



**AXIATA GROUP BERHAD (242188-H)**

**The Board of Directors of Axiata Group Berhad is pleased to announce the following unaudited results of the Group for the financial period ended 31 March 2015.**

| <b>UNAUDITED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>            |                                     |                         |                               |                         |
|------------------------------------------------------------------------------------|-------------------------------------|-------------------------|-------------------------------|-------------------------|
|                                                                                    | <b>1<sup>st</sup> Quarter Ended</b> |                         | <b>Financial Period Ended</b> |                         |
|                                                                                    | <b><u>31/3/2015</u></b>             | <b><u>31/3/2014</u></b> | <b><u>31/3/2015</u></b>       | <b><u>31/3/2014</u></b> |
|                                                                                    | <b>RM'000</b>                       | <b>RM'000</b>           | <b>RM'000</b>                 | <b>RM'000</b>           |
| Operating revenue                                                                  | 4,750,720                           | 4,515,022               | 4,750,720                     | 4,515,022               |
| Operating costs                                                                    |                                     |                         |                               |                         |
| - depreciation, impairment and amortisation                                        | (983,750)                           | (838,057)               | (983,750)                     | (838,057)               |
| - foreign exchange gains/(losses)                                                  | 40,213                              | (16,605)                | 40,213                        | (16,605)                |
| - domestic interconnect and international outpayment                               | (635,784)                           | (567,124)               | (635,784)                     | (567,124)               |
| - marketing, advertising and promotion                                             | (322,624)                           | (350,842)               | (322,624)                     | (350,842)               |
| - other operating costs                                                            | (1,719,841)                         | (1,485,008)             | (1,719,841)                   | (1,485,008)             |
| - staff costs                                                                      | (331,282)                           | (323,263)               | (331,282)                     | (323,263)               |
| - other gains/(losses) - net                                                       | 33,531                              | (72,981)                | 33,531                        | (72,981)                |
| Other operating income                                                             | 41,514                              | 18,492                  | 41,514                        | 18,492                  |
| Operating profit before finance cost                                               | 872,697                             | 879,634                 | 872,697                       | 879,634                 |
| Finance income                                                                     | 59,877                              | 54,970                  | 59,877                        | 54,970                  |
| Finance cost excluding net foreign exchange (losses)/gains on financing activities | (178,582)                           | (189,492)               | (178,582)                     | (189,492)               |
| Net foreign exchange (losses)/gains on financing activities                        | (198,285)                           | 177,776                 | (198,285)                     | 177,776                 |
|                                                                                    | (376,867)                           | (11,716)                | (376,867)                     | (11,716)                |
| Joint ventures                                                                     |                                     |                         |                               |                         |
| - share of results (net of tax)                                                    | 217                                 | 2,231                   | 217                           | 2,231                   |
| Associates                                                                         |                                     |                         |                               |                         |
| - share of results (net of tax)                                                    | 143,290                             | 101,396                 | 143,290                       | 101,396                 |
| - loss on dilution of equity interests                                             | (9,253)                             | (11,546)                | (9,253)                       | (11,546)                |
| Profit before taxation                                                             | 689,961                             | 1,014,969               | 689,961                       | 1,014,969               |
| Taxation                                                                           | (153,840)                           | (285,003)               | (153,840)                     | (285,003)               |
| Profit for the financial period                                                    | 536,121                             | 729,966                 | 536,121                       | 729,966                 |
| Other comprehensive (expense)/income:                                              |                                     |                         |                               |                         |
| Items that will not be reclassified to profit or loss:                             |                                     |                         |                               |                         |
| - actuarial losses on defined benefits plan, net of tax                            | (2,518)                             | -                       | (2,518)                       | -                       |
| Items that may be reclassified subsequently to profit or loss:                     |                                     |                         |                               |                         |
| - currency translation differences                                                 | 394,631                             | 231,056                 | 394,631                       | 231,056                 |
| - cash flow hedge                                                                  | (1,125)                             | (458)                   | (1,125)                       | (458)                   |
| - net investment hedge                                                             | 1,039                               | 5,632                   | 1,039                         | 5,632                   |
| Other comprehensive income for the financial period, net of tax                    | 392,027                             | 236,230                 | 392,027                       | 236,230                 |
| Total comprehensive income for the financial period                                | 928,148                             | 966,196                 | 928,148                       | 966,196                 |
| Profit/(Loss) for the financial period attributable to:                            |                                     |                         |                               |                         |
| - owners of the Company                                                            | 584,839                             | 674,878                 | 584,839                       | 674,878                 |
| - non-controlling interests                                                        | (48,718)                            | 55,088                  | (48,718)                      | 55,088                  |
|                                                                                    | 536,121                             | 729,966                 | 536,121                       | 729,966                 |
| Total comprehensive income/(expense) for the financial period attributable to:     |                                     |                         |                               |                         |
| - owners of the Company                                                            | 940,424                             | 824,656                 | 940,424                       | 824,656                 |
| - non-controlling interests                                                        | (12,276)                            | 141,540                 | (12,276)                      | 141,540                 |
|                                                                                    | 928,148                             | 966,196                 | 928,148                       | 966,196                 |
| Earnings Per Share (sen) (Part B, Note 13)                                         |                                     |                         |                               |                         |
| - basic                                                                            | 6.8                                 | 7.9                     | 6.8                           | 7.9                     |
| - diluted                                                                          | 6.8                                 | 7.8                     | 6.8                           | 7.8                     |

**(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014 )**



**AXIATA GROUP BERHAD (242188-H)**

| <b>UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>     |                   |                   |
|-------------------------------------------------------------------|-------------------|-------------------|
|                                                                   | <b>AS AT</b>      |                   |
|                                                                   | <b>31/3/2015</b>  | <b>31/12/2014</b> |
|                                                                   | <b>RM'000</b>     | <b>RM'000</b>     |
|                                                                   |                   | <b>Restated</b>   |
| <b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b> |                   |                   |
| Share capital                                                     | 8,592,462         | 8,582,017         |
| Share premium                                                     | 2,439,980         | 2,398,794         |
| Reserves                                                          | 10,712,531        | 9,780,038         |
| Total equity attributable to owners of the Company                | 21,744,973        | 20,760,849        |
| Non-controlling interests                                         | 1,824,936         | 1,821,483         |
| Total equity                                                      | 23,569,909        | 22,582,332        |
| <b>NON-CURRENT LIABILITIES</b>                                    |                   |                   |
| Borrowings                                                        | 11,871,761        | 11,944,694        |
| Derivative financial instruments                                  | 11,127            | 22,676            |
| Deferred income                                                   | 249,766           | 254,304           |
| Other payables                                                    | 1,801,562         | 1,793,891         |
| Provision for liabilities                                         | 304,450           | 295,005           |
| Deferred tax liabilities                                          | 1,617,669         | 1,654,298         |
| Total non-current liabilities                                     | 15,856,335        | 15,964,868        |
|                                                                   | <b>39,426,244</b> | <b>38,547,200</b> |
| <b>NON-CURRENT ASSETS</b>                                         |                   |                   |
| Intangible assets                                                 | 13,094,500        | 12,977,621        |
| Property, plant and equipment                                     | 20,306,111        | 19,750,328        |
| Joint ventures                                                    | 96,673            | 52,977            |
| Associates                                                        | 7,783,472         | 7,504,007         |
| Available-for-sale financial assets                               | 1,162             | 1,118             |
| Derivatives financial instruments                                 | 130,538           | 133,910           |
| Long term receivables                                             | 83,235            | 94,638            |
| Deferred tax assets                                               | 263,786           | 275,225           |
| Total non-current assets                                          | 41,759,477        | 40,789,824        |
| <b>CURRENT ASSETS</b>                                             |                   |                   |
| Inventories                                                       | 91,781            | 79,533            |
| Trade and other receivables                                       | 3,525,104         | 3,062,390         |
| Derivatives financial instruments                                 | 110,386           | 33,855            |
| Financial assets at fair value through profit or loss             | 15                | 14                |
| Tax recoverable                                                   | 25,827            | 25,007            |
| Deposits, cash and bank balances                                  | 5,654,401         | 5,115,570         |
| Total current assets                                              | 9,407,514         | 8,316,369         |
| <b>LESS: CURRENT LIABILITIES</b>                                  |                   |                   |
| Trade and other payables                                          | 9,074,472         | 8,374,621         |
| Borrowings                                                        | 2,317,767         | 1,948,641         |
| Derivatives financial instruments                                 | 2,227             | 3,551             |
| Current tax liabilities                                           | 346,281           | 232,180           |
| Total current liabilities                                         | 11,740,747        | 10,558,993        |
| Net current liabilities                                           | (2,333,233)       | (2,242,624)       |
|                                                                   | <b>39,426,244</b> | <b>38,547,200</b> |
| Net assets per share attributable to owners of the Company (sen)  | 253               | 242               |

