MAXIS BERHAD

(867573 – A)

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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 fourth quarter ended 31 December 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

	Note	**INDIVIDUAL QUARTER**			**CUMULATIVE QUARTER**		
		QUARTER ENDED 31/12/2011	QUARTER ENDED 31/12/2010	+/-	**YEAR ENDED 31/12/2011**	YEAR ENDED 31/12/2010	+/-
		RM' m	RM' m	%	**RM' m**	RM' m	%
Revenue	7	**2,265**	2,310	-2	**8,800**	8,869	-1
Cost of sales		**(717)**	(778)		**(2,763)**	(2,957)	
Gross profit		**1,548**	1,532	+1	**6,037**	5,912	+2
Other income		**6**	28		**14**	41	
Administrative expenses		**(458)**	(406)		**(1,689)**	(1,565)	
Network operation costs		**(265)**	(250)		**(1,033)**	(978)	
Other expenses		**(36)**	(17)		**(97)**	(67)	
Profit from operations	18	**795**	887	-10	**3,232**	3,343	-3
Finance income		**10**	9		**40**	29	
Finance cost		**(45)**	(64)		**(268)**	(240)	
Profit before tax	7	**760**	832	-9	**3,004**	3,132	-4
Taxation	19	**141**	(222)		**(473)**	(837)	
Profit for the period/year		**901**	610	+48	**2,531**	2,295	+10
Attributable to:							
Equity holders of the Company		**900**	610	+48	**2,527**	2,295	+10
Non-controlling interest		**1**	-		**4**	-	
		901	610	+48	**2,531**	2,295	+10
Earnings per share attributable to equity holders of the Company (sen):							
- Basic	26(a)	**12.0**	8.1		**33.7**	30.6	
- Diluted	26(b)	**12.0**[(1)]	NA[(2)]		**33.7**[(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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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/12/2011	QUARTER ENDED 31/12/2010	**YEAR ENDED 31/12/2011**	YEAR ENDED 31/12/2010
	RM' m	RM' m	**RM' m**	RM' m
Profit for the period/year	**901**	610	**2,531**	2,295
Other comprehensive expense [3]:				
Net change in cash flow hedge	**35**	(21)	**(109)**	(99)
Total comprehensive income for the period/year	**936**	589	**2,422**	2,196
Attributable to:				
Equity holders of the Company	**935**	589	**2,418**	2,196
Non-controlling interest	**1**	-	**4**	-
	936	589	**2,422**	2,196

Note :

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

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	AS AT 31/12/2011 (Unaudited) RM' m	AS AT 31/12/2010 (Audited) RM' m
Non-current assets			
Property, plant and equipment	8	**4,971**	5,007
Intangible assets (4)		**11,060**	11,019
Derivative financial instruments		**3**	-
Deferred tax assets		**121**	96
		16,155	16,122
Current assets			
Inventories		**110**	214
Receivables, deposits and prepayments		**858**	936
Amounts due from related parties		**17**	14
Tax recoverable		**13**	41
Cash and cash equivalents		**838**	898
		1,836	2,103
Total assets		**17,991**	18,225
Current liabilities			
Provisions for liabilities and charges		**65**	60
Payables and accruals		**2,828**	3,106
Amounts due to related parties		**23**	43
Amount due to a fellow subsidiary		**-**	1
Borrowings	21	**1,464**	13
Taxation		**6**	100
		4,386	3,323
Net current liabilities		**(2,550)**	(1,220)
Non-current liabilities			
Borrowings	21	**4,409**	5,061
Provisions for liabilities and charges		**94**	127
Payables and accruals	21	**61**	46
Loan from a related party	21	**36**	33
Derivative financial instruments		**366**	349
Deferred tax liabilities		**551**	620
		5,517	6,236
Net assets		**8,088**	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 31/12/2011 (Unaudited) RM' m	AS AT 31/12/2010 (Audited) RM' m
Equity		
Share capital	**750**	750
Reserves	**7,334**	7,916
Equity attributable to equity holders of the Company	**8,084**	8,666
Non-controlling interest	**4**	-
Total equity	**8,088**	8,666
Net assets per share (RM)	**1.08**	1.16

