MAXIS BERHAD

(867573 – A)

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012

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 first quarter ended 31 March 2012 which should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS

		INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		QUARTER ENDED 31/3/2012	QUARTER ENDED 31/3/2011	+ -	**PERIOD ENDED 31/3/2012**	PERIOD ENDED 31/3/2011	+ -
	Note	**RM' m**	RM' m	%	**RM' m**	RM' m	%
Revenue	7	**2,229**	2,133	+5	**2,229**	2,133	+5
Cost of sales		**(734)**	(688)		**(734)**	(688)	
Gross profit		**1,495**	1,445	+3	**1,495**	1,445	+3
Other income		**5**	5		**5**	5	
Administrative expenses		**(392)**	(384)		**(392)**	(384)	
Network operation costs		**(250)**	(245)		**(250)**	(245)	
Other expenses		**(20)**	(16)		**(20)**	(16)	
Profit from operations	18	**838**	805	+4	**838**	805	+4
Finance income		**11**	9		**11**	9	
Finance cost		**(82)**	(73)		**(82)**	(73)	
Profit before tax	7	**767**	741	+4	**767**	741	+4
Taxation	19	**(194)**	(201)		**(194)**	(201)	
Profit for the period		**573**	540	+6	**573**	540	+6
Attributable to:							
- Equity holders of the Company		**572**	539	+6	**572**	539	+6
- Non-controlling interest		**1**	1		**1**	1	
		573	540	+6	**573**	540	+6
Earnings per share attributable to equity holders of the Company (sen):							
- Basic	26	**7.6**	7.2		**7.6**	7.2	
- Diluted	26	**7.6**	NA[1]		**7.6**	NA[1]	

Notes :
[1] NA denotes “Not Applicable” as there were no dilutive ordinary shares.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2012	QUARTER ENDED 31/3/2011	**PERIOD ENDED 31/3/2012**	PERIOD ENDED 31/3/2011
	RM' m	RM' m	**RM' m**	RM' m
Profit for the period	**573**	540	**573**	540
Other comprehensive income [2]:				
Net change in cash flow hedge	**57**	8	**57**	8
Total comprehensive income for the period	**630**	548	**630**	548
Attributable to:				
- Equity holders of the Company	**629**	547	**629**	547
- Non-controlling interest	**1**	1	**1**	1
	630	548	**630**	548

Note :

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

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	**AS AT 31/3/2012 (Unaudited)**	AS AT 31/12/2011 (Audited)	AS AT 1/1/2011 (MFRS transition date)
		RM' m	RM' m	RM' m
Non-current assets				
Property, plant and equipment	8	**4,790**	4,971	5,007
Intangible assets [3]		**11,078**	11,060	11,019
Derivative financial instruments		**-**	3	-
Deferred tax assets		**118**	121	96
		15,986	16,155	16,122
Current assets				
Inventories		**84**	110	214
Receivables, deposits and prepayments		**853**	858	936
Amounts due from related parties		**12**	17	14
Tax recoverable		**8**	13	41
Cash and cash equivalents		**1,816**	838	898
		2,773	1,836	2,103
Total assets		**18,759**	17,991	18,225
Current liabilities				
Provisions for liabilities and charges		**42**	65	60
Payables and accruals		**2,630**	2,828	3,106
Amounts due to related parties		**26**	23	43
Amount due to a fellow subsidiary		**-**	-	1
Borrowings	21	**13**	1,464	13
Taxation		**77**	6	100
		2,788	4,386	3,323
Net current liabilities		**(15)**	(2,550)	(1,220)
Non-current liabilities				
Borrowings	21	**6,752**	4,409	5,061
Provisions for liabilities and charges		**97**	94	127
Payables and accruals	21	**52**	61	46
Loan from a related party	21	**36**	36	33
Derivative financial instruments		**414**	366	349
Deferred tax liabilities		**502**	551	620
		7,853	5,517	6,236
Net assets		**8,118**	8,088	8,666

Note:

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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)

	AS AT 31/3/2012 (Unaudited)	AS AT 31/12/2011 (Audited)	AS AT 1/1/2011 (MFRS transition date)
	RM' m	RM' m	RM' m
Equity			
Share capital	**750**	750	750
Reserves	**7,363**	7,334	7,916
Equity attributable to equity holders of the Company	**8,113**	8,084	8,666
Non-controlling interest	**5**	4	-
Total equity	**8,118**	8,088	8,666
Net assets per share (RM)	**1.08**	1.08	1.16

