup>) year or contract period whichever is earlier. Number of shares originally granted are excluding the multiplier effects to be offered to management upon fulfilment of certain performance conditions on the day of vesting.
- <sup>4</sup> The grant was made to newly hired employees who did not receive the main cycle grant and have been confirmed as at reporting dates.
- <sup>5</sup> Refers to the price at reference date for the purpose of granting the number of shares to the employees.

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

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

The maximum amount of shares which may be:

- (a) Offered for subscription and allotted on the exercise of the total amount of Share Options under this Axiata Share Scheme; and
- (b) Allotted upon the vesting of RSA under a RSP, (collectively referred to as "Aggregate") shall not be more than 7% of the issued and paid-up ordinary share capital of the Company at any point of time during the duration of this Axiata Share Scheme.

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

#### **(ii) Basis of allocation and maximum allowable allotment**

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

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

# **Notes to the Financial Statements**

For The Financial Year Ended 31 December 2014

## **14. Employee Share Option and Share Scheme (continued)**

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

#### **(iii) Eligibility**

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

- (a) has attained the age of eighteen (18) years;
- (b) has entered into a full-term contract of employment with, and is on the payroll of, a corporation within the Group and whose service has been confirmed;
- (c) is not a non-executive or independent Director of the Company; and
- (d) fulfils any other criteria as may be set by the Board or the Axiata Share Scheme Committee in its absolute discretion.

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

#### **(iv) Option price and RSA reference price**

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

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

#### **(v) Duration of the Axiata Share Scheme**

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

## **14. Employee Share Option and Share Scheme (continued)**

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

#### **(vi) Retention period**

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

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

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

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

- (i) Selling Flexibility; or
- (ii) To directly subscribe for shares.

Whichever option once selected shall be applicable to the exercise of the 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.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 14. Employee Share Option and Share Scheme (continued)

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

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

Group	Exercise price RM	At 1 January 2014	Adjusted	Exercised	Lapsed/ forfeited	At 31	Fair value at grant date RM
						December 2014	
<b>Grant 1(a), 2009</b>							
Tranche 1	1.81	1,495,111	-	(477,461)	(1,050)	1,016,600	0.54
Tranche 2	1.81	6,650,294	-	(2,281,789)	(111,100)	4,257,405	0.57
		8,145,405	-	(2,759,250)	(112,150)	5,274,005	
<b>Grant 1(b), 2010</b>							
Tranche 1	3.15	208,300	61,100	(175,750)	(13,250)	80,400	0.93
Tranche 2	3.15	501,049	61,100	(306,599)	(46,050)	209,500	0.98
		709,349	122,200	(482,349)	(59,300)	289,900	
<b>Grant 2, 2010</b>							
Tranche 1	3.45	5,216,632	-	(1,598,700)	(5,650)	3,612,282	1.09
Tranche 2	3.45	9,656,216	-	(4,155,600)	(94,250)	5,406,366	1.15
		14,872,848	-	(5,754,300)	(99,900)	9,018,648	
<b>Grant 3, 2011</b>							
Tranche 1	5.07	16,372,090	-	(6,632,250)	(28,550)	9,711,290	1.05
Tranche 2	5.07	28,750,900	-	(17,026,450)	(127,600)	11,596,850	1.10
		45,122,990	-	(23,658,700)	(156,150)	21,308,140	
Total		68,850,592	122,200	(32,654,599)	(427,500)	35,890,693	

The related weighted average share price at the time of exercise was RM4.48 (2013: RM4.29).

## 14. Employee Share Option and Share Scheme (continued)

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

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

Group	Exercise price RM	At 1 January 2013	Granted	Exercised	Lapsed/ forfeited	At 31 December 2013	Fair value at grant date RM
<b>Grant 1(a), 2009</b>							
Tranche 1	1.81	2,139,777	-	(638,966)	(5,700)	1,495,111	0.54
Tranche 2	1.81	9,726,274	-	(3,067,530)	(8,450)	6,650,294	0.57
		11,866,051	-	(3,706,496)	(14,150)	8,145,405	
<b>Grant 1(b), 2010</b>							
Tranche 1	3.15	495,450	-	(244,100)	(43,050)	208,300	0.93
Tranche 2	3.15	1,324,250	-	(777,051)	(46,150)	501,049	0.98
		1,819,700	-	(1,021,151)	(89,200)	709,349	
<b>Grant 2, 2010</b>							
Tranche 1	3.45	7,650,438	-	(2,367,056)	(66,750)	5,216,632	1.09
Tranche 2	3.45	21,493,025	-	(11,692,109)	(144,700)	9,656,216	1.15
		29,143,463	-	(14,059,165)	(211,450)	14,872,848	
<b>Grant 3, 2011</b>							
Tranche 1	5.07	29,803,690	-	(13,189,700)	(241,900)	16,372,090	1.05
Tranche 2	5.07	29,802,750	-	-	(1,051,850)	28,750,900	1.10
		59,606,440	-	(13,189,700)	(1,293,750)	45,122,990	
Total		102,435,654	-	(31,976,512)	(1,608,550)	68,850,592	

The related weighted average share price at the time of exercise was RM4.29 (2012: RM5.47).

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 14. Employee Share Option and Share Scheme (continued)

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

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

Company	Exercise price RM	At 1		Exercised	Lapsed/ forfeited	At 31 December 2014	Fair value at grant date RM
		January 2014	Adjusted <sup>6</sup>				
<b>Grant 1(a), 2009</b>							
Tranche 1	1.81	1,034,400	-	(177,050)	-	857,350	0.54
Tranche 2	1.81	1,595,200	-	(219,550)	-	1,375,650	0.57
		2,629,600	-	(396,600)	-	2,233,000	
<b>Grant 1(b), 2010</b>							
Tranche 1	3.15	102,300	-	(86,150)	-	16,150	0.93
Tranche 2	3.15	224,949	-	(93,199)	-	131,750	0.98
		327,249	-	(179,349)	-	147,900	
<b>Grant 2, 2010</b>							
Tranche 1	3.45	1,656,675	-	(243,150)	-	1,413,525	1.09
Tranche 2	3.45	2,401,625	-	(253,700)	-	2,147,925	1.15
		4,058,300	-	(496,850)	-	3,561,450	
<b>Grant 3, 2011</b>							
Tranche 1	5.07	2,783,450	-	(469,600)	-	2,313,850	1.05
Tranche 2	5.07	3,282,450	-	(607,200)	-	2,675,250	1.10
		6,065,900	-	(1,076,800)	-	4,989,100	
Total		13,081,049	-	(2,149,599)	-	10,931,450	

<sup>6</sup> Adjusted due to the transfer of staff between entities in the Group.

## 14. Employee Share Option and Share Scheme (continued)

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

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

Company	Exercise price RM	At 1 January 2013	Adjusted <sup>6</sup>	Exercised	Lapsed/ forfeited	At 31 December 2013	Fair value at grant date RM
<b>Grant 1(a), 2009</b>							
Tranche 1	1.81	1,215,650	-	(181,250)	-	1,034,400	0.54
Tranche 2	1.81	1,808,350	-	(213,150)	-	1,595,200	0.57
		3,024,000	-	(394,400)	-	2,629,600	
<b>Grant 1(b), 2010</b>							
Tranche 1	3.15	177,000	-	(74,700)	-	102,300	0.93
Tranche 2	3.15	515,900	-	(290,951)	-	224,949	0.98
		692,900	-	(365,651)	-	327,249	
<b>Grant 2, 2010</b>							
Tranche 1	3.45	1,986,875	-	(330,200)	-	1,656,675	1.09
Tranche 2	3.45	2,977,825	-	(576,200)	-	2,401,625	1.15
		4,964,700	-	(906,400)	-	4,058,300	
<b>Grant 3, 2011</b>							
Tranche 1	5.07	3,532,550	-	(749,100)	-	2,783,450	1.05
Tranche 2	5.07	3,532,550	(30,850)	-	(219,250)	3,282,450	1.10
		7,065,100	(30,850)	(749,100)	(219,250)	6,065,900	
Total		15,746,700	(30,850)	(2,415,551)	(219,250)	13,081,049	

<sup>6</sup> Adjusted due to the transfer of staff between entities in the Group.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 14. Employee Share Option and Share Scheme (continued)

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

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

Group	Closing price at grant date	At 1 January 2014	Granted	Adjusted <sup>7</sup>	Vested	Lapsed/forfeited	At 31 December 2014	Fair value at grant date
<b>Grant 3(b), 2011</b>								
Tranche 1	5.03	16,150	-	-	(9,200)	(6,950)	-	4.21
Tranche 2	5.03	454,700	-	320,800	(744,350)	(11,150)	20,000	3.90
		470,850	-	320,800	(753,550)	(18,100)	20,000	
<b>Grant 3(c), 2011</b>								
Tranche 1	5.10	3,100	-	-	(3,100)	-	-	4.15
Tranche 2	5.10	155,550	-	264,000	(409,400)	(6,200)	3,950	3.74
		158,650	-	264,000	(412,500)	(6,200)	3,950	
<b>Grant 4(a), 2012</b>								
Tranche 1	5.39	6,529,100	-	595,900	(6,983,400)	(47,000)	94,600	4.39
Tranche 2	5.39	10,075,500	-	23,500	(176,000)	(131,100)	9,791,900	4.26
		16,604,600	-	619,400	(7,159,400)	(178,100)	9,886,500	
<b>Grant 4(b), 2012</b>								
Tranche 1	6.00	122,150	-	-	(94,750)	(3,050)	24,350	4.93
Tranche 2	6.00	444,350	-	(12,600)	(21,400)	(7,350)	403,000	4.69
		566,500	-	(12,600)	(116,150)	(10,400)	427,350	
<b>Grant 4(c), 2012</b>								
Tranche 1	6.19	131,400	-	-	(97,600)	(17,600)	16,200	4.46
Tranche 2	6.19	252,500	-	-	-	(17,600)	234,900	4.11
		383,900	-	-	(97,600)	(35,200)	251,100	
<b>Grant 5(a), 2013</b>								
Tranche 1	6.60	6,428,250	-	-	-	(100,700)	6,327,550	4.76
Tranche 2	6.60	10,192,250	-	(18,400)	(118,500)	(237,300)	9,818,050	4.28
		16,620,500	-	(18,400)	(118,500)	(338,000)	16,145,600	
<b>Grant 5(b), 2013</b>								
Tranche 1	6.90	261,500	-	-	-	(29,050)	232,450	4.88
Tranche 2	6.90	433,900	-	(50,400)	(26,900)	(55,350)	301,250	4.10
		695,400	-	(50,400)	(26,900)	(84,400)	533,700	
<b>Grant 6(a), 2014</b>								
Tranche 1	6.69	-	6,790,450	-	-	(251,500)	6,538,950	4.77
Tranche 2	6.69	-	10,466,650	(66,600)	(14,800)	(459,300)	9,925,950	4.20
		-	17,257,100	(66,600)	(14,800)	(710,800)	16,464,900	
<b>Grant 6(b), 2014</b>								
Tranche 1	6.94	-	121,950	-	-	(750)	121,200	4.72
Tranche 2	6.94	-	406,650	-	-	(750)	405,900	3.97
		-	528,600	-	-	(1,500)	527,100	
<b>Total</b>		<b>35,500,400</b>	<b>17,785,700</b>	<b>1,056,200</b>	<b>(8,699,400)</b>	<b>(1,382,700)</b>	<b>44,260,200</b>	

<sup>7</sup> Adjusted refer to the additional number of shares vested to the senior management due to multiplier effects or pro-rated shares offered at the time of vesting.

## 14. Employee Share Option and Share Scheme (continued)

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

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

Group	Closing price at grant date	At 1			Vested	Lapsed/forfeited	At 31 December 2013	Fair value at grant date
		January 2013	Granted	Adjusted <sup>7</sup>				grant date
<b>Grant 3(b), 2011</b>								
Tranche 1	5.03	222,000	-	-	(201,800)	(4,050)	16,150	4.21
Tranche 2	5.03	480,500	-	14,600	(30,400)	(10,000)	454,700	3.90
		702,500	-	14,600	(232,200)	(14,050)	470,850	
<b>Grant 3(c), 2011</b>								
Tranche 1	5.10	19,700	-	-	(16,600)	-	3,100	4.15
Tranche 2	5.10	159,500	-	-	(3,950)	-	155,550	3.74
		179,200	-	-	(20,550)	-	158,650	
<b>Grant 4(a), 2012</b>								
Tranche 1	5.39	6,721,250	-	42,600	(63,900)	(170,850)	6,529,100	4.39
Tranche 2	5.39	10,331,550	-	107,600	(161,400)	(202,250)	10,075,500	4.26
		17,052,800	-	150,200	(225,300)	(373,100)	16,604,600	
<b>Grant 4(b), 2012</b>								
Tranche 1	6.00	122,150	-	-	-	-	122,150	4.93
Tranche 2	6.00	444,350	-	-	-	-	444,350	4.69
		566,500	-	-	-	-	566,500	
<b>Grant 4(c), 2012</b>								
Tranche 1	6.19	131,400	-	-	-	-	131,400	4.46
Tranche 2	6.19	252,500	-	-	-	-	252,500	4.11
		383,900	-	-	-	-	383,900	
<b>Grant 5(a), 2013</b>								
Tranche 1	6.60	-	6,585,950	-	-	(157,700)	6,428,250	4.76
Tranche 2	6.60	-	10,374,750	-	-	(182,500)	10,192,250	4.28
		-	16,960,700	-	-	(340,200)	16,620,500	
<b>Grant 5(b), 2013</b>								
Tranche 1	6.90	-	268,100	-	-	(6,600)	261,500	4.88
Tranche 2	6.90	-	440,500	-	-	(6,600)	433,900	4.10
		-	708,600	-	-	(13,200)	695,400	
Total		18,884,900	17,669,300	164,800	(478,050)	(740,550)	35,500,400	

<sup>7</sup> Adjusted refer to the additional number of shares vested to the senior management due to multiplier effects or pro-rated shares offered at the time of vesting.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 14. Employee Share Option and Share Scheme (continued)

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

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

Company	Closing price at grant date	At 1 January 2014	Granted	Adjusted <sup>7</sup>	Vested	Lapsed/forfeited	At 31 December 2014	Fair value at grant date
<b>Grant 3(b), 2011</b>								
Tranche 1	5.03	-	-	-	-	-	-	4.21
Tranche 2	5.03	226,600	-	297,100	(519,500)	(4,200)	-	3.90
		226,600	-	297,100	(519,500)	(4,200)	-	
<b>Grant 3(c), 2011</b>								
Tranche 1	5.10	-	-	-	-	-	-	4.15
Tranche 2	5.10	136,450	-	264,000	(400,450)	-	-	3.74
		136,450	-	264,000	(400,450)	-	-	
<b>Grant 4(a), 2012</b>								
Tranche 1	5.39	487,050	-	595,900	(1,075,150)	(7,800)	-	4.39
Tranche 2	5.39	2,240,450	-	23,500	(176,000)	(2,200)	2,085,750	4.26
		2,727,500	-	619,400	(1,251,150)	(10,000)	2,085,750	
<b>Grant 4(b), 2012</b>								
Tranche 1	6.00	7,500	-	-	(7,500)	-	-	4.93
Tranche 2	6.00	281,900	-	(12,600)	(21,400)	(4,300)	243,600	4.69
		289,400	-	(12,600)	(28,900)	(4,300)	243,600	
<b>Grant 4(c), 2012</b>								
Tranche 1	6.19	14,850	-	-	(14,850)	-	-	4.46
Tranche 2	6.19	118,450	-	-	-	-	118,450	4.11
		133,300	-	-	(14,850)	-	118,450	
<b>Grant 5(a), 2013</b>								
Tranche 1	6.60	349,850	-	(22,350)	-	(47,650)	279,850	4.76
Tranche 2	6.60	2,243,750	-	(40,750)	(118,500)	(47,650)	2,036,850	4.28
		2,593,600	-	(63,100)	(118,500)	(95,300)	2,316,700	
<b>Grant 5(b), 2013</b>								
Tranche 1	6.90	51,950	-	-	-	(2,250)	49,700	4.88
Tranche 2	6.90	192,750	-	(50,400)	(26,900)	(28,550)	86,900	4.10
		244,700	-	(50,400)	(26,900)	(30,800)	136,600	
<b>Grant 6(a), 2014</b>								
Tranche 1	6.69	-	708,100	6,900	-	(46,150)	668,850	4.77
Tranche 2	6.69	-	2,667,500	34,200	-	(61,250)	2,640,450	4.20
		-	3,375,600	41,100	-	(107,400)	3,309,300	
<b>Grant 6(b), 2014</b>								
Tranche 1	6.94	-	79,550	-	-	-	79,550	4.72
Tranche 2	6.94	-	298,750	-	-	-	298,750	3.97
		-	378,300	-	-	-	378,300	
Total		6,351,550	3,753,900	1,095,500	(2,360,250)	(252,000)	8,588,700	

<sup>7</sup> Adjusted refer to the additional number of shares vested to the senior management due to multiplier effects or pro-rated shares offered at the time of vesting.

## 14. Employee Share Option and Share Scheme (continued)

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

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

Company	Closing price at grant date	At 1			Lapsed/forfeited	At 31 December 2013	Fair value at grant date
		January 2013	Granted	Adjusted <sup>7</sup>			
<b>Grant 3(b), 2011</b>							
Tranche 1	5.03	4,300	-	-	(4,300)	-	- 4.21
Tranche 2	5.03	242,400	-	14,600	(30,400)	-	226,600 3.90
		246,700	-	14,600	(34,700)	-	226,600
<b>Grant 3(c), 2011</b>							
Tranche 1	5.10	4,550	-	-	(4,550)	-	- 4.15
Tranche 2	5.10	136,450	-	-	-	-	136,450 3.74
		141,000	-	-	(4,550)	-	136,450
<b>Grant 4(a), 2012</b>							
Tranche 1	5.39	508,350	-	42,600	(63,900)	-	487,050 4.39
Tranche 2	5.39	2,294,250	-	107,600	(161,400)	-	2,240,450 4.26
		2,802,600	-	150,200	(225,300)	-	2,727,500
<b>Grant 4(b), 2012</b>							
Tranche 1	6.00	7,500	-	-	-	-	7,500 4.93
Tranche 2	6.00	281,900	-	-	-	-	281,900 4.69
		289,400	-	-	-	-	289,400
<b>Grant 4(c), 2012</b>							
Tranche 1	6.19	14,850	-	-	-	-	14,850 4.46
Tranche 2	6.19	118,450	-	-	-	-	118,450 4.11
		133,300	-	-	-	-	133,300
<b>Grant 5(a), 2013</b>							
Tranche 1	6.60	-	349,850	-	-	-	349,850 4.76
Tranche 2	6.60	-	2,243,750	-	-	-	2,243,750 4.28
		-	2,593,600	-	-	-	2,593,600
<b>Grant 5(b), 2013</b>							
Tranche 1	6.90	-	51,950	-	-	-	51,950 4.88
Tranche 2	6.90	-	192,750	-	-	-	192,750 4.10
		-	244,700	-	-	-	244,700
Total		3,613,000	2,838,300	164,800	(264,550)	-	6,351,550

<sup>7</sup> Adjusted refer to the additional number of shares vested to the senior management due to multiplier effects or pro-rated shares offered at the time of vesting.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 14. Employee Share Option and Share Scheme (continued)

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

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

	Options over the Company's shares			
	Grant 1(a)	Grant 1(b)	Grant 2	Grant 3(a)
Exercise price	RM1.81	RM3.15	RM3.45	RM5.07
Option expected term:				
- Tranche 1	5.0 years	4.5 years	4.5 years	4.0 years
- Tranche 2	5.5 years	5.0 years	5.0 years	4.5 years
Weighted average share price at grant date	RM1.81	RM3.15	RM3.45	RM5.07
Expected dividend yield	1%	1%	1%	2%
Risk free interest rates (Yield of Malaysian Government securities)	3.0%-3.7%	3.0%-3.7%	3.0%-3.9%	3.3%-3.6%
Expected volatility	31.3% <sup>8</sup>	31.1% <sup>8</sup>	34.4%	24.7%

<sup>8</sup> The expected volatility rate of the Company's options was derived after considering the pattern and level of historical volatility of entities in the same industry since the Company did not have sufficient information on historical volatility as it was only listed on the Bursa Securities on 28 April 2008.

## 14. Employee Share Option and Share Scheme (continued)

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

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

	Entitlement over the Company's shares				
	Grant 3 (b)	Grant 3 (c)	Grant 4 (a)	Grant 4 (b)	Grant 4 (c)
Reference price	RM5.03	RM5.10	RM5.20	RM5.86	RM5.92
Valuation at grant date*	18 Jul 2011	30 Nov 2011	16 Apr 2012	17 Aug 2012	10 Dec 2012
Vesting date:					
- Tranche 1	18 Jul 2013	30 Nov 2013	30 Mar 2014	31 Jul 2014	30 Nov 2014
- Tranche 2	18 Jul 2014	30 Nov 2014	30 Mar 2015	31 Jul 2015	30 Nov 2015
Closing share price at grant date*	RM5.03	RM5.10	RM5.39	RM6.00	RM6.19
Expected dividend yield	2.54%	3.12%	4.23%	4.06%	4.15%
Risk free interest rates (Yield of Malaysian Government Securities)	3.19%-3.32%	2.92%-3.23%	3.09%-3.18%	2.97%-3.04%	3.00%-3.08%
Expected volatility <sup>#</sup>	19.9%	18.7%	27.5%	19.2%	18.6%

<sup>#</sup> The expected volatility rate of the Company's RSA was derived using 520 days historical volatility due to availability of data with more data points to increase the credibility of assumptions.

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

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 14. Employee Share Option and Share Scheme (continued)

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

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

	Entitlement over the Company's shares			
	Grant 5 (a)	Grant 5 (b)	Grant 6 (a)	Grant 6 (b)
Reference price	RM6.27	RM6.90	RM6.55	RM6.95
Valuation at grant date*	29 Mar 2013	15 Aug 2013	07 Apr 2014	02 Sep 2014
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
Closing share price at grant date*	RM6.60	RM6.90	RM6.69	RM6.94
Expected dividend yield	4.58%	4.20%	3.79%	3.89%
Risk free interest rates (Yield of Malaysian Government Securities)	2.88%-3.09%	3.17%-3.36%	3.00%-3.38%	3.46%
Expected volatility <sup>#</sup>	18.7%	17.4%	16.5%	15.8%

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

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

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 2014 RM'000	Company 2013 RM'000	Group 2014 RM'000	Company 2013 RM'000
Equity settlement arrangement: - Options and RSA granted to employees under the Scheme	91,610	80,678	21,980	18,365

## **14. Employee Share Option and Share Scheme (continued)**

### **(b) ESOS of Dialog**

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

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

The principal features of ESOS are as follows:

- (i) The eligibility for participation in ESOS is at the discretion of the ESOS Committee appointed by the Board of Directors of Dialog;
- (ii) Except the existing tranche, the exercise price of the ESOS shares will be based on the five (5) days weighted average market price of Dialog's shares immediately preceding the offer date for options, with the ESOS Committee having the discretion to set an exercise price up to 10% lower than that derived weighted average market price; and
- (iii) Options are conditional on an employee satisfying the following:
  - has attained the age of eighteen (18) years;
  - is employed full-time by and on the payroll of a company within Dialog Group; and
  - has been in the employment of Dialog Group for a period of at least one (1) year of continuous service prior to and up to the offer date, including service during the probation period.

