MAXIS BERHAD

(867573 – A)

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 third quarter ended 30 September 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 30/9/2013	QUARTER ENDED 30/9/2012	+ -	**PERIOD ENDED 30/9/2013**	PERIOD ENDED 30/9/2012	+ -
	Note	**RM'm**	RM'm	%	**RM'm**	RM'm	%
Revenue	7	**2,239**	2,216	+1	**6,860**	6,661	+3
Cost of sales		**(738)**	(746)		**(2,326)**	(2,196)	
Gross profit		**1,501**	1,470	+2	**4,534**	4,465	+2
Other income		**24**	15		**51**	30	
Administrative expenses		**(518)**	(465)		**(1,383)**	(1,279)	
Network operation costs		**(239)**	(294)		**(837)**	(932)	
Other expenses		**(19)**	(18)		**(55)**	(44)	
Profit from operations	19	**749**	708	+6	**2,310**	2,240	+3
Finance income		**7**	14		**23**	40	
Finance costs		**(89)**	(90)		**(265)**	(251)	
Profit before tax	7	**667**	632	+6	**2,068**	2,029	+2
Tax expenses	20	**(193)**	(189)		**(588)**	(547)	
Profit for the period		**474**	443	+7	**1,480**	1,482	<-1
Attributable to:							
- equity holders of the Company		**472**	442	+7	**1,475**	1,478	<-1
- non-controlling interest		**2**	1		**5**	4	
		474	443	+7	**1,480**	1,482	<-1
Earnings per share attributable to equity holders of the Company (sen):							
- basic	27	**6.3**	5.9		**19.7**	19.7	
- diluted	27	**6.3**	5.9		**19.7**	19.7	

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/9/2013	QUARTER ENDED 30/9/2012	**PERIOD ENDED 30/9/2013**	PERIOD ENDED 30/9/2012
	RM'm	RM'm	**RM'm**	RM'm
Profit for the period	**474**	443	**1,480**	1,482
Other comprehensive income [1]				
Item that will be reclassified subsequently to profit or loss:				
Net change in cash flow hedge	**81**	73	**100**	72
Total comprehensive income for the period	**555**	516	**1,580**	1,554
Attributable to:				
- equity holders of the Company	**553**	515	**1,575**	1,550
- non-controlling interest	**2**	1	**5**	4
	555	516	**1,580**	1,554

Note:

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

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	**AS AT 30/9/2013 (Unaudited) RM'm**	AS AT 31/12/2012 (Audited) RM'm
Non-current assets			
Property, plant and equipment	8	**4,139**	4,459
Intangible assets [(2)]		**11,186**	11,152
Derivative financial instruments	23	**96**	28
Deferred tax assets		**112**	121
		15,533	15,760
Current assets			
Inventories		**56**	118
Receivables, deposits and prepayments		**974**	922
Amount due from a fellow subsidiary		**-**	2
Amounts due from related parties		**19**	13
Tax recoverable		**-**	20
Cash and cash equivalents		**1,177**	967
		2,226	2,042
Total assets		**17,759**	17,802
Current liabilities			
Provisions for liabilities and charges		**48**	72
Payables and accruals	22	**2,659**	2,633
Amount due to a fellow subsidiary		**3**	-
Amounts due to related parties		**32**	26
Borrowings	22	**409**	2
Derivative financial instruments	23	**87**	-
Taxation		**56**	35
Dividend payables		**600**	-
		3,894	2,768
Net current liabilities		**(1,668)**	(726)
Non-current liabilities			
Provisions for liabilities and charges		**108**	102
Payables and accruals	22	**321**	119
Loan from a related party	22	**29**	38
Borrowings	22	**6,564**	6,772
Derivative financial instruments	23	**64**	398
Deferred tax liabilities		**525**	548
		7,611	7,977
Net assets		**6,254**	7,057

Note:

(2) Includes telecommunications licenses with allocated spectrum rights and leased spectrum rights of RM10,744 million, and goodwill arising from acquisition of subsidiaries of RM219 million.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	AS AT 30/9/2013 (Unaudited)	AS AT 31/12/2012 (Audited)
	RM'm	RM'm
Equity		
Share capital	**750**	750
Reserves	**5,491**	6,299
Equity attributable to equity holders of the Company	**6,241**	7,049
Non-controlling interest	**13**	8
Total equity	**6,254**	7,057
Net assets per share (RM)	**0.83**	0.94

