MAXIS BERHAD

(867573 - A)

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2018

ANNOUNCEMENT

The Board of Directors of Maxis Berhad ("Maxis" or "the Company") is pleased to announce the following unaudited condensed consolidated financial statements for the second quarter ended 30 June 2018 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		QUARTER ENDED 30/6/2018	QUARTER ENDED 30/6/2017	+ -	PERIOD ENDED 30/6/2018	PERIOD ENDED 30/6/2017	+ -
		RM'm	RM'm (Restated)	%	RM'm	RM'm (Restated)	%
Revenue	3	**2,246**	2,335	-4	**4,483**	4,710	-5
Traffic, commissions and other direct costs		**(723)**	(743)		**(1,443)**	(1,585)	
Spectrum licence fees		**(62)**	(42)		**(118)**	(83)	
Network costs		**(196)**	(195)		**(396)**	(398)	
Staff and resource costs		**(144)**	(137)		**(284)**	(280)	
Operation and maintenance costs		**(96)**	(67)		**(160)**	(171)	
Marketing costs		**(51)**	(43)		**(90)**	(82)	
Impairment of receivables and deposits, net		**(29)**	(18)		**(56)**	(34)	
Government grant and other income		**52**	54		**100**	127	
Other operating expenses		**(9)**	(19)		**(32)**	(68)	
Depreciation and amortisation		**(268)**	(241)		**(503)**	(484)	
Finance income		**9**	15		**18**	29	
Finance costs		**(94)**	(122)		**(191)**	(231)	
Profit before tax	20	**635**	777	-18	**1,328**	1,450	-8
Tax expenses	21	**(157)**	(205)		**(327)**	(376)	
Profit for the period		**478**	572	-16	**1,001**	1,074	-7
Attributable to:							
- equity holders of the Company		**478**	572	-16	**1,001**	1,074	-7
Earnings per share attributable to equity holders of the Company (sen):							
- basic	28	**6.1**	7.6		**12.8**	14.3	
- diluted	28	**6.1**	7.6		**12.8**	14.3	

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(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/6/2018	QUARTER ENDED 30/6/2017	PERIOD ENDED 30/6/2018	PERIOD ENDED 30/6/2017
	RM'm	RM'm (Restated)	RM'm	RM'm (Restated)
Profit for the period	478	572	1,001	1,074
Other comprehensive income/(expense)				
Item that will be reclassified subsequently to profit or loss:				
Net change in cash flow hedge	*	(14)	1	(29)
Total comprehensive income for the period	478	558	1,002	1,045
Attributable to:				
- equity holders of the Company	478	558	1,002	1,045

Note:

* Less than RM1 million.

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(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	AS AT 30/6/2018 RM'm	AS AT 31/12/2017 RM'm (Restated)
Non-current assets			
Property, plant and equipment	9	**4,877**	4,841
Intangible assets [(1)]		**10,926**	10,926
Receivables, deposits and prepayments	25	**955**	887
Derivative financial instruments	24	**3**	2
Deferred tax assets		**4**	8
		16,765	16,664
Current assets			
Inventories		**3**	5
Receivables, deposits and prepayments	25	**1,887**	1,810
Amounts due from related parties		**26**	30
Derivative financial instruments	24	**1**	-
Tax recoverable		**13**	23
Deposits, cash and bank balances		**524**	602
		2,454	2,470
Total assets		**19,219**	19,134
Current liabilities			
Provisions for liabilities and charges		**57**	111
Payables and accruals		**3,168**	3,311
Amounts due to related parties		**15**	25
Borrowings	23	**203**	206
Derivative financial instruments	24	**-**	1
Taxation		**413**	291
		3,856	3,945
Net current liabilities		**(1,402)**	(1,475)

Note:

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	AS AT 30/6/2018 RM'm	AS AT 31/12/2017 RM'm (Restated)
Non-current liabilities			
Provisions for liabilities and charges		**302**	170
Payables and accruals		**165**	227
Borrowings	23	**7,437**	7,440
Deferred tax liabilities		**312**	407
		8,216	8,244
Net assets		**7,147**	6,945
Equity			
Share capital		**2,509**	2,469
Reserves		**4,638**	4,476
Total equity		**7,147**	6,945
Net assets per share (RM)		**0.91**	0.89

