



**MAXIS BERHAD**

(867573 – A)

(INCORPORATED IN MALAYSIA)

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

**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 2012 which should be read in conjunction with the audited financial statements for the financial year ended 31 December 2011 and the accompanying explanatory notes attached to the audited condensed consolidated financial statements.

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Note	INDIVIDUAL QUARTER		+	CUMULATIVE QUARTER		+
		QUARTER ENDED 31/12/2012 (Unaudited)	QUARTER ENDED 31/12/2011 (Unaudited)		YEAR ENDED 31/12/2012 (Audited)	YEAR ENDED 31/12/2011 (Audited)	
		RM'm	RM'm	%	RM'm	RM'm	%
Revenue	7	<b>2,306</b>	2,265	+2	<b>8,967</b>	8,800	+2
Cost of sales		<b>(810)</b>	(717)		<b>(3,006)</b>	(2,763)	
Gross profit		<b>1,496</b>	1,548	-3	<b>5,961</b>	6,037	-1
Other income		<b>6</b>	6		<b>36</b>	14	
Administrative expenses		<b>(476)</b>	(458)		<b>(1,755)</b>	(1,689)	
Network operation costs		<b>(379)</b>	(265)		<b>(1,311)</b>	(1,033)	
Other expenses		<b>(23)</b>	(36)		<b>(67)</b>	(97)	
Profit from operations	18	<b>624</b>	795	-22	<b>2,864</b>	3,232	-11
Finance income		<b>11</b>	10		<b>51</b>	40	
Finance costs		<b>(88)</b>	(45)		<b>(339)</b>	(268)	
Profit before tax	7	<b>547</b>	760	-28	<b>2,576</b>	3,004	-14
Taxation	19	<b>(169)</b>	141		<b>(716)</b>	(473)	
Profit for the period/year		<b>378</b>	901	-58	<b>1,860</b>	2,531	-27
Attributable to:							
- Equity holders of the Company		<b>378</b>	900	-58	<b>1,856</b>	2,527	-27
- Non-controlling interest		<b>-</b>	1		<b>4</b>	4	
		<b>378</b>	901	-58	<b>1,860</b>	2,531	-27
Earnings per share attributable to equity holders of the Company (sen):							
- Basic	26	<b>5.0</b>	12.0		<b>24.7</b>	33.7	
- Diluted	26	<b>5.0</b>	12.0 <sup>(1)</sup>		<b>24.7</b>	33.7 <sup>(1)</sup>	

**Note:**

<sup>(1)</sup> In the prior period/year, the diluted earnings per share was the same as basic earnings per share as the effect of dilutive potential ordinary shares was anti-dilutive.



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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/12/2012 (Unaudited) RM'm	QUARTER ENDED 31/12/2011 (Unaudited) RM'm	YEAR ENDED 31/12/2012 (Audited) RM'm	YEAR ENDED 31/12/2011 (Audited) RM'm
Profit for the period/year	378	901	1,860	2,531
<b>Other comprehensive income/(expense) <sup>(2)</sup>:</b>				
Net change in cash flow hedge	31	35	103	(109)
Total comprehensive income for the period/year	<u>409</u>	<u>936</u>	<u>1,963</u>	<u>2,422</u>
Attributable to:				
- Equity holders of the Company	409	935	1,959	2,418
- Non-controlling interest	-	1	4	4
	<u>409</u>	<u>936</u>	<u>1,963</u>	<u>2,422</u>

Note :

<sup>(2)</sup> There is no income tax attributable to the components of other comprehensive income/(expense).



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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

**AUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	AS AT 31/12/2012 RM'm	AS AT 31/12/2011 RM'm	AS AT 1/1/2011 RM'm
<b>Non-current assets</b>				
Property, plant and equipment	8	4,459	4,971	5,007
Intangible assets <sup>(3)</sup>		11,152	11,060	11,019
Derivative financial instruments		28	3	-
Deferred tax assets		121	121	96
		<u>15,760</u>	<u>16,155</u>	<u>16,122</u>
<b>Current assets</b>				
Inventories		118	110	214
Receivables, deposits and prepayments		922	858	936
Amounts due from a fellow subsidiary		2	-	-
Amounts due from related parties		13	17	14
Tax recoverable		20	13	41
Cash and cash equivalents		967	838	898
		<u>2,042</u>	<u>1,836</u>	<u>2,103</u>
<b>Total assets</b>		<u>17,802</u>	<u>17,991</u>	<u>18,225</u>
<b>Current liabilities</b>				
Provisions for liabilities and charges		72	65	60
Payables and accruals		2,633	2,828	3,106
Amount due to a fellow subsidiary		-	-	1
Amounts due to related parties		26	23	43
Borrowings	21	2	1,464	13
Taxation		35	6	100
		<u>2,768</u>	<u>4,386</u>	<u>3,323</u>
<b>Net current liabilities</b>		<u>(726)</u>	<u>(2,550)</u>	<u>(1,220)</u>
<b>Non-current liabilities</b>				
Provisions for liabilities and charges		102	94	127
Payables and accruals	21	119	61	46
Loan from a related party	21	38	36	33
Borrowings	21	6,772	4,409	5,061
Derivative financial instruments		398	366	349
Deferred tax liabilities		548	551	620
		<u>7,977</u>	<u>5,517</u>	<u>6,236</u>
<b>Net assets</b>		<u>7,057</u>	<u>8,088</u>	<u>8,666</u>

**Note:**

<sup>(3)</sup> Includes telecommunications licenses with allocated spectrum rights of RM10,707 million and goodwill arising from acquisition of subsidiaries of RM219 million.



