MAXIS BERHAD

(867573 – A)

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

ANNOUNCEMENT

The Board of Directors of Maxis Berhad ("Maxis" or "the Company") is pleased to announce the following unaudited condensed consolidated financial statements for the third quarter ended 30 September 2011 which should be read in conjunction with the audited financial statements for the financial year ended 31 December 2010 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

		INDIVIDUAL QUARTER			**CUMULATIVE QUARTER**		
		QUARTER ENDED 30/9/2011	QUARTER ENDED 30/9/2010	+ -	**PERIOD ENDED 30/9/2011**	PERIOD ENDED 30/9/2010	+ -
	Note	**RM' m**	RM' m	%	**RM' m**	RM' m	%
Revenue	10	**2,244**	2,216	+1	**6,535**	6,559	-
Cost of sales		**(707)**	(702)		**(2,046)**	(2,179)	
Gross profit		**1,537**	1,514	+2	**4,489**	4,380	+2
Other income		**3**	3		**8**	13	
Administrative expenses		**(435)**	(394)		**(1,231)**	(1,159)	
Network operation costs		**(281)**	(240)		**(768)**	(728)	
Other expenses		**(10)**	(17)		**(61)**	(50)	
Profit from operations		**814**	866	-6	**2,437**	2,456	-1
Finance income		**9**	8		**30**	20	
Finance cost		**(77)**	(59)		**(223)**	(176)	
Profit before tax	10	**746**	815	-8	**2,244**	2,300	-2
Taxation	18	**(208)**	(214)		**(614)**	(615)	
Profit for the period		**538**	601	-10	**1,630**	1,685	-3
Attributable to:							
Equity holders of the Company		**537**	601	-10	**1,627**	1,685	-3
Non-controlling interest		**1**	-		**3**	-	
		538	601	-10	**1,630**	1,685	-3
Earnings per share attributable to equity holders of the Company (sen):							
- Basic	27(a)	**7.2**	8.0		**21.7**	22.5	
- Diluted	27(b)	**7.2**[(1)]	NA [(2)]		**21.7**[(1)]	NA [(2)]	

Notes :

[(1)] The diluted earnings per share are the same as basic earnings per share as the effect of dilutive potential ordinary shares are anti-dilutive.

[(2)] NA denotes "Not Applicable" as there were no dilutive ordinary shares.

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(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/9/2011	QUARTER ENDED 30/9/2010	**PERIOD ENDED 30/9/2011**	PERIOD ENDED 30/9/2010
	RM' m	RM' m	**RM' m**	RM' m
Profit for the period	**538**	601	**1,630**	1,685
Other comprehensive expense [3]:				
Net change in cash flow hedge	**(190)**	(26)	**(144)**	(78)
Total comprehensive income for the period	**348**	575	**1,486**	1,607
Attributable to:				
Equity holders of the Company	**347**	575	**1,483**	1,607
Non-controlling interest	**1**	-	**3**	-
	348	575	**1,486**	1,607

Note :

[3] There is no income tax attributable to the components of other comprehensive expense.

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	AS AT 30/9/2011 (Unaudited) RM' m	AS AT 31/12/2010 (Audited) RM' m
Non-current assets			
Property, plant and equipment	11	**4,936**	5,007
Intangible assets [4]		**11,036**	11,019
Deferred tax assets		**132**	96
		16,104	16,122
Current assets			
Inventories		**133**	214
Receivables, deposits and prepayments		**801**	936
Amounts due from related parties		**12**	14
Tax recoverable		**3**	41
Cash and cash equivalents		**916**	898
		1,865	2,103
Total assets		**17,969**	18,225
Current liabilities			
Provisions for liabilities and charges		**53**	60
Payables and accruals		**2,742**	3,106
Amounts due to related parties		**20**	43
Amount due to a fellow subsidiary		**-**	1
Borrowings	22	**2,460**	13
Taxation		**327**	100
		5,602	3,323
Net current liabilities		**(3,737)**	(1,220)
Non-current liabilities			
Borrowings	22	**3,432**	5,061
Provisions for liabilities and charges		**136**	127
Payables and accruals	22	**67**	46
Loan from a related party	22	**35**	33
Derivative financial liabilities		**376**	349
Deferred tax liabilities		**569**	620
		4,615	6,236
Net assets		**7,752**	8,666

Note:

[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)

	AS AT 30/9/2011 (Unaudited) RM' m	AS AT 31/12/2010 (Audited) RM' m
Equity		
Share capital	**750**	750
Reserves	**6,999**	7,916
Equity attributable to equity holders of the Company	**7,749**	8,666
Non-controlling interest	**3**	-
Total equity	**7,752**	8,666
Net assets per share (RM)	**1.03**	1.16