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(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Period ended 30/6/2018	Share capital	Merger relief [2]	Reserve arising from reverse acquisition	Other reserves	Retained earnings	Total equity
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
Balance as at 31/12/2017, as previously reported	2,469	22,729	(22,729)	151	4,422	7,042
Adjustments from adoption of MFRS 15	-	-	-	-	(97)	(97)
Restated balance as at 31/12/2017	2,469	22,729	(22,729)	151	4,325	6,945
Opening balance adjustments from adoption of MFRS 9	-	-	-	-	(27)	(27)
Restated balance as at 1/1/2018	2,469	22,729	(22,729)	151	4,298	6,918
Profit for the period	-	-	-	-	1,001	1,001
Other comprehensive income for the period	-	-	-	1	-	1
Total comprehensive income for the period	-	-	-	1	1,001	1,002
Dividends for the financial year ended 31 December 2017	-	-	-	-	(390)	(390)
Dividends for the financial year ending 31 December 2018	-	-	-	-	(391)	(391)
Employee Share Option Scheme ("ESOS") and Long-term Incentive Plan ("LTIP"):						
- share-based payment expense	-	-	-	10	-	10
- shares issued	40	-	-	(39)	-	1
- share options lapsed	-	-	-	(4)	4	-
Incentive arrangement:						
- share-based payment expense	-	-	-	1	-	1
- shares aquired	-	-	-	(4)	-	(4)
Balance as at 30/6/2018	2,509	22,729	(22,729)	116	4,522	7,147

Note:

[2] 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 during 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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Period ended 30/6/2017	Share capital	Share premium	Merger relief (2)	Reserve arising from reverse acquisition	Other reserves	Retained earnings	Total equity
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
Balance as at 31/12/2016, as previously reported	751	62	22,729	(22,729)	145	3,763	4,721
Adjustments from adoption of MFRS 15	-	-	-	-	-	(84)	(84)
Restated balance as at 1/1/2017	751	62	22,729	(22,729)	145	3,679	4,637
Transition to no par value regime(3)	62	(62)	-	-	-	-	-
Profit for the period	-	-	-	-	-	1,074	1,074
Other comprehensive expense for the period	-	-	-	-	(29)	-	(29)
Total comprehensive (expense)/income for the period	-	-	-	-	(29)	1,074	1,045
Issuance of new shares, net of expenses	1,655	-	-	-	-	-	1,655
Dividends for the financial year ended 31 December 2016	-	-	-	-	-	(376)	(376)
Dividends for the financial year ended 31 December 2017	-	-	-	-	-	(375)	(375)
ESOS and LTIP:							
- share-based payment expense	-	-	-	-	6	-	6
- shares issued	1	*	-	-	*	-	1
Incentive arrangement:							
- share-based payment expense	-	-	-	-	7	-	7
Restated balance as at 30/6/2017	2,469	-	22,729	(22,729)	129	4,002	6,600

Notes:

(2) Pursuant to Section 60(4)(a) of the previous 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.

(3) Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

* Less than RM1 million.

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QUARTERLY REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	PERIOD ENDED 30/6/2018 RM'm	PERIOD ENDED 30/6/2017 RM'm (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**1,001**	1,074
Adjustments for:		
- non-cash items	**609**	548
- finance costs	**191**	231
- finance income	**(18)**	(29)
- tax expenses	**327**	376
Payments for provision for liabilities and charges	**(99)**	(97)
Operating cash flows before working capital changes	**2,011**	2,103
Changes in working capital	**(371)**	(565)
Cash flows from operations	**1,640**	1,538
Interest received	**9**	15
Tax paid	**(277)**	(212)
Net cash flows from operating activities	**1,372**	1,341
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(473)**	(594)
Proceeds from disposal of property, plant and equipment	**-**	1
Net cash flows used in investing activities	**(473)**	(593)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares pursuant to ESOS	**1**	1
Shares acquired pursuant to incentive arrangement	**(4)**	-
Drawdown of borrowings	**-**	744
Repayment of borrowings	**-**	(766)
Repayment of lease financing	**(3)**	(3)
Payments of finance costs	**(190)**	(181)
Ordinary share dividends paid	**(781)**	(751)
Net cash flows used in financing activities	**(977)**	(956)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(78)**	(208)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	**579**	662
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD[4]	**501**	454

Note:

[4] The difference between the cash and cash equivalents and deposits, cash and bank balances represent deposits with financial institutions that carry maturity periods of more than three months.