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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

**AUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**

	<u>AS AT</u> <u>31/12/2012</u> RM'm	<u>AS AT</u> <u>31/12/2011</u> RM'm	<u>AS AT</u> <u>1/1/2011</u> RM'm
<b>Equity</b>			
Share capital	750	750	750
Reserves	6,299	7,334	7,916
<b>Equity attributable to equity holders of the Company</b>	<u>7,049</u>	<u>8,084</u>	<u>8,666</u>
Non-controlling interest	8	4	-
<b>Total equity</b>	<u>7,057</u>	<u>8,088</u>	<u>8,666</u>
<b>Net assets per share (RM)</b>	<u>0.94</u>	<u>1.08</u>	<u>1.16</u>



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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

**AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

Year ended 31/12/2012	← Attributable to equity holders of the Company →								Total equity RM'm
	Share capital <sup>(4)</sup> RM'm	Share premium RM'm	Merger relief <sup>(5)</sup> RM'm	Reserve arising from reverse acquisition RM'm	Other reserves RM'm	Retained earnings (Note 23) RM'm	Total RM'm	Non-controlling interest RM'm	
Balance as at 1/1/2012	750	-	29,629	(22,729)	(155)	589	8,084	4	8,088
Profit for the year	-	-	-	-	-	1,856	1,856	4	1,860
Other comprehensive income for the year	-	-	-	-	103	-	103	-	103
Total comprehensive income for the year	-	-	-	-	103	1,856	1,959	4	1,963
Dividends for the financial year ended 31 December 2011	-	-	(400)	-	-	(800)	(1,200)	-	(1,200)
Dividends for the financial year ended 31 December 2012	-	-	(240)	-	-	(1,560)	(1,800)	-	(1,800)
Employee Share Option Scheme ("ESOS"):									
- share options granted	-	-	-	-	3	-	3	-	3
- shares issued	-	3	-	-	-	-	3	-	3
Balance as at 31/12/2012	<u>750</u>	<u>3</u>	<u>28,989</u>	<u>(22,729)</u>	<u>(49)</u>	<u>85</u>	<u>7,049</u>	<u>8</u>	<u>7,057</u>
<b>Year ended 31/12/2011</b>									
Balance as at 1/1/2011	750	-	30,440	(22,729)	(46)	251	8,666	-	8,666
Profit for the year	-	-	-	-	-	2,527	2,527	4	2,531
Other comprehensive expense for the year	-	-	-	-	(109)	-	(109)	-	(109)
Total comprehensive (expense)/income for the year	-	-	-	-	(109)	2,527	2,418	4	2,422
Dividends for the financial year ended 31 December 2010	-	-	(11)	-	-	(1,189)	(1,200)	-	(1,200)
Dividends for the financial year ended 31 December 2011	-	-	(800)	-	-	(1,000)	(1,800)	-	(1,800)
Balance as at 31/12/2011	<u>750</u>	<u>-</u>	<u>29,629</u>	<u>(22,729)</u>	<u>(155)</u>	<u>589</u>	<u>8,084</u>	<u>4</u>	<u>8,088</u>

Notes:

<sup>(4)</sup> Issued and fully paid ordinary shares of RM0.10 each.

<sup>(5)</sup> Pursuant to Section 60(4)(a) of the Companies Act, 1965, the premium on the shares issued by the Company as consideration for the acquisition of subsidiaries in the financial year ended 31 December 2009 are not recorded as share premium. The difference between the issue price and the nominal value of shares issued is classified as merger relief.



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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

**AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>YEAR ENDED 31/12/2012</b>	<b>YEAR ENDED 31/12/2011</b>
	<b>RM'm</b>	<b>RM'm</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the year	1,860	2,531
Adjustments for:		
- non-cash items	1,620	1,393
- finance income	(51)	(40)
- finance costs	339	268
- taxation	716	473
Payments for provision for liabilities and charges	(39)	(48)
Other payments	(5)	(5)
Operating profit before working capital changes	<u>4,440</u>	<u>4,572</u>
Changes in working capital	(369)	(266)
Cash inflow from operations	<u>4,071</u>	<u>4,306</u>
Interest received	47	40
Net tax paid	(697)	(634)
Net cash flows generated from operating activities	<u>3,421</u>	<u>3,712</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of intangible assets	(272)	(177)
Purchase of property, plant and equipment	(718)	(989)
Net cash flows used in investing activities	<u>(990)</u>	<u>(1,166)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares pursuant to ESOS	3	-
Drawdown of bank borrowings	-	1,699
Proceeds from issuance of Islamic Medium Term Notes	2,450	-
Repayment of bank borrowing	(1,450)	(1,000)
Repayment of lease financing	(6)	(16)
Payments of finance costs	(299)	(289)
Dividends paid	(3,000)	(3,000)
Net cash flows used in financing activities	<u>(2,302)</u>	<u>(2,606)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>129</b>	<b>(60)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	<b>838</b>	<b>898</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	<b>967</b>	<b>838</b>



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### QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

#### 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 2011 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 2011 except for the first-time adoption of Malaysian Financial Reporting Standards (“MFRS”) Framework.

The Group has adopted the new MFRS Framework issued by the Malaysian Accounting Standards Board (“MASB”) with effect from 1 January 2012. This MFRS Framework comprises International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

In the transition to the MFRS Framework, the Group has applied MFRS 1 “First-time Adoption of MFRS” which provides certain optional exemptions and certain mandatory exceptions for first-time MFRS adopters. Save for the required presentation of three statements of financial position in the first MFRS financial statements, there is no other significant impact on the Group’s financial results and position, and changes to the accounting policies of the Group arising from the adoption of this MFRS Framework as the requirements under the previous Financial Reporting Standards (“FRS”) Framework were equivalent to the MFRS Framework, although there are some differences in relation to the transitional provisions and effective dates contained in certain of the MFRSs.

#### **MFRSs and Amendments to MFRSs that are applicable to the Group but not yet effective**

The Group has not early adopted the following standards that have been issued by the MASB as these are effective for financial period beginning on or after 1 January 2013:

- MFRS 9 Financial Instruments (effective from 1 January 2015)
- MFRS 10 Consolidated Financial Statements (effective from 1 January 2013)
- MFRS 12 Disclosure of Interests in Other Entities (effective from 1 January 2013)
- MFRS 13 Fair Value Measurement (effective from 1 January 2013)
- MFRS 119 Employee Benefits (effective from 1 January 2013)
- MFRS 127 Separate Financial Statements (effective from 1 January 2013)
- Amendments to MFRS 7 Financial Instruments: Disclosures (effective from 1 January 2013)
- Amendments to MFRS 101 Presentation of Items of Other Comprehensive Income (effective from 1 July 2012)
- Amendments to MFRS 132 Financial Instruments: Presentation (effective from 1 January 2014)
- 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)

#### 2. SEASONAL / CYCLICAL FACTORS

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



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## QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

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

#### 3. UNUSUAL ITEMS

Save for the write off of property, plant and equipment as disclosed in Note 18 as well as items disclosed in Notes 4 and 5 below, there were no other significant unusual items affecting the assets, liabilities, equity, net income or cash flows during the financial year ended 31 December 2012.

