MAXIS BERHAD

(867573 – A)

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

The Board of Directors of Maxis Berhad ("Maxis" or "the Company") is pleased to announce the following unaudited condensed consolidated financial statements for the second quarter ended 30 June 2010 which should be read in conjunction with the Notes on pages 7 to 25.

Save for the unaudited Condensed Consolidated Statements of Financial Position, the comparatives presented below do not represent a "like for like" comparison of the operational performance of the Group because of the accounting treatment adopted for the business combination by Maxis which was completed on 1 October 2009. The comparatives represent that of Maxis Mobile Services Sdn Bhd ("MMSSB")'s mobile retail business and its 44% effective equity interest in PT Natrindo Telepon Seluler, the Indonesian mobile operations, as MMSSB is the deemed acquirer for the purpose of accounting.

The Board of Directors has provided additional proforma financial information as set out in Note 2 on pages 11 to 14 to facilitate comparability of the operational performance of the Group between the reported periods.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30/6/2010	QUARTER ENDED 30/6/2009	**PERIOD ENDED 30/6/2010**	PERIOD ENDED 30/6/2009
	Note	**RM' m**	RM' m	**RM' m**	RM' m
Revenue	10	**2,191**	1,789	**4,343**	3,567
Cost of sales		**(761)**	(1,436)	**(1,477)**	(2,861)
Gross profit		**1,430**	353	**2,866**	706
Other income		**8**	-	**10**	-
Administrative expenses		**(395)**	(281)	**(765)**	(532)
Network operation costs		**(245)**	-	**(488)**	-
Other expenses		**(23)**	(12)	**(33)**	(30)
Profit from operations		**775**	60	**1,590**	144
Finance income		**7**	6	**12**	14
Finance cost		**(62)**	(8)	**(117)**	(17)
Share of results of a jointly controlled entity		**-**	(75)	**-**	(175)
Profit/(loss) before tax	10	**720**	(17)	**1,485**	(34)
Taxation	18	**(188)**	(15)	**(401)**	(40)
Profit/(loss) for the period attributable to equity holders		**532**	(32)	**1,084**	(74)
Earnings/(losses) per share attributable to equity holders (sen):					
- Basic	26	**7.1**	(0.6)	**14.5**	(1.4)
- Diluted[1]		**NA**	NA	**NA**	NA

Note :

[1] NA denotes "Not Applicable" as there are no dilutive ordinary shares.

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/6/2010	QUARTER ENDED 30/6/2009	**PERIOD ENDED 30/6/2010**	PERIOD ENDED 30/6/2009
	RM' m	RM' m	**RM' m**	RM' m
Profit/(loss) for the period	**532**	(32)	**1,084**	(74)
Other comprehensive income/ (expense): [2]				
Currency translation differences	**-**	8	**-**	62
Net change in cash flow hedge	**7**	-	**(52)**	-
Other comprehensive income/(expense) for the period	**7**	8	**(52)**	62
Total comprehensive income/(expense) for the period attributable to equity holders	**539**	(24)	**1,032**	(12)

Note :
[2] There is no income tax attributable to the components of other comprehensive income/expense.

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MAXIS BERHAD

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(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	**AS AT 30/6/2010 (Unaudited)**	(Restated)[3] AS AT 31/12/2009 (Audited)
		RM' m	RM' m
Non-current assets			
Property, plant and equipment	11	**4,519**	4,561
Intangible assets [4]		**11,007**	11,019
Deferred tax assets		**70**	86
		15,596	15,666
Current assets			
Inventories		**169**	134
Receivables, deposits and prepayments		**814**	790
Tax recoverable		**-**	6
Amounts due from related parties		**17**	10
Cash and cash equivalents		**907**	1,192
		1,907	2,132
TOTAL ASSETS		**17,503**	17,798
Current liabilities			
Payables and accruals		**2,526**	2,496
Provisions for liabilities and charges		**50**	56
Amount due to immediate holding company		**-**	38
Amounts due to fellow subsidiaries		**1**	1
Amounts due to related parties		**28**	19
Borrowings	22	**21**	22
Loan from a related party	22	**32**	31
Dividend payable		**225**	450
Taxation		**367**	198
		3,250	3,311
Net current liabilities		**(1,343)**	(1,179)

Notes :

(3) The property, plant and equipment has been restated to comply with Amendment to FRS 117 "Leases" that came into effect 1 January 2010 which requires reassessment on the classification of leasehold land as finance lease or operating lease based on the extent of risks and rewards associated with the land. The Group has concluded that the leasehold land is a finance lease and reclassified it to property, plant and equipment. Further details are set out in Note 1(b) on Page 9.

