axiata

AXIATA GROUP BERHAD (242188-H)

(Incorporated in Malaysia)

The Board of Directors of Axiata Group Berhad is pleased to announce the following audited results of the Group for the financial year ended 31 December 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	4TH QUARTER ENDED		FINANCIAL PERIOD ENDED	
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	Audited	Restated	Audited	Restated
	RM '000	RM '000	RM '000	RM '000
OPERATING REVENUE	**4,016,715**	3,755,953	**15,620,674**	13,312,187
OPERATING COSTS				
- depreciation, impairment and amortisation	**(1,796,475)**	(813,901)	**(3,941,911)**	(2,918,910)
- foreign exchange gains/(losses)	**77,588**	237,581	**(124,791)**	450,000
- other operating costs	**(1,221,439)**	(1,139,272)	**(4,548,814)**	(4,199,550)
- domestic interconnect and international outpayment	**(403,199)**	(387,946)	**(1,575,165)**	(1,507,914)
- marketing, advertising and promotion	**(377,163)**	(333,946)	**(1,471,981)**	(1,283,885)
- staff costs	**(285,064)**	(259,173)	**(970,778)**	(901,039)
- other gains - net	**20,708**	-	**28,402**	-
OTHER OPERATING INCOME	**45,444**	45,080	**434,941**	263,107
OPERATING PROFIT BEFORE FINANCE COST	**77,115**	1,104,376	**3,450,577**	3,213,996
Finance income	**51,864**	24,856	**153,610**	109,967
Finance cost	**(167,925)**	(180,377)	**(671,108)**	(896,256)
Net foreign exchange (losses) / gains on financing activities	**(40,193)**	(150,915)	**108,979**	137,225
NET FINANCE COST	**(208,118)**	(331,292)	**(562,129)**	(759,031)
JOINTLY CONTROLLED ENTITY				
- share of results (net of tax)	**-**	(17,524)	**(141,939)**	(59,494)
- gain from merger exercise	**-**	-	**173,199**	-
ASSOCIATES				
- share of results (net of tax)	**52,364**	47,246	**138,139**	160,783
- loss on dilution of equity interest	**-**	-	**(5,719)**	-
(LOSS) / PROFIT BEFORE TAXATION	**(26,775)**	827,662	**3,205,738**	2,666,221
TAXATION	**(233,982)**	(225,312)	**(1,089,158)**	(910,313)
(LOSS) / PROFIT FOR THE FINANCIAL PERIOD/YEAR	**(260,757)**	602,350	**2,116,580**	1,755,908
OTHER COMPREHENSIVE (EXPENSE)/INCOME				
- net investment hedge, net of tax	**(70,423)**	-	**(70,423)**	-
- currency translation differences	**(173,559)**	83,058	**(845,256)**	156,027
TOTAL COMPREHENSIVE (EXPENSE) / INCOME FOR THE FINANCIAL PERIOD/YEAR	**(504,739)**	**685,408**	**1,200,901**	**1,911,935**
(LOSS) / PROFIT FOR THE FINANCIAL PERIOD/YEAR ATTRIBUTABLE TO:				
- owners of the Company	**(367,040)**	558,283	**1,770,379**	1,652,682
- non-controlling interest	**106,283**	44,067	**346,201**	103,226
(LOSS) / PROFIT FOR THE FINANCIAL PERIOD/YEAR	**(260,757)**	**602,350**	**2,116,580**	**1,755,908**
TOTAL COMPREHENSIVE (EXPENSE) / INCOME FOR THE FINANCIAL PERIOD/YEAR ATTRIBUTABLE TO:				
- owners of the Company	**(569,870)**	649,990	**956,189**	1,786,421
- non-controlling interest	**65,131**	35,418	**244,712**	125,514
	(504,739)	**685,408**	**1,200,901**	**1,911,935**
(LOSS)/EARNINGS PER SHARE (sen) (Note B13)				
- basic	**(4)**	7	**21**	22
- diluted	**(4)**	7	**21**	21

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 31/12/2010 AUDITED	AS AT 31/12/2009 RESTATED	AS AT 31/12/2008 RESTATED
	RM '000	RM '000	RM '000
CAPITAL AND RESERVES			
Share capital	8,445,154	8,445,154	3,753,402
Share premium	1,972,964	1,972,964	1,494,954
Other reserves	8,307,191	7,765,967	5,968,367
Total equity attributable to owners of the Company	18,725,309	18,184,085	11,216,723
Non-controlling interests	1,553,339	696,363	480,790
Total equity	20,278,648	18,880,448	11,697,513
NON-CURRENT LIABILITIES			
Borrowings	9,983,983	10,173,464	10,546,052
Derivative financial instruments	191,527	-	-
Provision for liabilities	249,433	208,915	120,706
Deferred tax liabilities	1,333,863	1,131,115	640,757
Total non-current liabilities	11,758,806	11,513,494	11,307,515
	32,037,454	**30,393,942**	**23,005,028**
NON-CURRENT ASSETS			
Intangible assets	7,605,498	8,563,450	8,326,345
Property, plant and equipment	15,130,246	16,174,436	15,288,022
Investment properties	2,020	2,027	2,036
Jointly controlled entity	-	1,006,277	1,013,202
Associates	6,698,484	7,209,558	1,589,905
Available-for-sale financial assets investments	888	180,567	5,914,428
Derivative financial instruments	14,964	-	-
Long term receivables	111,313	129,876	358
Deferred tax assets	117,457	63,786	4,682
Total non-current assets	29,680,870	33,329,977	32,138,978
CURRENT ASSETS			
Inventories	85,056	35,344	77,263
Trade and other receivables	1,703,772	1,559,158	1,539,878
Financial assets at fair value through profit or loss	10	7	6
Tax recoverable	68,102	97,054	129,035
Cash and bank balances	6,277,382	2,006,172	3,330,731
Assets directly associated with non-current assets classified as held for sale	285,774	-	-
Total current assets	8,420,096	3,697,735	5,076,913
CURRENT LIABILITIES			
Trade and other payables	4,567,490	4,263,067	4,538,473
Borrowings	699,591	2,149,374	5,413,299
Derivative financial instruments	277,678	-	-
Amount due to former holding company	-	-	4,063,613
Current tax liabilities	274,100	221,329	195,478
Liabilities directly associated with non-current assets classified as held for sale	244,653	-	-
Total current liabilities	6,063,512	6,633,770	14,210,863
Net current assets / (liabilities)	2,356,584	(2,936,035)	(9,133,950)
	32,037,454	**30,393,942**	**23,005,028**
Net assets per share attributable to ordinary owners of the Company (sen)	222	215	299