#### 4. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in the prior financial years that have a material effect in the financial year ended 31 December 2012, except for the change in estimates in asset useful lives of certain telecommunications network equipment arising from the review of useful economic lives of assets as a result of the network modernisation programme being undertaken. The impact of these changes for the quarter and for the financial year ended 31 December 2012 have reduced the carrying value of property, plant and equipment by RM126 million and RM162 million respectively with a corresponding depreciation charge to the income statement.

#### 5. DEBT AND EQUITY SECURITIES

(a) On 24 February 2012, Maxis made its first issuance under the unrated Islamic Medium Term Notes Programme of RM2.45 billion nominal value with a tenure of 10 years from the date of issue (“First Issuance”). The proceeds from the First Issuance were utilised for the purposes set out below:

- (i) RM1.45 billion for refinancing of existing loans which were fully repaid on the same date; and
- (ii) RM1.00 billion for capital expenditure and working capital.

(b) During the financial year ended 31 December 2012, a total of 572,900 ordinary shares of RM0.10 each were issued under the ESOS.

Save for the above, there were no other issuance, repurchase and repayment of debt and equity securities by the Group during the financial year ended 31 December 2012.

#### 6. DIVIDENDS PAID

The following dividend payments were made during the financial year ended 31 December 2012:

	RM'm
In respect of the financial year ended 31 December 2011:	
- fourth interim single-tier tax-exempt dividend of 8.0 sen per ordinary share, paid on 30 March 2012	600
- final single-tier tax-exempt dividend of 8.0 sen per ordinary share, paid on 22 June 2012	600
In respect of the financial year ended 31 December 2012:	
- first interim single-tier tax-exempt dividend of 8.0 sen per ordinary share, paid on 29 June 2012	600
- second interim single-tier tax-exempt dividend of 8.0 sen per ordinary share, paid on 28 September 2012	600
- third interim single-tier tax-exempt dividend of 8.0 sen per ordinary share, paid on 28 December 2012	600
	<hr/> <b>3,000</b> <hr/>





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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

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

**7. SEGMENT RESULTS AND REPORTING**

The Group is operating in four key segments in Malaysia, comprising the provision of Mobile Services which is a major contributor to the Group's operations, Enterprise Fixed Services, International Gateway Services and Home Services. Inter-segment revenue comprise network services and management services rendered to other business segments within the Group. Some transactions are transacted at normal commercial terms that are no more favourable than that available to other third parties whilst the rest are allocated based on an equitable basis of allocation.

The fixed wireless internet which was previously reported under Home Services for the quarters ended 30 June 2012 and 31 March 2012 has been reclassified and reported under Mobile Services in line with the internal reporting provided to the chief operating decision-makers. Consequently, the comparative segment information for prior quarters ended 30 June 2012 and 31 March 2012 have been restated to conform with the segment reporting as presented this quarter and for the financial year ended 31 December 2012.

<b>Quarter Ended</b>	<b>Mobile services</b>	<b>Enterprise fixed services</b>	<b>International gateway services</b>	<b>Home services</b>	<b>Other operations</b>	<b>Elimination</b>	<b>Group</b>
<b>31/12/2012</b>	<b>RM'm</b>	<b>RM'm</b>	<b>RM'm</b>	<b>RM'm</b>	<b>RM'm</b>	<b>RM'm</b>	<b>RM'm</b>
External revenue	2,183	55	57	11	-	-	2,306
Inter-segment revenue	4	6	86	-	113	(209)	-
<b>Total revenue</b>	<b>2,187</b>	<b>61</b>	<b>143</b>	<b>11</b>	<b>113</b>	<b>(209)</b>	<b>2,306</b>
Segment EBITDA <sup>(1)</sup>	1,051	18	15	(37)	18	-	1,065
Profit/(loss) from operations	700	2	9	(93)	6	-	624
Finance income							11
Finance costs							(88)
Profit before tax							547

Note:

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



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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

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

**7. SEGMENT RESULTS AND REPORTING (CONTINUED)**

<u>Quarter Ended</u> <u>31/12/2011</u>	<u>Mobile services</u> RM'm	<u>Enterprise fixed services</u> RM'm	<u>International gateway services</u> RM'm	<u>Home services</u> RM'm	<u>Other operations</u> RM'm	<u>Elimination</u> RM'm	<u>Group</u> RM'm
External revenue	2,170	46	45	4	-	-	2,265
Inter-segment revenue	6	7	42	-	124	(179)	-
<b>Total revenue</b>	<b>2,176</b>	<b>53</b>	<b>87</b>	<b>4</b>	<b>124</b>	<b>(179)</b>	<b>2,265</b>
Segment EBITDA <sup>(1)</sup>	1,087	16	8	(19)	12	-	1,104
Profit/(loss) from operations	798	9	3	(22)	7	-	795
Finance income							10
Finance costs							(45)
Profit before tax							760
<u>Year Ended</u> <u>31/12/2012</u>							
External revenue	8,537	203	196	31	-	-	8,967
Inter-segment revenue	21	25	264	-	417	(727)	-
<b>Total revenue</b>	<b>8,558</b>	<b>228</b>	<b>460</b>	<b>31</b>	<b>417</b>	<b>(727)</b>	<b>8,967</b>
Segment EBITDA <sup>(1)</sup>	4,308	64	48	(109)	48	-	4,359
Profit/(loss) from operations	2,984	27	29	(187)	11	-	2,864
Finance income							51
Finance costs							(339)
Profit before tax							2,576

Note:

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



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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

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

**7. SEGMENT RESULTS AND REPORTING (CONTINUED)**

<u>Year Ended</u> <u>31/12/2011</u>	<u>Mobile</u> <u>services</u>	<u>Enter- prise</u> <u>fixed</u> <u>services</u>	<u>Interna- tional</u> <u>gateway</u> <u>services</u>	<u>Home</u> <u>services</u>	<u>Other</u> <u>opera- tions</u>	<u>Elimi- nation</u>	<u>Group</u>
	<u>RM'm</u>	<u>RM'm</u>	<u>RM'm</u>	<u>RM'm</u>	<u>RM'm</u>	<u>RM'm</u>	<u>RM'm</u>
External revenue	8,446	181	156	17	-	-	8,800
Inter-segment revenue	24	27	178	-	358	(587)	-
Total revenue	<u>8,470</u>	<u>208</u>	<u>334</u>	<u>17</u>	<u>358</u>	<u>(587)</u>	<u>8,800</u>
Segment EBITDA <sup>(1)</sup>	<u>4,346</u>	<u>51</u>	<u>42</u>	<u>(49)</u>	<u>33</u>	<u>-</u>	<u>4,423</u>
Profit/(loss) from operations	<u>3,235</u>	<u>25</u>	<u>22</u>	<u>(57)</u>	<u>7</u>	<u>-</u>	<u>3,232</u>
Finance income							40
Finance costs							(268)
Profit before tax							<u>3,004</u>

Note:

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



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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

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

**8. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT**

There were no revaluations of property, plant and equipment during the financial year ended 31 December 2012. As at 31 December 2012, all property, plant and equipment were stated at cost less accumulated depreciation.

**9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

There were no material events subsequent to the end of the financial year 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 financial year ended 31 December 2012.

**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 and indemnities given to financial institutions on bank guarantees. No material losses are anticipated as a result of these transactions.

**12. CAPITAL COMMITMENTS**

Capital expenditure for property, plant and equipment and intangible assets approved by the Board of Directors and not provided for in the audited condensed consolidated financial statements as at 31 December 2012 are as follows:

	<b>RM'm</b>
Contracted for	<b>278</b>
Not contracted for	<b>671</b>
	<hr/> <b>949</b> <hr/>



**MAXIS BERHAD**

(867573 – A)

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

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

**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 31/12/2012 <u>RM'm</u>	Balances due from/(to) as at 31/12/2012 <u>RM'm</u>	Commitments as at 31/12/2012 <u>RM'm</u>	Total balances due from/(to) and commitments as at 31/12/2012 <u>RM'm</u>
<b>(a) Sales of goods and services to:</b>				
- MEASAT Broadcast Network Systems Sdn. Bhd. <sup>(1)</sup> (VSAT, telephony and international bandwidth services)	38	1	-	1
- Saudi Telecom Company (“STC”) <sup>(3)</sup> (roaming and international calls)	11	5	-	5
- Aircel Limited Group <sup>(4)</sup> (interconnect, roaming and international calls)	<u>6</u>	<u>2</u>	<u>-</u>	<u>2</u>
<b>(b) Purchases of goods and services from:</b>				
- Aircel Limited Group <sup>(4)</sup> (interconnect, roaming and international calls)	3	-	-	-
- Tanjong City Centre Property Management Sdn. Bhd. <sup>(5)</sup> (rental, signage, parking and utility charges)	32	6	(16)	(10)
- MEASAT Global Berhad Group <sup>(6)</sup> (transponder and teleport lease rental)	23	-	(42)	(42)
- Astro Digital 5 Sdn. Bhd. (formerly known as Digital Five Sdn. Bhd.) <sup>(1)</sup> (content provision, publishing and advertising agent, consultancy and IPTV development services)	43	(10)	-	(10)
- MEASAT Broadcast Network Systems Sdn. Bhd. <sup>(1)</sup> (advertising, mobile, video and IPTV contents, and sponsorship of events)	8	(1)	(50)	(51)
- Media Innovations Pty Ltd. <sup>(2)</sup> (consultancy and IPTV development services)	29	-	-	-



**MAXIS BERHAD**

(867573 – A)

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

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

**13. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)**

	Transactions for the financial year ended 31/12/2012 <u>RM'm</u>	Balances due from/(to) as at 31/12/2012 <u>RM'm</u>	Commitments as at 31/12/2012 <u>RM'm</u>	Total balances due from/(to) and commitments as at 31/12/2012 <u>RM'm</u>
<b>(b) Purchases of goods and services: (continued)</b>				
- UTSB Management Sdn. Bhd. <sup>(5)</sup> (corporate management services fees)	25	(2)	(20)	(22)
- SRG Asia Pacific Sdn. Bhd. <sup>(5)</sup> (call handling and telemarketing services)	24	(7)	-	(7)
- STC <sup>(3)</sup> (roaming and international calls)	5	-	-	-
- UMTS (Malaysia) Sdn. Bhd. <sup>(7)</sup> (usage of 3G spectrum)	30	3	-	3

Notes:

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

Usaha Tegas Sdn. Bhd. ("UTSB"), STC and Harapan Nusantara Sdn. Bhd. are parties related to the Company, by virtue of having joint control over Maxis Communications Berhad ("MCB") via Binariang GSM Sdn. Bhd. ("BGSM"), pursuant to a shareholders' agreement in relation to BGSM. MCB is the immediate holding company of the Company.

UTSB is ultimately controlled by PanOcean Management Limited ("PanOcean"), via Excorp Holdings N.V. and Pacific States Investment Limited, the intermediate and immediate holding companies of UTSB respectively. PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam ("TAK") and foundations including those for charitable purposes. Although PanOcean and TAK are deemed to have an interest in the shares of the Company through UTSB's deemed interest in BGSM and MCB, they do not have any economic or beneficial interest in the shares as such interest is held subject to the terms of the discretionary trust.

TAK also has a deemed interest in the shares of the Company via an entity which is a direct shareholder of BGSM and held by companies ultimately controlled by TAK.

