AXIATA GROUP BERHAD (242188-H)

The Board of Directors of Axiata Group Berhad is pleased to announce the following audited results of the Group for the financial year ended 31 December 2016.

AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	4th Quarter Ended		Financial Year Ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	RM'000	RM'000	RM'000	RM'000
Operating revenue	**5,789,422**	5,360,437	**21,565,392**	19,883,460
Operating costs				
- depreciation, impairment and amortisation	**(1,808,302)**	(1,182,503)	**(5,666,505)**	(4,198,547)
- foreign exchange gains/(losses)	**133,916**	48,615	**(85,342)**	252,791
- domestic interconnect and international outpayment	**(570,318)**	(541,644)	**(2,096,123)**	(2,158,415)
- marketing, advertising and promotion	**(531,356)**	(430,469)	**(1,817,599)**	(1,471,792)
- other operating costs	**(2,277,123)**	(2,087,145)	**(8,074,312)**	(7,649,816)
- staff costs	**(431,067)**	(337,079)	**(1,564,710)**	(1,319,383)
- other gains/(losses) - net	**26,610**	(16,886)	**(68,161)**	98,083
Other operating income	**292,490**	118,970	**534,566**	666,257
Operating profit before finance cost	**624,272**	932,296	**2,727,206**	4,102,638
Finance income	**55,285**	24,387	**183,394**	173,421
Finance cost excluding net foreign exchange losses on financing activities	**(343,418)**	(265,967)	**(1,201,184)**	(831,138)
Net foreign exchange (losses)/gains on financing activities	**(556,693)**	90,833	**(599,720)**	(547,342)
	(900,111)	(175,134)	**(1,800,904)**	(1,378,480)
Joint ventures				
- share of results (net of tax)	**(31,457)**	(26,633)	**(95,842)**	(38,587)
Associates				
- share of results (net of tax)	**(17,965)**	82,875	**131,124**	489,506
- loss on dilution of equity interests	**(3,666)**	(8,103)	**(5,398)**	(17,356)
(Loss)/profit before taxation	**(273,642)**	829,688	**1,139,580**	3,331,142
Taxation	**1,580**	(314,449)	**(482,422)**	(695,074)
(Loss)/Profit for the financial period/year	**(272,062)**	515,239	**657,158**	2,636,068
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
- actuarial gains/(losses) on defined benefits plan, net of tax	**21,682**	(58)	**14,867**	13,906
Items that may be reclassified subsequently to profit or loss:				
- currency translation differences	**1,527,119**	(199,315)	**1,708,339**	1,622,510
- net cash flow hedge	**(1,915)**	2,531	**(2,196)**	936
- net investment hedge	**(28,594)**	23,730	**(67,555)**	(125,254)
- available-for-sale reserve	**33,824**	3,367	**32,631**	3,367
Other comprehensive income for the financial period/year, net of tax	**1,552,116**	(169,745)	**1,686,086**	1,515,465
Total comprehensive income for the financial period/year	**1,280,054**	345,494	**2,343,244**	4,151,533
(Loss)/Profit for the financial period/year attributable to:				
- owners of the company	**(309,496)**	467,235	**504,254**	2,554,220
- non-controlling interests	**37,434**	48,004	**152,904**	81,848
	(272,062)	515,239	**657,158**	2,636,068
Total comprehensive income for the financial period/year attributable to:				
- owners of the company	**974,928**	285,188	**1,836,063**	3,840,260
- non-controlling interests	**305,126**	60,306	**507,181**	311,273
	1,280,054	345,494	**2,343,244**	4,151,533
Earnings Per Share (sen) (Part B, Note 13)				
- basic	**(3.5)**	5.3	**5.7**	29.5
- diluted	**(3.4)**	5.3	**5.7**	29.3

(The above Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)

AXIATA GROUP BERHAD (242188-H)

AUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31/12/2016 RM'000	31/12/2015 RM'000
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE		
Share capital	8,971,415	8,816,858
Share premium	4,081,106	3,485,891
Reserves	10,528,131	11,222,520
Total equity attributable to owners of the Company	23,580,652	23,525,269
Non-controlling interests	5,039,552	2,199,075
Total equity	28,620,204	25,724,344
NON-CURRENT LIABILITIES		
Borrowings	15,135,472	14,044,656
Derivative financial instruments	1,165,857	743
Deferred income	245,894	223,414
Deferred gain on sale and lease back assets	1,053,855	643,830
Other payables	1,581,353	764,667
Provision for liabilities	499,720	417,574
Deferred tax liabilities	2,241,506	1,809,316
Total non-current liabilities	21,923,657	17,904,200
	50,543,861	**43,628,544**
NON-CURRENT ASSETS		
Intangible assets	23,153,033	14,206,485
Property, plant and equipment	27,466,131	23,133,644
Joint ventures	109,254	102,974
Associates	8,400,152	8,208,486
Available-for-sale financial assets	63,925	31,286
Derivative financial instruments	398,318	229,231
Long term receivables	117,684	101,203
Deferred tax assets	291,633	248,156
Total non-current assets	60,000,130	46,261,465
CURRENT ASSETS		
Inventories	174,747	155,125
Trade and other receivables	4,779,575	3,954,716
Derivatives financial instruments	2,735	113,251
Financial assets at fair value through profit or loss	18	28
Tax recoverable	199,111	122,994
Deposits, cash and bank balances	5,332,414	5,510,692
	10,488,600	9,856,806
LESS: CURRENT LIABILITIES		
Trade and other payables	12,027,136	9,500,528
Deferred gain on sale and lease back assets	140,817	142,253
Borrowings	7,124,409	2,347,730
Derivative financial instruments	162,650	173,112
Current tax liabilities	489,857	326,104
Total current liabilities	19,944,869	12,489,727
Net current liabilities	(9,456,269)	(2,632,921)
	50,543,861	**43,628,544**
Net assets per share attributable to owners of the Company (sen)	263	267

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)

AXIATA GROUP BERHAD (242188-H)

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

	Note	Attributable to equity holders of the Company													
		Share capital [1]	Share premium	Currency translation differences	Capital contribution reserve	Merger reserve	Hedging reserve	Actuarial reserve	ESOS and RSA reserve	AFS reserve	Others reserve	Retained earnings	Total	Non-controlling interests	Total equity
		RM'000	RM'000	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 1 January 2016		8,816,858	3,485,891	931,111	16,598	346,774	(255,992)	(92)	130,229	3,367	(172,753)	10,223,278	23,525,269	2,199,075	25,724,344
Profit for the financial year		-	-	-	-	-	-	-	-	-	-	504,254	504,254	152,904	657,158
Other comprehensive income:															
-Currency translation differences arising during the financial year:															
-subsidiaries		-	-	1,287,217	-	-	-	-	-	-	-	-	1,287,217	350,650	1,637,867
-joint venture		-	-	604	-	-	-	-	-	-	-	-	604	-	604
-associates		-	-	69,868	-	-	-	-	-	-	-	-	69,868	-	69,868
		-	-	1,357,689	-	-	-	-	-	-	-	-	1,357,689	350,650	1,708,339
-Net cash flow hedge		-	-	-	-	-	(2,155)	-	-	-	-	-	(2,155)	(41)	(2,196)
-Net investment hedge		-	-	-	-	-	(67,555)	-	-	-	-	-	(67,555)	-	(67,555)
-Actuarial gain, net of tax		-	-	-	-	-	-	11,199	-	-	-	-	11,199	3,668	14,867
-Revaluation of AFS		-	-	-	-	-	-	-	-	32,631	-	-	32,631	-	32,631
Total comprehensive income		**-**	**-**	**1,357,689**	**-**	**-**	**(69,710)**	**11,199**	**-**	**32,631**	**-**	**504,254**	**1,836,063**	**507,181**	**2,343,244**
Transactions with owners:															
-Issuance of new ordinary shares		2,668	7,809	-	-	-	-	-	-	-	-	-	10,477	-	10,477
-Share issue expenses		-	(171)	-	-	-	-	-	-	-	-	-	(171)	-	(171)
-Put options over shares held by NCI		-	-	-	-	-	-	-	-	-	(1,316,116)	-	(1,316,116)	-	(1,316,116)
-Extinguishment of put option		-	-	-	-	-	-	-	-	-	172,753	100,147	272,900	-	272,900
-Acquisition of subsidiaries	A,12	-	-	-	-	-	-	-	-	-	-	118,113	118,113	1,806,810	1,924,923
-Additional investment in a subsidiary												(83,338)	(83,338)	(73,375)	(156,713)
-Dilution of equity interest in subsidiaries		-	-	-	-	-	-	-	-	-	-	(5,821)	(5,821)	33,951	28,130
-Rights issue by a subsidiary	A,4(c)	-	-	-	-	-	-	-	-	-	-	(16,492)	(16,492)	678,151	661,659
-Dividends paid to shareholders:															
-issuance of new shares pursuant to Dividend Reinvestment Scheme		146,927	567,712	-	-	-	-	-	-	-	-	(714,639)	-	-	-
-cash		-	-	-	-	-	-	-	-	-	-	(790,477)	(790,477)	-	(790,477)
-Dividends payable to shareholders		-	-	-	-	-	-	-	-	-	-	-	-	-	-
-Dividends paid to non-controlling interests		-	-	-	-	-	-	-	-	-	-	-	-	(112,241)	(112,241)
-Axiata Share Scheme:															
-value of employees' services		-	-	-	-	-	-	-	30,245	-	-	-	30,245	-	30,245
-transferred from ESOS and RSA reserve upon exercise/vest		4,962	19,865	-	-	-	-	-	(24,827)	-	-	-	-	-	-
Total transaction with owners		154,557	595,215	-	-	-	-	-	5,418	-	(1,143,363)	(1,392,507)	(1,780,680)	2,333,296	552,616
At 31 December 2016		**8,971,415**	**4,081,106**	**2,288,800**	**16,598**	**346,774**	**(325,702)**	**11,107**	**135,647**	**35,998**	**(1,316,116)**	**9,335,025**	**23,580,652**	**5,039,552**	**28,620,204**

[1] Issued and fully paid-up ordinary shares of RM1 each Employees Share Option Scheme ("ESOS") Restricted Share Awards ("RSA") Available-for-sale ("AFS") Non-controlling interests ('N