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to equity holders of the Company						→		
Period ended 30/9/2013	**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	**-**	**-**	**-**	**-**	**-**	**1,475**	**1,475**	**5**	**1,480**
Other comprehensive income for the period	**-**	**-**	**-**	**-**	**100**	**-**	**100**	**-**	**100**
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**100**	**1,475**	**1,575**	**5**	**1,580**
Dividends for the financial year ended 31 December 2012	**-**	**-**	**(546)**	**-**	**-**	**(654)**	**(1,200)**	**-**	**(1,200)**
Dividends for the financial year ending 31 December 2013	**-**	**-**	**(605)**	**-**	**-**	**(595)**	**(1,200)**	**-**	**(1,200)**
Employee Share Option Scheme ("ESOS"):									
- share options granted	**-**	**-**	**-**	**-**	**4**	**-**	**4**	**-**	**4**
- shares issued	*****	**14**	**-**	**-**	**(1)**	**-**	**13**	**-**	**13**
Balance as at 30/9/2013	**750**	**17**	**27,838**	**(22,729)**	**54**	**311**	**6,241**	**13**	**6,254**
Period ended 30/9/2012									
Balance as at 1/1/2012	750	-	29,629	(22,729)	(155)	589	8,084	4	8,088
Profit for the period	-	-	-	-	-	1,478	1,478	4	1,482
Other comprehensive income for the period	-	-	-	-	72	-	72	-	72
Total comprehensive income for the period	-	-	-	-	72	1,478	1,550	4	1,554
Dividends for the financial year ended 31 December 2011	-	-	(400)	-	-	(800)	(1,200)	-	(1,200)
Dividends for the financial year ended 31 December 2012	-	-	(200)	-	-	(1,000)	(1,200)	-	(1,200)
ESOS:									
- share options granted	-	-	-	-	1	-	1	-	1
- shares issued	*	3	-	-	-	-	3	-	3
Balance as at 30/9/2012	750	3	29,029	(22,729)	(82)	267	7,238	8	7,246

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 THIRD QUARTER ENDED 30 SEPTEMBER 2013

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	PERIOD ENDED 30/9/2013	PERIOD ENDED 30/9/2012
	RM'm	RM'm
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**1,480**	1,482
Adjustments for:		
- non-cash items	**1,100**	1,154
- finance costs	**265**	251
- finance income	**(23)**	(40)
- tax expenses	**588**	547
Payments for provision for liabilities and charges	**(35)**	(37)
Operating cash flows before working capital changes	**3,375**	3,357
Changes in working capital	**(13)**	(335)
Cash flow from operations	**3,362**	3,022
Interest received	**23**	36
Tax paid	**(561)**	(497)
Net cash flow from operating activities	**2,824**	2,561
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	**(206)**	(203)
Purchase of property, plant and equipment	**(327)**	(401)
Proceeds from disposal of property, plant and equipment	**1**	-
Net cash flow used in investing activities	**(532)**	(604)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares pursuant to ESOS	**13**	3
Proceeds from issuance of Islamic Medium Term Notes	**-**	2,450
Repayment of borrowing	**-**	(1,450)
Repayment of lease financing	**(1)**	(6)
Partial repayment of loan from a related party	**(4)**	-
Payments of finance costs	**(290)**	(243)
Ordinary share dividends paid	**(1,800)**	(2,400)
Net cash flow used in financing activities	**(2,082)**	(1,646)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**210**	311
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	**967**	838
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	**1,177**	1,149

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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)
• Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets (effective from 1 January 2014)
• Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting (effective from 1 January 2014)
• IC Interpretation 21	Levies (effective from 1 January 2014)

2. SEASONAL / CYCLICAL FACTORS

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

3. UNUSUAL ITEMS

Save for the below items as further 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 nine-month ended 30 September 2013:

(a) Career Transition Scheme ("CTS") costs due to organisational refinement exercise undertaken by the Group; and
(b) Accelerated depreciation due to the network modernisation programme.

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 nine-month ended 30 September 2013.

5. DEBT AND EQUITY SECURITIES

Save for the issuance of 2,338,900 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 nine-month ended 30 September 2013.

6. DIVIDENDS PAID

The following dividend payments were made during the nine-month ended 30 September 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.