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010

		Attributable to equity holders of the Company										
		Issued and fully paid ordinary shares of RM1 each										
		Share Capital RM '000	**Share Premium RM '000**	**Currency Translation Differences RM '000**	**Capital Contribution Reserve RM '000**	**Merger Reserve RM '000**	**Hedging Reserve RM '000**	**ESOS Reserve RM '000**	**Retained Profits RM '000**	**Total RM '000**	**Non-controlling Interests RM '000**	**Total Equity RM '000**
At 1 January 2010 (as previously reported)		**8,445,154**	**1,972,964**	**(524,717)**	**16,598**	**346,774**	**-**	**11,179**	**7,916,133**	**18,184,085**	**696,363**	**18,880,448**
Efffect of adoption of FRS139	Note A 2(f)	-	-	-	-	-	-	-	(458,750)	(458,750)	(3,664)	(462,414)
At 1 January 2010 (as restated)		8,445,154	1,972,964	(524,717)	16,598	346,774	-	11,179	7,457,383	17,725,335	692,699	18,418,034
Profit for the financial year		-	-	-	-	-	-	-	1,770,379	1,770,379	346,201	2,116,580
Other comprehensive income												
- Currency translation differences arising during the financial year :												
- subsidiaries		-	-	(319,325)	-	-	-	-	-	(319,325)	(101,489)	(420,814)
- jointly controlled entity		-	-	54,538	-	-	-	-	-	54,538	-	54,538
- associates		-	-	(478,980)	-	-	-	-	-	(478,980)	-	(478,980)
		-	-	(743,767)	-	-	-	-	-	(743,767)	(101,489)	(845,256)
- Net investment hedge, net of tax		-	-	-	-	-	(70,423)	-	-	(70,423)	-	(70,423)
Total comprehensive income		**-**	**-**	**(743,767)**	**-**	**-**	**(70,423)**	**-**	**1,770,379**	**956,189**	**244,712**	**1,200,901**
Transactions with owners												
- Partial disposal of interest in a subsidiary		-	-	9,060	-	-	-	-	-	9,060	616,208	625,268
- Employees' share option scheme												
- value of employees' services		-	-	-	-	-	-	34,725	-	34,725	-	34,725
- Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	(280)	(280)
Total transactions with owners		-	-	9,060	-	-	-	34,725	-	43,785	615,928	659,713
At 31 December 2010		**8,445,154**	**1,972,964**	**(1,259,424)**	**16,598**	**346,774**	**(70,423)**	**45,904**	**9,227,762**	**18,725,309**	**1,553,339**	**20,278,648**

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Attributable to equity holders of the Company										
	Issued and fully paid ordinary shares of RM1 each										
	Share Capital RM '000	Share Premium RM '000	Currency Translation Differences RM '000	Capital Contribution Reserves RM '000	Merger Reserves RM '000	Hedging Reserves RM '000	ESOS Reserves RM '000	Retained Profits RM '000	Total RM '000	Non-controlling Interests RM '000	Total Equity RM '000
At 1 January 2009	**3,753,402**	**1,494,954**	**(658,456)**	**16,598**	**346,774**	**-**	**-**	**6,263,451**	**11,216,723**	**480,790**	**11,697,513**
Profit for the financial year	-	-	-	-	-	-	-	1,652,682	1,652,682	103,226	1,755,908
Other comprehensive income											
- Currency translation differences arising during the financial year :											
- subsidiaries	-	-	248,397	-	-	-	-	-	248,397	22,288	270,685
- jointly controlled entity	-	-	52,219	-	-	-	-	-	52,219	-	52,219
- associates	-	-	(166,877)	-	-	-	-	-	(166,877)	-	(166,877)
	-	-	133,739	-	-	-	-	-	133,739	22,288	156,027
Total comprehensive income	**-**	**-**	**133,739**	**-**	**-**	**-**	**-**	**1,652,682**	**1,786,421**	**125,514**	**1,911,935**
Transactions with owners											
- Rights issue during the financial year	4,691,752	563,010	-	-	-	-	-	-	5,254,762	-	5,254,762
- Rights issue of a subsidiary	-	-	-	-	-	-	-	-	-	90,259	90,259
- Share issue expenses	-	(85,000)	-	-	-	-	-	-	(85,000)	-	(85,000)
- Employees' share option scheme											
- value of employees' services	-	-	-	-	-	-	11,179	-	11,179	-	11,179
- Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(200)	(200)
Total transactions with owners	4,691,752	478,010	-	-	-	-	11,179	-	5,180,941	90,059	5,271,000
At 31 December 2009	**8,445,154**	**1,972,964**	**(524,717)**	**16,598**	**346,774**	**-**	**11,179**	**7,916,133**	**18,184,085**	**696,363**	**18,880,448**

(The above Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE FINANCIAL YEAR ENDED 31/12/2010 RM '000	ENDED 31/12/2009 RM '000
Receipts from customers	15,286,614	12,512,613
Payments to suppliers and employees	(7,901,784)	(6,595,812)
Payment of finance cost	(668,503)	(799,061)
Payment of income taxes (net of refunds)	(793,075)	(481,425)
CASH FLOWS FROM OPERATING ACTIVITIES	**5,923,252**	**4,636,315**
Disposal of property, plant and equipment	18,793	10,971
Purchase of property, plant and equipment	(2,964,295)	(3,289,755)
Purchase of long term investments	(361)	-
Partial disposal of a subsidiary	1,942,571	-
Disposal of an associate	109,908	-
Business combination	-	2,421
Additional investment in an associate	(1,575)	(3,675)
Net repayment from employees	127	86
Interest received	153,276	109,967
CASH FLOWS USED IN INVESTING ACTIVITIES	**(741,556)**	**(3,169,985)**
Proceeds from Bonds and Sukuk Issuance	5,155,650	-
Proceeds from Rights Issue	-	5,254,762
Proceeds from Rights Issue of a subsidiary	-	90,259
Proceeds from borrowings	1,646,845	6,180,589
Repayments of borrowings	(7,746,877)	(10,235,199)
Dividends paid to minority interests	(280)	(200)
Dividends received from associates	89,445	90,106
Rights issue expenses	-	(85,000)
Net repayment to former holding company	-	(4,063,613)
CASH FLOWS USED IN FINANCING ACTIVITIES	**(855,217)**	**(2,768,296)**
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	4,326,479	(1,301,966)
EFFECT OF EXCHANGE RATE CHANGES	(48,562)	45,438
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	**1,980,229**	**3,236,757**
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	**6,258,146**	**1,980,229**

(The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2009)

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

PART A : EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

1. Basis of Preparation

The audited financial statements for the financial year ended 31 December 2010 of the Group have been prepared in accordance with Financial Reporting Standards ("FRS") 134 Interim Financial Reporting, Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR"), and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2009 ("2009 Audited Financial Statements").

2. Accounting Policies

The accounting policies, method of computation and basis of consolidation applied in the audited financial statements are consistent with those used in the preparation of the 2009 Audited Financial Statements except for the adoption of new standards, amendments to standards and IC Interpretations ("IC") that are mandatory for the Group for the financial period beginning 1 January 2010. The adoption of these standards, amendments and interpretations do not have a material impact on the financial information of the Group except for the adoption of the following standards as set out below:

(a) Presentation of Financial Statements [FRS 101 (revised)] – (Presentation of Financial Statements)

The revised standard requires the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in the statement of comprehensive income which can be shown as a single statement or two statements (comprising the income statement and statement of comprehensive income). The Group has elected to present the statement of comprehensive income in a single statement. Comparatives have been restated to conform with current year presentation.

(b) Segment information (FRS 8 – Operating Segments)

Operating segments are now reported in a manner consistent with the internal reporting provided to the chief operating decision maker, which is based on key operating companies ("Opcos"). The adoption of FRS 8 has not resulted in a significant change in the number of reportable segments presented. Segment information is disclosed in Part A, 8 of this announcement.

(c) Operating Revenue (FRS 118 - Revenue)

Income from rental of towers of the Group are now classified as part of operating revenue as the Group considers the business of tower rental as arising in the course of the ordinary activities of the Group.

2. Accounting Policies (continued)

(d) Leasehold Land (Amendment to FRS 117 - Leases)

Leasehold land is classified as a finance lease if the Group has substantially all the risks and rewards incidental to ownership. Previously, leasehold land was classified as an operating lease unless title is expected to pass to the lessee at the end of the lease term. Following the amendment to FRS 117, the classification of leasehold land has been changed from operating to finance lease

(e) Comparative information for changes in accounting policies other than FRS 139

During the quarter and financial year, management had also decided to further classify its operating expenses into three other major expenses on the face of income statement. Together with the above changes in the accounting policies, the following comparative information have been restated to conform with the current year presentation.