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)

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AXIATA GROUP BERHAD (242188-H)
AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

	Attributable to equity holders of the Company													
	Share capital	Share premium	Currency translation differences	Capital contribution reserve	Merger reserve	Hedging reserve	Actuarial reserve	ESOS and RSA reserve	AFS reserve	Other reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	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 1 January 2015	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 year	-	-	-	-	-	-	-	-	-	-	2,554,220	2,554,220	81,848	2,636,068
Other comprehensive income:														
-Currency translation differences arising during the financial year:														
-subsidiaries	-	-	1,015,655	-	-	-	-	-	-	-	-	1,015,655	225,205	1,240,860
-joint venture	-	-	3,598	-	-	-	-	-	-	-	-	3,598	-	3,598
-associates	-	-	378,052	-	-	-	-	-	-	-	-	378,052	-	378,052
	-	-	1,397,305	-	-	-	-	-	-	-	-	1,397,305	225,205	1,622,510
-Net cash flow hedge	-	-	-	-	-	780	-	-			-	780	156	936
-Net investment hedge	-	-	-	-	-	(125,254)	-	-			-	(125,254)	-	(125,254)
-Revaluation of AFS	-	-	-	-	-	-	-	-	3,367	-	-	3,367	-	3,367
-Actuarial gains, net of tax	-	-	-	-	-	-	9,842	-	-	-	-	9,842	4,064	13,906
Total comprehensive income	**-**	-	1,397,305	-	-	(124,474)	9,842	-	3,367	-	2,554,220	3,840,260	311,273	4,151,533
Transaction with owners:														
-Issuance of new ordinary shares	11,025	31,753	-	-	-	-	-	-	-	-	-	42,778	-	42,778
-Share issue expense	-	(81)	-	-	-	-	-	-	-	-	-	(81)	-	(81)
-Acquisition in a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	154,725	154,725
-Put options over shares held by NCI	-	-	-	-	-	-	-	-	-	(172,753)	-	(172,753)	-	(172,753)
-Additional investment in a subsidiary	-	-	-	-	-	-	-	-	-	-	(281,053)	(281,053)	(98,297)	(379,350)
-Dilution of equity interest in a subsidiary	-	-	-	-	-	-	-	-	-	-	3,913	3,913	21,804	25,717
-Dividends paid to shareholders:														
-issuance of new shares pursuant to Dividend Reinvestment Scheme	203,455	975,879	-	-	-	-	-	-	-	-	(1,179,334)	-	-	-
-cash	-	-	-	-	-	-	-	-	-	-	(722,152)	(722,152)	-	(722,152)
-Dividends paid to non-controlling	-	-	-	-	-	-	-	-	-	-	-	-	(11,913)	(11,913)
-Axiata Share Scheme:														
-value of employees' services	-	-	-	-	-	-	-	53,508	-	-	-	53,508	-	53,508
-transferred from ESOS and RSA reserve upon exercise/vest	20,361	79,546	-	-	-	-	-	(99,907)	-	-	-	-	-	-
Total transactions with owners	234,841	1,087,097	-	-	-	-	-	(46,399)	-	(172,753)	(2,178,626)	(1,075,840)	66,319	(1,009,521)
At 31 December 2015	**8,816,858**	**3,485,891**	**931,111**	**16,598**	**346,774**	**(255,992)**	**(92)**	**130,229**	**3,367**	**(172,753)**	**10,223,278**	**23,525,269**	**2,199,075**	**25,724,344**

(The above Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)

AXIATA GROUP BERHAD (242188-H)

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE FINANCIAL YEAR ENDED	
	31/12/2016	31/12/2015
	RM'000	RM'000
Receipt from customers	21,480,090	19,580,656
Payment to suppliers and employees	(12,804,218)	(11,955,294)
Payment of finance costs	(1,153,868)	(525,032)
Payment of income taxes (net of refunds)	(744,903)	(809,347)
Zakat	(2,000)	(263)
CASH FLOWS FROM OPERATING ACTIVITIES	**6,775,101**	**6,290,720**
Proceeds from disposal of property, plant and equipment	81,187	21,140
Purchase of property, plant & equipment	(5,564,249)	(4,860,775)
Proceed from sale and lease back transactions of a subsidiary	564,141	-
Acquisition of intangible assets	(1,003,074)	(232,984)
Investment in subsidiaries (net of cash acquired)	(5,247,127)	(521,464)
Additional investment in a subsidiary	(156,612)	(379,350)
Investments in deposits maturing more than three (3) months	479,338	(570,786)
Investment in an associate	(57,421)	(7,747)
Additional investment in associates	(83,471)	(16,871)
Investment in a joint venture	(384)	(39,324)
Additional investment in joint ventures	(96,162)	(43,178)
Settlement of deferred purchase consideration of an investment in a subsidiary	(54,794)	-
Other investments	-	(26,677)
Dividends received from associates	118,229	165,091
Dividend received from a joint venture	-	1,800
(Net advance to)/repayment from employees	(1,622)	159
Interests received	186,804	171,133
CASH FLOWS USED IN INVESTING ACTIVITIES	**(10,835,217)**	**(6,339,833)**
Proceeds from issuance of shares under Axiata Share Scheme	10,477	42,778
Share issue expense	(171)	(81)
Proceeds from borrowings	6,532,538	2,753,483
Repayments of borrowings	(4,672,168)	(4,696,143)
Proceeds from Sukuk (net of transaction costs)	2,489,687	2,649,714
Repayment of Sukuk	(164,502)	(500,000)
Net proceed from rights issue of a subsidiary	667,614	-
Proceed from sale and lease back transactions of a subsidiary	531,235	-
Repayment of finance lease creditors	(122,145)	-
Additional investment in a subsidiary by non-controlling interest	900	8,380
Pre-acquisition dividend of a subsidiary paid to a non-controlling interest	(79,835)	-
Dividends paid to non-controlling interests	(112,241)	(11,913)
Dividends paid to shareholders	(790,477)	(722,152)
CASH FLOWS FROM/ (USED IN) FINANCING ACTIVITIES	**4,290,912**	**(475,934)**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	230,796	(525,047)
NET INCREASE IN RESTRICTED CASH AND CASH EQUIVALENT	(240,143)	(95,406)
EFFECT OF EXCHANGE RATE CHANGES	98,104	313,879
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	4,560,665	4,867,239
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**4,649,422**	**4,560,665**

(The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)

AXIATA GROUP BERHAD (242188-H)

AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	FOR THE FINANCIAL YEAR ENDED	
	31/12/2016	31/12/2015
	RM'000	RM'000
Total deposits, cash and bank balances	5,332,414	5,510,692
Less:		
- Deposit pledged and escrow account	(93,496)	(109,688)
- Deposit on investment in subsidiaries	(320,717)	(64,380)
- Deposits maturing more than three (3) months	(206,712)	(686,051)
- Bank overdrafts	(62,067)	(89,908)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**4,649,422**	**4,560,665**

(The above Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2015)

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

1. Basis of Preparation

The audited financial statements for the financial year ended 31 December 2016 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 2015 ("2015 Audited Financial Statements").

2. Accounting Policies

The accounting policies and method of computation applied in the audited financial statements are consistent with those used in the preparation of the 2015 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 2016 as set out below.

- MFRS 14 "Regulatory Deferral Accounts"
- Amendments to MFRS 10 "Consolidated Financial Statements" on Investment Entities" Applying the Consolidation Exception
- Amendments to MFRS 11 "Joint Arrangements" on Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 12 "Disclosure of Interests in Other Entities" on Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 101 "Presentation of Financial Statements" on Disclosure Initiative"
- Amendments to MFRS 128 "Investments in Associates and Joint Ventures" on Investment Entities: Applying the Consolidation Exception

Annual Improvements 2012-2014 Cycle

- Amendments to MFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"
- Amendment to MFRS 7 "Financial Instruments: Disclosures"
- Amendment to MFRS 119 "Employee Benefits"
- Amendment to MFRS 134 "Interim Financial Reporting"

The adoption of the amendments to existing standards did not have any significant impact to the Group during the current quarter and financial year 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 year to date has taken into account of the following:

(a) On 28 March 2016, PT XL Axiata Tbk ("XL") entered into an Asset Purchase Agreement and Master Tower Lease Agreement with PT Profesional Telekomunikasi Indonesia ("Protelindo") for the disposal of 2,500 of its telecommunication towers for a total gross consideration of RM1,095.4 million (IDR3.6 trillion). Out of the total 2,500 telecommunication towers disposed of, XL has leased back specific 2,433 telecommunication towers from Protelindo. The transaction above was completed on 30 June 2016 and involved the following:

(i) Disposal of 67 telecommunication towers for a total gain of disposal of RM16.1 million (IDR52.7 billion);

(ii) A sale and lease back of 378 telecommunication towers under operating lease with the recognition of total gross gain of RM132.1 million (IDR431.8 billion); and

(iii) 2,055 telecommunication assets involved the following:

- Slot 1: Sale and lease back under finance lease of 2,055 telecommunication towers which is occupied by XL. A total gross deferred gain RM 432.2 million (IDR 1.4 trillion) is amortised over a ten (10) year leased period.

- Slot 2: Outright sale of 2,055 telecommunication towers which is occupied by third party tenants. A total gross deferred gain of RM 270.6 million (IDR 0.9 trillion) is subject to the fulfillment of certain survival period clauses for a period of six (6) months from the completion date. In December 2016, the gain was recognised to profit or loss upon the fulfillment of these clauses.

(b) On 11 April 2016, Axiata Investments (UK) Limited [("AIL (UK)"], a wholly-owned subsidiary of the Company completed the acquisition of Reynolds Holdings Limited ("Reynolds") as disclosed in Part A, 12(g) of this announcement.

During financial year to date, a total goodwill of RM3.0 billion (NPR 81.0 billion) [subject to finalisation of Purchase Price Allocation ("PPA") exercise within twelve (12) months from the date of acquisition of Reynolds] was recognised on the date of acquisition in conjunction with the above acquisition.