(4) Includes telecommunication licenses with allocated spectrum rights of RM10,707 million and goodwill arising from acquisition of subsidiaries of RM219 million.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)

	Note	**AS AT 30/6/2010 (Unaudited)**	(Restated) AS AT 31/12/2009 (Audited)
		RM' m	RM' m
Non-current liabilities			
Payables and accruals		**6**	7
Provisions for liabilities and charges		**122**	116
Borrowings	22	**4,869**	21
Loan from immediate holding company		**-**	4,992
Derivative financial liabilities		**181**	-
Deferred tax liabilities		**373**	406
		5,551	5,542
Net assets		**8,702**	8,945
Equity			
Share capital		**750**	750
Reserves		**7,952**	8,195
Total equity		**8,702**	8,945
Net assets per share (RM)		**1.16**	1.19

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(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Issued and fully paid							
Period ended 30/6/2010	**Number of shares**	**Nominal value**	**Share premium**	**Merger relief[5]**	**Reserve arising from reverse acquisition**	**Other reserves**	**Retained earnings**	**Total equity**
	' m	**RM' m**	**RM' m**	**RM' m**	**RM' m**	**RM' m**	**RM' m**	**RM' m**
Balance as at 1/1/2010	**7,500**	**750**	**-**	**30,440**	**(22,729)**	**53**	**431**	**8,945**
						-		
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**1,084**	**1,084**
Other comprehensive expense for the period	**-**	**-**	**-**	**-**	**-**	**(52)**	**-**	**(52)**
Total comprehensive (expense)/ income for the period	**-**	**-**	**-**	**-**	**-**	**(52)**	**1,084**	**1,032**
Dividends for the financial year ended 31 December 2009	**-**	**-**	**-**	**-**	**-**	**-**	**(675)**	**(675)**
Dividends for the financial year ending 31 December 2010	**-**	**-**	**-**	**-**	**-**	**-**	**(600)**	**(600)**
Balance as at 30/6/2010	**7,500**	**750**	**-**	**30,440**	**(22,729)**	**1**	**240**	**8,702**
Balance as at 1/1/2009	1,294	1,294	61	-	-	(92)	261	1,524
Loss for the period	-	-	-	-	-	-	(74)	(74)
Other comprehensive income for the period	-	-	-	-	-	62	-	62
Total comprehensive income/ (expense) for the period	-	-	-	-	-	62	(74)	(12)
Balance as at 30/6/2009	1,294	1,294	61	-	-	(30)	187	1,512

Note :

[5] Pursuant to Section 60(4)(a) of the Companies Act, 1965, the premium on the shares issued by the Company as consideration for the acquisition of subsidiaries in the financial year ended 31 December 2009 are not recorded as share premium. The difference between the issue price and the nominal value of shares issued is classified as merger relief.

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	PERIOD ENDED 30/6/2010	(Restated)[6] PERIOD ENDED 30/6/2009
	RM' m	RM' m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) for the period	**1,084**	(74)
Adjustments for non-cash items	**1,104**	354
Payments for provision for liabilities and charges	**(27)**	(10)
Other payments	**(10)**	(16)
Operating profit before working capital changes	**2,151**	254
Changes in working capital	**(58)**	(178)
Cash inflow from operations	**2,093**	76
Interest received	**12**	15
Net tax paid	**(243)**	(35)
Net cash flows generated from operating activities	**1,862**	56
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for handset subsidies	**(36)**	(45)
Purchase of property, plant and equipment	**(433)**	(5)
Proceeds from disposal of property, plant and equipment	**1**	1
Net cash flows used in investing activities	**(468)**	(49)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	**5,000**	-
Repayment of loan from immediate holding company	**(4,992)**	-
Repayment of lease financing	**(12)**	-
Interest paid	**(136)**	-
Syndicated loan documentation fees paid	**(39)**	-
Dividends paid	**(1,500)**	-
Net cash flows used in financing activities	**(1,679)**	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(285)**	7
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	**1,192**	1,197
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**907**	1,204

Note :

[6] The net cash flows used in operating and investing activities have been restated to comply with Amendment to FRS 107 "Statement of Cash flows" that came into effect 1 January 2010 which requires expenditure resulting in recognition of assets to be categorised as cash flow from investing activities. Further details are set out in Note 1(b) on Page 9.

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2010

1. BASIS OF PREPARATION

The unaudited quarterly report has been prepared in accordance with the reporting requirements as set out in Financial Reporting Standard ("FRS") 134 – Interim Financial Reporting and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements ("Bursa Securities Listing Requirements") and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2009 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

(a) FRS which is applicable to the Group effective 1 January 2010 and has an impact on the accounting polices of the Group

The significant accounting polices adopted for the unaudited condensed consolidated financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2009 except for the adoption of FRS 139 "Financial Instruments: Recognition and Measurement" that came into effect on 1 January 2010 which has a significant impact on the unaudited condensed consolidated financial statements for the period ended 30 June 2010.

FRS 139 "Financial Instruments: Recognition and Measurement"

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The significant impact arising from the adoption is the recognition of derivative financial instrument in the financial statements at fair value as further explained in Note 23.

Below are the changes in the Group's accounting policy in relation to derivative financial instruments and hedge accounting:

Derivative financial instruments and hedge accounting:

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates and documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group assesses both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items and applies hedge accounting only where effectiveness tests are met on both a prospective and retrospective basis. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuations over the hedging period on the foreign currency borrowings. Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains or losses on remeasuring the fair value of the hedging instrument are recognised directly in equity in the cash flow hedging reserve until such time as the hedged item affects profit or loss, then the gains or losses are transferred to the income statement. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the income statement. The application of hedge accounting will create some volatility in equity reserve balances.

