MAXIS BERHAD

(867573 – A)

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 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 second quarter ended 30 June 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

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		QUARTER ENDED 30/6/2012	QUARTER ENDED 30/6/2011	+ -	**PERIOD ENDED 30/6/2012**	PERIOD ENDED 30/6/2011	+ -
		RM' m	RM' m	%	**RM' m**	RM' m	%
Revenue	7	**2,216**	2,158	+3	**4,445**	4,291	+4
Cost of sales		**(716)**	(651)		**(1,450)**	(1,339)	
Gross profit		**1,500**	1,507	-	**2,995**	2,952	+1
Other income		**10**	-		**15**	5	
Administrative expenses		**(422)**	(412)		**(814)**	(796)	
Network operation costs		**(388)**	(242)		**(638)**	(487)	
Other expenses		**(6)**	(35)		**(26)**	(51)	
Profit from operations	18	**694**	818	-15	**1,532**	1,623	-6
Finance income		**15**	12		**26**	21	
Finance cost		**(79)**	(73)		**(161)**	(146)	
Profit before tax	7	**630**	757	-17	**1,397**	1,498	-7
Taxation	19	**(164)**	(205)		**(358)**	(406)	
Profit for the period		**466**	552	-16	**1,039**	1,092	-5
Attributable to:							
- Equity holders of the Company		**464**	551	-16	**1,036**	1,090	-5
- Non-controlling interest		**2**	1		**3**	2	
		466	552	-16	**1,039**	1,092	-5
Earnings per share attributable to equity holders of the Company (sen):							
- Basic	26	**6.2**	7.3		**13.8**	14.5	
- Diluted	26	**6.2**	NA[1]		**13.8**	NA[1]	

Note :

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

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/6/2012	QUARTER ENDED 30/6/2011	**PERIOD ENDED 30/6/2012**	PERIOD ENDED 30/6/2011
	RM' m	RM' m	**RM' m**	RM' m
Profit for the period	**466**	552	**1,039**	1,092
Other comprehensive (expense)/income [(2)]:				
Net change in cash flow hedge	**(58)**	38	**(1)**	46
Total comprehensive income for the period	**408**	590	**1,038**	1,138
Attributable to:				
- Equity holders of the Company	**406**	589	**1,035**	1,136
- Non-controlling interest	**2**	1	**3**	2
	408	590	**1,038**	1,138

Note :

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

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	**AS AT 30/6/2012 (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	**4,586**	4,971	5,007
Intangible assets [(3)]		**11,108**	11,060	11,019
Derivative financial instruments		**9**	3	-
Deferred tax assets		**111**	121	96
		15,814	16,155	16,122
Current assets				
Inventories		**65**	110	214
Receivables, deposits and prepayments		**882**	858	936
Amounts due from related parties		**15**	17	14
Tax recoverable		**19**	13	41
Cash and cash equivalents		**1,063**	838	898
		2,044	1,836	2,103
Total assets		**17,858**	17,991	18,225
Current liabilities				
Provisions for liabilities and charges		**46**	65	60
Payables and accruals		**2,413**	2,828	3,106
Amounts due to related parties		**33**	23	43
Amount due to a fellow subsidiary		**-**	-	1
Borrowings	21	**2**	1,464	13
Taxation		**56**	6	100
		2,550	4,386	3,323
Net current liabilities		**(506)**	(2,550)	(1,220)
Non-current liabilities				
Borrowings	21	**6,892**	4,409	5,061
Provisions for liabilities and charges		**85**	94	127
Payables and accruals	21	**48**	61	46
Loan from a related party	21	**37**	36	33
Derivative financial instruments		**360**	366	349
Deferred tax liabilities		**559**	551	620
		7,981	5,517	6,236
Net assets		**7,327**	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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	AS AT 30/6/2012 (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	**6,570**	7,334	7,916
Equity attributable to equity holders of the Company	**7,320**	8,084	8,666
Non-controlling interest	**7**	4	-
Total equity	**7,327**	8,088	8,666
Net assets per share (RM)	**0.98**	1.08	1.16

