MAXIS BERHAD

(867573 – A)

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015

ANNOUNCEMENT

The Board of Directors of Maxis Berhad ("Maxis" or "the Company") is pleased to announce the following condensed consolidated financial statements for the fourth quarter and financial year ended 31 December 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 audited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		QUARTER ENDED 31/12/2015 (Unaudited)	QUARTER ENDED 31/12/2014 (Unaudited)	+ -	**YEAR ENDED 31/12/2015 (Audited)**	YEAR ENDED 31/12/2014 (Audited)	+ -
	Note	**RM'm**	RM'm	%	**RM'm**	RM'm	%
Revenue		**2,176**	2,123	+2	**8,601**	8,389	+3
Cost of sales		**(676)**	(696)		**(2,728)**	(2,707)	
Gross profit		**1,500**	1,427	+5	**5,873**	5,682	+3
Other income		**12**	45		**74**	107	
Administrative expenses		**(461)**	(467)		**(1,768)**	(1,703)	
Network operation costs		**(271)**	(371)		**(1,239)**	(1,175)	
Other expenses		**(6)**	(34)		**(68)**	(95)	
Profit from operations	19	**774**	600	+29	**2,872**	2,816	+2
Finance income		**15**	15		**56**	44	
Finance costs		**(116)**	(113)		**(468)**	(424)	
Profit before tax		**673**	502	+34	**2,460**	2,436	+1
Tax expenses	20	**(203)**	(167)		**(713)**	(711)	
Profit for the period/year		**470**	335	+40	**1,747**	1,725	+1
Attributable to:							
- equity holders of the Company		**468**	339	+38	**1,739**	1,718	+1
- non-controlling interest		**2**	(4)		**8**	7	
		470	335	+40	**1,747**	1,725	+1
Earnings per share attributable to equity holders of the Company (sen):							
- basic	27	**6.2**	4.5		**23.2**	22.9	
- diluted	27	**6.2**	4.5		**23.2**	22.9	

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/12/2015 (Unaudited)	QUARTER ENDED 31/12/2014 (Unaudited)	**YEAR ENDED 31/12/2015 (Audited)**	YEAR ENDED 31/12/2014 (Audited)
	RM'm	RM'm	**RM'm**	RM'm
Profit for the period/year	**470**	335	**1,747**	1,725
Other comprehensive (expense)/income				
Item that will be reclassified subsequently to profit or loss:				
Net change in cash flow hedge	**(2)**	17	**20**	(18)
Total comprehensive income for the period/year	**468**	352	**1,767**	1,707
Attributable to:				
- equity holders of the Company	**466**	356	**1,759**	1,700
- non-controlling interest	**2**	(4)	**8**	7
	468	352	**1,767**	1,707

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2015

AUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	AS AT 31/12/2015 RM'm	AS AT 31/12/2014 RM'm
Non-current assets			
Property, plant and equipment	8	**4,227**	4,008
Intangible assets [1]		**11,267**	11,176
Receivables, deposits and prepayments		**50**	-
Derivative financial instruments	23	**567**	245
Deferred tax assets		**55**	102
		16,166	15,531
Current assets			
Inventories		**13**	12
Receivables, deposits and prepayments		**1,218**	971
Amounts due from related parties		**25**	27
Derivative financial instruments	23	**210**	-
Tax recoverable		**56**	37
Cash and cash equivalents		**1,296**	1,531
		2,818	2,578
Total assets		**18,984**	18,109
Current liabilities			
Provisions for liabilities and charges		**149**	65
Payables and accruals		**3,467**	3,002
Amounts due to fellow subsidiaries		**2**	-
Amounts due to related parties		**9**	24
Loan from a related party	22	**29**	29
Borrowings	22	**1,077**	880
Derivative financial instruments	23	**-**	16
Taxation		**160**	167
		4,893	4,183
Net current liabilities		**(2,075)**	(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 FOURTH QUARTER ENDED 31 DECEMBER 2015

AUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	AS AT 31/12/2015 RM'm	AS AT 31/12/2014 RM'm
Non-current liabilities			
Provisions for liabilities and charges		**151**	134
Payables and accruals		**426**	454
Borrowings	22	**8,801**	8,118
Deferred tax liabilities		**493**	482
		9,871	9,188
Net assets		**4,220**	4,738
Equity			
Share capital		**751**	751
Reserves		**3,439**	3,965
Equity attributable to equity holders of the Company		**4,190**	4,716
Non-controlling interest		**30**	22
Total equity		**4,220**	4,738
Net assets per share attributable to equity holders of the Company (RM)		**0.56**	0.63

AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	← Attributable to equity holders of the Company →								
Year ended 31/12/2015	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
	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 year	-	-	-	-	-	1,739	1,739	8	1,747
Other comprehensive income for the year	-	-	-	-	20	-	20	-	20
Total comprehensive income for the year	-	-	-	-	20	1,739	1,759	8	1,767
Dividends for the financial year ended 31 December 2014	-	-	(1,201)	-	-	-	(1,201)	-	(1,201)
Dividends for the financial year ended 31 December 2015	-	-	(1,126)	-	-	-	(1,126)	-	(1,126)
Employee Share Option Scheme ("ESOS") and Long-term Incentive Plan ("LTIP"):									
- share-based payment expense	-	-	-	-	16	-	16	-	16
- shares issued	*	21	-	-	(1)	-	20	-	20
Incentive arrangement:									
- share-based payment expense	-	-	-	-	8	-	8	-	8
- shares acquired	-	-	-	-	(2)	-	(2)	-	(2)
Balance as at 31/12/2015	751	60	23,004	(22,729)	141	2,963	4,190	30	4,220

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.

AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Attributable to equity holders of the Company								
Year ended 31/12/2014	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
	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 year	-	-	-	-	-	1,718	1,718	7	1,725
Other comprehensive expense for the year	-	-	-	-	(18)	-	(18)	-	(18)
Total comprehensive (expense)/income for the year	-	-	-	-	(18)	1,718	1,700	7	1,707
Dividends for the financial year ended 31 December 2013	-	-	(625)	-	-	(575)	(1,200)	-	(1,200)
Dividends for the financial year ended 31 December 2014	-	-	(1,802)	-	-	-	(1,802)	-	(1,802)
ESOS:									
- share-based payment expense	-	-	-	-	2	-	2	-	2
- shares issued	1	19	-	-	(1)	-	19	-	19
Incentive arrangement:									
- share-based payment expense	-	-	-	-	1	-	1	-	1
- shares acquired	-	-	-	-	(5)	-	(5)	-	(5)
Balance as at 31/12/2014	751	39	25,331	(22,729)	100	1,224	4,716	22	4,738

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 FOURTH QUARTER ENDED 31 DECEMBER 2015

AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED 31/12/2015 RM'm	YEAR ENDED 31/12/2014 RM'm
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	1,747	1,725
Adjustments for:		
- non-cash items	1,708	1,502
- finance costs	468	424
- finance income	(56)	(44)
- tax expenses	713	711
Payments for provision for liabilities and charges	(20)	(67)
Operating cash flows before working capital changes	4,560	4,251
Changes in working capital	139	449
Cash flows from operations	4,699	4,700
Interest received	55	43
Tax paid	(681)	(636)
Net cash flows from operating activities	4,073	4,107
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(369)	(258)
Purchase of property, plant and equipment	(1,512)	(978)
Proceeds from disposal of property, plant and equipment	2	4
Net cash flows used in investing activities	(1,879)	(1,232)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares pursuant to ESOS	20	19
Shares acquired pursuant to incentive arrangement	(2)	(5)
Drawdown of borrowings	1,190	2,150
Repayment of borrowings	(842)	(921)
Repayment of lease financing	(7)	(2)
Payments of finance costs	(461)	(391)
Ordinary share dividends paid	(2,327)	(3,002)
Net cash flows used in financing activities	(2,429)	(2,152)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(235)	723
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	1,531	808
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	1,296	1,531

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 audited condensed consolidated financial statements.