7. SEGMENT REPORTING (CONTINUED)

Quarter Ended 30/9/2013	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	**2,086**	**58**	**77**	**18**	**-**	**-**	**2,239**
Inter-segment revenue	**4**	**5**	**80**	**-**	**118**	**(207)**	**-**
Segment revenue	**2,090**	**63**	**157**	**18**	**118**	**(207)**	**2,239**
Segment results							
Segment EBITDA [1]	**1,036**	**16**	**12**	**(31)**	**19**	**-**	**1,052**
Profit/(loss) from operations	**766**	**7**	**10**	**(40)**	**6**	**-**	**749**
Finance income							**7**
Finance costs							**(89)**
Profit before tax							**667**

Quarter Ended 30/9/2012	Mobile services	Enterprise fixed services	International gateway services	Home services	Other operations	Elimination	Group
Segment revenue							
External revenue	2,120	53	34	9	-	-	2,216
Inter-segment revenue	5	7	74	-	125	(211)	-
Segment revenue	2,125	60	108	9	125	(211)	2,216
Segment results							
Segment EBITDA [1]	1,047	15	14	(34)	13	-	1,055
Profit/(loss) from operations	730	9	10	(44)	3	-	708
Finance income							14
Finance costs							(90)
Profit before tax							632

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

7. SEGMENT REPORTING (CONTINUED)

Cumulative Quarter Ended 30/9/2013	**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	**6,421**	**179**	**212**	**48**	**-**	**-**	**6,860**
Inter-segment revenue	**12**	**17**	**232**	**-**	**341**	**(602)**	**-**
Segment revenue	**6,433**	**196**	**444**	**48**	**341**	**(602)**	**6,860**
Segment results							
Segment EBITDA [1]	**3,263**	**68**	**35**	**(83)**	**56**	**-**	**3,339**
Profit/(loss) from operations	**2,335**	**36**	**28**	**(110)**	**21**	**-**	**2,310**
Finance income							**23**
Finance costs							**(265)**
Profit before tax							**2,068**

Cumulative Quarter Ended 30/9/2012	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
Segment revenue							
External revenue	6,354	148	139	20	-	-	6,661
Inter-segment revenue	17	19	178	-	304	(518)	-
Segment revenue	6,371	167	317	20	304	(518)	6,661
Segment results							
Segment EBITDA [1]	3,257	46	33	(72)	30	-	3,294
Profit/(loss) from operations	2,284	25	20	(94)	5	-	2,240
Finance income							40
Finance costs							(251)
Profit before tax							2,029

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 nine-month ended 30 September 2013. As at 30 September 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 nine-month ended 30 September 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 approved by the Board of Directors and not provided for in the unaudited condensed consolidated financial statements as at 30 September 2013 are as follows:

	RM’m
Contracted for	**223**
Not contracted for	**150**
	373

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 30/9/2013	Balances due from/(to) as at 30/9/2013	Commitments as at 30/9/2013	Total balances due from/(to) and commitments as at 30/9/2013
	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)	33	-	-	-
- Saudi Telecom Company ("STC") (2) (roaming and international calls)	17	13	-	13
- Aircel Limited Group (3) (interconnect, roaming and international calls)	4	-	-	-
(b) Purchases of goods and services from:				
- Aircel Limited Group (3) (interconnect, roaming and international calls)	7	(3)	-	(3)
- Tanjong City Centre Property Management Sdn. Bhd. (4) (rental, signage, parking and utility charges)	25	5	(5)	-
- MEASAT Global Berhad Group (5) (transponder and teleport lease rental)	19	-	(30)	(30)
- Astro Digital 5 Sdn. Bhd. (1) (content provision, publishing and advertising agent, consultancy and IPTV development services)	4	(8)	-	(8)
- MEASAT Broadcast Network Systems Sdn. Bhd. (1) (mobile TV and IPTV contents)	10	(1)	(32)	(33)

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

13. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Transactions for the financial period ended 30/9/2013	Balances due from/(to) as at 30/9/2013	Commitments as at 30/9/2013	Total balances due from/(to) and commitments as at 30/9/2013
	RM'm	RM'm	RM'm	RM'm
(b) Purchases of goods and services from: (continued)				
- UTSB Management Sdn. Bhd. [4] (corporate management services fees)	**19**	**(9)**	**-**	**(9)**
- SRG Asia Pacific Sdn. Bhd. [4] (call handling and telemarketing services)	**16**	**(10)**	**-**	**(10)**
- STC [2] (roaming and international calls)	**3**	**-**	**-**	**-**
- UMTS (Malaysia) Sdn. Bhd. [6] (usage of 3G spectrum)	**30**	**(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 Binariang GSM Sdn. Bhd. ("BGSM"), pursuant to a shareholders' agreement in relation to BGSM. BGSM wholly-owns Maxis Communications Berhad ("MCB") which in turn 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.

