MAXIS BERHAD

(867573 – A)

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013

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 2013 which should be read in conjunction with the audited financial statements for the financial year ended 31 December 2012 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		QUARTER ENDED 30/6/2013	QUARTER ENDED 30/6/2012	+ -	**PERIOD ENDED 30/6/2013**	PERIOD ENDED 30/6/2012	+ -
	Note	**RM'm**	RM'm	%	**RM'm**	RM'm	%
Revenue	7	**2,294**	2,216	+4	**4,621**	4,445	+4
Cost of sales		**(787)**	(716)		**(1,588)**	(1,450)	
Gross profit		**1,507**	1,500	+<1	**3,033**	2,995	+1
Other income		**19**	10		**27**	15	
Administrative expenses		**(414)**	(422)		**(865)**	(814)	
Network operation costs		**(276)**	(388)		**(598)**	(638)	
Other expenses		**(20)**	(6)		**(36)**	(26)	
Profit from operations	19	**816**	694	+18	**1,561**	1,532	+2
Finance income		**7**	15		**16**	26	
Finance costs		**(88)**	(79)		**(176)**	(161)	
Profit before tax	7	**735**	630	+17	**1,401**	1,397	+<1
Tax expenses	20	**(205)**	(164)		**(395)**	(358)	
Profit for the period		**530**	466	+14	**1,006**	1,039	-3
Attributable to:							
- equity holders of the Company		**528**	464	+14	**1,003**	1,036	-3
- non-controlling interest		**2**	2		**3**	3	
		530	466	+14	**1,006**	1,039	-3
Earnings per share attributable to equity holders of the Company (sen):							
- basic	27	**7.0**	6.2		**13.4**	13.8	
- diluted	27	**7.0**	6.2		**13.4**	13.8	

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/6/2013	QUARTER ENDED 30/6/2012	**PERIOD ENDED 30/6/2013**	PERIOD ENDED 30/6/2012
	RM'm	RM'm	**RM'm**	RM'm
Profit for the period	**530**	466	**1,006**	1,039
Other comprehensive income/(expense) [1]				
Item that will be reclassified subsequently to profit or loss:				
Net change in cash flow hedge	**4**	(58)	**19**	(1)
Total comprehensive income for the period	**534**	408	**1,025**	1,038
Attributable to:				
- equity holders of the Company	**532**	406	**1,022**	1,035
- non-controlling interest	**2**	2	**3**	3
	534	408	**1,025**	1,038

Note:

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

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	AS AT 30/6/2013 (Unaudited) RM'm	AS AT 31/12/2012 (Audited) RM'm
Non-current assets			
Property, plant and equipment	8	**4,271**	4,459
Intangible assets [(2)]		**11,167**	11,152
Derivative financial instruments		**42**	28
Deferred tax assets		**126**	121
		15,606	15,760
Current assets			
Inventories		**75**	118
Receivables, deposits and prepayments		**1,063**	922
Amount due from a fellow subsidiary		**2**	2
Amount due from immediate holding company		**2**	-
Amounts due from related parties		**20**	13
Tax recoverable		**-**	20
Cash and cash equivalents		**534**	967
		1,696	2,042
Total assets		**17,302**	17,802
Current liabilities			
Provisions for liabilities and charges		**43**	72
Payables and accruals	22	**2,661**	2,633
Amounts due to related parties		**31**	26
Borrowings	22	**2**	2
Taxation		**208**	35
		2,945	2,768
Net current liabilities		**(1,249)**	(726)
Non-current liabilities			
Provisions for liabilities and charges		**107**	102
Payables and accruals	22	**297**	119
Loan from a related party	22	**29**	38
Borrowings	22	**6,879**	6,772
Derivative financial instruments		**286**	398
Deferred tax liabilities		**473**	548
		8,071	7,977
Net assets		**6,286**	7,057

Note:

(2) Includes telecommunications 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 30/6/2013 (Unaudited)	AS AT 31/12/2012 (Audited)
	RM'm	RM'm
Equity		
Share capital	**750**	750
Reserves	**5,525**	6,299
Equity attributable to equity holders of the Company	**6,275**	7,049
Non-controlling interest	**11**	8
Total equity	**6,286**	7,057
Net assets per share (RM)	**0.84**	0.94