Consolidated Statement of Comprehensive Income			
	As previously reported RM'000	Reclassification RM'000	As restated RM'000
4th Quarter Ended 31/12/2009			
• Operating revenue	3,693,781	62,172	3,755,953
• Other operating costs	2,134,873	(995,601)	1,139,272
• Domestic interconnect and international outpayment	-	387,946	387,946
• Marketing, advertising and promotion	-	333,946	333,946
• Staff costs	-	259,173	259,173
• Depreciation, impairment and amortisation	797,422	16,479	813,901
• Other operating income	105,309	(60,229)	45,080
Financial Year Ended 31/12/2009			
• Operating revenue	13,105,054	207,133	13,312,187
• Other operating costs	7,948,329	(3,748,779)	4,199,550
• Domestic interconnect and international outpayment	-	1,507,914	1,507,914
• Marketing, advertising and promotion	-	1,283,885	1,283,885
• Staff costs	-	901,039	901,039
• Depreciation, impairment and amortisation	2,860,346	58,564	2,918,910
• Other operating income	467,617	(204,510)	263,107

2. Accounting Policies (continued)

(e) Comparative information for changes in accounting policies other than FRS 139 (continued)

Consolidated Statement of Financial Position			
Financial Year Ended 31/12/2009			
	As previously reported RM'000	Reclassification RM'000	As restated RM'000
• Property, plant and equipment	15,815,333	359,103	16,174,436
• Prepaid lease payments	359,103	(359,103)	-
Financial Year Ended 31/12/2008			
• Property, plant and equipment	14,959,670	328,352	15,288,022
• Prepaid lease payments	328,352	(328,352)	-

(f) Financial Instruments (FRS 139 - Financial Instruments: Recognition and Measurement)

The Group classifies its financial instruments in the following categories: at fair value through profit or loss, loans and receivable and other financial liabilities. The classification depends on the nature of the financial instruments and the purpose for which the assets or liabilities were acquired. Management determines the classification of its financial assets and liabilities at its initial recognition. Set out below are the major changes in classifications of the financial instruments of the Group:

(i) *<u>Loans and receivables</u>*

Long term investment in unquoted investment, previously measured at cost and subject to impairment, are now classified as loans and receivables and measured at fair value plus transaction costs initially and subsequently, at amortised cost using the effective interest method.

When loans and receivables are impaired, the carrying amount of the assets is reduced and the amount of the loss is recognised in profit or loss. Impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the assets' original effective interest rate.

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 debtors' credit rating), the reversal of the previously recognised impairment loss is recognised in Consolidated Statement of Comprehensive Income.

2. Accounting Policies (continued)

(f) Financial Instruments (FRS 139 - Financial Instruments: Recognition and Measurement) (continued)

(ii) Fair value through profit or loss

Derivative financial instruments and options held by the Group on the investments in associates were not previously recognised in the financial statements on inception. These are now recognised and measured at fair value on the date a derivative contract was entered into and are subsequently re-measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and the nature of the item being hedged. Derivatives that do not qualify for hedge accounting are classified as held for trading with subsequent changes in the fair values including the effects of currency translation and interest are recognised in profit and loss in the period in which the changes arise.

Derivatives that qualify for are designated as either:

- Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- 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)

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. 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 is amortised to profit or loss over the period to maturity.

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 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. 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 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 profit or loss within ‘other gains/(losses)-net’.

2. Accounting Policies (continued)

(f) Financial Instruments (FRS 139 - Financial Instruments: Recognition and Measurement) (continued)

(ii) Fair value through profit or loss (continued)

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 investment relating to the effective portion of the hedge is recognised in other comprehensive income. The gains or loss relating to the ineffective portion is recognised immediately in profit or loss within 'other gains/ (losses)-net'.

Gains or losses accumulated in other comprehensive income are included in profit or loss when the foreign operation is partially sold or disposal.

(iii) Other financial liabilities

Borrowings, previously measured at net proceeds received on issue are now recognised at fair value plus directly attributable transaction costs initially and subsequently, at amortised cost using the effective interest method.

2. Accounting Policies (continued)

(f) Financial Instruments (FRS 139 - Financial Instruments: Recognition and Measurement) (continued)

The Group has applied the new policies in relation to the financial instruments above in accordance with the transitional provisions in FRS 139 by recognising and re-measuring all the financial assets and financial liabilities as at 1 January 2010 as appropriate. The related adjustments to the previous carrying amounts are made to the opening retained earnings as appropriate, comparatives are not restated. The effects of the changes are as follows:

	As at 1 January 2010 RM'000	Effect of adoption of FRS 139 RM'000	As at 1 January 2010 After FRS139 Adjustment RM'000
Retained earnings	7,916,133	(458,750)	7,457,383
Non-controlling interest	696,363	(3,664)	692,699
		(462,414)	
Derivative financial instruments			
-Non-current liabilities	-	(23,212)	(23,212)
-Non-current assets	-	44,195	44,195
-Current assets	-	6,498	6,498
-Current liabilities	-	(388,630)	(388,630)
Deferred tax assets	180,429	9,040	189,469
Available for sales/Long term investments	180,567	(179,685)	882
Long term receivables	129,876	69,380	199,256
		(462,414)	

3. Seasonal or Cyclical Factors

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

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

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

(a) During the current quarter, a total net gain on disposal of RM17.0 million was recognised arising from the disposal of Samart Corporation Public Company Limited ("Samart"), an associate of the Company, as detailed in Part A, 11 (e) of this announcement;

(b) During the current quarter, the Group recorded a total impairment of RM1,085.0 million on its investment in an associate, Idea Cellular Limited ("Idea") in conjunction with the impairment assessment requirement under FRS 136 "Impairment Of Assets". The impairment test was undertaken following an impairment indicator arising from the shortfall between the carrying value and market value of the Group's investment in India as well as intense competition following the entry of a number of new operators into the Indian market.

In arriving at the impairment amount, the recoverable amount was determined based on the value- in-use calculation, which apply a discounted cash flow model based on the forecasts and projections approved by management. These forecasts and projections reflect management's expectations based on the current assessment of market share, expectations of market growth and industry growth;

(c) Share of loss from the write off of licence fee amounting to RM141.0 million and RM40.0 million in Spice Communications Limited ("Spice") and Idea respectively on completion of the merger between Spice and Idea on 17 March 2010;

(d) Gain arising on the merger of Spice and Idea of RM173.2 million as detailed in Part A, 11(a) of this announcement;

(e) During the financial year to date, a total net gain of RM339.2 million was recognised arising from the partial disposal of equity interest in PT XL Axiata Tbk ("XL") as detailed in Part A, 11(b) of this announcement;

(f) During the financial year to date, the Company recorded an impairment of RM66.1 million in respect of the investment in convertible bond following a reassessment of its recoverability post merger of Idea and Spice;

(g) During the financial year to date, the Company recorded an impairment on goodwill of Hello Axiata Company Limited of RM49.0 million; and

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

(h) During the financial year to date, in conjunction with the disposal of Multinet Pakistan (Private) Limited ("Multinet") as detailed in Part B, 7 (a) of this announcement, assets and liabilities of Multinet are now classified as "Assets directly associated with non-current assets classified as held for sale" and "Liability directly associated with non-current assets classified as held for sale".

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial year ended 31 December 2010 other than as mentioned above and in Part A, 10, 12 and Part B, 7 of this announcement.

5. Material Changes in Estimates

There was no material changes in estimates reported in the prior interim period or prior financial year.

6. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

(a) On 18 January 2010, XL through its subsidiary, Excelcomindo Finance Company B.V bought back its remaining USD Bond amounting to USD59.4 million at price of 103.563% of the nominal value;

(b) On 9 April 2010, XL cancelled the remaining Exportkreditamnden ("EKN") Facility 2B amounting to USD35.7 million. During the current quarter and financial year to date, XL paid other loan facilities as follows:

Date of Payment	Amount	Financial Institutions
29 January 2010	USD20.0 million	JP Morgan Chase Bank
8 February 2010	USD10.0 million	JP Morgan Chase Bank
30 March 2010	USD25.0 million	Standard Chartered Bank
24 May 2010	USD51.1 million	EKN
27 May 2010	IDR400.0 billion	PT Bank Mandiri (Persero) Tbk ("PTBM")
25 June 2010	IDR500.0 billion	PT Bank Central Asia Tbk ("PTCA")
28 June 2010	USD25.0 million	Standard Chartered Bank
22 July 2010	IDR500.0 billion	PTCA
31 August 2010	IDR800.0 billion	PT Bank Sumitomo Mitsui Indonesia
20 September 2010	IDR1,000.0 billion	PTCA
22 October 2010	IDR500.0 billion	PTCA
15 December 2010	IDR700.0 billion	DBS Bank Ltd
24 December 2010	IDR500.0 billion	PTCA

6. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities (continued)

(c) On 28 April 2010, Axiata SPV1 (Labuan) Limited, a wholly-owned subsidiary of the Company, issued USD300.0 million Guaranteed Notes ("Notes") maturing on 28 April 2020, guaranteed by the Company. The Notes, which were issued at 99.939%, carry a coupon rate of 5.375% per annum (payable semi-annually in arrears) and have tenure of ten (10) years from the date of issuance.

The Notes were listed and quoted on The Stock Exchange of Hong Kong Limited on 29 April 2010 and Labuan International Financial Exchange on 7 May 2010;

(d) On 12 May and 31 May 2010, the Company partially repaid its Commodity Murabahah Term Financing I Islamic Loan Facility amounting to RM300.0 million and Bridging Term Loan Facility of RM400.0 million respectively.

On 3 September 2010, the Company fully repaid its Commodity Murabahah Term Financing I Islamic Loan Facility amounting to RM1,800.0 million, Bridging Term Loan Facility of RM1,000.0 million and Commodity Murabahah Term Financing Facility of RM700.0 million;

(e) On 27 May 2010, Axiata Investments (Singapore) Limited [formerly known as SunShare Investments Ltd] ("AIS") fully repaid a term loan facility from a financial institution, amounting to SGD240.0 million;

(f) On 1 September 2010, Celcom Axiata Berhad [formerly known as Celcom (Malaysia) Berhad] ("Celcom"), a wholly-owned subsidiary of the Company, completed the issuance of RM4.2 billion nominal value of unrated Sukuk ("Sukuk Issuance") under a private offering.

The Sukuk Issuance, with tenures ranging from five (5) to ten (10) years was issued by Celcom's wholly-owned subsidiary, Celcom Transmission (M) Sdn Bhd.

6. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities (continued)

(g) During the financial year to date, the Company has issued further grant of options over the shares of the Company under the Performance-Based Employee Share Option Scheme ("ESOS"). Details of options granted by the Company under the Performance-Based ESOS in the financial year to date are as follows:

Employees of	Grant Date	Number of Options Granted ('000)	Exercise Price
The Company			
•Additional allocation to promotees and confirmed staff** 2009 grant	18 January 2010	2,074	3.15
•Initial allocation for grant in 2010	24 February 2010	8,402	3.45
Subsidiary			
•Additional allocation to promotees and confirmed staff** 2009 grant	18 January 2010	2,102	3.15
•Initial allocation for grant in 2010	24 February 2010	40,976	3.45
Total		**53,554**	

** These additional options were granted due to promotion and confirmed staff as at 31 December 2009.

Aside from the above, there were no other issuances, cancellations, repurchases, resale and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the financial year ended 31 December 2010.

7. Dividends Paid

No dividends have been paid during the financial year ended 31 December 2010.

8. Segmental Information

Segmental information for the financial year ended 31 December 2010 and 31 December 2009 were as follows:

By Geographical Segment

2010

All amounts are in RM '000	Malaysia	Indonesia	Bangladesh	Sri Lanka	Others	Total
Operating Revenue						
Total operating revenue	6,797,553	6,197,817	1,207,438	1,181,090	286,120	**15,670,018**
Inter-segment *	(4,815)	-	-	-	(44,529)	**(49,344)**
External operating revenue	6,792,738	6,197,817	1,207,438	1,181,090	241,591	**15,620,674**
Results						
Segment results	2,245,095	1,708,198	164,494	160,425	(1,262,576)	**3,015,636**
Other operating income	63,979	17,397	(1,270)	3,834	351,001	**434,941**
Operating profit before finance cost	2,309,074	1,725,595	163,224	164,259	(911,575)	**3,450,577**
Finance income	40,529	22,140	9,995	2,857	78,089	**153,610**
Finance cost	(74,409)	(366,774)	(18,183)	(27,021)	(184,721)	**(671,108)**
Foreign exchange gains/(losses) on financing activities	-	35,005	(15,732)	9,574	80,132	**108,979**
Jointly controlled entity						
- share of results (net of tax)	-	-	-	-	(141,939)	**(141,939)**
- gain from merger exercise	-	-	-	-	173,199	**173,199**
Associates						
- share of results (net of tax)	4,300	-	-	-	133,839	**138,139**
- loss on dilution of equity interest	-	-	-	-	(5,719)	**(5,719)**
Profit /(Loss) before tax	2,279,494	1,415,966	139,304	149,669	(778,695)	**3,205,738**
Taxation	(554,518)	(392,330)	(90,131)	(13,986)	(38,193)	**(1,089,158)**
Profit /(Loss) after tax	**1,724,976**	**1,023,636**	**49,173**	**135,683**	**(816,888)**	**2,116,580**

8. Segmental Information (continued)

2009 (Restated)

All amounts are in RM '000	Malaysia	Indonesia	Bangladesh	Sri Lanka	Others	Total
Operating Revenue						
Total operating revenue	6,292,181	4,660,057	1,020,408	1,111,559	268,980	**13,353,185**
Inter-segment *	(8,436)	-	-	-	(32,562)	**(40,998)**
External operating revenue	6,283,745	4,660,057	1,020,408	1,111,559	236,418	**13,312,187**
Results						
Segment results	1,943,933	1,247,494	132,214	(308,575)	(64,177)	**2,950,889**
Other operating income	51,634	170,293	130	6,955	34,095	**263,107**
Operating profit before finance cost	1,995,567	1,417,787	132,344	(301,620)	(30,082)	**3,213,996**
Finance income	37,233	18,980	4,800	3,125	45,829	**109,967**
Finance cost	(456)	(463,324)	(29,807)	(75,655)	(327,014)	**(896,256)**
Foreign exchange gains/ (losses) on financing activities	-	170,978	(1,810)	(6,650)	(25,293)	**137,225**
Jointly controlled entity						
- share of results (net of tax)	-	-	-	-	(59,494)	**(59,494)**
Associates						
- share of results (net of tax)	(444)	-	-	-	161,227	**160,783**
Profit /(Loss) before tax	2,031,900	1,144,421	105,527	(380,800)	(234,827)	**2,666,221**
Taxation	(502,320)	(304,857)	(56,737)	(13,098)	(33,301)	**(910,313)**
Profit /(Loss) after tax	**1,529,580**	**839,564**	**48,790**	**(393,898)**	**(268,128)**	**1,755,908**

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

9. Valuation of Property, Plant and Equipment

The Group does not adopt a revaluation policy on its property, plant and equipment.