(1) Subsidiary of a joint venture of UTSB
(2) A major shareholder of BGSM, as described above
(3) Subsidiary of MCB
(4) Subsidiary of UTSB
(5) Subsidiary of a company in which TAK has a 99% direct equity interest
(6) Subsidiary of the Company and associate of a joint venture 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 September 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 September 2013:

	RM'm
Recurring fair value measurements	
Derivative financial instruments (Cross Currency Interest Rate Swaps ("CCIRSs") and Interest Rate Swaps ("IRSs")):	
- assets	**96**
- liabilities	**(151)**

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 (3rd Quarter 2013 versus 2nd Quarter 2013)

Financial indicators (RM'm unless otherwise indicated)	3rd Quarter 2013 (unaudited)	2nd Quarter 2013 (unaudited)	Variance	% Variance
Revenue	**2,239**	2,294	*(55)*	(2)
- Mobile services	***2,086***	*2,151*	*(65)*	*(3)*
- Enterprise fixed services	***58***	*58*	*-*	*-*
- International gateway services	***77***	*69*	*8*	*12*
- Home services	***18***	*16*	*2*	*13*
EBITDA [(1)]	**1,052**	1,165	(113)	(10)
- Mobile services	***1,036***	*1,133*	*(97)*	*(9)*
- Enterprise fixed services	***16***	*24*	*(8)*	*(33)*
- International gateway services	***12***	*12*	*-*	*-*
- Home services	***(31)***	*(26)*	*(5)*	*(19)*
- Other operations	***19***	*22*	*(3)*	*(14)*
EBITDA margin (%)	**47.0**	50.8	(3.8)	NA
Depreciation	**239**	277	(38)	(14)
Amortisation	**64**	63	1	2
Profit before tax	**667**	735	(68)	(9)
Profit for the period	**474**	530	(56)	(11)
Adjustment for one-off items:				
CTS costs [(2)]	***102***	-	*102*	*>100*
Accelerated depreciation due to network modernisation programme [(3)]	**-**	*40*	*(40)*	*(100)*
Tax effects of the above adjustments	***(26)***	*(10)*	*(16)*	*>(100)*
Comparable profit for the period	**550**	560	(10)	(2)

Notes:

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

(2) The Group has undertaken an organisational refinement exercise to make it more agile and cohesive in delivering its integrated propositions, as well as support its growth strategies. As part of this exercise, the Group has offered CTS to selected employees.

(3) 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 Long-Term Evolution ("LTE") technologies.

15. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (3rd Quarter 2013 versus 2nd Quarter 2013) (continued)

Mobile services – Operational indicators	3rd Quarter 2013	2nd Quarter 2013 (Restated)	Variance	% Variance
Mobile subscriptions ('000) (Market definition)	**13,213**	13,873	(660)	(5)
- Postpaid	***2,732***	*2,713*	*19*	*1*
- Prepaid	***9,845***	*10,497*	*(652)*	*(6)*
- Wireless Broadband	***636***	*663*	*(27)*	*(4)*
ARPU (Monthly) (RM) (1)				
- Postpaid	***100***	*103*	*(3)*	*(3)*
- Prepaid	***33***	*31*	*2*	*6*
- Wireless Broadband	***64***	*66*	*(2)*	*(3)*
- Blended	***48***	*46*	*2*	*4*
MOU per subscription (Monthly) (minutes) (1)				
- Postpaid	***298***	*307*	*(9)*	*(3)*
- Prepaid	***116***	*119*	*(3)*	*(3)*
- Blended	***153***	*156*	*(3)*	*(2)*

Note:
(1) With effect from 1 July 2013, ARPU and MOU per subscription for the current quarter have been computed based on market definition. The comparative ARPU and MOU per subscription have been restated to conform with current quarter basis of computations.