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to equity holders of the Company →								
Period ended 30/6/2013	**Share capital [3]**	**Share premium**	**Merger relief [4]**	**Reserve arising from reverse acquisition**	**Other reserves**	**Retained earnings (Note 24)**	**Total**	**Non-controlling interest**	**Total equity**
	RM'm	**RM'm**	**RM'm**	**RM'm**	**RM'm**	**RM'm**	**RM'm**	**RM'm**	**RM'm**
Balance as at 1/1/2013	**750**	**3**	**28,989**	**(22,729)**	**(49)**	**85**	**7,049**	**8**	**7,057**
Profit for the period	**-**	**-**	**-**	**-**	**-**	**1,003**	**1,003**	**3**	**1,006**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**19**	**-**	**19**	**-**	**19**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**19**	**1,003**	**1,022**	**3**	**1,025**
Dividends for the financial year ended 31 December 2012	**-**	**-**	**(546)**	**-**	**-**	**(654)**	**(1,200)**	**-**	**(1,200)**
Dividends for the financial year ending 31 December 2013	**-**	**-**	**(380)**	**-**	**-**	**(220)**	**(600)**	**-**	**(600)**
Employee Share Option Scheme ("ESOS"):									
- share options granted	**-**	**-**	**-**	**-**	**2**	**-**	**2**	**-**	**2**
- shares issued	*****	**2**	**-**	**-**	**-**	**-**	**2**	**-**	**2**
Balance as at 30/6/2013	**750**	**5**	**28,063**	**(22,729)**	**(28)**	**214**	**6,275**	**11**	**6,286**
Period ended 30/6/2012									
Balance as at 1/1/2012	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 ended 31 December 2012	-	-	-	-	-	(600)	(600)	-	(600)
ESOS:									
- share options granted	-	-	-	-	1	-	1	-	1
Balance as at 30/6/2012	750	-	29,229	(22,729)	(155)	225	7,320	7	7,327

Notes:
(3) Issued and fully paid ordinary shares of RM0.10 each.
(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 is not recorded as share premium. The difference between the issue price and the nominal value of shares issued is classified as merger relief.
* Less than RM1 million.

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	PERIOD ENDED 30/6/2013 RM'm	PERIOD ENDED 30/6/2012 RM'm
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**1,006**	1,039
Adjustments for:		
- non-cash items	**775**	768
- finance costs	**176**	161
- finance income	**(16)**	(26)
- tax expenses	**395**	358
Payments for provision for liabilities and charges	**(34)**	(35)
Operating cash flows before working capital changes	**2,302**	2,265
Changes in working capital	**(120)**	(452)
Cash flow from operations	**2,182**	1,813
Interest received	**16**	26
Tax paid	**(282)**	(296)
Net cash flow from operating activities	**1,916**	1,543
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	**(135)**	(127)
Purchase of property, plant and equipment	**(236)**	(258)
Net cash flow used in investing activities	**(371)**	(385)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares pursuant to ESOS	**2**	-
Proceeds from issuance of Islamic Medium Term Notes	**-**	2,450
Repayment of borrowing	**-**	(1,450)
Repayment of lease financing	**(1)**	(5)
Partial repayment of loan from a related party	**(4)**	-
Payments of finance costs	**(175)**	(128)
Ordinary share dividends paid	**(1,800)**	(1,800)
Net cash flow used in financing activities	**(1,978)**	(933)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(433)**	225
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	**967**	838
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**534**	1,063

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2013

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

1. BASIS OF PREPARATION

The 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 2012 and the accompanying explanatory notes attached to the audited condensed consolidated financial statements.

The significant accounting policies and methods adopted for the audited condensed financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2012.

The adoption of the following MFRSs and Amendments to MFRSs that came into effect on 1 January 2013 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application except for the additional disclosure on fair value measurement as disclosed in Note 14.

• 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	Financial Instruments: Disclosures (effective from 1 January 2013)
• Amendments to MFRS 101	Presentation of Items of Other Comprehensive Income (effective from 1 July 2012)
• Annual Improvements to MFRS	2009 – 2011 Cycle (effective from 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 from 1 January 2013)

MFRS, Amendments to MFRS and IC Interpretation that are applicable to the Group but not yet effective

The Group did not early adopt 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 2014:

• MFRS 9	Financial Instruments (effective from 1 January 2015)
• Amendments to MFRS 10, 11 and 127	Investment Entities (effective from 1 January 2014)
• Amendments to MFRS 132	Financial Instruments: Presentation (effective from 1 January 2014)

2. SEASONAL / CYCLICAL FACTORS

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

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

3. UNUSUAL ITEMS

Save for the accelerated depreciation due to the network modernisation programme as disclosed in Notes 15(A) and 15(B), there were no other significant unusual items affecting the assets, liabilities, equity, net income or cash flows during the six-month ended 30 June 2013.

4. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the six-month ended 30 June 2013.

5. DEBT AND EQUITY SECURITIES

Save for the issuance of 411,900 ordinary shares of RM0.10 each under the ESOS, there were no other issuance, repurchase and repayment of debt and equity securities by the Group during the six-month ended 30 June 2013.

6. DIVIDENDS PAID

The following dividend payments were made during the six-month ended 30 June 2013:

	RM'm
In respect of the financial year ended 31 December 2012:	
- fourth interim single-tier tax-exempt dividend of 8.0 sen per ordinary share, paid on 29 March 2013	**600**
- final single-tier tax-exempt dividend of 8.0 sen per ordinary share, paid on 31 May 2013	**600**
In respect of the financial year ending 31 December 2013:	
- first interim single-tier tax-exempt dividend of 8.0 sen per ordinary share, paid on 28 June 2013	**600**
	1,800

7. SEGMENT 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.

The fixed wireless internet which was previously reported under Home services for the quarter and six-month ended 30 June 2012 has been reclassified and reported under Mobile services to conform with the current quarter presentation and in line with the internal reporting provided to the chief operating decision-makers.

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

7. SEGMENT REPORTING (CONTINUED)

Quarter Ended 30/6/2013	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
Segment revenue							
External revenue	**2,151**	**58**	**69**	**16**	**-**	**-**	**2,294**
Inter-segment revenue	**4**	**6**	**77**	**-**	**109**	**(196)**	**-**
Segment revenue	**2,155**	**64**	**146**	**16**	**109**	**(196)**	**2,294**
Segment results							
Segment EBITDA [1]	**1,133**	**24**	**12**	**(26)**	**22**	**-**	**1,165**
Profit/(loss) from operations	**818**	**12**	**11**	**(35)**	**10**	**-**	**816**
Finance income							**7**
Finance costs							**(88)**
Profit before tax							**735**

Quarter Ended 30/6/2012 (restated)	Mobile services	Enterprise fixed services	International gateway services	Home services	Other operations	Elimination	Group
Segment revenue							
External revenue	2,101	50	59	6	-	-	2,216
Inter-segment revenue	6	6	59	-	93	(164)	-
Segment revenue	2,107	56	118	6	93	(164)	2,216
Segment results							
Segment EBITDA [1]	1,088	18	11	(20)	9	-	1,106
Profit/(loss) from operations	705	10	7	(28)	-	-	694
Finance income							15
Finance costs							(79)
Profit before tax							630

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

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

7. SEGMENT REPORTING (CONTINUED)

Cumulative Quarter Ended 30/6/2013	Mobile services	Enter-prise fixed services	Interna-tional gateway services	Home services	Other opera-tions	Elimi-nation	Group
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
Segment revenue							
External revenue	**4,335**	**121**	**135**	**30**	**-**	**-**	**4,621**
Inter-segment revenue	**8**	**12**	**152**	**-**	**223**	**(395)**	**-**
Segment revenue	**4,343**	**133**	**287**	**30**	**223**	**(395)**	**4,621**
Segment results							
Segment EBITDA [1]	**2,227**	**52**	**23**	**(52)**	**37**	**-**	**2,287**
Profit/(loss) from operations	**1,569**	**29**	**18**	**(70)**	**15**	**-**	**1,561**
Finance income							**16**
Finance costs							**(176)**
Profit before tax							**1,401**

Cumulative Quarter Ended 30/6/2012 (restated)	Mobile services	Enter-prise fixed services	Interna-tional gateway services	Home services	Other opera-tions	Elimi-nation	Group
Segment revenue							
External revenue	4,234	95	105	11	-	-	4,445
Inter-segment revenue	12	12	104	-	179	(307)	-
Segment revenue	4,246	107	209	11	179	(307)	4,445
Segment results							
Segment EBITDA [1]	2,210	31	19	(38)	17	-	2,239
Profit/(loss) from operations	1,554	16	10	(50)	2	-	1,532
Finance income							26
Finance costs							(161)
Profit before tax							1,397

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

8. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the six-month ended 30 June 2013. As at 30 June 2013, 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 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 2013.

