MAXIS BERHAD

(867573 – A)

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

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 2015 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2014 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 30/9/2015	QUARTER ENDED 30/9/2014	+ -	**PERIOD ENDED 30/9/2015**	PERIOD ENDED 30/9/2014	+ -
	Note	**RM'm**	RM'm	%	**RM'm**	RM'm	%
Revenue		**2,166**	2,065	+5	**6,425**	6,266	+3
Cost of sales		**(689)**	(652)		**(2,052)**	(2,011)	
Gross profit		**1,477**	1,413	+5	**4,373**	4,255	+3
Other income		**10**	37		**62**	62	
Administrative expenses		**(439)**	(400)		**(1,307)**	(1,236)	
Network operation costs		**(355)**	(267)		**(968)**	(804)	
Other expenses		**(17)**	(39)		**(62)**	(61)	
Profit from operations	19	**676**	744	-9	**2,098**	2,216	-5
Finance income		**15**	13		**41**	29	
Finance costs		**(125)**	(114)		**(352)**	(311)	
Profit before tax		**566**	643	-12	**1,787**	1,934	-8
Tax expenses	20	**(144)**	(192)		**(510)**	(544)	
Profit for the period		**422**	451	-6	**1,277**	1,390	-8
Attributable to:							
- equity holders of the Company		**420**	449	-6	**1,271**	1,379	-8
- non-controlling interest		**2**	2		**6**	11	
		422	451	-6	**1,277**	1,390	-8
Earnings per share attributable to equity holders of the Company (sen):							
- basic	27	**5.6**	6.0		**16.9**	18.4	
- diluted	27	**5.6**	6.0		**16.9**	18.4	

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/9/2015	QUARTER ENDED 30/9/2014	**PERIOD ENDED 30/9/2015**	PERIOD ENDED 30/9/2014
	RM'm	RM'm	**RM'm**	RM'm
Profit for the period	**422**	451	**1,277**	1,390
Other comprehensive income/(expense)				
Item that will be reclassified subsequently to profit or loss:				
Net change in cash flow hedge	**20**	(17)	**22**	(35)
Total comprehensive income for the period	**442**	434	**1,299**	1,355
Attributable to:				
- equity holders of the Company	**440**	432	**1,293**	1,344
- non-controlling interest	**2**	2	**6**	11
	442	434	**1,299**	1,355

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	AS AT 30/9/2015 (Unaudited) RM'm	AS AT 31/12/2014 (Audited) RM'm
Non-current assets			
Property, plant and equipment	8	3,902	4,008
Intangible assets [(1)]		11,241	11,176
Long-term receivables		16	-
Derivative financial instruments	23	618	245
Deferred tax assets		91	102
		15,868	15,531
Current assets			
Inventories		10	12
Receivables, deposits and prepayments		1,159	971
Amount due from penultimate holding company		1	-
Amounts due from related parties		31	27
Derivative financial instruments	23	231	-
Tax recoverable		58	37
Cash and cash equivalents		1,303	1,531
		2,793	2,578
Total assets		18,661	18,109
Current liabilities			
Provisions for liabilities and charges		125	65
Payables and accruals		3,161	3,002
Amounts due to fellow subsidiaries		4	-
Amounts due to related parties		22	24
Loan from a related party	22	31	29
Borrowings	22	1,101	880
Derivative financial instruments	23	-	16
Taxation		245	167
		4,689	4,183
Net current liabilities		(1,896)	(1,605)

Note:

(1) Includes telecommunications licences with allocated spectrum rights and goodwill of RM10,707 million and RM219 million respectively, arising from acquisition of subsidiaries.