The total number of share options granted in relation to Tranche O was 88,649,600. As at 31 December 2014, 51,330,449 options have been exercised and a total of 11,562,301 options have been forfeited. 226,800 options were exercised by the employees during the financial year.

An alternative employee share scheme which was approved by the shareholders of Dialog has been introduced by Dialog and further, taking into consideration the provisions introduced by the Colombo Stock Exchange in the rules applicable to established employee shares schemes, the ESOS Committee resolved that no further tranches would be granted to employees under the existing ESOS Trust and further resolved to dispose the remaining shares in ESOS Trust with the view of concluding the scheme on 25 October 2014. Accordingly, 158,345,662 shares including unallocated shares and the unexercised share options which were surrendered by the eligible employees to the ESOS Trust were disposed in the open market during the month of October 2014, at a price of SLR12.50 per share.

There was no share-based compensation expense recognised during the financial year (2013: nil).

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 14. Employee Share Option and Share Scheme (continued)

### (c) Share-based compensation plan of XL

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

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

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

Total share-based compensation expense recognised in the consolidated profit or loss for the financial year ended 31 December 2014 was RM8.9 million (2013: RM11.0 million) as disclosed in Note 7(c) to the financial statements.

## 15. Reserves

	Note	2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
<b>Distributable</b>					
Retained earnings	(a)	<b>9,831,649</b>	9,322,760	<b>6,536,768</b>	4,955,812
<b>Non-distributable</b>					
Capital contribution reserve	(b)	<b>16,598</b>	16,598	<b>16,598</b>	16,598
Merger reserve	(c)	<b>346,774</b>	346,774	-	-
Hedging reserve	(d)	<b>(131,518)</b>	(152,277)	-	-
ESOS and RSA reserve	(e)	<b>176,628</b>	155,298	<b>176,628</b>	155,298
Actuarial reserve		<b>(9,934)</b>	(790)	-	-
Currency translation differences arising from translation of:					
- subsidiaries		<b>(313,905)</b>	(675,117)	-	-
- associates		<b>(152,571)</b>	(155,400)	-	-
		<b>(466,476)</b>	(830,517)	-	-
Total		<b>9,763,721</b>	8,857,846	<b>6,729,994</b>	5,127,708

## 15. Reserves (continued)

- (a) The Company has tax exempt income accounts as at 31 December 2014 amounting to approximately RM171.5 million (2013: RM165.1 million) available for distribution as tax exempt dividends to shareholders subject to the availability of retained profits. The tax exempt income accounts are subject to agreement by the Inland Revenue Board. The remaining retained profits can be distributed as tax exempt dividends under the single tier tax system.
- (b) The Group's and the Company's capital contribution reserve relates to the ESOS of Telekom Malaysia Berhad, former holding company, which were made available to the employees of the Group and the Company.
- (c) The Group's merger reserve relates to the credit difference arising from the business combination accounted under the predecessor method of accounting upon completion of the Group's restructuring exercise on 25 April 2008.
- (d) The Group's hedging reserve relates to the net investment hedge and cash flow hedge arising from an effective hedge as disclosed in Note 19(f) and Note 19(h) to the financial statements.
- (e) The Group's and the Company's ESOS and RSA reserve relates to the Axiata Share Scheme of the Company, which were made available to the employees of the Group and the Company as disclosed in Note 14(a) to the financial statements.

## 16. Borrowings

Group	Note	2014			2013				
		W.A.R.F %	Non- current RM'000	Current RM'000	Total RM'000	W.A.R.F %	Non- current RM'000	Current RM'000	Total RM'000
<b>Overseas</b>									
Secured:									
- Borrowings from financial institutions	(a)	<b>3.20</b>	<b>290,515</b>	<b>128,413</b>	<b>418,928</b>	3.35	279,846	114,931	394,777
- Other borrowings		-	-	-	-	2.69	-	88,559	88,559
Unsecured:									
- Borrowings from financial institutions		<b>4.48</b>	<b>6,078,186</b>	<b>1,097,270</b>	<b>7,175,456</b>	5.90	4,477,554	741,436	5,218,990
- Other borrowings		<b>1.88</b>	-	<b>168,554</b>	<b>168,554</b>	1.94	158,872	160,709	319,581
- Bank overdrafts	33	<b>1.48</b>	-	<b>54,404</b>	<b>54,404</b>	9.24	-	18,759	18,759
		<b>4.34</b>	<b>6,368,701</b>	<b>1,448,641</b>	<b>7,817,342</b>	5.48	4,916,272	1,124,394	6,040,666

- W.A.R.F.-Weighted Average Rate of Finance as at reporting date

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 16. Borrowings (continued)

		2014			2013				
	Note	W.A.R.F %	Non-current RM'000	Current RM'000	Total RM'000	W.A.R.F %	Non-current RM'000	Current RM'000	Total RM'000
<b>Group</b>									
<b>Malaysia</b>									
Unsecured:									
- Notes	(b)	5.37	1,050,021	-	1,050,021	5.38	987,453	-	987,453
- Borrowings from financial institutions	(c)	-	-	-	-	1.37	828,333	12,350	840,683
- Sukuk	(d)	3.77	4,525,972	500,000	5,025,972	3.77	5,020,329	547,244	5,567,573
		4.04	5,575,993	500,000	6,075,993	3.71	6,836,115	559,594	7,395,709
Total		4.21	11,944,694	1,948,641	13,893,335	4.51	11,752,387	1,683,988	13,436,375
<b>Company</b>									
Unsecured:									
- Borrowings from financial institutions	(c)	-	-	-	-	1.31	823,333	1,901	825,234

- (a) Secured by way of fixed charge on certain PPE and deposits with financial institutions of the Company and certain subsidiaries, as disclosed in Note 25(a) and Note 33 to the financial statements respectively.
- (b) The USD300.0 million Guaranteed Notes ("Notes") will mature on 28 April 2020, and is guaranteed by the Company. The Notes, which were issued at 99.94%, carry a coupon rate of 5.375% per annum ("p.a.") (payable semi-annually in arrears) and have a tenure of 10 years from the date of issuance.
- (c) On 28 April 2014, the Group early redeemed a USD250.0 million borrowing amounting to RM800.7 million which would mature on 28 April 2015.

## **16. Borrowings (continued)**

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

### **(i) Multi-Currency Sukuk**

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

On 19 September 2012, the Sukuk was listed and quoted on Bursa Malaysia (under the Exempt Regime) and on the Singapore Exchange Securities Trading Limited. On 18 September 2014, the Group fully settled the Sukuk.

### **(ii) Sukuk Murabahah**

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

The details of the Sukuk Murabahah are as follow:

	<b>Contractual interest rate<sup>1</sup></b>	<b>Maturity date</b>	<b>Amount RM'million</b>
	%		
Series 1	3.45	28 Aug 2015	500
Series 2	3.60	29 Aug 2017	1,000
Series 3	3.75	29 Aug 2019	1,500
Series 4	3.90	28 Aug 2020	1,200
Series 5	4.05	27 Aug 2021	400
Series 6	4.20	29 Aug 2022	400
			5,000

<sup>1</sup> payable semi-annually

- (e) The borrowings of the Group are subject to certain covenants. The covenants require that certain ratios (Debts over Assets, Earnings before interest, tax, depreciation and amortisation ("EBITDA") to Borrowing/ Finance Costs and Debts to EBITDA) to be met. The Group is in compliance with the covenants of its borrowings at each reporting date.
- (f) The floating interest rate borrowings of the Group are RM7,817.3 million (2013: RM6,881.3 million) as at the reporting date.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 16. Borrowings (continued)

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

Group	2014						2013					
	Functional currency						Functional currency					
	RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000	RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000
CNY	-	-	-	-	-	-	547,244	-	-	-	-	547,244
RM	5,025,972	-	-	-	-	5,025,972	5,035,781	-	-	-	-	5,035,781
USD	1,050,021	3,771,673	473,955	394,406	244,949	5,935,004	1,812,686	1,503,061	438,675	461,278	230,586	4,446,286
IDR	-	2,839,199	-	-	-	2,839,199	-	3,346,512	-	-	-	3,346,512
SLR	-	-	53,256	-	-	53,256	-	-	10,399	-	-	10,399
BDT	-	-	-	14,115	-	14,115	-	-	-	22,058	-	22,058
PKR	-	-	-	-	25,789	25,789	-	-	-	-	28,095	28,095
Total	6,075,993	6,610,872	527,211	408,521	270,738	13,893,335	7,395,711	4,849,573	449,074	483,336	258,681	13,436,375

USD : United State Dollars

IDR : Indonesian Rupiah

SLR : Sri Lankan Rupee

BDT : Bangladeshi Taka

CNY : Chinese Yuan Renminbi

PKR : Pakistani Rupee

The borrowing of the Company was denominated in USD.

## 16. Borrowings (continued)

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

	2014		2013	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Group</b>				
Overseas:				
- Borrowings <sup>1</sup>	<b>6,368,701</b>	<b>6,368,701</b>	4,916,272	4,916,272
Malaysia:				
- Borrowings <sup>1</sup>	-	-	828,333	828,333
- Notes <sup>2</sup>	<b>1,050,021</b>	<b>1,185,509</b>	987,453	1,060,677
- Sukuks <sup>1</sup>	<b>4,525,972</b>	<b>4,918,294</b>	5,020,329	4,950,175
	<b>5,575,993</b>	<b>6,103,803</b>	6,836,115	6,839,185
	<b>11,944,694</b>	<b>12,472,504</b>	11,752,387	11,755,457
<b>Company</b>				
Malaysia:				
- Borrowing <sup>1</sup>	-	-	823,333	823,333

<sup>1</sup> The fair value of borrowings and sukuks are calculated based on cash flows discounted using a rate based on the borrowing rate which ranges from 1.04% to 12.13% (2013: 0.65% to 13.15%) p.a. and are within level 2 of the fair value hierarchy.

<sup>2</sup> The fair value of Notes is based on quoted price in an active market and is within level 1 of the fair value hierarchy.

The fair value of current borrowings approximates their carrying amount, as the impact of discounting is not significant.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 17. Financial Instruments by Category

Group	Note	2014				2013			
		Loan and receivables RM'000	Assets at FVTPL RM'000	AFS RM'000	Total RM'000	Loan and receivables RM'000	Assets at FVTPL RM'000	AFS RM'000	Total RM'000
<b>Financial assets</b>									
Derivative financial instruments	19	-	167,765	-	167,765	-	238,560	-	238,560
Long term receivables	29	94,638	-	-	94,638	97,533	-	-	97,533
Available-for-sale financial asset		-	-	1,118	1,118	-	-	141	141
Trade and other receivables		1,593,732	-	-	1,593,732	1,514,476	-	-	1,514,476
Financial assets at FVTPL		-	14	-	14	-	8	-	8
Deposits, cash and bank balances	33	5,115,570	-	-	5,115,570	6,432,918	-	-	6,432,918
<b>Total</b>		<b>6,803,940</b>	<b>167,779</b>	<b>1,118</b>	<b>6,972,837</b>	8,044,927	238,568	<b>141</b>	<b>8,283,636</b>
Group	Note	2014				2013			
		Liabilities at FVTPL RM'000	Other financial liabilities RM'000	Total RM'000		Liabilities at FVTPL RM'000	Other financial liabilities RM'000	Total RM'000	
<b>Financial liabilities</b>									
Borrowings	16	-	13,893,335	13,893,335	-	13,436,375	13,436,375		
Derivative financial instruments	19	26,227	-	26,227	109,384	-	-	109,384	
Trade and other payables excluding statutory liabilities		-	6,344,612	6,344,612	-	4,487,311	4,487,311		
<b>Total</b>		<b>26,227</b>	<b>20,237,947</b>	<b>20,264,174</b>	109,384	17,923,686	18,033,070		

## 17. Financial Instruments by Category (continued)

Company	Note	2014		2013	
		Loans and receivables RM'000	Total RM'000	Asset at FVTPL RM'000	Loans and receivables RM'000
<b>Financial assets</b>					
Amounts due from subsidiaries	31	<b>2,158,977</b>	<b>2,158,977</b>	-	572,163
Derivatives financial instruments	19	-	-	14,588	-
Trade and other receivables		<b>6,924</b>	<b>6,924</b>	-	25,561
Deposits, cash and bank balances	33	<b>172,563</b>	<b>172,563</b>	-	1,991,480
Total		<b>2,338,464</b>	<b>2,338,464</b>	14,588	2,589,204
					2,603,792

	Note	2014		2013	
		Other financial liabilities RM'000	Total RM'000	Liability at FVTPL RM'000	Other financial liabilities RM'000
<b>Financial liabilities</b>					
Borrowings	16	-	-	-	825,234
Trade and other payables	21	<b>80,646</b>	<b>80,646</b>	-	78,834
Amounts due to subsidiaries	31	<b>1,162,472</b>	<b>1,162,472</b>	-	680,949
Total		<b>1,243,118</b>	<b>1,243,118</b>	-	1,585,017
					1,585,017

**Notes to the  
Financial Statements**  
For The Financial Year Ended 31 December 2014

**18. Credit Quality of Financial Assets**

	Note	<b>Group</b>		
		<b>2014</b> RM'000	<b>2013</b> RM'000	
<b>Trade receivables</b>				
Counterparties with external credit ratings*				
A		<b>31</b>	5,712	
A+		<b>6,212</b>	-	
A-		<b>17,606</b>	5,867	
A-2		<b>80,393</b>	54,029	
A-1		<b>1,094</b>	-	
A-1+		-	596	
B		<b>816</b>	1,484	
BB		<b>697</b>	-	
BB+		<b>26,053</b>	20,397	
BBB+		<b>3,015</b>	-	
BBB-		<b>6,354</b>	-	
DRSK		<b>77,028</b>	90,227	
NR		<b>8,513</b>	28,559	
WR		<b>1,906</b>	2,295	
WD		<b>528</b>	2,683	
P1		<b>16,560</b>	-	
Others		<b>508</b>	1,816	
		<b>247,314</b>	213,665	
Counterparties without external credit ratings				
Group 1		<b>422,237</b>	467,552	
Group 2		<b>137,892</b>	343,422	
Group 3		<b>131,096</b>	90,613	
		<b>691,225</b>	901,587	
Total	32	<b>938,539</b>	1,115,252	

\* Credit rating by Standard & Poor's, Moody's, Fitch, Bloomberg and other local credit rating agencies.

## 18. Credit Quality of Financial Assets (continued)

	Note	2014 RM'000	Group 2013 RM'000	2014 RM'000	Company 2013 RM'000
<b>Deposits, cash and bank balances</b>					
A-1		<b>72,954</b>	143,626	-	-
A-1+		<b>25,631</b>	23,622	-	-
A-1*-		<b>59,818</b>	-	-	-
A2		<b>2,473</b>	1,398	-	-
A3		<b>69,313</b>	114,815	-	-
A-2		<b>2,091,212</b>	2,697,012	<b>1,582</b>	201,174
A+		<b>54,722</b>	-	-	-
AA-		<b>67,216</b>	-	-	-
B		<b>426,127</b>	12,306	-	-
NR		<b>713,538</b>	334,387	-	-
P1		<b>410,103</b>	2,125,716	<b>59,183</b>	1,255,932
P-1		<b>70,001</b>	530,014	<b>70,001</b>	530,014
P-2		<b>82,333</b>	51,322	<b>40,332</b>	-
WD		<b>340,004</b>	40,866	-	-
WR		<b>89,212</b>	113,509	-	-
idA+		<b>112,708</b>	40,782	-	-
Others		<b>29,175</b>	39,757	-	2,887
Without external credit ratings		<b>399,030</b>	163,786	<b>1,465</b>	1,473
Total	33	<b>5,115,570</b>	6,432,918	<b>172,563</b>	1,991,480
<b>AFS financial asset</b>					
Without external credit ratings		<b>1,118</b>	141	-	-
<b>Derivative financial instrument assets</b>					
A-1		<b>87,699</b>	115,244	-	14,588
A-1+		<b>5,594</b>	10,468	-	-
A-2		<b>66,130</b>	20,935	-	-
P-2		<b>-</b>	88,130	-	-
Without external credit ratings		<b>8,342</b>	3,783	-	-
Total	19	<b>167,765</b>	238,560	-	14,588

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 18. Credit Quality of Financial Assets (continued)

	Note	2014 RM'000	Company 2014 2013 RM'000
<b>Amounts due from subsidiaries</b>			
Group 2	31	<b>2,158,977</b>	572,163

Group 1 - new customers/related parties [less than six (6) months]

Group 2 - existing customers/related parties [more than six (6) months] with no defaults in the past

Group 3 - existing customers/related parties [more than six (6) months] with some defaults in the past. All defaults were fully recovered.

None of the loans to related parties is past due but not impaired.

## 19. Derivative Financial Instruments

Note	Group				Company	
	2014 Assets RM'000	Liabilities RM'000	2013 Assets RM'000	Liabilities RM'000	2014 Assets RM'000	2013 Assets RM'000
<b>Non-current</b>						
<i>Non-hedging derivative financial instruments:</i>						
- FFC	(a)	-	-	64,702	-	-
- CCIRS	(b)	<b>119,973</b>	-	124,084	-	-
- IRS	(c)	-	<b>(7,709)</b>	-	(14,127)	-
- Call spread options	(d)	<b>5,594</b>	<b>(1,241)</b>	-	-	-
- Convertible warrants in an associate	(e)	<b>8,343</b>	-	3,783	-	-
		<b>133,910</b>	<b>(8,950)</b>	192,569	(14,127)	-
<i>Derivative designated as hedging instruments:</i>						
- CCIRS	(f),(g)	-	<b>(11,992)</b>	14,588	(95,257)	-
- IRS	(h)	-	<b>(1,734)</b>	-	-	14,588
		<b>133,910</b>	<b>(22,676)</b>	207,157	(109,384)	-
<b>Current</b>						
<i>Non-hedging derivative financial instruments:</i>						
- FFC	(a)	<b>33,855</b>	<b>(822)</b>	-	-	-
- CCIRS	(b)	-	-	31,403	-	-
- IRS	(c)	-	<b>(2,729)</b>	-	-	-
		<b>33,855</b>	<b>(3,551)</b>	31,403	-	-
Total		<b>167,765</b>	<b>(26,227)</b>	238,560	(109,384)	-
						14,588

## 19. Derivative Financial Instruments (continued)

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

### Non-hedging derivatives financial instruments

#### (a) Forward foreign contracts

The information relating to the derivative financial instruments of a subsidiary of the Group as at 31 December 2014 is as follows:

Counterparties	Notional amount USD' million	Strike rate full amount 1 USD:IDR	Period	Premium
				p.a.
Standard Chartered Bank ("SCB")	29.5	9,000-9,725	18 September 2009- 29 September 2015	2.25%-5.26%
J.P. Morgan Securities (S.E.A.) Ltd	9.1	9,000	31 December 2009- 29 September 2015	3.45%
SCB	9.6	12,245	8 January 2014- 29 September 2015	8.30%-8.35%

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

#### (b) Cross currency interest rate swaps

The information relating to the derivative financial instruments of certain subsidiaries of the Group as at 31 December 2014 is as follows:

Counter-parties	Notional amount USD' million	Period	Swap amount IDR' billion	Exchange period	Fixed interest rate paid	Exchange rate per 1USD:	Interest rate received
The Bank of Tokyo Mitsubishi UFJ, Ltd ("BTMU")	99.0	25 March 2013- 24 March 2016	961.8	Quarterly	6.93%	IDR9,715	3 months' LIBOR + 0.8% margin
SCB	50.0	13 June 2013- 13 June 2018	495.9	Quarterly	7.60%	IDR9,918	Fixed rate 2.3%

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 19. Derivative Financial Instruments (continued)

### Non-hedging derivatives financial instruments (continued)

#### (c) Interest rate swaps

The information relating to the derivative financial instruments of a subsidiary of the Group as at 31 December 2014 is as follows:

Counterparties	Notional amount USD' million	Period	Exchange period	Fixed interest rate paid	Floating interest received
SCB	48.2	11 February 2009- 1 October 2015	Semi-annually	2.323%- 2.575%	6 months' LIBOR
BTMU	90.0	28 August 2013- 28 August 2016	Quarterly	2.19%	3 months' LIBOR
BTMU	100.0	17 March 2014- 17 March 2017	Quarterly	2.25%	3 months' LIBOR

#### (d) Call spread options

The information relating to the derivative financial instruments of a subsidiary of the Group as at 31 December 2014 is as follows:

Counterparties	Notional amount USD' million	Period	Strike/cap rate 1USD:	Premium per annum	Start of optional termination date
Bank of America Merrill Lynch - Singapore	100.0	29 May 2014- 9 January 2019	IDR11,580- IDR14,580	3.33%	9 October 2015
DBS Bank Ltd. Singapore	200.0	30 May 2014- 14 March 2019	IDR11,600- IDR14,600	3.22%	17 March 2015

#### (e) Convertible warrants in an associate

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

Counterparty	Underlying number of shares	Period	Strike price
Sacofa	12,834,327	28 January 2009- 25 January 2019	RM1.50/share + any adjustments

## 19. Derivative Financial Instruments (continued)

### Derivative designated as hedging instrument

#### (f) Net investment hedge - Cross currency interest rate swaps

The underlying debt instrument for the CCIRS is the Group's Notes as disclosed in Note 16(b) to the financial statements. The hedge is designed to hedge against foreign currency and interest rate risks.

The information relating to the derivatives of a subsidiary of the Company as at 31 December 2014 is as follows:

Notional amount USD' million	Notional amount SGD' million	Period	Exchange period	Floating interest rate paid	Interest rate received	Fair value liabilities	
						2014 RM'000	2013 RM'000
300.0	421.3	28 October 2010- 28 April 2020	Semi-annually	4.315%- 4.350% on SGD notional	5.375% on USD notional	11,992	95,257

The payment of the Group's SGD notional amounts of USD300.0 million is designated as a hedge of net investment in the Group's investment in its associate. The hedge has been fully effective from inception and for the financial year.

The Group recognised a loss of RM95.4 million (2013: loss of RM35.3 million) in other comprehensive income after reclassification of an unrealised foreign exchange loss of RM47.4 million (2013: loss of RM69.9 million) on the underlying Notes from the profit or loss to other comprehensive income.

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

#### (g) Fair value hedge - Cross currency interest rate swap

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

The information relating to the derivative as at 31 December 2013 is as follows:

Notional amount USD' million	Notional amount RM' million	Period	Exchange period	Floating interest rate paid	Interest rate received	Fair value asset 2013 RM'000
250.0	800.7	6 May 2010- 26 April 2015	Quarterly	3 months' KLIBOR + 0.64% p.a. on RM notional	3 months' LIBOR + 1.05% p.a. on USD notional	14,588

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 19. Derivative Financial Instruments (continued)

### Derivative designated as hedging instrument (continued)

#### (g) Fair value hedge – Cross currency interest rate swap (continued)

During the financial year, the Group and the Company early redeemed the derivative on 28 April 2014 as disclosed in Note 16 (c) to the financial statement.

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

The Group and the Company recognised a loss of RM2.0 million (2013: gain of RM59.7 million) arising from fair value changes of a derivative of which RM6.1 million (2013: RM58.3 million) was adjusted against the unrealised foreign exchange gain/(loss) of the underlying borrowing in the profit or loss of the Group and the Company. A fair value loss on fair value hedge of RM4.1 million (2013: loss of RM1.5 million) was recognised resulting from the fair value change of the underlying borrowing.