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to equity holders of the Company →								
	Issued and fully paid								
Period ended 30/9/2011	**Number of shares**	**Nominal Value**	**Merger Relief [5]**	**Reserve arising from reverse acquisition**	**Other reserves**	**Retained earnings (Note 24)**	**Total**	**Non-controlling interest**	**Total equity**
	’ m	**RM’ m**	**RM’ m**	**RM’ m**	**RM’ m**	**RM’ m**	**RM’ m**	**RM’ m**	**RM’ m**
Balance as at 1/1/2011	**7,500**	**750**	**30,440**	**(22,729)**	**(46)**	**251**	**8,666**	**-**	**8,666**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**1,627**	**1,627**	**3**	**1,630**
Other comprehensive expense for the period	**-**	**-**	**-**	**-**	**(144)**	**-**	**(144)**	**-**	**(144)**
Total comprehensive (expense)/income for the period	**-**	**-**	**-**	**-**	**(144)**	**1,627**	**1,483**	**3**	**1,486**
Dividends for the financial year ended 31 December 2010	**-**	**-**	**(11)**	**-**	**-**	**(1,689)**	**(1,700)**	**-**	**(1,700)**
Dividends for the financial year ending 31 December 2011	**-**	**-**	**(700)**	**-**	**-**	**-**	**(700)**	**-**	**(700)**
Balance as at 30/9/2011	**7,500**	**750**	**29,729**	**(22,729)**	**(190)**	**189**	**7,749**	**3**	**7,752**
Period ended 30/9/2010									
Balance as at 1/1/2010	7,500	750	30,440	(22,729)	53	431	8,945	-	8,945
Profit for the period	-	-	-	-	-	1,685	1,685	-	1,685
Other comprehensive expense for the period	-	-	-	-	(78)	-	(78)	-	(78)
Total comprehensive (expense)/income for the period	-	-	-	-	(78)	1,685	1,607	-	1,607
Dividends for the financial year ended 31 December 2009	-	-	-	-	-	(675)	(675)	-	(675)
Dividends for the financial year ended 31 December 2010	-	-	-	-	-	(1,200)	(1,200)	-	(1,200)
Balance as at 30/9/2010	7,500	750	30,440	(22,729)	(25)	241	8,677	-	8,677

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.

MAXIS BERHAD

(867573 – A)

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	PERIOD ENDED 30/9/2011 RM' m	PERIOD ENDED 30/9/2010 RM' m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**1,630**	1,685
Adjustments for:		
- non-cash items	**1,046**	899
- finance income	**(30)**	(20)
- finance cost	**223**	176
- taxation	**614**	615
Payments for provision for liabilities and charges	**(46)**	(28)
Other payments	-	(15)
Operating profit before working capital changes	**3,437**	3,312
Changes in working capital	**(295)**	161
Cash inflow from operations	**3,142**	3,473
Interest received	**30**	20
Net tax paid	**(437)**	(519)
Net cash flows generated from operating activities	**2,735**	2,974
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for handset subsidies	**(121)**	(53)
Purchase of property, plant and equipment	**(673)**	(889)
Proceeds from disposal of property, plant and equipment	**-**	1
Net cash flows used in investing activities	**(794)**	(941)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	**699**	5,315
Repayment of loan from immediate holding company	**-**	(4,992)
Repayment of lease financing	**(11)**	(20)
Interest paid	**(200)**	(193)
Loan documentation fees paid	**(11)**	(45)
Dividends paid	**(2,400)**	(2,325)
Net cash flows used in financing activities	**(1,923)**	(2,260)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**18**	(227)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	**898**	1,192
EFFECTS OF EXCHANGE RATE CHANGES	**-**	(1)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**916**	964

EXPLANATORY NOTES

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 Main Market 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 2010 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

The significant accounting polices and methods 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 2010 except for the following:

(a) Changes on the composition of the reportable operating segments

An additional reportable operating segment, Home Services, which was previously included in the Fixed Line Services segment has been reported as a separate reportable operating segment in line with the internal reporting provided to the chief operating decision-makers. Home Services comprise fixed voice services and data services to home customers. The Fixed Line Services segment has also been renamed to Enterprise Fixed Services segment which consists of a full suite of voice services, data services, VSAT services and IP and managed services to business customers.

As a result, the comparative segment information for the current quarter and period ended 30 September 2010 as disclosed in Note 10 on page 16 have been restated to conform with the segment results presented in the current period ended 30 September 2011.