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	AS AT 30/9/2015 (Unaudited) RM'm	AS AT 31/12/2014 (Audited) RM'm
Non-current liabilities			
Provisions for liabilities and charges		142	134
Payables and accruals		499	454
Borrowings	22	8,822	8,118
Deferred tax liabilities		392	482
		9,855	9,188
Net assets		4,117	4,738
Equity			
Share capital		751	751
Reserves		3,338	3,965
Equity attributable to equity holders of the Company		4,089	4,716
Non-controlling interest		28	22
Total equity		4,117	4,738
Net assets per share attributable to equity holders of the Company (RM)		0.54	0.63

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Period ended 30/9/2015	Share capital [2]	Share premium	Merger relief [3]	Reserve arising from reverse acquisition	Other reserves	Retained earnings (Note 24)	Total	Non-controlling interest	Total equity
	← Attributable to equity holders of the Company →								
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
Balance as at 1/1/2015	751	39	25,331	(22,729)	100	1,224	4,716	22	4,738
Profit for the period	-	-	-	-	-	1,271	1,271	6	1,277
Other comprehensive income for the period	-	-	-	-	22	-	22	-	22
Total comprehensive income for the period	-	-	-	-	22	1,271	1,293	6	1,299
Dividends for the financial year ended 31 December 2014	-	-	(1,201)	-	-	-	(1,201)	-	(1,201)
Dividends for the financial year ending 31 December 2015	-	-	(750)	-	-	-	(750)	-	(750)
Employee Share Option Scheme ("ESOS") and Long-Term Incentive Plan ("LTIP"):									
- share-based payment expense	-	-	-	-	7	-	7	-	7
- shares issued	*	19	-	-	(1)	-	18	-	18
Incentive arrangement:									
- share-based payment expense	-	-	-	-	6	-	6	-	6
Balance as at 30/9/2015	751	58	23,380	(22,729)	134	2,495	4,089	28	4,117

Notes:

(2) Issued and fully paid ordinary shares of RM0.10 each.

(3) 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 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Period ended 30/9/2014	Share capital [2]	Share premium	Merger relief [3]	Reserve arising from reverse acquisition	Other reserves	Retained earnings	Total	Non-controlling interest	Total equity
	← Attributable to equity holders of the Company →								
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
Balance as at 1/1/2014	750	20	27,758	(22,729)	121	81	6,001	15	6,016
Profit for the period	-	-	-	-	-	1,379	1,379	11	1,390
Other comprehensive expense for the period	-	-	-	-	(35)	-	(35)	-	(35)
Total comprehensive (expense)/income for the period	-	-	-	-	(35)	1,379	1,344	11	1,355
Dividends for the financial year ended 31 December 2013	-	-	(625)	-	-	(575)	(1,200)	-	(1,200)
Dividends for the financial year ended 31 December 2014	-	-	(1,201)	-	-	-	(1,201)	-	(1,201)
ESOS:									
- share-based payment expense	-	-	-	-	3	-	3	-	3
- shares issued	1	16	-	-	(1)	-	16	-	16
Incentive arrangement:									
- share-based payment expense	-	-	-	-	1	-	1	-	1
- shares acquired	-	-	-	-	(5)	-	(5)	-	(5)
Balance as at 30/9/2014	751	36	25,932	(22,729)	84	885	4,959	26	4,985

Notes:

[2] Issued and fully paid ordinary shares of RM0.10 each.

[3] 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.

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	PERIOD ENDED 30/9/2015	PERIOD ENDED 30/9/2014
	RM'm	RM'm
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	1,277	1,390
Adjustments for:		
- non-cash items	1,319	1,032
- finance costs	352	311
- finance income	(41)	(29)
- tax expenses	510	544
Payments for provision for liabilities and charges	(19)	(21)
Operating cash flows before working capital changes	3,398	3,227
Changes in working capital	(102)	(33)
Cash flows from operations	3,296	3,194
Interest received	42	28
Tax paid	(532)	(451)
Net cash flows from operating activities	2,806	2,771
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(264)	(178)
Purchase of property, plant and equipment	(820)	(459)
Proceeds from disposal of property, plant and equipment	1	2
Net cash flows used in investing activities	(1,083)	(635)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares pursuant to ESOS	18	16
Shares acquired pursuant to incentive arrangement	-	(5)
Drawdown of borrowings	1,190	2,150
Repayment of borrowings	(842)	(921)
Repayment of lease financing	(6)	(2)
Payments of finance costs	(360)	(304)
Ordinary share dividends paid	(1,951)	(2,401)
Net cash flows used in financing activities	(1,951)	(1,467)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(228)	669
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	1,531	808
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	1,303	1,477

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 2014 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

The significant accounting policies and methods adopted for the unaudited condensed consolidated financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2014.