1. BASIS OF PREPARATION (continued)

(a) FRS which is applicable to the Group effective 1 January 2010 and has an impact on the accounting polices of the Group (continued)

FRS 139 "Financial Instruments: Recognition and Measurement" (continued)

Borrowings in a designated hedging relationship:

Borrowings subject to cash flow hedges are recognised initially at fair value based on the applicable spot price plus any transaction costs that are directly attributable to the issue of borrowing. These borrowings are subsequently carried at amortised costs, translated at applicable spot exchange rate at reporting date. Any difference between the final amount paid to discharge the borrowing and the initial proceeds is recognised in the income statement over the borrowing period using the effective interest method.

Currency gain or losses on the borrowings are recognised in the income statement, along with the associated gain or losses on the hedging instrument, which have been transferred from the cash flow hedging reserve to the income statement.

Save for the above, the adoption of FRS 139 does not have any significant impact on the Group's financial assets and liabilities.

(b) FRSs and Amendments to FRSs which are applicable to the Group effective 1 January 2010 and have an impact to the presentation and disclosure of the unaudited condensed financial statements

The adoption of the following FRSs and amendments to FRSs that came into effect on 1 January 2010, as disclosed in the audited consolidated financial statements for the financial year ended 31 December 2009, have an impact on the presentation and disclosure of the financial statements:

- FRS 8 Operating Segments
- FRS 101 Presentation of Financial Statements
- Amendments to FRSs contained in document entitled "Improvements to FRSs (2009)" – Amendments to FRS 107 "Statement of Cash Flows" and FRS 117 "Leases"

FRS 8 "Operating Segments"

The new FRS requires a 'management approach', under which segment information is reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The adoption has resulted in an additional disclosure on reconciling the reportable segments' profit from operations to the Group's profit/(loss) before tax.

FRS 101 "Presentation of Financial Statements"

The new FRS prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity. Non-owner changes in equity are to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Group has elected to present two separate statements, ie. income statement and statement of comprehensive income. All non-owner changes in equity are now included in the statement of comprehensive income.

1. BASIS OF PREPARATION (continued)

(b) FRSs and Amendments to FRSs which are applicable to the Group effective 1 January 2010 and have an impact to the presentation and disclosure of the unaudited condensed financial statements (continued)

Amendment to FRS 107 "Statement of Cash flows"

The amendment requires the Group to reclassify expenditure resulting in recognition of assets to be categorised as a cash flow from investing activities. The reclassification has been made retrospectively and comparative unaudited Consolidated Statement of Cash Flows for the period ended 30 June 2009 has been restated as below so that it is in conformity with the revised standard:

	Consolidated Cash Flow Statement for the period ended 30/6/2009	Effects on adoption of amendment to FRS 107	Restated Consolidated Statement of Cash Flows for the period ended 30/6/2009
	RM' m	RM' m	RM' m
Payments for handset subsidies			
Cash flows from operating activities	11	45	56
Cash flow from investing activities	(4)	(45)	(49)

Amendment to FRS 117 "Leases"

The amendment requires the Group to reassess the classification of leasehold land as finance lease or operating lease based on the extent of risks and rewards associated with the land. The Group has reassessed the risks and rewards of the leasehold land and concluded that it is a finance lease. Consequently, leasehold land has been reclassified from prepaid lease payments to property, plant and equipment.

The reclassification has been made retrospectively and comparative Consolidated Statement of Financial Position as at 31 December 2009 has been restated as below so that it is in conformity with the revised standard:

	Consolidated Balance Sheet as previously reported	Effects on adoption of amendment to FRS 117	Consolidated Statement of Financial Position as restated
	RM' m	RM' m	RM' m
Property, plant and equipment	4,555	6	4,561
Prepaid lease payments	6	(6)	-

1. BASIS OF PREPARATION (continued)

(c) FRSs, Amendments to FRSs and Issues Committee ("IC") Interpretations which are applicable to the Group effective 1 January 2010 but have no significant impact to the unaudited condensed financial statements

The adoption of the following FRSs, amendments to FRSs and IC Interpretations that came into effect on 1 January 2010, as disclosed in the audited consolidated financial statements for the financial year ended 31 December 2009, did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

- FRS 7 — Financial Instruments: Disclosures
- FRS 123 — Borrowing Costs
- Amendments to FRS 2 — Share-based Payment: Vesting Conditions and Cancellations
- Amendments to FRS 127 — Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- IC Interpretation 9 — Reassessment of Embedded Derivatives
- IC Interpretation 10 — Interim Financial Reporting and Impairment
- IC Interpretation 13 — Customer Loyalty Programmes
- Amendments to FRSs contained in document entitled "Improvements to FRSs (2009)", save for those disclosed in Note (b) above

(d) FRSs, Amendments to FRSs and IC Interpretations which are applicable to the Group but not yet effective

The following revised FRSs, amendments to FRSs and IC Interpretations have been issued by the MASB and have yet to be adopted by the Group:

<u>Effective for financial periods on or after 1 July 2010</u>

- Revised FRS 3 — Business Combinations
- Revised FRS 127 — Consolidated and Separate Financial Statements
- Amendments to FRS 2 — Share-based Payment
- Amendments to FRS 5 — Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138 — Intangible Assets
- Amendments to IC Interpretation 9 — Reassessment of Embedded Derivatives