11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the normal course of business, there are contingent liabilities arising from legal recourse sought by the Group's customers or vendors, indemnities given to financial institutions on bank guarantees and claims from the authorities. No material losses are currently anticipated as a result of these transactions.

12. CAPITAL COMMITMENTS

Capital expenditure for property, plant and equipment and intangible assets approved by the Board of Directors and not provided for in the unaudited condensed consolidated financial statements as at 30 June 2013 are as follows:

	RM'm
Contracted for	**210**
Not contracted for	**286**
	496

13. SIGNIFICANT RELATED PARTY DISCLOSURES

The significant related party transactions, balances and commitments 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 financial period ended 30/6/2013	Balances due from/(to) as at 30/6/2013	Commitments as at 30/6/2013	Total balances due from/(to) and commitments as at 30/6/2013
	RM'm	RM'm	RM'm	RM'm
(a) Sales of goods and services to:				
- MEASAT Broadcast Network Systems Sdn. Bhd. (1) (VSAT, telephony, bandwidth and broadband services)	20	8	-	8
- Saudi Telecom Company ("STC") (2) (roaming and international calls)	7	5	-	5
- Aircel Limited Group (1) (interconnect, roaming and international calls)	3	2	-	2
(b) Purchases of goods and services from:				
- Aircel Limited Group (1) (interconnect, roaming and international calls)	3	-	-	-
- Tanjong City Centre Property Management Sdn. Bhd. (3) (rental, signage, parking and utility charges)	17	5	(19)	(14)
- MEASAT Global Berhad Group (4) (transponder and teleport lease rental)	13	-	(34)	(34)
- Astro Digital 5 Sdn. Bhd. (1) (content provision, publishing and advertising agent, consultancy and IPTV development services)	3	(7)	-	(7)
- Media Innovations Pty Ltd. (5) (consultancy and IPTV development services)	-	(1)	-	(1)

13. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Transactions for the financial period ended 30/6/2013	Balances due from/(to) as at 30/6/2013	Commitments as at 30/6/2013	Total balances due from/(to) and commitments as at 30/6/2013
	RM'm	RM'm	RM'm	RM'm
(b) Purchases of goods and services from: (continued)				
- MEASAT Broadcast Network Systems Sdn. Bhd. (1) (mobile TV and IPTV contents)	3	(1)	(53)	(54)
- UTSB Management Sdn. Bhd. (3) (corporate management services fees)	13	(4)	(6)	(10)
- SRG Asia Pacific Sdn. Bhd. (3) (call handling and telemarketing services)	9	(7)	-	(7)
- STC (2) (roaming and international calls)	2	-	-	-
- UMTS (Malaysia) Sdn. Bhd. (6) (usage of 3G spectrum)	20	(4)	-	(4)

Notes:

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

Usaha Tegas Sdn. Bhd. ("UTSB"), STC and Harapan Nusantara Sdn. Bhd. are parties related to the Company, by virtue of having joint control over Maxis Communications Berhad ("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.

The ultimate holding company of UTSB is PanOcean Management Limited ("PanOcean"). 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 a jointly controlled entity of UTSB

(2) A major shareholder of BGSM, who has joint control over BGSM, the ultimate holding company of the Company

(3) Subsidiary of UTSB

(4) Subsidiary of a company in which TAK has 99% direct equity interest

(5) Associate of a jointly controlled entity of UTSB

(6) Subsidiary of the Company and associate of a jointly controlled entity of UTSB. The transaction values and outstanding balances are eliminated in the consolidated financial statements

14. FAIR VALUE MEASUREMENTS

(a) Financial instruments carried at amortised cost

The carrying amounts of financial assets and liabilities of the Group approximated their fair values as at 30 June 2013.

(b) Financial instruments carried at fair value

The different levels of financial instruments carried at fair value, by valuation method, have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table represents the assets and liabilities measured at fair value, using Level 2 valuation method, as at 30 June 2013:

	RM'm
Recurring fair value measurements	
Derivative financial instruments (Cross Currency Interest Rate Swaps ("CCIRSs") and Interest Rate Swaps ("IRSs")):	
- assets	**42**
- liabilities	**(286)**

The valuation technique used to derive the Level 2 fair value is as disclosed in Note 23.