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to equity holders of the Company →								
	Issued and fully paid								
Period ended 31/3/2012	**Number of shares**	**Nominal Value**	**Merger Relief [4]**	**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 1/1/2012	**7,500**	**750**	**29,629**	**(22,729)**	**(155)**	**589**	**8,084**	**4**	**8,088**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**572**	**572**	**1**	**573**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**57**	**-**	**57**	**-**	**57**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**57**	**572**	**629**	**1**	**630**
Dividends for the financial year ended 31 December 2011	**-**	**-**	**-**	**-**	**-**	**(600)**	**(600)**	**-**	**(600)**
Balance as at 31/3/2012	**7,500**	**750**	**29,629**	**(22,729)**	**(98)**	**561**	**8,113**	**5**	**8,118**
Period ended 31/3/2011									
Balance as at 1/1/2011	7,500	750	30,440	(22,729)	(46)	251	8,666	-	8,666
Profit for the period	-	-	-	-	-	539	539	1	540
Other comprehensive income for the period	-	-	-	-	8	-	8	-	8
Total comprehensive income for the period	-	-	-	-	8	539	547	1	548
Dividends for the financial year ended 31 December 2010	-	-	-	-	-	(600)	(600)	-	(600)
Balance as at 31/3/2011	7,500	750	30,440	(22,729)	(38)	190	8,613	1	8,614

Note:
[4] 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

	PERIOD ENDED 31/3/2012	PERIOD ENDED 31/3/2011
	RM' m	RM' m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**573**	540
Adjustments for:		
- non-cash items	**324**	324
- finance income	**(11)**	(9)
- finance cost	**82**	73
- taxation	**194**	201
Payments for provision for liabilities and charges	**(34)**	(39)
Operating profit before working capital changes	**1,128**	1,090
Changes in working capital	**(187)**	(116)
Cash inflow from operations	**941**	974
Interest received	**11**	9
Net tax paid	**(164)**	(80)
Net cash flows generated from operating activities	**788**	903
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for handset subsidies	**(55)**	(41)
Purchase of property, plant and equipment	**(77)**	(243)
Net cash flows used in investing activities	**(132)**	(284)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of Islamic Medium Term Notes	**2,450**	472
Repayment of bank borrowing	**(1,450)**	-
Repayment of lease financing	**(3)**	(4)
Interest paid	**(64)**	(62)
Loan documentation fees paid	**(11)**	(10)
Dividends paid	**(600)**	(600)
Net cash flows generated from /(used in) financing activities	**322**	(204)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**978**	415
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	**838**	898
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**1,816**	1,313

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2012

PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN 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 Malaysian Financial Reporting Standard ("MFRS") 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 2011 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

The significant accounting policies and methods adopted for the unaudited condensed financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2011 except for the first-time adoption of Malaysian Financial Reporting Standards ("MFRS") Framework.

The Group has adopted the new MFRS Framework issued by the Malaysian Accounting Standards Board ("MASB") with effect from 1 January 2012. This MFRS Framework comprises International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

In the transition to the MFRS Framework, the Group has applied MFRS 1 "First-time Adoption of MFRS" which provides certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters. Save for the required presentation of three statements of financial position in the first MFRS financial statements, there is no other 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 as the requirements under the previous Financial Reporting Standards ("FRS") Framework were equivalent to the MFRS Framework, although there are some differences in relation to the transitional provisions and effective dates contained in certain of the MFRSs.

MFRSs and Amendments to MFRSs that are applicable to the Group but not yet effective

The Group has not early adopted the following standards that have been issued by the Malaysian Accounting Standards Board as these are effective for financial period beginning on or after 1 January 2013:

- MFRS 9 — Financial Instruments (effective from 1 January 2015)
- MFRS 10 — Consolidated Financial Statements (effective from 1 January 2013)
- MFRS 12 — Disclosure of Interests in Other Entities (effective from 1 January 2013)
- MFRS 13 — Fair Value Measurement (effective from 1 January 2013)
- MFRS 119 — Employee Benefits (effective from 1 January 2013)
- MFRS 127 — Separate Financial Statements (effective from 1 January 2013)
- Amendments to MFRS 7 — Disclosures - Offsetting Financial Assets and Financial Liabilities (effective from 1 January 2013)
- Amendments to MFRS 101 — Presentation of Items of Other Comprehensive Income (effective from 1 July 2012)
- Amendments to MFRS 132 — Offsetting Financial Assets and Financial Liabilities (effective from 1 January 2014)

PART A - EXPLANATORY NOTES PURSUANT TO MALAYSIAN 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 item disclosed in Note 5 below, there were no significant unusual items affecting the assets, liabilities, equity, net income, or cash flows during the current quarter ended 31 March 2012.