<u>Effective for financial periods on or after 1 January 2011</u>

- Amendments to FRS 2 — Group Cash-settled Share-based Payment Transactions
- Amendments to FRS 7 — Improving Disclosure about Financial Instruments
- IC Interpretation 4 — Determining whether an Arrangement contains a Lease
- IC Interpretation 18 — Transfers of Assets from Customers

2. REVIEW OF PERFORMANCE

(A) Performance of the current quarter against the preceding quarter (2nd Quarter 2010 versus 1st Quarter 2010)

Consolidated Income Statements (Unaudited) (RM'm)	2nd Quarter 2010	1st Quarter 2010	Variance	% Variance
Revenue	**2,191**	2,152	39	2
Cost of sales	**(761)**	(716)	(45)	(6)
Gross profit	**1,430**	1,436	(6)	(1)
Other income	**8**	2	6	>100
Administrative expenses	**(395)**	(370)	(25)	(7)
Network operation costs	**(245)**	(243)	(2)	(1)
Other expenses	**(23)**	(10)	(13)	>(100)
Profit from operations	**775**	815	(40)	(5)
Finance income	**7**	5	2	40
Finance cost	**(62)**	(55)	(7)	(13)
Profit before tax ("PBT")	**720**	765	(45)	(6)
Taxation	**(188)**	(213)	25	12
Profit for the period attributable to equity holders of the Company	**532**	552	(20)	(4)
EBITDA [1]	**1,028**	1,082	(54)	(5)
EBITDA margin (%)	**46.9**	50.3	(3.4)	NA
Total depreciation and amortisation	**253**	267	(14)	(5)

Note:
[1] Defined as profit before interest income, finance cost, tax, depreciation and amortisation.

Consolidated Statements of Cash Flows (Unaudited) (RM'm)	2nd Quarter 2010	1st Quarter 2010	Variance	% Variance
Net cash flows generated from operating activities	**1,064**	798	266	33
- *Changes in working capital*	***113***	*(171)*	*284*	*>100*
Net cash flows used in investing activities	**(314)**	(154)	(160)	>(100)
- *Purchase of property, plant and equipment*	***(299)***	*(134)*	*(165)*	*>(100)*
Net cash flows used in financing activities	**(660)**	(1,019)	359	35
Net changes	**90**	(375)	465	>100
Cash and cash equivalents at the beginning of the period	**817**	1,192	(375)	(31)
Cash and cash equivalents at the end of the period	**907**	817	90	11

2. REVIEW OF PERFORMANCE (continued)

(A) Performance of the current quarter against the preceding quarter (2nd Quarter 2010 versus 1st Quarter 2010) (continued)

Operational indicators	2nd Quarter 2010	1st Quarter 2010	Variance	% Variance
Number of mobile subscriptions ('000)				
- Postpaid	**2,687**	2,711	(24)	(1)
- Prepaid	**9,836**	9,667	169	2
- Wireless broadband [1]	**448**	313	135	43
- Total	**12,971**	12,691	280	2
Monthly ARPU (RM)				
- Postpaid	**103**	102	1	1
- Prepaid	**36**	37	(1)	(3)
- Wireless broadband	**69**	69	-	-
- Blended	**51**	52	(1)	(2)
Average monthly MOUs (minutes) per subscription [2]				
- Postpaid	**364**	358	6	2
- Prepaid	**123**	122	1	1
- Blended	**173**	173	-	-

Notes:
(1) Defined as customers who have subscribed to data plans via a USB modem. Total number of subscribers who have subscribed to data plans, i.e. on both USB modems and handsets are 636,000 as at 30 June 2010 (Q1 2010: 487,000).
(2) Average monthly MOU per subscription excludes roaming partner minutes but includes free minutes.

The Group recorded a quarter on quarter revenue growth of 2% or RM39 million primarily driven by an increase in revenue from advance data services (ADS), wireless broadband and hubbing business. ADS revenue has increased by 9% with the continued growth in mobile internet usage aided by the wide usage of smartphones and the additional products and services launched. Wireless broadband revenue grew by 32% due to an increase in the number of subscriptions from 313,000 as at 31 March 2010 to 448,000 as at 30 June 2010.

The increase in ADS revenue has also contributed to the increase in the monthly postpaid ARPU whilst the monthly prepaid ARPU was impacted by the higher take up of lower priced plans. Despite competition, the wireless broadband maintained its ARPU at RM69.

The Group's EBITDA and EBITDA margin were impacted by the cost incurred for the 2010 FIFA World Cup sponsorship and the increased interconnect costs on higher hubbing traffic in the quarter, partly offset by cost savings from cost management initiatives.

As a result of the lower EBITDA and higher finance costs partly offset by lower depreciation charge, PBT at RM720 million was RM45 million or 6% lower than the preceding quarter. Consequently, profit for the period was lower at RM532 million compared to RM552 million in the preceding quarter.

2. REVIEW OF PERFORMANCE (continued)

(B) Performance of the current year against the preceding year (YTD 30 June 2010 versus YTD 30 June 2009)

To facilitate the comparability of the operational performance of the Group between the reported periods, the year-to-date 2009 set out below are prepared on the assumption that the business combination had been effected on 1 January 2009.