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 2017 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

The significant accounting policies and methods adopted for the unaudited condensed consolidated financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2017, except for changes arising from the adoption of MFRS 9 "Financial Instruments" and MFRS 15 "Revenue from Contracts with Customers" as described below:

(a) Adoption of MFRS 9 "Financial Instruments"

MFRS 9 replaces MFRS 139 "Financial Instruments: Recognition and Measurement". The adoption of MFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

(i) Classification and measurement of financial instruments

MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss ("FVPL") and fair value through other comprehensive income ("FVOCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at FVPL with the irrevocable option at inception to present changes in FVOCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

MFRS 9 retains most of the MFRS 139 requirements for classification and measurement of financial liabilities. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of profit or loss, unless this creates an accounting mismatch.

1. BASIS OF PREPARATION (CONTINUED)

(a) Adoption of MFRS 9 "Financial Instruments" (continued)

(ii) Impairment of financial assets

MFRS 9 introduces an expected credit loss ("ECL") model on impairment that replaces the incurred loss impairment model used in MFRS 139. The ECL model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The Group assesses on a forward-looking basis the ECLs associated with its financial assets classified at amortised cost and contract assets under MFRS 15 "Revenue from Contracts with Customers". The impairment methodology applied depends on whether there has been a significant increase in credit risk.

On the date of initial application, MFRS 9 did not affect the classification and measurement of the Group's financial assets and financial liabilities, except that the Group's allowance for impairment has increased by RM36 million as at 1 January 2018 as a result of applying the ECL model on receivables, deposits and contract assets. As permitted by the transitional provisions of MFRS 9, the Group has elected not to restate comparative figures and thus these adjustments were recognised in the opening retained earnings of the current period.

(b) Adoption of MFRS 15 "Revenue from Contracts with Customers"

The Group has adopted MFRS 15 in the current financial period. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods and services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

1. BASIS OF PREPARATION (CONTINUED)

(b) Adoption of MFRS 15 "Revenue from Contracts with Customers" (continued)

MFRS 15 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The main changes are explained below:

(i) Sale of device as part of bundled telecommunication service package

MFRS 15 requires devices which the Group promises to transfer as part of a bundled package with mobile telecommunication services to be considered distinct and thus accounted for as a separate performance obligation. As a result, total consideration received from such package are allocated to the service and device based on relative stand-alone selling prices. This results in an allocation and early recognition of a portion of telecommunication service revenue as device revenue, an earlier recognition of customer acquisition cost which was capitalised as intangible asset previously as loss on device sale in the month of acquisition and subsequently, a reduction in service revenue throughout the contract period.

A contract asset is recognised when the Group delivers the devices before the payment is due. If the payment happens before the delivery of device, then a contract liability is recognised. Contract assets and contract liabilities are presented within receivables and payables respectively in the statement of financial position.

(ii) Costs incurred to obtain or fulfil a contract

Under MFRS 15, the Group capitalises sales commissions and device costs (for those devices which are bundled with fixed line telecommunication service and not distinct) as costs to obtain or fulfil a contract with a customer when they are incremental and expected to be recovered over more than a year. These costs are included within contract assets and are amortised consistently with the transfer of the good or service to the customer. If the expected amortisation period is one year or less, then the costs are expensed when incurred. Previously, the sales commissions were recognised in the statement of profit or loss and the device costs were capitalised as intangible assets.

In accordance with the transitional provisions in MFRS 15, the Group has elected to adopt the full retrospective approach, requiring the restatement of the comparative period presented in the financial statements. Refer to Note 1(c) for the adjustments made to the comparative figures.