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

15. ANALYSIS OF PERFORMANCE

(A) Performance of the current quarter against the preceding quarter (2nd Quarter 2013 versus 1st Quarter 2013)

Financial indicators (RM'm unless otherwise indicated)	2nd Quarter 2013 (unaudited)	1st Quarter 2013 (unaudited)	Variance	% Variance
Revenue				
- Mobile services	**2,151**	2,184	(33)	(2)
- Enterprise fixed services	**58**	63	(5)	(8)
- International gateway services	**69**	66	3	5
- Home services	**16**	14	2	14
Group revenue	**2,294**	2,327	(33)	(1)
EBITDA [(1)]				
- Mobile services	**1,133**	1,094	39	4
- Enterprise fixed services	**24**	28	(4)	(14)
- International gateway services	**12**	11	1	9
- Home services	**(26)**	(26)	-	-
- Other operations	**22**	15	7	47
Group EBITDA	**1,165**	1,122	43	4
EBITDA margin (%)	**50.8**	48.2	2.6	NA
Profit before tax	**735**	666	69	10
Profit for the period	**530**	476	54	11
Profit attributable to equity holders of the Company	**528**	475	53	11
Total depreciation	**277**	313	(36)	(12)
Total amortisation	**63**	57	6	11

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

The Group's revenue decreased by RM33 million or 1% to RM2,294 million for the quarter mainly due to lower revenue from Mobile services.

The Group's EBITDA of RM1,165 million was RM43 million or 4% higher than the preceding quarter driven by prudent cost management which has resulted in lower operating cost. Consequently, EBITDA margin improved by 2.6% points to 50.8% in the same period.

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

15. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (2nd Quarter 2013 versus 1st Quarter 2013) (continued)

Set out below is the profit for the period after excluding significant one-off items:

(RM'm)	2nd Quarter 2013 (unaudited)	1st Quarter 2013 (unaudited)
Profit for the period	**530**	476
Adjustments for one-off items:		
Accelerated depreciation due to the network modernisation programme	**40**	60
Tax effects of the above adjustments	**(10)**	(15)
Comparable profit for the period	**560**	521

The higher comparable profit for the period was mainly due to higher EBITDA as mentioned in the foregoing paragraph.

Mobile services

Operational indicators	Market definition 2nd Quarter 2013	RGS (1) definition 2nd Quarter 2013	RGS (1) definition 1st Quarter 2013	RGS (1) definition variance	RGS (1) definition % variance
Number of Mobile subscriptions ('000)					
- Postpaid	**2,713**	**2,674**	2,641	33	1
- Prepaid	**10,497**	**9,760**	9,776	(16)	<(1)
- Wireless Broadband	**663**	**617**	628	(11)	(2)
- Total	**13,873**	**13,051**	13,045	6	<1

Note:
(1) 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 ("RGS"). 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)

15. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (2nd Quarter 2013 versus 1st Quarter 2013) (continued)

Operational indicators	RGS definition 2nd Quarter 2013	RGS definition 1st Quarter 2013	Variance	% Variance
Monthly ARPU (RM)				
- Postpaid	**104**	103	1	1
- Prepaid	**34**	35	(1)	(3)
- Wireless Broadband	**66**	65	1	2
- Blended	**49**	50	(1)	(2)
Average monthly MOU per subscription (minutes)				
- Postpaid	**310**	310	-	-
- Prepaid	**129**	138	(9)	(7)
- Blended	**167**	174	(7)	(4)

Mobile services revenue decreased RM33 million or 2% quarter-on-quarter largely due to lower voice and SMS revenue and outright device sales, which was compensated by increasing data and wholesale revenues. This resulted in ARPUs which were relatively stable across the board.

EBITDA for Mobile services grew by RM39 million or 4%, driving EBITDA margin to 52.7%, an improvement of 2.6% points from last quarter. The higher EBITDA was achieved through prudent cost management, relating to sales and marketing expenses, other operating costs and lower device related expenses.

Enterprise fixed services

Enterprise fixed services revenue reported lower revenue and EBITDA of RM5 million and RM4 million respectively driven by lower volume of business.

International gateway services

International gateway services revenue increased marginally by RM3 million or 5% quarter-on-quarter due primarily to higher hubbing volume. EBITDA was RM1 million higher this quarter.

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

15. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (2nd Quarter 2013 versus 1st Quarter 2013) (continued)

Home services

Home services revenue reported a RM2 million increase in the quarter, driven mainly by higher home fibre internet subscriptions. The launch of our IPTV offerings did not have any material impact to our Home services revenue this quarter.

Other operations

Other operations segment represents management services rendered to other business segments within the Group. Its revenue was eliminated at Group level.