**(The above consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014)**



**AXIATA GROUP BERHAD (242188-H)**

**UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015**

| Attributable to equity holders of the Company                           |         |                            |                  |                                  |                              |                |                  |                   |                                    |                   |                   |                          |                   |
|-------------------------------------------------------------------------|---------|----------------------------|------------------|----------------------------------|------------------------------|----------------|------------------|-------------------|------------------------------------|-------------------|-------------------|--------------------------|-------------------|
|                                                                         |         | Share capital <sup>#</sup> | Share premium    | Currency translation differences | Capital contribution reserve | Merger reserve | Hedging reserve  | Actuarial reserve | ESOS <sup>^</sup> and RSA* reserve | Retained earnings | Total             | Non-controlling interest | Total equity      |
|                                                                         | Note    | RM'000                     | RM'000           | RM'000                           | RM'000                       | RM'000         | RM'000           | RM'000            | RM'000                             | RM'000            | RM'000            | RM'000                   | RM'000            |
| At January 2015                                                         |         |                            |                  |                                  |                              |                |                  |                   |                                    |                   |                   |                          |                   |
| As previously stated                                                    |         | 8,582,017                  | 2,398,794        | (466,476)                        | 16,598                       | 346,774        | (131,518)        | (9,934)           | 176,628                            | 9,831,649         | 20,744,532        | 1,813,255                | 22,557,787        |
| Restatement adjustments                                                 | A, 4(a) | -                          | -                | 282                              | -                            | -              | -                | -                 | -                                  | 16,035            | 16,317            | 8,228                    | 24,545            |
| As restated                                                             |         | 8,582,017                  | 2,398,794        | (466,194)                        | 16,598                       | 346,774        | (131,518)        | (9,934)           | 176,628                            | 9,847,684         | 20,760,849        | 1,821,483                | 22,582,332        |
| Profit for the financial period                                         |         | -                          | -                | -                                | -                            | -              | -                | -                 | -                                  | 584,839           | 584,839           | (48,718)                 | 536,121           |
| Other comprehensive income/(expenses):                                  |         |                            |                  |                                  |                              |                |                  |                   |                                    |                   |                   |                          |                   |
| - Currency translation differences arising during the financial period: |         |                            |                  |                                  |                              |                |                  |                   |                                    |                   |                   |                          |                   |
| - subsidiaries                                                          |         | -                          | -                | 211,998                          | -                            | -              | -                | -                 | -                                  | -                 | 211,998           | 37,474                   | 249,472           |
| - associates                                                            |         | -                          | -                | 145,159                          | -                            | -              | -                | -                 | -                                  | -                 | 145,159           | -                        | 145,159           |
|                                                                         |         | -                          | -                | 357,157                          | -                            | -              | -                | -                 | -                                  | -                 | 357,157           | 37,474                   | 394,631           |
| - Net cash flow hedge                                                   |         | -                          | -                | -                                | -                            | -              | (937)            | -                 | -                                  | -                 | (937)             | (188)                    | (1,125)           |
| - Net investment hedge                                                  |         | -                          | -                | -                                | -                            | -              | 1,039            | -                 | -                                  | -                 | 1,039             | -                        | 1,039             |
| - Actuarial loss on defined benefits plan, net of tax                   |         | -                          | -                | -                                | -                            | -              | -                | (1,674)           | -                                  | -                 | (1,674)           | (844)                    | (2,518)           |
| <b>Total comprehensive income/(expenses)</b>                            |         | -                          | -                | <b>357,157</b>                   | -                            | -              | <b>102</b>       | <b>(1,674)</b>    | -                                  | <b>584,839</b>    | <b>940,424</b>    | <b>(12,276)</b>          | <b>928,148</b>    |
| Transactions with owners:                                               |         |                            |                  |                                  |                              |                |                  |                   |                                    |                   |                   |                          |                   |
| - Issuance of new ordinary shares                                       |         | 10,445                     | 8,650            | -                                | -                            | -              | -                | -                 | -                                  | -                 | 19,095            | -                        | 19,095            |
| - Acquisition of a subsidiary                                           |         | -                          | -                | -                                | -                            | -              | -                | -                 | -                                  | -                 | -                 | 3,852                    | 3,852             |
| - Dilution of equity interests in subsidiaries                          | A,12(b) | -                          | -                | -                                | -                            | -              | -                | -                 | -                                  | 637               | 637               | 17,023                   | 17,660            |
| - Dividends paid to non-controlling interests                           |         | -                          | -                | -                                | -                            | -              | -                | -                 | -                                  | -                 | -                 | (5,146)                  | (5,146)           |
| - Axiata Share Scheme:                                                  |         |                            |                  |                                  |                              |                |                  |                   |                                    |                   |                   |                          |                   |
| - value of employees' services                                          |         | -                          | -                | -                                | -                            | -              | -                | -                 | 23,968                             | -                 | 23,968            | -                        | 23,968            |
| - transferred from ESOS and RSA reserve upon exercise/vest              |         | -                          | 32,536           | -                                | -                            | -              | -                | -                 | (32,536)                           | -                 | -                 | -                        | -                 |
| <b>Total transactions with owners</b>                                   |         | <b>10,445</b>              | <b>41,186</b>    | -                                | -                            | -              | -                | -                 | <b>(8,568)</b>                     | <b>637</b>        | <b>43,700</b>     | <b>15,729</b>            | <b>59,429</b>     |
| <b>At 31 March 2015</b>                                                 |         | <b>8,592,462</b>           | <b>2,439,980</b> | <b>(109,037)</b>                 | <b>16,598</b>                | <b>346,774</b> | <b>(131,416)</b> | <b>(11,608)</b>   | <b>168,060</b>                     | <b>10,433,160</b> | <b>21,744,973</b> | <b>1,824,936</b>         | <b>23,569,909</b> |

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

<sup>^</sup> Employees Share Option Scheme ("ESOS")

<sup>\*</sup> Restricted Share Awards ("RSA")