The adoption of the following improvements to published standards that came into effect on 1 January 2015 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

- Annual Improvements to MFRSs 2010-2012 Cycle (effective from 1 July 2014)
- Annual Improvements to MFRSs 2011-2013 Cycle (effective from 1 July 2014)

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

Malaysian Accounting Standards Board had issued the following new standards and amendments to standards which are effective for the financial period beginning on or after 1 January 2016. The Group did not early adopt these new standards, amendments and improvements to published standards.

- MFRS 9 Financial Instruments (effective from 1 January 2018)
- MFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018)
- Amendments to MFRS 101 Disclosure Initiative (effective from 1 January 2016)
- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation (effective from 1 January 2016)
- Annual Improvements to MFRSs 2012-2014 Cycle (effective from 1 January 2016)

2. SEASONAL / CYCLICAL FACTORS

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

3. UNUSUAL ITEMS

Save for those disclosed in Note 5 and accelerated depreciation due to network modernisation programme of RM140 million, there were no other significant unusual items affecting the assets, liabilities, equity, net income or cash flows during the nine-month ended 30 September 2015.

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 2015.

5. DEBT AND EQUITY SECURITIES

Save for below items, there were no other issuance, repurchase and repayment of debt and equity securities during the nine-month ended 30 September 2015:

(a) the Company has utilised the remaining RM350 million loan under the Commodity Murabahah Term Financing Facility to repay part of the Company's existing borrowing of RM421 million.

(b) the Company has established an Unrated Islamic Medium Term Notes ("Sukuk Murabahah") Programme with an aggregate nominal value of up to RM5.0 billion, based on the Islamic principle of Murabahah (via A Tawarruq arrangement) ("Unrated Sukuk Murabahah Programme"). The Unrated Sukuk Murabahah Programme has a tenure of 30 years from the date of the first issuance of Sukuk Murabahah under the Unrated Sukuk Murabahah Programme. The Company intends to utilise the proceeds for the purposes set out below:

   (i) to finance the capital expenditure and working capital requirements of the Group; and/or
   (ii) other general funding requirements and general corporate purposes of the Group; and/or
   (iii) to refinance other debt/financing obligations of the Group (including any Sukuk Musharakah issued by Maxis from time to time under the existing unrated Sukuk Musharakah programme established by Maxis); and/or
   (iv) to refinance any maturing Sukuk Murabahah under the Unrated Sukuk Murabahah Programme.

   On 22 June 2015, the Company had issued the first series of Sukuk Murabahah amounting to RM840 million, in nominal value, for a tenure of 10 years, of which RM421 million was utilised to repay the Company's existing borrowing.

(c) 3,112,500 ordinary shares of RM0.10 each were issued under the ESOS.

(d) On 31 July 2015, an offer of Performance Share Grant ("PS Grant") involving 8,376,000 ordinary shares ("Maxis Shares") was made to eligible employees. The Maxis Shares under the offer shall vest on 30 April 2018 subject to meeting performance targets for the period commencing 1 January 2015 to 31 December 2017. As at the close of the offer, 8,376,000 Maxis Shares were accepted by the eligible employees.

(e) On 3 August 2015, an offer to grant 70,979,000 options at the exercise price of RM 6.53 exercisable on each of the 3 anniversaries commencing from 1 August 2015 was made to eligible employees. As at the close of the offer, 69,622,800 options were accepted by the eligible employees.