For the quarter under review, Group revenue decreased by RM55 million or 2% mainly due to decrease revenue from Mobile services, whilst the revenue from other business segments grew moderately.

Group EBITDA stood at RM1,052 million (47.0%) at the end of the quarter, registering a 10% decline against the previous quarter. This was largely driven by one-time CTS costs amounting to RM102 million, due to the organisational refinement exercise undertaken by the Group in the quarter under review. Excluding one-time CTS costs, Group EBITDA would show a marginal decrease of 0.9% to RM1,154 million (51.5%). The Group's profit after tax would also be comparable to the previous quarter on normalised basis excluding the one-time CTS costs.

On a segmental basis, *Mobile services* revenue decreased by 3% to RM2,086 million due to lower SMS revenue and device sales whilst non-SMS data usage and wholesale revenues continued to grow. EBITDA decreased by 9% to RM1,036 million mainly due to one-time CTS costs of RM73 million.

15. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (3rd Quarter 2013 versus 2nd Quarter 2013) (continued)

In terms of subscriptions, the Group ended the quarter with 13.2 million subscriptions with relatively stable blended ARPUs and MOUs of RM48 per month and 153 minutes per subscription respectively. The subscription base for the quarter was impacted by higher churn from legacy subscription plans.

Enterprise fixed services reported revenue of RM58 million in the quarter, the same level as the previous quarter. However, absolute EBITDA was RM8 million lower mainly due to the one-time CTS costs mentioned above.

On the back of higher hubbing volume, *International gateway services* recorded marginal higher revenue of RM77 million in the quarter with stable EBITDA of RM12 million.

Revenue from *Home services* grew by RM2 million in the quarter under review due to higher fibre internet subscriptions. However, EBITDA decreased by RM5 million due to higher expenses related to the IPTV bundled offerings.

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)

15. ANALYSIS OF PERFORMANCE (CONTINUED)

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

Financial indicators (RM'm unless otherwise indicated)	YTD 2013 (unaudited)	YTD 2012 (unaudited)	Variance	% Variance
Revenue	**6,860**	6,661	199	3
- Mobile services	***6,421***	*6,354*	*67*	*1*
- Enterprise fixed services	***179***	*148*	*31*	*21*
- International gateway services	***212***	*139*	*73*	*53*
- Home services	***48***	*20*	*28*	*>100*
EBITDA [1]	**3,339**	3,294	45	1
- Mobile services	***3,263***	*3,257*	*6*	*<1*
- Enterprise fixed services	***68***	*46*	*22*	*48*
- International gateway services	***35***	*33*	*2*	*6*
- Home services	***(83)***	*(72)*	*(11)*	*(15)*
- *Other* operations	***56***	*30*	*26*	*87*
EBITDA margin (%)	**48.7**	49.5	(0.8)	NA
Depreciation	**829**	792	37	5
Amortisation	**184**	133	51	38
Profit before tax	**2,068**	2,029	39	2
Profit for the period	**1,480**	1,482	(2)	<(1)
Adjustment for one-off items:				
CTS costs [2]	***102***	-	*102*	*>100*
Accelerated depreciation due to network modernisation programme [3]	***100***	*35*	*65*	*>100*
Write-off of property, plant and equipment	**-**	*125*	*(125)*	*(100)*
Tax effects of the above adjustments	***(51)***	*(40)*	*(11)*	*(28)*
Last mile broadband tax incentive	**-**	*(32)*	*32*	*100*
Comparable profit for the period	**1,631**	1,570	61	4

Notes:

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

(2) The Group has undertaken an organisational refinement exercise to make it more agile and cohesive in delivering its integrated propositions, as well as support its growth strategies. As part of this exercise, the Group has offered CTS to selected employees.

(3) 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 technologies.