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to equity holders of the Company →								
	Issued and fully paid								
Period ended 30/6/2012	**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	**-**	**-**	**-**	**-**	**-**	**1,036**	**1,036**	**3**	**1,039**
Other comprehensive expense for the period	**-**	**-**	**-**	**-**	**(1)**	**-**	**(1)**	**-**	**(1)**
Total comprehensive (expense)/income for the period	**-**	**-**	**-**	**-**	**(1)**	**1,036**	**1,035**	**3**	**1,038**
Dividends for the financial year ended 31 December 2011	**-**	**-**	**(400)**	**-**	**-**	**(800)**	**(1,200)**	**-**	**(1,200)**
Dividends for the financial year ending 31 December 2012	**-**	**-**	**-**	**-**	**-**	**(600)**	**(600)**	**-**	**(600)**
Employee Share Option Scheme - options granted	**-**	**-**	**-**	**-**	**1**	**-**	**1**	**-**	**1**
Balance as at 30/6/2012	**7,500**	**750**	**29,229**	**(22,729)**	**(155)**	**225**	**7,320**	**7**	**7,327**
Period ended 30/6/2011									
Balance as at 1/1/2011	7,500	750	30,440	(22,729)	(46)	251	8,666	-	8,666
Profit for the period	-	-	-	-	-	1,090	1,090	2	1,092
Other comprehensive income for the period	-	-	-	-	46	-	46	-	46
Total comprehensive income for the period	-	-	-	-	46	1,090	1,136	2	1,138
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	-	-	(600)	-	-	-	(600)	-	(600)
Balance as at 30/6/2011	7,500	750	29,829	(22,729)	-	152	8,002	2	8,004

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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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2012

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	PERIOD ENDED 30/6/2012	PERIOD ENDED 30/6/2011
	RM' m	RM' m
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**1,039**	1,092
Adjustments for:		
- non-cash items	**768**	670
- finance income	**(26)**	(21)
- finance cost	**161**	146
- taxation	**358**	406
Payments for provision for liabilities and charges	**(35)**	(45)
Operating profit before working capital changes	**2,265**	2,248
Changes in working capital	**(452)**	(295)
Cash inflow from operations	**1,813**	1,953
Interest received	**26**	21
Net tax paid	**(296)**	(200)
Net cash flows generated from operating activities	**1,543**	1,774
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for device subsidies	**(127)**	(85)
Purchase of property, plant and equipment	**(258)**	(453)
Net cash flows used in investing activities	**(385)**	(538)
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowings	**-**	699
Proceeds from issuance of Islamic Medium Term Notes	**2,450**	-
Repayment of bank borrowing	**(1,450)**	-
Repayment of lease financing	**(5)**	(8)
Interest paid	**(117)**	(128)
Loan documentation fees paid	**(11)**	(10)
Dividends paid	**(1,800)**	(1,200)
Net cash flows used in financing activities	**(933)**	(647)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**225**	589
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	**838**	898
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**1,063**	1,487

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 MASB 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)
• Annual Improvements to MFRS	2009 – 2011 Cycle (effective 1 January 2013)
• Amendments to MFRS 10, 11 and 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance (effective 1 January 2013)

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 network equipment written off of RM125 million and item disclosed in Note 5 below, there were no other significant unusual items affecting the assets, liabilities, equity, net income, or cash flows during the six-month ended 30 June 2012.

4. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in the prior financial years that have a material effect in the six-month ended 30 June 2012.

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 were 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 working capital.

Save for the above, there were no issuance, repurchase and repayment of debt and equity securities by the Group during the six-month ended June 2012.