(B) Performance of the current year against the preceding year (YTD June 2013 versus YTD June 2012)

Financial indicators (RM'm unless otherwise indicated)	YTD 2013 (unaudited)	YTD 2012 (1) (unaudited)	Variance	% Variance
Revenue				
- Mobile services	**4,335**	4,234	101	2
- Enterprise fixed services	**121**	95	26	27
- International gateway services	**135**	105	30	29
- Home services	**30**	11	19	>100
Group revenue	**4,621**	4,445	176	4
EBITDA (2)				
- Mobile services	**2,227**	2,210	17	1
- Enterprise fixed services	**52**	31	21	68
- International gateway services	**23**	19	4	21
- Home services	**(52)**	(38)	(14)	(37)
- Other operations	**37**	17	20	>100
Group EBITDA	**2,287**	2,239	48	2
EBITDA margin (%)	**49.5**	50.4	(0.9)	NA
Profit before tax	**1,401**	1,397	4	<1
Profit for the period	**1,006**	1,039	(33)	(3)
Profit attributable to equity holders of the Company	**1,003**	1,036	(33)	(3)
Total depreciation	**590**	505	85	17
Total amortisation	**120**	79	41	52

Notes:
(1) The fixed wireless internet which was previously reported under Home services has been reclassified and reported under Mobile services.
(2) Defined as profit before finance income, finance costs, tax, depreciation, amortisation and allowance for write down of identified network costs.

15. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current year against the preceding year (YTD June 2013 versus YTD June 2012) (continued)

Group revenue grew 4% or RM176 million in the period under review; with positive contributions from all business segments. In the same period, Group EBITDA was higher by 2% or RM48 million but EBITDA margin declined 0.9% point to 49.5%. The decline in margin was largely due to higher direct costs including traffic-related and device expenses, which offset savings in operating expenses.

Set out below is profit for the period after excluding significant one-off items:

(RM'm)	YTD 2013 (unaudited)	YTD 2012 (unaudited)
Profit for the period	**1,006**	1,039
Adjustments for one-off items:		
Accelerated depreciation due to the network modernisation programme [1]	**100**	-
Write-off of property, plant and equipment	**-**	124
Tax effects of the above adjustments	**(25)**	(32)
Last mile broadband tax incentive	**-**	(26)
Comparable profit for the period	**1,081**	1,105

Profit for the period on a comparable basis was lower mainly due to higher net financing costs of RM25 million largely due to the full effects of additional RM1 billion financing that was drawn down in end February last year and increased amorisation cost of RM41 million as a result of more devices placed on contract with subsidies offset by higher EBITDA of RM48 million.

Mobile services

Operational indicators	RGS definition YTD 2013	RGS definition YTD 2012 [2]	Variance	% Variance
Number of Mobile subscriptions ('000)				
- Postpaid	**2,674**	2,549	125	5
- Prepaid	**9,760**	9,559	201	2
- Wireless Broadband	**617**	614	3	<1
- Total	**13,051**	12,722	329	3
Monthly ARPU (RM)				
- Postpaid	**104**	108	(4)	(4)
- Prepaid	**34**	37	(3)	(8)
- Wireless Broadband	**66**	70	(4)	(6)
- Blended	**50**	53	(3)	(6)

Notes:

(1) The network modernisation programme enables the Group to strengthen its access network to enhance the customer experience and usage to drive revenue growth. The modernisation programme will also lower overall operational costs and simplify the network architecture across 2G, 3G and LTE ("Long Term Evolution") technologies.

(2) The fixed wireless internet which was previously reported under Home services has been reclassified and reported under Mobile services.

15. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current year against the preceding year (YTD June 2013 versus YTD June 2012) (continued)

Operational indicators	RGS definition YTD 2013	RGS definition YTD 2012	Variance	% Variance
Average monthly MOU per subscription (minutes)				
- Postpaid	**310**	340	(30)	(9)
- Prepaid	**134**	131	3	2
- Blended	**171**	175	(4)	(2)

Year-on-year, Mobile services revenue increased 2% or RM101 million. This growth was largely driven by non-voice revenue, recording an increase of 7.5% or RM145 million which was principally from higher mobile internet usage and higher device sales. For the period under review, non-voice contribution was at 47.7% of mobile revenue, up 2.4% points over the same period last year.