The significant accounting policies and methods adopted for the audited 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 audited 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 modernisation programmes as explained in Note 4 of RM190 million, there were no other significant unusual items affecting the assets, liabilities, equity, net income or cash flows for the financial year ended 31 December 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 financial year ended 31 December 2015, except for the change in asset useful lives of certain telecommunications and Information Technology ("IT") equipment as a result of the planned network and IT modernisation programmes.

The above change in estimates for the current quarter and for the financial year ended 31 December 2015 have reduced the carrying value of property, plant and equipment by RM37 million and RM81 million respectively with a corresponding additional depreciation charge to the statement of profit or loss.

5. DEBT AND EQUITY SECURITIES

Save for below items, there were no other issuance, repurchase and repayment of debt and equity securities during the financial year ended 31 December 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 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) 3,394,900 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 new Maxis ordinary share of RM0.10 each ("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.

5. DEBT AND EQUITY SECURITIES (CONTINUED)

(e) On 3 August 2015, an offer to grant 70,979,000 options at the exercise price of RM6.53 exercisable on each of the three 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 financial year ended 31 December 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 ended 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**
- third interim single-tier tax-exempt dividend of 5.0 sen per ordinary share, paid on 29 December 2015	**376**
	2,327

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 financial year ended 31 December 2015. As at 31 December 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 YEAR

On 1 February 2016, the Group received a notice of spectrum reallocation of 900 MHz and 1800 MHz bands from Malaysian Communications and Multimedia Commission ("MCMC"), which would reduce the spectrum available to the Group. The Group noted MCMC's decision to convert the annual Apparatus Assignment fee to an upfront Spectrum Assignment fee with long-term certainty for the spectrum and that MCMC recognises this fee needs to be seen in the perspective of the continuous high investment level the industry will need to reach national goals.

The Group will consider the impact of the above changes once a detailed review is carried out with better clarity on the matter.

10. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial year ended 31 December 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 audited condensed consolidated financial statements as at 31 December 2015 are as follows:

	RM'm
Contracted for	**257**
Not contracted for	**1,190**
	1,447

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 year ended 31/12/2015	Balances due from/(to) as at 31/12/2015	Commitments as at 31/12/2015	Total balances due from/(to) and commitments as at 31/12/2015
	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)	80	21	-	21
- Saudi Telecom Company ("STC")[2] (roaming and international calls)	10	-	-	-
- MEASAT Global Berhad Group [3] (revenue share for the leasing of satellite bandwidth)	5	2	-	2
(b) Purchases of goods and services from:				
- Aircel Limited Group [4] (interconnect, roaming and international calls)	9	(2)	-	(2)
- Tanjong City Centre Property Management Sdn. Bhd. [5] (rental, signage, parking and utility charges)	28	(1)	(234)	(235)
- MEASAT Global Berhad Group [3] (transponder and teleport lease rental)	40	(1)	(10)	(11)
- Astro Digital 5 Sdn. Bhd. [1] (content provisioning, publishing and advertising agent)	2	(4)	-	(4)

13. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Transactions for the financial year ended 31/12/2015	Balances due from/(to) as at 31/12/2015	Commitments as at 31/12/2015	Total balances due from/(to) and commitments as at 31/12/2015
	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)	6	-	-	-
- UTSB Management Sdn. Bhd. [(5)] (corporate management services)	25	(2)	(19)	(21)
- SRG Asia Pacific Sdn. Bhd. [(6)] (call handling and telemarketing services)	16	(1)	-	(1)
- UMTS (Malaysia) Sdn. Bhd. [(7)] (usage of 3G spectrum)	49	(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 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 31 December 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	7
- Islamic Medium Term Notes (Sukuk Musharakah)	2,486	2,450

(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 31 December 2015:

	RM'm
Recurring fair value measurements	
Derivative financial instruments (Cross Currency Interest Rate Swaps ("CCIRS"), Interest Rate Swaps ("IRS")) and forward foreign exchange contracts:	
- assets	777

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 (4th Quarter 2015 versus 3rd Quarter 2015)