Consolidated Income Statements (Unaudited) (RM'm)	**YTD 2010**	**YTD 2009**	**Variance**	**% Variance**
Revenue	**4,343**	4,244	99	2
Cost of sales	**(1,477)**	(1,378)	(99)	(7)
Gross profit	**2,866**	2,866	-	-
Other income	**10**	2	8	>100
Administrative expenses	**(765)**	(720)	(45)	(6)
Network operation costs	**(488)**	(592)	104	18
Other expenses	**(33)**	(22)	(11)	(50)
Profit from operations	**1,590**	1,534	56	4
Finance income	**12**	20	(8)	(40)
Finance cost	**(117)**	(22)	(95)	>(100)
Profit before tax	**1,485**	1,532	(47)	(3)
Taxation	**(401)**	(391)	(10)	(3)
Profit for the period attributable to equity holders	**1,084**	1,141	(57)	(5)
EBITDA[1]	**2,110**	2,146	(36)	(2)
EBITDA margin (%)	**48.6**	50.6	(2.0)	NA
Total depreciation and amortisation	**520**	612	(92)	(15)

Consolidated Statements of Cash Flows (Unaudited) (RM'm)	**YTD 2010**	**YTD 2009 (Restated)**	**Variance**	**% Variance**
Net cash flows generated from operating activities	**1,862**	1,125	737	66
- *Changes in working capital*	***(58)***	*(781)* [2]	*723*	*93*
Net cash flows used in investing activities	**(468)**	(397)	(71)	(18)
- *Purchase of property, plant and equipment*	***(433)***	*(353)*	*(80)*	*(23)*
Net cash flows used in financing activities	**(1,679)**	(539)	(1,140)	>(100)
Net changes	**(285)**	189	(474)	>(100)
Cash and cash equivalents at the beginning of the period	**1,192**	1,692	(500)	(30)
Cash and cash equivalents at the end of the period	**907**	1,881	(974)	(52)

Notes:
(1) Defined as profit before interest income, finance cost, tax, depreciation and amortisation.
(2) Included settlement of balances due to Maxis Communications Berhad of RM409 million in relation to previous quarters' working capital requirements and payment to creditors of RM204 million.

2. REVIEW OF PERFORMANCE (continued)

(B) Performance of the current year against the preceding year (YTD 30 June 2010 versus YTD 30 June 2009) (continued)

Operational indicators	YTD 2010	YTD 2009	Variance	% Variance
Number of mobile subscriptions ('000)				
- Postpaid	**2,687**	2,728	(41)	(2)
- Prepaid	**9,836**	8,524	1,312	15
- Wireless broadband [(1)]	**448**	171	277	>100
- Total	**12,971**	11,423	1,548	14
Monthly ARPU (RM)				
- Postpaid	**103**	103	-	-
- Prepaid	**37**	42	(5)	(12)
- Wireless broadband	**69**	102	(33)	(32)
- Blended	**51**	56	(5)	(9)
Average monthly MOUs (minutes) per subscription [(2)]				
- Postpaid	**361**	369	(8)	(2)
- Prepaid	**123**	113	10	9
- Blended	**173**	172	1	1

Notes:
(1) Defined as customers who have subscribed to data plans via a USB modem. Total number of subscribers who have subscribed to data plans, i.e. on both USB modems and handsets are 636,000 as at 30 June 2010 (YTD 2009: 273,000).
(2) Average monthly MOU per subscription excludes roaming partner minutes but includes free minutes.

Revenue for the six months ended 30 June 2010 increased by 2% or RM99 million over the corresponding period last year due to increased non-voice revenue generated from the mobile services. The growth in non-voice revenue was primarily due to increased usage of mobile internet and wireless broadband services. Mobile subscriptions grew 14% with prepaid and wireless broadband growing by 1,312,000 and 277,000 subscriptions respectively.

Both the ARPU for prepaid and wireless broadband were impacted by the higher take up of lower priced plans with postpaid maintaining its monthly ARPU at RM103. The average monthly blended MOU per subscription remained relatively flat at 173 minutes as a result of increase from the prepaid segment that was partially offset by a decline in the postpaid segment.

The Group's EBITDA and EBITDA margin were largely impacted by higher sales and marketing costs incurred for the 2010 FIFA World Cup sponsorship and increased in device expenses in tandem with higher device revenue, partly offset by lower allowance for doubtful debts from improved collection and cost savings from cost management initiatives.

As a result of the lower EBITDA and higher finance costs partly offset by lower depreciation charge, PBT at RM1,485 million was RM47 million or 3% lower than the corresponding period last year. Consequently, profit for the period was lower at RM1,084 million compared to RM1,141 million in the corresponding period last year.

3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2010

The Group expects higher revenue growth momentum with the encouraging demand for broadband and mobile internet access. The recent regulatory changes on termination rates are not expected to have a material impact on the Group's results, based on current forecast of traffic pattern. The Group will continue to fortify its market leadership by providing more innovative new products and services to satisfy customer needs, investing in the network including increasing the high speed wireless broadband coverage and deploying new capabilities via its information technology transformation.

Whilst the Group continues to focus in achieving an efficient cost structure, it is currently having to increase its investments, incur subsidies and additional operating expenses, to support its broadband and data business which will provide significant additional revenue in the future.