Blended ARPU for the quarter declined by RM3. Although there were incremental increases in data usage by both Prepaid and Postpaid customers, these increases were not able to fully compensate for lower voice and SMS usage. The RM4 decline in Wireless Broadband ARPU was a result of the uptake of lower priced subscription plans by our customers.

EBITDA for Mobile services increased RM17 million or 1%, on the back of higher revenues, However, EBITDA margin declined 0.8% point to end the period at 51.4%. This was caused by higher direct costs, mostly which were traffic and device related.

Enterprise fixed services

Enterprise fixed services revenue increased by RM26 million or 27% mainly due to higher volume from leased lines, satellite transmission and managed services. Consequently, EBITDA increased by RM21 million to RM52 million and EBITDA margin improved by 10% points to 43%.

International gateway services

International gateway services revenue increased by RM30 million or 29% with an EBITDA increase of RM4 million for the current period due to higher hubbing volumes.

Home services

Home services recorded revenue growth of RM19 million year-on-year, on the back of higher home fibre internet subscription base. The launch of our IPTV offerings did not have any material impact to our Home services revenue in the period under review. EBITDA loss was largely due to start-up costs and higher operating costs.

Other operations

Other operations segment represents management services rendered to other business segments within the Group. Its revenue was eliminated at Group level.

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

16. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2013

The telecommunications industry is expected to remain competitive throughout the remaining quarters of this year. In a fast maturing market where SIM penetration is over 140%, mobile operators face a number of challenges, amongst which includes managing voice and SMS cannibalisation as a result of changing customers' behaviours and needs that are now more data and internet centric.

The Group will continue to leverage on its mobile subscription and network leadership positions as well as its integrated proposition as key differentiators vis-à-vis the other players in the market. The Group continues to lead the market with its 13.9 million subscription base, 4G LTE coverage footprint and device offerings. Maxis' 4G LTE coverage has been extended beyond Klang Valley and is now available in Penang, Johor Bahru, Sabah and Sarawak, and will continue to be expanded progressively.

The industry smartphone penetration rate, which is estimated to still be below 35%, also provides opportunities for growth in data as the Group continues to seed the market with attractive smart devices and bundled offerings. The strategic partnership between Maxis and Astro, which was launched earlier this year, to exclusively develop and co-market unique customer offers combining Astro B.yond IPTV and Astro On-The-Go services to Maxis' fixed and wireless platforms, is expected to further enhance the Group's integrated propositions and provide more value to its customers.

The Group remains positive that it is able to leverage on all these building blocks that have been put in place to sustain its momentum for the remaining quarters of 2013.

17. PROFIT FORECAST OR PROFIT GUARANTEE

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

18. QUALIFICATION OF PRECEDING AUDITED FINANCIAL STATEMENTS

There was no qualification to the preceding audited financial statements for the financial year ended 31 December 2012.

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

19. PROFIT FROM OPERATIONS

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/6/2013	QUARTER ENDED 30/6/2012	**PERIOD ENDED 30/6/2013**	PERIOD ENDED 30/6/2012
	RM'm	RM'm	**RM'm**	RM'm
Allowance/(reversal) (net) for:				
- impairment of receivables, deposits and prepayments	**20**	26	**45**	60
- inventory obsolescence	**1**	1	**1**	(2)
Amortisation of intangible assets	**63**	42	**120**	79
Bad debts recovered	**(4)**	(4)	**(9)**	(10)
(Gain)/loss on foreign exchange	**(6)**	7	**6**	(4)
Property, plant and equipment:				
- depreciation	**277**	247	**590**	505
- gain on disposal	**(1)**	(1)	**(1)**	(1)
- written off	**10**	124	**17**	124

Other than as presented in the statement of profit or loss 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 2013.

20. TAX EXPENSES

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/6/2013	QUARTER ENDED 30/6/2012	**PERIOD ENDED 30/6/2013**	PERIOD ENDED 30/6/2012
	RM'm	RM'm	**RM'm**	RM'm
Income tax:				
- current tax	**269**	180	**475**	420
- over accrual in prior years	**-**	(80)	**-**	(80)
Deferred tax:				
- origination and reversal of temporary differences	**(64)**	(16)	**(80)**	(62)
- recognition of prior years temporary differences	-	80	**-**	80
Total	**205**	164	**395**	358

The Group's effective tax rates for the current quarter and six-month ended 30 June 2013 was 27.9% and 28.2% respectively, higher than the statutory tax rate of 25% mainly due to certain expenses not being deductible for tax purposes.

21. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed.

22. BORROWINGS

The borrowings as at 30 June 2013 are as follows:

	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	TOTAL
	RM'm	RM'm	RM'm
Secured			
Finance lease liabilities	2	4	6
Unsecured			
Term loans	-	1,720	1,720
Syndicated term loans	-	2,674	2,674
Islamic Medium Term Notes	-	2,481	2,481
Loan from a related party	-	29	29
Payables and accruals (deferred payment schemes)	12	297	309
	14	7,205	7,219

Currency exposure profile of borrowings is as follows:

	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	TOTAL
Ringgit Malaysia ("RM")	2	3,510 [(1)]	3,512
United States Dollar ("USD")	12	3,521 [(2)]	3,533
Singapore Dollar ("SGD")	-	174 [(2)]	174
	14	7,205	7,219

Notes:
(1) Include a term loan facility which has been partially hedged using interest rate swaps as further disclosed in Note 23.
(2) Include borrowings of RM3,398 million which have been hedged using cross currency interest rate swaps as further disclosed in Note 23.

23. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivatives

Details of derivative financial instruments outstanding as at 30 June 2013 are set out below:

TYPE OF DERIVATIVE	CONTRACT/ NOTIONAL VALUE	FAIR VALUE
	RM'm	RM'm
Cash flow hedge derivatives:		
CCIRSs:		
- less than one year	-	-
- one year to three years	-	-
- more than three years	**3,564**	**277**
IRSs:		
- less than one year	-	-
- one year to three years	-	-
- more than three years	**700**	**(33)**
Total	**4,264**	**244**

Other than those disclosed in the Group's audited financial statements for the financial year ended 31 December 2012, there were no additional derivative financial instruments entered by the Group during the six-month ended 30 June 2013. Also, there have been no changes since the end of the previous financial year ended 31 December 2012 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.

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

23. 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 and IRSs 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 2013, the Group has recognised net derivative financial liabilities of RM244 million, a decrease of RM73 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, RM69 million of the cash flow hedging reserve was reclassified to the statement of profit or loss to offset the unrealised loss of RM69 million which arose from the weakening RM against USD and SGD. This has resulted in a reduction on the debit balance in the cash flow hedging reserve as at 30 June 2013 by RM4 million to RM87 million compared with the preceding quarter.

The losses recognised in the cash flow hedging reserve in equity of RM87 million as at 30 June 2013 represents the net deferred fair value losses relating to the CCIRSs and IRSs which will be continuously released to the statement of profit or loss within finance costs until the underlying borrowings are repaid.

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

24. REALISED AND UNREALISED RETAINED EARNINGS

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

	AS AT 30/6/2013	AS AT 31/12/2012
	RM'm	**RM'm**
Retained earnings of the Company and its subsidiaries:		
- realised	**619**	566
- unrealised	**(368)**	(447)
	251	119
Less: Consolidation adjustments	**(37)**	(34)
Total retained earnings as per Consolidated Statements of Financial Position	**214**	85

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

25. MATERIAL LITIGATION

There is no material litigation as at 31 July 2013.

26. 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 2013, to be paid on 3 October 2013. The entitlement date for the dividend payment is 6 September 2013.

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 6 September 2013 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 year ending 31 December 2013 is 16.0 sen per ordinary share (2012: 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 2012.

27. EARNINGS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30/6/2013	QUARTER ENDED 30/6/2012	**PERIOD ENDED 30/6/2013**	PERIOD ENDED 30/6/2012
(a) Basic earnings per share					
Profit attributable to the equity holders of the Company	(RM’m)	**528**	464	**1,003**	1,036
Weighted average number of issued ordinary shares	(’m)	**7,501**	7,500	**7,501**	7,500
Basic earnings per share	(sen)	**7.0**	6.2	**13.4**	13.8
(b) Diluted earnings per share					
Profit attributable to the equity holders of the Company	(RM’m)	**528**	464	**1,003**	1,036
Weighted average number of issued ordinary shares	(’m)	**7,501**	7,500	**7,501**	7,500
Adjusted for share options granted	(’m)	**3**	1	**2**	1
Adjusted weighted average number of ordinary shares	(’m)	**7,504**	7,501	**7,503**	7,501
Diluted earnings per share	(sen)	**7.0**	6.2	**13.4**	13.8

By order of the Board

Dipak Kaur
(LS 5204)
Company Secretary
6 August 2013
Kuala Lumpur