15. ANALYSIS OF PERFORMANCE (CONTINUED)

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

Mobile services - Operational indicators	YTD 2013	YTD 2012 (Restated)	Variance	% Variance
Mobile subscriptions ('000) (Market definition)	**13,213**	13,930	(717)	(5)
- Postpaid	***2,732***	*2,608*	*124*	*5*
- Prepaid	***9,845***	*10,612*	*(767)*	*(7)*
- Wireless Broadband	***636***	*710*	*(74)*	*(10)*
ARPU (Monthly) (RM) [(1)]				
- Postpaid	***102***	*107*	*(5)*	*(5)*
- Prepaid	***32***	*33*	*(1)*	*(3)*
- Wireless Broadband	***65***	*69*	*(4)*	*(6)*
- Blended	***47***	*48*	*(1)*	*(2)*
MOU per subscription (Monthly) (minutes) [(1)]				
- Postpaid	***304***	*333*	*(29)*	*(9)*
- Prepaid	***120***	*117*	*3*	*3*
- Blended	***157***	*159*	*(2)*	*(1)*

Note:
[(1)] With effect from 1 July 2013, ARPU and MOU per subscription for the current period have been computed based on market definition. The comparative ARPU and MOU per subscription have been restated to conform with current period basis of computations.

On a year-to-date (YTD) basis, Group revenue grew by 3% or RM199 million with positive contributions from across all business segments. Consequently, Group EBITDA grew by 1% or RM45 million to RM3,339 million. However, Group EBITDA margin decreased by 0.8% point to 48.7% on account of higher direct costs which include traffic and device-related expenses, and the one-time CTS costs. Excluding the one-time CTS costs, EBITDA margin would have increased by 0.7% point to 50.2%.

Group profit after tax for the period was RM1,480 million, comparable to the preceding corresponding period. Excluding the one-time CTS costs, accelerated depreciation related to our network modernisation program and higher financing and amortisation costs, Group profit after tax for the period would have increased by 4% to RM1,631 million.

On a segmental basis, *Mobile services* revenue grew 1% or RM67 million to RM6,421 million. The growth was driven by mobile internet and device revenues offsetting the decrease in voice and SMS revenues. EBITDA increased by RM6 million but EBITDA margin declined by 0.5% point ended at 50.8%. The lower margin was mainly due to higher traffic and device related expenses, and one-time CTS costs. Blended ARPU decreased by RM1. The increase in data usage was not able to fully compensate the lower voice and SMS usage. The RM4 decrease in Wireless Broadband ARPU was due to lower priced subscription plans taken up by our customers.

15. ANALYSIS OF PERFORMANCE (CONTINUED)

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

Enterprise fixed services revenue increased by RM31 million or 21% in the period under review, driven by higher volume of leased lines and satellite transmission. Consequently, EBITDA grew by RM22 million to RM68 million and EBITDA margin improved by 6.9% points to 38.0%.

International gateway services revenue grew by RM73 million, on account of higher hubbing volumes. As this is a relatively low margin business, the corresponding increase in EBITDA was only RM2 million.

Home services recorded revenue growth of RM28 million, on the back of higher home fibre internet subscriptions. The EBITDA loss was largely due to start-up costs and higher direct costs in the period under review.

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

16. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2013

Mobile operators are operating in a competitive environment where customer behaviour and needs are increasingly data and internet centric. To remain relevant and profitable, mobile operators need to have a robust network, drive innovation to create distinctive customer value propositions and have a strong cost efficiency focus. In this regard, the Group has continued to expand and enhanced its 3G HSPA+ infrastructure and continues to lead in terms of 4G LTE coverage footprint. 4G LTE services, which are now available in Klang Valley, Penang, Johor Bahru, Sabah and Sarawak, will be expanded progressively. Our offerings will also be increasingly focused on capturing the growing demand for high speed internet access. At the same time, the Group will continue to proactively manage its costs.

Based on the financial results to date, the Group expects to achieve a similar revenue growth for the financial year 2013 to that of the preceding year.

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 30/9/2013	QUARTER ENDED 30/9/2012	**PERIOD ENDED 30/9/2013**	PERIOD ENDED 30/9/2012
	RM'm	RM'm	**RM'm**	RM'm
Allowance/(reversal) (net) for:				
- impairment of receivables, deposits and prepayments	**13**	26	**58**	86
- inventory obsolescence	**2**	6	**3**	4
Amortisation of intangible assets	**64**	54	**184**	133
Bad debts recovered	**(5)**	(5)	**(14)**	(15)
(Gain)/loss on foreign exchange	**11**	(5)	**17**	(9)
Property, plant and equipment:				
- depreciation	**239**	287	**829**	792
- gain on disposal	**-**	-	**(1)**	(1)
- written off	**-**	6	**17**	130
CTS costs	**102**	-	**102**	-

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 nine-month ended 30 September 2013.