*(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 2014)*



**AXIATA GROUP BERHAD (242188-H)**

**UNAUDITED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2015 (CONTINUED)**

|                                                                         | Attributable to equity holders of the Company |                  |                                  |                              |                |                  |                      |                   |                   |                   | Non-controlling interests | Total equity      |
|-------------------------------------------------------------------------|-----------------------------------------------|------------------|----------------------------------|------------------------------|----------------|------------------|----------------------|-------------------|-------------------|-------------------|---------------------------|-------------------|
|                                                                         | Share capital                                 | Share premium    | Currency translation differences | Capital contribution reserve | Merger reserve | Hedging reserve  | ESOS and RSA reserve | Actuarial reserve | Retained earnings | Total             |                           |                   |
|                                                                         | RM'000                                        | RM'000           | RM'000                           | RM'000                       | RM'000         | RM'000           | RM'000               | RM'000            | RM'000            | RM'000            | RM'000                    | RM'000            |
| <b>At 1 January 2014</b>                                                | 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 period                                         | -                                             | -                | -                                | -                            | -              | -                | -                    | -                 | 674,878           | 674,878           | 55,088                    | 729,966           |
| Other comprehensive income/(expense):                                   |                                               |                  |                                  |                              |                |                  |                      |                   |                   |                   |                           |                   |
| - Currency translation differences arising during the financial period: |                                               |                  |                                  |                              |                |                  |                      |                   |                   |                   |                           |                   |
| - subsidiaries                                                          | -                                             | -                | 184,254                          | -                            | -              | -                | -                    | -                 | -                 | 184,254           | 86,521                    | 270,775           |
| - associates                                                            | -                                             | -                | (39,719)                         | -                            | -              | -                | -                    | -                 | -                 | (39,719)          | -                         | (39,719)          |
|                                                                         | -                                             | -                | 144,535                          | -                            | -              | -                | -                    | -                 | -                 | 144,535           | 86,521                    | 231,056           |
| - Net investment hedge                                                  | -                                             | -                | -                                | -                            | -              | 5,632            | -                    | -                 | -                 | 5,632             | -                         | 5,632             |
| - Net cash flow hedge                                                   | -                                             | -                | -                                | -                            | -              | (389)            | -                    | -                 | -                 | (389)             | (69)                      | (458)             |
| <b>Total comprehensive income</b>                                       | -                                             | -                | 144,535                          | -                            | -              | 5,243            | -                    | -                 | 674,878           | 824,656           | 141,540                   | 966,196           |
| Transactions with owners:                                               |                                               |                  |                                  |                              |                |                  |                      |                   |                   |                   |                           |                   |
| - Issuance of new ordinary shares                                       | 6,935                                         | 25,883           | -                                | -                            | -              | -                | -                    | -                 | -                 | 32,818            | -                         | 32,818            |
| - Share issue expenses                                                  | -                                             | (10)             | -                                | -                            | -              | -                | -                    | -                 | -                 | (10)              | -                         | (10)              |
| - Dilution of equity interests in subsidiaries                          | -                                             | -                | -                                | -                            | -              | -                | -                    | -                 | (11,459)          | (11,459)          | 11,459                    | -                 |
| - Investment in a subsidiary                                            | -                                             | -                | -                                | -                            | -              | -                | -                    | -                 | -                 | -                 | 1,992                     | 1,992             |
| - Accretion of equity interest in a subsidiary                          | -                                             | -                | -                                | -                            | -              | -                | -                    | -                 | (152,619)         | (152,619)         | (187,249)                 | (339,868)         |
| - Axiata Share Scheme:                                                  |                                               |                  |                                  |                              |                |                  |                      |                   |                   |                   |                           |                   |
| - value of employees' services                                          | -                                             | -                | -                                | -                            | -              | -                | 20,349               | -                 | -                 | 20,349            | -                         | 20,349            |
| - transferred from ESOS and RSA reserve upon exercise/vest              | -                                             | 7,281            | -                                | -                            | -              | -                | (7,281)              | -                 | -                 | -                 | -                         | -                 |
| <b>Total transactions with owners</b>                                   | 6,935                                         | 33,154           | -                                | -                            | -              | -                | 13,068               | -                 | (164,078)         | (110,921)         | (173,798)                 | (284,719)         |
| <b>At 31 March 2014</b>                                                 | <b>8,547,598</b>                              | <b>2,256,230</b> | <b>(685,982)</b>                 | <b>16,598</b>                | <b>346,774</b> | <b>(147,034)</b> | <b>168,366</b>       | <b>(790)</b>      | <b>9,833,560</b>  | <b>20,335,320</b> | <b>1,725,228</b>          | <b>22,060,548</b> |

*(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 2014)*



**AXIATA GROUP BERHAD (242188-H)**

| <b>UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS</b>            |                                           |                                    |
|---------------------------------------------------------------------------|-------------------------------------------|------------------------------------|
|                                                                           | <b>FOR THE FINANCIAL<br/>PERIOD ENDED</b> |                                    |
|                                                                           | <b><u>31/3/2015</u><br/>RM'000</b>        | <b><u>31/3/2014</u><br/>RM'000</b> |
| Receipt from customers                                                    | 4,579,865                                 | 4,427,140                          |
| Payment to suppliers                                                      | (2,787,745)                               | (2,970,189)                        |
| Payment of finance cost                                                   | (100,808)                                 | (198,298)                          |
| Payment of income taxes                                                   | (138,364)                                 | (182,975)                          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                               | <b><u>1,552,948</u></b>                   | <b><u>1,075,678</u></b>            |
| Proceeds from disposal of PPE                                             | 15,333                                    | 22,921                             |
| Purchase of PPE                                                           | (923,404)                                 | (803,888)                          |
| Purchase of other intangible asset                                        | (27,402)                                  | (27,273)                           |
| Capital injection in a joint venture                                      | (43,178)                                  | -                                  |
| Investment in deposits matured > 3 months                                 | 115,264                                   | 292,239                            |
| Acquisition of a subsidiary                                               | 176                                       | 6,400                              |
| Payment made in related to an acquisition of a subsidiary                 | -                                         | (2,836,552)                        |
| Loans to employees                                                        | 186                                       | 111                                |
| Interest received                                                         | 59,877                                    | 54,970                             |
| <b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>                            | <b><u>(803,148)</u></b>                   | <b><u>(3,291,072)</u></b>          |
| Proceed from issuance of shares under Axiata Share Scheme                 | 19,095                                    | 32,818                             |
| Share issuance expense                                                    | -                                         | (10)                               |
| Proceeds from borrowings                                                  | 81,131                                    | 1,752,710                          |
| Repayments of borrowings                                                  | (206,230)                                 | (180,334)                          |
| Dividends paid to minority shareholders                                   | (5,146)                                   | -                                  |
| Repayments of finance lease creditors                                     | (20)                                      | -                                  |
| <b>CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES</b>                     | <b><u>(111,170)</u></b>                   | <b><u>1,605,184</u></b>            |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>               | <b>638,630</b>                            | <b>(610,210)</b>                   |
| <b>NET DECREASE/(INCREASE) IN RESTRICTED CASH AND CASH EQUIVALENTS</b>    | <b>9,679</b>                              | <b>(9,468)</b>                     |
| <b>EFFECT OF EXCHANGE GAINS ON CASH AND CASH EQUIVALENTS</b>              | <b>51,891</b>                             | <b>20,712</b>                      |
| <b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD</b> | <b><u>4,867,239</u></b>                   | <b><u>6,010,792</u></b>            |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>           | <b><u>5,567,439</u></b>                   | <b><u>5,411,826</u></b>            |
| Total deposits, cash and bank balances                                    | 5,654,401                                 | 5,565,557                          |
| Less:                                                                     |                                           |                                    |
| - Deposit pledged and in Escrow Account                                   | (13,319)                                  | (13,073)                           |
| - Deposit on investment in a subsidiary                                   | (55,665)                                  | (65,450)                           |
| - Deposit maturing more than three (3) months                             | -                                         | (42,072)                           |
| - Bank overdraft                                                          | (17,978)                                  | (33,136)                           |
| <b>TOTAL CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD</b> | <b><u>5,567,439</u></b>                   | <b><u>5,411,826</u></b>            |

*The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014*



**AXIATA GROUP BERHAD (242188-H)**

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| <p><b>PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN<br/>FINANCIAL REPORTING STANDARD 134</b></p> |
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**1. Basis of Preparation**

The unaudited interim financial statements for the financial period ended 31 March 2015 of the Group have been prepared in accordance with the International Financial Reporting Standards compliant framework, Malaysian Financial Reporting Standards ("MFRS"), MFRS 134 "Interim Financial Reporting", Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR"), and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2014 ("2014 Audited Financial Statements").

**2. Accounting Policies**

The accounting policies and method of computation applied in the unaudited interim financial statements are consistent with those used in the preparation of the 2014 Audited Financial Statements except for the adoption of amendments to existing standards that are applicable to the Group for the financial period beginning 1 January 2015 as set out below.