6. DIVIDENDS PAID

The following dividend payments were made during the six-month ended 30 June 2012:

	RM' m
In respect of the financial year ended 31 December 2011:	
- fourth interim single-tier tax-exempt dividend of 8.0 sen per ordinary share, paid on 30 March 2012	**600**
- final single-tier tax-exempt dividend of 8.0 sen per ordinary share, paid on 22 June 2012	**600**
In respect of the financial year ending 31 December 2012:	
- first interim single-tier tax-exempt dividend of 8.0 sen per ordinary share, paid on 29 June 2012	**600**
	1,800

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 30/6/2012	**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	**2,094**	**50**	**59**	**13**	**-**	**-**	**2,216**
Inter-segment revenue	**6**	**6**	**59**	**-**	**93**	**(164)**	**-**
Total revenue	**2,100**	**56**	**118**	**13**	**93**	**(164)**	**2,216**
Profit/(loss) from operations	**709**	**10**	**7**	**(32)**	**-**	**-**	**694**
Finance income							**15**
Finance cost							**(79)**
Profit before tax							**630**

Quarter Ended 30/6/2011	Mobile services	Enterprise fixed services	International gateway services	Home services	Other operations	Elimination	Group
External revenue	2,075	48	30	5	-	-	2,158
Inter-segment revenue	6	7	46	-	81	(140)	-
Total revenue	2,081	55	76	5	81	(140)	2,158
Profit/(loss) from operations	816	13	9	(17)	(3)	-	818
Finance income							12
Finance cost							(73)
Profit before tax							757

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

7. SEGMENT RESULTS AND REPORTING (CONTINUED)

Cumulative Quarters Ended 30/6/2012	**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	**4,224**	**95**	**105**	**21**	**-**	**-**	**4,445**
Inter-segment revenue	**12**	**12**	**104**	**-**	**179**	**(307)**	**-**
Total revenue	**4,236**	**107**	**209**	**21**	**179**	**(307)**	**4,445**
Profit/(loss) from operations	**1,563**	**16**	**10**	**(59)**	**2**	**-**	**1,532**
Finance income							**26**
Finance cost							**(161)**
Profit before tax							**1,397**

Cumulative Quarters Ended 30/6/2011	Mobile services	Enterprise fixed services	International gateway services	Home services	Other operations	Elimination	Group
External revenue	4,113	91	78	9	-	-	4,291
Inter-segment revenue	13	13	92	-	161	(279)	-
Total revenue	4,126	104	170	9	161	(279)	4,291
Profit/(loss) from operations	1,630	12	14	(32)	(1)	-	1,623
Finance income							21
Finance cost							(146)
Profit before tax							1,498

8. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the six-month ended 30 June 2012. As at 30 June 2012, all property, plant and equipment were stated at cost less accumulated depreciation.

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

On 30 August 2012, Maxis Broadband Sdn Bhd, a wholly-owned subsidiary of Maxis signed a strategic partnership contract with MEASAT Broadcast Network Systems Sdn Bhd to exclusively develop and co-market unique consumers' offers combining Astro B.yond IPTV and Astro On The Go services with Maxis' fibre, mobile, wireless internet and Asymmetric Digital Subscriber Line service. Kindly refer to the Company's announcement to Bursa Malaysia Securities Berhad dated 30 August 2012 for further details.

Except for the above, there were no other material events subsequent to the end of the financial period up to the date of this report.

10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the six-month ended 30 June 2012.

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 24 August 2012 were as follows:

	RM' m
Indemnity given to financial institutions – unsecured:	
(a) Royal Malaysian Customs (for bank guarantees in relation to clearance on importation of goods)	**15**
(b) Malaysian Communications and Multimedia Commission (for performance guarantee in relation to 3G spectrum assignment)	**25**
(c) Supplier (for bank guarantee issued to a supplier to secure the Group's obligations in respect of purchases of products and services from the supplier)	**30**
(d) Others (for bank guarantees issued mainly to local authorities for the purpose of infrastructure works, utility companies and others)	**41**
	111

12. CAPITAL COMMITMENTS

Capital expenditure for property, plant and equipment approved by the Board of Directors and not provided for in the unaudited condensed consolidated financial statements as at 30 June 2012 are as follows:

	RM' m
Contracted for	**181**
Not contracted for	**563**
	744

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 six-month ended 30/6/2012	Balances due from/(to) as at 30/6/2012	Commitments as at 30/6/2012	Total balances due from/(to) and commitments as at 30/6/2012
	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)	**18**	**9**	**-**	**9**
- Saudi Telecom Company ("STC") [3] (roaming and international calls)	**5**	**3**	**-**	**3**
- Aircel Limited Group [4] (interconnect, roaming and international calls)	**2**	**-**	**-**	**-**
(b) Purchases of goods and services from:				
- Aircel Limited Group [4] (interconnect, roaming and international calls)	**2**	**-**	**-**	**-**
- Tanjong City Centre Property Management Sdn. Bhd. [5] (rental, signage, parking and utility charges)	**17**	**5**	**(31)**	**(26)**
- MEASAT Satellite Systems Sdn. Bhd. [6] (transponder lease rental)	**11**	**-**	**(12)**	**(12)**
- Astro Digital 5 Sdn. Bhd. (formerly known as Digital Five Sdn. Bhd.) [1] (content provision, publishing and advertising agent, consultancy and IPTV development services)	**11**	**(11)**	**(3)**	**(14)**
- MEASAT Broadcast Network Systems Sdn. Bhd. [1] (advertising, mobile, video content and sponsorship of events)	**6**	**(2)**	**(2)**	**(4)**
- Media Innovations Pty Ltd. [2] (consultancy and IPTV development services)	**8**	**(1)**	**(9)**	**(10)**

13. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Transactions for the six-month ended 30/6/2012	Balances due from/(to) as at 30/6/2012	Commitments as at 30/6/2012	Total balances due from/(to) and commitments as at 30/6/2012
	RM' m	RM' m	RM' m	RM' m
(b) Purchases of goods and services: (continued)				
- UTSB Management Sdn. Bhd. [5] (corporate management services)	13	(4)	(33)	(37)
- SRG Asia Pacific Sdn. Bhd. [5] (call handling and telemarketing services)	12	(10)	-	(10)
- STC [3] (roaming and international calls)	3	-	-	-
- UMTS (Malaysia) Sdn. Bhd. [7] (usage of 3G spectrum)	17	(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) Associate of AHSB, an associate of UTSB
(3) A major shareholder of BGSM, who has joint control over BGSM, the ultimate holding company of the Company
(4) Subsidiary of MCB
(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 LISTING REQUIREMENTS

14. ANALYSIS OF PERFORMANCE

(A) Performance of the current quarter against the preceding quarter (2nd Quarter 2012 versus 1st Quarter 2012)

Financial indicators (RM'm unless otherwise indicated)	2nd Quarter 2012 (unaudited)	1st Quarter 2012 (unaudited)	Variance	% Variance
Revenue				
- Mobile services	**2,094**	2,130	(36)	(2)
- Enterprise fixed services	**50**	45	5	11
- International gateway services	**59**	46	13	28
- Home services	**13**	8	5	63
Group revenue	**2,216**	2,229	(13)	(1)
EBITDA [1]				
- Mobile services	**1,089**	1,126	(37)	(3)
- Enterprise fixed services	**18**	13	5	38
- International gateway services	**11**	8	3	38
- Home services	**(21)**	(22)	1	5
- Other operations	**9**	8	1	13
Group EBITDA	**1,106**	1,133	(27)	(2)
EBITDA margin (%)	**49.9**	50.8	(0.9)	NA
Profit before tax ("PBT")	**630**	767	(137)	(18)
Profit for the period	**466**	573	(107)	(19)
Profit attributable to equity holders of the Company	**464**	572	(108)	(19)
Total depreciation	**247**	258	(11)	(4)
Total amortisation	**42**	37	5	14

Note:
(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 lower revenue of 1% or RM13 million compared to the preceding quarter, contributed mainly by lower revenues from the Mobile segment.

The Group's EBITDA was 2% or RM27 million lower than the preceding quarter on the back of lower revenue and higher operating costs driven mainly by higher sales and marketing expenses. Correspondingly, this has resulted in EBITDA margin being lower by 0.9% point, ending the quarter at 49.9%.

The Group's profit for the period of RM466 million was RM107 million lower than the preceding quarter. This was mainly impacted by the asset write-off of certain network assets amounting to RM125 million.