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company								
	Issued and fully paid								
Year ended 31/12/2011	**Number of shares**	**Nominal Value**	**Merger Relief (5)**	**Reserve arising from reverse acquisition**	**Other reserves**	**Retained earnings (Note 23)**	**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 year	**-**	**-**	**-**	**-**	**-**	**2,527**	**2,527**	**4**	**2,531**
Other comprehensive expense for the year	**-**	**-**	**-**	**-**	**(109)**	**-**	**(109)**	**-**	**(109)**
Total comprehensive (expense)/income for the year	**-**	**-**	**-**	**-**	**(109)**	**2,527**	**2,418**	**4**	**2,422**
Dividends for the financial year ended 31 December 2010	**-**	**-**	**(11)**	**-**	**-**	**(1,189)**	**(1,200)**	**-**	**(1,200)**
Dividends for the financial year ended 31 December 2011	**-**	**-**	**(800)**	**-**	**-**	**(1,000)**	**(1,800)**	**-**	**(1,800)**
Balance as at 31/12/2011	**7,500**	**750**	**29,629**	**(22,729)**	**(155)**	**589**	**8,084**	**4**	**8,088**
<u>Year ended 31/12/2010</u>									
Balance as at 1/1/2010	7,500	750	30,440	(22,729)	53	431	8,945	-	8,945
Profit for the year	-	-	-	-	-	2,295	2,295	-	2,295
Other comprehensive expense for the year	-	-	-	-	(99)	-	(99)	-	(99)
Total comprehensive (expense)/income for the year	-	-	-	-	(99)	2,295	2,196	-	2,196
Dividends for the financial year ended 31 December 2009	-	-	-	-	-	(675)	(675)	-	(675)
Dividends for the financial year ended 31 December 2010	-	-	-	-	-	(1,800)	(1,800)	-	(1,800)
Balance as at 31/12/2010	7,500	750	30,440	(22,729)	(46)	251	8,666	-	8,666

<u>Note</u>:

(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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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED 31/12/2011 RM' m	YEAR ENDED 31/12/2010 RM' m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	**2,531**	2,295
Adjustments for:		
- non-cash items	**1,393**	1,219
- finance income	**(40)**	(29)
- finance cost	**268**	240
- taxation	**473**	837
Payments for provision for liabilities and charges	**(48)**	(29)
Other payments	-	(15)
Operating profit before working capital changes	**4,577**	4,518
Changes in working capital	**(271)**	309
Cash inflow from operations	**4,306**	4,827
Interest received	**40**	29
Net tax paid	**(634)**	(765)
Net cash flows generated from operating activities	**3,712**	4,091
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for handset subsidies	**(177)**	(75)
Purchase of property, plant and equipment	**(989)**	(1,381)
Proceeds from disposal of property, plant and equipment	**-**	1
Net cash flows used in investing activities	**(1,166)**	(1,455)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	**1,699**	5,315
Repayment of loan from immediate holding company	**-**	(4,992)
Repayment of bank borrowings	**(1,000)**	-
Repayment of lease financing	**(16)**	(28)
Interest paid	**(273)**	(255)
Loan documentation fees paid	**(16)**	(45)
Dividends paid	**(3,000)**	(2,925)
Net cash flows used in financing activities	**(2,606)**	(2,930)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(60)**	(294)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**898**	1,192
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**838**	898

MAXIS BERHAD
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(INCORPORATED IN MALAYSIA)
QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2011

PART A - EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

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 prior year's corresponding quarter and financial year ended 31 December 2010 as disclosed in Note 7 on pages 11 and 12 have been restated to conform with the segment results presented in the current quarter and financial year ended 31 December 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 financial year ended 31 December 2011 amounted to RM0.7 million. There is no impact on the diluted earnings per share for the current quarter and financial year ended 31 December 2011 as disclosed in Note 26(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 financial year ended 31 December 2011, as there is no business combination undertaken by the Group during the year.

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 RM4 million on profit attributable to the non-controlling interest in the current financial year ended 31 December 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.

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.

Save for the presentation of three statements of financial position in the first MFRS financial statements, the Group does not expect any significant impact on the Group's financial results and position, and changes to the accounting policies of the Group arising from the adoption of this MFRS Framework effective from 1 January 2012.