1. BASIS OF PREPARATION (CONTINUED)

(c) Restatement of comparative figures

(i) Reconciliation of profit or loss and comprehensive income

	QUARTER ENDED 30/6/2017			PERIOD ENDED 30/6/2017		
	Previously reported	Effects of MFRS 15	Restated	Previously reported	Effects of MFRS 15	Restated
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
Revenue	2,172	163	2,335	4,329	381	4,710
Traffic, commissions and other direct costs	(474)	(269)	(743)	(1,000)	(585)	(1,585)
Depreciation and amortisation	(336)	95	(241)	(673)	189	(484)
Other income and expenses (net)	(582)	8	(574)	(1,199)	8	(1,191)
Profit before tax	780	(3)	777	1,457	(7)	1,450
Tax expenses	(206)	1	(205)	(378)	2	(376)
Profit for the period attributable to equity holders of the Company	574	(2)	572	1,079	(5)	1,074
Total comprehensive income for the period attributable to equity holders of the Company	560	(2)	558	1,050	(5)	1,045
Earnings per share attributable to equity holders of the Company (sen):						
- basic	7.6		7.6	14.4		14.3
- diluted	7.6		7.6	14.4		14.3

1. BASIS OF PREPARATION (CONTINUED)

(c) Restatement of comparative figures (continued)

(ii) Reconciliation of financial position and equity

	AS AT 31/12/2017		
	Previously reported	Effects of MFRS 15	Restated
	RM'm	RM'm	RM'm
Non-current assets			
Intangible assets	11,354	(428)	10,926
Receivables, deposits and prepayments	802	85	887
Other non-current assets	4,851	-	4,851
	17,007	(343)	16,664
Current assets			
Receivables, deposits and prepayments	1,582	228	1,810
Other current assets	660	-	660
	2,242	228	2,470
Total assets	19,249	(115)	19,134
Current liabilities			
Payables and accruals	3,299	12	3,311
Other current liabilities	634	-	634
	3,933	12	3,945
Non-current liabilities			
Deferred tax liabilities	437	(30)	407
Other non-current liabilities	7,837	-	7,837
	8,274	(30)	8,244
Net assets	**7,042**	**(97)**	**6,945**
Equity			
Share capital	2,469	-	2,469
Reserves	4,573	(97)	4,476
Total equity	**7,042**	**(97)**	**6,945**

1. BASIS OF PREPARATION (CONTINUED)

(c) Restatement of comparative figures (continued)

(iii) Reconciliation of cash flows

	PERIOD ENDED 30/6/2017		
	Previously reported	Effects of MFRS 15	Restated
	RM'm	RM'm	RM'm
Cash flows from operating activities			
Profit for the period	1,079	(5)	1,074
Adjustments for:			
- non-cash items	842	(189)	653
- tax expenses	378	(2)	376
Operating cash flows before working capital changes	2,299	(196)	2,103
Changes in working capital	(538)	(27)	(565)
Cash flow from operations	1,761	(223)	1,538
Other cash flows from operating activities	(197)	-	(197)
Net cash flows from operating activities	1,564	(223)	1,341
Cash flows from investing activities			
Purchase of intangible assets	(223)	223	-
Other cash flows from investing activities	(593)	-	(593)
Net cash flows used in investing activities	(816)	223	(593)
Cash flows from financing activities			
Net cash flows used in financing activities	(956)	-	(956)
Net change in cash and cash equivalents	**(208)**	**-**	**(208)**
Cash and cash equivalents at the beginning of the financial period	**662**	**-**	**662**
Cash and cash equivalents at the end of the financial period	**454**	**-**	**454**

1. BASIS OF PREPARATION (CONTINUED)

The adoption of the following amendments to MFRS and Issues Committee ("IC") Interpretation that came into effect on 1 January 2018 did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

• Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transaction
• IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

MFRS, amendments and improvements to MFRSs and IC Interpretation that are applicable to the Group but not yet effective

The Malaysian Accounting Standards Board had issued the following new standard, amendments and improvements to MFRSs and IC Interpretation, all of which are effective for the financial period beginning on or after 1 January 2019. The Group did not early adopt the new standard, amendments and improvements to MFRSs and IC Interpretation.