Financial indicators (RM'm unless otherwise indicated)	4th Quarter 2015 (unaudited)	3rd Quarter 2015[1] (unaudited)	Variance	% Variance
Revenue	**2,176**	2,166	10	1
Service revenue [2]	**2,160**	2,158	2	+<1
EBITDA [3]	**1,162**	1,021	141	14
Adjusted for:				
Unrealised foreign exchange (gain)/loss	***(41)***	*90*	*(131)*	*>(100)*
Normalised EBITDA	**1,121**	1,111	10	1
EBITDA margin (%)	**53.4**	47.1	6.3	NA
Profit before tax	**673**	566	107	19
Profit for the period	**470**	422	48	11
Adjusted for:				
Accelerated depreciation due to IT and network modernisation programmes [4]	***50***	*27*	*23*	*85*
Unrealised foreign exchange (gain)/loss	***(41)***	*90*	*(131)*	*>(100)*
Tax effects of the above adjustments	***(2)***	*(29)*	*27*	*93*
Normalised profit for the period	**477**	510	(33)	(6)

Notes:

(1) The comparative results were restated to provide more comparable information with the current quarter.

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

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

(4) The IT and network modernisation programmes enable the Group to strengthen its access network to enhance the customer experience and usage to drive revenue growth. The modernisation programmes 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 (4th Quarter 2015 versus 3rd Quarter 2015) (continued)

Operational indicators	4th Quarter 2015	3rd Quarter 2015	Variance	% Variance
Mobile subscriptions ('000)	**11,579**	11,956	(377)	(3)
- Postpaid	***2,765***	*2,784*	*(19)*	*(1)*
- Prepaid	***8,520***	*8,850*	*(330)*	*(4)*
- Wireless Broadband	***294***	*322*	*(28)*	*(9)*
ARPU (Monthly) (RM)				
- Postpaid	***102***	*98*	*4*	*4*
- Prepaid	***39***	*39*	*-*	*-*
- Wireless Broadband	***72***	*70*	*2*	*3*
- Blended	***55***	*53*	*2*	*4*

For the quarter ended 31 December 2015, the Group recorded service revenue of RM2,160 million.

Prepaid service revenue stood at RM1,041 million, down 3.3% quarter-on-quarter. This was mainly due to a lower subscriber base which was impacted by intense price competition, high rotational churn of low ARPU and low tenure subscriptions. Prepaid ARPU, however, remained stable at RM39 and this was supported by higher mobile Internet ARPU.

Postpaid service revenue grew by 3.8% to RM1,011 million. The strong postpaid performance in the quarter was driven by a combination of higher value subscriber mix and seasonal roaming revenue. The Group added more than 100k MaxisONE Plan subscriptions in the current quarter. We now have 623k high value MaxisONE Plan subscriptions with monthly ARPU in excess of RM150. As a result, almost 50% of our postpaid revenue is now underpinned by a base which is insensitive to future decline in voice and text.

Mobile Internet users remained stable at around 9.0 million users and we continued to see good additions of 4G LTE users. We now have close to 2.6 million LTE users on our network. We ended the quarter with a blended smart-phone penetration of 69%, against 57% in the same quarter last year. These are positive developments in a market where mobile data is the primary growth driver.

Normalised EBITDA in the current quarter stood at RM1,121 million with EBITDA margin of 51.5%. It remained relatively stable against the previous quarter, which recorded normalised EBITDA of RM1,111 million and margin of 51.3%. In terms of normalised profit for the quarter, the Group recorded a slightly lower profit of RM477 million, compared RM510 million in the preceding quarter, and this was primarily driven by higher tax expense.