10. Material Events Subsequent to the End of the Quarter

(a) On 21 January 2011, a new company, a wholly owned subsidiary of Dialog Axiata PLC ("Dialog") was incorporated under the name of Dialog Business Services (Private) for the purpose of carrying out IT enabled services. Currently, DBS is non-operational and yet to start its commercial operation.

(b) On 27 January 2011, XL paid loan facility from PTBM amounting to IDR400.0 million.

(c) On 27 January 2011, XL has ended the loan facility amounted to IDR1.5 trillion from BCA as was not utilized.

(d) On 14 February 2011, Axiata, Axiata Investments 1 (India) Limited and Axiata Investments 2 (India) Limited (collectively, the "Axiata Parties") have novated all their rights and obligations under the Green Acre Agro Services Private Limited Put Option to Merrill Lynch International, a company incorporated under the laws of England and Wales, for approximately USD108.1 million. The novation is not expected to materially affect the consolidated earnings or net assets of the Group.

As at 16 February 2011, save for the above and status update on corporate proposals mentioned in Part B, 7 of this announcement, there were no other material events subsequent to the balance sheet date that requires disclosure or adjustments to the audited financial statements.

11. Effects of Changes in the Composition of the Group

There were no other material changes in the composition of the Group for the current quarter and financial year ended 31 December 2010 except for the following:

(a) Proposed Merger between Spice and Idea ("Proposed Merger")

The Proposed Merger was completed on 17 March 2010. As a result, the Group's equity interest in Idea has increased from 14.99% to 19.10% (or 19.00% on a fully diluted basis).

In conjunction with the completion of the proposed merger, the Group recognised a net gain of RM173.2 million as described in Part A, 4(d) of this announcement.

(b) Partial disposal of 22.89% of the Group equity interest in XL

On 29 March 2010 and 9 April 2010, Axiata Investments (Indonesia) Sdn Bhd [formerly known as Indocel Holdings Sdn Bhd] disposed off a total of 18.0% and 1.8% respectively of the issued and paid-up share capital of XL at a price of IDR3,300 per ordinary share. As a result, the Group's effective equity interest in XL decreased from 86.49% to 66.69%.

The Group recognised a total net gain of RM339.2 million arising from the above disposals as described in Part A, 4(e) of this announcement.

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

(c) Dissolution of a subsidiary of XL

In April 2010, the registration of Excel Phoneloan 818 B.V, a wholly owned subsidiary of XL, has been terminated by the Chamber of Commerce of the Netherlands confirming the liquidation with effect from 14 December 2009, being the resolution of the Extraordinary General Meeting of the Shareholder of XL.

The dissolution has no significant impact to the Group for the financial year to date.

(d) Additional investment in Tune Talk Sdn Bhd ("Tune Talk")

On 22 November 2010, Celcom completed the subscription of a further 1,575,000 ordinary shares of RM1 each in Tune Talk ("Tune Talk Shares") for a total cash consideration of RM1.6 million. The additional subscription which arose from a capital call resulted with Celcom holding in a total of 5,250,000 Tune Talk Shares. This represents 35% of the enlarged issued and paid-up share capital of Tune Talk.

The subscription by Celcom of the additional Tune Talk Shares above has no significant impact to the Group for the current quarter and financial year to date.

(e) Disposal of 18.96% equity interest in Samart

On 23 December 2010, the Company had completed the sale of its entire stake in Samart representing 18.96% of the total issued and paid-up share capital in Samart to existing shareholders for a total consideration of USD34.8 million or approximately RM109.9 mil.

The Group recognised a total net gain of RM17.0 million arising from the above disposal as described in Part A, 4(a) of this announcement.

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

During the financial year to date, the Group's equity interest in M1, held through AIS, a wholly owned subsidiary of the Company, decreased from 29.66% to 29.52% following the issuance of shares under M1's ESOS.

The dilution has no significant impact to the Group for the financial year to date.

12. Changes in Contingent Liabilities since the Last Annual Statement of Financial Positions Date

There were no material changes in contingent liabilities (other than material litigation disclosed in Part B, 12 of this announcement) since the 2009 Audited Financial Statements.

The Board has considered all contingent liabilities as at 31 December 2010. Based on legal advice, no provision is required for the current quarter and financial year to date.

13. Capital Commitments

	Group	
Property, plant and equipment	**2010 RM'000**	2009 RM'000
• Commitments in respect of expenditure approved and contracted for	**1,452,194**	843,073
• Commitments in respect of expenditure approved but not contracted for	**515,087**	800,184

14. Additional Disclosure Requirements

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

On 22 February 2010, CIMB Investment Bank Berhad had, on behalf of the Company, inter-alia, announced that the SC had, through its letter dated 12 February 2010, granted an extension of time of 2 years (i.e. up to 29 January 2012) for the Company to obtain the necessary approvals for the said Outdoor Structures.

The status of 104 Outdoor Structures (which are subject to the SC's condition above) as at 16 February 2011 is as follows:

(a) 4 Outdoor Structures have obtained local authorities approval;

(b) 60 Outdoor Structures are pending approval from local authorities; and

(c) Initial applications for 40 Outdoor Structures have been declined. Celcom is in the midst of appealing to the relevant local authorities with respect to such applications.

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

(a) Between the Company and Huawei Technologies Co. Ltd.

There has been no material update in relation to the MOU and no subsequent agreement has been entered arising from the MOU.

(b) Between the Company, Celcom, Telenor Asia Pte. Ltd. and DiGi Telecommunications Sdn Bhd ("DiGi Tel")

Subsequent to the extension by the Parties of the MOU on 10 December 2010, Celcom and DiGi Tel had on 18 January 2011 entered into a Network Collaboration Agreement ("NCA") to jointly implement the network collaboration in the areas of sites, access transmission (microwave links), aggregation transmission and trunk fibre. Announcement which includes inter-alia, salient terms of the NCA and rationale on the entry into the NCA was made to Bursa Securities on even date.

Following the entry by Celcom and DiGi Tel into the NCA, the MOU is no longer subsisting.

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

1. Review of Performance

(a) Quarter-on-Quarter

The Group revenue grew by 6.9% in the current quarter ("Q4'10") to RM4,016.7 million from RM3,756.0 million recorded in the fourth quarter 2009 ("Q4'09"), attributed to the higher revenue contribution from XL, Celcom and Dialog. XL revenue grew in tandem with the increase in subscriber base of 28.1% as compared to Q4'09. Celcom revenue grew 1.1% driven by increase in total net additions of more than 100% and broadband subscribers of 67.7%. While Dialog revenue grew by 4.0% resulted from 15.0% increased in postpaid usage and 7.2% increase in revenue generating base subscribers.

The Group mobile revenue grew by 5.1% in the current quarter from Q4'09 mainly from strong data and VAS growth of 63.9% and 31.8% respectively.

The fluctuation of RM against local currencies had unfavourably affected the overall Group's translated revenue. At constant currency using Q4'09 exchange rate, the Group revenue would have registered a higher growth of 9.9%.

The Group operating costs increased by 7.9% to RM2,286.9 million in Q4'10 from RM2,120.3 million in Q4'09, mainly driven by Celcom and XL. In Q4'10, Celcom recorded higher marketing cost and network related cost on leased line and site operating charges. XL recorded higher marketing costs during the current quarter due to new programs launched and higher commission expense. Increase in XL other operating costs in the current quarter is also due to higher interconnect and VAS cost in line with higher revenue.

Depreciation, amortisation and impairment in current quarter increased by RM982.6 million mainly resulted from the impairment on the investment in an associate.