PART A - EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 (CONTINUED)

2. SEASONAL / CYCLICAL FACTORS

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

3. UNUSUAL ITEMS

Save for the below, there were no significant unusual items affecting the assets, liabilities, equity, net income, or cash flows during the current quarter and financial year ended 31 December 2011:

(i) recognition of last mile broadband tax incentive for the prior years and current year as disclosed in Note 19. This is in accordance with approval obtained from the Ministry of Finance on 30 November 2011; and

(ii) part refinancing of existing term loan of RM1 billion via an 11-year new term loan facility.

4. MATERIAL CHANGES IN ESTIMATES

Save for the changes in estimates in relation to the provision for site rectification and decommissioning works due to revisions in the estimated decommissioning costs based on current pricing and physical dismantling and restoration work, 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 year. The change in estimate has resulted in a reduction in the Group's provision for site rectification and decommissioning works by RM41 million with corresponding reductions in finance cost and carrying amount of property, plant and equipment by RM30 million and RM11 million respectively in the current quarter and financial year ended 31 December 2011.

5. DEBT AND EQUITY SECURITIES

There were no issuance, repurchase and repayment of debt and equity securities by the Group during the current quarter and financial year ended 31 December 2011.

6. DIVIDENDS PAID

The following dividend payments were made during the financial year ended 31 December 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**
- third interim single-tier tax exempt dividend of 8.0 sen per ordinary share, paid on 30 December 2011	**600**
	3,000

7. 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 quarter and financial year 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 31/12/2011	**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	**2,170**	**46**	**45**	**4**	**-**	**-**	**2,265**
Inter-segment revenue	**6**	**7**	**42**	**-**	**124**	**(179)**	**-**
Total revenue	**2,176**	**53**	**87**	**4**	**124**	**(179)**	**2,265**
Profit/(loss) from operations	**798**	**9**	**3**	**(22)**	**7**	**-**	**795**
Finance income							**10**
Finance cost							**(45)**
Profit before tax							**760**
Quarter Ended 31/12/2010 (Restated)							
External revenue	2,152	46	108	4	-	-	2,310
Inter-segment revenue	9	6	48	-	76	(139)	-
Total revenue	2,161	52	156	4	76	(139)	2,310
Profit from operations	855	12	-	17	3	-	887
Finance income							9
Finance cost							(64)
Profit before tax							832

PART A - EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134 (CONTINUED)

7. SEGMENT RESULTS AND REPORTING (CONTINUED)

Year Ended 31/12/2011	**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	**8,446**	**181**	**156**	**17**	**-**	**-**	**8,800**
Inter-segment revenue	**24**	**27**	**178**	**-**	**358**	**(587)**	**-**
Total revenue	**8,470**	**208**	**334**	**17**	**358**	**(587)**	**8,800**
Profit/(loss) from operations	**3,235**	**25**	**22**	**(57)**	**7**	**-**	**3,232**
Finance income							**40**
Finance cost							**(268)**
Profit before tax							**3,004**
Year Ended 31/12/2010 (Restated)							
External revenue	8,279	168	405	17	-	-	8,869
Inter-segment revenue	42	28	219	-	288	(577)	-
Total revenue	8,321	196	624	17	288	(577)	8,869
Profit from operations	3,282	35	9	13	4	-	3,343
Finance income							29
Finance cost							(240)
Profit before tax							3,132

8. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment for the current quarter and financial year under review. As at 31 December 2011, all property, plant and equipment were stated at cost less accumulated depreciation.

9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 16 February 2012, Maxis announced that it proposed to establish an unrated Islamic Medium Term Notes Programme with an aggregate nominal value of up to RM2.45 billion ("Sukuk Programme") based on the Islamic principle of Musharakah. The Sukuk Programme will have a tenure of 30 years from the date of first issue under the Sukuk Programme.

The Securities Commission has, vide its letter dated 20 February 2012, given its approval under Section 212(5) of the Capital Markets & Services Act 2007 for the Sukuk Programme.

On 24 February 2012, Maxis made its first issuance under the Sukuk Programme of RM2.45 billion nominal value with a tenure of 10 years from the date of issue ("First Issuance"). The proceeds from the First Issuance are to be utilised for the purposes set out below:

(i) RM1.45 billion for refinancing of existing loans; and

(ii) RM1.00 billion for capital expenditure and/or working capital and/or general funding requirements and/or general corporate purposes.