4. 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.

5. DEBT AND EQUITY SECURITIES

On 24 February 2012, Maxis made its first issuance under the unrated Islamic Medium Term Notes 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 which were fully repaid on the same date; and

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

Save for the above, there were no issuance, repurchase and repayment of debt and equity securities by the Group during the current quarter ended 31 March 2012.

6. DIVIDENDS PAID

During the financial period ended 31 March 2012, the fourth interim single-tier tax-exempt dividend of 8.0 sen per ordinary share in respect of the financial year ended 31 December 2011, amounting to RM600 million was paid on 30 March 2012.

7. SEGMENT RESULTS AND REPORTING

The Group is 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. 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 31/3/2012	**Mobile services RM' m**	**Enterprise fixed services RM' m**	**International gateway services RM' m**	**Home services RM' m**	**Other operations RM' m**	**Elimination RM' m**	**Group RM' m**
External revenue	**2,130**	**45**	**46**	**8**	**-**	**-**	**2,229**
Inter-segment revenue	**6**	**6**	**45**	**-**	**86**	**(143)**	**-**
Total revenue	**2,136**	**51**	**91**	**8**	**86**	**(143)**	**2,229**
Profit/(loss) from operations	**854**	**6**	**3**	**(27)**	**2**	**-**	**838**
Finance income							**11**
Finance cost							**(82)**
Profit before tax							**767**
Quarter Ended 31/3/2011							
External revenue	2,038	43	48	4	-	-	2,133
Inter-segment revenue	7	6	46	-	80	(139)	-
Total revenue	2,045	49	94	4	80	(139)	2,133
Profit/(loss) from operations	814	(1)	5	(15)	2	-	805
Finance income							9
Finance cost							(73)
Profit before tax							741

8. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment for the current quarter under review. As at 31 March 2012, all property, plant and equipment were stated at cost less accumulated depreciation.

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

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

10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter 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 25 May 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)	**8**
(b) Malaysian Communications and Multimedia Commission (for performance guarantee in relation to 3G spectrum assignment)	**25**
(c) Supplier (for bank guarantees issued to a supplier to secure the Group's obligations in respect of Purchases of products and services from the supplier)	**61**
(d) Others (for bank guarantees issued mainly to local authorities for the purpose of infrastructure works, utility companies and others)	**39**
	133

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 March 2012 are as follows:

	RM' m
Contracted for	**179**
Not contracted for	**741**
	920

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 period ended 31/3/2012	Balances due from/(to) as at 31/3/2012	Commitments as at 31/3/2012	Total balances due from/(to) and commitments as at 31/3/2012
	RM' m	RM' m	RM' m	RM' m
(a) Sales of goods and services to:				
- MEASAT Broadcast Network Systems Sdn. Bhd. [(1)] (VSAT, telephony and international bandwidth services)	9	8	-	8
- Saudi Telecom Company ("STC") [(2)] (roaming and international calls)	1	3	-	3
- Aircel Limited Group [(3)] (interconnect, roaming and international calls)	1	-	-	-
(b) Purchases of goods and services from:				
- Aircel Limited Group [(3)] (interconnect, roaming and international calls)	1	(1)	-	(1)
- Tanjong City Centre Property Management Sdn. Bhd. [(4)] (rental, signage, parking and utility charges)	8	5	(38)	(33)
- MEASAT Satellite Systems Sdn. Bhd. (transponder lease rental)	6	-	(22)	(22)
- Digital Five Sdn. Bhd [(1)] (content provision, publishing and advertising agent, consultancy and IPTV development services)	6	(12)	(3)	(15)
- MEASAT Broadcast Network Systems Sdn. Bhd. [(1)] (advertising, mobile, video content and sponsorship of events)	1	(1)	(6)	(7)
- Media Innovations Pty Ltd. [(1)] (consultancy and IPTV development services)	2	(2)	(9)	(11)

13. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Transactions for the period ended 31/3/2012	Balances due from/(to) as at 31/3/2012	Commitments as at 31/3/2012	Total balances due from/(to) and commitments as at 31/3/2012
	RM' m	RM' m	RM' m	RM' m
(b) Purchases of goods and services (continued)				
- UTSB Management Sdn. Bhd. [4] (corporate management services)	**6**	**(2)**	**(40)**	**(42)**
- SRG Asia Pacific Sdn. Bhd. [4] (call handling and telemarketing services)	**5**	**(5)**	**-**	**(5)**
- UMTS (Malaysia) Sdn. Bhd. [6] (usage of 3G spectrum)	**8**	**(3)**	**-**	**(3)**

Notes:

The Group has entered into the above related party transactions with parties whose relationships are set out below.

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] Subsidiary of UTSB
[5] A company controlled by TAK
[6] 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 LISTING REQUIREMENTS

14. ANALYSIS OF PERFORMANCE

(A) Performance of the current quarter against the preceding quarter (1st Quarter 2012 versus 4th Quarter 2011)

Financial indicators (RM'm unless otherwise indicated)	1st Quarter 2012 (unaudited)	4th Quarter 2011 (unaudited)	Variance	% Variance
Revenue				
- Mobile services	**2,130**	2,170	(40)	(2)
- Enterprise fixed services	**45**	46	(1)	(2)
- International gateway services	**46**	45	1	2
- Home services	**8**	4	4	100
Group revenue	**2,229**	2,265	(36)	(2)
EBITDA [1]				
- Mobile services	**1,126**	1,087	39	4
- Enterprise fixed services	**13**	16	(3)	(19)
- International gateway services	**8**	8	-	-
- Home services	**(22)**	(19)	(3)	(16)
- Other operations	**8**	12	(4)	(33)
Group EBITDA	**1,133**	1,104	29	3
EBITDA margin (%)	**50.8**	48.7	2.1	NA
Profit before tax ("PBT")	**767**	760	7	1
Profit for the period	**573**	901	(328)	(36)
Profit attributable to equity holders of the Company	**572**	900	(328)	(36)
Total depreciation	**258**	250	8	3
Total amortisation	**37**	33	4	12

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

The Group recorded a 2% or RM36 million drop in revenue compared to the preceding quarter. The decline was mainly contributed by the Mobile segment.

Despite lower revenue, the Group's EBITDA ended 3% or RM29 million higher than the preceding quarter on the back of lower operating costs driven mainly by lower sales and marketing spend, allowance for bad and doubtful debts as well as general and administration expenses.

The Group recorded a profit for the period of RM573 million which was RM328 million lower than the preceding quarter. This was largely due to the recognition of the last mile broadband tax incentive and lower finance costs from reversals of provision for site rectification and decommissioning works in the preceding quarter.

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

14. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (1st Quarter 2012 versus 4th Quarter 2011) (continued)

Operational indicators	Old definition 1st Quarter 2012	New definition 1st Quarter 2012	New definition 4th Quarter 2011	New definition variance	New definition % variance
Number of mobile subscriptions ('000)					
- Postpaid	**2,677**	**2,564**	2,638	(74)	(3)
- Prepaid	**10,445**	**9,468**	9,429	39	-
- Wireless broadband	**694**	**613**	668	(55)	(8)
- Total	**13,816**	**12,645**	12,735	(90)	(1)

Operational indicators	New definition 1st Quarter 2012	New definition 4th Quarter 2011	Variance	% Variance
Monthly ARPU (RM)				
- Postpaid	**107**	110	(3)	(3)
- Prepaid	**37**	38	(1)	(3)
- Wireless broadband	**64**	65	(1)	(2)
- Blended	**52**	54	(2)	(4)
Average monthly MOUs (minutes) per subscription				
- Postpaid	**339**	350	(11)	(3)
- Prepaid	**131**	136	(5)	(4)
- Blended	**175**	181	(6)	(3)

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 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.