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

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

(c) XL, a subsidiary of Axiata Investments Indonesia Sdn Bhd ("AII") issued a total of 2,137.6 million new ordinary shares of IDR100 each under a rights issue exercise of IDR6.7 trillion (equivalents RM2.0 billion) on the basis of one (1) rights share for every four (4) existing ordinary share at an issuance price of IDR3,150 per ordinary share ("XL Rights Issue").

The Group through AII, had subscribed its full entitlement of 1,418.5 million new ordinary share under XL Rights Issue for a total consideration of RM1.3 billion (equivalent to IDR4.5 trillion). XL Rights Issue was listed in Indonesian Stock Exchange on 25 May 2016. As a result, the Group recorded a decrease in consolidated retained earnings of RM 16.5 million and an increase in non-controlling interests amounting to RM 678.2 million during the financial year to date.

(d) During the current quarter and financial year to date, XL recognised a pre-tax accelerated depreciation charge of RM189.7 million (IDR602.8 billion) and RM360.2 million (IDR1,158.2 billion) respectively arising from network modernisation plan;

(e) During the current quarter and financial year to date, Robi Axiata Limited ("Robi") recognised a pre-tax accelerated depreciation charge of RM135.2 million (BDT2,535.0 million) and RM221.3million (BDT4,189.0 million) respectively arising from network modernisation plan;

(f) On 31 October 2016, Malaysian Communications and Multimedia Commission granted Celcom Mobile Sdn Bhd, a wholly-owned subsidiary of Celcom Axiata Berhad 900Mhz and 1800 mhz Spectrum amounting to RM816.75 million.

(g) On 16 November 2016, Robi completed the amalgamation/merger with Airtel Bangladesh Limited ("Airtel Bangladesh") as disclosed in Part A, 12(m) of this announcement. The amalgamation/merger was defined as business combination under MFRS 3 and acquisition method was adopted by Robi.

During financial year to date, a total goodwill of RM20.6 million (BDT373.1 million) [subject to finalisation of PPA exercise within twelve (12) months from the date of amalgamation/merger of Airtel Bangladesh] was recognised on the date of acquisition in conjunction with the above acquisition.

(h) On 16 November 2016, the Group entered into Put Option agreement with Bharti Airtel Holdings (Singapore) Pte. Ltd. ("Bharti Singapore") for the sale and purchase of 11,785,350,010 option shares with the exercisable period four (4) years from the date of the agreement. Accordingly, the Group recognised a derivative liability and correspondence reserve amounting to RM1.3 billion.

(i) During the current quarter and financial year to date, the Group recognised net foreign exchange losses of RM422.8 million and RM 685.1 million respectively mainly arising from the revaluation of USD borrowings and payables.

Other than the above and as disclosed in Part A, 12 of this announcement, there were no other unusual items affecting assets, liabilities, equity, net income or cash flows due to their nature, size or incidence for the financial year ended 31 December 2016.

5. Estimates

The preparation of audited 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 year to date.

In preparing the audited 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 2015 Audited Financial Statements.

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

(a) During the financial year to date, the Company issued new ordinary shares under the Axiata Share Scheme and Dividend Reinvestment Scheme ("DRS") as below:

Description	Total ordinary shares of RM1 each of the Company issued
	RM'000
● Performance-Based Employee Share Option Scheme ("ESOS") at an exercise price of either RM1.81, RM3.15, RM3.45 or RM5.07.	2,668
● Restricted Share Awards at an issuance price from RM3.14 to RM5.67 being the fair value of RSA issued.	4,962
● DRS at a conversion price of RM4.87 per ordinary share.	102,034
● DRS at a conversion price of RM4.85 per ordinary share.	44,893
Total	154,557

(b) Axiata SPV2 Berhad ("SPV2"), a wholly-owned subsidiary of the Company, had on 24 March 2016 successfully priced its USD500.0 million denominated Sukuk under its multi-currency Sukuk programme which was established on 17 July 2012. The Sukuk, which was issued at par, carries a coupon rate of 4.357% per annum (payable semi-annually in arrears) and has tenure of ten (10) years from the date of issuance.

Subsequently, on 25 March 2016, the Sukuk was listed and quoted on Bursa Malaysia (under the Exempt Regime) and on the Singapore Exchange Securities Trading Limited.

(c) On 31 March 2016, the Company drawdown a total of USD910.0 million loan equivalent to RM3,587.2 million from Bank of Tokyo Mitsubishi. The loan has tenure of twelve (12) months from the date of the Facility Agreement and carries a contractual interest rate of LIBOR + applicable interest margin payable at the option of the Company either on one (1), two (2) or three (3) months basis. On 29 July 2016 and 30 September 2016, the Company has early settled a total amount of RM689.0 million (USD170.0 million) and RM321.5 million (USD78.0 million) respectively.

6. Issues, Repurchases and Repayments of Debt and Equity Securities (continued)

(d) On 28 October 2016, Celcom Networks Sdn Bhd, a wholly-owned subsidiary of Celcom completed the issuance of RM500.0 million nominal value of rated Sukuks ("Sukuk Issuance") under a private offering as below:

i) RM150.0 million with the tenure of five (5) years carries a profit rate of 4.85 % per annual (payable semi-annually in arrears);
ii) RM350.0 million with the tenure of ten (10) years carries a profit rate of 5.27% per annual (payable semi-annually in arrears).

Aside from the above, there were no other significant unusual issues, repurchases and repayments of debt and equity securities during the financial year ended 31 December 2016.

7. Dividend paid

(a) The Company declared and paid the dividend during the financial year as below:

Date of payment	Description	Per ordinary share	Total
		Sen	RM'000
8 July 2016	Final tax exempt dividend under single tier in respect of financial year ended 31 December 2015[1]	12	1,058,806
7 November 2016	Interim tax exempt dividend under single tier in respect of financial year ended 31 December 2016[2]	5	446,310
		17	1,505,116

[1] Out of the total dividend distribution, a total RM496.9 million was converted into 102.0 million new ordinary shares of the Company as disclosed in Part A, Note 6(a) of this announcement.

[2] Out of the total dividend distribution, a total RM217.7 million was converted into 44.9 million new ordinary shares of the Company as disclosed in Part A, Note 6(a) of this announcement.

8. Segmental Information

For the financial year ended 31 December 2016

	Malaysia	Indonesia	Bangladesh	Sri Lanka	Nepal	Cambodia	Others[1]	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	6,613,328	6,637,183	2,783,435	2,459,995	1,629,543	1,088,840	992,715	-	22,205,039
Inter-segment*	(8,636)	(33,013)	(41)	(37,562)	(16,507)	(10,442)	(533,446)	-	(639,647)
External operating revenue	6,604,692	6,604,170	2,783,394	2,422,433	1,613,036	1,078,398	459,269	-	21,565,392
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	2,304,248	2,612,231	758,352	828,420	1,021,197	538,012	(31,641)	(18,171)	8,012,648
Interest income	76,140	63,313	5,848	10,408	4,579	8,380	132,883	(118,157)	183,394
Interest expense	(189,153)	(607,202)	(53,721)	(44,288)	(18,988)	(5,227)	(395,704)	113,099	(1,201,184)
Depreciation of property, plant & equipment ("PPE")	(785,189)	(2,527,400)	(821,735)	(432,202)	(167,603)	(149,244)	(98,675)	17,801	(4,964,247)
Amortisation of intangible assets	(78,130)	(67,819)	(141,557)	(29,847)	(77,655)	(4,385)	(24,869)	(206,399)	(630,661)
Joint ventures:									
- share of results (net of tax)	(2,775)	(79,213)	-	-	-	-	(13,854)	-	(95,842)
Associates:									
- share of results (net of tax)	(61,318)	-	-	(230)	-	-	192,672	-	131,124
- loss on dilution of equity interests	-	-	-	-	-	-	(5,398)	-	(5,398)
Impairment of PPE, net of reversal	-	(19,965)	(2,032)	(1,338)	(25,886)	-	(13,145)	-	(62,366)
Other non-cash income/(expense)	25,303	679,918	(13,729)	(31,912)	24,793	(34,821)	(1,114,001)	236,561	(227,888)
Taxation	(312,858)	59,070	62,944	(43,034)	(191,991)	(74,273)	(58,737)	76,457	(482,422)
Segment profit/(loss) for the financial year	**976,268**	**112,933**	**(205,630)**	**255,977**	**568,446**	**278,442**	**(1,430,469)**	**101,191**	**657,158**

[1] Share of results of associates are mainly contributed by Idea Cellular Limited (RM65.1 million) and M1 Limited (RM128.8 million).

During the financial year to date, the Group's operations by key operating companies are segmented into these main geographic segments: Malaysia, Indonesia, Bangladesh, Sri Lanka, Nepal and Cambodia and Others. Others comprise of investment holding entities and other non-key operating companies in other countries that contributed less than 10% of consolidated revenue.

8. Segmental Information (continued)

For the financial year ended 31 December 2015

Restated	Malaysia	Indonesia	Bangladesh	Sri Lanka	Cambodia	Others[2]	Consolidation adjustments/ eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Total operating revenue	7,337,574	6,656,969	2,622,987	2,120,731	907,419	848,953	-	20,494,633
Inter-segment*	(7,397)	(37,003)	(143)	(38,896)	(17)	(527,717)	-	(611,173)
External operating revenue	7,330,177	6,619,966	2,622,844	2,081,835	907,402	321,236	-	19,883,460
EBITDA	2,719,163	2,512,587	944,179	684,315	450,746	2,085	(29,021)	7,284,054
Interest income	98,666	55,645	7,343	13,920	6,932	147,575	(156,660)	173,421
Interest expense	(194,687)	(540,526)	(37,182)	(23,886)	(7,993)	(175,902)	149,038	(831,138)
Depreciation of PPE	(758,748)	(2,101,158)	(433,521)	(377,993)	(160,244)	(88,884)	42,491	(3,878,057)
Amortisation of intangible assets	(56,492)	(71,549)	(116,667)	(30,684)	(4,287)	(845)	(11,174)	(291,698)
Joint venture:								
- share of results (net of tax)	6,693	(42,782)	-	-	-	(2,498)	-	(38,587)
Associates:								
- share of results (net of tax)	(35,494)	-	-	(943)	-	525,943	-	489,506
- loss on dilution of equity interests	-	-	-	-	-	-	(17,356)	(17,356)
Impairment of PPE, net of reversal	-	(14,604)	3,745	6,182	-	(1,168)	-	(5,845)
Other non-cash income/(expenses)	(3,109)	15,345	(1,655)	(77,318)	(2,499)	508,461	7,617	446,842
Taxation	(474,681)	176,110	(165,804)	(95,012)	(62,205)	(59,945)	(13,537)	(695,074)
Segment profit/(loss) for the financial year	1,301,311	(10,932)	200,438	98,581	220,450	854,822	(28,602)	2,636,068

[2] Share of results of associates are mainly contributed by Idea Cellular Limited (RM368.8 million) and M1 Limited (RM157.8 million).