6. DIVIDENDS PAID

The following dividend payments were made during the nine-month ended 30 September 2015:

	RM'm
In respect of the financial year ended 31 December 2014:	
- fourth interim single-tier tax-exempt dividend of 8.0 sen per ordinary share, paid on 27 March 2015	**600**
- final single-tier tax-exempt dividend of 8.0 sen per ordinary share, paid on 26 June 2015	**601**
In respect of the financial year ending 31 December 2015:	
- first interim single-tier tax-exempt dividend of 5.0 sen per ordinary share, paid on 26 June 2015	**375**
- second interim single-tier tax-exempt dividend of 5.0 sen per ordinary share, paid on 25 September 2015	**375**
	1,951

7. SEGMENT REPORTING

Segment reporting is not presented as the Group is primarily engaged in providing integrated telecommunication services in Malaysia.

8. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the nine-month ended 30 September 2015. As at 30 September 2015, all property, plant and equipment were stated at cost less accumulated depreciation and impairment losses.

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 2015.

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. There were no material losses 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 2015 are as follows:

	RM'm
Contracted for	**463**
Not contracted for	**228**
	691

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 30/9/2015	Balances due from/(to) as at 30/9/2015	Commitments as at 30/9/2015	Total balances due from/(to) and commitments as at 30/9/2015
	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)	58	26	-	26
- Saudi Telecom Company ("STC") [2] (roaming and international calls)	11	2	-	2
- MEASAT Global Berhad Group [3] (revenue share for the leasing of satellite bandwidth)	4	3	-	3

13. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Transactions for the financial period ended 30/9/2015	Balances due from/(to) as at 30/9/2015	Commitments as at 30/9/2015	Total balances due from/(to) and commitments as at 30/9/2015
	RM'm	RM'm	RM'm	RM'm
(b) Purchases of goods and services from:				
- Aircel Limited Group [4] (interconnect, roaming and international calls)	8	(4)	-	(4)
- Tanjong City Centre Property Management Sdn. Bhd. [5] (rental, signage, parking and utility charges)	23	(6)	(10)	(16)
- MEASAT Global Berhad Group [3] (transponder and teleport lease rental)	29	(6)	(17)	(23)
- Astro Digital 5 Sdn. Bhd. [1] (content provisioning, publishing and advertising agent)	3	(5)	-	(5)
- MEASAT Broadcast Network Systems Sdn. Bhd. [1] (mobile TV and IPTV contents)	5	-	-	-
- UTSB Management Sdn. Bhd. [5] (corporate management services)	19	(2)	(25)	(27)
- SRG Asia Pacific Sdn. Bhd. [6] (call handling and telemarketing services)	14	(4)	-	(4)
- UMTS (Malaysia) Sdn. Bhd. [7] (usage of 3G spectrum)	37	(4)	-	(4)

13. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

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 is the ultimate 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 is deemed to have an interest in all of the Company shares in which UTSB has an interest, it does not have any economic or beneficial interest over the Company shares, as such interest is held subject to the terms of the discretionary trust.

(1) Subsidiary of a company which is an associate of UTSB
(2) A major shareholder of BGSM, as described above
(3) Subsidiary of a company in which TAK has a 99.999% direct equity interest
(4) Subsidiary of BGSM
(5) Subsidiary of UTSB
(6) Subsidiary of a company whereby a person connected to TAK has a deemed equity interest
(7) Subsidiary of the Company and associate of a company which is an associate of UTSB. The transaction values and outstanding balances are eliminated in the condensed consolidated financial statements

14. FAIR VALUE MEASUREMENTS

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques 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).