• MFRS 16	Leases
• Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
• Annual Improvements to MFRSs 2015 – 2017 Cycle	
• IC Interpretation 23	Uncertainty over Income tax Treatments

2. SEASONAL / CYCLICAL FACTORS

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

3. REVENUE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/6/2018	QUARTER ENDED 30/6/2017	**PERIOD ENDED 30/6/2018**	PERIOD ENDED 30/6/2017
	RM'm	RM'm (Restated)	**RM'm**	RM'm (Restated)
Telecommunications and digital services	**2,034**	2,094	**4,035**	4,191
Sale of devices	**212**	241	**448**	519
Total	**2,246**	2,335	**4,483**	4,710
Goods or services transferred:				
- at a point in time	**889**	978	**1,829**	2,119
- over time	**1,357**	1,357	**2,654**	2,591
Total	**2,246**	2,335	**4,483**	4,710

4. UNUSUAL ITEMS

Save for those disclosed in Note 16, there were no other significant unusual items affecting the assets, liabilities, equity, net income or cash flows for the six months ended 30 June 2018.

5. 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 six months ended 30 June 2018, except for:

(a) the change in basis of allowance for impairment of receivables as disclosed in Note 1(a); and

(b) the change in discount rate used to derive the Asset Retirement Obligation ("ARO") provision. This has resulted in an increase in ARO provision by RM122 million.

6. DEBT AND EQUITY SECURITIES

Save for the issuance of 6,033,300 and 30,700 ordinary shares under the LTIP and ESOS respectively, there were no other issuance, repurchase and repayment of debts and equity securities by the Group and the Company during the six months ended 30 June 2018.

7. DIVIDENDS PAID

The following dividend payments were made during the six months ended 30 June 2018:

	RM'm
In respect of the financial year ended 31 December 2017:	
- Fourth interim single-tier tax exempt dividend of 5.0 sen per ordinary share, paid on 29 March 2018	**390**
In respect of the financial year ending 31 December 2018:	
- First interim single-tier tax exempt dividend of 5.0 sen per ordinary share, paid on 28 June 2018	**391**
	781

8. SEGMENT REPORTING

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

9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the six months ended 30 June 2018. As at 30 June 2018, all property, plant and equipment were stated at cost less accumulated depreciation and impairment losses.

10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no material events subsequent to the end of the financial period up to the date of this report.

11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the six months ended 30 June 2018.

12. 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. There were no material losses anticipated as a result of these transactions.

13. CAPITAL COMMITMENTS

Capital expenditure for property, plant and equipment approved by the Board of Directors and not provided for in the condensed consolidated financial statements as at 30 June 2018 are as follows:

	RM'm
Contracted for	**287**
Not contracted for	**356**
	643

14. 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 agreed commercial terms with the related parties.

	Transactions for the financial period ended 30/6/2018	Balances due from/(to) as at 30/6/2018	Commitments as at 30/6/2018	Total balances due from/(to) and commitments as at 30/6/2018
	RM'm	RM'm	RM'm	RM'm
(a) Sales of goods and services to:				
- MEASAT Broadcast Network Systems Sdn. Bhd. (1) (telephony and broadband services)	48	19	-	19

14. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Transactions for the financial period ended 30/6/2018	Balances due from/(to) as at 30/6/2018	Commitments as at 30/6/2018	Total balances due from/(to) and commitments as at 30/6/2018
	RM'm	RM'm	RM'm	RM'm
(b) Purchases of goods and services from:				
- MEASAT Global Berhad Group[(2)]				
(transponder and teleport lease rental)	22	(4)	(80)	(84)
- Tanjong City Centre Property Management Sdn. Bhd.[(3)]				
(rental, signage, parking and utility charges)	17	2	(188)	(186)
- UTSB Management Sdn. Bhd.[(3)]				
(corporate management services)	13	(5)	(33)	(38)
- SRG Asia Pacific Sdn. Bhd.[(4)]				
(call handling and telemarketing services)	7	(2)	-	(2)
- MBNS Multimedia Technologies Sdn. Bhd. and/or its related corporations[(1)]				
(goods and services)	-	-	(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"), Saudi Telecom Company 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 the shares of the Company in which UTSB has an interest, it does not have any economic or beneficial interest over the shares of the Company, 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) Subsidiary of a company in which TAK has a 99.999% direct equity interest
(3) Subsidiary of UTSB
(4) Subsidiary of a company whereby a person connected to TAK has a deemed equity interest