(b) Share-based compensation

In conjunction with the share options granted to eligible employees on 1 July 2011 pursuant to the Group's Employee Share Option Scheme ("ESOS"), the Group has adopted a new equity settled share-based compensation accounting policy as detailed below in accordance with FRS 2 "Share-based Payment".

The Group operates an equity-settled, share-based compensation plan for eligible employees and directors of the Group and of the Company, pursuant to the ESOS. Where the Company pays for services of its employees using the options, the fair value of the employee services rendered in exchange for the grant of the share option is recognised as an expense in the income statement over the vesting periods of the grants, with the corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share option at the date of the grant and the number of share options to be vested by the vesting date. At each reporting date, the Group revises its estimate of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in the income statement and a corresponding adjustment to equity over the remaining vesting period.

The fair value of employee share options is measured using a modified Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historical volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on maturity of the options), expected dividends and the risk-free interest rate (based on data from recognised financial information sources). Non-market vesting conditions attached to the transactions are not taken into account in determining fair value.

1. BASIS OF PREPARATION (CONTINUED)

(b) Share-based compensation (continued)

The share option charge to the income statement for the period ended 30 September 2011 amounted to RM0.3 million. There is no impact on the diluted earnings per share for the current period ended 30 September 2011 as disclosed in Note 27(b) below as the share options are anti-dilutive.

(c) Changes arising from the adoption of the revised FRSs which are applicable to the Group effective 1 January 2011 and have an impact on the accounting polices of the Group

The adoption of the revised FRS 3 "Business Combinations" and revised FRS 127 "Consolidated and Separate Financial Statements" have resulted in changes in the accounting policies of the Group in relation to business combinations and preparation of consolidated financial statements on transactions with non-controlling interests. As these revised FRSs are effective prospectively, the Group has applied the changes prospectively from 1 January 2011.

Revised FRS 3 "Business Combinations"

The revised standard continues to apply the acquisition method to business combinations, with some significant changes. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. There is no impact on the unaudited condensed consolidated financial statements for the period ended 30 September 2011, as there is no business combination undertaken by the Group during the period.

Revised FRS 127 "Consolidated and Separate Financial Statements"

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interest, even if the attribution of losses to the non-controlling interest results in a debit balance in the shareholders' equity. Profit or loss attribution to non-controlling interests for prior years is not restated. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. There is no significant impact arising from the adoption of this revised standard other than the Group recognising RM3 million on profit attributable to the non-controlling interest in the current period ended 30 September 2011.

Issues Committee ("IC") Interpretation and Amendments to FRSs and IC Interpretations that are applicable to the Group effective 1 January 2011 but have no significant impact on the unaudited condensed consolidated financial statements

The adoption of the following IC Interpretation and amendments to FRSs and IC Interpretations that came into effect on 1 January 2011, as disclosed in the audited consolidated financial statements for the financial year ended 31 December 2010, did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

EXPLANATORY NOTES (CONTINUED)

1. BASIS OF PREPARATION (CONTINUED)

Issues Committee ("IC") Interpretation and Amendments to FRSs and IC Interpretations that are applicable to the Group effective 1 January 2011 but have no significant impact on the unaudited condensed consolidated financial statements (continued)

- Amendments to FRS 2 — Share-based Payment
- Amendments to FRS 5 — Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 7 — Improving Disclosure about Financial Instruments
- Amendments to FRS 138 — Intangible Assets
- Amendments to IC Interpretation 9 — Reassessment of Embedded Derivatives
- Amendments to FRS 2 — Group Cash-settled Share-based Payment Transactions
- IC Interpretation 4 — Determining whether an Arrangement contains a Lease
- Amendments to FRSs contained in the document entitled "Improvements to FRSs (2010)"

Published standards that is applicable to the Group but not yet effective

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") published a notice on the issuance of the Malaysian Financial Reporting Standard ("MFRS Framework"). The MFRS Framework is applicable for entities other than private entities for financial periods beginning on and after 1 January 2012, with exception of entities that are within the scope of MFRS 141 Agriculture and/or IC Interpretation 15 Agreement for the Construction of Real Estate. Arising from this, the Group shall adopt the MFRS Framework effective from 1 January 2012 and a review of the impact is currently being performed.