* 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.

During the financial year to date, the Group's operations by key operating companies are segmented into these main geographic segments: Malaysia, Indonesia, Bangladesh, Sri Lanka, Nepal and Cambodia and Others. Others comprise of investment holding entities and other non-key operating companies in other countries that contributed less than 10% of consolidated revenue.

9. Valuation of PPE

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

10. Acquisitions of PPE

During the financial year to date, the Group acquired additional PPE amounting to RM6,141.2 million mainly for its telecommunication network equipment and capital work in progress.

11. Events after the Interim Period

(a) Incorporation of Axiata Digital Ecode Sdn Bhd ("ADE")

Axiata Digital Services Sdn Bhd ("ADS"), a wholly-owned subsidiary of the Company, had on 9 January 2017 completed the incorporation of ADE (Company No. 1214970-T), a private company limited by shares, under the Companies Act, 1965.

ADE was incorporated with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1 each. The issued and paid-up share capital of ADE is RM2 and its intended principal activities are to carry out the business of researching and developing internet services and mobile applications.

(b) Proposed private placement of edotco Group Sdn Bhd ("edotco") and Proposed share divestment of edotco Group

On 18 January 2017, edotco signed the following:

- Share Subscription Agreement between edotco and Innovation Network Corporation of Japan ("INCJ") on the subscription by INCJ of up to 546,539,249 ordinary Shares of RM1.00 each in edotco for a total cash consideration of up to USD400.0 million (equivalent to RM1,778.20 million); and

- Share Purchase Agreement between Axiata and Mount Bintang Ventures Sdn. Bhd. ("MBVSB"), a wholly owned subsidiary of Khazanah Nasional Berhad for the purchase by MBVSB of 273,269,624 edotco's shares at a purchase consideration of USD200.0 million (equivalent to RM899.10 million).

The private placement of edotco Shares and the divestment to Khazanah was completed on 27 January 2017 with 409,904,436 edotco Shares issued to INCJ, at a cash consideration of USD300.00 million (equivalent to RM1,333.7 million) and 273,269,624 edotco Shares to Khazanah respectively. On the date of completion, each of Axiata, INCJ and Khazanah holds 69.88%, 18.07% and 12.05% respectively in edotco.

There was no other significant event after interim period that requires disclosure and/or adjustment as at 16 February 2017.

12. Effects of Changes in the Composition of the Group

(a) Dilution of equity interest in Axiata (Cambodia) Holdings Limited [formerly known as Glasswool Holdings Limited ("Glasswool")]

On 22 February 2016, Glasswool issued 64 ordinary shares to Southern Coast Ventures Inc. resulting in the Group's equity interest in Glasswool and its wholly-owned subsidiary, Smart Axiata Co. Ltd decreased from 95.28% to 92.48%. As a result, the Group recorded a decrease in consolidated retained earnings of RM8.9 million and an increase in non-controlling interests amounting to RM28.0 million during the financial year to date.

(b) Incorporation of AD Video Sdn Bhd ("ADV")

Axiata Digital Services Sdn Bhd ("ADS"), had on 25 February 2016 completed the incorporation of ADV, a private company limited by shares, under the Companies Act, 1965.

ADV was incorporated with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1 each. The issued and paid-up share capital of ADV is RM4 and its intended principal activity is to establish, maintain and operate an internet-based multimedia services.

The above incorporation did not have any significant impact to the Group during the financial year to date.

(c) Incorporation of WSO2.Telco (Private) Limited ("WSO2.Telco SL")

WSO2.Telco Inc., a subsidiary of ADS, had on 17 March 2016 completed the incorporation of WSO2.Telco SL, a private company limited by shares, in Sri Lanka, under the Companies Act No.7 of 2007.

WSO2.Telco SL was incorporated with share capital of SLR10 divided into 1 ordinary share at value of SLR10 each. The nature of business to be carried by WSO2.Telco SL is to develop and provide support services for software technologies, products and solutions.

The above incorporation did not have any significant impact to the Group during the financial year to date.

(d) Acquisition of edotco Pakistan (Private) Limited ("e.co PK")

Axiata Investments (Labuan) Limited, a wholly-owned subsidiary of the Company, had on 19 December 2014 entered into a SPA with Arif Hussain and Joozer Jiwakhan for the acquisition of the entire issued share capital of e.co PK at a cash consideration of PKR3,100 or RM118. The acquisition was completed on 24 March 2016 and effectively, e.co PK became a subsidiary of the Group.

The acquisition of e.co PK did not have any significant impact to the Group during the financial year to date.

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

(e) Dilution of equity interest in XL

On 6 April 2016, XL issued 8,986,668 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 66.43% to 66.36%.The Group recorded an increase in consolidated retained earnings of RM3.1 million and non-controlling interests of RM6.0 million respectively during the financial year to date.

(f) Investment in Localcube Commerce Private Limited ("Localcube")

On 7 April 2016, the Group via Axiata Investments (Mauritius) Limited, a wholly-owned subsidiary of ADS entered into a Share Subscription Agreement with Localcube and the promoters, namely Sridhar Gundaiah and Govardhan Krishnappa Kadaliah for the issuance of 6,236 Compulsorily Convertible Preference Shares of Localcube at par value of INR10 per share representing 23.73% (on fully diluted basis) of issued and paid up capital of Localcube for a total consideration of RM 51.6 million (USD 12.8 million).

The above investment did not have any significant impact to the Group during the financial year to date.

(g) Acquisition of Reynolds

On 21 December 2015, AIL (UK) entered into a Sale and Purchase Agreement and other ancillary agreements for the acquisition of the entire issued and paid-up capital of Reynolds in turn holds 800,000 shares representing 80.00% of the equity interest in Ncell. On 11 April 2016, the Group completed the acquisition on Reynolds. Effectively, Reynolds and Ncell became subsidiaries of the Group. The Group recorded an increase of RM911.8 million in the consolidated non-controlling interests accordingly.

The impact on the acquisition of Reynolds to the Group is disclosed in Part A, Note 4(b) of this announcement.

(h) Incorporation of VM Digital (Thailand) Co., Ltd. ("VM Digital")

Axiata Digital Services Sdn Bhd ("ADS"), a wholly-owned subsidiary of the Company, had on 3 May 2016 completed the incorporation of VM Digital (Registration No. 0105559069905), a private company limited by shares, in Thailand, under the Thailand Civil and Commercial Code.

VM Digital was incorporated with a registered share capital of THB1.0 million. The nature of business to be carried by VM Digital is to operate telecommunications and all types of communications businesses.

The above incorporation did not have any significant impact to the Group during the financial year to date.

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

(i) Entry by XL into a Deed of Establishment with PT Indosat Tbk

XL, a subsidiary of the Company, had on 9 May 2016 entered into a Deed of Establishment ("Deed") with PT Indosat Tbk ("Indosat Ooreedoo") for the establishment of a joint venture; PT One Indonesia Synergy Tbk ("JVCo").

Under the terms of the Deed, XL subscribed 1,251 ordinary shares of IDR1.0 million totalling IDR1,251.0 million (RM 0.4 million) representing 50.0% of the total issued and paid-up share capital of the JVCo with the remaining held by Indosat Ooreedoo.

The purpose of the joint venture is among others to anticipate that the joint venture company will provide consultancy services in future network collaboration. The transaction parties are in the process of jointly exploring the possibility of entering into such collaboration.

The establishment above did not have any significant impact to the Group during the financial year to date.

(j) Dissolution of Advantage Maximum Network Co. Ltd ("AMN")

AMN, subsidiary of ADS had, on 16 May 2016 received the dissolution certificate from Business Registration Office, Ho Chi Minh City. Effectively, AMN ceased to be a subsidiary of the Group.

The dissolution above had no significant impact to the Group during the financial year to date.

(k) Dissolution of GSM One (L) Limited ("GSM One") and GSM Two (L) Limited ("GSM Two")

GSM One and GSM Two, wholly-owned subsidiaries of XL had on 15 June 2016 received the 'Dissolution Certificate" from Labuan Financial Services Authority. Effectively, GSM One and GSM Two ceased to be a subsidiary of the Group.

The dissolution above had no significant impact to the Group during the financial year to date.

(l) Incorporation of Axiata Business Services Sdn Bhd ("ABS")

On 29 July 2016, the Company incorporated its wholly-owned subsidiary, ABS (Company No. 1196307-H), a private company limited by shares, under the Companies Act, 1965.

ABS was incorporated with an authorised share capital of RM400,000 divided into 400,000 ordinary shares of RM1 each. The issued and paid-up share capital of ABS is RM2 and its intended principal activity is to provide international carrier services, global communications products, managed information, communications and technology and internet of things.

The above incorporation did not have any significant impact to the Group during the financial year to date.

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

(m) Amalgamation/Merger of Robi and Airtel Bangladesh

Robi, had on 28 January 2016 entered into an agreement with, inter-alia, Bharti Airtel Holdings (Singapore) Pte. Ltd. ("Bharti Singapore") for the amalgamation of Airtel Bangladesh with Robi on the terms set in the agreement and Companies Act, 1994 of Bangladesh.

On 16 November 2016, Robi and Airtel Bangladesh registered the Merger Filing with the Registrar of Joint Stock Companies and Firms of Bangladesh. Pursuant to the above and in accordance with the agreement, the Proposed Amalgamation/Merger was completed and the parties are in process to obtain the Merged License and completion of other procedural and/or administrative formalities.