15. FAIR VALUE MEASUREMENTS

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(a) Financial instruments carried at amortised cost

The carrying amounts of financial assets and liabilities of the Group approximated their fair values as at 30 June 2018 except as set out below, measured using Level 3 valuation technique:

	CARRYING AMOUNT	FAIR VALUE
	RM'm	RM'm
Financial asset:		
Receivables, deposits and prepayments	188	187
Financial liability:		
Borrowings		
- finance lease liabilities	1	1
- Islamic Medium Term Notes	4,142	4,198

(b) Financial instruments carried at fair value

The following table represents the assets and liabilities measured at fair value, using Level 2 valuation technique, as at 30 June 2018:

	RM'm
Recurring fair value measurements	
Derivative financial instruments (interest rate swap and forward foreign exchange contracts):	
- assets	4

The valuation technique used to derive the Level 2 valuation is as disclosed in Note 24.

16. ANALYSIS OF PERFORMANCE

Financial indicators (RM'm unless otherwise indicated)	2nd Quarter 2018 (unaudited)	1st Quarter 2018 (unaudited)	2nd Quarter 2017[1] (unaudited)	Variance Q2'18 vs Q1'18		Variance Q2'18 vs Q2'17	
				RM'm	%	RM'm	%
Revenue	**2,246**	2,237	2,335	9	*	(89)	(4)
Service revenue[2]	**2,013**	1,980	2,069	33	2	(56)	(3)
EBITDA[3]	**989**	1,023	1,125	(34)	(3)	(136)	(12)
Adjusted for:							
Unrealised foreign exchange losses/(gains)	*3*	*(17)*	*(52)*				
Service fee reduction[4]	*-*	*-*	*(67)*				
Upfront spectrum assignment ("SA") fees charged out[5]	*15*	*14*	*-*				
Normalised EBITDA	**1,007**	1,020	1,006	(13)	(1)	1	*
Normalised EBITDA margin on service revenue (%)	**50.0**	51.5	48.6	NA	(1.5)	NA	1.4
Profit before tax	**635**	693	777	(58)	(8)	(142)	(18)
Profit for the period	**478**	523	572	(45)	(9)	(94)	(16)
Adjusted for:							
Unrealised foreign exchange losses/(gains)	*3*	*(17)*	*(52)*				
Service fee reduction[4]	*-*	*-*	*(67)*				
Tax effects of the normalisation adjustments	*(1)*	*4*	*29*				
Normalised profit for the period	**480**	510	482	(30)	(6)	(2)	*
Capital expenditure ("Capex")	**212**	107	212	105	98	-	-
Free cash flow	**541**	165	290	376	>100	251	87

Notes:

(1) The comparative results were restated due to the adoption of MFRS 15.

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

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

(4) Write back of service fees accrued for prior years which are no longer required.

(5) Charge out of SA renewal costs prepaid for license period.

* Less than 1%.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

Operational indicators	2nd Quarter 2018	1st Quarter 2018	2nd Quarter 2017(1)	Variance Q2'18 vs Q1'18		Variance Q2'18 vs Q2'17	
				'000	%	'000	%
Revenue generating subscriptions ("RGS") ('000)	**9,863**	9,849	10,420	14	*	(557)	(5)
- Postpaid	***2,970***	*2,912*	*2,785*	*58*	2	185	*7*
- Prepaid	***6,747***	*6,786*	*7,482*	*(39)*	*(1)*	(735)	*(10)*
- Wireless Broadband	***146***	*151*	*153*	*(5)*	*(3)*	(7)	*(5)*
ARPU (Monthly) (RM)							
- Postpaid	***94***	*92*	*96*	*2*	*2*	*(2)*	*(2)*
- Prepaid	***42***	*41*	*42*	*1*	*2*	-	-
- Wireless Broadband	***85***	*81*	*72*	*4*	*5*	*13*	*18*
- Blended	***58***	*56*	*56*	*2*	*4*	*2*	*4*

Notes:
(1) The comparative information were restated due to the adoption of MFRS 15.
* Less than 1%.