EXPLANATORY NOTES (CONTINUED)

2. REVIEW OF PERFORMANCE

(A) Performance of the current quarter against the preceding quarter (3rd Quarter 2011 versus 2nd Quarter 2011)

Financial indicators (RM'm unless otherwise indicated)	3rd Quarter 2011 (unaudited)	2nd Quarter 2011 (unaudited)	Variance	% Variance
Revenue	**2,244**	2,158	86	4
EBITDA [1]	**1,123**	1,106	17	2
EBITDA margin (%)	**50.0**	51.3	(1.3)	NA
Profit before tax ("PBT")	**746**	757	(11)	(1)
Profit for the period	**538**	552	(14)	(3)
Total depreciation	**254**	255	(1)	-
Total amortisation	**45**	33	12	36

Note:

(1) Defined as profit before interest income, finance cost, tax, depreciation, amortisation and allowance for write down of identified network costs.

With effect from 1 January 2011, the Group adopted a stricter definition of subscriptions for reporting purposes that is more reflective of the revenue generating base. The definitions of mobile subscriptions for postpaid, prepaid and wireless broadband are now as follows:

- **Postpaid and wireless broadband: subscriptions on the register excluding subscriptions that have been barred for more than 50 days.**
- **Prepaid: subscriptions on the register excluding subscriptions that do not have any revenue contribution for more than 50 days.**

Accordingly, the number of mobile subscriptions, monthly ARPU and average monthly MOU per subscription for the current period and quarter have been computed based on the new definitions.

EXPLANATORY NOTES (CONTINUED)

2. REVIEW OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (3rd Quarter 2011 versus 2nd Quarter 2011) (continued)

Operational indicators	Old definition 3rd Quarter 2011	New definition 3rd Quarter 2011	New definition 2nd Quarter 2011	Variance	% Variance
Number of mobile subscriptions ('000)					
- Postpaid	**2,671**	**2,627**	2,618	9	-
- Prepaid	**10,843**	**9,384**	9,513	(129)	(1)
- Wireless broadband	**711**	**681**	625	56	9
- Total	**14,225**	**12,692**	12,756	(64)	(1)

Operational indicators	New definition 3rd Quarter 2011	New definition 2nd Quarter 2011	Variance	% Variance
Monthly ARPU (RM)				
- Postpaid	**110**	108	2	2
- Prepaid	**38**	36	2	6
- Wireless broadband	**63**	63	-	-
- Blended	**54**	51	3	6
Average monthly MOUs (minutes) per subscription				
- Postpaid	**350**	353	(3)	(1)
- Prepaid	**141**	142	(1)	(1)
- Blended	**185**	186	(1)	(1)

The Group posted a quarter-on-quarter revenue increase of 4% or RM86 million primarily driven by increases in voice and non-voice revenues. The non-voice revenue as a percentage of total mobile services revenue increased by 1% point to 44% on higher outright sale of devices, mobile internet usage and active mobile internet users from higher take-up of smart devices and data bundling coupled with higher wireless broadband revenue from higher subscription base. The increase in voice revenue was largely due to increase in yield.

Monthly postpaid ARPU increased by RM2 on account of increase in non-voice component resulting from data bundle take-up whilst monthly prepaid ARPU increased by RM2 primarily due to higher voice and SMS yields reflecting the success of revenue improvement programs and higher mobile internet usage. Monthly wireless broadband ARPU remained stable at RM63.

In the current quarter, the Group's EBITDA improved by RM17 million or 2% on the back of higher revenue partially offset by higher direct expenses and higher operating expenses. EBITDA margin declined marginally by 1.3% points driven by higher marketing expenses and lower margins resulting from the sales of devices.

Despite higher EBITDA, profit for the period at RM538 million was RM14 million or 3% lower than the preceding quarter largely due to higher amortisation of handset subsidies as the Group continues to provide more smart devices and data bundling in the market, write-off in property, plant and equipment of RM10 million and higher net finance costs.

EXPLANATORY NOTES (CONTINUED)

2. REVIEW OF PERFORMANCE (CONTINUED)

(B) Performance of the current year against the preceding year (YTD 30 September 2011 versus YTD 30 September 2010)

Financial indicators (RM'm unless otherwise indicated)	YTD 2011 (unaudited)	YTD 2010 (unaudited)	Variance	% Variance
Revenue	**6,535**	6,559	(24)	-
EBITDA[1]	**3,319**	3,248	71	2
EBITDA margin (%)	**50.8**	49.5	1.3	NA
Profit before tax	**2,244**	2,300	(56)	(2)
Profit for the period	**1,630**	1,685	(55)	(3)
Total depreciation	**761**	727	34	5
Total amortisation	**104**	53	51	96

Note:
[1] Defined as profit before interest income, finance cost, tax, depreciation, amortisation and allowance for write down of identified network costs.