- <sup>(1)</sup> Subsidiary of Astro Holdings Sdn. Bhd. ("AHSB"), an associate of UTSB
- <sup>(2)</sup> Associate of AHSB, an associate of UTSB
- <sup>(3)</sup> A major shareholder of BGSM, who has joint control over BGSM, the ultimate holding company of the Company
- <sup>(4)</sup> Subsidiaries of MCB
- <sup>(5)</sup> Subsidiary of UTSB
- <sup>(6)</sup> Companies controlled by TAK
- <sup>(7)</sup> Subsidiary of the Company and associate of AHSB. The transaction values and outstanding balances are eliminated in the consolidated financial statements



**MAXIS BERHAD**

(867573 – A)

(INCORPORATED IN MALAYSIA)

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

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

**14. ANALYSIS OF PERFORMANCE**

**(A) Performance of the current quarter against the preceding quarter (4<sup>th</sup> Quarter 2012 versus 3<sup>rd</sup> Quarter 2012)**

<b>Financial indicators (RM'm unless otherwise indicated)</b>	<b>4<sup>th</sup> Quarter 2012 (unaudited)</b>	<b>3<sup>rd</sup> Quarter 2012 (unaudited)</b>	<b>Variance</b>	<b>% Variance</b>
Revenue				
- Mobile services	<b>2,183</b>	2,120	63	3
- Enterprise fixed services	<b>55</b>	53	2	4
- International gateway services	<b>57</b>	34	23	68
- Home services	<b>11</b>	9	2	22
Group revenue	<b><u>2,306</u></b>	<u>2,216</u>	90	4
EBITDA <sup>(1)</sup>				
- Mobile services	<b>1,051</b>	1,047	4	<1
- Enterprise fixed services	<b>18</b>	15	3	20
- International gateway services	<b>15</b>	14	1	7
- Home services	<b>(37)</b>	(34)	(3)	(9)
- Other operations	<b>18</b>	13	5	38
Group EBITDA	<b><u>1,065</u></b>	<u>1,055</u>	10	1
EBITDA margin (%)	<b>46.2</b>	47.6	(1.4)	NA
Profit before tax	<b>547</b>	632	(85)	(13)
Profit for the period	<b>378</b>	443	(65)	(15)
Profit attributable to equity holders of the Company	<b>378</b>	442	(64)	(14)
Total depreciation	<b>390</b>	287	103	36
Total amortisation	<b>47</b>	54	(7)	(13)

Note:

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

The Group's revenue grew by RM90 million or 4% to RM2,306 million for the quarter on the back of higher revenue from all business segments.

The Group's EBITDA of RM1,065 million was RM10m or 1% higher than the preceding quarter driven by higher revenue offset by higher device, hubbing, and marketing costs. EBITDA margin declined by 1.4% points to 46.2%.



**MAXIS BERHAD**

(867573 – A)

(INCORPORATED IN MALAYSIA)

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

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

**14. ANALYSIS OF PERFORMANCE (CONTINUED)**

**(A) Performance of the current quarter against the preceding quarter (4<sup>th</sup> Quarter 2012 versus 3<sup>rd</sup> Quarter 2012)  
(continued)**

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

(RM'm)	4 <sup>th</sup> Quarter 2012 (unaudited)	3 <sup>rd</sup> Quarter 2012 (unaudited)
Profit for the period	378	443
Adjustments for one-off items:		
Accelerated depreciation due to the network modernisation programme	90	35
Accelerated depreciation due to change in estimated asset useful lives	36	-
Write-off of property, plant and equipment	3	6
Tax effects of the above adjustments	(32)	(10)
Last mile broadband tax incentive	-	(6)
Comparable profit for the period	<u>475</u>	<u>468</u>

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

Operational indicators	Old definition 4 <sup>th</sup> Quarter 2012	New definition 4 <sup>th</sup> Quarter 2012	New definition 3 <sup>rd</sup> Quarter 2012	New definition variance	New definition % variance
Number of Mobile subscriptions ( '000)					
- Postpaid	2,642	2,596	2,559	37	1
- Prepaid	10,770	9,677	9,610	67	1
- Wireless broadband	679	628	631	(3)	<(1)
- Total	14,091	12,901	12,800	101	1
Number of Home subscriptions ( '000)					
- Home Fibre Internet	NA	26	19	7	37

With effect from 1 January 2011, the Group adopted a stricter definition of subscriptions for reporting purposes that is more reflective of the revenue generating base. The definitions of mobile subscriptions for postpaid, prepaid and wireless broadband are as follows:

- Postpaid and wireless broadband: subscriptions on the register excluding subscriptions that have been barred for more than 50 days.
- Prepaid: subscriptions on the register excluding subscriptions that do not have any revenue contribution for more than 50 days.





**MAXIS BERHAD**

(867573 – A)

(INCORPORATED IN MALAYSIA)

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

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

**14. ANALYSIS OF PERFORMANCE (CONTINUED)**

**(A) Performance of the current quarter against the preceding quarter (4<sup>th</sup> Quarter 2012 versus 3<sup>rd</sup> Quarter 2012)  
(continued)**

<b>Operational indicators</b>	<b>New definition 4<sup>th</sup> Quarter 2012</b>	<b>New definition 3<sup>rd</sup> Quarter 2012</b>	<b>Variance</b>	<b>% Variance</b>
Monthly ARPU (RM)				
- Postpaid	<b>108</b>	106	2	2
- Prepaid	<b>37</b>	37	-	-
- Wireless broadband	<b>65</b>	66	(1)	(2)
- Blended	<b>52</b>	52	-	-
Average monthly MOUs (minutes) per subscription				
- Postpaid	<b>326</b>	325	1	<1
- Prepaid	<b>141</b>	133	8	6
- Blended	<b>179</b>	173	6	3

**Mobile Services**

Mobile services revenue grew by RM63 million or 3% for the quarter. This was primarily due to higher revenue generating subscription base, wholesale revenue from U Mobile, and outright sale of devices.

Postpaid, Prepaid and Wireless broadband ARPUs remained relatively stable at RM108, RM37 and RM65 respectively.