- Amendments to MFRS 119 "Employee Benefits"

Annual Improvements 2010-2012 Cycle

- Amendments to MFRS 2 "Share-based Payment"
- Amendment to MFRS 3 "Business Combinations"
- Amendment to MFRS 8 "Operating Segments"
- Amendment to MRRS 13 "Fair Value Measurement"
- Amendment to MFRS 116 "Property, Plant and Equipment"
- Amendment to MFRS 124 "Related Party Disclosures"

Annual Improvements 2011-2013 Cycle

- Amendments to MFRS 3
- Amendments to MFRS 13
- Amendment to MFRS 140 "Investment Property"

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

**3. Seasonal or Cyclical Factors**

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

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

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

- (a) On 19 March 2014, PT XL Axiata Tbk ("XL") completed the acquisition of Axis Telekom Indonesia ("Axis"). As at 31 December 2014, the goodwill was accounted for on a provisional basis.

In March 2015, XL reassessed the purchase price allocation and retrospectively adjusted the provisional amounts recognised at the acquisition date to reflect the new information obtained about facts and circumstances that existed as of the acquisition date. The restatement adjustments are summarised as below:

Consolidated statements of financial positions as at 31 December 2014

|                                  | As previously<br>reported<br>RM'000 | Restatement<br>adjustments<br>RM'000 | As restated<br>RM'000 |
|----------------------------------|-------------------------------------|--------------------------------------|-----------------------|
| Retained earnings                | 9,831,649                           | 16,035                               | 9,847,684             |
| Currency translation differences | (466,476)                           | 282                                  | (466,194)             |
| Non-controlling interests        | 1,813,255                           | 8,228                                | 1,821,483             |
|                                  |                                     | <u>24,545</u>                        |                       |
| Intangible assets                | 12,815,706                          | 161,915                              | 12,977,621            |
| Property, plant and equipment    | 19,933,487                          | (183,159)                            | 19,750,328            |
| Deferred tax liabilities         | (1,700,087)                         | 45,789                               | (1,654,298)           |
|                                  |                                     | <u>24,545</u>                        |                       |

- (b) During the current quarter and financial period to date, the Group recognised net foreign exchange losses of RM 158.1 million mainly arising from the revaluation of USD borrowings and payables.

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial period ended 31 March 2015.

**5. Estimates**

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

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

In preparing the unaudited interim financial statements, the significant judgements made by the management in applying the Group's accounting policies and the sources of estimates uncertainty were consistent as those applied to 2014 Audited Financial Statements.



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

- (a) During the financial period to date, the Company issued new ordinary shares under the Axiata Share Scheme as below:
- 4,544,350 new ordinary shares of RM1 each at an exercise price of either RM1.81, RM3.15, RM3.45 or RM5.07 pursuant to employee share option exercised under Performance-Based Employee Share Option Scheme; and
  - 5,900,500 new ordinary shares of RM1 each vested under Restricted Share Awards at an issuance price from RM3.14 to RM5.67 being the fair value of the RSA issued.

Aside from the above, there were no other significant unusual issues, repurchases and repayments of debt and equity securities during the financial period ended 31 March 2015.

**7. Dividend paid**

There is no dividend paid by the Company during the financial period to date.



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**8. Segmental Information**

For the financial period ended 31 March 2015

|                                                                            | Malaysia  | Indonesia | Bangladesh | Sri Lanka | Others   | Consolidation<br>adjustments /<br>eliminations | Total     |
|----------------------------------------------------------------------------|-----------|-----------|------------|-----------|----------|------------------------------------------------|-----------|
|                                                                            | RM'000    | RM'000    | RM'000     | RM'000    | RM'000   | RM'000                                         | RM'000    |
| Total operating revenue                                                    | 1,919,378 | 1,551,137 | 565,581    | 473,331   | 374,189  | -                                              | 4,883,616 |
| Inter-segment*                                                             | (1,895)   | (4,010)   | (37)       | (5,549)   | (5)      | (121,400)                                      | (132,896) |
| External operating revenue                                                 | 1,917,483 | 1,547,127 | 565,544    | 467,782   | 374,184  | (121,400)                                      | 4,750,720 |
| Earnings before interest, tax, depreciation<br>and amortisation ("EBITDA") | 712,815   | 576,795   | 206,668    | 163,274   | 95,403   | (13,766)                                       | 1,741,189 |
| Interest income                                                            | 27,874    | 30,413    | 1,521      | 3,081     | 24,348   | (27,360)                                       | 59,877    |
| Interest expense                                                           | (48,681)  | (118,006) | (6,173)    | (4,810)   | (33,332) | 32,420                                         | (178,582) |
| Depreciation of property, plant &<br>equipment ("PPE")                     | (177,820) | (516,985) | (91,341)   | (86,147)  | (59,837) | 13,744                                         | (918,386) |
| Amortisation of intangible assets                                          | (7,585)   | (12,060)  | (28,006)   | (6,911)   | (1,233)  | (2,828)                                        | (58,623)  |
| Joint ventures:                                                            |           |           |            |           |          |                                                |           |
| - share of results (net of tax)                                            | 3,666     | (3,449)   | -          | -         | -        | -                                              | 217       |
| Associates:                                                                |           |           |            |           |          |                                                |           |
| - share of results (net of tax)                                            | 3,775     | -         | -          | (304)     | 139,819  | -                                              | 143,290   |
| - loss on dilution of equity interests                                     | -         | -         | -          | -         | -        | (9,253)                                        | (9,253)   |
| Impairment of PPE, net of reversal                                         | -         | (10,041)  | 1,282      | 3,084     | -        | -                                              | (5,675)   |
| Other non-cash (expenses)/income                                           | (2,599)   | (233,651) | 12,746     | (8,063)   | 152,536  | (5,062)                                        | (84,093)  |
| Taxation                                                                   | (133,385) | 71,617    | (53,569)   | (9,081)   | (25,488) | (3,934)                                        | (153,840) |
| Segment profit/(loss) for the financial<br>period                          | 378,060   | (215,367) | 43,128     | 54,123    | 292,216  | (16,039)                                       | 536,121   |



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**8. Segmental Information (continued)**

For the financial period ended 31 March 2014

|                                                | Malaysia  | Indonesia | Bangladesh | Sri Lanka | Others   | Consolidation<br>adjustments /<br>eliminations | Total     |
|------------------------------------------------|-----------|-----------|------------|-----------|----------|------------------------------------------------|-----------|
|                                                | RM'000    | RM'000    | RM'000     | RM'000    | RM'000   | RM'000                                         | RM'000    |
| Total operating revenue                        | 1,904,778 | 1,538,058 | 495,847    | 411,890   | 192,391  | 51,467                                         | 4,594,431 |
| Inter-segment*                                 | (7,263)   | (34,477)  | (490)      | (27,308)  | (15)     | (9,856)                                        | (79,409)  |
| External operating revenue                     | 1,897,515 | 1,503,581 | 495,357    | 384,582   | 192,376  | 41,611                                         | 4,515,022 |
| EBITDA                                         | 814,819   | 636,038   | 193,088    | 118,740   | 56,558   | (30,458)                                       | 1,788,785 |
| Interest income                                | 28,178    | 13,440    | 4,970      | 229       | 33,444   | (25,291)                                       | 54,970    |
| Interest expense                               | (46,590)  | (107,405) | (4,855)    | (4,785)   | (51,077) | 25,220                                         | (189,492) |
| Depreciation of PPE                            | (195,602) | (423,156) | (72,012)   | (73,379)  | (27,048) | 12,359                                         | (778,838) |
| Amortisation of intangible assets              | 17,497    | (33,254)  | (25,096)   | (6,363)   | (1,186)  | (4,052)                                        | (52,454)  |
| Joint ventures:                                |           |           |            |           |          |                                                |           |
| - share of results (net of tax)                | (36)      | 2,267     | -          | -         | -        | -                                              | 2,231     |
| Associates:                                    |           |           |            |           |          |                                                |           |
| - share of results (net of tax)                | 2,530     | -         | -          | (231)     | 99,097   | -                                              | 101,396   |
| - Loss on dilution of equity interests         | -         | -         | -          | -         | -        | (11,546)                                       | (11,546)  |
| Impairment of PPE, net of reversal             | (2,451)   | (2,767)   | 1,054      | 5,943     | -        | -                                              | 1,779     |
| Other non-cash income/(expenses)               | 10,323    | 79,258    | 3,256      | (1,256)   | 6,484    | 73                                             | 98,138    |
| Taxation                                       | (167,541) | (59,406)  | (56,102)   | (7,292)   | (18,233) | 23,571                                         | (285,003) |
| Segment profit/(loss) for the financial period | 461,127   | 105,015   | 44,303     | 31,606    | 98,039   | (10,124)                                       | 729,966   |

\* 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.