The purchase consideration was satisfied via the issuance of 1,178,535,001 ordinary shares of Robi to Bharti Singapore. Following the issuance of the ordinary shares above, the Group's interest in Robi diluted from 91.59% to 68.69%. Accordingly, the Group recorded an increase in consolidated retained earnings of RM118.1 million and non-controlling interests of RM902.5 million respectively during the current quarter and financial year to date.

The other impact on the acquisition of Airtel Bangladesh to the Group is disclosed in Part A, Note 4(g) of this announcement.

(n) Incorporation of Dialog Business Services (Private) Limited ("DBS")

On 21 November 2016, Dialog Axiata PLC incorporated DBS (Company No.PV 118079), a private company limited by shares, under the Companies Act, No. 7 of 2007.

DBS was incorporated with a stated capital of SLR10. The nature of business to be carried by DBS is to carry out the business of providing Business Process Outsourcing services including call centre services.

The above incorporation did not have any significant impact to the Group during the current quarter and financial year to date.

(o) Incorporation of edotco Towers (Bangladesh) Limited ("edotco Towers BD")

edotco Investments (Labuan) Limited, a subsidiary of the Company, had on 17 November 2016 incorporated a new subsidiary, edotco Towers BD ("edotco Towers BD") (Company No. C-134238), a public company limited by shares. The incorporation of edotco Towers BD was completed following the receipt by edotco Labuan on 29 November 2016 of the Certificate of Incorporation from the Registrar of Joint Stock Companies and Firms, Republic of Bangladesh.

edotco Towers BD, a company duly incorporated under the Companies Act, 1994 of the Republic of Bangladesh has an authorised share capital of BDT10.0 million represented by 1.0 million ordinary shares of BDT10 each of which BDT0.95 has been paid-up. The business objective of edotco Towers BD is to undertake telecommunications infrastructure and services.

The above incorporation did not have any significant impact to the Group during the current quarter and financial year to date.

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

(p) Acquisition of additional 12.5% stake in edotco Investments Singapore Pte Ltd [formerly known as Digicel Asian Holdings Pte Ltd] ("edotco SG")

On 7 November 2016, edotco Investments (Labuan) Limited ("edotco Investments") entered into a Sale and Purchase Agreement with YSH Finance Limited for the acquisition of 250,000 ordinary shares in the share capital of edotco SG for a cash consideration of RM156.7 million or USD35.0 million. As the result, the equity interest in edotco SG increased from 75.0% to 87.5%. The Group recognised an decrease in consolidated retained earnings of RM83.4 million and non-controlling interests of RM73.3 million respectively during the current quarter and financial year to date.

(q) Accretion on equity interest in M1 Limited ("M1")

During the financial year to date, the Group's equity interest in M1, held through Axiata Investments (Singapore) Limited, a wholly-owned subsidiary of the Company, increased from 28.32% to 28.54% mainly due to M1 repurchased its issued and paid-up ordinary shares of 7.5 million (treasury shares) by way of market acquisition.

The loss of accretion has no significant impact to the Group during the financial year to date.

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

During the financial year to date, the Group's equity interest in Idea, decreased from 19.78% to 19.77% following the issuance of new ordinary shares under Idea's ESOS.

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

Other than above, there were no other changes in the composition of the Group for the financial year ended 31 December 2016.

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 2015 Audited Financial Statements; and

(b) There has been no significant change in contingent liabilities of an associate from that disclosed in the 2015 Audited Financial Statements.

14. Capital Commitments

As at	Group	
	31/12/2016	**31/12/2015**
	RM'000	**RM'000**
Commitments in respect of expenditure approved and contracted for	**2,144,717**	1,702,994
Commitments in respect of expenditure approved but not contracted for	**730,275**	229,451

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
- Level 3: Unobservable inputs

Derivatives Financial Instruments	**2016**				2015			
	Level 1	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets								
Financial assets at fair value through profit or loss								
-Trading security	18	-	-	18	28	-	-	28
Financial assets at AFS:								
- Equity securities	-	-	63,925	63,925	-	-	31,286	31,286
Non-hedging derivatives	-	177,777	-	177,777	-	240,675	-	240,675
Derivative used for hedging	-	223,276	-	223,276	-	101,807	-	101,807
Liabilities								
Non-hedging derivatives	-	(1,322,431)	-	(1,322,431)	-	(172,753)	-	(172,753)
Derivatives used for hedging	-	(6,076)	-	(6,076)	-	(1,102)	-	(1,102)
Total	**18**	**(927,454)**	**63,925**	**(863,511)**	28	168,627	31,286	199,941

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

1. Review of Performance

(a) Quarter-on-Quarter

Group revenue increased by 8.0% to RM5,789.4 million in the current quarter ("Q4'16") from RM5,360.4 million recorded in fourth quarter of 2015 ("Q4'15") primarily due to contribution of revenue from Nepal in Q4'16 and higher revenues in Sri Lanka, Bangladesh and Cambodia coupled with a positive translation impact. At constant currency, Group revenue registered an increase of 7.1%. Operating costs of the Group increased by 12.2% to RM3,809.9 million from RM3,396.3 million in Q4'15 mainly due to increase in operating costs by Bangladesh as well as the inclusion of Nepal. At constant currency, Group operating costs registered an increase of 11.5%.

As a result, EBITDA improved by 0.8% whilst margin declined by 2.4 percentage points to 34.0%. Profit After Tax ("PAT") in the period decreased by 152.8% resulted to loss of RM 272.1 million. PAT was negatively impacted by higher depreciation and amortisation arising from network modernisation in Indonesia and Bangladesh, net finance cost, foreign translation losses and share of losses from associates which partly offset against the lower tax expense.

Malaysia's gross revenue contracted by 9.6% in Q4'16 as a result of the drop in service revenue, primarily as a result of decline in revenue contribution from voice revenue, value-added services ("VAS") revenue and overseas foreign worker segment. Despite operating costs being cutback by 8.7% mainly due to reversal of provision on operating costs which is partially offset by higher network cost, EBITDA continues to decrease by 11.0% and margin suffered 0.6 percentage points drop to 35.6%. PAT declined by 19.2% to RM206.3 million arising from lower EBITDA which is partly offset by lower tax expense.

Gross revenue of Indonesia declined 7.3% in Q4'16 due to the drop in service revenue and interconnect revenue. At constant currency, revenue declined widen to 10.8%. Operating costs decreased by 2.4% or 5.9% at constant currency in the quarter mainly due to lower infrastructure expenses, lower interconnect and other direct expenses offset with higher sales and marketing expenses. EBITDA consequently decreased by 14.9% and margin deteriorated by 3.2 percentage points to 35.8%.

Indonesia operations' PAT declined to RM66.8 million in the current quarter, decreased by 50.9% as compared to PAT of RM136.0 million in the same period last year due to the recognition of one off pre-tax tower gain in Q4'16 of RM291.0 million offset with lower EBITDA and accelerated depreciation charges of RM189.7 million arose from modernisation plan.

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

(a) Quarter-on-Quarter (continued)

Bangladesh posted gross revenue growth of 6.0% and an increase of 5.6% at constant currency. The growth was driven by strong performance in data and VAS segments while voice suffered a negative growth as compared to same quarter last year with the inclusion of Airtel's 1.5 months revenue. In Q4'16, operating costs increased by 42.1% or 42.8% at constant currency. EBITDA decreased by 59.4% to RM108.8 million and margin contracted by 22.0 percentage points to 12.9% mainly due to integration with Airtel and further dented by merger fees (one-off items), provision for site termination cost and SIM tax subsidy for bio-metric re-registration, higher material and overheads cost which are partially offset with interconnect expenses.

PAT of Bangladesh in the period significantly decreased by 510.6% to loss after tax of RM 225.4 million on the back of lower EBITDA, higher depreciation and amortisation charges mainly arose from accelerated depreciation of network modernisation offset marginally by lower tax expense.

Sri Lanka gross revenue grew modestly 10.3% or 14.0% at constant currency mainly driven by mobile and fixed line. Operating costs increased by 3.8% or 7.3% at constant currency which is lower as compared to the increase in revenue. Consequently, EBITDA grew 26.7% and margin strengthened by 4.2 percentage points to 32.6%. PAT increased by 224.8% to RM37.6 million primarily due to higher EBITDA and lower tax expense in line with the recognition of one off levies and taxes in Q4'15.

Newly acquired Nepal operation has concluded a strong Q4'16 overall performance contributed 10.3%, 20.1% and 86.4% to the Group's revenue, EBITDA and PAT respectively.

Cambodia registered a strong performance in Q4'16, recorded strong growth of 22.5% or 21.9% at constant currency in revenue for the quarter resulting in higher EBITDA growth of 20.5% or 19.7% at constant currency. PAT marginally grew by 3.2% to RM58.4 million.

Share of results of associates and joint ventures decreased by 210.3% and 213.6% at constant currency. The declined mainly contributed by loss made by investment in India of RM14.6 million as compared to profit of RM90.1 million in Q4'15. The declined primarily due to free voice calls and mobile data promotions offered by new operator in the market alongside increased in finance cost, depreciation and amortisation from investment made in previous years to expand its scale of operation.

1. Review of Performance (continued)

(b) Year-on-Year

For the financial year 2016, Group's revenue grew by 8.5% to RM21,565.4 million mainly driven by Nepal contribution beginning April 2016 and Bangladesh operation. At constant currency, Group revenue increased by 5.4%. Group operating costs increased by 7.6% or 4.5% at constant currency to RM13,552.7 million mainly due to inclusion of operating costs from Nepal and fairly due to acquisition of Airtel. As a result, Group EBITDA increased by 10.0% to RM8,012.6 million and margin improved by 0.6 percentage points to 37.1%.

PAT of the Group decreased by 75.1% to RM657.2 million was impacted by unprecedented foreign translation losses against the USD, Robi-Airtel merger costs, significantly lower contribution from associates and joint ventures, higher depreciation and amortisation charges from the network expansion and modernisation as well as net finance costs. These were partly offset by the increase in EBITDA and recognition of one off pre-tax tower gains in Indonesia of RM439.2million and lower tax expense.