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

#### (h) Cash flow hedge – Interest rate swap

The IRS is used to hedge cash flow risk arising from a floating rate borrowing of a subsidiary. The hedge is designed to hedge against interest rate risks.

The information relating to the derivative as at 31 December 2014 is as follows:

Notional amount USD' million	Period	Exchange period	Fixed interest rate paid	Floating interest rate received	Fair value 2014 RM'000
120.7	13 January 2014- 29 July 2018	Quarterly	2.6075% p.a.	3 months' LIBOR + 1.45% p.a.	1,734

The fair value changes of the derivative are attributable to interest rate movements.

## 20. Deferred Income

	Group	
	2014 RM'000	2013 RM'000
At 1 January	271,585	247,188
Received during the financial year	30,741	61,599
Released to profit or loss	(49,563)	(38,219)
Currency translation differences	1,541	1,017
At 31 December	<b>254,304</b>	271,585

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

## 21. Trade and Other Payables

Note	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
<b>Non-current:</b>				
Defined benefits plans (a)	<b>95,982</b>	63,085	-	-
Deferred gain on sale and lease back assets	<b>1,153,666</b>	-	-	-
Finance lease payables (b)	<b>539,810</b>	-	-	-
Other payables	<b>4,433</b>	9,034	-	-
Total non-current	<b>1,793,891</b>	72,119	-	-
<b>Current:</b>				
Trade payables	<b>1,438,957</b>	1,138,488	-	-
Accrued expenses	<b>2,302,989</b>	1,516,868	<b>32,584</b>	38,606
Deferred revenue	<b>993,400</b>	778,113	-	-
Deferred gain on sale and lease back assets	<b>128,531</b>	-	-	-
Customer deposits	<b>79,476</b>	76,758	-	-
Business license payable	<b>86,951</b>	122,071	-	-
Payroll liabilities	<b>252,531</b>	245,867	<b>25,956</b>	27,594
Other accruals	<b>155,334</b>	414,920	-	-
Other payables	<b>2,892,872</b>	1,670,858	<b>22,106</b>	12,634
Spectrum license fees	-	144,862	-	-
Finance lease payables (b)	<b>43,580</b>	-	-	-
Total current	<b>8,374,621</b>	6,108,805	<b>80,646</b>	78,834
Total trade and other payables	<b>10,168,512</b>	6,180,924	<b>80,646</b>	78,834

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 21. Trade and Other Payables (continued)

### (a) Defined benefits plans

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

	Group	
	2014 RM'000	2013 RM'000
Present value of obligations	<b>95,982</b>	63,085

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

	Group	
	2014 RM'000	2013 RM'000
At 1 January	<b>63,085</b>	68,417
Charge to profit or loss:		
- current service cost	<b>10,222</b>	8,036
- interest costs	<b>7,125</b>	5,407
- past service cost	<b>(160)</b>	(176)
	<b>17,187</b>	13,267
Benefit paid	<b>(5,887)</b>	(2,005)
Settlement loss	<b>4,151</b>	-
Charge to other comprehensive income:		
- actuarial reserve	<b>14,806</b>	(7,676)
Currency translation differences	<b>2,640</b>	(8,918)
At 31 December	<b>95,982</b>	63,085

Present value of the defined benefits obligation of the Group is calculated annually by independent actuaries using the projected unit credit method. The principal actuarial valuation assumption used was as follows:

	Group	
	2014 %	2013 %
Discount rate (p.a.)	<b>8.5-9.6</b>	9.5-11.9
Salary increment rate (p.a.)	<b>10.0-12.0</b>	10.0-12.0

## 21. Trade and Other Payables (continued)

(b) Finance lease payables are payables related to the sale and lease back of tower assets of a subsidiary

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

	Group 2014 RM'000
Within one (1) year	43,580
Between one (1) and five (5) years	221,205
More than five (5) years	318,605
Finance lease payables	<b>583,390</b>

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

	2014						2013						
	Functional currency						Functional currency						
	RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000		RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000
<b>Group</b>													
RM	<b>2,895,603</b>	<b>595</b>	-	-	-	<b>2,896,198</b>	2,765,144	-	-	-	-	-	2,765,144
USD	<b>89,707</b>	<b>509,063</b>	<b>18,252</b>	<b>473,814</b>	<b>219,027</b>	<b>1,309,863</b>	75,207	503,355	59,703	100,879	173,600	912,744	
IDR	-	<b>4,293,942</b>	-	-	-	<b>4,293,942</b>	-	800,874	-	-	-	-	800,874
SLR	-	-	<b>693,551</b>	-	-	<b>693,551</b>	-	-	608,942	-	-	-	608,942
BDT	-	-	-	<b>693,656</b>	-	<b>693,656</b>	-	-	-	893,698	-	-	893,698
SDR*	<b>161,182</b>	-	-	-	-	<b>161,182</b>	94,621	-	-	-	-	-	94,621
Others	<b>19</b>	<b>442</b>	-	<b>1,063</b>	<b>118,596</b>	<b>120,120</b>	1,507	761	-	-	102,633	104,901	
Total	<b>3,146,511</b>	<b>4,804,042</b>	<b>711,803</b>	<b>1,168,533</b>	<b>337,623</b>	<b>10,168,512</b>	2,936,479	1,304,990	668,645	994,577	276,233	6,180,924	
<b>Company</b>													
RM	<b>68,018</b>	-	-	-	-	<b>68,018</b>	70,471	-	-	-	-	-	70,471
USD	<b>11,610</b>	-	-	-	-	<b>11,610</b>	6,857	-	-	-	-	-	6,857
IDR	<b>3</b>	-	-	-	-	<b>3</b>	-	-	-	-	-	-	-
Others	<b>1,015</b>	-	-	-	-	<b>1,015</b>	1,506	-	-	-	-	-	1,506
Total	<b>80,646</b>	-	-	-	-	<b>80,646</b>	78,834	-	-	-	-	-	78,834

\* SDR: Special Drawing Rights

Credit terms of trade and other payables for the Group and the Company vary from 30 to 90 days (2013: 7 to 90 days) depending on the terms of the contracts respectively.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 22. Provision for Liabilities

	Group	2014 RM'000	2013 RM'000
At 1 January	<b>293,102</b>	338,948	
Provision for the financial year	<b>20,138</b>	4,512	
Accretion of interest	<b>5,188</b>	13,622	
Currency translation differences	<b>7,845</b>	(14,024)	
	<b>326,273</b>	343,058	
Reclassification to other payables	-	(48,873)	
Utilised during the financial year	<b>(31,268)</b>	(1,083)	
At 31 December	<b>295,005</b>	293,102	

The provision for liabilities relates to provision for dismantling costs of existing telecommunication network and equipment as disclosed in the significant accounting policies in Note 3(o) to the financial statements.

## 23. Deferred Taxation

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

	Group	2014 RM'000	2013 RM'000
Deferred tax assets	<b>(275,225)</b>	(241,955)	
Deferred tax liabilities	<b>1,700,087</b>	1,578,687	
Net deferred tax liabilities	<b>1,424,862</b>	1,336,732	

### 23. Deferred Taxation (continued)

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

	Note	2014 RM'000	Group 2013 RM'000
At 1 January		<b>1,336,732</b>	1,154,423
(Credit)/charge to profit or loss:			
- PPE		<b>(42,975)</b>	71,760
- tax losses		<b>(123,515)</b>	3,533
- provision and others		<b>72,085</b>	69,653
	11	<b>(94,405)</b>	144,946
Acquisition of subsidiaries		<b>125,381</b>	55,680
(Credit)/debit to other comprehensive income:			
- actuarial reserve		<b>(2,459)</b>	2,083
Currency translation differences		<b>59,613</b>	(32,758)
Transferred to liabilities directly associated with non-current assets classified as held-for-sale		-	12,358
At 31 December		<b>1,424,862</b>	1,336,732

Breakdown of cumulative balances by each type of temporary differences of the Group:

		Group 2014 RM'000	2013 RM'000
Deferred tax assets:			
- PPE and intangible assets		<b>25,131</b>	14,202
- Tax losses		<b>130,023</b>	29,362
- Provision and others		<b>605,886</b>	356,235
Before offsetting		<b>761,040</b>	399,799
Offsetting		<b>(485,815)</b>	(157,844)
After offsetting		<b>275,225</b>	241,955
Deferred tax liabilities:			
- PPE and intangible assets		<b>2,185,902</b>	1,736,510
- Others		-	21
Before offsetting		<b>2,185,902</b>	1,736,531
Offsetting		<b>(485,815)</b>	(157,844)
After offsetting		<b>1,700,087</b>	1,578,687

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 23. Deferred Taxation (continued)

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deductible temporary differences	<b>137,424</b>	104,477	<b>51,260</b>	44,419
Unutilised tax losses	<b>267,402</b>	184,379	<b>94,586</b>	24,809
	<b>404,826</b>	288,856	<b>145,846</b>	69,228
Tax effect	<b>101,207</b>	72,214	<b>36,462</b>	17,307

The benefits of these tax losses and credit will only be obtained if the Company or the relevant subsidiaries derive future assessable income of a nature and amount sufficient for the benefits to be utilised. The unutilised tax losses have no expiry date.

## 24. Intangible Assets

	Note	Goodwill RM'000	Licenses RM'000	Others RM'000	Total RM'000
<b>Net book value</b>					
At 1 January 2014		<b>7,648,517</b>	<b>1,892,903</b>	<b>7,134</b>	<b>9,548,554</b>
Acquisition of a subsidiary		<b>1,746,458</b>	<b>1,758,553</b>	–	<b>3,505,011</b>
Additions		–	<b>9,138</b>	<b>91,020</b>	<b>100,158</b>
Reclassification		<b>5,647</b>	<b>(5,647)</b>	–	–
Amortisation	7(a)	–	<b>(318,852)</b>	<b>(48,008)</b>	<b>(366,860)</b>
Currency translation differences		<b>(28,663)</b>	<b>57,506</b>	–	<b>28,843</b>
At 31 December 2014		<b>9,371,959</b>	<b>3,393,601</b>	<b>50,146</b>	<b>12,815,706</b>
At 1 January 2013					
Acquisition of a subsidiary		7,452,633	928,548	11,333	8,392,514
Additions		179,019	278,565	–	457,584
Amortisation	7(a)	–	730,973	117,265	848,238
Currency translation differences		16,865	75,915	–	92,780
Reclassification from PPE	25	–	19,825	–	19,825
Reclassification from non-current assets classified as held-for-sale		–	2,522	–	2,522
At 31 December 2013		7,648,517	1,892,903	7,134	9,548,554

## 24. Intangible Assets (continued)

	Note	Goodwill RM'000	Licenses RM'000	Others RM'000	Group Total RM'000
<b>At 31 December 2014</b>					
Cost		<b>9,449,456</b>	<b>4,148,927</b>	<b>299,825</b>	<b>13,898,208</b>
Accumulated amortisation		-	(755,326)	(249,679)	(1,005,005)
Accumulated impairment losses		(77,497)	-	-	(77,497)
Net book value		<b>9,371,959</b>	<b>3,393,601</b>	<b>50,146</b>	<b>12,815,706</b>
<b>At 31 December 2013</b>					
Cost		7,726,014	2,285,146	208,805	10,219,965
Accumulated amortisation		-	(392,243)	(201,671)	(593,914)
Accumulated impairment losses		(77,497)	-	-	(77,497)
Net book value		7,648,517	1,892,903	7,134	9,548,554

The remaining amortisation period of acquired telecommunication licenses with allocated spectrum rights range from four (4) years to twenty nine years (29) years (2013: five (5) years to thirty years (30) years).

### Impairment tests for goodwill

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

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

	2014 RM'000	2013 RM'000
Malaysia	<b>4,031,110</b>	4,031,110
Indonesia	<b>4,930,348</b>	3,214,803
Sri Lanka	<b>234,706</b>	223,930
Cambodia	<b>175,795</b>	178,674
Total	<b>9,371,959</b>	7,648,517

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 24. Intangible Assets (continued)

### Key assumptions used in the VIU

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

The VIU calculation apply a discounted cash flow model using cash flow projections based on forecasts and projections approved by the management covering:

- a three (3) year period for the mobile business in Malaysia and Indonesia;
- a five (5) year period for mobile business in Cambodia, and
- a ten (10) years period for the fixed telecommunication and television business in Sri Lanka due to the long term nature and intensive capital required in the initial phase of the business.

These forecasts and projections reflect the management's expectation of revenue growth, operating costs and margins based on past experience and future outlook of the CGUs, consistent with internal measurements and monitoring and external sources of information.

Cash flows beyond third (3<sup>rd</sup>) year for the mobile business in Malaysia and Indonesia, fifth (5<sup>th</sup>) year for the mobile business in Cambodia, meanwhile tenth (10<sup>th</sup>) for fixed telecommunication business and television business in Sri Lanka are extrapolated in perpetuity using estimated terminal growth rate which takes into consideration the current Gross Domestic Product, inflation and average growth rate for the telecommunication industry. These rates have been determined with regards to project growth rates for the market in which the CGUs participates and are not expected to exceed the long term average growth rates for this market.

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

The following assumptions have been applied in the VIU calculations:

	Cambodia		Malaysia		Sri Lanka		Indonesia
	2014	2013	2014	2013	2014	2013	2014*
Pre-tax adjusted discount rate	16.7%	16.7%	10.9%	10.6%	14.6%	14.0%	14.8%
Terminal growth rate	2.0%	2.0%	-	-	3.0%	3.0%	2.1%
Revenue growth rate	6.0% to 10.6% over 5 years	2.7% to 19.5% over 5 years	3.0% to 5.0% over 3 years	3.0% to 4.8% over 3 years	1.9% to 10.7% over 10 years	2.2% to 10.3% over 10 years	10.0% to 14.2% over 3 years

## 24. Intangible Assets (continued)

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

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

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

\* The recoverable amount was based on FVLCS in the previous financial year.

## 25. Property, Plant and Equipment

Group	Note	Land RM'000	Buildings RM'000	Telecom- munication network equipment RM'000	Movable plant and equipment RM'000	Computer support systems RM'000	Capital work-in progress RM'000	Total RM'000
<b>Net book value</b>								
At 1 January 2014		443,225	141,870	13,845,900	307,888	677,545	1,690,280	17,106,708
Additions		55,970	4,466	3,286,597	121,463	384,062	164,144	4,016,702
Acquisition of a subsidiary	5(a)(iii)	-	1,064	1,046,399	37	9,473	208	1,057,181
Sale and lease back assets		-	-	513,470	-	-	-	513,470
Disposal		-	(279)	(7,169)	(4,667)	(68)	-	(12,183)
Written off	7(a)	-	-	(14,663)	(13)	(5)	(7,276)	(21,957)
Depreciation	7(a)	(94,276)	(19,196)	(2,674,658)	(101,951)	(399,074)	-	(3,289,155)
Impairment	7(a)	-	-	-	-	-	(26,101)	(26,101)
Reversal of impairment	7(a)			15,976	265		16,493	32,734
Currency translation differences		16,033	4,643	470,297	(2,950)	8,222	59,843	556,088
At 31 December 2014		420,952	132,568	16,482,149	320,072	680,155	1,897,591	19,933,487

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 25. Property, Plant and Equipment (continued)

Group	Note	Land RM'000	Buildings RM'000	Telecom- munication network equipment RM'000	Movable plant and equipment RM'000	Computer support systems RM'000	Capital work-in progress RM'000	Total RM'000
<b>Net book value</b>								
At 1 January 2013		503,190	136,125	13,847,302	228,267	527,197	1,668,277	16,910,358
Additions		89,865	29,687	3,113,501	93,540	540,223	126,339	3,993,155
Acquisition of a subsidiary	5(b)(ii)	-	2,403	132,126	14,311	-	25,936	174,776
Disposal		(3,262)	(623)	(31,670)	(1,142)	(289)	-	(36,986)
Written off	7(a)	-	-	(56,196)	(3,993)	(5)	(330)	(60,524)
Depreciation	7(a)	(92,646)	(20,147)	(2,545,894)	(72,882)	(346,790)	-	(3,078,359)
Impairment	7(a)	-	-	(997)	-	-	(20,291)	(21,288)
Reversal of impairment	7(a)	-	-	9,152	402	-	-	9,554
Currency translation differences		(58,020)	(5,575)	(811,719)	8,115	(22,966)	(119,139)	(1,009,304)
Reclassification from non-current assets held-for-sale		4,098	-	190,295	41,270	-	9,488	245,151
Reclassification to intangible assets	24	-	-	-	-	(19,825)	-	(19,825)
At 31 December 2013		443,225	141,870	13,845,900	307,888	677,545	1,690,280	17,106,708
<b>At 31 December 2014</b>								
Cost		1,002,274	342,342	33,953,871	983,482	2,915,670	1,963,220	41,160,859
Accumulated depreciation		(574,257)	(182,617)	(17,093,503)	(656,856)	(2,224,275)	-	(20,731,508)
Accumulated impairment losses		(7,065)	(27,157)	(378,219)	(6,554)	(11,240)	(65,629)	(495,864)
Net book value		420,952	132,568	16,482,149	320,072	680,155	1,897,591	19,933,487
<b>At 31 December 2013</b>								
Cost		910,559	332,798	29,590,363	870,046	2,486,089	1,762,617	35,952,472
Accumulated depreciation		(460,269)	(163,860)	(15,276,003)	(555,408)	(1,797,332)	-	(18,252,872)
Accumulated impairment losses		(7,065)	(27,068)	(468,460)	(6,750)	(11,212)	(72,337)	(592,892)
Net book value		443,225	141,870	13,845,900	307,888	677,545	1,690,280	17,106,708

## 25. Property, Plant and Equipment (continued)

- (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	2014 RM'000	2013 RM'000
Telecommunication network	<b>2,583,709</b>	2,081,655	
Movable plant and equipment	<b>132,560</b>	87,816	
Computer support systems	<b>4,133</b>	3,114	
Land	<b>9,046</b>	5,620	
Buildings	<b>4,843</b>	16,911	
	<b>2,734,291</b>	2,195,116	

- (b) There had been a change in the expected pattern of consumptions of future economic benefits embodied in certain telecommunication network equipment of subsidiaries within the Group due to assets replacement plans. The revision was accounted for as a change in accounting estimate and has increased the depreciation charge during the financial year by the Group by RM31.3 million (2013: RM124.3 million).
- (c) XL owns land located throughout Indonesia with Building Use Rights (*Hak Guna Bangunan* or "HGB") for periods of 20-29 years (2013: 20-29 years) which will expire between 2015 and 2043 (2013: 2014 and 2043).

As at 31 December 2014, there are 117 locations (2013: 124 locations) with a total book value of RM20.5 million (2013: RM25.5 million) and for which HGB certificates are in the process.

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

	Group	2014 RM'000	2013 RM'000
Freehold	<b>37,881</b>	31,123	
Short term leasehold	<b>23,666</b>	70,341	
Long term leasehold	<b>359,406</b>	341,761	
	<b>420,953</b>	443,225	

- (e) On 23 December 2014, XL completed the disposal of 3,500 of its telecommunication towers to PT Solusi Tunas Pratama Tbk ("STP") for a total gross consideration of RM1,573.6 million (IDR5.6 trillion). The transaction above involved a sale and lease back of 3,312 tower assets from STP and is amortised over a ten (10) year leased period.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 25. Property, Plant and Equipment (continued)

Company	Note	Movable plant and equipment				Total RM'000
		Office equipment RM'000	Furniture and fitting RM'000	Mobile equipment RM'000	Motor vehicle RM'000	
<b>Net book value</b>						
At 1 January 2014		<b>9,249</b>	<b>4,612</b>	<b>219</b>	<b>627</b>	<b>14,707</b>
Additions		<b>7,136</b>	<b>380</b>	<b>5</b>	<b>-</b>	<b>7,521</b>
Written-off	7(a)	(1)	-	-	-	(1)
Disposal		(59)	-	(2)	-	(61)
Depreciation	7(a)	(3,849)	(1,003)	(64)	(133)	(5,049)
At 31 December 2014		<b>12,476</b>	<b>3,989</b>	<b>158</b>	<b>494</b>	<b>17,117</b>
At 1 January 2013		6,322	4,706	259	138	11,425
Additions		5,764	844	25	665	7,298
Written-off	7(a)	(333)	-	-	-	(333)
Disposal		(10)	-	-	(11)	(21)
Depreciation	7(a)	(2,494)	(938)	(65)	(165)	(3,662)
At 31 December 2013		9,249	4,612	219	627	14,707
<b>At 31 December 2014</b>						
Cost		<b>25,464</b>	<b>9,171</b>	<b>636</b>	<b>672</b>	<b>35,943</b>
Accumulated depreciation		<b>(12,988)</b>	<b>(5,182)</b>	<b>(478)</b>	<b>(178)</b>	<b>(18,826)</b>
Net book value		<b>12,476</b>	<b>3,989</b>	<b>158</b>	<b>494</b>	<b>17,117</b>
<b>At 31 December 2013</b>						
Cost		18,420	8,791	634	673	28,518
Accumulated depreciation		(9,171)	(4,179)	(415)	(46)	(13,811)
Net book value		9,249	4,612	219	627	14,707

## 26. Subsidiaries

Company	2014			2013		
	Malaysia RM'000	Overseas RM'000	Total RM'000	Malaysia RM'000	Overseas RM'000	Total RM'000
Unquoted shares, at cost	<b>6,455,086</b>	<b>182,925</b>	<b>6,638,011</b>	5,177,486	182,925	5,360,411
Accumulated impairment losses	<b>(3,996)</b>	<b>(181,851)</b>	<b>(185,847)</b>	(3,996)	(181,851)	(185,847)
	<b>6,451,090</b>	<b>1,074</b>	<b>6,452,164</b>	5,173,490	1,074	5,174,564
Advances to subsidiaries treated as quasi-investment	<b>3,703,691</b>	<b>7,662,907</b>	<b>11,366,598</b>	3,883,925	6,894,885	10,778,810
Accumulated impairment losses	-	<b>(1,221,371)</b>	<b>(1,221,371)</b>	-	(1,221,371)	(1,221,371)
	<b>3,703,691</b>	<b>6,441,536</b>	<b>10,145,227</b>	3,883,925	5,673,514	9,557,439
Total	<b>10,154,781</b>	<b>6,442,610</b>	<b>16,597,391</b>	9,057,415	5,674,588	14,732,003

The Group's and the Company's equity interests in subsidiaries, their respective principal activities and countries of incorporation are listed in Note 39 to the financial statements.

(a) The currency profile of advances to subsidiaries treated as quasi-investment is as follows:

	Company	
	2014 RM'000	2013 RM'000
RM	<b>3,142,175</b>	2,787,233
USD	<b>7,003,052</b>	6,770,206
	<b>10,145,227</b>	9,557,439

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

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 26. Subsidiaries (continued)

### (b) Non-controlling interests

The total non-controlling interest of the Group as at reporting date is RM1,813.3 million (2013: RM1,757.5 million), of which RM1,295.2 million (2013: RM1,351.9 million) is attributed to Indonesia and RM203.1 million (2013: RM152.2 million) is attributable to Sri Lanka. The remaining non-controlling interests of the Group are immaterial individually.

The information below is before inter-company eliminations.