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**9. Valuation of PPE**

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

**10. Acquisitions of PPE**

During the financial period to date, the Group acquired additional PPE amounting to RM1,090.1 million mainly for its telecommunication network equipment and capital work in progress.

**11. Events after the Interim Period**

**(a) Dilution of equity interest in XL**

On 1 April 2015, the Extraordinary General Meeting of Shareholders of XL approved the Share-based Compensation Program Grant Date V. On 21 April 2015, XL issued 6,891,003 ordinary shares at par value of IDR100 each without Pre-emptive Rights to its eligible employees. Accordingly, the Group's effective equity interest in XL diluted from 66.48% to 66.43%.

Other than the above and those disclosed in Part B, Note 5 of this announcement, there was no other significant event after interim period that requires disclosure or adjustment as at 12 May 2015.

**12. Effects of Changes in the Composition of the Group**

**(b) Acquisition of Adknowledge Asia Pacific Pte Ltd ("AAP")**

On 3 December 2014, Axiata Digital Advertising Sdn Bhd ("ADA"), a subsidiary of the Group entered into a Subscription and Shareholders' Agreement with Adknowledge International, Inc and AAP for the acquisition of 80.00% equity interest in AAP for a total cash consideration of RM19.6 million (USD5.5 million). The acquisition was completed on 19 January 2015.

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

**(c) Dilution of equity interest in Glasswool Holdings Limited ("Glasswool")**

On 13 December 2013, Axiata Investments (Cambodia) Limited, 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 26 February 2015, Glasswool issued 60 ordinary shares to SCV resulting in the Group's equity interest in Glasswool and its wholly-owned subsidiary, Smart Axiata Co., Ltd decreased from 87.46% to 84.99% (2014: 90.00% to 87.46%). The Group recorded an increase in consolidated retained earnings of RM0.6 million and non-controlling interests amounting to RM17.0million during the current quarter and financial period to date.



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

**(d) Incorporation of Axiata Digital Innovation Fund Sdn Bhd (“ADIF”)**

The Company, had on 26 March 2015 completed the incorporation of ADIF, a private company limited by shares, under Companies Act, 1965. ADIF was incorporated with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of which its issued and paid-up capital is RM2. The nature of business to be carried by ADIF is as venture capital company.

The incorporation of ADIF did not have significant impact to the Group during the current quarter and financial period to date.

**(e) Dilution on equity interest in M1 Limited (“M1”)**

During the current quarter and financial period to date, the Group’s equity interest in M1, held through Axiata Investments (Singapore) Limited, a wholly-owned subsidiary of the Company, decreased from 28.50% to 28.39% following the issuance of new ordinary shares under M1’s ESOS.

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

There were no other changes in the composition of the Group for the financial period ended 31 March 2015.

**13. Significant Changes in Contingent Assets or Contingent Liabilities**

- (a) There has been no significant change in contingent assets or contingent liabilities from that disclosed in the 2014 Audited Financial Statements; and
- (b) There has been no significant change in contingent liabilities of an associate from that disclosed in the 2014 Audited Financial Statements except the following:

**(i) Income tax demands**

During the current quarter, an associate of the Group received two demands from income tax authorities in respect of its income tax returns for the financial years 2008/09 and 2009/10 amounting to RM2.0 billion (INR34.1 billion) and RM379.6 million (INR6.4 billion) respectively. The tax demands are mainly on the difference between fair value of investment made in Indus Towers Limited and net book value of the assets transferred to Idea Infrastructure Services Limited (a 100% subsidiary of the associate, which further through a scheme of merger got merged with Indus Towers Limited under High Court approved scheme). The associate has filed an appeal against these demands at the Commissioner of Income Tax appeals.

#### 14. Capital Commitments

| PPE                                                                     | Group           |                 |
|-------------------------------------------------------------------------|-----------------|-----------------|
|                                                                         | As at 31/3/2015 | As at 31/3/2014 |
|                                                                         | <b>RM'000</b>   | RM'000          |
| • Commitments in respect of expenditure approved and contracted for     | 1,000,473       | 1,318,695       |
| • Commitments in respect of expenditure approved but not contracted for | 2,692,191       | 1,924,513       |

#### 15. Financial Instruments At Fair Value Measurements

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

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

The Group measured the financial instruments based on:

- Level 1 (traded in active markets): Quoted market prices
- Level 2 (not traded in active markets): Valuation techniques such as quoted market prices or dealer quotes for similar instruments, present value of the estimated future cash flows based on observable market curves and forward exchange rates at reporting date with the resulting value discounted back to present value

The Group's derivative financial instruments as at 31 March were grouped as below:

| Derivatives Financial Instruments                     | 2015          |                |                | 2014      |               |               |
|-------------------------------------------------------|---------------|----------------|----------------|-----------|---------------|---------------|
|                                                       | Level 1       | Level 2        | Total          | Level 1   | Level 2       | Total         |
|                                                       | <b>RM'000</b> | <b>RM'000</b>  | <b>RM'000</b>  | RM'000    | RM'000        | RM'000        |
| <u>Assets</u>                                         |               |                |                |           |               |               |
| Financial assets at fair value through profit or loss |               |                |                |           |               |               |
| -Trading security                                     | 15            | -              | 15             | 19        | -             | 19            |
| -Non-hedging derivatives                              | -             | 184,947        | 184,947        | -         | 150,595       | 150,595       |
| -Derivatives used for hedging                         | -             | 55,977         | 55,977         | -         | 9,380         | 9,380         |
| <u>Liabilities</u>                                    |               |                |                |           |               |               |
| -Non-hedging derivatives                              | -             | (10,414)       | (10,414)       | -         | (21,318)      | (21,318)      |
| -Derivatives used for hedging                         | -             | (2,940)        | (2,940)        | -         | (95,858)      | (95,858)      |
| <b>Total</b>                                          | <b>15</b>     | <b>227,570</b> | <b>227,585</b> | <b>19</b> | <b>42,799</b> | <b>42,818</b> |



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

**1. Review of Performance**

**(a) Quarter-on-Quarter**

The Group recorded revenue growth of 5.2% to RM4,750.7 million in the current quarter ("Q1'15") from RM4,515.0 million recorded in the first quarter 2014 ("Q1'14"), on the back of higher revenue contribution from all key Operating Companies ("OpCos"). At constant currency, revenue of the Group would have registered lower growth of 2.3%. Operating costs of the Group increased by 10.4% to RM3,009.5 million in Q1'15 from RM2,726.2 million in Q1'14, driven mainly by higher operating costs in Malaysia and impact of Axis consolidation in Indonesia. As a result, Group EBITDA decreased by 2.7% quarter-on-quarter with margin declined 2.9 percentage points to 36.7%. Profit After Tax ("PAT") of the Group in the period decreased by 26.6% to RM536.1 million mainly due to losses after tax recorded in Indonesia, impacted by foreign exchange losses and Axis consolidation. In addition, our operations in Malaysia registered lower profits. However, higher profits were recorded by Sri Lanka and Cambodia operations and share of profits from our associate companies in India and Singapore also increased.