10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter and financial year under review.

11. 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. No material losses are anticipated as a result of these transactions.

The amounts of contingent liabilities as at 20 February 2012 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)	**19**
(b) Malaysian Communications and Multimedia Commission (for performance guarantee in relation to 3G spectrum assignment)	**26**
(c) Others (for bank guarantees issued mainly to local authorities for the purpose of infrastructure works, utility companies and others)	**69**
	114

12. 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 31 December 2011 are as follows:

	RM' m
Contracted for	**177**
Not contracted for	**821**
	998

13. 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 year ended 31/12/2011	Balances due from/(to) as at 31/12/2011
	RM' m	**RM' m**
(a) Sales of goods and services to:		
- MEASAT Broadcast Network Systems Sdn. Bhd. (1) (VSAT, telephony and international bandwidth services)	**37**	**6**
- Saudi Telecom Company ("STC") (2) (roaming and international calls)	**14**	**2**
- Aircel Limited Group (3) (interconnect, roaming and international calls)	**14**	**-**
(b) Purchases of goods and services from:		
- Aircel Limited Group (3) (interconnect, roaming and international calls)	**14**	**-**
- Tanjong City Centre Property Management Sdn. Bhd. (5) (rental, signage, parking and utility charges)	**38**	**6**
- MEASAT Satellite Systems Sdn. Bhd. (6) (transponder lease rental)	**19**	**-**
- Digital Five Sdn Bhd (1) (content provision and publishing and advertising agent)	**17**	**(9)**
- MEASAT Broadcast Network Systems Sdn. Bhd. (1) (advertising and video content)	**4**	**(1)**
- UTSB Management Sdn. Bhd. (5) (corporate management services)	**25**	**(2)**

13. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Transactions for the year ended 31/12/2011	Balances due from/(to) as at 31/12/2011
	RM' m	**RM' m**
(b) Purchases of goods and services from: (continued)		
- SRG Asia Pacific Sdn. Bhd. [5] (call handling and telemarketing services)	**23**	**(5)**
- STC [2] (roaming and international calls)	**4**	**-**
- UMTS (Malaysia) Sdn. Bhd. [7] (usage of 3G spectrum)	**30**	**(3)**

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

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS

14. ANALYSIS OF PERFORMANCE

(A) Performance of the current quarter against the preceding quarter (4th Quarter 2011 versus 3rd Quarter 2011)

Financial indicators (RM'm unless otherwise indicated)	4th Quarter 2011 (unaudited)	3rd Quarter 2011 (unaudited)	Variance	% Variance
Revenue				
- Mobile services	**2,170**	2,163	7	-
- Enterprise fixed services	**46**	44	2	5
- International gateway services	**45**	33	12	36
- Home services	**4**	4	-	-
Group revenue	**2,265**	2,244	21	1
EBITDA [(1)]				
- Mobile services	**1,087**	1,096	(9)	(1)
- Enterprise fixed services	**16**	11	5	45
- International gateway services	**8**	10	(2)	(20)
- Home services	**(19)**	(1)	(18)	>(100)
- Other operations	**12**	7	5	71
Group EBITDA	**1,104**	1,123	(19)	(2)
EBITDA margin (%)	**48.7**	50.0	(1.3)	NA
Profit before tax ("PBT")	**760**	746	14	2
Profit for the period	**901**	538	363	67
Profit attributable to equity holders of the Company	**900**	537	363	68
Total depreciation	**250**	254	(4)	(2)
Total amortisation	**33**	45	(12)	(27)

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 quarter have been computed based on the new definitions.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS (CONTINUED)

14. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (4th Quarter 2011 versus 3rd Quarter 2011) (continued)

Operational indicators	Old definition 4th Quarter 2011	New definition 4th Quarter 2011	New definition 3rd Quarter 2011	Variance	% Variance
Number of mobile subscriptions ('000)					
- Postpaid	**2,676**	**2,638**	2,627	11	-
- Prepaid	**10,602**	**9,429**	9,384	45	-
- Wireless broadband	**712**	**668**	681	(13)	(2)
- Total	**13,990**	**12,735**	12,692	43	-

Operational indicators	New definition 4th Quarter 2011	New definition 3rd Quarter 2011	Variance	% Variance
Monthly ARPU (RM)				
- Postpaid	**110**	110	-	-
- Prepaid	**38**	38	-	-
- Wireless broadband	**65**	63	2	3
- Blended	**54**	54	-	-
Average monthly MOUs (minutes) per subscription				
- Postpaid	**350**	350	-	-
- Prepaid	**136**	141	(5)	(4)
- Blended	**181**	185	(4)	(2)

The Group posted a quarter-on-quarter revenue increase of 1% or RM21 million primarily driven by International Gateway and Mobile services segments.