- (i) The summarised statement of comprehensive income for the financial year ended 31 December are as follows:

	Note	Indonesia		Sri Lanka	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(Loss)/Profit for the financial year	37	<b>(249,188)</b>	309,690	<b>159,690</b>	127,181
Other comprehensive income/(expense)		<b>171,749</b>	(714,163)	<b>64,254</b>	42,221
Total comprehensive (expense)/income		<b>(77,439)</b>	(404,473)	<b>223,944</b>	169,402
(Loss)/Profit for the financial year attributable to NCI		<b>(80,863)</b>	103,732	<b>23,346</b>	19,115
Dividend paid to NCI		<b>48,536</b>	120,867	<b>8,630</b>	10,535

- (ii) The summarised statement of financial position as at 31 December are as follows:

	Indonesia		Sri Lanka	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current assets	<b>14,045,859</b>	9,223,678	<b>2,338,661</b>	2,153,220
Current assets	<b>3,688,870</b>	1,634,225	<b>593,119</b>	415,936
Non-current liabilities	<b>(7,363,132)</b>	(4,602,516)	<b>(524,563)</b>	(541,639)
Current liabilities	<b>(6,472,272)</b>	(2,141,415)	<b>(1,226,408)</b>	(1,055,812)
Net assets	<b>3,899,325</b>	4,113,972	<b>1,180,809</b>	971,705

## 26. Subsidiaries (continued)

(b) Non-controlling interests (continued)

(iii) The summarised statement of cash flows for the financial year ended 31 December are as follows:

	Indonesia		Sri Lanka	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Net cash flow from operating activities	<b>502,540</b>	1,697,344	<b>580,561</b>	472,047
Net cash flow used in investing activities	<b>(3,179,775)</b>	(2,140,936)	<b>(435,487)</b>	(703,086)
Net cash flow from financing activities	<b>4,259,781</b>	581,139	<b>36,716</b>	83,706
Net increase/(decrease) in cash and cash equivalent	<b>1,582,546</b>	137,547	<b>181,790</b>	(147,333)
Effect of exchange rate changes on cash and cash equivalents	<b>14,915</b>	4,524	<b>15,232</b>	(1,335)
Cash and cash equivalents at beginning of financial year	<b>355,858</b>	213,787	<b>36,239</b>	184,907
Cash and cash equivalents at the end financial year	<b>1,953,319</b>	355,858	<b>233,261</b>	36,239

## 27. Joint Ventures

	Group	
	2014 RM'000	2013 RM'000
Unquoted investments	<b>80,503</b>	58,504
Share of post-acquisition reserves	<b>(27,526)</b>	(2,289)
Share of net assets of joint ventures	<b>52,977</b>	56,215

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 27. Joint Ventures (continued)

The Group's share of revenue and profit/(loss) of joint ventures is as follows:

	Group	
	2014 RM'000	2013 RM'000
Revenue		<b>140,603</b>
(Loss)/Profit for the financial year		<b>(24,992)</b>

The Group's equity interests in the joint ventures and countries of incorporation are listed in Note 41 to the financial statements.

## 28. Associates

Group	2014			2013		
	Malaysia RM'000	Overseas RM'000	Total RM'000	Malaysia RM'000	Overseas RM'000	Total RM'000
Quoted investments	-	<b>8,762,053</b>	<b>8,762,053</b>	-	8,492,325	8,492,325
Unquoted investments	<b>78,705</b>	<b>9,456</b>	<b>88,161</b>	25,669	6,809	32,478
Share of post acquisition results and reserves	<b>38,635</b>	<b>494,132</b>	<b>532,767</b>	29,374	320,189	349,563
	<b>117,340</b>	<b>9,265,641</b>	<b>9,382,981</b>	55,043	8,819,323	8,874,366
Accumulated impairment losses	-	<b>(1,085,035)</b>	<b>(1,085,035)</b>	-	(1,085,035)	(1,085,035)
Currency translation differences	-	<b>(793,939)</b>	<b>(793,939)</b>	-	(790,209)	(790,209)
Share of net assets of associates	<b>117,340</b>	<b>7,386,667</b>	<b>7,504,007</b>	55,043	6,944,079	6,999,122
<b>Company</b>						
Quoted investment:						
At cost	-	-	-	-	125,319	125,319

The Group's and the Company's equity interest in the associates, their respective principal activities and countries of incorporation are listed in Note 40 to the financial statements.

## 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:

- (a) The summarised statement of comprehensive income for the financial year ended 31 December are as follows:

	2014		2013	
	Idea RM'000	M1 RM'000	Idea RM'000	M1 RM'000
Revenue	<b>16,187,850</b>	<b>2,780,015</b>	13,779,224	2,536,978
Profit for the financial year	<b>1,228,293</b>	<b>509,614</b>	548,533	463,523
Group's share of profit for the financial year	<b>243,202</b>	<b>145,291</b>	109,213	133,402
Dividend received from associates	<b>15,026</b>	<b>145,289</b>	10,235	98,714

The Group's share of profit of other immaterial associates is RM18.7 million (2013: RM28.2 million).

- (b) The summarised statement of financial position of material associates of the Group as at 31 December are as follow:

	2014		2013	
	Idea RM'000	M1 RM'000	Idea RM'000	M1 RM'000
Non-current assets	<b>25,748,778</b>	<b>2,121,347</b>	20,232,592	1,912,887
Current assets	<b>4,740,455</b>	<b>597,597</b>	2,682,039	646,588
Current liabilities	<b>(5,102,495)</b>	<b>(726,163)</b>	(4,329,156)	(609,472)
Non-current liabilities	<b>(10,835,813)</b>	<b>(948,906)</b>	(7,622,160)	(925,625)
	<b>14,550,925</b>	<b>1,043,875</b>	10,963,315	1,024,378

- (c) The fair value of material associates of the Group as at 31 December are as follows:

	2014		2013	
	Idea RM'000	M1 RM'000	Idea RM'000	M1 RM'000
Fair value	<b>5,546,528</b>	<b>2,331,868</b>	5,351,203	2,061,298

The fair value of quoted investments are within Level 2 of the fair value hierarchy.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 28. Associates (continued)

The details of carrying amount of the associates of the Group after reconciled with summarised financial information of material associates are as follows:

Group	2014				2013			
	Idea RM'000	M1 RM'000	Others RM'000	Total RM'000	Idea RM'000	M1 RM'000	Others RM'000	Total RM'000
Group's share of net assets	<b>2,881,083</b>	<b>297,609</b>	114,765	<b>3,293,457</b>	2,182,796	294,816	130,231	2,607,843
Goodwill	<b>3,916,898</b>	<b>1,141,799</b>	9,236	<b>5,067,933</b>	4,000,253	1,152,612	69,868	5,222,733
Accumulated impairment losses (net of currency translation differences)	<b>(857,383)</b>	-	-	<b>(857,383)</b>	(831,454)	-	-	(831,454)
At 31 December	<b>5,940,598</b>	<b>1,439,408</b>	124,001	<b>7,504,007</b>	5,351,595	1,447,428	200,099	6,999,122

The share of contingent liabilities of an associate as at 31 December are as follows:

Description	Potential exposure	
	2014 RM'million	2013 RM'million
1. One-off excess spectrum charges	<b>1,161.7</b>	1,122.2
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 believe, based on independent legal opinion and its evaluation, it is not probable that the claim will materialise and therefore, pending outcome of this matter, no provision has been recognised.

## 28. Associates (continued)

List of contingent liabilities of an associate as at 31 December are as follows: (continued)

Description	Potential exposure	
	2014 RM'million	2013 RM'million
<b>2. Tax notice</b>	<b>2,147.1</b>	2,070.8
The Income Tax Department ("Tax Department") had issued a INR39.0 billion notice on an associate. The Tax Department alleged that the licenses, assets and liabilities transferred in between the companies in 2009 resulted in taxable capital gains which Idea and its subsidiary did not treat as taxable.		
In the opinion of the Directors, based on independent legal opinion and its evaluation, it is not probable that the claim will materialise and therefore, pending outcome of this matter, no provision has been recognised.		-
<b>3. Revenue share license fee assessment</b>	<b>853.3</b>	-
During the financial year, the DoT has raised a demand notice to an associate for further payment of license fee in respect of years of assessment ("YA") 2007-2008 amounting to INR1.5 billion.		
In the same financial year, the associate received a demand cum Show cause notice for YA 2009 to YA 2012 amounting to INR14.0 billion. The associate has responded to DoT and challenged these demand cum show cause and stay has been granted by the High Court.		
In the opinion of the Directors, based on independent legal opinion and its evaluation, it is not probable that the claim will materialise and therefore, pending outcome of matters, no provision has been recognised.		
<b>4. Other taxes, custom duties and demands under adjudication, appeal or disputes</b>	<b>2,716.2</b>	1,722.0
As at 31 December 2014, other taxes, custom duties and demands under adjudication, appeal or disputes amounted to approximately INR49.3 billion (2013: INR32.4 billion).		
In the opinion of the Directors, based on independent legal opinion and its evaluation, it is not probable that the claim will materialise and therefore, pending outcome of matters, no provision has been recognised.		
Total exposure	<b>6,878.3</b>	4,915.0
Total exposure of the Group	<b>1,361.9</b>	978.1

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 28. Associates (continued)

### Impairment test

During the financial year, the Group had undertaken the test of impairment of its investment in Idea following an impairment indicator arising from the shortfall between the carrying value and adjusted market value. No additional impairment loss was required for the carrying amount of Idea as at 31 December 2014 as its recoverable amount was approximate to its carrying amount. The investment in Idea is defined as the Group's CGU.

### Key assumptions used in the VIU

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

The key assumptions used in determining the VIU are:

Assumptions	Basis of determination
Projection period	Five (5) years cash flow forecast is used.
Cost of equity	13.90% was used in line with market analysis.
Terminal growth rate	Long term terminal growth rate is estimated to be 3.00% applied beyond the fifth (5 <sup>th</sup> ) year cash flows to perpetuity.
Blended subscribers	Blended subscriber base ranged between 142.3 million in 2015 to 189.1 million in 2019.
Blended Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) margin	Ranging from 31.42% in 2016 to 35.90% in 2019.
Effective tax rate	34.0%.
Capital expenditure	The cash flow forecasts for capital expenditure are based on past experience and include the on-going capital expenditure required to continue to roll out networks in emerging markets to provide voice and data products and services and to meet the population coverage requirements of certain licenses of Idea.
	Capital expenditure forecasted excludes excess spectrum charges, which are currently being deliberated and highly uncertain. Capital expenditure forecasted includes assumption on the level of renewal fees to be paid for licenses expiring during the projection period.

Management believes that no reasonably possible change in any of the key assumptions would cause the carrying value of Idea to exceed its recoverable amount.

## 29. Long Term Receivables

	Group	
	2014 RM'000	2013 RM'000
Finance lease receivables	<b>91,956</b>	97,471
Others	<b>2,682</b>	62
	<b>94,638</b>	97,533

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

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

	Note	Group	
		2014 RM'000	2013 RM'000
Within one (1) year		<b>21,113</b>	20,073
Between one (1) and five (5) years		<b>74,165</b>	78,896
More than five (5) years		<b>47,797</b>	56,301
		<b>143,075</b>	155,270
Unearned finance lease income		(39,261)	(47,728)
Finance lease receivables		<b>103,814</b>	107,542
Classified as:			
- Current	32	<b>11,858</b>	10,071
- Non-current		<b>91,956</b>	97,471
Finance lease receivables		<b>103,814</b>	107,542

## 30. Inventories

	Group	
	2014 RM'000	2013 RM'000
Trading inventories	<b>79,533</b>	62,805

Inventories mainly comprise of SIM cards, handsets and other consumables.

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## 31. Amounts Due From/To Subsidiaries

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

	2014				2013			
	RM RM'000	USD RM'000	SLR RM'000	Total RM'000	RM RM'000	USD RM'000	SLR RM'000	Total RM'000
<b>Amounts due from subsidiaries:</b>								
- Non-current <sup>1</sup>	-	1,801,367	-	1,801,367	-	105,236	-	105,236
- Current	229,490	117,359	10,761	357,610	372,593	89,489	4,845	466,927
	<b>229,490</b>	<b>1,918,726</b>	<b>10,761</b>	<b>2,158,977</b>	<b>372,593</b>	<b>194,725</b>	<b>4,845</b>	<b>572,163</b>
<b>Amounts due to subsidiaries:</b>								
- Current <sup>2</sup>	1,109,145	53,327	-	1,162,472	176,378	504,571	-	680,949

<sup>1</sup> W.A.R.F. of 2.45% as at 31 December 2014 (2013: 3.85%) p.a..

<sup>2</sup> Amounts due to subsidiaries include an amount of RM41.7 million which bears interest at 3.05% (2013: Nil) p.a..

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

## 32. Trade and Other Receivables

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables		<b>1,223,298</b>	1,402,129	-	-
Less: Provision for impairment		(284,759)	(286,877)	-	-
		<b>938,539</b>	1,115,252	-	-
<b>Other receivables:</b>					
Deposits		<b>160,031</b>	137,404	-	-
Less: Provision for impairment		(27,030)	(26,997)	-	-
		<b>133,001</b>	110,407	-	-
Prepayments		<b>1,294,603</b>	873,855	<b>951</b>	643
Staff loans		<b>988</b>	755	-	-
Finance lease receivables	29	<b>11,858</b>	10,071	-	-
		<b>684,651</b>	570,503	<b>6,924</b>	25,561
Less: Provision for impairment		(1,250)	(938)	-	-
		<b>683,401</b>	569,565	<b>6,924</b>	25,561
Total other receivables after provision for impairment		<b>2,123,851</b>	1,564,653	<b>7,875</b>	26,204
Total trade and other receivables after provision for impairment		<b>3,062,390</b>	2,679,905	<b>7,875</b>	26,204

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 32. Trade and Other Receivables (continued)

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

	2014						2013						
	Functional currency						Functional currency						
	RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000		RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000
<b>Group</b>													
RM	718,541	-	-	-	-	718,541	737,953	-	-	-	-	-	737,953
USD	5,008	191,041	86,143	549	97,212	379,953	7,696	198,915	113,855	304	89,054	409,824	
IDR	-	1,472,170	-	-	-	1,472,170	-	1,057,728	-	-	-	-	1,057,728
SLR	-	-	192,956	-	-	192,956	-	-	187,269	-	-	-	187,269
BDT	-	-	-	226,938	-	226,938	-	-	-	236,650	-	-	236,650
SDR	41,399	-	-	-	-	41,399	15,583	-	-	-	-	-	15,583
Others	5,268	49	-	-	25,116	30,433	10,238	46	-	-	24,614	34,898	
Total	770,216	1,663,260	279,099	227,487	122,328	3,062,390	771,470	1,256,689	301,124	236,954	113,668	2,679,905	
<b>Company</b>													
RM	3,252	-	-	-	-	3,252	18,038	-	-	-	-	-	18,038
USD	4,546	-	-	-	-	4,546	8,166	-	-	-	-	-	8,166
Others	77	-	-	-	-	77	-	-	-	-	-	-	-
Total	7,875	-	-	-	-	7,875	26,204	-	-	-	-	-	26,204

## 32. Trade and Other Receivables (continued)

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

	Note	2014 RM'000	Group 2013 RM'000
<b>Trade receivables</b>			
At 1 January		<b>286,877</b>	217,233
Provision for impairment	7(b)	<b>77,525</b>	110,885
Written off		<b>(93,346)</b>	(48,206)
Reclassification from non-current assets classified as held-for-sale		-	3,706
Currency translation differences		<b>13,703</b>	3,259
At 31 December		<b>284,759</b>	286,877
<b>Other receivables</b>			
At 1 January		<b>27,935</b>	28,328
Provision for impairment	7(b)	<b>345</b>	19
Written off		-	(412)
At 31 December		<b>28,280</b>	27,935

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

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

	Not past due		Past due				Total RM'000	
	Specifically impaired		Not specifically impaired					
	RM'000	RM'000	0-3 months RM'000	3-6 months RM'000	6-12 months RM'000	Over 12 months RM'000		
2014	<b>382,392</b>	<b>44,040</b>	<b>296,835</b>	<b>84,496</b>	<b>39,445</b>	<b>91,331</b>	<b>938,539</b>	
2013	329,733	86,905	293,633	150,706	128,092	126,183	1,115,252	

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

Credit terms of trade receivables for the Group range from 5 to 90 days (2013: 7 to 90 days).

# Notes to the Financial Statements

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## 33. Deposits, Cash and Bank Balances

Note	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits with licensed banks	<b>2,141,254</b>	825,240	<b>70,001</b>	25,368
Deposits under Islamic principles	<b>1,559,771</b>	4,836,021	<b>55,239</b>	1,957,162
Total deposits	<b>3,701,025</b>	5,661,261	<b>125,240</b>	1,982,530
Cash and bank balances	<b>1,414,545</b>	771,657	<b>47,323</b>	8,950
Total deposits, cash and bank balances	<b>5,115,570</b>	6,432,918	<b>172,563</b>	1,991,480
Less:				
Deposits pledged	16(a) <b>(12,689)</b>	(3,165)	-	-
Deposit in Escrow Account	<b>(13,496)</b>	-	-	-
Deposit on investment in a subsidiary	<b>(52,478)</b>	(65,890)	-	-
Deposits maturing more than three (3) months	<b>(115,264)</b>	(334,311)	-	(334,311)
Bank overdrafts	16 <b>(54,404)</b>	(18,759)	-	-
Total cash and cash equivalents at the end of the financial year	<b>4,867,239</b>	6,010,793	<b>172,563</b>	1,657,169

The deposits are placed mainly with a number of creditworthy financial institutions. There is no major concentration of deposits in any single financial institution. Maturity range of deposits is as follows:

(In days)	From	Group To	Company To
Financial year ended 31 December 2014	Overnight	365	213
Financial year ended 31 December 2013	Overnight	365	365

### 33. Deposits, Cash and Bank Balances (continued)

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

	2014 Functional currency						2013 Functional currency					
	RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000	RM RM'000	IDR RM'000	SLR RM'000	BDT RM'000	Others RM'000	Total RM'000
<b>Group</b>												
RM	<b>2,361,829</b>	-	-	-	-	<b>2,361,829</b>	5,317,055	-	-	-	-	5,317,055
USD	112,687	41,054	51,589	-	178,091	383,421	282,130	20,023	5,670	-	102,681	410,504
IDR	-	1,924,954	-	-	-	1,924,954	-	338,864	-	-	-	338,864
SLR	-	-	236,078	-	-	236,078	2,694	-	40,969	-	-	43,663
BDT	-	-	-	119,728	-	119,728	-	-	-	201,911	-	201,911
Others	66,044	-	-	-	23,516	89,560	111,218	-	-	-	9,703	120,921
Total	<b>2,540,560</b>	<b>1,966,008</b>	<b>287,667</b>	<b>119,728</b>	<b>201,607</b>	<b>5,115,570</b>	5,713,097	358,887	46,639	201,911	112,384	<b>6,432,918</b>
<b>Company</b>												
RM	<b>76,214</b>	-	-	-	-	<b>76,214</b>	1,959,640	-	-	-	-	1,959,640
USD	<b>96,349</b>	-	-	-	-	<b>96,349</b>	31,840	-	-	-	-	31,840
Total	<b>172,563</b>	-	-	-	-	<b>172,563</b>	1,991,480	-	-	-	-	1,991,480

### 34. Cash Flows From/(Used In) Operating, Investing and Financing Activities

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Receipt from customers		<b>18,835,637</b>	17,665,841	-	-
Payments to suppliers and employees		(11,606,378)	(10,802,642)	(153,097)	(204,815)
Dividends received		-	-	<b>2,945,333</b>	2,301,815
Dividends from associates		-	-	<b>6,393</b>	8,026
Payment of finance costs		(736,157)	(817,594)	(11,494)	(30,312)
Payment of zakat		(898)	(8,500)	-	-
Payment of income taxes (net of refunds)		(908,290)	(388,862)	(3,261)	(26)
Total cash flows from operating activities		<b>5,583,914</b>	5,648,243	<b>2,783,874</b>	2,074,688

# Notes to the Financial Statements

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## 34. Cash Flows From/(Used In) Operating, Investing and Financing Activities (continued)

	Note	2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Net proceeds from disposal of PPE		<b>115,483</b>	46,595	<b>62</b>	196
Purchase of PPE		<b>(3,748,348)</b>	(4,116,997)	<b>(7,521)</b>	(7,298)
Acquisition of intangible assets		<b>(254,360)</b>	(877,590)	—	—
Investments in deposits maturing more than three (3) months		<b>219,047</b>	(334,311)	<b>334,311</b>	(334,311)
Investment in subsidiaries		<b>6,400</b>	(402,007)	—	—
Payment made in related to the acquisition of a subsidiary	5(a)(iii)	<b>(2,836,552)</b>	—	—	—
Additional investments in associates		<b>(455,283)</b>	(1,655)	—	(517)
Acquisition of a joint venture		<b>(20,000)</b>	(59,326)	—	—
Interest received		<b>197,994</b>	261,193	<b>76,487</b>	73,545
Net proceed from disposal of an associate	5(a)(v)	<b>262,802</b>	—	<b>262,802</b>	—
Other investment		<b>(1,068)</b>	—	—	—
Dividends received from associates		<b>166,708</b>	117,005	—	—
Advances to employees		<b>(179)</b>	(190)	—	—
Additional investment in subsidiaries		—	—	<b>(1,277,600)</b>	—
Advances to subsidiaries treated as quasi-investments		—	—	<b>(178,948)</b>	(707,428)
Advances to subsidiaries		—	—	<b>(1,910,725)</b>	(158,902)
Advances from subsidiaries		—	—	—	—
Repayments from subsidiaries		—	—	<b>943,990</b>	10,286
Total cash flow used in investing activities		<b>(6,347,356)</b>	(5,367,283)	<b>(1,757,142)</b>	(1,124,429)
Proceeds from borrowings		<b>2,613,836</b>	3,052,971	—	—
Repayments of borrowings		<b>(2,133,311)</b>	(2,192,888)	<b>14,587</b>	—
Repayment of Sukuk		<b>(509,306)</b>	—	<b>(825,630)</b>	—
Repayment of finance lease creditors		<b>(103,254)</b>	—	—	—
Net proceed from sale and leaseback assets		<b>1,473,834</b>	—	—	—
Proceeds from issuance of shares under Axiata Share Scheme		<b>146,883</b>	125,236	<b>146,883</b>	125,236
Share buy-back of a subsidiary	5(a)(iv)	<b>(339,736)</b>	—	—	—
Treasury shares resold by subsidiaries	5(a)(iv), (ix)	<b>404,282</b>	—	—	—
Share issue expenses		<b>(91)</b>	(255)	<b>(91)</b>	(255)
Dividends paid to non-controlling interests		<b>(64,660)</b>	(133,002)	—	—
Dividends paid to shareholders	43	<b>(1,884,995)</b>	(2,985,725)	<b>(1,884,995)</b>	(2,985,725)
Total cash flows used in financing activities		<b>(396,518)</b>	(2,133,663)	<b>(2,549,246)</b>	(2,860,744)

## 35. Contingencies and Commitments

### (a) Capital commitments

	Group	
	2014 RM'000	2013 RM'000
PPE		
Commitments in respect of expenditure:		
- Approved and contracted for	1,517,756	1,669,688
- Approved but not contracted for	706,185	2,109,050
	<b>2,223,941</b>	3,778,738

### (b) Operating lease commitments

The Group entered into non-cancellable office and tower rental and lease of head office agreements with various terms and the total commitment are as follows:

	2014 RM'000	2013 RM'000
Payable with one (1) year	320,262	190,188
Payable more than one (1) year and no later than five (5) years	792,591	637,712
Payable more than five (5) years	216,223	216,223
Total	<b>1,329,076</b>	1,044,123

The rental expenses related to the commitment for the financial year ended 31 December 2014 and 2013 amounted to RM362.2 million and RM183.8 million respectively.

