



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 3rd quarter ended 30 September 2015, in compliance with MFRS 139, which requires the recognition of gain/loss on its cross currency interest rate swaps (“CCIRS”) and interest rate swaps (“IRS”) 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 gain of RM849 million has been recorded, representing an increase in fair value gains by RM403 million from 2nd quarter ended 30 June 2015, on remeasuring the fair values of its CCIRS and IRS. The corresponding increase is recognised in the cash flow hedging reserve equity account, of which RM383 million was reclassified to the statement of profit or loss to offset the foreign exchange losses of RM381 million arising from the weakening RM against USD and SGD and interest expense of RM2 million as the underlying interest rates were higher than the hedged rates on the borrowings. This has resulted in an increase on the credit balance in the cash flow hedging reserve as at 30 September 2015 by RM20 million to RM65 million compared with the previous financial quarter ended 30 June 2015.

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 2014, the Group did not enter into any new CCIRS and IRS during the quarter.



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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 30 September 2015, the Group has recognised derivative financial assets of RM849 million, an increase in fair value gains by RM403 million from 2nd quarter ended 30 June 2015, on remeasuring the fair values of the derivative financial instruments. The corresponding increase has been included in equity in the cash flow hedging reserve of which RM383 million for the current quarter was reclassified to the statement of profit or loss to offset the foreign exchange losses of RM381 million arising from the weakening RM against USD and SGD and interest expense of RM2 million as the underlying interest rates were higher than the hedged rates on the borrowings. This has resulted in an increase on the credit balance in the cash flow hedging reserve as at 30 September 2015 by RM20 million to RM65 million compared with the previous financial quarter ended 30 June 2015.

The gains recognised in the cash flow hedging reserve in equity of RM65 million as at 30 September 2015 represents the net deferred fair value gains relating to the 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' 3rd quarter ended 30 September 2015 Interim Financial Report.