The Group net finance costs was lower in current quarter at RM116.1 million as compared to RM155.5 million in Q4'09 as a result of repayment of debt and reduction of overall debt position at Group level.

The Group loss after tax was RM260.8 million, decreased by 143.3% from profit after tax ("PAT") of RM602.4 million reported in Q4'09. This was mainly due to impairment recorded during the current quarter.

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

1. Review of Performance (continued)

(b) Year-on-Year

For the financial year ended 31 December 2010, the Group revenue improved by 17.3% to RM15,620.7 million, as compared to RM13,312.2 million recorded in the financial year ended 31 December 2009. The improved revenue performance was primarily attributed to higher contribution from key operating companies XL, Celcom and Robi Axiata Limited ("Robi"). XL revenue growth was resulted from increase in subscribers and SMS revenue by 28.1% and 195.7% respectively. Celcom revenue grew by 8.0% driven by mobile and broadband revenue growth of 7.2% and 75.7% respectively. Robi revenue grew by 18.3% mainly due to increase in prepaid usage and interconnect revenue.

The Group mobile revenue grew by 16.1% for the financial year under review mainly from voice and data, which grew by 7.4% and 61.1% respectively.

The fluctuation of RM against local currencies had marginally improved the overall Group's full year translated revenue. At constant currency using 2009 exchange rate, the Group revenue would have registered a 0.1% point lower growth of 17.2%.

The Group operating costs increased by 8.5% to RM8,566.7 million from RM7,892.4 million in the corresponding year, mainly driven by XL, Celcom and Robi. XL and Celcom recorded higher marketing costs in conjunction with the World Cup event. XL also recorded higher VAS cost and interconnect cost in line with higher revenue. Whilst in Robi, other operating costs increased resulted from rebranding exercise and higher subscriber acquisition costs in the financial year under review.

The Group other operating income increased by 65.3% to RM434.9 million for the financial year under review from RM263.1 million in the corresponding financial year mainly arising from net gain from the partial disposal of equity interest in XL.

As a result of repayment of debt and reduction of overall debt position at Group level, the Group recorded lower net finance costs of RM517.5 million for the financial year under review as compared to RM786.3 million in the corresponding financial year.

Depreciation, amortisation and impairment in the financial year under review increased by RM1,023.0 million mainly resulted from the impairment on the investment in an associate.

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

1. Review of Performance (continued)

(b) Year-on-Year (continued)

For the financial year under review, the Group recorded foreign exchange loss of RM15.8 million as compared to the gains of RM587.2 million in the corresponding year, mainly arising from revaluation of USD borrowings and payables.

The Group PAT grew to RM2,116.6 million for the financial year under review from RM1,755.9 million recorded in corresponding financial year. This was driven by improved PAT contribution in Celcom, XL and Dialog and a total net gain arising from the partial disposal of equity interest in XL.

(c) Comparison with Preceding Quarter's Results

The Group revenue improved by 2.0%, from RM3,937.2 million recorded in the third quarter 2010 ("Q3'10") to RM4,016.7 million in Q4'10. The growth was primarily attributed to higher revenue contribution from XL, Dialog and Celcom as a result of increased subscribers, voice and data revenue. Q4'10 also saw higher revenue contribution from broadband of Celcom and XL.

The fluctuation of RM against local currencies had unfavourably affected the overall Group's translated revenue. At constant currency using Q3'10 exchange rate, the Group revenue would have registered a higher growth of 2.5%.

The Group operating costs increased by 8.7% to RM2,286.9 million in Q4'10 from RM2,103.9 million in Q3'10, mainly resulted from Celcom and XL. The increase in other operating costs from Celcom was mainly due to higher manpower, interconnect and network related costs. Whereas increase in XL other operating costs was resulted from higher interconnect and VAS cost in line with higher revenue and increase in marketing costs.

Depreciation, amortisation and impairment in Q4'10 increased by RM1,115.5 million mainly resulted from the impairment on the investment in an associate.

The Group recorded higher other operating income by RM30.6 million in Q4'10 from RM14.8 million in Q3'10 mainly due to the net gain on disposal of an associate.

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

1. Review of Performance (continued)

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

Overall debt position at Group and at OpCo level in both quarters, the finance costs remained stable in current quarter. The Group recorded net finance costs of RM116.1 million in Q4'10 compared to RM117.4 million in Q3'10.

The Group recorded foreign exchange gain of RM37.4 million due to the strengthening of operating companies currency against USD in Q4'10 as compared to foreign exchange losses of RM55.8 million in Q3'10.

The Group recorded loss after tax of RM260.8 million in Q4'10 from PAT of RM745.2 million recorded in Q3'10 mainly due to the impairment on the investment in an associate.

(d) Economic Profit ("EP") Statement

	4th Quarter Ended		**Financial Year Ended**	
	31/12/2010	31/12/2009	**31/12/2010**	31/12/2009
	RM '000	RM '000	**RM '000**	RM '000
		Restated		Restated
EBIT	**1,140,118**	1,104,377	**4,283,059**	3,218,667
Less: Adjusted Tax (25%)	**(285,029)**	(276,095)	**(1,070,764)**	(804,667)
NOPLAT	**855,089**	828,282	**3,212,295**	2,414,000
AIC	**13,561,450**	13,396,165	**13,561,450**	13,396,165
WACC	**10.00%**	9.23%	**10.00%**	9.23%
Economic Charge	**339,036**	309,116	**1,356,145**	1,236,466
Economic Profit	**516,053**	519,166	**1,856,150**	1,177,534

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

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

1. Review of Performance (continued)

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

The Group reported a higher WACC during the current quarter and financial year to date due to higher component of equity compared to last year.

The factors contributing to the higher EP in the current quarter and financial year to date is mainly due to higher EBIT arising from better performance achieved by the Group as disclosed in Part B, 1 (a) and (b) of this announcement.

Note:

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

NOPLAT= Net Operating Profit/Loss after Tax

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

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

2. 2010 Group Headline Key Performance Indicators (“KPI”) Achievement and Prospects for the next financial year ending 31 December 2011

On 22 April 2010, the Group announced its Headline Key Performance Indicators (“KPI”) guidance for the financial year ended 31 December 2010. Based on financial year ended 31 December 2010 Group’s performance, the Board of Directors is pleased to announce that the Group’s full year performance has exceeded all KPIs. The actual KPIs achievements are as follows:

Headline KPIs	**2010 Headline KPIs**	**2010 Achievement**
Revenue Growth (%)	12.1	17.3
Earnings before Interest, Tax, Depreciation and Amortisation Growth (%)	14.1	30.2
Return on Invested Capital (%)	10.7	15.9

2010 has seen an improvement in overall Group performance in almost all areas and in all major countries. This was due to our diligent execution of strategies across all operating companies. This has been further aided by the steady rebound seen in regional economies the Group operates in.

The Group expects to face key risks including regulatory challenges and competitive pressures for financial year ending 31 December 2011. Going forward, the Group will continue to focus on growing mobile data and adopt a long term view and careful prudent measures, with key focus on cost management and operational improvements in addressing the challenges to optimise its financial performance.

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

The Group has not provided any profit forecast or profit guarantee in a public document in respect of the financial year ended 31 December 2010.