20. TAX EXPENSES

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/9/2013	QUARTER ENDED 30/9/2012	**PERIOD ENDED 30/9/2013**	PERIOD ENDED 30/9/2012
	RM'm	RM'm	**RM'm**	RM'm
Income tax:				
- current tax	**125**	241	**600**	661
- under/(over) accrual in prior years	**2**	11	**2**	(69)
Deferred tax:				
- origination and reversal of temporary differences	**65**	(59)	**(15)**	(121)
- recognition of prior years temporary differences	**1**	(4)	**1**	76
Total	**193**	189	**588**	547

The Group's effective tax rates for the current quarter and nine-month ended 30 September 2013 was 28.9% and 28.4% 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 September 2013 are as follows:

	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	TOTAL
	RM'm	RM'm	RM'm
Secured			
Finance lease liabilities	**8**	**10**	**18**
Unsecured			
Term loans	**-**	**1,744**	**1,744**
Syndicated term loans	**401**	**2,359**	**2,760**
Islamic Medium Term Notes	**-**	**2,451**	**2,451**
Loan from a related party	**-**	**29**	**29**
Payables and accruals (deferred payment schemes)	**12**	**321**	**333**
	421	**6,914**	**7,335**

Currency exposure profile of borrowings is as follows:

	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	TOTAL
Ringgit Malaysia ("RM")	**8**	**3,486** (1)	**3,494**
United States Dollar ("USD")	**413** (2)	**3,247** (2)	**3,660**
Singapore Dollar ("SGD")	-	**181** (2)	**181**
	421	**6,914**	**7,335**

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 RM3,508 million which have been hedged using cross currency interest rate swaps as further disclosed in Note 23.

The Company had on 23 September 2013 entered into an agreement for a revolving credit facility of up to RM500 million for amongst others, general working capital purposes. On 1 October 2013, the Company had drawn down RM150 million of this facility.

23. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivatives

Details of derivative financial instruments outstanding as at 30 September 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**	**94**
IRSs:		
- less than one year	-	-
- one year to three years	-	-
- more than three years	**700**	**(39)**
Total	**4,264**	**55**

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 nine-month ended 30 September 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.

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 September 2013, the Group has recognised net derivative financial liabilities of RM55 million, a decrease of RM189 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, RM108 million of the cash flow hedging reserve was reclassified to the statement of profit or loss to offset the unrealised loss of RM108 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 September 2013 by RM81 million to RM6 million compared with the preceding quarter.

The losses recognised in the cash flow hedging reserve in equity of RM6 million as at 30 September 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 30/9/2013	AS AT 31/12/2012
	RM'm	**RM'm**
Retained earnings of the Company and its subsidiaries:		
- realised	**818**	566
- unrealised	**(468)**	(447)
	350	119
Less: Consolidation adjustments	**(39)**	(34)
Total retained earnings as per Consolidated Statements of Financial Position	**311**	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 6 November 2013.

26. DIVIDENDS

(a) Interim dividend

The Board of Directors has declared a third interim single-tier tax-exempt dividend of 8.0 sen per ordinary share in respect of the financial year ending 31 December 2013, to be paid on 27 December 2013. The entitlement date for the dividend payment is 29 November 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 29 November 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 24.0 sen per ordinary share (2012: 24.0 sen).

The Board of Directors intends that interim dividends for the balance of the current financial year will be declared continuously on a quarterly basis and expects that these interim dividends will be at an amount similar to that declared in 2012.

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

27. EARNINGS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30/9/2013	QUARTER ENDED 30/9/2012	**PERIOD ENDED 30/9/2013**	PERIOD ENDED 30/9/2012
(a) Basic earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	**472**	442	**1,475**	1,478
Weighted average number of issued ordinary shares	('m)	**7,502**	7,500	**7,501**	7,500
Basic earnings per share	(sen)	**6.3**	5.9	**19.7**	19.7
(b) Diluted earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	**472**	442	**1,475**	1,478
Weighted average number of issued ordinary shares	('m)	**7,502**	7,500	**7,501**	7,500
Adjusted for share options granted	('m)	**4**	3	**3**	1
Adjusted weighted average number of ordinary shares	('m)	**7,506**	7,503	**7,504**	7,501
Diluted earnings per share	(sen)	**6.3**	5.9	**19.7**	19.7

By order of the Board

Dipak Kaur
(LS 5204)
Company Secretary
12 November 2013
Kuala Lumpur