In the current quarter, the Group's EBITDA decreased by RM19 million or 2% on the back of higher operating expenses driven by higher marketing expenses, allowance for doubtful debts and information technology expenses. For further analysis on key operating segments, please refer to below.

Despite lower EBITDA, profit for the period at RM901 million was RM363 million or 67% higher than the preceding quarter largely due to the recognition of last mile broadband tax incentive for the prior years and current year and lower net finance costs arising from reversal of provision for site rectification and decommissioning works as disclosed in Note 4.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS (CONTINUED)

14. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (4th Quarter 2011 versus 3rd Quarter 2011) (continued)

Analysis Of The Group's Operating Segments

Mobile Services Segment

Mobile services posted a quarter-on-quarter revenue increase of RM7 million driven by increases in postpaid revenue and wireless broadband revenue, partially offset by drop in prepaid revenue.

Postpaid revenue increase was mainly driven by non-voice revenue from higher mobile internet usage from higher take-up of smart devices and data bundles whilst wireless broadband revenue increased from higher ARPU due to revised product proposition driving adoption of higher rate plans. Prepaid revenue decreased mainly driven by decrease in voice usage and IDD calls offset by improved prepaid product yields following a product construct change made towards the end of the preceding quarter and higher mobile internet usage. Non-voice revenue continued to be the major revenue contributor increasing revenues quarter-on-quarter. Total non-voice revenue as a percentage of total mobile services revenue increased to 45.3% this quarter.

Monthly postpaid and prepaid ARPUs remained stable at RM110 and RM38 respectively whilst monthly wireless broadband ARPU increased RM2 mainly due to adoption of higher rate plans.

In the current quarter, despite higher revenues, Mobile segment EBITDA decreased by RM9 million or 1% with margin declining 0.6% point to 50.1% mainly due to higher operating expenses driven by higher marketing expenses, information technology expenses and higher allowance for doubtful debts.

Enterprise Fixed Services Segment

Enterprise Fixed services registered a quarter-on-quarter revenue increase of 5% or RM2 million primarily driven by increases in leaseline, internet and transmission via satellite (VSAT) offset by lower voice revenue. In the current quarter, the EBITDA increased by RM5 million on the back of higher revenues and lower operating expenses which were mainly driven by lower repairs and maintenance expenses.

14. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (4th Quarter 2011 versus 3rd Quarter 2011) (continued)

International Gateway Services Segment

International Gateway services recorded a quarter-on-quarter revenue increase of 36% or RM12 million driven by higher hubbing revenue and international inbound revenue. Despite higher revenue, EBITDA decreased by RM2 million mainly due to lower margin from change in traffic mix.

Home Services Segment

Home services recorded revenue of RM4 million during the quarter mainly from Consumer Plain Old Telephone (POTs) and Asymmetric Digital Subscriber Line (ADSL) services. However, EBITDA decreased by RM18 million mainly due to start-up expenses coupled with higher advertising and promotional activities relating to Fibre to the Home (FTTH) services.

Other Operations Segment

Other Operations segment represents management services rendered to other business segments within the Group. Its revenues were eliminated at Group level.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS (CONTINUED)

14. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current year against the preceding year (Year 2011 versus Year 2010)