The numbers in the following table are not comparable due to the change in definition of mobile subscriptions as described in Note 2(A).

Operational indicators	New definition YTD 2011	Old definition YTD 2010
Number of mobile subscriptions ('000)		
- Postpaid	**2,627**	2,677
- Prepaid	**9,384**	10,324
- Wireless broadband	**681**	524
- Total	**12,692**	13,525
Monthly ARPU (RM)		
- Postpaid	**108**	102
- Prepaid	**36**	36
- Wireless broadband	**62**	69
- Blended	**51**	51
Average monthly MOUs (minutes) per subscription		
- Postpaid	**350**	358
- Prepaid	**140**	124
- Blended	**184**	173

EXPLANATORY NOTES (CONTINUED)

2. REVIEW OF PERFORMANCE (CONTINUED)

(B) Performance of the current year against the preceding year (YTD 30 September 2011 versus YTD 30 September 2010) (continued)

Revenue decreased by RM24 million over the preceding corresponding period mainly due to lower hubbing revenue resulting from the scale down of the low-margin hubbing business and lower voice revenue, coupled with the reduction in interconnection revenue driven by lower mobile and fixed termination rates, as imposed by the regulator which took effect in July 2010, partially offset by increase in non-voice mobile revenue. The growth in non-voice revenue was primarily due to increase in mobile internet usage, content subscription and outright sale of devices coupled with higher wireless broadband revenue from higher subscription base.

Despite lower reported revenue, the Group's EBITDA grew by 2% or RM71 million on the back of lower interconnect expenses in tandem with the reduction in termination rates and disciplined cost spend. EBITDA margin continued to increase by 1.3% points, reflecting the margin enhancement post scale back of the low-margin hubbing business.

Despite higher EBITDA, year-on-year PBT decreased by RM56 million largely due to higher net finance costs arising from additional borrowings as the Group moves towards a more optimal capital structure, and higher depreciation and amortisation as the Group continues to invest in its network and make available more smart devices and data bundling in the market. Consequently, profit for the period was lower at RM1,630 million compared to RM1,685 million in the corresponding preceding period.

EXPLANATORY NOTES (CONTINUED)

3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2011

The operating environment remains competitive with sustained pressure on revenue growth and profitability. Growth will continue to be driven by internet access and broadband services primarily from the increasing adoption of smart devices. In this respect, the Group continues to offer data bundles and data-centric plans, as well as to seed devices in the market, whilst continuing to invest prudently in the ongoing development of its network.

The Group remains committed to cost management and operational efficiency to maintain margins, and operating cash flows. The Group will continue to build on the existing range of passive infrastructure-sharing which has been implemented with other operators. In this respect, the Group has also entered into an active 3G RAN-sharing agreement with U-Mobile which allows it to optimize network utilization, and to benefit from a new source of revenue over the long term.

Barring unforeseen circumstances, the Board of Directors expects the performance of the Group for the financial year ending 31 December 2011 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 2010.

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 September 2011.

7. MATERIAL CHANGES IN ESTIMATES

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

8. DEBT AND EQUITY SECURITIES

There were no issuance, repurchase and repayment of debt and equity securities by the Group during the financial period ended 30 September 2011.

9. DIVIDENDS PAID

The following dividend payments were made during the financial period ended 30 September 2011:

	RM' m
In respect of the financial year ended 31 December 2010:	
- fourth interim single-tier tax exempt dividend of 8.0 sen per ordinary share, paid on 30 March 2011	**600**
- final single-tier tax exempt dividend of 8.0 sen per ordinary share, paid on 6 July 2011	**600**
In respect of the financial year ending 31 December 2011:	
- first interim single-tier tax exempt dividend of 8.0 sen per ordinary share, paid on 30 June 2011	**600**
- second interim single-tier tax exempt dividend of 8.0 sen per ordinary share, paid on 30 September 2011	**600**
	2,400

10. SEGMENT RESULTS AND REPORTING

As described in Note 1(a) on page 7, an additional reportable operating segment, Home Services, which was previously included in Fixed Line Services segment has been reported as a separate reportable operating segment. The Group is now operating in four key segments in Malaysia, comprising the provision of Mobile Services which is a major contributor to the Group's operations, Enterprise Fixed Services, International Gateway Services and Home Services. Comparatives have been restated to conform with the current period presentation. 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 30/9/2011	**Mobile services**	**Enterprise fixed services**	**International gateway services**	**Home services**	**Other operations**	**Elimination**	**Group**
	RM' m	**RM' m**	**RM' m**	**RM' m**	**RM' m**	**RM' m**	**RM' m**
External revenue	**2,163**	**44**	**33**	**4**	**-**	**-**	**2,244**
Inter-segment revenue	**5**	**7**	**44**	**-**	**73**	**(129)**	**-**
Total revenue	**2,168**	**51**	**77**	**4**	**73**	**(129)**	**2,244**
Profit/(loss) from operations	**807**	**4**	**5**	**(3)**	**1**	**-**	**814**
Finance income							**9**
Finance cost							**(77)**
Profit before tax							**746**