Malaysia's gross revenue registered marginal growth of 0.8% in Q1'15. While data revenue increased by 35.8%, voice and SMS revenues declined by 10.8% and 33.0% respectively. This was partly offset by increase in MVNO and device revenues. Operating costs increased by 10.7% mainly due to higher cost of goods sold ("COGS") and network costs. EBITDA in the period consequently decreased by 12.5% and margin declined 5.7 percentage points to 37.1%. PAT declined by 18.0% to RM378.1 million mainly due to lower EBITDA but partly off-set by lower taxation recorded in Q1'15.

Gross revenue of Indonesia increased marginally by 0.9% quarter-on-quarter mainly due to translation impact of a stronger IDR against RM in the current quarter. At constant currency, Indonesia revenue would decrease marginally by 0.6% impacted by lower tower rental revenue subsequent to the sale and lease back transaction in December 2014. SMS revenue decreased by 8.4% but data revenue increased by 29.0%. Operating costs increased by 8.0% mainly due to integration of Axis in Indonesia and higher network expansion costs. As a result, EBITDA in the period decreased by 9.3% and margin decreased by 4.2 percentage points to 37.2%. Indonesia recorded loss after tax of RM215.4 million mainly due to lower EBITDA and higher depreciation and amortisation charges driven by Axis consolidation and growth driven capital expenditure. Additionally, Indonesia recorded foreign exchange losses in Q1'15 as compared to foreign exchange gains in Q1'14. These were partly off-set by amortised gain of RM32.3 million from disposal of XL towers in December 2014. The transaction involved a sale and lease back of the tower assets and the total net gain of RM1,285.3 million is amortised over a ten year leased period.

Bangladesh's gross revenue registered growth of 14.1% or 4.1% at constant currency, mainly driven by increase in data revenue which grew by 170.6%. In Q1'15, operating costs increased by 18.5% due to higher COGS and bad debts provision. EBITDA increased by 7.0% but margin declined 2.4 percentage points to 36.5%. PAT in the period however decreased by 2.6% to RM43.1 million affected by higher depreciation and amortisation charges arising from growth driven capital expenditure investments and due to 88 days of country-wide political unrest and blockage.



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

**(a) Quarter-on-Quarter (continued)**

Sri Lanka's gross revenue grew 14.9% or 6.1% at constant currency mainly from growth in mobile and television revenue of 8.0% and 37.2% respectively. Operating costs increased by 5.8%. However, at constant currency the operating costs decreased by 2.3% mainly due to lower network costs, international business costs and regulatory costs. EBITDA in the period grew 37.5% and margin grew by 5.7 percentage points to 34.5%. PAT grew significantly by 71.2% to RM54.1 million mainly flowing from higher EBITDA but partly off-set by foreign exchange losses recorded in the current quarter as compared to foreign exchange gains in Q1'14.

Contribution to share of profit from associates and joint ventures increased from RM92.1 million in Q1'14 to RM134.3 million in Q1'15 due to excellent performance by Idea in India.

**(b) Comparison with Preceding Quarter's Results**

Group revenue decreased by 1.3% to RM4,750.7 million in Q1'15 from RM4,813.4 million in the fourth quarter 2014 ("Q4'14") mainly due to lower contribution from Indonesia, Malaysia and Bangladesh. At constant currency, Group revenue decreased by 3.9%. During the quarter, Group operating costs decreased by 1.2% to RM3,009.5 million mainly due to lower operating costs in Bangladesh and Indonesia. Accordingly, Group EBITDA decreased by 1.5% to RM1,741.2 million in Q1'15 versus preceding quarter but margin remained stable at 36.7%. PAT decreased by 13.6% to RM536.1 million mainly flowing from lower EBITDA and higher foreign exchange losses recorded in Indonesia in Q1'15 versus preceding quarter due to strengthening of USD against IDR.

Malaysia's gross revenue registered lower growth of 1.6% in Q1'15 mainly due to decrease in voice and SMS revenue by 5.0% and 22.7% respectively, off-set partly by higher MVNO and device sales, particularly iPhone 6. Meanwhile, operating costs increased by 2.5% due to higher COGS and regulatory costs. Accordingly, EBITDA decreased by 7.9% and margin decreased during the quarter by 2.6 percentage points to 37.1%. Consequently, PAT decreased by 3.8% to RM378.1 million due to lower EBITDA but partly off-set by lower taxation recorded in the current quarter.



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

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

Gross revenue of Indonesia decreased by 5.1% as SMS and voice revenue decreased by 12.7% and 6.3% respectively. At constant currency, revenue decreased by 7.8%. Operating costs in Q1'15 meanwhile decreased marginally by 0.8% or 3.6% at constant currency primarily due to lower marketing costs. As a result of lower revenues, EBITDA decreased by 11.5% and margin dipped by 2.7 percentage points to 37.2%. Strengthening of USD against IDR resulted in higher foreign exchange losses in Q1'15 versus preceding quarter. Consequently, Indonesia recorded loss after tax of RM215.4 million in the current quarter as compared to PAT of RM8.4 million in the preceding quarter.

Bangladesh's gross revenue decreased by 2.0% or 8.5% at constant currency, mainly due to 4.8% decrease in voice revenue and reduced device sales. However, data revenue increased significantly by 18.4% versus preceding quarter. In the current quarter, Bangladesh operating costs decreased by 6.4% due to lower COGS and marketing costs. Hence, despite decline in revenues EBITDA reported growth of 6.7% versus preceding quarter, with margin growth of 2.9 percentage points to 36.5%. PAT consequently increased by 7.9% to RM43.1 million mainly resulting from higher EBITDA and foreign exchange gains recorded in Q1'15 as compared to foreign exchange losses in preceding quarter. This was partly off-set by higher taxation in Q1'15 relative to Q4'14 which recorded certain tax incentives.

Sri Lanka's gross revenue increased by 6.6% or marginal 0.4% at constant currency on the back of higher television and mobile revenue, which increased by 11.8% and 1.0% respectively. Operating costs increased by 2.2%. At constant currency, operating costs decreased by 3.8% mainly due to lower network costs and marketing costs. EBITDA grew 16.2% with margin higher by 2.8 percentage points to 34.5%. PAT registered growth of 42.2% to RM54.1 million mainly due to higher EBITDA.

Contribution in share of profit from associates and joint ventures increased from RM80.0 million in Q4'14 to RM134.3 million in Q1'15 due to excellent performance by Idea in India.



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

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

|                            | <b>Current and Cumulative Quarter</b> |                    |
|----------------------------|---------------------------------------|--------------------|
|                            | <b>31/3/2015</b>                      | <b>31/3/2014</b>   |
|                            | <b>RM'000</b>                         | <b>RM'000</b>      |
| EBIT*                      | 839,167                               | 952,615            |
| Less: Adjusted Tax (25%)   | (209,792)                             | (238,154)          |
| <b>NOPLAT</b>              | <b>629,375</b>                        | <b>714,461</b>     |
| AIC                        | 14,970,763                            | 14,160,054         |
| WACC                       | 7.78%                                 | 8.85% <sup>#</sup> |
| Economic Charge (AIC*WACC) | 291,181                               | 313,291            |
| <b>Economic Profit</b>     | <b>338,194</b>                        | <b>401,170</b>     |

<sup>#</sup> restatement on cost of equity.

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

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

The factor contributing to lower EP is mainly arising from lower NOPLAT resulted from higher expenses incurred by the Group as disclosed in Part B, 1(a) of this announcement. Lower Economic Charge during the current quarter and financial period to date is in line with lower cost of equity as a result of lower market risk premium.