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

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

4. Taxation

The taxation charge for the Group comprises:

	4th Quarter Ended		Financial Year Ended	
	31/12/2010	31/12/2009	**31/12/2010**	31/12/2009
	RM’000	RM’000	**RM’000**	RM’000
Income Tax:				
Malaysia				
Current year	**(86,514)**	(140,182)	**(505,089)**	(513,695)
Prior year	**8,070**	14,013	**14,941**	13,989
	(78,444)	(126,169)	**(490,148)**	(499,706)
Overseas				
Current year	**(94,207)**	(2,358)	**(325,771)**	(6,185)
Prior year	**169**	27	**(45,523)**	30
	(94,038)	(2,331)	**(371,294)**	(6,155)
Deferred Tax (net):				
Current year	**(61,500)**	(96,812)	**(227,716)**	(404,452)
Total Taxation	**(233,982)**	(225,312)	**(1,089,158)**	(910,313)

The current quarter and year to date effective tax rate of the Group is higher than the statutory tax rate primarily due to higher expenses not allowable for tax deduction.

5. Profit on Sale of Unquoted Investments and/or Properties

There were no disposal of unquoted investments or properties during the current quarter and financial year to date.

6. Purchase and Disposal of Quoted Securities

There were no disposal of quoted securities for the current quarter and financial year to date except for the disposal of quoted securities held by the Company in its subsidiary and an associate as disclosed in Part A, 4(a), 4(e) and 11(b) and 11(e) of this announcement.

7. Status of Corporate Proposals

(a) Disposal of 89.0% equity interest in Multinet

On 19 July 2010, the Company announced the disposal of its entire shareholding in Multinet through its wholly-owned subsidiary, Axiata Investments (Labuan) Limited [formerly known as TM International (L) Limited] representing 89.0% of the total issued and paid-up share capital in Multinet. As described in Part A, 4 (h) of this announcement, the completion of the sale is subject to amongst others the fulfilment of regulatory procedures and appropriate approval from regulators.

(b) Members' voluntary winding up of wholly-owned subsidiaries

On 26 October 2010, the Company announced on inter-alia, the commencement of its wholly-owned subsidiaries held via Celcom namely, Alpine Resources Sdn Bhd and Technology Resources (Norminees) Sdn Bhd pursuant to Section 254(1)(b) of the Companies Act,1965.

The winding up is expected to be completed by April 2011 or about 6 to 9 months from the date of appointment of the Liquidators.

(c) Proposed establishment by XL of a performance based long term incentive scheme for eligible employees and directors of XL ("Proposed XL LTIS")

The Board of the Company had on 27 December 2010, approved the proposed establishment by XL of a performance based long term incentive scheme for eligible employees and directors of XL ("XL Eligible Participants").

The proposed XL LTIS will involve the issuance and allotment of new ordinary shares of IDR 100 each in XL to XL's Eligible Participants who meets the criteria of eligibility for participation in the Proposed XL LTIS as set out in the Plan Rules of the Proposed XL LTIS.

Subsequently, after seeking clarification from Bursa Securities, taking into consideration relevant facts and circumstance, issued a letter dated 29 December 2010 confirming that the Company does not need to obtain its shareholders approval for the Proposed XL LTIS.

Accordingly, the only approval required for the Proposed XL LTIS is from XL's shareholders.

As of 16 February 2011, other than the above, there is no other corporate proposal announced but not yet completed.

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

8. Group's Borrowings and Debt Securities

(a) Breakdown of the Group's borrowings and debt securities as at 31 December are as follows:

	2010		2009	
	Short Term Borrowings RM'000	**Long Term Borrowings RM'000**	Short Term Borrowings RM'000	Long Term Borrowings RM'000
Secured	200,863	4,652,750	179,878	805,341
Unsecured	498,728	5,331,233	1,969,496	9,368,123
Total	**699,591**	**9,983,983**	**2,149,374**	**10,173,464**

(b) Foreign currency borrowings and debt securities in RM equivalent as at 31 December are as follows:

	2010	**2009**
Foreign Currency	**RM'000**	**RM'000**
US Dollar	3,601,644	3,869,291
Indonesian Rupiah	2,729,268	3,219,762
Bangladesh Taka	46,482	62,502
Pakistani Rupee	-	97,368
Sri Lanka Rupee	75,667	267,078
Singapore Dollar	-	575,372
Total	**6,453,061**	**8,091,373**

9. Outstanding derivatives

(a) The detail of the Group's outstanding net derivatives financial instruments as at 31 December 2010 set out as follow:

Type of derivatives financial instruments	Notional Value RM'000	Fair value Favourable/ (Unfavourable) RM'000
Forward foreign currency contracts:		
- > 3 years	595,676	(14,743)
Cross currency swaps:		
- > 3 years	1,695,925	(142,965)
Interest rate swaps contracts:		
- > 3 years	743,407	(22,638)
Options on investments of associates:		
- < 1 year	-	(277,678)
- > 3 years	-	3,783
Total		(454,241)

(b) The risks associated with the derivative financial instrument and the policies in place for mitigating such risks were disclosed in 2009 Audited Financial Statements. The accounting policy adopted by the Group to account for the derivative financial instrument is set out in Part A, 2(f) of this announcement.

10. Fair value changes of financial liabilities

During the current quarter and financial year to date, the Group recognised total net gain of RM27.0 million and a net gain of RM63.0 million respectively arising from the fair value changes on the derivatives financial instruments which are marked to market as at date of statement of financial position.

11. Realised and Unrealised Profits or Losses Disclosure

Pursuant to Bursa Malaysia directive dated 20th December 2010, a listed issuer is required to disclose the breakdown of the unappropriated profits or accumulated losses as at the end of reporting period on a group basis into realised and unrealised profits or losses. As stated in the Directive, the Realised and Unrealised Profits or Losses Disclosure is applicable to quarterly reports and annual audited accounts for the financial period ending on or after 30th September 2010. The comparative figures are not required in the first financial year of complying with this disclosure.

	Current financial period RM'000	As at end of financial year RM'000
Total (losses) /retained profits of the Company and its subsidiaries:		
- Realised	(626,087)	10,225,212
- Unrealised	(604)	(1,204,245)
	(626,691)	9,020,967
Total profit / retained profits from associated companies:		
- Realised	54,980	54,980
- Unrealised	271,742	557,351
	326,722	612,331
Total accumulated losses from jointly controlled entity:		
- Realised	-	(155,915)
Less : Consolidated adjustments	(67,071)	(249,618)
Total Group (losses)/retained profits as per consolidated accounts	(367,040)	9,227,765

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

12. Material Litigation

Save as disclosed below, there are no changes to the status of the material litigation of the Group. The notes set out below shall be read together with the notes in this section for Q1, Q2 and Q3 of 2010 announcement:

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

In 2005, Rego, a wholly-owned subsidiary of Celcom commenced proceedings against Aras Capital and TSDTR for amounts due to Rego of RM261.8 million as at 30 November 2004 pursuant to an investment agreement with Aras Capital and an indemnity letter given by TSDTR. TSDTR filed its defence and instituted a counterclaim of RM100.0 million against Rego, Technologies Resources Industries Berhad ("TRI") and its directors to void and rescind the indemnity letter and claim damages. Rego, TRI and the directors filed their respective applications to strike out TSDTR's counterclaim, which were dismissed by the Court. The directors appealed and their appeal is fixed for mention on 8 March 2011.

The trial dates which were fixed for hearing on 5, 6, 8 and 9 October 2009 have been vacated pending the disposal of the directors' appeal.

The Court has requested the parties to mediate and TSTDR has proposed a global settlement for all the cases involving TSTDR ("Pending Mediation").

The Parties have since agreed to mediate the pending disputes. In view of the mediation, the matter was called for mention on 13 January 2011. The Court subsequently fixed the matter for mention on 24 March 2011 for TSDTR's solicitors to update the Court on the progress of the said mediation.