Quarter Ended 30/9/2010 (Restated)	Mobile services	Enterprise fixed services	International gateway services	Home services	Other operations	Elimination	Group
External revenue	2,063	43	106	4	-	-	2,216
Inter-segment revenue	6	-	50	-	73	(129)	-
Total revenue	2,069	43	156	4	73	(129)	2,216
Profit/(loss) from operations	857	(2)	11	(2)	2	-	866
Finance income							8
Finance cost							(59)
Profit before tax							815

10. SEGMENT RESULTS AND REPORTING (CONTINUED)

Cumulative Quarters Ended 30/9/2011	Mobile services	Enterprise fixed services	International gateway services	Home services	Other operations	Elimination	Group
	RM' m	RM' m	RM' m	RM' m	RM' m	RM' m	RM' m
External revenue	**6,276**	**135**	**111**	**13**	**-**	**-**	**6,535**
Inter-segment revenue	**18**	**20**	**136**	**-**	**234**	**(408)**	**-**
Total revenue	**6,294**	**155**	**247**	**13**	**234**	**(408)**	**6,535**
Profit/(loss) from operations	**2,437**	**16**	**19**	**(35)**	**-**	**-**	**2,437**
Finance income							**30**
Finance cost							**(223)**
Profit before tax							**2,244**

Cumulative Quarters Ended 30/9/2010 (Restated)	Mobile services	Enterprise fixed services	International gateway services	Home services	Other operations	Elimination	Group
External revenue	6,127	122	297	13	-	-	6,559
Inter-segment revenue	33	22	171	-	212	(438)	-
Total revenue	6,160	144	468	13	212	(438)	6,559
Profit/(loss) from operations	2,427	23	9	(4)	1	-	2,456
Finance income							20
Finance cost							(176)
Profit before tax							2,300

EXPLANATORY NOTES (CONTINUED)

11. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment for the period under review. As at 30 September 2011, 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

In the normal course of business, the Group incurs certain contingent liabilities arising from legal recourse sought by its customers and claims certain contingent assets from its vendors. No material losses/gains are anticipated as a result of these transactions.

The amounts of contingent liabilities as at 24 November 2011 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)	**24**
(b) Malaysian Communications and Multimedia Commission (for performance guarantee in relation to 3G spectrum assignment)	**25**
(c) Others (for bank guarantees issued to mainly local authorities for the purpose of infrastructure works, utility companies and others)	**70**
	119

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 September 2011 are as follows:

	RM' m
Contracted for	**295**
Not contracted for	**544**
	839

EXPLANATORY NOTES (CONTINUED)

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 30/9/2011	Balances due from/(to) as at 30/9/2011
	RM' m	RM' m
(a) Sales of goods and services to:		
- MEASAT Broadcast Network Systems Sdn. Bhd. [(1)] (VSAT, telephony and international bandwidth services)	28	7
- Saudi Telecom Company ("STC") [(2)] (roaming and international calls)	8	1
- Aircel Limited Group [(3)] (interconnect, roaming and international calls)	13	-
(b) Purchases of goods and services from:		
- Aircel Limited Group [(3)] (interconnect, roaming and international calls)	13	-
- Sri Lanka Telecom Ltd [(4)] (roaming and international calls)	2	-
- Tanjong City Centre Property Management Sdn. Bhd. [(5)] (rental, signage, parking and utility charges)	30	(2)
- MEASAT Satellite Systems Sdn. Bhd. [(6)] (transponder lease rental)	13	-
- Digital Five Sdn Bhd [(1)] (contents provision and publishing and advertising agent)	11	(8)
- MEASAT Broadcast Network Systems Sdn. Bhd. [(1)] (advertising and video content)	4	(1)
- UTSB Management Sdn. Bhd. [(5)] (corporate management services)	19	(2)
- SRG Asia Pacific Sdn. Bhd. [(5)] (call handling and telemarketing services)	18	(5)
- STC [(2)] (roaming and international calls)	3	-
- UMTS (Malaysia) Sdn. Bhd. [(7)] (usage of 3G spectrum)	22	(3)

16. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Notes:

Usaha Tegas Sdn. Bhd. ("UTSB"), Saudi Telecom Company ("STC") and Harapan Nusantara Sdn. Bhd. ("Harapan Nusantara") are parties related 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.