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

14. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (1st Quarter 2012 versus 4th Quarter 2011) (continued)

Analysis Of The Group's Operating Segments

Mobile Services

Revenue generated from Mobile services recorded a 2% or RM40 million decline versus the preceding quarter. This was contributed by lower revenue from wireless broadband on the back of lower subscription and prepaid services which were partially mitigated by better postpaid services revenue.

Postpaid services brought in higher revenue this quarter driven primarily by non-voice revenue through higher outright sale of devices and mobile internet usage. Total non-voice revenue as a percentage of total mobile revenue now stand at 45.5%; an increase of 0.2% from the preceding quarter. Prepaid revenue was lower as a result of lower voice and SMS usage.

Monthly wireless broadband and prepaid ARPUs remain relatively unchanged at RM64 and RM37 respectively whilst postpaid ARPU declined by RM3 to RM107 mainly due to lower usage.

Despite lower revenue, Mobile segment EBITDA increased 4% or RM39 million with a corresponding margin increase of 2.8% points to 52.9% in the quarter contributed mainly by lower operating costs driven mainly by lower sales and marketing spend, allowance for bad and doubtful debts as well as general and administration expenses.

Enterprise Fixed Services

Enterprise fixed services revenue for the quarter remained relatively flat at RM45 million. However, EBITDA decreased by RM3 million on the back of higher operating expenses.

International Gateway Services

International Gateway services recorded a quarter-on-quarter revenue increase of 2% or RM1 million driven by higher international inbound revenue whilst EBITDA remain stable at RM8 million.

Home Services

Home services recorded a quarter-on-quarter revenue increase of RM4 million mainly from Home Wireless Internet and Home Fibre Internet services on account of a higher subscription. However, EBITDA decreased by RM3 million mainly due to higher marketing expenses incurred to promote Home services and start-up expenses.

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

14. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (1st Quarter 2012 versus 4th Quarter 2011) (continued)

Other Operations

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

(B) Performance of the current year against the preceding year (YTD March 2012 versus YTD March 2011)

Financial indicators (RM'm unless otherwise indicated)	YTD 2012 (unaudited)	YTD 2011 (unaudited)	Variance	% Variance
Revenue				
- Mobile services	**2,130**	2,038	92	5
- Enterprise fixed services	**45**	43	2	5
- International gateway services	**46**	48	(2)	(4)
- Home services	**8**	4	4	100
Group revenue	**2,229**	2,133	96	5
EBITDA[1]				
- Mobile services	**1,126**	1,078	48	4
- Enterprise fixed services	**13**	6	7	>100
- International gateway services	**8**	11	(3)	(27)
- Home services	**(22)**	(14)	(8)	(57)
- Other operations	**8**	9	(1)	(11)
Group EBITDA	**1,133**	1,090	43	4
EBITDA margin (%)	**50.8**	51.1	(0.3)	NA
Profit before tax	**767**	741	26	4
Profit for the period	**573**	540	33	6
Profit attributable to equity holders of the Company	**572**	539	33	6
Total depreciation	**258**	252	6	2
Total amortisation	**37**	26	11	42

Notes:
(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 (YTD March 2012 versus YTD March 2011) (continued)

Operational indicators	New definition YTD 2012	New definition YTD 2011	Variance	% Variance
Number of mobile subscriptions ('000)				
- Postpaid	**2,564**	2,641	(77)	(3)
- Prepaid	**9,468**	9,500	(32)	-
- Wireless broadband	**613**	602	11	2
- Total	**12,645**	12,743	(98)	(1)
Monthly ARPU (RM)				
- Postpaid	**107**	105	2	2
- Prepaid	**37**	34	3	9
- Wireless broadband	**64**	61	3	5
- Blended	**52**	49	3	6
Average monthly MOUs (minutes) per subscription				
- Postpaid	**339**	348	(9)	(3)
- Prepaid	**131**	137	(6)	(4)
- Blended	**175**	180	(5)	(3)

The Group recorded a 5% or RM96 million increase in revenue over the preceding year, contributed by all business segments except for International gateway services, with Mobile services contributing approximately 96% of the increase.

Consequently, the Group's EBITDA grew 4% or RM43 million with EBITDA margin at 50.8%.

The profit for the period increased 6% or RM33 million largely a result of the higher EBITDA above, lower tax expenses and lower write–offs in property, plant and equipment which more than compensate for a higher net finance costs, depreciation and amortisation. Net finance costs were higher as a result of additional borrowings as the Group move towards a more optimal capital structure. Depreciation and amortisation were also higher as more investments were made in expanding the network and more smart devices were made available in the market.