Note:

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

NOPLAT= Net Operating Profit/(Loss) After Tax

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

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



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**2. Headline Key Performance Indicators (“KPIs”) for the financial year ending 31 December 2015**

On 25 February 2015, the Group announced its Headline KPIs guidance for the financial year ending 31 December 2015. The Group’s 2015 Headline KPIs announced were as below:

| <b>Headline KPIs</b>                | <b>Proposed FY2015<br/>Headline KPIs<br/>(%)</b> |
|-------------------------------------|--------------------------------------------------|
| Revenue Growth                      | 4.0                                              |
| EBITDA Growth                       | 4.0                                              |
| Return on Invested Capital (“ROIC”) | 8.7                                              |
| Return on Capital Employed (“ROCE”) | 7.7                                              |

The Group remains focused on its long-term transformation strategy which includes new approach to current business, data leadership and enhancing data profitability by focusing on pricing, smart investment, capacity utilisation and other cost saving initiatives including forex mitigation strategies.

Based on performance of the Group to date, barring any unforeseen circumstances, competitive pressures and adverse foreign currency fluctuations, the Board of Directors expect the Group’s performance for the first half of financial period ending 31 December 2015 to remain challenging. This is due to the challenges faced in the Malaysia operations arising from the IT transformation programme, and the business model shift in the Indonesia operations to focus towards acquisition of quality subscribers from the traditional volume model. However we may see improved performance in the second half of financial period ending 31 December 2015. Amongst the key risks facing our operating companies include political risks, intense competition, foreign currency fluctuations and regulatory challenges.

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

The Group has not provided any profit forecast or profit guarantee in a public document in respect of the financial period ended 31 March 2015.



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#### 4. Taxation

The taxation charge for the Group comprises:

|                                                   | Current and Cumulative Quarter |                  |
|---------------------------------------------------|--------------------------------|------------------|
|                                                   | 31/3/2015                      | 31/3/2014        |
|                                                   | RM'000                         | RM'000           |
| <b>Income tax:</b>                                |                                |                  |
| <u>Malaysia</u>                                   |                                |                  |
| Current year                                      | (154,671)                      | (81,751)         |
| Prior year                                        | -                              | (8,144)          |
|                                                   | (154,671)                      | (89,895)         |
| <u>Overseas</u>                                   |                                |                  |
| Current year                                      | (77,986)                       | (128,420)        |
| <b>Deferred tax (net):</b>                        |                                |                  |
| Originating and reversal of temporary differences | 78,817                         | (66,688)         |
| <b>Total taxation</b>                             | <b>(153,840)</b>               | <b>(285,003)</b> |

The current quarter and financial period to date's effective tax rate of the Group is lower than the statutory tax rate mainly arising from higher non-taxable income derived.

#### 5. Status of Corporate Proposals

**(a) Dividend Reinvestment Scheme ("DRS") on the final dividend in respect of the financial year ended 31 December 2014**

On 20 March 2015, the Board of Directors of the Company had proposed that the shareholders be given an option to elect to reinvest the whole or part of the proposed final dividend in respect of the financial year ended 31 December 2014 of 14 sen per ordinary share of RM1 each of the Company into new Shares in accordance with DRS which was approved by the shareholders at the Company's Annual General Meeting ("AGM") to be held on 20 May 2015.

An application to Bursa Securities for the listing of and quotation for the new shares to be issued pursuant to the DRS in respect of the Proposed Final Dividend was submitted on 28 April 2015 and the approval was obtained on 11 May 2015.



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**5. Status of Corporate Proposals (continued)**

**(a) Dividend Reinvestment Scheme (“DRS”) on the final dividend in respect of the financial year ended 31 December 2014 (continued)**

The approval granted by Bursa Securities is subject to the following conditions:

- (i) The Company and CIMB must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposal;
- (ii) The Company and CIMB to inform Bursa Securities upon the completion of the Proposal;
- (iii) The Company to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities’ approval once the Proposal is completed; and
- (iv) The Company to furnish Bursa Securities a certified true copy of the resolution passed by the shareholders at the Company’s general meeting approving the allotment and issuance of the new Shares pursuant to the Proposal.

**(b) Members’ voluntary winding-up of Digital Milestone Sdn Bhd (“Digital Milestone”)**

A subsidiary held via Celcom Axiata Berhad (“Celcom”) namely, Digital Milestone, had on 20 April 2015 commenced members’ voluntary winding-up (“Winding-Up”) pursuant to Section 254(1)(b) of the Companies Act, 1965. The Winding-Up of Digital Milestone is expected to be completed by October 2015 or about 6 to 9 months from the date of appointment of the Liquidator.

As of 12 May 2015, other than the above, there is no other corporate proposal announced but not completed.



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**6. Group's Borrowings and Debt Securities**

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

|              | 2015             |                   | 2014      |             |
|--------------|------------------|-------------------|-----------|-------------|
|              | Current          | Non-current       | Current   | Non-current |
|              | RM'000           | RM'000            | RM'000    | RM'000      |
| Secured      | 197,634          | 316,622           | 208,121   | 263,359     |
| Unsecured    | 2,120,133        | 11,555,139        | 2,335,906 | 12,295,074  |
| <b>Total</b> | <b>2,317,767</b> | <b>11,871,761</b> | 2,544,027 | 12,558,433  |

(b) Foreign currencies borrowings and debt securities in RM equivalent as at 31 March were as follows:

| Foreign Currencies | 2015             | 2014       |
|--------------------|------------------|------------|
|                    | RM'000           | RM'000     |
| USD                | 6,237,736        | 5,672,740  |
| IDR                | 2,858,888        | 3,847,357  |
| CNY                | -                | 526,977    |
| BDT                | 67,576           | 17,750     |
| SLR                | 16,882           | 23,723     |
| PKR                | 22,764           | 25,384     |
| <b>Total</b>       | <b>9,203,846</b> | 10,113,931 |



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**7. Outstanding derivatives**

- (a) The details of the Group's outstanding net derivatives financial instruments as at 31 March are set out as follow:

| Type of derivatives<br>financial instruments | 2015              |                                             | 2014              |                                             |
|----------------------------------------------|-------------------|---------------------------------------------|-------------------|---------------------------------------------|
|                                              | Notional<br>Value | Fair Value<br>Favourable/<br>(Unfavourable) | Notional<br>Value | Fair Value<br>Favourable/<br>(Unfavourable) |
|                                              | RM'000            | RM'000                                      | RM'000            | RM'000                                      |
| <b><u>Forward foreign</u></b>                |                   |                                             |                   |                                             |
| <b><u>currency contracts:</u></b>            |                   |                                             |                   |                                             |
| - < 1 year                                   | 178,938           | 22,974                                      | -                 | -                                           |
| - 1 - 3 years                                | -                 | -                                           | 299,911           | 41,569                                      |
| <b><u>Cross currency</u></b>                 |                   |                                             |                   |                                             |
| <b><u>interest</u></b>                       |                   |                                             |                   |                                             |
| <b><u>rate swaps:</u></b>                    |                   |                                             |                   |                                             |
| - < 1 year                                   | 367,389           | 87,412                                      | 1,344,925         | 23,201                                      |
| - 1 - 3 years                                | -                 | -                                           | 323,978           | 57,448                                      |
| - > 3 years                                  | 1,298,850         | 108,097                                     | 1,145,375         | (65,374)                                    |
| <b><u>Interest rate swaps</u></b>            |                   |                                             |                   |                                             |
| <b><u>contracts:</u></b>                     |                   |                                             |                   |                                             |
| - < 1 year                                   | 178,938           | (1,609)                                     | -                 | -                                           |
| - 1 - 3 years                                | 705,090           | (8,805)                                     | 1,247,329         | (21,318)                                    |
| - > 3 years                                  | 447,794           | (2,940)                                     | 394,882           | (1,070)                                     |
| <b><u>Call spread contracts:</u></b>         |                   |                                             |                   |                                             |
| - > 3 years                                  | 1,113,300         | 14,098                                      | -                 | -                                           |
| <b><u>Convertible warrants</u></b>           |                   |                                             |                   |                                             |
| <b><u>in</u></b>                             |                   |                                             |                   |                                             |
| <b><u>an associate:</u></b>                  |                   |                                             |                   |                                             |
| - > 3 years                                  | -                 | 8,343                                       | -                 | 8,343                                       |
| <b>Total</b>                                 |                   | <b>227,570</b>                              |                   | <b>42,799</b>                               |

- (b) The risks associated with the derivative financial instrument and the policies in place for mitigating such risks were disclosed in 2014 Audited Financial Statements.