(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 2015 except as set out below, measured using Level 3 valuation technique:

	CARRYING AMOUNT	FAIR VALUE
	RM'm	RM'm
Borrowings		
- finance lease liabilities	8	6
- Islamic Medium Term Notes	2,454	2,485

14. FAIR VALUE MEASUREMENTS (CONTINUED)

(b) Financial instruments carried at fair value

The following table represents the assets and liabilities measured at fair value, using Level 2 valuation technique, as at 30 September 2015:

	RM'm
Recurring fair value measurements	
Derivative financial instruments (Cross Currency Interest Rate Swaps ("CCIRS") and Interest Rate Swaps ("IRS")):	
- assets	**849**

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

15. ANALYSIS OF PERFORMANCE

(A) Performance of the current quarter against the preceding quarter (3rd Quarter 2015 versus 2nd Quarter 2015)

Financial indicators (RM'm unless otherwise indicated)	3rd Quarter 2015 (unaudited)	2nd Quarter 2015 (unaudited)	Variance	% Variance
Revenue	**2,166**	2,110	56	3
Service revenue [(1)]	**2,158**	2,094	64	3
EBITDA [(2)]	**1,021**	1,101	(80)	(7)
EBITDA margin (%)	**47.1**	52.2	(5.1)	NA
Depreciation	**265**	296	(31)	(10)
Amortisation	**71**	67	4	6
Profit before tax	**566**	631	(65)	(10)
Profit for the period	**422**	443	(21)	(5)
Adjustments for:				
Accelerated depreciation due to network modernisation programme [(3)] *and change in estimated asset useful lives*	***27***	*56*	*(29)*	*(52)*
Tax effect of the above adjustment	***(7)***	*(14)*	*7*	*50*
Profit for the period adjusted for the accelerated depreciation	**442**	485	(43)	(9)

Notes:

(1) Service revenue is defined as Group revenue excluding device and hubbing revenues.

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

(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.

15. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (3rd Quarter 2015 versus 2nd Quarter 2015) (continued)

Operational indicators	3rd Quarter 2015	2nd Quarter 2015	Variance	% Variance
Mobile subscriptions ('000)	**11,956**	12,214	(258)	(2)
- Postpaid	***2,784***	*2,796*	*(12)*	*<(1)*
- Prepaid	***8,850***	*9,068*	*(218)*	*(2)*
- Wireless Broadband	***322***	*350*	*(28)*	*(8)*
ARPU (Monthly) (RM)				
- Postpaid	***98***	*97*	*1*	*1*
- Prepaid	***39***	*36*	*3*	*8*
- Wireless Broadband	***70***	*69*	*1*	*1*
- Blended	***53***	*51*	*2*	*4*

For the quarter ended 30 September 2015, service revenue increased 3.1% to RM2,158 million. Service revenue growth in the quarter was underpinned by solid prepaid performance and stable core postpaid. Prepaid service revenue stood at RM1,076 million, up 6.0% quarter-on-quarter while postpaid service revenue was unchanged at RM974 million. The rebound in prepaid growth momentum was primarily driven by rising data adoption. Core postpaid revenue (excluding wireless broadband) remained stable and continued to be supported by higher value subscriber mix.

In terms of subscriptions, the Group recorded slightly lower revenue generating subscriptions ("RGS") of 12.0 million, against 12.2 million in the previous quarter. The overall RGS base was impacted by high rotational churn of low ARPU and low tenure subscriptions on the back of price-focused competition. Mobile Internet users remained stable at around 9.0 million users and we continued to see a good take-up of 4G/LTE users. We added 1.5 million 4G/LTE users in the last 12 months. We also continued to see rising smart-phone penetration within our subscription base and ended the quarter with a blended smart-phone penetration of 67%, against 54% in the same quarter last year. These are positive developments in a market where voice and text are and will continue to decline and mobile data is the primary growth driver.

EBITDA in 3Q 2015 stood at RM1,021 million, equivalent to an EBITDA margin of 47.1%, against RM1,101 million and 52.2% in the previous quarter. The decline in EBITDA was mainly driven by higher unrealised forex losses. There was also an increased in IDD interconnect charges resulting from the weakening Ringgit and higher IDD traffic. All other costs were relatively stable. 3Q 2015 service revenue EBITDA margin, normalised for unrealised forex losses was at 51.6%, against 54.3% in the previous quarter.

15. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (3rd Quarter 2015 versus 2nd Quarter 2015) (continued)

Reported profit for the quarter stood at RM422 million, lower than the RM443 million reported in the preceding quarter, and this was primarily driven by lower EBITDA.

(B) Performance of the current year against the preceding year (YTD September 2015 versus YTD September 2014)

Financial indicators (RM'm unless otherwise indicated)	YTD 2015 (unaudited)	YTD 2014 (unaudited)	Variance	% Variance
Revenue	**6,425**	6,266	159	3
Service revenue [(1)]	**6,379**	6,135	244	4
EBITDA [(2)]	**3,169**	3,229	(60)	(2)
EBITDA margin (%)	**49.3**	51.5	(2.2)	NA
Depreciation	**855**	821	34	4
Amortisation	**199**	188	11	6
Profit before tax	**1,787**	1,934	(147)	(8)
Profit for the period	**1,277**	1,390	(113)	(8)
Adjustments for:				
Accelerated depreciation due to network modernisation programme [(3)] and change in estimated asset useful lives	***140***	*156*	*(16)*	*(10)*
Reversal for contract obligation [(4)]	**-**	*(22)*	*22*	*100*
Tax effects of the above adjustments	***(35)***	*(33)*	*(2)*	*(6)*
Profit for the period adjusted for the accelerated depreciation and reversal of contract obligation	**1,382**	1,491	(109)	(7)

Notes:

(1) Service revenue is defined as Group revenue excluding device and hubbing revenues.

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

(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.

(4) Reversal for contract obligation was made in relation to Home's network costs.

15. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current year against the preceding year (YTD September 2015 versus YTD September 2014) (continued)

Operational indicators	YTD 2015	YTD 2014 (restated)[1]	Variance	% Variance
Mobile subscriptions ('000)	**11,956**	11,338	618	5
- Postpaid	***2,784***	*2,786*	*(2)*	*<(1)*
- Prepaid	***8,850***	*8,120*	*730*	*9*
- Wireless Broadband	***322***	*432*	*(110)*	*(25)*
ARPU (Monthly) (RM)				
- Postpaid	***97***	*97*	*-*	*-*
- Prepaid	***38***	*40*	*(2)*	*(5)*
- Wireless Broadband	***70***	*68*	*2*	*3*
- Blended	***52***	*55*	*(3)*	*(5)*

Note:
[1] The comparative information was restated to reflect revenue generating subscriptions ("RGS"), which is defined as active line subscriptions and exclude those that does not have any revenue generating activities for more than 30 days.

Year-to-date, service revenue grew 4.0% to RM6,379 million, driven by the strong performance of the prepaid segment. Prepaid service revenue grew 7.2% to RM3,143 million whilst postpaid service revenue was relatively stable at RM2,920 million. We added 618,000 new RGS, primarily driven by the Group's strong customer propositions and supported by a high performing network and superior customer experience.

In the period under review, EBITDA amounted to RM3,169 million, equivalent to an EBITDA margin of 49.3%. These figures were marginally lower than those reported in the previous corresponding period of RM3,229 million and 51.5% respectively. The decline in EBITDA was primarily driven by unrealised foreign exchange losses from the weakening Ringgit and higher staff costs largely due to a non-recurring reversal made in same period last year. This was partially offset by lower prepaid service tax. Year-to-date, service revenue EBITDA margin, normalised for unrealised forex losses was at 52.5%, against 53.2% in the previous corresponding period.

Consequently, reported profit for the period stood at RM1,277 million, against RM1,390 million for the same period last year.

16. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2015

The Group will remain focused on strengthening its market position in a competitive environment. For the financial year ending 31 December 2015, we expect service revenue growth in the low single digits with EBITDA at similar level as in financial year 2014. Capex is expected to be between RM1.2 billion to RM1.3 billion.