Financial indicators (RM'm unless otherwise indicated)	Year 2011 (unaudited)	Year 2010 (unaudited)	Variance	% Variance
Revenue				
- Mobile services	**8,446**	8,279	167	2
- Enterprise fixed services	**181**	168	13	8
- International gateway services	**156**	405	(249)	(61)
- Home services	**17**	17	-	-
Group revenue	**8,800**	8,869	(69)	(1)
EBITDA[1]				
- Mobile services	**4,346**	4,275	71	2
- Enterprise fixed services	**51**	63	(12)	(20)
- International gateway services	**42**	33	9	27
- Home services	**(49)**	15	(64)	>(100)
- Other operations	**33**	30	3	10
Group EBITDA	**4,423**	4,416	7	-
EBITDA margin (%)	**50.3**	49.8	0.5	NA
Profit before tax	**3,004**	3,132	(128)	(4)
Profit for the year	**2,531**	2,295	236	10
Profit attributable to equity holders of the Company	**2,527**	2,295	232	10
Total depreciation	**1,011**	976	35	4
Total amortisation	**137**	75	62	83

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

14. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current year against the preceding year (Year 2011 versus Year 2010) (continued)

The numbers in the following table are not comparable due to the change in definition of mobile subscriptions as described in Note 14(A).

Operational indicators	New definition Year 2011	Old definition Year 2010
Number of mobile subscriptions ('000)		
- Postpaid	**2,638**	2,673
- Prepaid	**9,429**	10,687
- Wireless broadband	**668**	594
- Total	**12,735**	13,954
Monthly ARPU (RM)		
- Postpaid	**108**	104
- Prepaid	**36**	36
- Wireless broadband	**63**	68
- Blended	**52**	50
Average monthly MOUs (minutes) per subscription		
- Postpaid	**350**	357
- Prepaid	**139**	124
- Blended	**183**	172

The Group's revenue decreased by RM69 million over the preceding year mainly due to lower hubbing revenue resulting from the scale down of the low-margin hubbing business, partly offset by higher Mobile segment revenue. Excluding International Gateway services segment, comparable revenue grew by 2.1%.

Despite lower reported revenue, the Group's EBITDA grew by RM7 million on the back of lower interconnect expenses in tandem with the reduction in termination rates and disciplined cost spend. EBITDA margin increased by 0.5% point, reflecting reduction in costs as well as the margin enhancement post scale back of the low-margin hubbing business.

Despite higher EBITDA, year-on-year PBT decreased by RM128 million largely due to higher net finance costs arising from additional borrowings as the Group moves towards a more optimal capital structure, 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 and higher write-off in property, plant and equipment. Despite lower PBT, profit for the year was higher at RM2,531 million compared to RM2,295 million in the preceding year largely due to the recognition of last mile broadband tax incentive for the prior years and current year.

14. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current year against the preceding year (Year 2011 versus Year 2010) (continued)

Mobile Services Segment

Mobile services posted a year-on-year revenue increase of RM167 million primarily driven by increase in non-voice revenues. The growth in non-voice revenue was mainly due to increase in mobile internet usage, content subscription and outright sale of devices coupled with higher wireless broadband revenue from a higher subscription base. Total non-voice revenue as a percentage of total mobile services revenue increased by 5.4% points to 43.5%.

The growth in non-voice revenue has more than compensated for the year-on-year reduction in voice revenue impacted by the mobile and fixed termination rates reduction imposed by the regulator effective 15 July 2010.

Mobile segment EBITDA improved by RM71 million or 2% on the back of higher revenue. However, margin decreased marginally by 0.1% point to 51.5% mainly due to higher network expenses incurred to support growing non-voice traffic, higher Universal Service Provision (USP) charges in line with higher year-on-year revenue, higher device related expenses, higher staff costs and higher information technology expenses offset by lower interconnect expenses in tandem with the regulated reduction in termination rates and lower roaming expenses as the Group enters into more preferential roaming arrangements with other roaming partners.

Enterprise Fixed Services Segment

Enterprise Fixed services registered a year-on-year revenue increase of 8% or RM13 million. The higher revenue was mainly due to new activations from leased lines, and IP and Managed services. Enterprise Fixed services EBITDA decreased by RM12 million on the back of higher direct and operating expenses.

International Gateway Services Segment

Revenue in International Gateway services decreased by 61% or RM249 million driven by lower hubbing revenue arising from scaling back of the low margin hubbing business in 2011. Despite lower revenue, International Gateway services EBITDA improved RM9 million primarily due to improved operational efficiency as reflected in lower allowance for doubtful debts, license and maintenance fees and staff costs.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS (CONTINUED)

14. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current year against the preceding year (Year 2011 versus Year 2010) (continued)

Home Services Segment

Services offered in the Home Segment for Year 2010 comprised primarily of Consumer POTs and ADSL. In March 2011, Home Segment commercially launched FTTH services. FTTH has yet to gain the market traction thus revenue growth has been slow. Home Services recorded revenue of RM17 million during the year as new FTTH revenue was offset by the declining revenue in Consumer POTs.