15. ANALYSIS OF PERFORMANCE (CONTINUED)

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

Financial indicators (RM'm unless otherwise indicated)	Year 2015	Year 2014[1]	Variance	% Variance
Revenue	**8,601**	8,389	212	3
Service revenue [2]	**8,539**	8,229	310	4
EBITDA [3]	**4,331**	4,229	102	2
Adjusted for:				
Unrealised foreign exchange loss	***94***	*44*	*50*	*>100*
Reversal for contract obligation [4]	**-**	*(22)*	*22*	*100*
Normalised EBITDA	**4,425**	4,251	174	4
EBITDA margin (%)	**50.4**	50.4	-	NA
Profit before tax	**2,460**	2,436	24	1
Profit for the year	**1,747**	1,725	22	1
Adjusted for:				
Accelerated depreciation due to IT and network modernisation programmes [5]	***190***	*269*	*(79)*	*(29)*
Reversal for contract obligation [4]	**-**	*(22)*	*22*	*100*
Unrealised foreign exchange loss	***94***	*44*	*50*	*>100*
Tax effects of the above adjustments	***(71)***	*(73)*	*2*	*3*
Normalised profit for the year	**1,960**	1,943	17	1

Notes:
(1) The comparative results were restated to provide more comparable information with the current year.
(2) Service revenue is defined as Group revenue excluding device and hubbing revenues.
(3) Defined as profit before finance income, finance costs, tax, depreciation, amortisation and allowance for write down of identified network costs.
(4) Reversal for contract obligation was made in relation to Home's network costs.
(5) The IT and network modernisation programmes enable the Group to strengthen its access network to enhance the customer experience and usage to drive revenue growth. The modernisation programmes will also lower overall operational costs and simplify the network architecture.

15. ANALYSIS OF PERFORMANCE (CONTINUED)

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

Operational indicators	Year 2015	Year 2014 (restated)[1]	Variance	% Variance
Mobile subscriptions ('000)	**11,579**	11,864	(285)	(2)
- Postpaid	***2,765***	*2,809*	*(44)*	*(2)*
- Prepaid	***8,520***	*8,656*	*(136)*	*(2)*
- Wireless Broadband	***294***	*399*	*(105)*	*(26)*
ARPU (Monthly) (RM)				
- Postpaid	***98***	*97*	*1*	*1*
- Prepaid	***38***	*40*	*(2)*	*(5)*
- Wireless Broadband	***70***	*69*	*1*	*1*
- Blended	***53***	*55*	*(2)*	*(4)*

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

For the year ended 31 December 2015, service revenue grew 3.8% to RM8,539 million driven by the strong performance of our prepaid business and continued stability of our postpaid segment.

Prepaid service revenue grew 6.2% to RM4,184 million, driven mainly by rising data usage and a higher average base of revenue generating subscriptions. Our focus remains on acquiring and retaining customers with high data ARPU to smoothen the transition from voice and text to data.

Postpaid service revenue stood at RM3,931 million, relatively stable year-on-year. Excluding wireless broadband, core postpaid service revenue grew 2.7% in the same period, supported by a growing base of high value MaxisONE Plan subscriptions. The 623k MaxisONE Plan subscriptions have a monthly ARPU in excess of RM150 which is significantly higher than the blended monthly postpaid ARPU of RM98.

On the back of a higher revenue base, normalised EBITDA in the year under review improved to RM4,425 million, corresponding to EBITDA margin of 51.4%. The corresponding figures a year ago were RM4,251 million and 50.7% respectively. Taking into account higher depreciation, amortisation and financing costs, the Group ended the year with normalised profit of RM1,960 million, marginally higher than the RM1,943 million recorded in the preceding financial year.

16. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2016

The Group will remain focused on maintaining its strong market position in an increasingly competitive and challenging economic environment. Consequently, for the financial year ending 31 December 2016, we expect service revenue, absolute EBITDA and base capital expenditure at similar levels to financial year 2015.

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 31/12/2015	QUARTER ENDED 31/12/2014	**YEAR ENDED 31/12/2015**	YEAR ENDED 31/12/2014
	RM'm	RM'm	**RM'm**	RM'm
Allowance/(reversal) (net) for:				
- impairment of receivables, deposits and prepayments	**10**	23	**47**	72
- inventory obsolescence	**-**	(5)	**-**	(12)
Amortisation of intangible assets	**79**	61	**278**	249
Bad debts recovered	**(5)**	(5)	**(19)**	(18)
Fair value gains on forward foreign exchange contracts	**(2)**	-	**(2)**	-
Inventories written down	**-**	-	**-**	4
(Gain)/loss on foreign exchange	**(23)**	40	**140**	45
Property, plant and equipment:				
- depreciation	**299**	334	**1,154**	1,155
- gain on disposal	**(1)**	(2)	**(2)**	(4)
- impairment/written off	**11**	7	**29**	13
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 and other exceptional items for the current quarter and financial year ended 31 December 2015.