### (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.

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## 35. Contingencies and Commitments (continued)

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

Description	Potential exposure	
	2014 RM'million	2013 RM'million
<b>1. Celcom Trading Sdn Bhd [formerly known as Rego Multi-Trades Sdn Bhd] (“Celcom Trading”) vs Aras Capital Sdn Bhd (“Aras Capital”) and Tan Sri Dato’ Tajudin Ramli (“TSDTR”)</b>  In 2005, Celcom Trading, a wholly-owned subsidiary of Celcom, commenced proceedings against Aras Capital and TSDTR for amounts due to Celcom Trading pursuant to an investment agreement with Aras Capital and an indemnity letter given by TSDTR. TSDTR filed its defence and instituted a counterclaim against Celcom Trading, Celcom Resources Berhad [formerly known as Technology Resources Industries Berhad] (“Celcom Resources”) and its directors to void and rescind the indemnity letter and claim damages.  The Board of Directors, based on legal advice received, are of the view that it has good prospects of succeeding on the claim and successfully defending the counterclaim if the same were to proceed to trial.	<b>100.0</b>	100.0
<b>2. VIP Engineering and Marketing Limited (“VIPEM”) vs Celcom Resources on TRI Telecommunications Tanzania (“Tritel”)</b>  In December 2001, vide Civil Case No. 427 of 2001, VIPEM claimed a sum of USD18.6 million from Celcom Resources as its share of loss of profits for the mismanagement of Tritel, a joint venture company between Celcom Resources and VIPEM. In light of the winding-up order made against Tritel, Celcom Resources filed its claims of RM123.4 million with the liquidator of Tritel in July 2003.  The Board of Directors, based on legal opinion received, are of the view that the allegations of mismanagement, are rhetorical and unsubstantiated. In view of the winding up proceedings, there is also a possibility that VIPEM will not pursue its claim.	<b>63.7</b>	63.7

## 35. Contingencies and Commitments (continued)

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

Description	Potential exposure 2014 RM'million	2013 RM'million
<b>3. Claim on Robi by National Board of Revenue of Bangladesh (“NBR”)</b>	<b>294.6</b>	276.7
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 BDT6,549.9 million.		
The Board of Directors, based on legal advice received, are of the view that it has good prospects of succeeding on the claim.		
<b>4. Robi’s tax position</b>	<b>269.2</b>	238.8
Robi has claimed for SIM tax subsidy as a deductible expense in its tax provision computations for FY 2005 to 2014 (2013: FY 2005 to 2013). The National Board of Revenue has challenged this claim and regarded the SIM tax subsidy as non-deductible, on grounds that the subsidies are collectible from the customers and hence is not a ‘business expense’. The case has been taken to the local court whereby the proceeding is still ongoing with no decision reached to-date.		
Based on legal opinion received, the Board of Directors are of the view that Robi has good prospects of succeeding on the claim.		
<b>5. Access Promotion Contribution (“APC”) of Multinet Pakistan (Private) Limited (“Multinet”)</b>	<b>146.2</b>	131.5
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 (2013: PKR4.2 billion).		
Based on legal opinion received, the Board of Directors are of the view that Multinet has good prospects of succeeding on the claim.		
<b>Total exposure</b>	<b>873.7</b>	810.7

The Company does not have any contingent liabilities as at 31 December 2014 and 2013.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 36. Significant Non-Cash Transactions

Significant non-cash transactions are as follows:

	Group	
	2014 RM'000	2013 RM'000
Asset swap arrangements	-	5,044
Vesting of RSA	37,228	2,213

## 37. Segmental Reporting

### By key operating companies of the Group

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

The Board of Directors considers the business from a geographic perspective. The Group's operating companies operate in many countries as shown in Note 39 to the financial statements. Accordingly, the Group's operations by key operating companies are segmented into these main geographic segments: Malaysia, Indonesia, Bangladesh, Sri Lanka and Others. Others comprise of investment holding entities and other operating companies in other countries that contributed less than 10% of consolidated revenue.

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

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

### 37. Segmental Reporting (continued)

	Malaysia RM'000	Indonesia RM'000	Bangladesh RM'000	Sri Lanka RM'000	Others RM'000	Consolidation adjustments/ eliminations RM'000	Total RM'000
<b>Financial year ended</b>							
<b>31 December 2014</b>							
Operating revenue:							
Total operating revenue	<b>7,729,348</b>	<b>6,475,565</b>	<b>2,084,662</b>	<b>1,686,177</b>	<b>878,318</b>	-	<b>18,854,070</b>
Inter-segment*	(7,624)	(23,733)	(106)	(24,209)	(12,780)	(73,841)	(142,293)
External operating revenue	<b>7,721,724</b>	<b>6,451,832</b>	<b>2,084,556</b>	<b>1,661,968</b>	<b>865,538</b>	(73,841)	<b>18,711,777</b>
Results:							
EBITDA	<b>3,116,573</b>	<b>2,468,101</b>	<b>778,989</b>	<b>523,551</b>	<b>114,353</b>	(2,992)	<b>6,998,575</b>
Interest income	<b>109,057</b>	<b>55,509</b>	<b>16,952</b>	<b>5,098</b>	<b>138,847</b>	(127,469)	<b>197,994</b>
Interest expense	(198,761)	(456,290)	(23,243)	(19,954)	(178,240)	130,029	(746,459)
Depreciation of PPE	(667,926)	(1,843,129)	(321,717)	(308,481)	(185,516)	37,614	(3,289,155)
Amortisation of intangible assets	(52,052)	(170,994)	(101,831)	(25,605)	(4,626)	(11,752)	(366,860)
Joint ventures:							
- share of results (net of tax)	<b>3,075</b>	<b>(28,067)</b>	-	-	-	-	<b>(24,992)</b>
Associates:							
- share of results (net of tax)	<b>9,260</b>	-	-	(2,697)	<b>400,650</b>	-	<b>407,213</b>
- loss on dilution of equity interests	-	-	-	-	-	(43,284)	(43,284)
Impairment of PPE, net of reversal	(2,451)	(23,650)	2,297	30,437	-	-	6,633
Other non-cash income/(expenses)	<b>1,025,303</b>	<b>(300,147)</b>	<b>4,497</b>	<b>(11,886)</b>	<b>268,285</b>	(1,011,261)	<b>(25,209)</b>
Taxation	(601,288)	49,479	(170,503)	(30,773)	(79,655)	62,697	(770,043)
Segment profit/(loss) for the financial year	<b>2,740,790</b>	<b>(249,188)</b>	<b>185,441</b>	<b>159,690</b>	<b>474,098</b>	(966,418)	<b>2,344,413</b>

\* Inter-segment operating revenue has been eliminated in arriving at respective segment operating revenue. The inter-segment operating revenue was entered into in the normal course of business and at prices negotiated and agreed between the parties.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 37. Segmental Reporting (continued)

	Malaysia RM'000	Indonesia RM'000	Bangladesh RM'000	Sri Lanka RM'000	Others RM'000	Consolidation adjustments/ eliminations RM'000	Total RM'000
<b>Financial year ended</b>							
<b>31 December 2013</b>							
Operating revenue:							
Total operating revenue	8,018,256	6,443,313	1,822,587	1,543,578	676,243	-	18,503,977
Inter-segment*	(7,263)	(34,477)	(490)	(27,308)	(24,259)	(39,339)	(133,136)
External operating revenue	8,010,993	6,408,836	1,822,097	1,516,270	651,984	(39,339)	18,370,841
Results:							
EBITDA	3,452,035	2,712,361	633,769	484,439	(8,403)	(3,078)	7,271,123
Interest income	107,532	32,866	42,107	2,758	140,897	(64,864)	261,296
Interest expense	(214,489)	(371,567)	(25,283)	(16,688)	(155,042)	62,340	(720,729)
Depreciation of PPE	(733,129)	(1,801,946)	(251,993)	(280,309)	(80,379)	51,528	(3,096,228)
Amortisation of intangible assets	(125,508)	(34,878)	(73,656)	(19,294)	(4,750)	(7,705)	(265,791)
Joint ventures:							
- share of results (net of tax)	(1,938)	7,267	-	-	-	-	5,329
Associates:							
- share of results (net of tax)	5,681	-	-	(720)	265,862	-	270,823
- loss on dilution of equity interests	-	-	-	-	-	(21,066)	(21,066)
Impairment of PPE (net of reversal)	(4,094)	(8,151)	(6,040)	6,551	-	-	(11,734)
Other non-cash income/(expenses)	15,927	(118,081)	17,303	(22,172)	(55,487)	2,526	(159,984)
Taxation	(419,526)	(108,181)	(186,743)	(27,384)	(45,408)	(7,220)	(794,462)
Segment profit for the financial year	2,082,491	309,690	149,464	127,181	57,290	12,461	2,738,577

## **38. Financial Risk Management Objectives and Policies**

- (a) Market risks consist of:
  - (i) foreign currency exchange risk – risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.
  - (ii) fair value interest rate risk – risk that the value of a financial instrument will fluctuate due to changes in market interest rates.
  - (iii) cash flow interest rate risk – risk that future cash flows associated with a financial instrument will fluctuate. In the case of a floating rate debt instrument, such fluctuations result in a change in the effective interest rate of the financial instrument, usually without a corresponding change in its fair value.
  - (iv) price risk – risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market.
- (b) credit risk – risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.
- (c) liquidity risk (funding risk) – risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

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

### **(a) Market risks**

#### **(i) Foreign currency exchange risk**

##### **Group**

The foreign exchange risk of the Group predominately arises from borrowings denominated in foreign currencies. The main currency exposure from borrowings denominated in foreign currency is USD. The Group has cross currency interest rate swaps, forward foreign currency contracts and call spread options that are primarily used to hedge selected foreign currency borrowings to reduce the foreign currency exposures on these borrowings.

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

As at 31 December 2014, if USD has strengthened/weakened by 10% against IDR, BDT, SLR and RM with all other variables held constant, this will result in foreign exchange losses/gains to the profit or loss of RM412.0 million for the Group on translation of USD denominated non-hedged borrowings.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 38. Financial Risk Management Objectives and Policies (continued)

### (a) Market risks (continued)

#### (i) Foreign currency exchange risk (continued)

##### **Company**

The foreign exchange risk of the Company predominately arises from advances to subsidiaries treated as quasi investment denominated in USD.

As at 31 December 2014, if USD has strengthened/weakened by 10% against RM with all other variables held constant, this will result in foreign exchange gains/losses to the profit or loss of RM659 million for the Company, on translation of USD denominated advances to subsidiaries treated as quasi investment.

#### (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 and non-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.

As at 31 December 2014, if interest rate on different foreign currencies denominated floating interest rates non-hedged borrowings had been lower/higher by 5% with all other variables held constant, this will result in a lower/higher interest expense of the Group amounting to RM15.0 million.

#### (iii) Price risk

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

## **38. Financial Risk Management Objectives and Policies (continued)**

### **(b) Credit risk**

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

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

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

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

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

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

The carrying amount of trade receivables that are past due is shown in Note 32 to the financial statements.

### **(c) Liquidity risk**

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

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

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 38. Financial Risk Management Objectives and Policies (continued)

### (c) Liquidity risk (continued)

The table below analyses the Group's and the Company's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. As amounts included in the table are contractual undiscounted cash flows, these amounts may not be reconciled to the amounts disclosed on the statement of financial position for borrowings and trade, other payables and derivative financial instruments.

Group	2014				2013			
	Trade and other payables		Net settled derivative financial instruments		Trade and other payables		Net settled derivative financial instruments	
	RM'000	RM'000	RM'000	Total RM'000	RM'000	RM'000	RM'000	Total RM'000
Below 1 year	6,344,612	2,583,840	13,176	8,941,628	4,487,311	2,325,058	6,119	6,818,488
1-2 years	-	1,891,144	9,447	1,900,591	-	3,013,604	3,494	3,017,098
2-3 years	-	3,986,081	3,453	3,989,534	-	1,650,851	1,220	1,652,071
3-4 years	-	937,240	769	938,009	-	2,461,867	-	2,461,867
4-5 years	-	2,803,243	-	2,803,243	-	867,378	-	867,378
Over 5 years	-	3,226,938	-	3,226,938	-	4,897,542	-	4,897,542
Total contractual undiscounted cash flows	6,344,612	15,428,486	26,845	21,799,943	4,487,311	15,216,300	10,833	19,714,444
Total carrying amount	6,344,612	13,893,335	12,172	20,250,119	4,487,311	13,436,375	14,127	17,937,813

Company	2014				2013			
	Amounts due to		Total RM'000	Amounts due to		Total RM'000		
	Other payables RM'000	subsidiaries RM'000		Other payables RM'000	subsidiaries RM'000			
Below 1 year	80,646	1,162,472	1,243,118	78,834	20,002	680,949	779,785	
1-2 years	-	-	-	-	810,701	-	810,701	
Total contractual undiscounted cash flows	80,646	1,162,472	1,243,118	78,834	830,703	680,949	1,590,486	
Total carrying amounts	80,646	1,162,472	1,243,118	78,834	825,234	680,949	1,585,017	

## **38. Financial Risk Management Objectives and Policies (continued)**

### **(d) Capital risk management**

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

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

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

	Note	2014 RM'000	2013 RM'000
Borrowings	16	<b>13,893,335</b>	13,436,375
Total equity		<b>22,557,787</b>	21,379,071
Gearing ratio		<b>0.62</b>	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.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 38. Financial Risk Management Objectives and Policies (continued)

### (e) Fair value estimation (continued)

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

Group	2014				2013			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Assets</b>								
Financial assets at FVTPL:								
- Trading securities	14	-	-	14	8	-	-	8
- Non-hedging derivatives	-	167,765	-	167,765	-	223,972	-	223,972
- Derivatives used for hedging	-	-	-	-	-	14,588	-	14,588
Financial assets at AFS:								
- Equity securities	-	-	1,118	1,118	-	-	141	141
<b>Total assets</b>	<b>14</b>	<b>167,765</b>	<b>1,118</b>	<b>168,897</b>	<b>8</b>	<b>238,560</b>	<b>141</b>	<b>238,709</b>
<b>Liabilities</b>								
Financial liabilities at FVTPL:								
- Non-hedging derivatives	-	(12,501)	-	(12,501)	-	(14,127)	-	(14,127)
- Derivatives used for hedging	-	(13,726)	-	(13,726)	-	(95,257)	-	(95,257)
<b>Total liabilities</b>	<b>-</b>	<b>(26,227)</b>	<b>-</b>	<b>(26,227)</b>	<b>-</b>	<b>(109,384)</b>	<b>-</b>	<b>(109,384)</b>
<b>Company</b>								
Financial asset at FVTPL:								
- Derivatives used for hedging	-	-	-	-	-	14,588	-	14,588

### (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.

## **38. Financial Risk Management Objectives and Policies (continued)**

### **(e) Fair value estimation (continued)**

#### **(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.

<b>Group</b>	<b>Gross amounts RM'000</b>	<b>Gross amounts of recognised (financial liabilities)/ financial assets set off RM'000</b>	<b>Net amounts RM'000</b>
<b>2014</b>			
Trade receivables	418,881	(149,522)	269,359
Trade payables	(408,753)	149,522	(259,231)
<b>2013</b>			
Trade receivables	321,839	(110,611)	211,228
Trade payables	(277,601)	164,114	(113,487)

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 39. List of Subsidiaries

The Group had the following subsidiaries as at 31 December 2014:

Name of company	Proportion of ordinary shares directly held by the parent	Proportion of ordinary shares directly held by the Group	Proportion of ordinary shares held by non- controlling interests	Principal activities	Country and place of incorporation
	(%)	(%)	(%)		
Axiata Investments (Labuan) Limited	100.00	100.00	-	Investment holding	Federal Territory, Labuan, Malaysia
Axiata Investments 1 (India) Limited <sup>1</sup>	100.00	100.00	-	Investment holding	Mauritius
Axiata Management Services Sdn Bhd	100.00	100.00	-	Provision of services under Axiata's Service Assurance Centre to telecommunication service providers	Malaysia
Celcom Axiata Berhad	100.00	100.00	-	Telecommunication network capacity, infrastructure and services	Malaysia
Axiata Investments (Singapore) Limited	100.00	100.00	-	Investment holding	Federal Territory, Labuan Malaysia
Axiata SPV1 (Labuan) Limited	100.00	100.00	-	Financing	Federal Territory, Labuan, Malaysia
Axiata Foundation <sup>4</sup>	-	-	-	Develop and nurture talent pool and foster, develop and improve education	Malaysia
Axiata SPV2 Berhad	100.00	100.00	-	Financing	Malaysia

### **39. List of Subsidiaries (continued)**

The Group had the following subsidiaries as at 31 December 2014: (continued)

<b>Name of company</b>	<b>Proportion of ordinary shares directly held by the parent</b>	<b>Proportion of ordinary shares directly held by the Group</b>	<b>Proportion of ordinary shares held by non- controlling interests</b>	<b>Principal activities</b>	<b>Country and place of incorporation</b>
	(%)	(%)	(%)		
edotco Group Sdn Bhd	100.00	100.00	-	Investment holding and provision of technical and operations support services in the telecommunications and related industries in local and/or international markets	Malaysia
Axiata Investments (Cambodia) Limited	100.00	100.00	-	Investment holding	Federal Territory, Labuan, Malaysia
Axiata Digital Services Sdn Bhd	100.00	100.00	-	Investment holding	Malaysia
Hello Axiata Company Limited <sup>1</sup>	100.00	100.00	-	Dormant	Cambodia
<b>Subsidiaries held through Axiata Investments (Labuan) Limited</b>					
Dialog Axiata PLC <sup>1</sup>	-	83.32	16.68	Telecommunication services, infrastructure and e-commerce	Sri Lanka
Axiata Investments (Mauritius) Limited <sup>1</sup>	-	100.00	-	Dormant	Mauritius
Robi Axiata Limited <sup>2</sup>	-	91.59	8.41	Mobile telecommunication services	Bangladesh
Axiata Lanka (Private) Limited <sup>1</sup>	-	100.00	-	Property development and letting of property for commercial purposes	Sri Lanka

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 39. List of Subsidiaries (continued)

The Group had the following subsidiaries as at 31 December 2014: (continued)

Name of company	Proportion of ordinary shares directly held by the parent	Proportion of ordinary shares directly held by the Group	Proportion of ordinary shares held by non- controlling interests	Principal activities	Country and place of incorporation	
	(%)	(%)	(%)			
<b>Subsidiaries held through</b>						
<b>Axiata Investments (Labuan) Limited (continued)</b>						
Multinet Pakistan (Private) Limited <sup>2</sup>	-	89.00	11.00	Cable television services, information technology and multimedia services	Pakistan	
Axiata Investments (Indonesia) Sdn Bhd	-	100.00	-	Investment holding	Malaysia	
<b>Subsidiary held through</b>						
<b>Axiata Investments (Indonesia) Sdn Bhd</b>						
PT XL Axiata Tbk <sup>1</sup>	-	66.48	33.52	Mobile telecommunication services	Indonesia	
<b>Subsidiaries held through</b>						
<b>PT XL Axiata Tbk</b>						
Excelcomindo Finance Company BV <sup>1</sup>	-	66.48	33.52	Financing	Netherlands	
GSM One (L) Limited <sup>1</sup>	-	66.48	33.52	Financing	Federal Territory, Labuan Malaysia	
GSM Two (L) Limited <sup>1</sup>	-	66.48	33.52	Financing	Federal Territory, Labuan Malaysia	

### **39. List of Subsidiaries (continued)**

The Group had the following subsidiaries as at 31 December 2014: (continued)

<b>Name of company</b>	<b>Proportion of ordinary shares directly held by the parent</b>	<b>Proportion of ordinary shares directly held by the Group</b>	<b>Proportion of ordinary shares held by non- controlling interests</b>	<b>Principal activities</b>	<b>Country and place of incorporation</b>	
	(%)	(%)	(%)			
<b>Subsidiaries held through Dialog Axiata PLC</b>						
<b>Dialog Broadband Networks (Private) Limited<sup>1</sup></b>						
Dialog Broadband Networks (Private) Limited <sup>1</sup>	-	83.32	16.68	Data and backbone, fixed wireless and transmission infrastructure	Sri Lanka	
Dialog Television (Private) Limited <sup>1</sup>	-	83.32	16.68	Television broadcasting generated services and direct-to-home satellite pay television services	Sri Lanka	
Digital Holdings Lanka (Private) Limited <sup>1</sup>	-	83.32	16.68	Investment holding	Sri Lanka	
<b>Subsidiaries held through Dialog Television (Private) Limited</b>						
Communiq Broadband Network (Private) Limited <sup>1</sup>	-	83.32	16.68	Dormant	Sri Lanka	
Dialog Television Trading (Private) Limited <sup>1</sup>	-	83.32	16.68	Trading of electronic consumer products	Sri Lanka	
<b>Subsidiary held through Dialog Broadband Networks (Private) Limited</b>						
Telecard (Private) Limited <sup>1</sup>	-	83.32	16.68	Dormant	Sri Lanka	

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 39. List of Subsidiaries (continued)

The Group had the following subsidiaries as at 31 December 2014: (continued)

Name of company	Proportion of ordinary shares directly held by the parent	Proportion of ordinary shares directly held by the Group	Proportion of ordinary shares held by non- controlling interests	Principal activities	Country and place of incorporation	
	(%)	(%)	(%)			
<b>Subsidiary held through</b>						
<b>Robi Axiata Limited and edotco Group Sdn Bhd</b>						
edotco Bangladesh Co. Ltd <sup>2</sup>	-	95.71	4.29	Telecommunication infrastructure and services	Bangladesh	
<b>Subsidiary held through</b>						
<b>Axiata Investments 1 (India) Limited</b>						
Axiata Investments 2 (India) Limited <sup>1</sup>	-	100.00	-	Investment holding	Mauritius	
<b>Subsidiary held through</b>						
<b>Axiata Investments (Cambodia) Limited</b>						
Glasswool Holdings Limited	-	87.46	12.54	Investment holding	Federal Territory, Labuan, Malaysia	
<b>Subsidiaries held through</b>						
<b>Celcom Axiata Berhad</b>						
Celcom Mobile Sdn Bhd	-	100.00	-	Mobile communication, network and application services and content	Malaysia	
Celcom Networks Sdn Bhd	-	100.00	-	Network telecommunication, capacity and services	Malaysia	
Celcom Properties Sdn Bhd	-	100.00	-	Property investment	Malaysia	

### **39. List of Subsidiaries (continued)**

The Group had the following subsidiaries as at 31 December 2014: (continued)

<b>Name of company</b>	<b>Proportion of ordinary shares directly held by the parent</b>	<b>Proportion of ordinary shares directly held by the Group</b>	<b>Proportion of ordinary shares held by non- controlling interests</b>	<b>Principal activities</b>	<b>Country and place of incorporation</b>	
	(%)	(%)	(%)			
<b>Subsidiaries held through Celcom Axiata Berhad (continued)</b>						
Escape Axiata Sdn Bhd						
	-	100.00		- Over-The-Top and other on demand content services	Malaysia	
Celcom Retail Holding Sdn Bhd <sup>3</sup>	-	100.00		- Strategic and business development, management, administrative, support services and investment holding	Malaysia	
Celcom Intelligence Sdn Bhd	-	100.00		- Investment holding	Malaysia	
Celcom Timur (Sabah) Sdn Bhd	-	80.00	20.00	Fibre optic transmission network services	Malaysia	
Celcom eCommerce Sdn Bhd	-	100.00		- Electronic wallet services	Malaysia	
Celcom Resources Berhad	-	100.00		- Investment holding	Malaysia	
<b>Subsidiary held through Celcom Retail Holding Sdn Bhd</b>						
Celcom Retail Sdn Bhd	-	100.00		- Trading and distribution of communication devices and related products and managing retail stores	Malaysia	