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

14. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current year against the preceding year (YTD March 2012 versus YTD March 2011) (continued)

Mobile Services

The Mobile services recorded a 5% or RM92 million increase in revenue compared to the preceding year. This was primarily driven by non-voice revenue through higher sales of devices, mobile internet and SMS usage coupled with higher wireless broadband revenue as a result of a higher subscription. Total non-voice revenue as a percentage of total mobile revenue stood at 45.5%; an increase of 3.4% from the preceding year. The year-on-year increase in non-voice revenue was higher than the reduction in voice revenue due to lower usage and subscription.

Consequently, mobile segment EBITDA increased 4% or RM48 million with EBITDA margin at 52.9%.

Enterprise Fixed Services

Enterprise fixed services registered a year-on-year revenue increase of RM2 million or 5%. The higher revenue was mainly due to new activations from leased lines and transmission via satellite. Enterprise fixed services EBITDA increased by RM7 million on the back of higher revenue and lower direct expenses.

International Gateway Services

Revenue in International Gateway services dropped by 4% or RM2 million driven by lower international inbound revenue. EBITDA decreased RM3 million on the back of lower revenue and higher repair and maintenance expenses.

Home Services

Home services revenue grew by RM4 million during the year due to new revenue streams from Home Wireless Internet and Home Fibre Internet services which were launched in October 2011 and March 2011 respectively.

However, Home services EBITDA decreased by RM8 million or 57% year-on-year attributed to higher sales and marketing spend and start-up expenses for Home Fibre Internet services.

Other Operations

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 telecommunication industry is expected to remain competitive and challenging. The market will continue to see aggressive marketing and promotional programs which will continue to put pressure on tariffs and operating margins. In response to these challenges, the Group will continue to offer innovative products and to focus on operational efficiencies through cost management initiatives and optimizing network utilization. The outlook for the key operating segments are as detailed below:

Mobile Services

Demand for mobile services and internet access are expected to continue to come from increasing demand for data from mobile internet. To drive such data uptake, seeding of smart data devices will continue to be made to stimulate further adoption of smart devices whilst continued investments will be made to further strengthen the network to enhance customer experience and data usage which will ultimately lead to data revenue growth. Retention programs will continue to be enhanced to reward customers with plans that provide strong value propositions.

Enterprise Fixed Services

The Enterprise Fixed business will continue to focus on 4 key segments, namely Corporate, Government, Small Medium Enterprise (SME) and Wholesale to grow its operations. These segments are expected to see growth in demand for managed services, outsourcing of key ICT infrastructure, VSAT offerings, Digital SME solution bundling, Thailand-Malaysia-Singapore terrestrial connectivity service and High Speed Broadband for the period under review.

International Gateway Services

International Gateway services continue to face challenges in rates and volume as a result of competition from other carriers.

Home Services

Overall demand remains strong in 2012, with total homes with access to the fibre network continuing to expand strongly, further driving subscription potential. Industry wide, new subscriptions are estimated to expand by around 300,000 subscribers in 2012. The Group expects the Home services to contribute additional revenue for the period under review.

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 2011.

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

18. PROFIT FROM OPERATIONS

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2012	QUARTER ENDED 31/3/2011	**PERIOD ENDED 31/3/2012**	PERIOD ENDED 31/3/2011
	RM' m	RM' m	**RM' m**	RM' m
Allowance/(reversal) (net) for:				
- impairment of receivables, deposits and prepayments	**34**	30	**34**	30
- inventory obsolescence	**(3)**	4	**(3)**	4
Amortisation of intangible assets	**37**	26	**37**	26
Bad debts recovered	**(6)**	(6)	**(6)**	(6)
Depreciation of property, plant and equipment	**258**	252	**258**	252
Gain on foreign exchange	**(11)**	(5)	**(11)**	(5)

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.

19. TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2012	QUARTER ENDED 31/3/2011	**PERIOD ENDED 31/3/2012**	PERIOD ENDED 31/3/2011
	RM' m	RM' m	**RM' m**	RM' m
Income tax:				
- Current tax	**240**	208	**240**	208
Deferred tax:				
- Origination and reversal of temporary differences	**(46)**	(7)	**(46)**	(7)
Total	**194**	201	**194**	201

The Group's effective tax rates for the current quarter ended 31 March 2012 was at 25.3%, marginally higher than the statutory tax rate of 25% mainly due to certain expenses not being deductible for tax purposes offset by the tax credit of last mile broadband tax incentive.

20. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed.

21. BORROWINGS

The borrowings as at 31 March 2012 are as follows:

	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	TOTAL
	RM' m	RM' m	RM' m
Secured			
Finance lease liabilities	13	19	32
Unsecured			
Term loans	-	1,697	1,697
Syndicated term loans	-	2,585	2,585
Islamic Medium Term Notes	-	2,451	2,451
Loan from a related party	-	36	36
Payables and accruals (deferred payment schemes)	6	52	58
	19	6,840	6,859

Currency exposure profile of borrowings is as follows:

	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	TOTAL
Ringgit Malaysia ("RM")	13	3,502	3,515
United States Dollar ("USD")	6	3,169 [1]	3,175
Singapore Dollar ("SGD")	-	169 [1]	169
	19	6,840	6,859

Note:
[1] Include borrowings of RM3,286 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 March 2012 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 one year	-	-
- one year to three years	-	-
- more than three years	**3,564**	**414**
Total	**3,564**	**414**

Other than those disclosed in the Group's audited financial statements for the financial year ended 31 December 2011, there were no additional derivative financial instruments entered by the Group during the financial period ended 31 March 2012. Also, there have been no changes since the end of the previous financial year ended 31 December 2011 in respect of the followings:

(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.

22. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(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 March 2012, the Group has recognised derivative financial liabilities of RM414 million, an increase of RM51 million from the previous year, on remeasuring the fair values of the derivative financial instruments. The corresponding increase has been included in equity in the cash flow hedging reserve. For the current quarter, RM108 million of the cash flow hedging reserve was transferred to the income statement to offset the unrealised gain of RM108 million which mainly arose from the strengthening of RM against USD and SGD. This has resulted in a reduction on the debit balance in the cashflow hedging reserve as at 31 March 2012 by RM57 million to RM152 million compared with the financial year ended 31 December 2011.

The losses recognised in the cash flow hedging reserve in equity of RM152 million as at 31 March 2012 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 31/3/2012	**AS AT 31/12/2011**
	RM' m	**RM' m**
Retained earnings of the Company and its subsidiaries:		
- Realised	**1,003**	1,085
- Unrealised	**(410)**	(466)
	593	619
Less: Consolidation adjustments	**(32)**	(30)
Total retained earnings as per Consolidated Statements of Financial Position	**561**	589

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

24. MATERIAL LITIGATION

There is no material litigation as at 25 May 2012.

25. DIVIDENDS

(a) Interim dividend

The Board of Directors has declared a first interim single-tier tax-exempt dividend of 8.0 sen per ordinary share in respect of the financial year ending 31 December 2012, to be paid on 29 June 2012. The entitlement date for the dividend payment is 15 June 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 June 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.

(b)The total dividends for the current financial period ended 31 March 2012 is 8.0 sen per ordinary share (2011: 8.0 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 2011.

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

26. EARNINGS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 31/3/2012	QUARTER ENDED 31/3/2011	**PERIOD ENDED 31/3/2012**	PERIOD ENDED 31/3/2011
(a) Basic earnings per share					
Profit attributable to the equity holders of the Company	(RM' m)	**572**	539	**572**	539
Weighted average number of issued ordinary shares	(' m)	**7,500**	7,500	**7,500**	7,500
Basic earnings per share	(sen)	**7.6**	7.2	**7.6**	7.2
(b) Diluted earnings per share					
Profit attributable to the equity holders of the Company	(RM' m)	**572**	NA[1]	**572**	NA[1]
Weighted average number of issued ordinary shares	(' m)	**7,500**	NA[1]	**7,500**	NA[1]
Adjusted for share options granted	(' m)	**1**	NA[1]	**1**	NA[1]
Adjusted weighted average number of ordinary shares	(' m)	**7,501**	NA[1]	**7,501**	NA[1]
Diluted earnings per share	(sen)	**7.6**	NA[1]	**7.6**	NA[1]

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

By order of the Board

Dipak Kaur
(LS 5204)
Company Secretary
31 May 2012
Kuala Lumpur