EBITDA for the Mobile segment increased by RM4 million while EBITDA margin reduced 1.3% points to end the quarter at 48.1%. This was mainly due to higher device costs in line with the increase in outright sale of devices, and marketing expenses.

**Enterprise Fixed Services**

Enterprise fixed services revenue increased by RM2 million primarily due to higher volume. Consequently, EBITDA was higher by RM3 million mainly due to the higher revenue, and lower operating costs.

**International Gateway Services**

International gateway services revenue increased by RM23 million or 68% for the quarter due to higher hubbing volume. EBITDA remained relatively stable at RM15 million as increase in revenue was offset by higher direct expenses.



**MAXIS BERHAD**

(867573 – A)

(INCORPORATED IN MALAYSIA)

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

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

**14. ANALYSIS OF PERFORMANCE (CONTINUED)**

**(A) Performance of the current quarter against the preceding quarter (4<sup>th</sup> Quarter 2012 versus 3<sup>rd</sup> Quarter 2012)  
(continued)**

**Home Services**

Home services recorded a revenue growth of RM2 million for the quarter on the back of a higher subscription base. EBITDA loss largely reflects higher start-up and operating costs.

**Other Operations**

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

**(B) Performance of the current year against the preceding year (Year 2012 versus Year 2011)**

<b>Financial indicators (RM'm unless otherwise indicated)</b>	<b>Year 2012 (audited)</b>	<b>Year 2011 (audited)</b>	<b>Variance</b>	<b>% Variance</b>
Revenue				
- Mobile services	<b>8,537</b>	8,446	91	1
- Enterprise fixed services	<b>203</b>	181	22	12
- International gateway services	<b>196</b>	156	40	26
- Home services	<b>31</b>	17	14	82
Group revenue	<b>8,967</b>	<b>8,800</b>	167	2
EBITDA <sup>(1)</sup>				
- Mobile services	<b>4,308</b>	4,346	(38)	(1)
- Enterprise fixed services	<b>64</b>	51	13	25
- International gateway services	<b>48</b>	42	6	14
- Home services	<b>(109)</b>	(49)	(60)	>(100)
- Other operations	<b>48</b>	33	15	45
Group EBITDA	<b>4,359</b>	<b>4,423</b>	(64)	(1)
EBITDA margin (%)	<b>48.6</b>	50.3	(1.7)	NA
Profit before tax	<b>2,576</b>	3,004	(428)	(14)
Profit for the year	<b>1,860</b>	2,531	(671)	(27)
Profit attributable to equity holders of the Company	<b>1,856</b>	2,527	(671)	(27)
Total depreciation	<b>1,182</b>	1,011	171	17
Total amortisation	<b>180</b>	137	43	31

Note:

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



**MAXIS BERHAD**

(867573 – A)

(INCORPORATED IN MALAYSIA)

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

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

**14. ANALYSIS OF PERFORMANCE (CONTINUED)**

**(B) Performance of the current year against the preceding year (Year 2012 versus Year 2011) (continued)**

The Group's revenue grew by 2% or RM167 million for the current year on the back of higher revenue from all business segments. The Group's EBITDA, however, was 1% or RM64 million lower driven by higher device, hubbing, IDD and network costs. Consequently, EBITDA margin declined by 1.7% points to end the year at 48.6%.

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

(RM'm)	Year 2012 (audited)	Year 2011 (audited)
Profit for the year	1,860	2,531
Adjustments for one-off items:		
Accelerated depreciation due to the network modernisation programme	125	-
Accelerated depreciation due to change in estimated asset useful lives	37	17
Write-off of property, plant and equipment	133	-
Tax effects of the above adjustments	(74)	(4)
Last mile broadband tax incentive	(32)	(352)
Comparable profit for the year	<u>2,049</u>	<u>2,192</u>

The lower comparable profit for the year was mainly due to lower EBITDA of RM64 million and higher net financing, and amortisation costs of RM60 million and RM43 million, respectively.

Operational indicators	New definition Year 2012	New definition Year 2011 <sup>(1)</sup>	Variance	% Variance
Number of Mobile subscriptions ('000)				
- Postpaid	2,596	2,638	(42)	(2)
- Prepaid	9,677	9,429	248	3
- Wireless broadband	628	673	(45)	(7)
- Total	12,901	12,740	161	1
Number of Home subscriptions ('000)				
- Home Fibre Internet	26	4	22	>100
Monthly ARPU (RM)				
- Postpaid	107	108	(1)	(1)
- Prepaid	37	36	1	3
- Wireless broadband	68	63	5	8
- Blended	53	52	1	2

Note:

<sup>(1)</sup> The fixed wireless internet which was previously reported under Home Services has been reclassified and reported under Mobile Services.



**MAXIS BERHAD**

(867573 – A)

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

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

**14. ANALYSIS OF PERFORMANCE (CONTINUED)**

**(B) Performance of the current year against the preceding year (Year 2012 versus Year 2011) (continued)**

Operational indicators	New definition Year 2012	New definition Year 2011	Variance	% Variance
Average monthly MOUs (minutes) per subscription				
- Postpaid	333	350	(17)	(5)
- Prepaid	134	139	(5)	(4)
- Blended	176	183	(7)	(4)

**Mobile Services**

Mobile services recorded a year-on-year revenue growth of 1% or RM91 million driven by increasing mobile internet usage, higher sale of devices and higher wireless broadband revenues. Consequently, total non-voice revenue as a percentage of total mobile revenue grew 2.1% points to 45.6%.

Prepaid and postpaid ARPU remained relatively unchanged at RM37 and RM107, respectively, compared to the corresponding preceding year.

Despite higher revenue, EBITDA for the Mobile segment decreased by 1% or RM38 million mainly due to higher operating expenses incurred during the year primarily driven by marketing and information technology expenses. EBITDA margin declined by 1.0% point to 50.5% on account of higher operating expenses and partly driven by higher device sales which fetches lower margin.

**Enterprise Fixed Services**

Enterprise fixed services revenue increased by RM22 million or 12% mainly due to higher volume from leased lines, satellite transmission and managed services. Consequently, EBITDA increased by RM13 million to RM64 million and EBITDA margin improved by 3.3% points to 31.5%.