Home Services EBITDA decreased by RM64 million for the year attributed to start-up operational costs for both FTTH and Multi Screen Content Distribution (MSCD). The key start-up costs are mainly contributed by staff related costs, professional fees related to MSCD development coupled with higher sales and marketing spend on launching FTTH.

Other Operations Segment

Other Operations segment represents management services rendered to other business segments within the Group. Its revenues were eliminated at Group level.

15. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2012

The operating environment is expected to remain competitive and challenging. The Group will continue its focus on innovative product offerings and continue to focus on operational efficiency, drive cost management initiatives and optimise network utilization. The outlook for the key operating segments are as detailed below:

Mobile Services Segment

Revenue growth is expected to come from the rising demand for data from wireless broadband, internet access and other non-voice services on the back of lower voice growth. To drive data uptake, continued focus will be to strengthen the network to enhance customer experience on mobile data usage as well as seed devices in the market to drive demand for smart data devices and ultimately future data revenues. Retention programs will be instituted to reward customers with plans that provide strong value propositions.

Enterprise Fixed Services Segment

The growth of Enterprise Fixed business will be driven by 4 key segments, namely Corporate, Government, Small Medium Enterprise (SME) and Wholesale. These segments are expected to see growth in demand for managed services, outsourcing of key ICT infrastructure, VSAT offerings, Digital SME solution bundling and Thailand-Malaysia-Singapore terrestrial service.

International Gateway Services Segment

The operating environment for International Gateway is expected to continue to be challenging as a result of competition from other carriers.

15. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2011 (CONTINUED)

Home Services Segment

Demand for FTTH service in 2012 is expected to be stronger, with total homes with access to the fibre network projected to expand to 1.3 million homes by end 2012, further driving subscription potential. Industry wide, new subscriptions are estimated to expand by around 300,000 subscribers in 2012.

16. PROFIT FORECAST OR PROFIT GUARANTEE

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

17. QUALIFICATION OF PRECEDING AUDITED FINANCIAL STATEMENTS

There was no qualification to the preceding audited financial statements for the financial year ended 31 December 2010.

18. PROFIT FROM OPERATIONS

The following items have been charged/(credited) in arriving at the profit from operations:

	INDIVIDUAL QUARTER		**CUMULATIVE QUARTER**	
	QUARTER ENDED 31/12/2011	QUARTER ENDED 31/12/2010	**YEAR ENDED 31/12/2011**	YEAR ENDED 31/12/2010
	RM' m	RM' m	**RM' m**	RM' m
Allowance (net) for:				
- impairment of receivables, deposits and prepayments	**40**	29	**135**	119
- inventory obsolescence	**(12)**	2	**22**	6
Amortisation of intangible assets	**33**	22	**137**	75
Bad debts recovered	**(3)**	(2)	**(14)**	(9)
Depreciation of property, plant and equipment	**250**	249	**1,011**	976
Loss/(gain) on foreign exchange	**1**	(2)	**(16)**	(27)

Other than as presented in the income statement and as disclosed above, there were no gain/loss on disposal of quoted and unquoted investments or properties, impairment of assets, gain/loss on derivatives and other exceptional items for the current quarter and financial year.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS (CONTINUED)

19. TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/12/2011	QUARTER ENDED 31/12/2010	**YEAR ENDED 31/12/2011**	YEAR ENDED 31/12/2010
	RM' m	RM' m	**RM' m**	RM' m
Income tax:				
- Current tax	**25**	84	**707**	634
- Over provision in prior years	**(159)**	-	**(140)**	(1)
Deferred tax:				
- Origination and reversal of temporary differences	**57**	138	**(11)**	202
- Recognition of previously unrecognised temporary differences	**(64)**	-	**(83)**	2
Total	**(141)**	222	**473**	837

The Group's effective tax rates for the current quarter and financial year ended 31 December 2011 were significantly lower than the statutory tax rate of 25% mainly due to the recognition of last mile broadband tax incentive of RM352 million comprising RM223 million in respect of prior years and RM129 million for the current year.

20. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA SECURITIES MAIN MARKET LISTING REQUIREMENTS (CONTINUED)

21. BORROWINGS

The borrowings as at 31 December 2011 are as follows:

	CURRENT LIABILITIES RM' m	NON-CURRENT LIABILITIES RM' m	TOTAL RM' m
Secured			
Finance lease liabilities	**14**	**22**	**36**
Unsecured			
Term loans	**1,450**	**1,715**	**3,165**
Syndicated term loans	**-**	**2,672**	**2,672**
Loan from a related party	**-**	**36**	**36**
Payables and accruals (deferred payment schemes)	**-**	**59**	**59**
	1,464	**4,504**	**5,968**

Currency exposure profile of borrowings is as follows:

Ringgit Malaysia	**1,464**	**1,053**	**2,517**
United States Dollar	-	**3,281** [1]	**3,281**
Singapore Dollar	-	**170** [1]	**170**
	1,464	**4,504**	**5,968**

Note:
[1] Include borrowings of RM3,392 million which have been hedged using cross currency interest rate swaps as further disclosed in Note 22.

22. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivatives

Details of derivative financial instruments outstanding as at 31 December 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**	**363**
Total	**3,564**	**363**

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 year ended 31 December 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	USD100m	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.

22. 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 31 December 2011, the Group has recognised net derivative financial liabilities of RM363 million, a decrease of RM13 million from the previous quarter, on remeasuring the fair values of the derivative financial instruments. The corresponding decrease has been included in equity in the cashflow hedging reserve. For the current quarter, RM22 million of the cashflow hedging reserve was transferred to the income statement to offset the unrealised gain of RM23 million which mainly arose from the strengthening of RM against USD offset by the interest expense of RM1m as the underlying interest rates were higher than the hedged rates on the borrowings. These have resulted in a decrease on the unfavourable balance in the cashflow hedging reserve as at 31 December 2011 by RM35 million to RM209 million from the preceding quarter.

The losses recognised in the cash flow hedging reserve in equity of RM209 million as at 31 December 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.

23. 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 Bursa Malaysia Securities Berhad.

	AS AT 31/12/2011	**AS AT 31/12/2010**
	RM' m	**RM' m**
Retained earnings of the Company and its subsidiaries:		
- Realised	**1,085**	697
- Unrealised	**(466)**	(539)
	619	158
Less: Consolidation adjustments	**(30)**	93
Total retained earnings as per Consolidated Statements of Financial Position	**589**	251

24. MATERIAL LITIGATION

There is no material litigation as at 20 February 2012.

25. DIVIDENDS

(a) Interim dividend

The Board of Directors has declared a fourth interim single-tier tax exempt dividend of 8.0 sen per ordinary share in respect of the financial year ended 31 December 2011, to be paid on 30 March 2012. The entitlement date for the dividend payment is 15 March 2012.

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 March 2012 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 interim dividends in 2012 will be declared continuously on a quarterly basis and expects that these interim dividends will be at an amount similar to that declared in 2011.

(b) Final dividend

The Board of Directors proposes to recommend for shareholders' approval at the forthcoming Annual General Meeting a final single-tier tax exempt dividend of 8.0 sen per ordinary share in respect of the financial year ended 31 December 2011, to be paid on a date to be determined.

The total dividends for the current financial year ended 31 December 2011 is 40.0 sen per ordinary share (2010: 40.0 sen).

26. EARNINGS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 31/12/2011	QUARTER ENDED 31/12/2010	**YEAR ENDED 31/12/2011**	YEAR ENDED 31/12/2010
(a) Basic earnings per share					
Profit attributable to the equity holders of the Company	(RM' m)	**900**	610	**2,527**	2,295
Number of issued ordinary shares	(' m)	**7,500**	7,500	**7,500**	7,500
Basic earnings per share	(sen)	**12.0**	8.1	**33.7**	30.6

(b) Diluted earnings per share

For the current quarter and financial year ended 31 December 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 31 December 2011, 11,306,300 share options were granted and 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 year ended 31 December 2011. For the prior year's corresponding quarter and financial year ended 31 December 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
24 February 2012
Kuala Lumpur