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 39. List of Subsidiaries (continued)

The Group had the following subsidiaries as at 31 December 2014: (continued)

Name of company	Proportion of ordinary shares held by the parent	Proportion of ordinary shares held directly by the Group	Proportion of ordinary shares held by non- controlling interests	Proportion of ordinary shares held by Principal activities	Country and place of incorporation
	(%)	(%)	(%)		
<b>Subsidiary held through Celcom Resources Berhad</b>					
Celcom Trading Sdn Bhd <sup>3</sup>	-	100.00	-	Dealing in marketable securities	Malaysia
<b>Subsidiary held through Glasswool Holdings Limited</b>					
Smart Axiata Co., Ltd <sup>1</sup>	-	87.46	12.54	Mobile telecommunication services	Cambodia
<b>Subsidiary held through Smart Axiata Co., Ltd</b>					
Edotco (Cambodia) Co., Ltd <sup>1</sup>	-	87.46	12.54	Telecommunication infrastructure and services	Cambodia
<b>Subsidiary held through Axiata Digital Services Sdn Bhd</b>					
Axiata Digital Advertising Sdn Bhd	-	100.00	-	Investment holding	Malaysia

### **39. List of Subsidiaries (continued)**

The Group had the following subsidiaries as at 31 December 2014: (continued)

<b>Name of company</b>	<b>Proportion of ordinary shares directly held by the parent</b>	<b>Proportion of ordinary shares directly held by the Group</b>	<b>Proportion of ordinary shares held by non- controlling interests</b>	<b>Principal activities</b>	<b>Country and place of incorporation</b>
	(%)	(%)	(%)		
<b>Subsidiaries held through edotco Group Sdn Bhd</b>					
edotco Malaysia Sdn Bhd <sup>5</sup>	-	100.00	-	Telecommunication infrastructure and services	Malaysia
edotco Investments (Labuan) Limited	-	100.00	-	Investment holding	Federal Territory, Labuan Malaysia

- <sup>1</sup> Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers Malaysia.
- <sup>2</sup> Audited by a firm other than a member firm of PricewaterhouseCoopers International Limited.
- <sup>3</sup> Inactive as at 31 December 2014.
- <sup>4</sup> In accordance with IC 112-Consolidation: “Special Purpose Vehicles”, AF is consolidated in the Group as the substance of the relationship between the Company and the special purpose entity indicates that the entity is controlled by the Company.
- <sup>5</sup> On 31 May 2014, Celcom Axiata Berhad disposed of edotco Malaysia Sdn Bhd to edotco Group Sdn Bhd under the group restructuring.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 40. List of Associates

The investments in associates are as follows:

Name of company	Group's effective shareholding		Principal activities	Country and place of incorporation
	2014 (%)	2013 (%)		
Samart I-Mobile Public Company Limited ("SIM") ~	-	24.08	Mobile phone distributor accessories, and bundled with content	Thailand
<b>Associate held through Celcom Axiata Berhad</b>				
Sacofa Sdn Bhd	<b>15.12</b>	15.12	Telecommunication infrastructure and services	Malaysia
<b>Associate held through Celcom Intelligence Sdn Bhd</b>				
Celcom Planet Sdn Bhd	<b>49.00</b>	-	e-commerce platform business	Malaysia
<b>Associate held through Axiata Investments (Singapore) Limited</b>				
M1 Limited	<b>28.50</b>	28.74	Mobile telecommunication services, sales of telecommunication equipment and accessories	Singapore
<b>Associate held through Axiata Investments 1 (India) Limited and Axiata Investments 2 (India) Limited</b>				
Idea Cellular Limited	<b>19.79</b>	19.90	Mobile telecommunication services	India
<b>Associates held through Dialog Axiata PLC</b>				
Firstsource Dialog Solutions (Private) Limited	<b>21.66</b>	22.09	Information technology enabled services	Sri Lanka
Digital Commerce Lanka (Pvt) Ltd	<b>35.39</b>	24.06	e-commerce	Sri Lanka

~ The disposal was completed during the financial year as disclosed in Note 5(a)(v) to the financial statements.

All associates have co-terminous financial year end with the Group except for Idea with financial year ended on 31 March.

## 41. List of Joint Ventures

The investments in joint ventures are as follows:

Name of company	Group's effective shareholding		Principal activities	Country and place of incorporation
	2014 (%)	2013 (%)		
<b>Joint ventures held through Celcom Axiata Berhad</b>				
PLDT Malaysia Sdn Bhd	<b>49.00</b>	49.00	Mobile virtual network operator	Malaysia
Digital Milestone Sdn Bhd <sup>1</sup>	<b>51.00</b>	51.00	Special purpose investment company	Malaysia
Tune Talk Sdn Bhd ("Tune Talk") <sup>2</sup>	<b>35.00</b>	35.00	Mobile communication services	Malaysia
Merchantrade Asia Sdn Bhd <sup>2</sup>	<b>20.00</b>	-	Provision of money service business, i.e. remittance and money changing and operator of mobile virtual network	Malaysia
<b>Joint venture held through PT XL Axiata Tbk</b>				
PT XL Planet Digital	<b>33.24</b>	33.24	e-commerce	Indonesia

<sup>1</sup> Winding up in progress.

<sup>2</sup> Assessment of the impact of MFRS 10 and MFRS 11 on Tune Talk and Merchantrade require Tune Talk and Merchantrade to be classified as joint venture. The reclassification has no significant impact to the Group.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 42. Related Party Transactions

All related party transactions were entered into in the normal course of business and at prices available at negotiated terms. The names of these related parties, nature of these transactions and their total value have been set out in accordance with the provisions of MFRS 124: "Related Party Disclosure".

The Government of Malaysia and bodies controlled or jointly controlled by the Government of Malaysia are related parties of the Group. The Government of Malaysia has significant influence over the Group. The Group enters into transactions with many of these bodies, which includes but is not limited to:

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

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

The Group provides telecommunications services as part of its ordinary operations. The Group has collectively, but not individually significant transactions with Government-related entities. These telecommunication services are carried out on commercial terms that are negotiated and agreed upon between the parties.

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

Whenever exist, related party transactions also includes transaction with entities that are controlled, joint ventures or significantly influenced directly by any key management personnel or their close family members.

In addition to related party transactions and balances mentioned elsewhere in the financial statements, set out below are significant related party transactions and balances which were carried out on terms and conditions negotiated amongst the related parties.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(a) Sale of goods and services associates:				
- International roaming revenue	<b>15,715</b>	17,739	-	-
- Telecommunication services	<b>173,477</b>	138,139	-	-
	<b>189,192</b>	155,878	-	-

## 42. Related Party Transactions (continued)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(b) Purchase of goods and services associates:				
- Interconnection charges	<b>13,245</b>	15,141	-	-
- Leaseline charges, maintenance and others	<b>64,663</b>	51,900	-	-
	<b>77,908</b>	67,041	-	-
(c) Intercompany service agreement with subsidiaries:				
- Technical and management services	-	-	<b>42,821</b>	49,577
(d) Dividends received from subsidiaries/ associates	-	-	<b>2,951,726</b>	2,309,871
(e) Repayments/(Advances) from/(to) subsidiaries				
- Advances	-	-	<b>(1,910,725)</b>	(158,902)
- Repayments	-	-	<b>943,990</b>	10,286
(f) Interest income/(expense) on advances (from)/to subsidiaries				
- Interest income	-	-	<b>32,210</b>	1,183
- Interest expense	-	-	<b>(41,652)</b>	-

The outstanding balances as at reporting date are disclosed in Note 26 and Note 31 to the financial statements.

# Notes to the Financial Statements

For The Financial Year Ended 31 December 2014

## 42. Related Party Transactions (continued)

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
(g) Key management compensation short term employee benefits:				
- Salaries, allowances and bonus	<b>19,312</b>	19,444	<b>19,312</b>	19,444
- Ex-gratia payments	<b>1,000</b>	-	<b>1,000</b>	-
- Contribution to EPF	<b>2,629</b>	2,400	<b>2,629</b>	2,400
- Estimated money value of benefits	<b>51</b>	246	<b>51</b>	246
- Other staff benefits	<b>215</b>	654	<b>215</b>	654
Share-based compensation				
- ESOS and RSA expenses	<b>5,497</b>	5,236	<b>5,497</b>	5,236

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

## 43. Dividends

	Tax exempt dividend under single tier system					
	2014			2013		
	Type	Per ordinary share of RM1 each Sen	Total RM'000	Type	Per ordinary share of RM1 each Sen	Total RM'000
In respect of financial year ended 31 December:						
- 2012	-	-	-	Final	15	1,279,305
- 2012	-	-	-	Special	12	1,023,444
- 2013	-	-	-	Interim	8	682,976
- 2013	Final	<b>14</b>	<b>1,198,932</b>	-	-	-
- 2014	Interim	<b>8</b>	<b>686,063</b>	-	-	-
	<b>22</b>		<b>1,884,995</b>		<b>35</b>	<b>2,985,725</b>

The Board of Directors have recommended a final tax exempt dividend under the single tier system of 14 sen per ordinary share of RM1 each of the Company in respect of financial year ended 31 December 2014 amounting to a total of RM1,201.5 million, based on the issued and paid-up capital of the Company as at 31 December 2014. The proposed dividend is subject to approval by the shareholders at the forthcoming AGM.

## **44. Events After Reporting Period**

### **(a) Acquisition of Adknowledge Asia Pacific Pte Ltd (“AAP”)**

On 3 December 2014, ADA entered into a Subscription and Shareholders’ Agreement with Adknowledge International, Inc and AAP for the subscription by ADA of an 80.0% equity stake in AAP for a cash investment of up to USD9.0 million. The acquisition was completed on 19 January 2015 for a total cash consideration of RM19.5 million (USD5.5 million).

### **(b) Introduction of new taxes and levies in Sri Lanka**

Interim budget was presented by the Government of Sri Lanka (“GoSL”) on 29 January 2015 and passed by the Parliament of Sri Lanka on 7 February 2015. The GoSL is yet to enact appropriate legislation bringing the interim budget proposals into force. Accordingly, the financial results of the Group for the financial year ended 31 December 2014 excluded impacts from the interim budget, since certainty with respect to applicability and/or quantum of impact is yet to be ascertained.

### **(c) Incorporation of Axiata SPV4 Sdn Bhd (“Axiata SPV4”)**

On 30 January 2015, the Company incorporated Axiata SPV4, a private company limited by shares, under the Companies Act, 1965 in Malaysia with an authorised share capital of RM0.4 million divided into 400,000 ordinary shares of which it is issued and paid-up share capital is RM2. The nature of business to be carried by Axiata SPV4 is as an investment holding company.

**Notes to the  
Financial Statements**  
For The Financial Year Ended 31 December 2014

**Supplementary Information Disclosed Pursuant To Bursa Securities Listing Requirements**

The following analysis of realised and unrealised retained profits/(accumulated losses) is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to "Bursa Securities" Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure is based on the prescribed format by the Bursa Securities.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained profit/(accumulated losses):				
- realised	<b>11,504,017</b>	10,138,985	<b>5,920,362</b>	4,517,274
- unrealised	<b>(1,470,594)</b>	(1,256,195)	<b>616,406</b>	438,538
	<b>10,033,423</b>	8,882,790	<b>6,536,768</b>	4,955,812
Total retained profit/(accumulated losses) from joint ventures:				
- realised	<b>(21,239)</b>	3,752	-	-
Total retained profit/(accumulated losses) from associates:				
- realised	<b>1,437,757</b>	1,136,282	-	-
- unrealised	<b>(182,708)</b>	(180,891)	-	-
	<b>1,255,049</b>	955,391	-	-
	<b>11,267,233</b>	9,841,933	<b>6,536,768</b>	4,955,812
Less: consolidation adjustments	<b>(1,435,584)</b>	(519,173)	-	-
Total consolidated retained profits	<b>9,831,649</b>	9,322,760	<b>6,536,768</b>	4,955,812

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

# **Statement by Directors**

**Pursuant To Section 169(15) Of The Companies Act, 1965**

We, Tan Sri Dato' Azman Hj. Mokhtar and Dato' Sri Jamaludin Ibrahim, two of the Directors of Axiata Group Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 172 to 317 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the financial year then ended.

The information set out on page 318 have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 24 February 2015.

**Tan Sri Dato' Azman Hj. Mokhtar**  
Director

**Dato' Sri Jamaludin Ibrahim**  
Director

# **Statutory Declaration**

**Pursuant To Section 169(16) Of The Companies Act, 1965**

I, Thandalam Veeravalli Thirumala Chari, being the person primarily responsible for the financial management of Axiata Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 172 to 317 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

**Thandalam Veeravalli Thirumala Chari**

Subscribed and solemnly declared by the above named Thandalam Veeravalli Thirumala Chari at Kuala Lumpur in Malaysia on 24 February 2015, before me.

COMMISSIONER FOR OATHS



# **Independent Auditors' Report**

**To The Members Of Axiata Group Berhad  
(Incorporated In Malaysia)  
(Company No. 242188-H)**

## **Report on the Financial Statements**

We have audited the financial statements of Axiata Group Berhad on pages 172 to 317, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 44.

### **Directors' Responsibility for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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

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

### **Opinion**

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## **Report on Other Legal and Regulatory Requirements**

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

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 39 to the financial statements.
- (c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiaries did not contain any material qualification or any adverse comment made under Section 174(3) of the Act.

## **Other Reporting Responsibilities**

The supplementary information set out on page 318 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## **Other Matters**

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



**PricewaterhouseCoopers**  
(No. AF: 1146)  
Chartered Accountants

Kuala Lumpur  
24 February 2015



**Nurul A'in binti Abdul Latif**  
(No. 2910/02/17(J))  
Chartered Accountant

# Shareholding Statistics

As At 31 March 2015

## Analysis of Shareholdings

### Authorised Share Capital:

- RM12,000,000,000 divided into 12,000,000,000 ordinary shares of RM1.00 each

### Issued & Paid-Up Share Capital:

- RM8,592,461,151 divided into 8,592,461,151 ordinary shares of RM1.00 each
- Voting Right : 1 vote per shareholder on a show of hands  
1 vote per ordinary share on a poll

### Total No. of Shareholders:

- 20,570

## Distribution of Shareholdings

(without aggregating the securities from different securities accounts belonging to the same Depositor)

Size of Shareholdings	Shareholders				Shares			
	Malaysian		Foreign		Malaysian		Foreign	
	No.	%	No.	%	No.	%	No.	%
Less than 100	1,822	8.86	16	0.08	36,833	0.00 <sup>1</sup>	317	0.00 <sup>1</sup>
100 - 1,000	5,331	25.92	81	0.39	4,130,440	0.05	56,866	0.00 <sup>1</sup>
1,001 - 10,000	10,287	50.01	222	1.08	36,920,360	0.43	1,008,136	0.01
10,001 - 100,000	1,582	7.69	263	1.28	39,263,952	0.46	11,107,821	0.13
100,001 - 429,623,056 (less than 5% of issued and paid up share capital)	407	1.98	556	2.70	1,650,881,329	19.21	1,783,995,436	20.76
429,623,057 and above	3	0.01	-	-	5,065,059,661	58.95	-	-
<b>Total</b>	<b>19,432</b>	<b>94.47</b>	<b>1,138</b>	<b>5.53</b>	<b>6,796,292,575</b>	<b>79.10</b>	<b>1,796,168,576</b>	<b>20.90</b>

### Note:

<sup>1</sup> Less than 0.01%

## Category of Shareholdings

Category of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Individuals	17,282	84.02	71,034,625	0.83
Bank/Finance Companies	107	0.52	1,666,198,088	19.39
Investments Trusts/Foundations/Charities	13	0.06	139,550	0.00 <sup>1</sup>
Industrial and Commercial Companies	217	1.06	27,713,238	0.32
Government Agencies/Institutions	17	0.08	3,338,738,474	38.86
Nominees	2,933	14.26	3,488,630,376	40.60
Others	1	0.00 <sup>1</sup>	6,800	0.00 <sup>1</sup>
<b>Total</b>	<b>20,570</b>	<b>100.00</b>	<b>8,592,461,151</b>	<b>100.00</b>

### Note:

<sup>1</sup> Less than 0.01%

## **Substantial Shareholders (Holding 5% & Above)**

(as per Register of Substantial Shareholders)

No.	Name	Direct Interests		Indirect/Deemed Interests		Total Interests	
		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	Khazanah Nasional Berhad	3,238,919,155	37.70	84,415,540±	0.98	3,323,334,695	38.68
2.	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	1,120,798,631	13.04	-	-	1,120,798,631	13.04
3.	AmanahRaya Trustees Berhad - Skim Amanah Saham Bumiputera	799,286,100	9.28	-	-	799,286,100	9.28
4.	Commonwealth Insurance Holdings Limited	437,547,100	5.09	-	-	437,547,100	5.09

± Includes 274,700 Axiata Shares, being the number of shares outstanding to be returned to Khazanah under the Selling Flexibility Arrangement to facilitate the sale of Axiata Shares by Axiata's employees who have exercised their Axiata ESOS options. Khazanah is deemed to have an interest in these Axiata Shares pursuant to Section 6A of the Companies Act, 1965

## **Directors' Direct and Indirect Interests in the Company and Its Related Corporations**

Directors' direct and/or indirect interest in the Company based on the Register of Directors' Shareholdings are as follows:-

Interest in the Company	Number of ordinary shares of RM1.00 each					
	Direct		Indirect		Total	
	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
Dato' Sri Jamaludin Ibrahim	-	-	450,000#	0.00*	450,000#	0.00*

Interest in the Company	Number of options/restricted share grant of ordinary shares of RM1.00 each					
	Direct		Indirect		Total	
	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
Dato' Sri Jamaludin Ibrahim	4,301,700@	0.05	-	-	4,301,700@	0.05
	4,310,600&	0.05	-	-	4,310,600&	0.05

### **Notes:**

# Held through a nominee namely, CIMSEC Nominees (Tempatan) Sdn Bhd

\* Less than 0.01%

@ Options pursuant to Axiata ESOS for Eligible Employees and Executive Directors of Axiata Group

& Restricted Share Grant under Axiata Share Scheme

Save as disclosed above, none of the Directors of the Company has any interest direct or indirect in the Company and its related corporations.

# Shareholding Statistics

As At 31 March 2015

## 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	3,238,919,155	37.69
2.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	1,027,106,406	11.95
3.	AmanahRaya Trustees Berhad <i>Skim Amanah Saham Bumiputera</i>	799,034,100	9.30
4.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>State Street London Fund FSIB for First State Asia Pacific Leaders Fund</i>	166,971,900	1.94
5.	Kumpulan Wang Persaraan (Diperbadankan)	155,776,000	1.81
6.	Permodalan Nasional Berhad	133,816,825	1.56
7.	AmanahRaya Trustees Berhad <i>Amanah Saham Wawasan 2020</i>	103,984,413	1.21
8.	Cartaban Nominees (Tempatan) Sdn Bhd <i>Exempt An for Eastspring Investments Berhad</i>	99,203,575	1.15
9.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>Exempt An for Khazanah Nasional Berhad (Axiata ESOS)</i>	84,254,840	0.98
10.	HSBC Nominees (Asing) Sdn Bhd <i>TNTC for Saudi Arabian Monetary Agency</i>	80,643,100	0.94
11.	Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An for State Street Bank &amp; Trust Company (WEST CLT OD67)</i>	80,584,462	0.94
12.	HSBC Nominees (Asing) Sdn Bhd <i>BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund</i>	79,042,494	0.92
13.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>State Street London Fund FSIH for First State Global Emerging Markets Leaders Fund</i>	76,420,300	0.89
14.	AmanahRaya Trustees Berhad <i>Amanah Saham Malaysia</i>	64,565,900	0.75
15.	Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)</i>	62,500,000	0.73
16.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 1)</i>	56,468,225	0.66
17.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An for JPMorgan Chase Bank, National Association (U.S.A.)</i>	54,108,420	0.63
18.	HSBC Nominees (Asing) Sdn Bhd <i>BNYM SA/NV for Newton Asian Income Fund</i>	50,000,000	0.58
19.	AmanahRaya Trustees Berhad <i>Public Islamic Dividend Fund</i>	48,396,500	0.56
20.	AmanahRaya Trustees Berhad <i>Amanah Saham Didik</i>	47,191,300	0.55

No.	Name	No. of Shares Held	% of Issued Shares
21.	Cartaban Nominees (Asing) Sdn Bhd <i>GIC Private Limited for Government of Singapore (C)</i>	44,414,700	0.52
22.	HSBC Nominees (Asing) Sdn Bhd <i>HSBC BK Plc for Saudi Arabian Monetary Agency</i>	42,245,716	0.49
23.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt An for The Bank of New York Mellon (MELLON ACCT)</i>	40,921,662	0.48
24.	Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An for RBC Investor Services Trust (Clients Account)</i>	37,197,200	0.43
25.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An for AIA Bhd</i>	37,086,300	0.43
26.	Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)</i>	36,364,500	0.42
27.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Nomura)</i>	36,089,500	0.42
28.	AmanahRaya Trustees Berhad <i>Public Islamic Select Enterprises Fund</i>	33,931,500	0.39
29.	HSBC Nominees (Asing) Sdn Bhd <i>BBH and Co Boston for Matthews Asian Growth and Income Fund</i>	31,516,923	0.37
30.	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>State Street London Fund RNAW for St. James's Place Global Emerging Markets Unit Trust</i>	31,454,200	0.37
<b>TOTAL</b>		<b>6,880,210,116</b>	<b>80.05</b>