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 (2nd Quarter 2012 versus 1st Quarter 2012) (continued)

Operational indicators	Old definition 2nd Quarter 2012	New definition 2nd Quarter 2012	New definition 1st Quarter 2012	New definition variance	New definition % variance
Number of mobile subscriptions ('000)					
- Postpaid	**2,625**	**2,549**	2,564	(15)	(1)
- Prepaid	**10,515**	**9,559**	9,468	91	1
- Wireless broadband	**660**	**588**	613	(25)	(4)
- Total	**13,800**	**12,696**	12,645	51	-

Operational indicators	New definition 2nd Quarter 2012	New definition 1st Quarter 2012	Variance	% Variance
Monthly ARPU (RM)				
- Postpaid	**109**	107	2	2
- Prepaid	**37**	37	-	-
- Wireless broadband	**75**	64	11	17
- Blended	**53**	52	1	2
Average monthly MOUs (minutes) per subscription				
- Postpaid	**341**	339	2	1
- Prepaid	**130**	131	(1)	(1)
- Blended	**175**	175	-	-

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.

14. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (2nd Quarter 2012 versus 1st Quarter 2012) (continued)

Mobile Services

Mobile services recorded a 2% or RM36 million decline in revenues compared to the preceding quarter, driven largely by lower postpaid and prepaid revenues which was partially offset by higher revenues from wireless broadband.

Postpaid services contributed lower revenues this quarter mainly driven by a lower revenue generating subscription base and lower outright sale of devices partially offset by higher mobile internet usage. The total non-voice revenue as a percentage of total mobile revenue for this quarter was 45.0%, a decrease of 0.5% point largely due to lower sale of devices. Prepaid revenues declined, despite a higher prepaid subscription base, on the back of lower voice and SMS usage.

Monthly prepaid ARPU remained unchanged at RM37 whilst postpaid ARPU increased RM2 to RM109 mainly due to higher mobile internet usage.

Mobile segment EBITDA decreased 3% or RM37 million, translating to a corresponding margin decrease of 0.9% point to 52.0% in the quarter. The lower margin was impacted by lower revenues and higher operating costs driven mainly by higher sales and marketing expenses.

Enterprise Fixed Services

Enterprise fixed services revenues and EBITDA for the quarter increased RM5 million respectively driven by higher voice and data usage.

International Gateway Services

International Gateway services recorded a quarter-on-quarter revenue increase of 28% or RM13 million driven by higher hubbing revenue. EBITDA margin increased slightly from 17.4% to 18.6% primarily due to more profitable hubbing routes.

Home Services

Home services recorded a quarter-on-quarter revenue increase of RM5 million mainly from Home Wireless Internet and Home Fibre Internet services on account of higher subscriptions. EBITDA loss remained relatively unchanged at RM21 million mainly due to higher direct 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 (2nd Quarter 2012 versus 1st Quarter 2012) (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 June 2012 versus YTD June 2011)

Financial indicators (RM'm unless otherwise indicated)	YTD 2012 (unaudited)	YTD 2011 (unaudited)	Variance	% Variance
Revenue				
- Mobile services	**4,224**	4,113	111	3
- Enterprise fixed services	**95**	91	4	4
- International gateway services	**105**	78	27	35
- Home services	**21**	9	12	>100
Group revenue	**4,445**	4,291	154	4
EBITDA[1]				
- Mobile services	**2,215**	2,164	51	2
- Enterprise fixed services	**31**	24	7	29
- International gateway services	**19**	24	(5)	(21)
- Home services	**(43)**	(29)	(14)	(48)
- Other operations	**17**	13	4	31
Group EBITDA	**2,239**	2,196	43	2
EBITDA margin (%)	**50.4**	51.2	(0.8)	NA
Profit before tax	**1,397**	1,498	(101)	(7)
Profit for the period	**1,039**	1,092	(53)	(5)
Profit attributable to equity holders of the Company	**1,036**	1,090	(54)	(5)
Total depreciation	**505**	507	(2)	-
Total amortisation	**79**	59	20	34

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

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 June 2012 versus YTD June 2011) (continued)