20. TAX EXPENSES

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/12/2015	QUARTER ENDED 31/12/2014	**YEAR ENDED 31/12/2015**	YEAR ENDED 31/12/2014
	RM'm	RM'm	**RM'm**	RM'm
Income tax:				
- current tax	**67**	88	**664**	699
- over accrual in prior year	**-**	-	**(8)**	-
Deferred tax:				
- origination and reversal of temporary differences	**134**	82	**69**	32
- reversal of prior years' temporary differences	**-**	-	**(14)**	-
- changes in tax rate	**2**	(3)	**2**	(20)
Total	**203**	167	**713**	711

The Group's effective tax rates for the current quarter and financial year ended 31 December 2015 was 30.2% and 29.0% 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

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

(a) On 13 March 2015, the Company proposed to establish and implement a long term incentive plan for eligible employees of Maxis and its subsidiaries which shall be in force for a period of 10 years ("Proposed LTIP"). The maximum number of 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.

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.

(b) On 2 December 2015, Maxis announced a proposed internal reorganisation involving its subsidiaries which will result in the consolidation and integration of the business and undertakings of the Company's wholly-owned subsidiaries, namely Maxis Collections Sdn. Bhd., Maxis International Sdn. Bhd., Maxis Mobile Sdn. Bhd. and Maxis Mobile Services Sdn. Bhd., under Maxis Broadband Sdn. Bhd. ("MBSB") ("Proposed Internal Reorganisation"). In order to effect the Proposed Internal Reorganisation, MBSB on the same day, entered into separate sale and purchase agreements with the respective entities to purchase their businesses and undertakings including relevant assets and liabilities.

The Proposed Internal Reorganisation is another important step of the Group's transformation. The objective is to deliver operational efficiency and provide the Group with greater operational agility and flexibility to respond quickly in a fast evolving telecommunications market.

Barring unforeseen circumstances, and subject to the fulfilment of applicable conditions precedent, Maxis expects to complete the Proposed Internal Reorganisation within the first half of year 2016.

22. BORROWINGS

The borrowings as at 31 December 2015 are as follows:

	CURRENT LIABILITIES	NON-CURRENT LIABILITIES	TOTAL
	RM'm	RM'm	RM'm
Secured			
Finance lease liabilities	13	8	21
Unsecured			
Term loans	-	1,959	1,959
Syndicated term loans	1,064	992	2,056
Commodity Murabahah Term Financing	-	2,516	2,516
Islamic Medium Term Notes	-	3,326	3,326
Loan from a related party	29	-	29
	1,106	8,801	9,907

Currency profile of borrowings is as follows:

Ringgit Malaysia ("RM")	42	6,847 [1]	6,889
United States Dollar ("USD")	1,064 [2]	1,742 [2]	2,806
Singapore Dollar ("SGD")	-	212 [2]	212
	1,106	8,801	9,907

Notes:

[1] Includes a term loan facility which has been partially hedged using IRS as disclosed in Note 23.

[2] Includes borrowings of RM3,018 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 31 December 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	(210)
- one year to three years	446	(124)
- more than three years	1,014	(412)
IRS:		
- less than one year	-	-
- one year to three years	-	-
- more than three years	700	(31)
Forward foreign exchange contracts:		
- less than one year	99	*
- one year to three years	-	-
- more than three years	-	-
Total	3,100	(777)

Note:
* Less than RM1 million

During the quarter and financial year ended 31 December 2015, the Group entered into forward foreign exchange contracts to hedge against USD/RM exchange rate fluctuations on certain payable balances and forecast transactions.

23. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Disclosure of derivatives (continued)

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.