Barring any unforeseen circumstances, the Board of Directors expects the performance of the Group for the financial year ending 31 December 2010 to be satisfactory.

4. QUALIFICATION OF PRECEDING AUDITED FINANCIAL STATEMENTS

There was no qualification to the preceding audited financial statements for the financial year ended 31 December 2009.

5. SEASONAL / CYCLICAL FACTORS

The operations of the Group were not significantly affected by seasonality and cyclical factors.

6. UNUSUAL ITEMS

There were no significant unusual items affecting the assets, liabilities, equity, net income, or cash flows during the financial period ended 30 June 2010.

7. MATERIAL CHANGES IN ESTIMATES

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

8. DEBTS AND EQUITY SECURITIES

Save for the syndicated term loan facility of USD750 million and term loan facility of RM2.45 billion drawn down on 24 February 2010 towards inter alia, payments of amounts owing to Maxis Communications Berhad as described in Maxis' Prospectus dated 28 October 2009, there were no issuance, repurchase and repayment of debt and equity securities by Maxis Berhad during the financial period under review.

Subsequent to the end of the financial period, the Company had on 14 July 2010 entered into an agreement for a term loan facility of USD100 million for general corporate funding purposes and/or financing the operating, capital expenditure and general working capital requirements of the Group. The facility was fully drawndown on 13 August 2010.

9. DIVIDENDS PAID

The following dividend payments were made during the financial period ended 30 June 2010:

	RM' m
In respect of the financial year ended 31 December 2009:	
- first interim single-tier tax exempt dividend of 6.0 sen per ordinary share, paid on 15 January 2010	**450**
- second interim single-tier tax exempt dividend of 6.0 sen per ordinary share, paid on 30 March 2010	**450**
In respect of the financial year ending 31 December 2010:	
- first interim single-tier tax exempt dividend of 8.0 sen per ordinary share, paid on 30 June 2010	**600**
	1,500

Subsequent to the financial period ended 30 June 2010, the final single-tier tax exempt dividend of 3.0 sen per ordinary shares in respect of the financial year ended 31 December 2009, amounting to RM225,000,000, was paid on 15 July 2010.

10. SEGMENT RESULTS AND REPORTING

The Group operates in three key segments in Malaysia, comprising the provision of mobile services which is a major contributor to the Group's operations, fixed line services and international gateway services. Inter-segment revenue comprise network services and management services rendered to other business segments within the Group. Some transactions are transacted at normal commercial terms that are no more favourable than that available to other third parties whilst the rest are allocated based on an equitable basis of allocation.

Quarter Ended 30/6/2010	**Mobile services**	**Fixed line services**	**International gateway services**	**Other operations**	**Elimination**	**Group**
	RM' m	**RM' m**	**RM' m**	**RM' m**	**RM' m**	**RM' m**
External revenue	**2,041**	**45**	**105**	**-**	**-**	**2,191**
Inter-segment revenue	**14**	**11**	**56**	**70**	**(151)**	**-**
Total revenue	**2,055**	**56**	**161**	**70**	**(151)**	**2,191**
Profit/(loss) from operations	**768**	**11**	**(3)**	**(1)**	**-**	**775**
Finance income						**7**
Finance cost						**(62)**
Profit before tax						**720**
Quarter Ended 30/6/2009						
External revenue	1,789	-	-	-	-	1,789
Inter-segment revenue	-	-	-	-	-	-
Total revenue	1,789	-	-	-	-	1,789
Profit from operations	60	-	-	-	-	60
Finance income						6
Finance cost						(8)
Share of results of a jointly controlled entity						(75)
Loss before tax						(17)

10. SEGMENT RESULTS AND REPORTING (continued)

Cumulative Quarters Ended 30/6/2010	Mobile services	Fixed line services	International gateway services	Other operations	Elimination	Group
	RM' m	RM' m	RM' m	RM' m	RM' m	RM' m
External revenue	**4,064**	**88**	**191**	**-**	**-**	**4,343**
Inter-segment revenue	**27**	**22**	**121**	**139**	**(309)**	**-**
Total revenue	**4,091**	**110**	**312**	**139**	**(309)**	**4,343**
Profit/(loss) from operations	**1,570**	**23**	**(2)**	**(1)**	**-**	**1,590**
Finance income						**12**
Finance cost						**(117)**
Profit before tax						**1,485**
Cumulative Quarters Ended 30/6/2009						
External revenue	3,567	-	-	-	-	3,567
Inter-segment revenue	-	-	-	-	-	-
Total revenue	3,567	-	-	-	-	3,567
Profit from operations	144	-	-	-	-	144
Finance income						14
Finance cost						(17)
Share of results of a jointly controlled entity						(175)
Loss before tax						(34)

11. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment for the period under review. As at 30 June 2010, all property, plant and equipment were stated at cost less accumulated depreciation.

12. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no material events subsequent to the end of the financial period.

13. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the period under review.

14. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Contingent liabilities

The amounts of contingent liabilities as at 24 August 2010 were as follows:

	RM' m
Indemnity given to financial institutions – unsecured:	
(a) Royal Malaysian Customs (for bank guarantees in relation to clearance on import of goods)	**15**
(b) Malaysian Communications and Multimedia Commission (for performance guarantee in relation to 3G spectrum assignment)	**50**
(c) Others (for bank guarantees issued to mainly local authorities for the purpose of infrastructure works, utility companies and others)	**26**
	91

(b) Contingent assets

There were no contingent assets as at 24 August 2010.

15. CAPITAL COMMITMENTS

Capital expenditure for property, plant and equipment approved by the Directors and not provided for in the unaudited condensed consolidated financial statements as at 30 June 2010 are as follows:

	RM' m
Contracted for	**403**
Not contracted for	**937**
	1,340

16. SIGNIFICANT RELATED PARTY DISCLOSURES

The significant related party transactions and balances described below were carried out in the ordinary course of business and on commercial terms that are no more favourable than that available to other third parties.

	Transactions for the period ended 30/6/2010	Balances due from/(to) as at 30/6/2010
	RM' m	**RM' m**
(a) Sales of goods and services to:		
- MEASAT Broadcast Network Systems Sdn. Bhd. and its related companies [(1)] (VSAT, telephony and international bandwidth services)	**16**	**7**
- Saudi Telecom Company ("STC")[(2)] (roaming and international calls)	**4**	**5**
- Aircel Limited Group [(3)] (interconnect, roaming and international calls)	**9**	**5**
(b) Purchases of goods and services from:		
- Aircel Limited Group [(3)] (interconnect, roaming and international calls)	**12**	**(6)**
- Sri Lanka Telecom PLC Group [(4)] (roaming and international calls)	**6**	**(2)**
- Tanjong City Centre Property Management Sdn. Bhd. [(5)] (rental, signage, parking and utility charges)	**15**	**(1)**
- MEASAT Satellite Systems Sdn. Bhd. [(6)] (transponder lease rental)	**9**	**-**
- Digital Five Sdn Bhd [(1)] (contents provision)	**4**	**(6)**
- MEASAT Broadcast Network Systems Sdn. Bhd. [(1)] (advertising and video content)	**1**	**(6)**
- UTSB Management Sdn. Bhd. [(7)] (secondment and consultancy services)	**13**	**(4)**
- SRG Asia Pacific Sdn. Bhd. [(7)] (call handling and telemarketing services)	**13**	**(5)**
- STC [(2)] (roaming and international calls)	**5**	**(10)**
- UMTS (Malaysia) Sdn.Bhd. [(8)] (usage of 3G spectrum)	**11**	**-**

16. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

Notes:

Usaha Tegas Sdn Bhd ("UTSB"), Saudi Telecom Company ("STC") and Harapan Nusantara Sdn Bhd ("Harapan Nusantara") are related parties to the Company, by virtue of having joint control over MCB via Binariang GSM Sdn Bhd ("BGSM"), pursuant to a shareholders' agreement in relation to BGSM. MCB is the immediate holding company of the Company.

Ananda Krishnan Tatparanandam ("TAK"), has a deemed interest in the shares of UTSB through Pacific States Investment Limited ("PSIL"), which has a direct controlling interest in UTSB. The shares in PSIL are held by Excorp Holdings N.V, which is in turn held by PanOcean Management Limited ("PanOcean"), the ultimate holding company. PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of TAK and foundations including those for charitable purposes. Although TAK is deemed to have an interest in the shares of UTSB, he does not have any economic or beneficial interest in the shares of UTSB, as such interest is held subject to the terms of the discretionary trust.

(1) Subsidiary of ASTRO ALL ASIA NETWORKS plc ("ASTRO"), an associate of UTSB
(2) A major shareholder of BGSM, the ultimate holding company of the Company
(3) Subsidiaries of MCB
(4) Associates of UTSB
(5) Subsidiary of Tanjong Public Limited Company, an associate of UTSB
(6) Subsidiary of MAI Holdings Sdn Bhd, a company controlled by TAK
(7) Subsidiary of UTSB
(8) Subsidiary of the Company and associate of ASTRO. The outstanding balances as at 30 June 2010 are eliminated in the consolidated financial statements

17. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable as the Group did not publish any profit forecast.

18. TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/6/2010	QUARTER ENDED 30/6/2009	**PERIOD ENDED 30/6/2010**	PERIOD ENDED 30/6/2009
	RM' m	RM' m	**RM' m**	RM' m
Income tax:				
- Current tax	**190**	20	**420**	35
Deferred tax	**(2)**	(5)	**(19)**	5
Total	**188**	15	**401**	40

The Group effective tax rate for the current quarter and financial year-to-date ended 30 June 2010 was at 26.1% and 27.0% respectively, higher than the statutory tax rate of 25% mainly due to certain expenses not being deductible for tax purposes.

19. PROFIT/(LOSS) ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

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

20. QUOTED SECURITIES

There were no quoted securities acquired or disposed during the current quarter and financial year-to-date.

21. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed.