# List of Top Ten Properties

For The Financial Year Ended 31 December 2014

No	Address/Location	Freehold/Leasehold - land and/or buildings	Current usage of land & buildings	Approximate age of buildings (years)	Date of acquisition/ capitalisation	Remaining lease period (years)	Land area (sq. meter)	Built-up area (sq. meter)	31 Dec 2014 (RM)	Net book value as at 31 Dec 2014 (RM)
1	Seksyen 13, Jalan Kemajuan, Petaling Jaya, Selangor, Malaysia	Leasehold land and building	Network Office	21 years	23.03.1998	52 years	4,383.1	10,339.0	27,767,368	
2	Jl. Arengka II, Kecamatan Tampan, Kelurahan Simpang Baru Kabupaten Pekanbaru, Indonesia	Leasehold land and freehold building	Telecommunications and operations office	2 years	17.12.2012 (land) 11.12.2013 (building)	18 years	4,883.0	5,152.0	19,961,755	
3	Jl. Sumba B12-1 Mekarwangi, Cikarang Barat, Bekasi-Jawa Barat Kawasan MM2100, Indonesia	Leasehold land and freehold building	Telecommunications and operations office	4 years	24.11.2008 (land) 01.02.2011 (building)	16 years	19,549.5	10,683.0	18,921,208	
4	Jl. Raya Kali Rungkut No. 15A, Surabaya, Indonesia	Leasehold land and freehold building	Telecommunications and operations office	5 years	17.04.2008 and 22.12.2008 (land) 08.10.2009 (building)	14 years	8,853.0	9,443.0	17,893,297	
5	No. 1293/1, Khawija road, East Soloshahar, Baddarhat, Chandaon, Chittagong, Bangladesh	Freehold land	Telecommunications and operations office	n/a	28.08.2014	n/a	607.0	n/a	7,238,813	
6	Jl. Rasuna Said Kav. A5 No. 6, Bintaro, Jakarta, Indonesia	Leasehold land and freehold building	Telecommunications and operations office	7 years	29.06.2006 (land) 30.09.2007 (building)	12 years	3,350.0	1,219.0	6,758,417	
7	Jl. Soekarno Hatta, Bandung, Indonesia	Leasehold land and freehold building	Telecommunications and operations office	6 years	23.10.2007 (land) 16.12.2008 (building)	13 years	4,770.0	6,731.0	6,348,562	
8	No. 1293/1, Bypass road, Jilongja, Kolatali, Coxs Bazaar, Bangladesh	Freehold land	Telecommunications and operations office	n/a	22.09.2014	n/a	768.9	n/a	5,862,722	
9	Bandar Sri Manjalara, Mukim Batu, Kuala Lumpur, Wilayah Persekutuan, Malaysia	Leasehold land and building	Telecommunications and operations office	11 years	23.05.1997	63 years	4,451.4	3,041.0	5,279,967	
10	No. 390-D, Uluwahorewata, Weluwela, Kaduwela, Sri Lanka	Freehold land and building	Operations office	1 year	31.12.2013 (land) 03.06.2014 (building)	n/a	15,276.9	111.5	4,833,150	

# Net Book Value of Land and Buildings

For The Financial Year Ended 31 December 2014

Location	Freehold		Leasehold		Net book value of land	Net book value of buildings
	No. of Lots	Area ('000 sq ft)	No. of Lots	Area ('000 sq ft)	RM'000	RM'000
<b>1 Malaysia</b>						
(a) Federal Territory (Kuala Lumpur)	-	-	3	91.0	7,020.1	3,376.4
(b) Selangor	1	53.9	2	48.7	7,895.0	23,631.2
(c) Perak	1	43.5	4	63.0	1,078.7	-
(d) Pulau Pinang	7	15.3	3	64.1	1,677.1	1,583.5
(e) Kedah	-	-	1	15.9	156.5	389.7
(f) Johor	6	41.6	1	78.8	1,396.5	1,581.2
(g) Negeri Sembilan	2	50.0	-	-	990.0	228.6
(h) Terengganu	-	-	7	871.8	416.8	11.0
(i) Kelantan	-	-	3	107.2	188.1	338.7
(j) Pahang	1	37.1	17	429.6	3,703.3	1,395.6
(k) Sabah	-	-	5	224.4	1,367.3	702.2
(l) Sarawak	2	320.1	3	58.5	679.8	820.0
<b>2 Indonesia</b>	-	-	8,007	25,836.0	362,678.3	62,362.1
<b>3 Sri Lanka</b>	34	9,214.9	-	-	16,244.6	26,945.0
<b>4 Bangladesh</b>	259	2,032.7	5,588	3,295.8	9,045.7	4,842.8
<b>5 Cambodia</b>	-	-	-	-	-	3,094.8
<b>6 Pakistan</b>	46	1,366.4	-	-	6,414.6	1,265.6
<b>Total</b>	<b>359</b>	<b>13,175.5</b>	<b>13,644</b>	<b>31,184.8</b>	<b>420,952.4</b>	<b>132,568.4</b>

# Group Directory

## Axiata Group Berhad

Corporate Headquarters  
Axiata Tower  
9 Jalan Stesen Sentral 5  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Malaysia  
Tel : +603 2263 8888  
Fax : +603 2263 8822  
Website : [www.axiata.com](http://www.axiata.com)

## Celcom Axiata Berhad

Menara Celcom  
No. 82, Jalan Raja Muda Abdul Aziz  
50300 Kuala Lumpur  
Malaysia  
Tel : +603 2688 3939  
Fax : +603 2681 0361  
Website : [www.celcom.com.my](http://www.celcom.com.my)

## PT XL Axiata Tbk

grhaXL  
Jl. DR. Ide Anak Agung Gde Agung  
Lot. E4-7 No. 1  
Kawasan Mega Kuningan  
Jakarta 12950  
Indonesia  
Tel : +62 21 576 1881  
Fax : +62 21 576 1880  
Website : [www.xl.co.id](http://www.xl.co.id)

## Dialog Axiata PLC

No. 475, Union Place  
Colombo 2  
Sri Lanka  
Tel : +94 777 678 700  
Website : [www.dialog.lk](http://www.dialog.lk)

## Robi Axiata Limited

Robi Corporate Office  
53 Gulshan South Avenue  
Gulshan-1  
Dhaka-1212  
Bangladesh  
Tel : +88 02 9887146-52  
Fax : +88 02 9885463  
Website : [www.robi.com.bd](http://www.robi.com.bd)

## Smart Axiata Co., Ltd

464A Monivong Blvd.  
Sangkat Tonle Bassac  
Khan Chamkarmorn  
Phnom Penh  
Kingdom of Cambodia  
Tel : +855 10 201 000  
Fax : +855 23 868 882  
Website : [www.smart.com.kh](http://www.smart.com.kh)

## Idea Cellular Limited

5th Floor "Windsor"  
Kalina, Santa Cruz (East)  
Mumbai 400098  
India  
Tel : +91 95 9400 4000  
Fax : +91 95 9400 3181  
Website : [www.ideacellular.com](http://www.ideacellular.com)

## M1 Limited

10 International Business Park  
Singapore 609928  
Tel : +65 6655 1111  
Fax : +65 6655 1977  
Website : [www.m1.com.sg](http://www.m1.com.sg)

## Multinet Pakistan (Private) Limited

1D-203, Sector 30  
Korangi Industrial Area  
Karachi  
Pakistan  
Tel : +92 21 351 13626-58  
Fax : +92 21 351 13645  
Website : [www.multinet.com.pk](http://www.multinet.com.pk)

## edotco Group Sdn Bhd

Level 30, Axiata Tower  
9 Jalan Stesen Sentral 5  
Kuala Lumpur Sentral  
50470 Kuala Lumpur  
Malaysia  
Tel : +603 2262 1388  
Fax : +603 2262 1308/1309  
Website : [www.edotcogroup.com](http://www.edotcogroup.com)

# Glossary

<b>2G</b> Second generation wireless telephone technology	<b>Axiata</b> Axiata Group Berhad	<b>Celcom</b> Celcom Axiata Berhad
<b>3G</b> Third generation mobile phone technologies covered by the ITU IMT-2000 family	<b>Axiata Indonesia</b> Axiata Investments (Indonesia) Sdn Bhd	<b>Celcom Chidcare</b> Celcom Childcare Sdn Bhd
<b>4G</b> Fourth generation mobile phone technology	<b>Axiata Share Scheme</b> Performance-Based ESOS and RSP	<b>Celcom Group</b> Celcom and its subsidiaries
<b>Advanced Data</b> Data, VAS & Broadband	<b>Axiata SPV1</b> Axiata SPV1 (Labuan) Limited	<b>Celcom Networks</b> Celcom Networks Sdn Bhd
<b>AAP</b> Adknowledge Asia Pacific Pte Ltd	<b>Axiata SPV2</b> Axiata SPV2 Berhad	<b>Celcom Planet</b> Celcom Planet Sdn Bhd
<b>ADIF</b> Axiata Digital Innovation Fund	<b>Axiata SPV4</b> Axiata SPV4 Sdn Bhd	<b>Celcom Resources</b> Celcom Resources Berhad
<b>ADS</b> Axiata Digital Services Sdn Bhd	<b>Axis</b> PT Axis Telekom Indonesia	<b>CLM</b> Customer Lifecycle Management
<b>AGIA</b> Axiata Group Internal Audit	<b>AYTP</b> Axiata Young Talent Programme	<b>CR</b> Corporate Responsibility
<b>AGM</b> Annual General Meeting	<b>BAC</b> Board Audit Committee	<b>DBN</b> Dialog Broadband Networks (Private) Limited
<b>AIC</b> Axiata Investments (Cambodia) Limited	<b>BEE</b> Board Effectiveness Evaluation	<b>DCR</b> Directors' Circular Resolutions
<b>AI1</b> Axiata Investments 1 (India) Limited	<b>BICL</b> Bangladesh Infrastructure Company Limited	<b>Dialog</b> Dialog Axiata PLC
<b>AI2</b> Axiata Investments 2 (India) Limited	<b>BNC</b> Board Nomination Committee	<b>Digital</b> Digital Commerce Lanka (Private) Limited
<b>AIL</b> Axiata Investments (Labuan) Limited	<b>BOD</b> Board of Directors	<b>DiGi</b> DiGi.Com Berhad
<b>AIS</b> Axiata Investments (Singapore) Limited	<b>BRC</b> Board Remuneration Committee	<b>DiGi Tel</b> DiGi Telecommunications Sdn Bhd
<b>AMS</b> Axiata Management Services Sdn Bhd	<b>BTS</b> Base Transceiver Station	<b>DMSB</b> Digital Milestone Sdn Bhd
<b>ARPU</b> Average Monthly Revenue Per User	<b>Bursa Securities</b> Bursa Malaysia Securities Berhad	<b>DRS</b> Dividend Reinvestment Scheme
<b>ASEAN</b> Association of Southeast Asian Nations	<b>CAMEL</b> Customised Applications for Mobile network Enhanced Logic	<b>DTT</b> Dialog Television Trading (Private) Limited
<b>ATC</b> Axiata Towers (Cambodia) Company Limited	<b>CAPEX</b> Capital Expenditure	<b>DTV</b> Dialog Television (Private) Limited
<b>AUSAID</b> Australian Agency for International Development	<b>CBN</b> CommuNiQ Broadband Network (Private) Limited	<b>edotco Bangladesh</b> edotco Bangladesh Co Ltd
	<b>CDMA</b> Code Division Multiple Access	<b>edotco Group</b> edotco Group Sdn Bhd
		<b>edotco Cambodia</b> Edotco (Cambodia) Co., Ltd

# Glossary

<b>EBIT</b>	<b>GSMA</b>	<b>MCCG 2012</b>
Earnings Before Interest and Taxes	The GSM Association	Malaysian Code on Corporate Governance 2012
<b>EBITDA</b>	<b>GADP</b>	<b>MCMC</b>
Earnings Before Interest, Taxes, Depreciation and Amortisation	Group Accelerated Development Program	Malaysian Communications and Multimedia Commission
<b>EDGE</b>	<b>Glasswool</b>	<b>MDS</b>
Enhanced Data rates for GSM Evolution	Glasswool Holdings Limited	Mobile Data Services
<b>ED</b>	<b>Hello</b>	<b>MFRS</b>
Executive Director	Hello Axiata Company Limited	Malaysian Financial Reporting Standards
<b>Escape</b>	<b>HACL</b>	<b>MIFE</b>
Escape Axiata Sdn Bhd	Hello Axiata Company Limited	Mobile Internet Fulfillment Exchange
<b>ESOS</b>	<b>HSDPA</b>	<b>MNP</b>
Employee Share Option Scheme	High Speed Downlink Packet Access	Mobile Number Portability
<b>Etisalat Indonesia</b>	<b>HSPA</b>	<b>MoU</b>
Emirates Telecommunications Corporation (Etisalat) International Indonesia Limited	High Speed Packet Access	Memorandum of Understanding
<b>FCF</b>	<b>IA</b>	<b>MoU</b>
Free Cash Flow	Internal Audit	Minutes of Use
<b>FSL</b>	<b>ICT</b>	<b>MPEG</b>
Firstsource Solutions Limited	Information and Communications Technology	Moving Picture Experts Group
<b>FY13</b>	<b>Idea</b>	<b>MSWG</b>
Financial year ended 31 December 2013	Idea Cellular Limited	Minority Shareholder Watchdog Group
<b>FY14</b>	<b>INED</b>	<b>MTCE</b>
Financial year ended 31 December 2014	Independent Non-Executive Director	Mobile Telecommunication Company of Esfahan
<b>FY15</b>	<b>IP</b>	<b>Multinet</b>
Financial year ended 31 December 2015	Internet Protocol	Multinet Pakistan (Private) Limited
<b>GAAP</b>	<b>IPVPN</b>	<b>MVNO</b>
Generally Accepted Accounting Principles	Internet Protocol Virtual Private Network	Mobile Virtual Network Operator
<b>GCEO</b>	<b>Khazanah</b>	<b>NEC</b>
Group Chief Executive Officer	Khazanah Nasional Berhad	Non-Executive Chairman
<b>GCFO</b>	<b>KLCI</b>	<b>NED</b>
Group Chief Financial Officer	Kuala Lumpur Composite Index	Non-Executive Director
<b>GCIA</b>	<b>KPI</b>	<b>NGIN</b>
Group Chief Internal Auditor	Key Performance Indicator	New Generation Intelligent Network
<b>GLC</b>	<b>LOA</b>	<b>OPEX</b>
Government Linked Companies	Limits of Authority	Operating Expenditure
<b>GLCT</b>	<b>LTE</b>	<b>PBT</b>
Government Linked Company Transformation	Long Term Evolution	Profit before Tax
<b>GPRS</b>	<b>M1</b>	<b>PLDT MY</b>
General Packet Radio Service	M1 Limited	PLDT Malaysia Sdn Bhd
<b>GSM</b>	<b>M&amp;A</b>	<b>PGC</b>
Global System for Mobile Communications	Mergers & Acquisition	PLDT Global Corporation
<b>Main LR</b>	<b>Main Market Listing Requirements of Bursa Securities</b>	

<b>RTC</b>	<b>SMART</b>	<b>WIMAX</b>
Regional TowerCo	Smart Axiata Co., Ltd	Worldwide Interoperability for Microwave Access
<b>RSA</b>	<b>SMS</b>	<b>XL</b>
Restricted Share Awards	Short Message Service	PT XL Axiata Tbk.
<b>RSP</b>	<b>SPA</b>	<b>YoY</b>
Restricted Share Plan	Sales and Purchase Agreement	Year on Year
<b>RMC</b>	<b>SSC</b>	<b>UIEP</b>
Risk Management Committee	Share Scheme Committee	Uncompromising Integrity and Exceptional Performance
<b>ERM</b>	<b>STC</b>	<b>CURRENCIES</b>
Enterprise Wide Risk Management	Saudi Telecom Company	
<b>NINED</b>	<b>Suntel</b>	<b>BDT</b>
Non-Independent Non-Executive Director	Suntel Limited	Bangladeshi Taka, the lawful currency of Bangladesh
<b>OECD</b>	<b>Sky TV</b>	<b>CNY</b>
Organisation for Economic Co-operation and Development	Sky Television and Radio Network (Private) Limited	Chinese Yuan Renmimbi, the lawful currency of China
<b>OpCo</b>	<b>SME</b>	<b>IDR</b>
Operating Company	Small and Medium Size Enterprise	Indonesian Rupiah, the lawful currency of Indonesia
<b>OTT</b>	<b>TM</b>	<b>INR</b>
Over-The-Top	Telekom Malaysia Berhad	Indian Rupee, the lawful currency of India
<b>PAT</b>	<b>ToR</b>	<b>PKR</b>
Profit after Tax	Terms of Reference	Pakistani Rupee, the lawful currency of Pakistan
<b>PATAMI</b>	<b>TMI</b>	<b>RM</b>
Profit after Tax and Minority Interest	TM International Berhad (now known as Axiata)	Ringgit Malaysia, the lawful currency of Malaysia
<b>President &amp; GCEO</b>	<b>TSR</b>	<b>SGD</b>
Managing Director/President & Group Chief Executive Officer	Total Shareholder Return	Singapore Dollars, the lawful currency of Singapore
<b>QoQ</b>	<b>UNCTAD</b>	<b>SLR/LKR</b>
Quarter on Quarter	United Nations Conference on Trade and Development	Sri Lankan Rupee, the lawful currency of Sri Lanka
<b>Robi</b>	<b>USAID</b>	<b>SDR</b>
Robi Axiata Limited	United States Agency for International Development	Special Drawing Rights, common currency in international roaming agreements
<b>ROCE</b>	<b>USP</b>	<b>THB</b>
Return on Capital Employed	Universal Service Provision	Thai Baht, the lawful currency of Thailand
<b>ROE</b>	<b>VAS</b>	<b>USD</b>
Return on Equity	Value Added Services	United States Dollars, the lawful currency of the US
<b>ROI</b>	<b>VWAMP</b>	
Return on Investment	Volume Weighted Average Market Price	
<b>ROIC</b>	<b>WCDMA</b>	
Return on Invested Capital	Wideband CDMA	
<b>SIM</b>	<b>WiFi</b>	
Samart I-Mobile Public Company Limited	Wireless Fidelity	
<b>SLT</b>		
Senior Leadership Team		

# **Notice of Annual General Meeting**

**NOTICE IS HEREBY GIVEN THAT THE TWENTY-THIRD ANNUAL GENERAL MEETING OF AXIATA GROUP BERHAD (“AXIATA” OR “THE COMPANY”) WILL BE HELD AT NEXUS BALLROOM 2 & 3, LEVEL 3A, CONNEXION@NEXUS, NO. 7 JALAN KERINCHI, BANGSAR SOUTH CITY, 59200 KUALA LUMPUR, MALAYSIA ON WEDNESDAY, 20 MAY 2015 AT 10.00 A.M. FOR THE FOLLOWING PURPOSES:-**

## **AS ORDINARY BUSINESS:-**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2014 together with the Report of the Directors and the Auditors thereon. **(Ordinary Resolution 1)**
2. To declare a final tax exempt dividend under single tier system of 14 sen per ordinary share for the financial year ended 31 December 2014. **(Ordinary Resolution 2)**
3. To re-elect Tan Sri Dato' Azman Hj Mokhtar who retires by rotation pursuant to Article 93 of the Company's Articles of Association and being eligible, offers himself for re-election. **(Ordinary Resolution 3)**
4. To re-elect David Lau Nai Pek who retires by rotation pursuant to Article 93 of the Company's Articles of Association and being eligible, offers himself for re-election. **(Ordinary Resolution 4)**
5. To re-elect Dato' Abdul Rahman Ahmad who retires by rotation pursuant to Article 93 of the Company's Articles of Association and being eligible, offers himself for re-election. **(Ordinary Resolution 5)**
6. To re-elect Dr Muhamad Chatib Basri who was appointed to the Board during the year and retires pursuant to Article 99(ii) of the Company's Articles of Association and being eligible, offers himself for re-election. **(Ordinary Resolution 6)**
7. To approve the payment of the following Directors' fees with effect from the 23rd Annual General Meeting until the next Annual General Meeting of the Company:-
  - i) Directors' fees of RM30,000.00 per month for the Non-Executive Chairman (NEC) and RM20,000.00 per month for each Non-Executive Director (NED);
  - ii) Directors' fees of RM4,000.00 per month for the NEC and RM2,000.00 per month for each of the NEDs who are members of the Board Audit Committee;
  - iii) Directors' fees of RM1,200.00 per month for the NEC and RM800.00 per month for each of the NEDs who are members of the Board Nomination Committee; and
  - iv) Directors' fees of RM1,200.00 per month for the NEC and RM800.00 per month for each of the NEDs who are members of the Board Remuneration Committee;

(each of the foregoing payments being exclusive of the others). **(Ordinary Resolution 7)**
8. To re-appoint Messrs PricewaterhouseCoopers having consented to act as the Auditors of the Company for the financial year ending 31 December 2015 and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 8)**

## **AS SPECIAL BUSINESS:-**

To consider and, if thought fit, to pass the following Ordinary Resolutions:-

### **9. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

**"THAT**, in accordance with paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) (Main LR), approval be and is hereby given for Axiata and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, as set out in 'Appendix I' of the Circular to Shareholders dated 28 April 2015 (Circular) despatched together with the Company's 2014 Annual Report, which are necessary for the day-to-day operations in the ordinary course of the business of the Company and/or its subsidiaries on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company;

**THAT** such approval will continue to be in force and effect until:-

- i) the conclusion of the next Annual General Meeting of the Company at which time the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting;
- ii) the expiration of the period within which the Company's next Annual General Meeting is required to be held under Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is earlier;

**AND THAT** the Directors of the Company be and are hereby authorised to complete and do all such acts, deeds and things (including without limitation, to execute such documents under the common seal in accordance with the provisions of the Articles of Association of the Company, as may be required) to give effect to the aforesaid shareholders' mandate and transactions contemplated under this resolution." **(Ordinary Resolution 9)**

### **10. PROPOSED RENEWAL OF THE AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES OF RM1.00 EACH IN THE COMPANY (AXIATA SHARES) IN RELATION TO THE DIVIDEND REINVESTMENT SCHEME THAT PROVIDES THE SHAREHOLDERS OF THE COMPANY THE OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND ENTITLEMENTS IN NEW AXIATA SHARES (DRS)**

**"THAT** pursuant to the DRS approved by the shareholders at the Annual General Meeting held on 28 May 2014 and subject to the approval of the relevant authority (if any), approval be and is hereby given to the Company to allot and issue such number of new Axiata Shares pursuant to the DRS until the conclusion of the next Annual General Meeting, upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and in the interest of the Company **PROVIDED THAT** the issue price of the said new Axiata Shares shall be fixed by the Directors at not more than 10% discount to the adjusted 5-day volume weighted average market price (VWAMP) of Axiata Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price; and not less than the par value of Axiata Shares at the material time;

**AND THAT** the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the DRS with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, as they, in their absolute discretion, deem fit and in the best interest of the Company." **(Ordinary Resolution 10)**

# **Notice of Annual General Meeting**

## **11. AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR DIRECTORS TO ALLOT AND ISSUE SHARES IN THE COMPANY**

**“THAT** pursuant to Section 132D of the Companies Act, 1965, full authority be and is hereby given to the Directors of the Company to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting, and upon such terms and conditions, and for such purposes, as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being, subject always to the approval of all relevant regulatory authorities, if required, being obtained for such allotment and issue.” **(Ordinary Resolution 11)**

## **12. To transact any other ordinary business for which due notice has been given in accordance with Section 151 of the Companies Act, 1965.**

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a Member who shall be entitled to attend, speak and vote at this 23rd Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd (Bursa Depository) in accordance with Article 66 of the Company’s Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 (SICDA) to issue a General Meeting Record of Depositors as at 11 May 2015. Only a depositor whose name appears in the General Meeting Record of Depositors as at 11 May 2015 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.

### **By Order of The Board**

**Suryani Hussein** (LS0009277)

Group Company Secretary

Kuala Lumpur, Malaysia

28 April 2015

**NOTES:****Proxy and/or Authorised Representative**

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint a proxy without any restriction to the qualification of the proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company and the restrictions provided in Section 149(1) (a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.
2. The Company shall be entitled to reject any instrument of proxy lodged if the member is not shown to have any shares entered against his name in the Register and/or subject to Article 34A of the Company's Articles of Association in relation to the Record of Depositors made available to the Company.
3. A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Where a Member appoints two (2) proxies, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.
4. Where a Member is an authorised nominee as defined under the SICDA, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

Every appointment submitted by an authorised nominee as defined under the SICDA, must specify the CDS Account Number.

5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in respect of each securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominees may appoint in respect of each omnibus account it holds.