Malaysia's gross revenue registered a decrease of 9.9% in year to date Q4'16 primarily as a result of a decrease in service revenue from voice, VAS and overseas foreign workers segment. Operating costs during the year decreased by 6.7% mainly from lower content provider charges in line with the drop in VAS revenue, material cost and interconnect cost. Despite the lower operating costs, lower revenue has resulted EBITDA to decrease by 15.3% and margin deteriorated by 2.3 percentage points to 34.8%. PAT for the year has decreased by 25.0% to RM976.3 million due to lower EBITDA and higher share of losses from associates; partly offset by lower tax expense.

For year to date gross revenue of Indonesia has marginally decreased by 0.3% and 6.7% at constant currency. The revenue drop at constant currency was supported by strong growth in data revenue segment but overall revenue was continued to be impacted by the deterioration in legacy voice and sms business. Operating costs decreased by 2.9% or 9.1% at constant currency driven by lower interconnect and other direct expenses offset with sales and marketing expenses.

As a result, EBITDA for Indonesia operations has improved by 4.0% in the current period and margin has gain by 1.7 percentage points to 39.4%. Indonesia operation has turned into positive PAT of RM112.9 million for the year which is 1,133.0% improvement over the same period last year. The profit was supported by higher EBITDA contribution and net foreign exchange gain which was which is partially offset by accelerated depreciation arising from network modernisation plan to result focus on profitability which is the crux of the transformation agenda.

1. Review of Performance (continued)

(b) Year-on-Year (continued)

Bangladesh gross revenue registered growth of 6.1% mainly due to translation impact arose form appreciation of BDT against MYR. At constant currency, revenue increased 0.5% for the period due to underpinned by better performance for major business segments especially data offset with voice revenue following to the acquisition of Airtel, as well as foreign translation. Operating costs increased by 20.6% or 14.3% at constant currency mainly due to higher regulatory costs associated with the revenue growth and network operating cost from the expanded network.

As a result, EBITDA recorded a net drop of 19.7% and margin has shrunk 8.8 percentage points to 27.2%. Bangladesh's operations reported a loss of RM205.6 million, impacted by higher depreciation and amortisation charge arising from the accelerated depreciation of its affected assets of the on-going network modernisation initiatives.

Sri Lanka gross revenue has clock-in a strong growth of 16.0% for the year or 17.3% at constant currency. The growth momentum was fuelled by mobile and fixed line business revenue of 12.6% and 31.2% respectively. Operating costs, especially directly associated with revenue growth, increased by 13.6% or 14.8% at constant currency. For the year, higher direct expenses were observed especially in sales and marketing cost and network cost. EBITDA has grown 21.1% for the year and margin has gained marginally by 1.4 percentage points to 33.7%. PAT grew by 159.7% to RM255.9 million mainly flowing from the higher EBITDA.

New business operation of Nepal has contributed 7.6%, 12.7% and 86.5% to the Group revenue, EBITDA and PAT respectively for the year ended 31 December 2016.

Cambodia continues its growth momentum for the year, registering strong growth of 20.0% or 13.0% at constant currency in gross revenue driven especially by data revenue segment. This has resultant in the higher EBITDA growth of 19.4% or 12.4% at constant currency. PAT grew 26.3% to RM278.4 million.

Share of results from associates and joint ventures has slumped to RM29.9 as compared to prior year results of RM433.6 million. The significant dropped by RM403.7 million is mainly contributed by investment in India, which declined by RM303.7 million. The decline in revenue mainly contributed by free promotions by new entrant in the market on top of increase in finance cost, depreciation and amortisation due to high investments made in prior years to expand its scale of operation.

In addition, share of results for the year is further impacted by investment in Singapore which have decreased by RM29.0 million respectively as compared to prior year. Declined in profit are mainly due to increase in depreciation and amortisation expenses from higher fixed asset base in respect of 4G network, additional spectrum acquired and new services.

1. Review of Performance (continued)

(c) Comparison with Preceding Quarter's Result

Group revenue increased by 6.1% to RM5,789.4 million in Q4'16 from RM5,457.0 million recorded in Q3'16 with all the segments registered positive growth. At constant currency, Group revenue grew by 2.2%. For the period, operating costs increased by 13.2% to RM3,809.9 million or 9.5% at constant currency mainly arising from higher operation cost in Indonesia, Bangladesh and Sri Lanka. As a result, Group EBITDA margin decreased by 4.1 percentage points to 34.0%.

Comparing with previous quarter, PAT of the Group declined by 192.0% or RM567.8 million resulting to a loss of RM272.1 million arising from higher depreciation and amortisation due to network modernisation in Indonesia and Bangladesh, net finance cost, foreign translation losses and share of losses from associates and joint ventures.

In Q4'16, gross revenue of Malaysia registered a slight increase of 0.9% as compared to previous quarter driven by higher revenue from device sales and common sharing unit net off with growth in data by 56.3%, 50.0% and 6.6%. Operating costs for the quarter has lowered by 4.8% mainly due to reversal of provision on operating costs. As a result, EBITDA and EBITDA margin increased by 13.2% and 3.9 percentage points to 35.6% respectively. PAT has reduced by 4.3% versus previous quarter, to RM206.3 million mainly due to increase in share of losses of associates.

Gross revenue of Indonesia improved 5.2% mainly due to translation impact with IDR currencies against MYR. At 0.2% constant currency in Q4'16 as compared to previous quarter as a result of overall weakness in legacy revenue which offset the strong growth in data revenue segment of 20.3%. During the quarter, operating costs increased by 10.5% or 5.6% at constant currency mainly due to higher interconnect cost with other direct expenses and sales and marketing expenses. Consequently, EBITDA decreased by 3.1% and margin eroded by 3.1 percentage points to 35.8%. Indonesia's operations recorded PAT of RM66.8 million for the period due to one-off tower gain offset with accelerated depreciation arose from network modernisation.

Bangladesh gross revenue recorded a growth of 11.2% or 4.9% at constant currency supported by performance of higher device sales and co-branding data and data revenue by 31.8% in the quarter mainly resulted from consolidation of subscriber base of Airtel. Operating costs in the quarter increased by 42.0% or 35.1% at constant currency driven mostly by integration with Airtel and further dented by merger fees (one-off items), provision for site termination cost. As a result, EBITDA deteriorated by 53.2% as compared to previous quarter while margin dropped by 18.8 percentage points to 12.9%. With lower EBITDA contribution and higher depreciation and amortisation, Bangladesh's operations suffered a net loss of RM225.4 million.

1. Review of Performance (continued)

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

Sri Lanka's gross revenue for the quarter grew by 9.8% or 4.7% at constant currency. The growth in the quarter was driven by voice and data segment of mobile business and fixed line business. Operating costs increased by 14.6% or 9.3% at constant currency. EBITDA for the quarter improved by 1.0% as compared with previous quarter while margin decreased by 2.9 percentage points to 32.6%. With lower EBITDA contribution, increase in depreciation charges and higher forex loss, PAT for the quarter reduced by 52.2% as compared to previous quarter to RM37.6 million.

New business operation of Nepal has contributed 8.0% revenue growth or 1.9% at constant currency in revenue from its data revenue segment. EBITDA grew by 27.5% versus previous quarter or 20.8% at constant currency. PAT grew to RM235.1 million for the quarter comparing previous quarter at RM177.3 million due to increase in EBITDA and translation gain.

Cambodia recorded revenue growth of 13.6% or 6.9% at constant currency in revenue against preceding quarter driven by strong performance from its data revenue segment which constituted about 45.4% of its Q4'16 revenue base. EBITDA grew by 10.0% versus previous quarter or 3.3% at constant currency. PAT dropped to RM58.4 million for the quarter due to loss on disposal of asset.

For the quarter, drop in share of results from associate and joint ventures, mainly contributed by investment in India. India's operations revenue declined by 6.9% and EBITDA margin is lower by 5.5% to 25.0% primarily due to free offerings of free voice calls and mobile data promotions by new operator in the sector along with minor effects of demonetisation.

1. Review of Performance (continued)

(d) Economic Profit ("EP") Statement

	4th Quarter Ended		Financial Year Ended	
	31/12/2016	31/12/2015	**31/12/2016**	**31/12/2015**
	RM'000	RM'000 Restated[1]	**RM'000**	RM'000 Restated[1]
EBIT	171,256	781,601	2,346,142	3,085,506
Adjusted Tax 24% (2015:25%)	(41,101)	(195,400)	(563,074)	(771,377)
Share of results and loss on dilutions/accretion of associates and joint ventures	(53,088)	48,138	29,884	433,563
NOPLAT	77,067	634,339	1,812,952	2,747,692
AIC	41,076,854	33,983,066	41,076,854	33,983,066
WACC	8.05%	7.75%	8.05%	7.75%
Economic Charge (AIC*WACC)	826,672	658,422	3,306,687	2,633,688
Economic Profit/(Loss)	**(749,605)**	(24,083)	**(1,493,735)**	114,004

1 Restatement is to be in line with the methodology used in Group's Headline KPI.

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 NOPLAT during the current quarter and financial year to date is mainly contributed by lower EBIT achieved by the Group as disclosed in Part B, Note 1(a) and (b) of this announcement.

The factor contributing to lower EP is mainly arising from high AIC incurred during the current quarter and financial year to date due to high CAPEX investment and consolidation of newly acquired subsidiaries as disclosed in Part A, Note 12 of this announcement.

Note:

EBIT = EBITDA less depreciation, impairment and amortisation

NOPLAT= Net Operating Profit/(Loss) After Tax

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

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

2. Headline Key Performance Indicators ("KPIs") for the financial year ended 31 December 2016

On 17 February 2016, the Group announced its Headline KPIs guidance for the financial year ended 31 December 2016. The Group's 2016 Headline KPIs announced were as below:

Headline KPIs	**FY2016 Achievement**	FY2016 Headline KPIs	**FY2016 Achievement**	FY2016 Headline KPIs	**FY2016 Achievement**
	@ Actual currency	(based on bloomberg[1] estimate in mid Oct 15 for 2016 forex)		Based on constant currency [2]	
Revenue Growth	**8.5%**	12.2%	**8.1%**	9.8%	**5.4%**
EBITDA Growth	**10.0%**	16.0%	**9.7%**	13.7%	**6.8%**
Return on Invested Capital ("ROIC") (%)	**4.5%**	6.8%	**4.8%**	6.6%	**4.6%**
Return on Capital Employed ("ROCE") (%)	**4.0%**	6.1%	**4.2%**	6.0%	**4.0%**

[1] 1 USD = RM4.20

[2] 1 USD = RM3.90

FY2016 has been a challenging year for the Group, adversely impacted by weaker performance in Malaysia, Indonesia, Bangladesh, India as well as losses in digital ventures and forex. However, the Group's performance was cushioned by the consolidation of Ncell in Nepal on 11 April 2016 and continued excellent performance from its operations in Sri Lanka and Cambodia.