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 2014.

19. PROFIT FROM OPERATIONS

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/9/2015	QUARTER ENDED 30/9/2014	**PERIOD ENDED 30/9/2015**	PERIOD ENDED 30/9/2014
	RM'm	RM'm	**RM'm**	RM'm
Allowance/(reversal) (net) for:				
- impairment of receivables, deposits and prepayments	**13**	19	**37**	49
- inventory obsolescence	**-**	-	**-**	(7)
Amortisation of intangible assets	**71**	60	**199**	188
Bad debts recovered	**(4)**	(4)	**(14)**	(13)
Inventories written down	**-**	-	**-**	4
Loss on foreign exchange	**113**	8	**163**	5
Property, plant and equipment:				
- depreciation	**265**	268	**855**	821
- gain on disposal	**-**	(2)	**(1)**	(2)
- impairment/written off	**9**	-	**18**	6
Reversal for contract obligation	**-**	-	**-**	(22)

19. PROFIT FROM OPERATIONS (CONTINUED)

Other than as presented in the statements of profit or loss and as disclosed above, there were no gain/loss on disposal of quoted and unquoted investments or properties, gain/loss on derivatives and other exceptional items for the current quarter and nine-month ended 30 September 2015.

20. TAX EXPENSES

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/9/2015	QUARTER ENDED 30/9/2014	**PERIOD ENDED 30/9/2015**	PERIOD ENDED 30/9/2014
	RM'm	RM'm	**RM'm**	RM'm
Income tax:				
- current tax	**192**	221	**597**	611
- over accrual in prior year	**(8)**	-	**(8)**	-
Deferred tax:				
- origination and reversal of temporary differences	**(31)**	(29)	**(65)**	(50)
- reversal of prior years temporary differences	**(14)**	-	**(14)**	-
- changes in tax rate	**5**	-	**-**	(17)
Total	**144**	192	**510**	544

The Group's effective tax rates for the current quarter and nine-month ended 30 September 2015 was 25.4% and 28.5% 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

On 13 March 2015, the Company proposed to establish and implement a long term incentive plan for the eligible employees of Maxis and its subsidiaries which shall be in force for a period of 10 years ("Proposed LTIP"). The maximum number of new Maxis ordinary share of RM0.10 each ("Maxis Shares") which may be made available under the Proposed LTIP and/or allotted and issued upon vesting of the new Maxis Shares under the Proposed LTIP shall not, when aggregated with the total number of new Maxis Shares allotted and issued and/or to be allotted and issued under Maxis existing ESOS, exceed 250 million Maxis Shares at any point in time during the duration of the Proposed LTIP. The Proposed LTIP was approved by the shareholders at Maxis' Extraordinary General Meeting on 28 April 2015.

21. STATUS OF CORPORATE PROPOSALS ANNOUNCED (CONTINUED)

The Proposed LTIP was implemented on 31 July 2015 and 8,376,000 Maxis Shares was granted and offered as PS Grant to eligible employees as disclosed in Note 5(d) above.

Other than the above, there were no corporate proposals announced but not completed.

22. BORROWINGS

The borrowings as at 30 September 2015 are as follows:

	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	TOTAL
	RM'm	RM'm	RM'm
Secured			
Finance lease liabilities	12	8	20
Unsecured			
Term loans	-	1,980	1,980
Syndicated term loans	1,089	1,015	2,104
Commodity Murabahah Term Financing	-	2,513	2,513
Islamic Medium Term Notes	-	3,306	3,306
Loan from a related party	31	-	31
	1,132	8,822	9,954

Currency profile of borrowings is as follows:

	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	TOTAL
Ringgit Malaysia ("RM")	43	6,824 [1]	6,867
United States Dollar ("USD")	1,089 [2]	1,782 [2]	2,871
Singapore Dollar ("SGD")	-	216 [2]	216
	1,132	8,822	9,954

Notes:
(1) Includes a term loan facility which has been partially hedged using IRS as disclosed in Note 23.
(2) Includes borrowings of RM3,087 million which have been hedged using CCIRS as disclosed in Note 23.

23. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivatives

Details of derivative financial instruments outstanding as at 30 September 2015 are set out below:

TYPE OF DERIVATIVE	CONTRACT/ NOTIONAL VALUE	FAIR VALUE
	RM'm	RM'm
Cash flow hedge derivatives:		
CCIRS:		
- less than one year	841	(231)
- one year to three years	446	(137)
- more than three years	1,014	(437)
IRS:		
- less than one year	-	-
- one year to three years	-	-
- more than three years	700	(44)
Total	3,001	(849)

Other than those disclosed in the Group's audited financial statements for the financial year ended 31 December 2014, there were no additional derivative financial instruments entered by the Group during the nine-month ended 30 September 2015. Also, there have been no changes since the end of the previous financial year ended 31 December 2014 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 instruments

The Group determines the fair values of the derivative financial instruments relating to the CCIRS and IRS 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 2015, the Group has recognised derivative financial assets of RM849 million, an increase in fair value gains by RM403 million from the previous quarter, on remeasuring the fair values of the derivative financial instruments. The corresponding increase has been included in equity in the cash flow hedging reserve.

For the current quarter, RM383 million of the cash flow hedging reserve was reclassified to the statement of profit or loss to offset the foreign exchange losses of RM381 million which arose from the weakening RM against USD and SGD and interest expense of RM2 million as the underlying interest rates were higher than the hedged interest rates on the borrowings. This has resulted in an increase in the credit balance of the cash flow hedging reserve as at 30 September 2015 by RM20 million to RM65 million compared with the previous financial period ended 30 June 2015.

The gains recognised in the cash flow hedging reserve in equity of RM65 million as at 30 September 2015 represents the net deferred fair value gains relating to the CCIRS and IRS 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 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 is based on the prescribed format by Bursa Malaysia Securities Berhad.

	AS AT 30/9/2015	AS AT 31/12/2014
	RM'm	**RM'm**
Retained earnings of the Company and its subsidiaries:		
- realised	**3,103**	1,767
- unrealised	**(553)**	(494)
	2,550	1,273
Less: Consolidation adjustments	**(55)**	(49)
Total retained earnings as per Consolidated Statements of Financial Position	**2,495**	1,224

25. MATERIAL LITIGATION

There is no material litigation as at 22 October 2015.

26. DIVIDENDS

The Board of Directors has declared a third interim single-tier tax-exempt dividend of 5.0 sen per ordinary share in respect of the financial year ending 31 December 2015, to be paid on 29 December 2015. The entitlement date for the dividend payment is 30 November 2015.

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 30 November 2015 in respect of transfers; and

(ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

The total dividends for the nine-month ended 30 September 2015 is 15.0 sen per ordinary share (2014: 24.0 sen).

27. EARNINGS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30/9/2015	QUARTER ENDED 30/9/2014	**PERIOD ENDED 30/9/2015**	PERIOD ENDED 30/9/2014
(a) Basic earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	**420**	449	**1,271**	1,379
Weighted average number of issued ordinary shares	('m)	**7,508**	7,505	**7,508**	7,505
Basic earnings per share	(sen)	**5.6**	6.0	**16.9**	18.4
(b) Diluted earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	**420**	449	**1,271**	1,379
Weighted average number of issued ordinary shares	('m)	**7,508**	7,505	**7,508**	7,505
Adjusted for share options	('m)	**1**	1	**2**	2
Adjusted weighted average number of ordinary shares	('m)	**7,509**	7,506	**7,510**	7,507
Diluted earnings per share	(sen)	**5.6**	6.0	**16.9**	18.4

By order of the Board

Dipak Kaur
(LS 5204)
Company Secretary
28 October 2015
Kuala Lumpur