6. The instrument appointing a proxy shall:-

- a) in the case of an individual, be signed by the appointer or by his/her attorney; or
- b) in the case of a corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

If the instrument appointing a proxy is signed by an officer on behalf of the corporation, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document, which is still in force, no notice of revocation has been received". If the instrument appointing a proxy is signed by the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under a power of attorney, which is still in force, no notice of revocation has been received".

7. A corporation which is a Member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 89 of the Company's Articles of Association.
8. The instrument appointing the proxy together with the duly registered power of attorney referred to in Note 6 above, if any, must be deposited at the office of the Share Registrar, Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding of the Meeting or at any adjournment thereof.

**Audited Financial Statements for financial year ended 31 December 2014**

9. The Audited Financial Statements under Agenda 1 are laid before the shareholders pursuant to the provisions of Section 169(1) and (3) of the Companies Act, 1965. The same is for discussion and tabled for voting as a formality.

**Final Dividend of 14 sen per ordinary share for the financial year ended 31 December 2014**

10. On 24 February 2015, the Board declared a Final Dividend of 14 sen, implying a total dividend payout ratio of 84% (based on a 6-month volume-weighted average price (VWAP) of RM7.05 including the interim dividend of 8 sen per Axista Share paid last year on 24 October 2014). The total dividend of 22 sen for the financial year ended 31 December 2014 would tantamount to a cash outflow of approximately RM1.89 billion with a dividend yield of 3.1% (based on a 6-month VWAP). The Final Dividend is subject to the approval of the shareholders at this Annual General Meeting.

**Re-election of Directors who retire pursuant to Article 93 and Article 99 (ii)**

11. Article 93 of the Company's Articles of Association provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at an Annual General Meeting of the Company. All the Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. Tan Sri Dato' Azman Hj Mokhtar, David Lau Nai Pek and Dato' Abdul Rahman Ahmad are standing for re-election as Directors and being eligible, have offered themselves for re-election.

Both David Lau Nai Pek and Dato' Abdul Rahman Ahmad, who are Independent Non-Executive Directors (INED), have reaffirmed their independence based on independence criteria applied by the Company which is also used in the yearly assessment of INEDs independence.

# Notice of Annual General Meeting

Article 99(ii) of the Company's Articles of Association provides that any Director appointed during the year shall hold office only until the next following Annual General Meeting, and shall then be eligible for re-election. Dr Muhamad Chatib Basri who was appointed on 25 February 2015 is standing for re-election as Director and being eligible, has offered himself for re-election.

The Board has recommended the re-election of the above mentioned Directors. As stated in the Statement Accompanying Notice of 23rd Annual General Meeting, profiles of the retiring Directors are set out in the Profile of Directors' section of the Company's 2014 Annual Report from pages 040 to 044.

## Payment of Directors' fees

12. Article 106(i) of the Company's Articles of Association provides that the fees payable to the Directors shall from time to time be determined by an ordinary resolution of the Company in general meeting. Such fees cannot be increased except pursuant to an ordinary resolution passed at the Company's general meeting. Therefore, shareholders' approval is required for the payment of Directors' fees.

Shareholders' approval on the Directors' fees for Board and Board Committees was obtained at the 22nd Annual General Meeting held on 28 May 2014 and there is no revision to any of the fees.

Details of Directors' fees and Meeting Allowance to Non-Executive Directors are set-out on page 224 of this Annual Report.

## Appointment of Auditors

13. The Board Audit Committee (BAC) has considered the re-appointment of Messrs PricewaterhouseCoopers as Auditors of the Company based on the criteria prescribed under Paragraph 15.21 of the Main LR. Both the BAC and the Board have recommended the re-appointment of Messrs PricewaterhouseCoopers as Auditors of the Company.

## EXPLANATORY NOTES ON SPECIAL BUSINESS

### I. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

The proposed Ordinary Resolution 9, if approved, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions with related parties in the ordinary course of business which are necessary for the Group's day-to-day operations and are on terms not more favourable to the related parties than those generally available to the public and shall lapse at the conclusion of the next Annual General Meeting unless authority for its renewal is obtained from shareholders of the Company at such general meeting.

Detailed information on the Proposed Shareholders' Mandate is set out in the Circular which is despatched together with the Company's 2014 Annual Report.

### II. PROPOSED RENEWAL OF THE AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW AXIATA SHARES IN RELATION TO THE DRS

The shareholders had, at the 22nd Annual General Meeting held on 28 May 2014, approved the DRS providing shareholders with the opportunity to reinvest their cash dividends in new Axiata Shares in lieu of receiving cash. Subject to the determination by the Directors, shareholders may be offered an option to reinvest such dividends in new Axiata Shares and where applicable, the portion of such dividends to which the option to reinvest applies.

CIMB Investment Bank Berhad had, on 20 March 2015, for and on behalf of Axiata, announced to Bursa Malaysia Securities Berhad on the decision of the Board for the shareholders to be given an option to elect to reinvest the whole or part of the proposed final dividend of 14 sen per Axiata Share for the financial year ended 31 December 2014 (Final Dividend) into new Axiata Shares in accordance with the DRS.

This proposed Ordinary Resolution 10, if approved, will give authority to the Directors to issue new Axiata Shares in respect of the above Final Dividend and subsequent dividends to be declared, if any, under the DRS, until the conclusion of the next Annual General Meeting. A renewal of this authority will be sought at subsequent Annual General Meeting.

### III. AUTHORITY UNDER SECTION 132D OF THE COMPANIES ACT, 1965 FOR DIRECTORS TO ALLOT AND ISSUE SHARES IN THE COMPANY

The Company has not issued any new shares under the general mandate for allotment and issuance of shares up to 10% of the issued and paid-up capital of the Company, which was approved at the 22nd Annual General Meeting held on 28 May 2014 and which shall lapse at the conclusion of the 23rd Annual General Meeting to be held on 20 May 2015.

The proposed Ordinary Resolution 11 is a renewal of the general mandate pursuant to Section 132D of the Companies Act, 1965 obtained from the shareholders of the Company at the previous Annual General Meeting.

This resolution, if approved, will give the Directors the mandate to allot and issue new shares in the Company (not exceeding 10% of the issued and paid-up share capital of the Company) and flexibility to the Company in respect of any possible fund raising activities by not having to seek shareholders' approval via a general meeting subsequent to this 23rd Annual General Meeting, which may delay the capital raising initiatives and incur relevant cost in organising the general meeting.

The authorisation, unless revoked or varied by the Company at a general meeting, will be valid until the next Annual General Meeting of the Company.

# **Statement Accompanying Notice of Annual General Meeting**

Pursuant To Paragraph 8.27(2) Main LR

## **DIRECTORS STANDING FOR RETIREMENT AND RE-ELECTION AT THE TWENTY-THIRD ANNUAL GENERAL MEETING**

The following are Directors retiring pursuant to Article 93 and Article 99(ii) of the Company's Articles of Association:-

Article 93: Retirement by rotation

1. Tan Sri Dato' Azman Hj Mokhtar
2. David Lau Nai Pek
3. Dato' Abdul Rahman Ahmad

Article 99 (ii): Retirement after appointment to fill casual vacancy

1. Dr Muhamad Chatib Basri

The respective profiles of the above Directors are set out in the Profile of Directors' section of the Annual Report from pages 040 to 044.

None of the above Directors have any direct and/or indirect interest in the Company and its related corporations.

# Administrative Details for the 23<sup>rd</sup> Annual General Meeting

**Day & Date** : Wednesday, 20 May 2015

**Time** : 10.00 a.m.

**Place** : Nexus Ballroom 2 & 3, Level 3A, Connexion@Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia

## HOW TO GET THERE

Location Map of the Annual General Meeting Venue, Connexion@Nexus is enclosed.

### Own Transport

Parking is available at the Nexus, Bangsar South City. There are 2 entrances to the car park. The first entrance (next to Capri) will lead you to the Basement car park, whilst the second entrance at the other end of Nexus will lead you to Level 2 & 3 car park. Please exchange your parking ticket for a 'Complimentary Parking Ticket' at our Parking Ticket Counter which will be located at the foyer of the meeting hall on Level 3A, Connexion@Nexus. You are still required to validate the 'Complimentary Parking Ticket' at the autopay machine before you exit the car park.

### By Train

Take the Light Rail Transit (LRT) to Kerinchi LRT Station/ Universiti LRT station. Nexus is within 15 – 20 minutes walking distance from both the train stations.

From Kerinchi LRT station, walk along the covered pedestrian bridge and central park (or covered walkway at B1) at Bangsar South towards Nexus. There is also a covered pedestrian bridge to cross Jalan Kerinchi to Nexus.

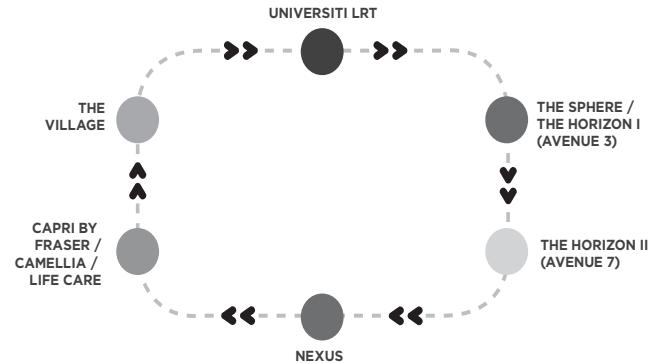
Alternatively, take a ride on Nexus complimentary shuttle service from Universiti LRT station or The Horizon Phase 2 pick-up point (if you are coming from Kerinchi LRT station).

### By Bus

Take the RapidKL bus T631 from Mid Valley Megamall to Universiti LRT Station or The Village, Bangsar South.

Alternatively, hop on Nexus complimentary shuttle service which will take you right to the doorstep of Nexus. The complimentary shuttle service operates in a circular route around the integrated city development with designated drop-off/pick-up points in and around Bangsar South. It is available on weekdays from 8.00am to 8.00pm (Mondays – Fridays).

### Nexus Complimentary Shuttle Service Route Map



For more information on Nexus complimentary shuttle service, please refer to <http://nexus.bangsarsouth.com/uoa-property/shuttle-service>

## REGISTRATION

1. Registration will start at 8.00 a.m. at the foyer of the meeting hall.
2. Please follow the signages to the registration area and join the queue accordingly.
3. Please produce your original Identity Card (IC) to the registration staff for verification. Please make sure you collect your IC thereafter.

4. Upon verification, you are required to write your name and sign on the Attendance List placed on the registration table.
  5. You will be given an identification wristband and no person will be allowed to enter the meeting hall without the identification wristband. There will be no replacement in the event you lose or misplace the identification wristband.
  6. If you are attending the Meeting as shareholder as well as proxy, you will be registered once and will be given only one identification wristband to enter the meeting hall.
  7. After registration, please leave the registration area immediately and proceed to the meeting hall.
  8. No person will be allowed to register on behalf of another person even with the original IC of that other person.
  9. The registration counter will handle only verification of identity and registration.
2. If you wish to attend the Meeting yourself, please do not submit any Proxy Form for the Meeting that you wish to attend. You will not be allowed to attend the Meeting together with a proxy appointed by you.
  3. If you have submitted your Proxy Form prior to the Meeting and subsequently decided to attend the Meeting yourself, please proceed to the Help Desk to revoke the appointment of your proxy.
  4. If you wish to submit your Proxy Form by facsimile, please fax to the office of the Share Registrar, Tricor Investor Services Sdn Bhd at Fax No. +603-2282 1886 not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof. Please also ensure that the original Proxy Form is deposited at the office of the Share Registrar not less than 48 hours before the time appointed for holding the Meeting.

#### **HELP DESK**

1. Please proceed to the Help Desk also located at the foyer for any clarification or queries.
2. The Help Desk will also handle revocation of proxy's appointment.

#### **ENTITLEMENTS TO ATTEND, SPEAK AND VOTE**

Only the Depositor registered in the Register of Members/Record of Depositors and whose name appears in the Register of Members/Record of Depositors as at 11 May 2015 shall be entitled to attend, speak and vote at the said Meeting or appoint proxies to attend, speak and vote on his/her behalf in respect of the number of shares registered in his/her name at that time.

#### **PROXY**

1. If you are a member of the Company at the time set out above, you are entitled to appoint not more than two (2) proxies to exercise all or any of your rights to attend and vote at the Annual General Meeting. If you are unable to attend the Meeting and wish to appoint a proxy to vote on your behalf, please submit your Proxy Form in accordance with the notes and instructions printed therein.

#### **CORPORATE MEMBER**

Any corporate member who wishes to appoint a representative instead of a proxy to attend the Meeting should submit the original certificate of appointment under the seal of the corporation to the office of the Share Registrar at any time before the time appointed for holding the Meeting or to the registration staff on the Meeting day for the Company's records.

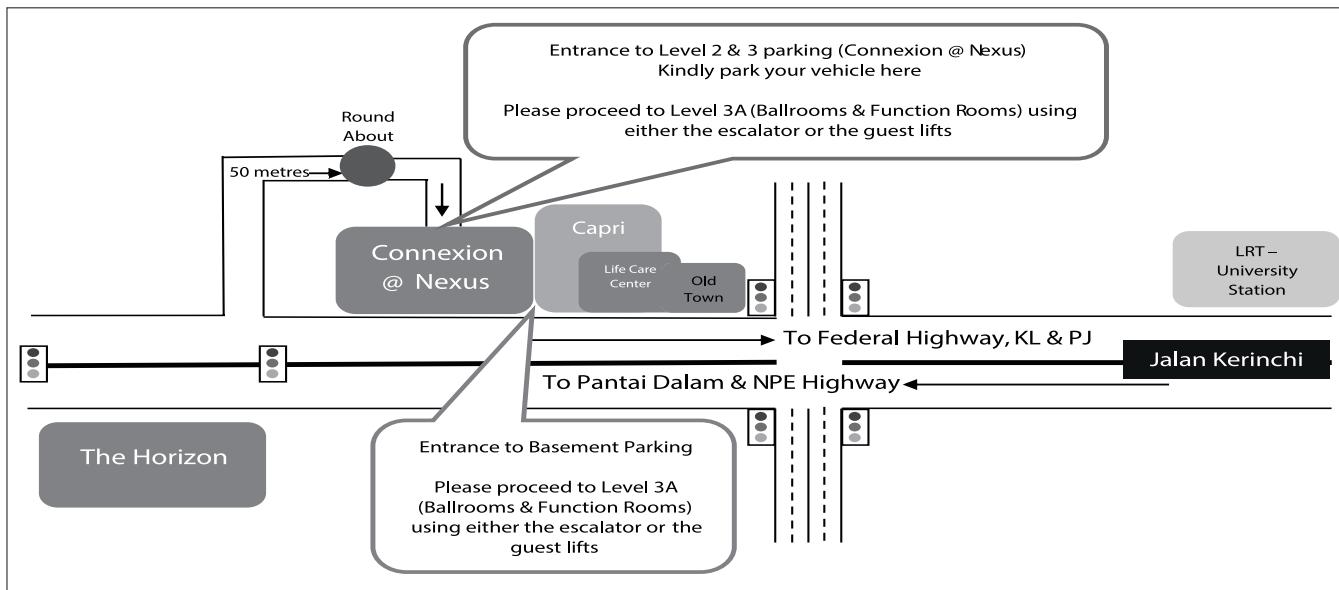
#### **ENQUIRY**

If you have general queries prior to the Meeting, please contact the Share Registrar during office hours:-

<b>Telephone</b>	:	General	+603-2264 3883
		Samantha Goh	+603-2264 3922
		Eric Low	+603-2264 3919
<b>Fax</b>	:	General	+603-2282 1886
<b>Email</b>	:	is.enquiry@my.tricorglobal.com Samantha.Goh@my.tricorglobal.com Eric.Low@my.tricorglobal.com	

# Administrative Details for the 23<sup>rd</sup> Annual General Meeting

## Map of Connexion@Nexus



# Proxy Form

(Before completing the form, please refer to the notes overleaf)



"A" I/We, \_\_\_\_\_  
(NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

with (NEW NRIC NO.) \_\_\_\_\_ (OLD NRIC NO.) \_\_\_\_\_ (COMPANY NO.) \_\_\_\_\_

of \_\_\_\_\_  
(FULL ADDRESS)  
\_\_\_\_\_ (TELEPHONE/MOBILE NO.) \_\_\_\_\_

being a Member/Members of **AXIATA GROUP BERHAD** hereby appoint \_\_\_\_\_

(NAME AS PER NRIC IN CAPITAL LETTERS)

with (NEW NRIC NO.) \_\_\_\_\_ (OLD NRIC NO.) \_\_\_\_\_

of \_\_\_\_\_  
(FULL ADDRESS)

or failing him/her, \_\_\_\_\_  
(NAME AS PER NRIC IN CAPITAL LETTERS)

with (NEW NRIC NO.) \_\_\_\_\_ (OLD NRIC NO.) \_\_\_\_\_

of \_\_\_\_\_  
(FULL ADDRESS)

or failing him/her, the Chairman of the Meeting, as my/our **first** proxy to vote for me/us on my/our behalf at the 23rd Annual General Meeting of **AXIATA GROUP BERHAD** to be held at Nexus Ballroom 2 & 3, Level 3A, Connexion@Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Wednesday, 20 May 2015 at 10.00 a.m. or at any adjournment thereof.

"B" If you wish to appoint a second proxy, please complete this section.

I/We, \_\_\_\_\_  
(NAME AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

with (NEW NRIC NO.) \_\_\_\_\_ (OLD NRIC NO.) \_\_\_\_\_ (COMPANY NO.) \_\_\_\_\_

of \_\_\_\_\_  
(FULL ADDRESS)  
\_\_\_\_\_ (TELEPHONE/MOBILE NO.) \_\_\_\_\_

being a Member/Members of **AXIATA GROUP BERHAD** hereby appoint \_\_\_\_\_

(NAME AS PER NRIC IN CAPITAL LETTERS)

with (NEW NRIC NO.) \_\_\_\_\_ (OLD NRIC NO.) \_\_\_\_\_

of \_\_\_\_\_  
(FULL ADDRESS)

or failing him/her, \_\_\_\_\_  
(NAME AS PER NRIC IN CAPITAL LETTERS)

with (NEW NRIC NO.) \_\_\_\_\_ (OLD NRIC NO.) \_\_\_\_\_

of \_\_\_\_\_  
(FULL ADDRESS)

or failing him/her, the Chairman of the Meeting, as my/our **second** proxy to vote for me/us on my/our behalf at the 23rd Annual General Meeting of the Company to be held at Nexus Ballroom 2 & 3, Level 3A, Connexion@Nexus, No. 7 Jalan Kerinchi, Bangsar South City, 59200 Kuala Lumpur, Malaysia on Wednesday, 20 May 2015 at 10.00 a.m. or at any adjournment thereof.

<b>For appointment of two proxies, percentage of shareholdings to be represented by the proxies:-</b>	
	<b>Percentage (%)</b>
Proxy* "A"	
Proxy* "B"	
<b>TOTAL</b>	100%

\* Please fill in the proportion of the holding to be presented by each proxy

My/Our proxy/proxies is/are to vote as indicated below:-

Please indicate with an 'X' in the appropriate box against each resolution how you wish your proxy to vote. If no instruction is given, this form will be taken to authorise the proxy to vote or abstain at his/her discretion.

<b>Resolutions</b>		<b>Proxy "A"</b>		<b>Proxy "B"</b>	
		<b>For</b>	<b>Against</b>	<b>For</b>	<b>Against</b>
1.	<b>Ordinary Business</b> Ordinary Resolution 1 - Audited Financial Statements and the Reports of Directors and Auditors thereon				
2.	Ordinary Resolution 2 - Declaration of a final tax exempt dividend under single tier system of 14 sen per ordinary share				
3.	Ordinary Resolution 3 - Re-election of Tan Sri Dato' Azman Hj Mokhtar				
4.	Ordinary Resolution 4 - Re-election of David Lau Nai Pek				
5.	Ordinary Resolution 5 - Re-election of Dato' Abdul Rahman Ahmad				
6.	Ordinary Resolution 6 - Re-election of Dr Muhamad Chatib Basri				
7.	Ordinary Resolution 7 - Payment of Directors' Fees to Board and Board Committees				
8.	Ordinary Resolution 8 - Re-appointment of Messrs. PricewaterhouseCoopers as Auditors				
9.	<b>Special Business</b> Ordinary Resolution 9 - Proposed Shareholders' Mandate				
10.	Ordinary Resolution 10 - Proposed Renewal of the Authority For Directors to Allot and Issue New Shares in relation to the Dividend Reinvestment Scheme				
11.	Ordinary Resolution 11 - Authority to Allot and Issue shares under Section 132D of the Companies Act, 1965				

No. of ordinary shares held	CDS Account No. of Authorised Nominee*													
				-				-						

\* Applicable to shares held through a nominee account

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

\_\_\_\_\_  
Signature(s)/Common Seal of Member(s)

*2. Fold this flap to seal*

AFFIX STAMP  
RM0.80  
HERE

The Share Registrar  
**Tricor Investor Services Sdn Bhd** (118401-V)  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur, Malaysia

*1. Fold here*

**NOTES:****Proxy and/or Authorised Representative**

1. A Member entitled to attend and vote at the above Meeting is entitled to appoint a proxy without any restriction to the qualification of the proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company and the restrictions provided in Section 149(1) (a), (b), (c) and (d) of the Companies Act, 1965 shall not apply to the Company.
2. The Company shall be entitled to reject any instrument of proxy lodged if the member is not shown to have any shares entered against his name in the Register and/or subject to Article 34A of the Company's Articles of Association in relation to the Record of Depositors made available to the Company.
3. A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf. Where a Member appoints two (2) proxies, the appointment shall be invalid unless the percentage of the shareholding to be represented by each proxy is specified.
4. Where a Member is an authorised nominee as defined under the SICDA, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

Every appointment submitted by an authorised nominee as defined under the SICDA, must specify the CDS Account Number.

5. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in respect of each securities account (omnibus account), there is no limit to the number of proxies which the Exempt Authorised Nominees may appoint in respect of each omnibus account it holds.
6. The instrument appointing a proxy shall:-
  - a. in the case of an individual, be signed by the appointer or by his/her attorney; or
  - b. in the case of a corporation, be either under its common seal or signed by its attorney or an officer on behalf of the corporation.

If the instrument appointing a proxy is signed by an officer on behalf of the corporation, it should be accompanied by a statement reading "signed as authorised officer under an Authorisation Document, which is still in force, no notice of revocation has been received". If the instrument appointing a proxy is signed by the attorney duly appointed under a power of attorney, it should be accompanied by a statement reading "signed under a power of attorney, which is still in force, no notice of revocation has been received".

7. A corporation which is a Member, may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, in accordance with Article 89 of the Company's Articles of Association.
8. The instrument appointing the proxy together with the duly registered power of attorney referred to in Note 6 above, if any, must be deposited at the office of the Share Registrar, Tricor Investor Services Sdn Bhd, Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding of the Meeting or at any adjournment thereof.

**Members Entitled to Attend, Speak and Vote**

9. For purposes of determining a member who shall be entitled to attend, speak and vote at the Annual General Meeting, the Company shall be requesting Bursa Depository, in accordance with Article 66 of the Company's Articles of Association and Section 34(1) of the SICDA, to issue a General Meeting Record of Depositors as at 11 May 2015. Only a depositor whose name appears in the General Meeting Record of Depositors as at 11 May 2015 shall be entitled to attend, speak and vote at the said Meeting or appoint a proxy(ies) on his/her behalf.