22. BORROWINGS

The borrowings as at 30 June 2010 are as follows:

	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	TOTAL
	RM' m	RM' m	RM' m
Secured			
Finance lease liabilities	21	20	41
Unsecured			
Term loans	-	4,849	4,849
Loan from a related party	32	-	32
	53	4,869	4,922

Currency exposure profile of borrowings is as follows:

Ringgit Malaysia	53	2,466	2,519
United States Dollar	-	2,403	2,403
	53	4,869	4,922

23. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivatives

Details of derivative financial instruments outstanding as at 30 June 2010 are set out below:

TYPE OF DERIVATIVES	CONTRACT/ NOTIONAL VALUE	FAIR VALUE
	RM'm	RM'm
Cash flow hedge derivative:		
Cross Currency Interest Rate Swap ("CCIRS")		
- less than 1 year	-	-
- 1 year to 3 years	-	-
- more than 3 years	**2,550**	**181**
Total	**2,550**	**181**

On 24 February 2010, the Group entered into an amortising cross currency interest rate swap ("CCIRS") to hedge against fluctuations in the USD/RM exchange rate and fluctuations in LIBOR on its USD750 million syndicated loan. The Group will pay a fixed interest rate of 4.75% per annum in exchange for receiving LIBOR plus a spread on the amortising outstanding principal amounts, and pay Ringgit Malaysia in exchange of receiving USD at a pre-determined exchange rate of RM3.40 to USD1.00 according to the scheduled repayment of the syndicated loan in which principal exchange occurs semi-annually.

(i) The risks associated to the derivative financial instruments are as follows:

Market risk

Market risk arises on changes in market interest rates and foreign currency rates. The Group entered into CCIRS to hedge the fluctuations in the USD/RM exchange rate and fluctuations in LIBOR. However, if the market rate of the USD/RM exchange rate moves below RM3.40/USD1.00 and interest rate moves below 4.75% per annum, the Group is exposed to fair value risk and the losses shall be recognised on the statement of comprehensive income.

Credit risk

The Group is exposed to credit risk if one counterparty to the CCIRS fails to meet its obligations over the life of the CCRIS. The Group has entered into the CCIRS with various reputable counterparties to minimse the risks.

(ii) Cash flow requirements of the derivatives

There was no cash movement from the Group to the counterparties when the CCIRS was executed as fees/costs associated with the CCIRS have been incorporated into the fixed interest rate that each of the counterparties charge as part of the CCIRS structure. In addition, there is no cash movement between the Group and the CCIRS counterparties due to mark-to-market changes.

23. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(a) Disclosure of derivatives (continued)

(iii) Policies in place for mitigating or controlling the risks associated with those derivatives

The Group's activities expose it to a variety of financial risks, including market risk (interest rate risk and foreign currency risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge designated risk exposures of the underlying hedge items and does not enter into derivative financial instruments for speculative purposes.

Risk management is carried out by a central treasury department under a policy approved by the Board of Directors. The policy provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and use of derivative financial instruments.

(b) Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group determines the fair value of the derivative financial liabilities relating to the CCIRS using valuation technique which utilises data from recognised financial information sources. Assumptions are based on market conditions existing at each reporting date. The fair value is calculated as the present value of the estimated future cash flow using an appropriate market based yield curve.

As at 30 June 2010, the Group has recognised derivative financial liabilities of RM181 million, an increase of RM12 million from the previous quarter, on remeasuring the fair value of the derivative financial instrument. The corresponding increase has been included in equity in the cashflow hedging reserve of which RM19 million for the current quarter was transferred to the income statement to offset the unrealised gain of RM19 million which arose from the strengthening of RM against USD on the USD750 million syndicated loan. This has resulted in a reduction in the cashflow hedging reserve as at 30 June 2010 by RM7 million to RM52 million from the preceding quarter.

The cash flow hedging reserve represents the deferred fair value losses relating to the CCIRS. As the Group intends to hold the syndicated loan and associated derivative instrument to maturity, any changes to the fair value of the derivative instrument will not impact the income statement.

24. MATERIAL LITIGATION

There is no material litigation as at 24 August 2010.

25. DIVIDENDS

The Board of Directors has declared a second interim single-tier tax exempt dividend of 8 sen per ordinary share in respect of the financial year ending 31 December 2010, to be paid on 30 September 2010. The entitlement date for the dividend payment is 17 September 2010.

A depositor shall qualify for entitlement to the dividend only in respect of:

(i) shares transferred to the depositor's securities account before 4.00 pm on 17 September 2010 in respect of transfers; and

(ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The Board of Directors intends that dividends for the balance of the current financial year will be declared on a quarterly basis and expects that these dividends will be at an amount similar to that declared for the first and second quarters.

26. BASIC EARNINGS/(LOSSES) PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30/6/2010	QUARTER ENDED 30/6/2009	**PERIOD ENDED 30/6/2010**	PERIOD ENDED 30/6/2009
Profit/(loss) attributable to the equity holders	(RM' m)	**532**	(32)	**1,084**	(74)
Weighted average number of issued ordinary shares	(' m)	**7,500**[1]	5,213[2]	**7,500**[1]	5,213[2]
Basic earnings/(losses) per share	(sen)	**7.1**	(0.6)	**14.5**	(1.4)

Notes:
[1] Based on the issued ordinary shares of Maxis on 30 June 2010.
[2] Based on the shares issued by Maxis to the owners of MMSSB for the reverse acquisition.

By order of the Board

Dipak Kaur
(LS 5204)
Company Secretary
30 August 2010
Kuala Lumpur