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**8. Fair value changes of financial liabilities**

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

|                  | <b>Current and Cumulative Quarter</b> |                  |
|------------------|---------------------------------------|------------------|
|                  | <b>31/3/2015</b>                      | <b>31/3/2014</b> |
|                  | <b>RM'000</b>                         | <b>RM'000</b>    |
| Total net losses | (6,892)                               | (4,856)          |

**9. Realised and Unrealised Profits or Losses Disclosure**

|                                                                                                | <b>As at</b>         |                      |
|------------------------------------------------------------------------------------------------|----------------------|----------------------|
|                                                                                                | <b>31/3/2015</b>     | <b>31/3/2014</b>     |
|                                                                                                | <b><u>RM'000</u></b> | <b><u>RM'000</u></b> |
| <b><u>Total retained profits/(accumulated losses) of the Company and its subsidiaries:</u></b> |                      |                      |
| -Realised                                                                                      | 12,103,616           | 11,480,904           |
| -Unrealised                                                                                    | (1,629,219)          | (1,872,410)          |
|                                                                                                | 10,474,397           | 9,608,494            |
| <b><u>Total retained profits/(accumulated losses) from associated companies:</u></b>           |                      |                      |
| -Realised                                                                                      | 1,464,654            | 1,240,407            |
| -Unrealised                                                                                    | (209,605)            | (195,166)            |
|                                                                                                | 1,255,049            | 1,045,241            |
| <b><u>Total (accumulated losses)/retained profits from joint ventures:</u></b>                 |                      |                      |
| -Realised                                                                                      | (21,022)             | 10,151               |
|                                                                                                | (21,022)             | 10,151               |
| Less : Consolidation adjustments                                                               | (1,275,264)          | (830,326)            |
| <b>Total Consolidated Retained Profits</b>                                                     | <b>10,433,160</b>    | <b>9,833,560</b>     |



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**10. Material Litigation**

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

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

In 2005, Celcom Trading, a wholly-owned subsidiary of Celcom, commenced proceedings against Aras Capital and TSDTR for amounts due to Celcom Trading of RM261.8 million as at 30 November 2004 pursuant to an investment agreement with Aras Capital and an indemnity letter given by TSDTR. TSDTR filed its defence and instituted a counterclaim of RM100.0 million against Celcom Trading, Celcom Resources Berhad (formerly known as Technology Resources Industries Berhad) (“Celcom Resources”) and its directors to void and rescind the indemnity letter and claim damages. Celcom Trading, Celcom Resources and the directors filed their respective applications to strike out TSDTR’s counterclaim, which were dismissed by the Court. The directors appealed and the same was dismissed on 16 October 2012. The Court allowed the parties’ application to amend the pleadings on 13 May 2013. The matter was partly heard on 3 to 6 November 2014. On 26 January 2015, the court has adjourned the matter to 13, 14, 15 and 17 April 2015 for continued trial. The trial proceeded on 13 April 2015 and thereafter adjourned to 18 May 2015 for continued trial.

**(b) Celcom & Another vs TSDTR & 6 Others**

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

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



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**10. Material Litigation (continued)**

**(b) Celcom & Another vs TSDTR & 6 Others (continued)**

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

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

Subsequently, the Court of Appeal vacated both appeals and at the hearing fixed on 27 June 2013, the Court of Appeal heard the parties' submissions and reserved its decision to a date to be fixed. Meanwhile, this matter has been fixed for further case management in the High Court on 18 February 2014 pending outcome of the appeals.

On 11 March 2014, the appeals were dismissed with costs and the Court of Appeal ordered that the proceedings in the High Court be stayed pending disposal of the Defendants' applications for leave to appeal to the Federal Court.

On 8 and 9 April 2014 an application for leave to appeal to the Federal Court was filed by TSDTR, BR and German Directors respectively. The application for leave to appeal has now been fixed for hearing on 27 May 2015.

On 6 March 2015, a notice of discontinuance was filed against Dato' Lim Kheng Yew ("DLKY") in the High Court with no order as to costs and with no liberty to file afresh following to a settlement reached between Celcom & DLKY.

The proceedings in the High Court are presently fixed for Case Management on 3 June 2015 pending determination of the aforesaid appeals.



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**10. Material Litigation (continued)**

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

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

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

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

Subsequently, the Court of Appeal vacated both appeals and at the hearing fixed on 27 June 2013, the Court of Appeal heard the parties' submissions and reserved its decision to a date to be fixed. Meanwhile, this matter has been fixed for further case management in the High Court on 18 February 2014 pending outcome of the appeals.

On 11 March 2014, the appeals were dismissed with costs and the Court of Appeal ordered that the proceedings in the High Court be stayed pending disposal of the Defendants' applications for leave to appeal to the Federal Court.

On 8 and 9 April 2014 an application for leave to appeal to the Federal Court was filed by TSDTR, BR and German Directors respectively. The application for leave to appeal has now been fixed for hearing on 27 May 2015.

On 6 March 2015, a notice of discontinuance was filed against Dato' Lim Kheng Yew ("DLKY") in the High Court with no order as to costs and with no liberty to file afresh following to a settlement reached between Celcom & DLKY.

The proceedings in the High Court are presently fixed for Case Management on 3 June 2015 pending determination of the aforesaid appeals.



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**11. Update on Memorandum of Understanding (“MOU”) pursuant to Paragraph 9.29, Chapter 9 of the Main LR**

Celcom and MY E.G Services Berhad had, on 2 September 2013, entered into a MOU 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.

This MOU, which is valid for a period of one (1) year, forms the basis of the Parties collaboration until such time definitive agreements(s) are entered. The MOU may be further extended by the Parties unless earlier terminated or upon execution of the definitive agreement(s).

The parties are currently in the exploratory stage on the areas of collaboration between the Parties and had, on 3 September 2014, agreed to extend the MOU further for another period of one (1) year.

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

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

**13. Earnings Per Share (“EPS”)**

**(a) Basic EPS**

|                                                       | Current and Cumulative Quarter |            |
|-------------------------------------------------------|--------------------------------|------------|
|                                                       | 31/3/2015                      | 31/3/2014  |
| Profit attributable to owners of the Company (RM'000) | 584,839                        | 674,878    |
| Adjusted weighted average number of shares ('000)     | 8,586,117                      | 8,543,124  |
| <b>Basic EPS (sen)</b>                                | <b>6.8</b>                     | <b>7.9</b> |

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



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**13. Earnings Per Share ("EPS") (continued)**

**(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.

|                                                                                          | Current and Cumulative Quarter |            |
|------------------------------------------------------------------------------------------|--------------------------------|------------|
|                                                                                          | 31/3/2015                      | 31/3/2014  |
| Profit attributable to owners of the Company (RM'000)                                    | 584,839                        | 674,878    |
| Adjusted weighted average number of shares ('000)                                        | 8,586,117                      | 8,543,124  |
| Adjusted for the Company ESOS/RSA                                                        | 56,631                         | 57,120     |
| Weighted average number of diluted ordinary shares for computation of diluted EPS ('000) | 8,642,748                      | 8,600,244  |
| <b>Diluted EPS (sen)</b>                                                                 | <b>6.8</b>                     | <b>7.8</b> |

**14. Qualification of Preceding Audited Financial Statements**

The 2014 Audited Financial Statements were not subject to any qualification.

**15. Dividend Proposed**

The Board of Directors have recommended tax exempt dividends under single tier system a final dividend of 14 sen (2014: 14 sen) per ordinary share of RM1 each of the Company in respect of financial year ended 31 December 2014. The proposed dividends are subject to approval of by the shareholders at the forthcoming 23<sup>rd</sup> AGM of the Company to be held on 20 May 2015.

**By Order of the Board**

Suryani Hussein (LS0009277)  
Secretary

Kuala Lumpur  
19 May 2015