Operational indicators	New definition YTD 2012	New definition YTD 2011	Variance	% Variance
Number of mobile subscriptions ('000)				
- Postpaid	**2,549**	2,618	(69)	(3)
- Prepaid	**9,559**	9,513	46	-
- Wireless broadband	**588**	625	(37)	(6)
- Total	**12,696**	12,756	(60)	-
Monthly ARPU (RM)				
- Postpaid	**108**	107	1	1
- Prepaid	**37**	35	2	6
- Wireless broadband	**70**	62	8	13
- Blended	**52**	50	2	4
Average monthly MOUs (minutes) per subscription				
- Postpaid	**340**	350	(10)	(3)
- Prepaid	**131**	139	(8)	(6)
- Blended	**175**	183	(8)	(4)

The Group recorded a 4% or RM154 million increase in revenues over the preceding year mainly contributed by the higher revenue from Mobile services segment.

The Group EBITDA grew 2% or RM43 million on the back of higher revenue offset by higher direct expenses. The resultant margin was lower by 0.8% point ending the period at 50.4%.

Despite recording a higher EBITDA, the profit for the period decreased 5% or RM53 million. This was mainly impacted by the following:

(a) asset write-off of certain network assets amounting to RM125 million;
(b) an increase in net financing costs largely due to the additional borrowings secured early this year as the Group moves towards a more optimal capital structure;
(c) higher amortisation of devices as more smart devices were made available in the market; and
(d) offset by the lower taxation of RM48 million.

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 June 2012 versus YTD June 2011) (continued)

Mobile Services

The Mobile services recorded a 3% or RM111 million increase in revenues compared to the preceding year. This was mainly driven by higher mobile internet usage and sale of devices coupled with higher wireless broadband revenues. The total non-voice revenue as a percentage of total mobile revenue stood at 45.3%, an increase of 2.9% from the preceding year.

Mobile segment EBITDA increased 2% or RM51 million on the back of higher revenue offset by higher direct and operating expenses. The resultant margin was lower by 0.2% point to 52.4%.

Enterprise Fixed Services

Enterprise fixed services registered an increase of 4% or RM4 million. The higher revenues were driven by new activations of services. Enterprise fixed services EBITDA increased RM7 million on the back of higher revenues and lower direct expenses.

International Gateway Services

Revenues in International Gateway services increased by 35% or RM27 million driven by higher hubbing activities. Despite higher revenues, EBITDA decreased RM5 million on the back of higher direct expenses.

Home Services

Home services revenues grew RM12 million driven largely by Home Wireless Internet.

However, Home services EBITDA decreased by 48% or RM14 million year-on-year mainly due to higher sales and marketing and start-up expenses to drive 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. The market will continue to see aggressive marketing and promotional programmes which will continue to put pressure on tariffs and operating margins. The Group will remain focused on offering innovative products, driving operational efficiencies through cost management initiatives and optimising network utilisation.

The outlook for the key operating segments is detailed below:

Mobile Services

Demand for mobile services and internet access is expected to be driven by increasing demand for data from mobile internet. To drive further data uptake, seeding of smart data devices will continue to be made and further investments to strengthen the internet access network to enhance customer experience and data usage leading to data revenue growth will continue. Retention and customer loyalty programmes will continue to be offered to reward customers with plans that provide strong value propositions.

Enterprise Fixed Services

The Enterprise Fixed Business key focus segments will continue to be in Corporate, Government, Small Medium Enterprise (SME) and Wholesale market. These key 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 remaining 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 for Home services remains strong driven mainly by subscription growth and migration of users from legacy access services into Fibre. The Home services offering is expected to be enriched with a strategic partnership to exclusively develop and co-market unique consumers' offers combining Astro B.yond IPTV and Astro On The Go services with Maxis' fixed and wireless platforms.

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

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.

18. PROFIT FROM OPERATIONS

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/6/2012	QUARTER ENDED 30/6/2011	**PERIOD ENDED 30/6/2012**	PERIOD ENDED 30/6/2011
	RM' m	RM' m	**RM' m**	RM' m
Allowance/(reversal) (net) for:				
- impairment of receivables, deposits and prepayments	**26**	37	**60**	67
- inventory obsolescence	**1**	12	**(2)**	16
Amortisation of intangible assets	**42**	33	**79**	59
Bad debts recovered	**(4)**	(3)	**(10)**	(9)
Loss/(gain) on foreign exchange	**7**	(13)	**(4)**	(18)
Property, plant and equipment:				
- depreciation	**247**	255	**505**	507
- gain on disposal	**(1)**	(1)	**(1)**	(1)
- written off (net)	**124**	1	**124**	8

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 six-month ended 30 June 2012.