As compared to the previous years, FY2016 saw a worse than expected competition and disruptions in Malaysia, India and Singapore. Celcom's overall recovery was delayed by Malaysian shrinking industry growth whilst Idea experienced an unforeseen and unprecedented disruptions arising from Reliance Jio Infocomm Limited ("RJio") entrance into the Indian market. In an increasingly dynamic Indonesian market, XL transformation agenda is impacted by accelerated changing consumer behavior with the substitution from legacy services to data.

During the financial year, the Group was faced with regulatory challenges in Nepal, Sri Lanka and particularly in Bangladesh which saw the prolonged completion of Robi-Airtel merger till end of FY2016. Whilst the Group will harness the synergy benefits in the coming years, FY2016 was hit with merger fees and integration costs arising from this business combination.

Comparing with the Headline KPI, the Group posted Revenue and EBITDA growth of 8.1% and 9.7% year-on-year. ROIC and ROCE stood at 4.8% and 4.2% respectively. Against the Headline KPI at constant currency, the Group recorded lower Revenue and EBITDA growth of 5.4% and 6.8% year-on-year. ROIC and ROCE are 4.6% and 4.0% respectively. At actual currency, Group performance was positively impacted by the depreciation of Ringgit Malaysia against all currencies of the OpCos. Accordingly, the Group recorded FY2016 Revenue growth of 8.5% and EBITDA growth of 10.0%. ROIC and ROCE stood at 4.5% and 4.0% respectively.

2. Headline Key Performance Indicators ("KPIs") for the financial year ended 31 December 2016 (continued)

For 2017, heightened competition, tax and regulatory challenges remain for the Group across most of our OpCos particularly in Malaysia, Singapore and India, with rising capex weighing in on overall performance and profitability. The Group hope to see currency volatility and global macroeconomic factors to stabilise in 2017.

With major business and organisational changes made recently, the Group expects to see better performance especially at Celcom and XL. Barring regulatory changes, we expect that the OpCos in South Asia will continue its momentum of excellent performance; particularly at Robi post-merger and Ncell. The Group is working towards group-wide cost management to improve Group profitability; RM800 million opex and capex savings are built in our 2017 plan, as well as aiming for RM1.5 billion additional savings in 2018 and 2019.

Axiata will also further continue its capex investments and transformation into a digital company in line with the commitment to be clear number one in 4G and data leadership in selected key markets as well as leader in the digital space. Going forward Axiata is expecting consolidation in most of our markets including edotco organic and inorganic expansion in 2017.

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

The Group has not provided any profit forecast or profit guarantee in a public document in respect of the financial year ended 31 December 2016.

4. Taxation

The taxation charge for the Group comprises:

	4th Quarter Ended		**Financial Year Ended**	
	31/12/2016	31/12/2015	**31/12/2016**	31/12/2015
	RM'000	RM'000	**RM'000**	RM'000
Income tax:				
Malaysia				
Current year	(73,782)	38,578	155,848	460,090
Prior year	(19,183)	1,859	(35,922)	1,859
	(92,965)	40,437	119,926	461,949
Overseas				
Current year	143,470	41,019	421,055	218,308
Prior year	16,108	51,509	16,108	51,509
	159,578	92,528	437,163	269,817
Deferred tax (net):				
Originating and reversal of temporary differences	(70,003)	181,221	(76,477)	(36,955)
Total taxation	(3,390)	314,186	480,612	694,811
Zakat	1,810	263	1,810	263
Total taxation and zakat	**(1,580)**	**314,449**	**482,422**	**695,074**

The current quarter's effective tax rate of the Group is lower than the statutory tax rate is mainly due to lower taxable income incurred during the current quarter.

Financial year to date's effective tax rate of the Group is higher than the statutory tax rate is mainly due to higher non-deductible expenses.

5. Status of Corporate Proposals

There is no other corporate proposal announced but not completed as at 16 February 2017.

6. Group's Borrowings and Debt Securities

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

	2016		2015	
	Current	**Non-current**	Current	Non-current
	RM'000	**RM'000**	RM'000	RM'000
Secured	333,788	880,204	175,068	490,008
Unsecured	6,790,621	14,255,268	2,172,662	13,554,648
Total	**7,124,409**	**15,135,472**	2,347,730	14,044,656

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

Foreign Currencies	**2016**	2015
	RM'000	RM'000
USD	12,251,782	6,886,264
IDR	3,372,189	4,411,853
BDT	1,193,680	439,888
SLR	353,555	78,349
PKR	53,243	49,605
Total	**17,224,449**	11,865,959

7. Outstanding derivatives

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

Type of derivatives financial instruments	2016 Notional value	2016 Fair value favorable/ (unfavorable)	2015 Notional value	2015 Fair value favorable/ (unfavorable)
	RM'000	**RM'000**	RM'000	RM'000
Cross currency interest rate swaps:				
- < 1 year	(2,440)	(2,440)	377,696	113,252
- 1 - 3 years	224,300	61,567	214,600	72,330
- > 3 years	3,988,054	220,540	1,287,600	101,807
Interest rate swaps contracts:				
- < 1 year	162,085	(465)	145,012	(359)
- 1 - 3 years	151,875	(436)	300,383	(743)
Call spread contracts:				
- 1 - 3 years	1,345,800	107,868	1,287,600	46,751
Put option liabilities over shares held by a non-controlling interests:				
- < 1 year	(157,010)	(157,010)	(172,753)	(172,753)
- > 3 years	(1,165,420)	(1,165,420)	-	-
Convertible warrants in an associate:				
- < 3 years (2015: > 3 years)	19,251	8,342	19,251	8,342
Total		**(927,454)**		168,627

(b) The risks associated with the derivative financial instrument and the policies in place for mitigating such risks were disclosed in 2015 Audited Financial Statements.

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:

	4th Quarter Ended		Financial Year Ended	
	31/12/2016	31/12/2015	**31/12/2016**	31/12/2015
	RM'000	RM'000	**RM'000**	RM'000
Total net losses	**11,623**	(4,594)	**(94,939)**	(12,997)

9. Realised and Unrealised Profits or Losses Disclosure

	As at	
	31/12/2016	31/12/2015
	RM'000	RM'000
Total retained profits/(accumulated losses) of the Company and its subsidiaries:		
- Realised	12,804,667	11,689,640
- Unrealised	(1,469,419)	(1,627,354)
	11,335,248	10,062,286
Total retained profits/(accumulated losses) from associated companies:		
- Realised	2,046,811	2,037,753
- Unrealised	(193,887)	(310,555)
	1,852,924	1,727,198
Total accumulated losses from joint ventures:		
- Realised	(155,668)	(59,827)
	13,032,504	11,729,657
Less : Consolidation adjustments	(3,697,479)	(1,506,379)
Total Consolidated Retained Profits	**9,335,025**	10,223,278

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 ("Celcom Resources") and its directors to void and rescind the indemnity letter and claim for damages.

Celcom Trading, Celcom Resources and the directors filed their respective applications to strike out TSDTR's counterclaim and such applications were dismissed by the Court. The directors appealed and the same was dismissed on 16 October 2012.

Subsequent to that, the Court allowed the parties' application to amend the pleadings on 13 May 2013. The matter was partially heard on 3 to 6 November 2014 and was thereafter adjourned for continued trial on 13, 14, 15 and 17 April 2015. The trial proceeded on 13 April 2015 and thereafter adjourned to 26 June 2015 for continued trial. Celcom had closed its case on 28 September 2015 and TSDTR commenced his case on the same date. The hearing continued until 30 September 2015 and thereafter adjourned to 23 October 2015 for further continued hearing. The trial proceeded on 23 October 2015 whereby TSDTR had completed his evidence. During the case management on 5 November 2015, the Court fixed 27 and 28 January 2016 for continued hearing. On 28 January 2016, the Court fixed 30 March 2016 for parties to submit their respective submissions.

On 20 June 2016, the Court allowed Celcom Trading's claim of RM 264,525,889 with interest of 5% from 13 May 2013 until full settlement and dismissed TSDTR's counterclaim with costs of RM10,000 after full trial ("Judgment").

TSDTR thereafter filed an appeal against the Judgment ("Appeal") and application for stay of execution in the High Court ("Stay Application in the High Court"). The Stay Application in the High Court was dismissed with costs of RM5,000 on 7 September 2016. Meanwhile, the Appeal is fixed for case management on 23 February 2017 pending grounds of decision to be prepared by the High Court.

TSDTR subsequently filed another application for stay of execution in the Court of Appeal ("Stay Application in the Court of Appeal") and the same is fixed for hearing on 8 March 2017.

(b) Celcom Axiata Berhad [formerly known as Celcom (Malaysia) Berhad] & 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 and 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").

10. Material Litigation (continued)

The status of material litigation of the Group is as follows: (continued)

(b) Celcom Axiata Berhad [formerly known as Celcom (Malaysia) Berhad] & Another vs TSDTR & 6 Others (continued)

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

TSDTR and BR filed an application to strike out the Writ of Summons. On 17 July 2009, the Court dismissed TSDTR and BR's striking out application with costs. TSDTR and BR filed an appeal to the Court of Appeal. The appeal was heard on 25 June 2012 and 14 August 2012. The Court of Appeal fixed the appeal for continued hearing on 28 November 2012. DeTeAsia, AH and OTA have filed their respective Memorandum of Conditional Appearance and application to strike out these proceedings. On 25 October 2010, the Court dismissed the said application respectively and on 28 October 2010 AH, OTA and DeTeAsia filed their respective appeals to Court of Appeal against the High Court decision. The appeals were heard on 25 June 2012 and 14 August 2012 and fixed for continued hearing on 28 November 2012.