**International Gateway Services**

International gateway services revenue increased by RM40 million or 26% for the current year. EBITDA increased by RM6 million mainly due to more profitable hubbing routes.

**Home Services**

Home services recorded revenue growth of RM14 million year-on-year on the back of a higher subscription base. However, the EBITDA loss was largely due to start-up costs and higher operating costs.

**Other Operations**

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



**MAXIS BERHAD**

(867573 – A)

(INCORPORATED IN MALAYSIA)

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

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

## **15. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2013**

The Group expects the telecommunications industry, particularly the mobile business to remain competitive with the establishment of new players in a highly penetrated and fast maturing market.

Given this environment, the Group is focusing in bringing more value to its existing customers whose needs are growing across data and internet, over and above their traditional voice and SMS requirements. The Group will take its current successful experience of seeding the market with smart devices to broaden the base of data users in an effort to leverage its existing mobile subscriber leadership base. The Group is pursuing a strategy to offer integrated and bundled offerings beyond individual customers to their family units, communities and businesses. The Group is offering compelling bundled packages to stimulate voice usage which still forms a major part of its mobile revenue and value proposition plans as part of its customer loyalty programmes to retain its base.

The Group also expects to grow its market share and revenue in the markets of East Coast, Sabah, Sarawak, and the immigrant and traveller segments through initiatives taken in offering IDD, roaming and prepaid packages during the year 2012.

Subscription growth and migration of users from legacy access services into fibre are generating demand for Maxis Home services. The services will be enriched progressively with a strategic partnership to exclusively develop and co-market unique consumer offers combining Astro B.yond IPTV and Astro On The Go services on Maxis' fixed and wireless platforms.

As a consequence, the Group has embarked on an infrastructure modernisation programme including upgrading its 2G network and continuous expansion of its network into underserved areas, a process that began with a strong nationwide 3G HSPA+ build out in 2010. As the Group moves forward, firmly focusing on the future, it is now building out LTE networks.

The Group has spent a major part of the year 2012 introducing these market initiatives and investing in growth of future revenue which it expects to begin to take effect in early 2013.



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(867573 – A)

(INCORPORATED IN MALAYSIA)

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

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

**16. PROFIT FORECAST OR PROFIT GUARANTEE**

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

**17. QUALIFICATION OF PRECEDING AUDITED FINANCIAL STATEMENTS**

There was no qualification to the preceding audited financial statements for the financial year ended 31 December 2011.

**18. PROFIT FROM OPERATIONS**

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

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>QUARTER</b>	<b>QUARTER</b>	<b>YEAR</b>	<b>YEAR</b>
	<b>ENDED</b>	<b>ENDED</b>	<b>ENDED</b>	<b>ENDED</b>
	<b>31/12/2012</b>	<b>31/12/2011</b>	<b>31/12/2012</b>	<b>31/12/2011</b>
	<b>RM'm</b>	<b>RM'm</b>	<b>RM'm</b>	<b>RM'm</b>
Allowance/(reversal) (net) for:				
- impairment of receivables, deposits and prepayments	<b>11</b>	40	<b>97</b>	135
- inventory obsolescence	<b>(1)</b>	(12)	<b>3</b>	22
Amortisation of intangible assets	<b>47</b>	33	<b>180</b>	137
Bad debts recovered	<b>(2)</b>	(3)	<b>(17)</b>	(14)
Loss/(gain) on foreign exchange	-	1	<b>(9)</b>	(16)
Property, plant and equipment:				
- depreciation	<b>390</b>	250	<b>1,182</b>	1,011
- loss on disposal	<b>1</b>	3	-	2
- written off (net)	<b>3</b>	23	<b>133</b>	41

Other than as presented in the income statement and as disclosed above, there were no gain/loss on disposal of quoted and unquoted investments or properties, impairment of assets, gain/loss on derivatives and other exceptional items for the current quarter and financial year ended 31 December 2012.



**MAXIS BERHAD**

(867573 – A)

(INCORPORATED IN MALAYSIA)

**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

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

**19. TAXATION**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>QUARTER ENDED 31/12/2012</b>	<b>QUARTER ENDED 31/12/2011</b>	<b>YEAR ENDED 31/12/2012</b>	<b>YEAR ENDED 31/12/2011</b>
	<b>RM'm</b>	<b>RM'm</b>	<b>RM'm</b>	<b>RM'm</b>
Income tax:				
- Current tax	<b>126</b>	25	<b>787</b>	707
- Under/(over) accrual in prior years	<b>1</b>	(159)	<b>(68)</b>	(140)
Deferred tax:				
- Origination and reversal of temporary differences	<b>42</b>	57	<b>(79)</b>	(11)
- Recognition and reversal of prior years temporary differences	-	(64)	<b>76</b>	(83)
<b>Total</b>	<b>169</b>	<b>141</b>	<b>716</b>	<b>473</b>

The Group's effective tax rates for the current quarter and financial year ended 31 December 2012 was 30.9% and 27.8% respectively, higher than the statutory tax rate of 25% mainly due to certain expenses not being deductible for tax purposes. The latter was partially offset by the last mile broadband tax incentive recognised during the financial year.

**20. STATUS OF CORPORATE PROPOSALS ANNOUNCED**

There were no corporate proposals announced but not completed.



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(867573 – A)

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

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

**21. BORROWINGS**

The borrowings as at 31 December 2012 are as follows:

	<u>CURRENT LIABILITIES</u>	<u>NON- CURRENT LIABILITIES</u>	<u>TOTAL</u>
	RM'm	RM'm	RM'm
<b><u>Secured</u></b>			
Finance lease liabilities	2	5	7
<b><u>Unsecured</u></b>			
Term loans	-	1,701	1,701
Syndicated term loans	-	2,583	2,583
Islamic Medium Term Notes	-	2,483	2,483
Loan from a related party	-	38	38
Payables and accruals (deferred payment schemes)	11	119	130
	<u>13</u>	<u>6,929</u>	<u>6,942</u>
Currency exposure profile of borrowings is as follows:			
Ringgit Malaysia (“RM”)	2	3,521 <sup>(1)</sup>	3,523
United States Dollar (“USD”)	11	3,234 <sup>(2)</sup>	3,245
Singapore Dollar (“SGD”)	-	174 <sup>(2)</sup>	174
	<u>13</u>	<u>6,929</u>	<u>6,942</u>

**Notes:**

<sup>(1)</sup> Include a term loan facility which has been partially hedged using interest rate swaps as further disclosed in Note 22.