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

19. TAXATION

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/6/2012	QUARTER ENDED 30/6/2011	**PERIOD ENDED 30/6/2012**	PERIOD ENDED 30/6/2011
	RM' m	RM' m	**RM' m**	RM' m
Income tax:				
- Current tax	**180**	249	**420**	457
- Over accrual in prior years	**(80)**	-	**(80)**	-
Deferred tax:				
- Origination and reversal of temporary differences	**(16)**	(44)	**(62)**	(51)
- Recognition of prior years temporary differences	**80**	-	**80**	-
Total	**164**	205	**358**	406

The Group's effective tax rates for the current quarter and six-month ended 30 June 2012 was at 26.0% and 25.6% respectively, higher than the statutory tax rate of 25% mainly due to certain expenses not being deductible for tax purposes partially offset by the tax credit of last mile broadband tax incentive.

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

20. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed.

21. BORROWINGS

The borrowings as at 30 June 2012 are as follows:

	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	TOTAL
	RM' m	RM' m	RM' m
Secured			
Finance lease liabilities	2	6	8
Unsecured			
Term loans	-	1,722	1,722
Syndicated term loans	-	2,683	2,683
Islamic Medium Term Notes	-	2,481	2,481
Loan from a related party	-	37	37
Payables and accruals (deferred payment schemes)	12	48	60
	14	6,977	6,991

Currency exposure profile of borrowings is as follows:

	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	TOTAL
Ringgit Malaysia ("RM")	2	3,520	3,522
United States Dollar ("USD")	12	3,283 [1]	3,295
Singapore Dollar ("SGD")	-	174 [1]	174
	14	6,977	6,991

Note:
[1] Include borrowings of RM3,409 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 30 June 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**	**351**
Total	**3,564**	**351**

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 current quarter and six-month ended 30 June 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 30 June 2012, the Group has recognised derivative financial liabilities of RM351 million, a decrease of RM63 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 cash flow hedging reserve. For the current quarter, RM121 million of the cash flow hedging reserve was transferred to the income statement to offset the unrealised loss of RM121 million which mainly arose from the weakening of RM against USD and SGD. This has resulted in an increase on the debit balance in the cashflow hedging reserve as at 30 June 2012 by RM58 million to RM210 million compared with the preceeding quarter.

The losses recognised in the cash flow hedging reserve in equity of RM210 million as at 30 June 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 30/6/2012	**AS AT 31/12/2011**
	RM' m	**RM' m**
Retained earnings of the Company and its subsidiaries:		
- Realised	**726**	1,085
- Unrealised	**(468)**	(466)
	258	619
Less: Consolidation adjustments	**(33)**	(30)
Total retained earnings as per Consolidated Statements of Financial Position	**225**	589

24. MATERIAL LITIGATION

There is no material litigation as at 24 August 2012.

25. DIVIDENDS

(a) Interim dividend

The Board of Directors has declared a second 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 28 September 2012. The entitlement date for the dividend payment is 14 September 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 14 September 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 six-month ended 30 June 2012 is 16.0 sen per ordinary share (2011: 16.0 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.

26. EARNINGS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30/6/2012	QUARTER ENDED 30/6/2011	**PERIOD ENDED 30/6/2012**	PERIOD ENDED 30/6/2011
(a) Basic earnings per share					
Profit attributable to the equity holders of the Company	(RM' m)	**464**	551	**1,036**	1,090
Weighted average number of issued ordinary shares	(' m)	**7,500**	7,500	**7,500**	7,500
Basic earnings per share	(sen)	**6.2**	7.3	**13.8**	14.5
(b) Diluted earnings per share					
Profit attributable to the equity holders of the Company	(RM' m)	**464**	NA[1]	**1,036**	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)	**6.2**	NA[1]	**13.8**	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
30 August 2012
Kuala Lumpur