MAXIS BERHAD
(867573 – A)
(INCORPORATED IN MALAYSIA)

Maxis Berhad ("Maxis" or the "Group")
- **Disclosure Requirements Pursuant to Implementation of MFRS 139 "Financial Instruments: Recognition and Measurement"**

Introduction

Pursuant to a directive issued by Bursa Malaysia Securities Berhad on 25 March 2010 on the above caption, the Board of Directors ("Board") of Maxis Berhad ("Maxis" or the "Group") wishes to announce that, in conjunction with the release of the Group's financial results for the 1st quarter ended 31 March 2013, in compliance with MFRS 139, which requires the recognition of loss on its cross currency interest rate swaps ("CCIRSs") and interest rate swaps ("IRSs") that it had entered into for purpose of hedging its United States Dollar ("USD") and Singapore Dollar ("SGD") loans back into Ringgit Malaysia ("RM") liabilities and hedging its loans' interest rates fluctuation, a net loss of RM317 million has been recorded, representing a decrease of RM53 million from 4th quarter 31 December 2012, on remeasuring the fair values of its CCIRSs and IRSs. The corresponding decrease is recognised in the cash flow hedging reserve equity account, of which RM38 million was reclassified to the statement of profit or loss to offset the unrealised loss of RM38 million arising from the weakening of RM against USD. This has resulted in a reduction on the debit balance in the cash flow hedging reserve as at 31 March 2013 by RM15 million to RM91 million compared with the financial year ended 31 December 2012.

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

Other than those disclosed in the Group's audited financial statements for the financial year ended 31 December 2012, the Group did not enter into any new CCIRS and IRS during the quarter.

Reason for the gains/losses and basis in arriving at the fair value changes

The Group determines the fair values of the derivative financial instruments relating to the CCIRSs and IRSs using a valuation technique which utilises data from recognised financial information sources. Assumptions are based on market conditions existing at each reporting date. The fair values are calculated as the present value of the estimated future cash flow using an appropriate market based yield curve.

As at 31 March 2013, the Group has recognised net derivative financial liabilities of RM317 million, a decrease of RM53 million from the previous financial year ended 31 December 2012, on remeasuring the fair values of the derivative financial instruments. The corresponding decrease has been included in equity in the cash flow hedging reserve of which RM38 million for the current quarter was reclassified to the statement of profit or loss to offset the unrealised loss of RM38 million which arose from the weakening of RM against USD. This has resulted in a reduction on the debit balance in the cash flow hedging reserve as at 31 March 2013 by RM15 million to RM91 million compared with the financial year ended 31 December 2012.

Reason for the gains/losses and basis in arriving at the fair value changes (continued)

The losses recognised in the cash flow hedging reserve in equity of RM91 million as at 31 March 2013 represents the deferred fair value losses relating to the CCIRSs and IRSs which will be continuously released to the statement of profit or loss within finance cost until the underlying borrowings are repaid.

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

For further details, kindly refer to Maxis' 1st quarter ended 31 March 2013 Interim Financial Report.