Subsequently, the Court of Appeal vacated both appeals and at the hearing fixed on 27 June 2013, the Court of Appeal heard the parties' submissions and reserved its decision to a date to be fixed. The Court of Appeal had on 11 March 2014 dismissed with costs appeals filed by TSDTR, BR, AH, OTA and DeTeAsia. The Court of Appeal also 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, AH, OTA and DeTeAsia respectively. The hearing of their application for leave to appeal to the Federal Court has now been fixed on 31 March 2016. Upon hearing the submission from all parties, the Federal Court dismissed the application for leave to appeal by TSDTR, BR, AH, OTA and DeTeAsia respectively on 31 March 2016 with costs. Since the Defendants had exhausted all avenues to appeal, the proceedings in the High Court shall resume.

Separately, Celcom and Celcom Resources have reached an amicable settlement with DLKY and the said companies have filed their respective notice of discontinuance with no order as to costs and without liberty to file afresh against DLKY on 6 March 2015.

On 23 June 2016, Celcom and Celcom Resources' solicitors been served with the Defence and Counterclaim of TSDTR and BR. The German Directors have filed their respective defence on 30 June 2016.

Celcom and Celcom Resources have filed an application to strike out the Counterclaim on 5 August 2016 ("Striking Out Application"). Telekom Malaysia Berhad also filed an application to intervene in this suit in light of the allegations made against TM in the Counterclaim ("TM Intervening Application"). Both Striking Out Application and TM Intervening Application were heard on 21 October 2016 whereby the Striking Out Application was allowed with costs. Since the Counterclaim was struck out, the TM Intervening Application is deemed academic and dismissed accordingly.

10. Material Litigation (continued)

The status of material litigation of the Group is as follows: (continued)

(b) Celcom Axiata Berhad [formerly known as Celcom (Malaysia) Berhad] & Another vs TSDTR & 6 Others (continued)

Meanwhile, TSDTR and BR filed ex parte applications for leave to issue committal proceedings against Celcom, Celcom Resources and Dato' Sri Mohammed Shazalli Bin Ramly ("DSSR") ("Leave to Issue Committal Proceedings") on the basis of DSSR's denial of the existence of a global settlement in his affidavit. The Leave to Issue Committal Proceedings was heard on 12 October 2016 and dismissed with liberty to file afresh as the issues raised are premature and should only be decided until the outcome of the Striking Out Application and full trial.

On 28 October 2016, the Court had allowed application by Celcom and Celcom Resources for the matter herein and Celcom & Another vs TSDTR & 8 Ors ("Indemnity Suit") (refer to item (c) below) to be heard together with costs in the cause of RM1,000.

Subsequently, TSDTR and BR filed Notices of Appeal on 7 November 2016 against the decision of the High Court in the Striking Out Application and the Ex-Parte Application for Leave to Issue Committal Proceedings. The appeal against the Striking Out Application is fixed for hearing on 24 February 2017 and the hearing for the appeal against the Ex-Parte Application has yet to be determined.

In view of the appeal against the Striking Out Application, TM proceeded to file an appeal against the dismissal of TM Intervening Application which is also fixed for hearing on 24 February 2017. TSDTR and BR also filed application for stay of proceedings in the High Court pending the aforementioned appeals which was dismissed with costs of RM5,000 on 17 November 2016.

Meanwhile, the full trial is scheduled on the following dates in 2017:

- March 30 and 31;
- May 4 and 5,
- June 13 to 16,
- August 10,11, 21 to 23,
- September 4 to 8, 11 to 15; and
- October 23 to 27.

In preparation for trial, Celcom and Celcom Resources have appointed an expert valuer to furnish evidence as to the valuation of the shares held by DeTeAsia and whether there could be any commercial justification for the valuation of the buy-out price of RM7.25 per share. The expert report has been tendered in Court.

The matter is fixed for case management on 3 March 2017 for parties to comply with the pre-trial directions and to update the Court on the outcome of the aforementioned appeals.

10. Material Litigation (continued)

The status of material litigation of the Group is as follows: (continued)

(c) Celcom & Another vs TSDTR & 8 Others

Pursuant to an award granted by the arbitral tribunal to DeTeAsia's on 2 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. The Court of Appeal had on 11 March 2014 dismissed with costs the appeals filed by (i) TSDTR and BR against the decision of the High Court dated 6 February 2009; and (ii) the German directors against the decision of the High Court dated 30 June 2010. The Court of Appeal also ordered that the proceedings in the High Court be stayed pending the 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 hearing of their application for leave to appeal has now been fixed on 31 March 2016. Upon hearing the submission from all parties, the Federal Court dismissed the application for leave to appeal by TSDTR, BR, AH, OTA and DeTeAsia respectively on 31 March 2016 with costs. Since the Defendants had exhausted all avenues to appeal, the proceedings in the High Court shall resume.

Separately, Celcom and Celcom Resources have reached an amicable settlement with DLKY and the said companies have filed their respective notice of discontinuance with no order as to costs and without liberty to file afresh against DLKY on 6 March 2015.

On 23 June 2016, Celcom and Celcom Resources' solicitors been served with the Defence and Counterclaim of TSDTR and BR. The German Directors have filed their respective defence on 30 June 2016.

10. Material Litigation (continued)

The status of material litigation of the Group is as follows: (continued)

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

Celcom and Celcom Resources have filed an application to strike out the Counterclaim on 5 August 2016 ("Striking Out Application"). TM also filed an application to intervene in this suit in light of the allegations made against TM in the Counterclaim ("TM Intervening Application"). Both Striking Out Application and TM Intervening Application were heard on 21 October 2016whereby the Striking Out Application was allowed with costs. Since the Counterclaim was struck out, the TM Intervening Application is deemed academic and dismissed accordingly.

TSDTR and BR also filed ex parte applications for leave to issue committal proceedings against Celcom, Celcom Resources and Dato' Sri Mohammed Shazalli Bin Ramly ("DSSR") ("Ex-Parte Application for Leave to Issue Committal Proceedings") in view of DSSR's affidavit in denying the existence of a global settlement. The Ex-Parte Application for Leave to Issue Committal Proceedings was heard on 12 October 2016 and dismissed with liberty to file afresh as the issues raised are premature and should only be decided until the outcome of the Striking Out Application and full trial.

On 28 October 2016, the Court had allowed application by Celcom and Celcom Resources for the matter herein and Celcom & Another vs TSDTR & 6 Ors ("Conspiracy Suit") (refer to item (b) below) to be heard together with costs in the cause of RM1,000.

Subsequently, TSDTR and BR filed Notices of Appeal on 7 November 2016 against the decision of the High Court in the Striking Out Application and the Ex-Parte Application for Leave to Issue Committal Proceedings. The appeal against the Striking Out Application is fixed for hearing on 24 February 2017 and the hearing for the appeal against the Ex-Parte Application has yet to be determined.

In view of the appeal against the Striking Out Application, TM proceeded to file an appeal against the dismissal of TM Intervening Application which is also fixed for hearing on 24 February 2017. TSDTR and BR also filed application for stay of proceedings pending appeal against the Striking Out Application and it was dismissed with costs of RM5,000 on 17 November 2016.

Meanwhile, the full trial is scheduled on the following dates in 2017:

- March 30 and 31;
- May 4 and 5,
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In preparation for trial, Celcom and Celcom Resources have appointed an expert valuer to furnish evidence as to the valuation of the shares held by DeTeAsia and whether there could be any commercial justification for the valuation of the buy-out price of RM7.25 per share. The expert report has been tendered in Court. The matter is fixed for case management on 3 March 2017 for parties to comply with the pre-trial directions and to update the Court on the outcome of the aforementioned appeals.

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

(i) 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 MOU has been terminated with immediate effect on 9 May 2016 with mutual agreement from both parties as the said MOU has transited to a business arrangement, such as the appointment of MYEG on 22 January 2016 as Celcom's Direct Channel Partner to promote, market and distribute products and services to end users. As such, the MOU would therefore no longer subsist.

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 year to date.

13. Earnings Per Share ("EPS")

(a) Basic EPS

	4th Quarter Ended		Financial Year Ended	
	31/12/2016	31/12/2015	**31/12/2016**	31/12/2015
Profit attributable to owners of the Company (RM'000)	(309,496)	467,235	504,254	2,554,220
Adjusted weighted average number of shares ('000)	8,938,336	8,766,150	8,877,928	8,668,700
Basic EPS (sen)	**(3.5)**	5.3	**5.7**	29.5

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

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.

	4th Quarter Ended		Financial Year Ended	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Profit attributable to owners of the Company (RM'000)	(309,496)	467,235	504,254	2,554,220
Weighted average number of ordinary shares in issue ('000)	8,938,336	8,766,150	8,877,928	8,668,700
Adjusted for ESOS and RSA	33,500	75,356	36,642	51,931
Weighted average number of ordinary shares for the purpose of computing diluted EPS ('000)	8,971,836	8,841,506	8,914,570	8,720,631
Diluted EPS (sen)	**(3.4)**	5.3	**5.7**	29.3

14. Qualification of Preceding Audited Financial Statements

The 2015 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 3 sen (2015: 12 sen) per ordinary share of RM1 each of the Company ("Share") in respect of financial year ended 31 December 2016 ("Proposed Final Dividend") which is subject to the approval by the shareholders at the forthcoming Annual General Meeting. Full year dividend declared for the financial year ended 2016 is 8 sen (2015: 20 sen).

The Board of Directors also determined that the Company's Dividend Reinvestment Scheme ("DRS") will apply to the Proposed Final Dividend, whereby shareholders will be given the option to elect to reinvest the whole or part of the dividend into new Shares of the Company. This will be subject to the approval of shareholders at our forthcoming Annual General Meeting for the renewal of the authority for Directors of the Company to allot and issue the new Shares pursuant to the DRS, and the approval of Bursa Securities for the listing of and quotation for the new Shares to be issued pursuant to the DRS. The relevant application to Bursa Securities will be submitted in due course, and the decision of Bursa Securities as well as the Book Closure Date will be announced by the Company at a later date.

By Order of the Board

Suryani Hussein (LS0009277)
Secretary

Kuala Lumpur
23 February 2017