<sup>(2)</sup> Include borrowings of RM3,289 million which have been hedged using cross currency interest rate swaps as further disclosed in Note 22.





**MAXIS BERHAD**

(867573 – A)

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

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

**22. DERIVATIVE FINANCIAL INSTRUMENTS**

**(a) Disclosure of derivatives**

Details of derivative financial instruments outstanding as at 31 December 2012 are set out below:

<u>TYPE OF DERIVATIVE</u>	<u>CONTRACT/ NOTIONAL VALUE</u> RM'm	<u>FAIR VALUE</u> RM'm
<b>Cash flow hedge derivatives:</b>		
Cross Currency Interest Rate Swaps (“CCIRSs”):		
- less than one year	-	-
- one year to three years	-	-
- more than three years	3,564	394
Interest Rate Swaps (“IRSs”):		
- less than one year	-	-
- one year to three years	-	-
- more than three years	700	(24)
<b>Total</b>	<u>4,264</u>	<u>370</u>

Other than those disclosed in the Group’s audited financial statements for the financial year ended 31 December 2011, the Group entered into below IRSs during the financial year ended 31 December 2012 to partially hedge against fluctuations in the interest rates of the RM1 billion term loan.

<u>IRSs</u>		
<u>Commencement Date</u>	<u>Contract/ Notional Value</u>	<u>Interest Rate</u>
17-Jul-12	RM200m	The Group pays a fixed interest rate of 3.50% per annum in exchange for receiving Kuala Lumpur Interbank Offered Rate (“KLIBOR”) on the notional principal amount.
25-Jul-12	RM500m	The Group pays a fixed interest rate of 3.43% per annum in exchange for receiving KLIBOR on the notional principal amount.

There have been no changes since the end of the previous financial year ended 31 December 2011 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.



**MAXIS BERHAD**

(867573 – A)

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012

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

**22. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

**(b) Disclosure of gains/losses arising from fair value changes of financial liabilities**

The Group determines the fair values of the derivative financial instruments relating to the 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 31 December 2012, the Group has recognised net derivative financial liabilities of RM370 million, a decrease of RM31 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. This has resulted in a reduction on the debit balance in the cashflow hedging reserve as at 31 December 2012 by RM31 million to RM106 million compared with the preceeding quarter.

The losses recognised in the cash flow hedging reserve in equity of RM106 million as at 31 December 2012 represents the net deferred fair value losses relating to the CCIRs and IRs which will be continuously released to the income statement 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 income statement and will be taken to the cash flow hedging reserve in equity.

**23. REALISED AND UNREALISED RETAINED EARNINGS**

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

	<u>AS AT 31/12/2012</u> RM'm	<u>AS AT 31/12/2011</u> RM'm
Retained earnings of the Company and its subsidiaries:		
- Realised	566	1,085
- Unrealised	(447)	(466)
	<u>119</u>	<u>619</u>
Less: Consolidation adjustments	(34)	(30)
<b>Total retained earnings as per Consolidated Statements of Financial Position</b>	<u><u>85</u></u>	<u><u>589</u></u>



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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

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

**24. MATERIAL LITIGATION**

There is no material litigation as at 20 February 2013.

**25. DIVIDENDS**

(a) Interim dividend

The Board of Directors has declared a fourth interim single-tier tax-exempt dividend of 8.0 sen per ordinary share in respect of the financial year ended 31 December 2012, to be paid on 29 March 2013. The entitlement date for the dividend payment is 15 March 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 15 March 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.

The Board of Directors intends that interim dividends in 2013 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.

(b) Final dividend

The Board of Directors proposes to recommend for shareholders' approval at the forthcoming Annual General Meeting a final single-tier tax-exempt dividend of 8.0 sen per ordinary share in respect of the financial year ended 31 December 2012, to be paid on a date to be determined.

The total dividends for the financial year ended 31 December 2012 is 40.0 sen per ordinary share (2011: 40.0 sen).



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**QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2012**

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

**26. EARNINGS PER SHARE**

		<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
		<b>QUARTER ENDED 31/12/2012</b>	<b>QUARTER ENDED 31/12/2011</b>	<b>YEAR ENDED 31/12/2012</b>	<b>YEAR ENDED 31/12/2011</b>
<b>(a) Basic earnings per share</b>					
Profit attributable to the equity holders of the Company	(RM'm)	<u>378</u>	<u>900</u>	<u>1,856</u>	<u>2,527</u>
Weighted average number of issued ordinary shares	('m)	<u>7,501</u>	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>
Basic earnings per share	(sen)	<u>5.0</u>	<u>12.0</u>	<u>24.7</u>	<u>33.7</u>
<b>(b) Diluted earnings per share</b>					
Profit attributable to the equity holders of the Company	(RM'm)	<u>378</u>	<u>900</u>	<u>1,856</u>	<u>2,527</u>
Weighted average number of issued ordinary shares	('m)	<u>7,501</u>	<u>7,500</u>	<u>7,500</u>	<u>7,500</u>
Adjusted for share options granted	('m)	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>
Adjusted weighted average number of ordinary shares	('m)	<u>7,503</u>	<u>7,500</u>	<u>7,502</u>	<u>7,500</u>
Diluted earnings per share	(sen)	<u>5.0</u>	<u>12.0<sup>(1)</sup></u>	<u>24.7</u>	<u>33.7<sup>(1)</sup></u>

Note:

<sup>(1)</sup> In the prior period/year, the diluted earnings per share was the same as basic earnings per share as the effect of dilutive potential ordinary shares was anti-dilutive.

By order of the Board

Dipak Kaur  
(LS 5204)  
Company Secretary  
26 February 2013  
Kuala Lumpur