(b) Pengurusan Danaharta Nasional Berhad ("Danaharta") & 2 others vs TSDTR, TSDTR vs Danaharata & 23 Others

In June 2006, Celcom and TRI were served with a Defence and Counterclaim by TSDTR in connection with proceedings initiated against him by Danaharta and two others for a breach of the Facility Agreement dated 13 July 1994 and related Settlement Agreement dated 8 October 2001 between TSDTR and Danaharta in relation to a loan granted to TSDTR by Danaharta. Celcom, TRI and the other 22 defendants were joined in these proceedings via the counterclaim. Subsequently in July 2006, TSDTR filed and served an Amended Defence and Amended Counterclaim on Celcom/TRI's solicitors. Total sum of the claim is RM13,461.4 million.

12. Material Litigation (continued)

(b) Pengurusan Danaharta Nasional Berhad ("Danaharta") & 2 others vs TSDTR, TSDTR vs Danaharata & 23 Others (continued)

On 28 August 2007, the Court dismissed Celcom/TRI's application to strike out the amended counterclaim with costs. On 12 November 2009, the Court allowed Celcom/TRI's appeal with costs. On 4 December 2009, TSDTR filed a notice of appeal to the Court of Appeal. No hearing dates have been fixed yet for the appeal.

On February 2007, TSDTR's solicitors served an application to re-amend the Amended Defence and Amended Counterclaim to include 14 additional defendants. At first instance, the Court allowed TSDTR's application. Subsequently, Celcom/TRI appealed to the Judge in Chambers who later allowed the appeal with costs. On 4 December 2009, TSDTR filed a notice of appeal to the Court of Appeal and no hearing dates have been fixed yet for the appeal.

The Parties have since agreed to mediate the pending disputes. In view of the mediation, the matter was called for mention on 13 January 2011. The Court then fixed the matter for mention on 24 March 2011 for TSDTR's solicitors to update the Court on the progress of the said mediation.

(c) Mohd Shuaib Ishak ("MSI") vs Celcom and 13 Others

In November 2007, MSI filed a legal suit against Celcom disputing the legality of the acquisition by Celcom of the shares in TM Cellular Sdn Bhd (now known as Celcom Mobile Sdn Bhd) ("Celcom Mobile") in 2002 and the acquisition by TESB and TM of the shares in Celcom in 2003.

On 17 December 2007, Celcom and its directors filed their respective applications to strike out the suit which is fixed for mention on 24 March 2011.

12. Material Litigation (continued)

(d) Celcom & Another vs. TSDTR & 6 Others

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

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

TSDTR and BR filed an application to strike out the Writ of Summons. On 17 July 2009, the Court dismissed TSDTR and BR's striking out application with costs. TSDTR and BR filed an appeal to the Court of Appeal but no hearing date has been fixed yet for the appeal.

DeTeAsia, AH and OTA have filed their respective Memorandum of Conditional Appearance and application to strike out these proceedings. On 25 October 2010, the Court dismissed the said application respectively and on 28 October 2010 AH, OTA and DeTeAsia filed their respective appeals to Court of Appeal against the High Court decision.

The Parties have since agreed to mediate the pending disputes. In view of the mediation, the matter was called for mention on 13 January 2011. The Court subsequently fixed the matter for mention on 24 March 2011 for TSDTR's solicitors to update the Court on the progress of the said mediation.

12. Material Litigation (continued)

(e) TRI vs TDSTR, BR and Dato' Lim Kheng Yew ("DLKY")

TRI filed a claim against TSDTR, BR and DLKY, being the former directors of TRI for recovery of a total sum RM55.8 million which was paid to the defendants as compensation for loss of office and incentive payment and also the return of 2 luxury vehicles which were transferred to the first two defendants.

On 18 September 2006, TRI was served with a copy of the 1st and 2nd Defendants' Defence and Counterclaim. Trial dates which were fixed for full trial on 11, 12, 18, 19, 29 and 30 November 2010 have been vacated. In view of the Pending Mediation, this matter is fixed for mention on 29 March 2011.

(f) Celcom & Another vs. TSDTR & 8 Others

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

The German directors have respectively applied to set aside these proceedings on the basis that the issues had been litigated and decided on their merits based on the Award. The said applications were respectively dismissed by the Court on 30 June 2010. The German directors filed their respective notices of appeal to the Court of Appeal. No hearing dates have yet to be fixed by the Court of Appeal for the appeals.

The Parties have since agreed to mediate the pending disputes. In view of the mediation, the matter was called for mention on 13 January 2011. The Court subsequently fixed the matter for mention on 24 March 2011 for TSDTR's solicitors to update the Court on the progress of the said mediation.

12. Material Litigation (continued)

(g) Celcom vs Tan Sri Dr. Mohd Munir Abdul Majid & 20 Others

Pursuant to the Court's decision on 9 July 2008 (in the MSI vs Celcom), MSI's solicitors filed a derivative action in Celcom's name under section 181A of the Companies Act 1965 ("the Proposed Action") and subsequently on 29 July 2008 served the sealed copy of the Proposed Action on Celcom's solicitors.

In the Proposed Action, Celcom seeks from the defendants jointly and severally, the following relief:

(i) a declaration that the SPA for the acquisition by Celcom of the shares in Celcom Mobile Sdn Bhd, and all matters undertaken thereunder including but not limited to the issuance of shares by Celcom are illegal and void and of no effect;
(ii) a declaration that all purchases of shares in Celcom made by TESB and/or TM and/or parties acting in concert with them with effect from and including the date of the notice of the mandatory offer dated 3 April 2003 issued by CIMB are illegal and void and of no effect;
(iii) all necessary and fit orders and directions as may be required to give effect to the aforesaid declarations as the Court deemed fit including but not limited to directions for the rescission of all transfers of shares of Celcom made after the notice of mandatory offer for shares in Celcom dated 3 April 2003;
(iv) that TM by itself, its servants and agents be restrained from giving effect to or executing any of the proposals relating to the proposed de-merger of the mobile and fixed-line businesses of the TM group; and
(v) various damages to be assessed.

Following the Federal Court's decision in the MSI vs Celcom in dismissing the notice of motion with costs on 10 August 2010, MSI's solicitors had on 6 November 2010 withdrawn the Proposed Action.

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

13. Earnings Per Share ("EPS")

(a) Basic EPS

	4th Quarter Ended		Financial Year Ended	
	31/12/2010	31/12/2009	**31/12/2010**	31/12/2009
(Loss)/Profit attributable to equity holders of the Company (RM'000)	**(367,040)**	558,283	**1,770,379**	1,652,682
Adjusted weighted average number of shares ('000)	**8,445,154**	8,445,154	**8,445,154**	7,665,487
Basic EPS (sen)	**(4)**	7	**21**	22

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

(b) Diluted EPS

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

	4th Quarter Ended		Financial Year Ended	
	31/12/2010	31/12/2009	**31/12/2010**	31/12/2009
(Loss)/Profit attributable to equity holders of the Company (RM '000)	**(367,040)**	558,283	**1,770,379**	1,652,682
Adjusted weighted average number of shares ('000)	**8,445,154**	8,445,154	**8,445,154**	7,665,487
Adjustment for the Company's ESOS	**49,710**	27,827	**38,279**	23,706
Weighted average number of diluted ordinary shares for computation of diluted EPS ('000)	**8,494,864**	8,472,981	**8,483,433**	7,689,193
Diluted EPS (sen)	**(4)**	7	**21**	21

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

14. Qualification of Preceding Audited Financial Statements

The 2009 Audited Financial Statements were not subject to any material qualification.

15. Dividends

The Board of Directors is recommending the payment of a final tax exempt dividend under single tier system of 10 sen per share (2009: Nil) for approval by the shareholders at the forthcoming Annual General Meeting of the Company.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
23 February 2011