UTSB is ultimately controlled by PanOcean Management Limited ("PanOcean"), via Excorp Holdings N.V. and Pacific States Investment Limited, the intermediate and immediate holding companies of UTSB respectively. PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam ("TAK") and foundations including those for charitable purposes. Although PanOcean and TAK are deemed to have an interest in the shares of the Company through UTSB's deemed interest in BGSM and MCB, they do not have any economic or beneficial interest in the shares as such interest is held subject to the terms of the discretionary trust.

TAK also has a deemed interest in the shares of the Company via an entity which is a direct shareholder of BGSM and held by companies ultimately controlled by TAK.

(1) Subsidiary of Astro Holdings Sdn. Bhd. ("AHSB"), an associate of UTSB.
(2) A major shareholder of BGSM, who has joint control over BGSM, the ultimate holding company of the Company
(3) Subsidiary of MCB
(4) Associate of UTSB
(5) Subsidiary of UTSB
(6) A company controlled by TAK
(7) Subsidiary of the Company and associate of AHSB. The transaction values and outstanding balances 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 30/9/2011	QUARTER ENDED 30/9/2010	**YEAR ENDED 30/9/2011**	YEAR ENDED 30/9/2010
	RM' m	RM' m	**RM' m**	RM' m
Income tax:				
- Current tax	**225**	130	**682**	550
- Under/(Over) provision in prior year	**19**	(1)	**19**	(1)
Deferred tax:				
- Origination and reversal of temporary differences	**(17)**	83	**(68)**	64
- Recognition of previously unrecognised temporary differences	**(19)**	2	**(19)**	2
Total	**208**	214	**614**	615

The Group's effective tax rate for the current quarter and financial period to date ended 30 September 2011 was 27.9% and 27.4% 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 period to date.

EXPLANATORY NOTES (CONTINUED)

20. QUOTED SECURITIES

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

21. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed.

22. BORROWINGS

The borrowings as at 30 September 2011 are as follows:

	CURRENT LIABILITIES RM' m	NON-CURRENT LIABILITIES RM' m	TOTAL RM' m
Secured			
Finance lease liabilities	10	19	29
Unsecured			
Term loans	2,450	724	3,174
Syndicated term loans	-	2,689	2,689
Loan from a related party	-	35	35
Payables and accruals (deferred payment schemes)	-	65	65
	2,460	3,532	5,992

Currency exposure profile of borrowings is as follows:

	CURRENT LIABILITIES RM' m	NON-CURRENT LIABILITIES RM' m	TOTAL RM' m
Ringgit Malaysia	2,460	54	2,514
United States Dollar	-	3,308 [1]	3,308
Singapore Dollar	-	170 [1]	170
	2,460	3,532	5,992

Note:
[1] Include borrowings of RM3,413 million which have been hedged using cross currency interest rate swaps as further disclosed in Note 23.

23. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivatives

Details of derivative financial instruments outstanding as at 30 September 2011 are set out below:

TYPE OF DERIVATIVE	CONTRACT/ NOTIONAL VALUE	FAIR VALUE
	RM'm	RM'm
Cash flow hedge derivatives:		
Cross Currency Interest Rate Swaps ("CCIRSs")		
- less than 1 year	-	-
- 1 year to 3 years	-	-
- more than 3 years	**3,564**	**376**
Total	**3,564**	**376**

Other than those disclosed in the Group's audited financial statements for the financial year ended 31 December 2010, the Group entered into CCIRSs during the financial period ended 30 September 2011 to hedge against fluctuations in the USD/RM and SGD/RM exchange rates on the USD175 million and SGD70 million term loans respectively.

Cross Currency Interest Rate Swap

Commence -ment Date	Contract/ Notional Value	Exchange Rate	Interest Rate
28-Feb-11	USD100 m	The Group pays Ringgit Malaysia in exchange for receiving USD at a pre-determined exchange rate of RM3.048 to USD1.00 and RM3.050 to USD1.00 on each USD50 million respectively for its principal and interest in which at the end of the tenure, principal is on bullet repayment basis.	The Group pays KLIBOR plus a spread in exchange for receiving LIBOR plus a spread on the notional principal amount.
28-Feb-11	SGD70m	The Group pays Ringgit Malaysia in exchange for receiving SGD at a pre-determined exchange rate of RM2.39 to SGD1.00 for its principal and interest in which at the end of the tenure, principal is on bullet repayment basis.	The Group pays KLIBOR plus a spread in exchange for receiving Singapore Offer Rate plus a spread on the notional principal amount.
14-Jun-11	USD75m	The Group pays Ringgit Malaysia in exchange for receiving USD at a pre-determined exchange rate of RM3.03 to USD1.00 for its principal and interest in which at the end of the tenure, principal is on bullet repayment basis.	The Group pays a fixed interest rate of 4.99% in exchange for receiving LIBOR plus a spread on the notional principal amount.