(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, IRS and forward foreign exchange contracts 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 of CCIRS and IRS are calculated as the present value of estimated future cash flow using an appropriate market-based yield curve. The fair values of forward foreign exchange contracts are determined using the forward exchange rates at each reporting date.

As at 31 December 2015, the Group has recognised derivative financial assets of RM777 million, a decrease in fair value gains by RM72 million from the previous quarter, on remeasuring the fair values of the derivative financial instruments for:

(i) derivative designated in hedging relationship

The decrease in fair values gains from the previous quarter was RM72 million with the corresponding movement included in equity in the cash flow hedging reserve.

For the current quarter, RM70 million was reclassified to the statement of profit or loss to offset the foreign exchange gains of RM70 million which arose from the strengthening RM against USD and SGD. This has resulted in a reduction in the credit balance of the cash flow hedging reserve as at 31 December 2015 by RM2 million to RM63 million compared with the previous financial period ended 30 September 2015.

23. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(b) Disclosure of gains/losses arising from fair value changes of financial instruments (continued)

(i) derivative designated in hedging relationship (continued)

For derivatives designated as cash flow hedge on borrowings, the gains or losses recognised in the cash flow hedging reserve in equity of RM63 million as at 31 December 2015 represents the net deferred fair value gains relating to the CCIRS and IRS which will be continuously released to the statements 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 statements of profit or loss and will be taken to the cash flow hedging reserve in equity.

For derivatives designated as cash flow hedge on forecast transactions, the gains or losses on changes to the fair value of derivative financial instruments are recognised in the cash flow hedging reserve in equity until such time that the hedged items affect profit or loss, then the gains or losses are transferred to statements of profit or loss.

(ii) derivative not designated in hedging relationship

The increase in fair value gains of RM0.2 million which is due to changes in foreign currency exchange spot and forward rates respectively has been charged to statements of profit or loss within other expenses.

As the derivative financial instrument is used to hedge the fair value movement attributable to the foreign exchange rate fluctuation associated to certain payable balances denominated in USD as at reporting date, any changes to the fair values of the derivative financial instruments will impact the statements of profit or loss within other expenses until the maturity of the derivative financial instruments.

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 31/12/2015	AS AT 31/12/2014
	RM'm	**RM'm**
Retained earnings of the Company and its subsidiaries:		
- realised	**3,671**	1,767
- unrealised	**(650)**	(494)
	3,021	1,273
Less: Consolidation adjustments	**(58)**	(49)
Total retained earnings as per Consolidated Statements of Financial Position	**2,963**	1,224

25. MATERIAL LITIGATION

There is no material litigation as at 29 January 2016.

26. DIVIDENDS

(a) Interim dividend

The Board of Directors has declared a fourth interim single-tier tax-exempt dividend of 5.0 sen per ordinary share in respect of the financial year ended 31 December 2015, to be paid on 25 March 2016. The entitlement date for the dividend payment is 29 February 2016.

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 February 2016 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) Final dividend

The Board of Directors do not recommend payment of any final dividend in respect of the financial year ended 31 December 2015.

The total dividends for the current financial year ended 31 December 2015 is 20.0 sen per ordinary share (2014: 40.0 sen).

27. EARNINGS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 31/12/2015	QUARTER ENDED 31/12/2014	YEAR ENDED 31/12/2015	YEAR ENDED 31/12/2014
(a) Basic earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	**468**	339	**1,739**	1,718
Weighted average number of issued ordinary shares	('m)	**7,509**	7,506	**7,508**	7,505
Basic earnings per share	(sen)	**6.2**	4.5	**23.2**	22.9
(b) Diluted earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	**468**	339	**1,739**	1,718
Weighted average number of issued ordinary shares	('m)	**7,509**	7,506	**7,508**	7,505
Adjusted for share options	('m)	**3**	1	**3**	2
Adjusted weighted average number of ordinary shares	('m)	**7,512**	7,507	**7,511**	7,507
Diluted earnings per share	(sen)	**6.2**	4.5	**23.2**	22.9

By order of the Board

Dipak Kaur
(LS 5204)
Company Secretary
4 February 2016
Kuala Lumpur