EXPLANATORY NOTES (CONTINUED)

23. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Disclosure of derivatives (continued)

There have been no changes since the end of the previous financial year ended 31 December 2010 in respect of the following:

(a) the market risk and credit risk associated with the derivatives;

(b) the cash requirements of the derivatives;

(c) the policies in place for mitigating or controlling the risks associated with the derivatives; and

(d) the related accounting policies.

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

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

As at 30 September 2011, the Group has recognised derivative financial liabilities of RM376 million, an increase of RM16 million from the previous quarter, on remeasuring the fair values of the derivative financial instruments. The corresponding increase has been included in equity in the cashflow hedging reserve. For the current quarter, RM175 million of the cashflow hedging reserve was transferred to the income statement to offset the unrealised loss of RM174 million which mainly arose from the weakening of RM against USD and to offset interest expense of RM1m as the underlying interest rates were higher than the hedged rates on the borrowings. These have resulted in an increase on the unfavourable balance in the cashflow hedging reserve as at 30 September 2011 by RM191 million to RM244 million from the preceding quarter.

The losses recognised in the cash flow hedging reserve in equity of RM244 million as at 30 September 2011 represents the deferred fair value losses relating to the CCIRSs which will be continuously released to the income statement within finance cost until the underlying borrowings are repaid.

As the Group intends to hold the borrowings and associated derivative instruments to maturity, any changes to the fair values of the derivative instruments will not impact the income statement and will be taken to the cash flow hedging reserve in equity.

24. REALISED AND UNREALISED RETAINED EARNINGS

The following analysis of realised and unrealised retained earnings at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by the Bursa Malaysia Securities Berhad.

	AS AT 30/9/2011 RM' m	AS AT 31/12/2010 RM' m
Retained earnings of the Company and its subsidiaries:		
- Realised	**677**	697
- Unrealised	**(459)**	(539)
	218	158
Less: Consolidation adjustments	**(29)**	93
Total retained earnings as per Consolidated Statements of Financial Position	**189**	251

25. MATERIAL LITIGATION

There is no material litigation as at 24 November 2011.

26. DIVIDENDS

(a) Interim dividend

The Board of Directors has declared a third interim single-tier tax exempt dividend of 8.0 sen per ordinary share in respect of the financial year ending 31 December 2011, to be paid on 30 December 2011. The entitlement date for the dividend payment is 15 December 2011.

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 15 December 2011 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.

(b) The total dividends for the current financial period ended 30 September 2011 is 24.0 sen per ordinary share (2010: 24.0 sen).

The Board of Directors intends that interim dividends for the balance of the current financial year will be declared continuously on a quarterly basis and expects that these interim dividends will be at an amount similar to that declared in 2010.

EXPLANATORY NOTES (CONTINUED)

27. EARNINGS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30/9/2011	QUARTER ENDED 30/9/2010	**PERIOD ENDED 30/9/2011**	PERIOD ENDED 30/9/2010
(a) Basic earnings per share					
Profit attributable to the equity holders of the Company	(RM' m)	**537**	601	**1,627**	1,685
Number of issued ordinary shares	(' m)	**7,500**	7,500	**7,500**	7,500
Basic earnings per share	(sen)	**7.2**	8.0	**21.7**	22.5

(b) Diluted earnings per share

For the current quarter and financial period to date ended 30 September 2011, the diluted earnings per share are the same as basic earnings per share as the effect of dilutive potential ordinary shares are anti-dilutive. As at 30 September 2011, 11,524,600 share options were granted which have remained unexercised pursuant to the ESOS that could potentially dilute the basic earnings per share in the future but are anti-dilutive in the current quarter and financial period ended 30 September 2011. For the prior year's corresponding quarter and financial period ended 30 September 2010, the diluted earnings per share were not applicable as there were no dilutive potential ordinary shares.

By order of the Board

Dipak Kaur
(LS 5204)
Company Secretary
30 November 2011
Kuala Lumpur