(A) Performance of the current quarter against the preceding quarter (2nd Quarter 2018 versus 1st Quarter 2018)

For the quarter ended 30 June 2018, service revenue grew by 1.7% to RM2,013 million.

Postpaid service revenue grew by 2.4% to RM1,009 million on account of higher RGS base and ARPU. Postpaid RGS grew by 58k, contributed by the growth in the MaxisONE Plan subscriber base, which has now reached 2.09 million subscribers. Postpaid ARPU grew to RM94 for the quarter. The growth in Postpaid was primarily driven by the strong demand for our innovative device and value-accretive shared line propositions. The Group's recently launched Hotlink Postpaid Flex has also exceeded early launch targets, attracting entry level Postpaid subscribers as well as those migrating from Prepaid to Postpaid.

Prepaid service revenue stabilised to RM854 million (Q1'18: RM849 million). Prepaid RGS continued to decline, albeit at a slower rate, whilst ARPU improved to RM42 per month. Our recently launched new Prepaid pack, Hotlink Red, that provides free non-stop internet on our leading 4G network, has shown positive traction and attracted high mobile internet users. Our higher mobile internet revenue was mainly driven by personalised offerings as we expanded our effective use of data analytics to create value for our customers.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (2nd Quarter 2018 versus 1st Quarter 2018) (continued)

Demand for data continued to grow across all customer segments and the Group ended the quarter with 6.8 million 4G LTE users (Q1'18: 6.5 million). Blended smartphone penetration stood at 83% against 82% in the previous quarter and blended data usage increased to an average 9.1GB (Q1'18: 7.7GB). The Group's leading 4G LTE network coverage of 92% on a comparable peer basis remains a key differentiator for customers to enjoy the best video quality experience in Malaysia. The Group achieved another all-time high touch point net promoter score of +57.

Normalised EBITDA declined marginally by 1% to RM1,007 million with a 50.0% normalised margin on service revenue, against RM1,020 million and 51.5% respectively in the previous quarter. This was mainly due to higher marketing costs and realised foreign exchange losses that offset the increase in revenue. Consequently, the Group reported lower normalised profit of RM480 million compared to RM510 million in the preceding quarter.

Capex for the current quarter almost doubled to RM212 million. The increase was mainly attributed to network capacity capex to support our strong data traffic growth. Free cash flow improved to RM541 million mainly due to movements in working capital as well as the upfront spectrum assignment fee that was paid in the previous quarter.

(B) Performance of the current quarter against the preceding year corresponding quarter (2nd Quarter 2018 versus 2nd Quarter 2017)

Service revenue for Q2 2018 of RM2,013 million was 2.7% lower than Q2 2017, mainly due to the decline in Prepaid, which offset the growth in Postpaid and Home Fibre business.

Postpaid service revenue grew by 6.7% to RM1,009 million in the current quarter. The strong growth was supported by the solid subscription base, which has continued to grow since 3Q 2016 and has reached close to 3 million subscribers. MaxisONE Share continued to be a strong catalyst driving incremental port-ins supported by innovative value-accretive shared line propositions. Postpaid ARPU remained high at RM94.

Prepaid service revenue declined 13.0% to RM854 million, on the back of a lower subscription base which was impacted by the continued SIM consolidation, migration from Prepaid to Postpaid and intense price competition. Mobile internet revenue remained high at 56.2% of Prepaid revenue which contributed to the stable and high ARPU of RM42. This was supported by the encouraging response to the recently launched Prepaid pack, Hotlink Red, which has attracted high data users.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current quarter against the preceding year corresponding quarter (2nd Quarter 2018 versus 2nd Quarter 2017) (continued)

Data consumption continued to increase with blended data usage almost doubling from a monthly average of 5.0GB a year ago to 9.1GB. The Group continued to lead the market in terms of coverage, quality and best digital experience. As mentioned above, the Group achieved another record-breaking touch point net promoter score of +57 compared to +50 in Q2 2017.

Normalised EBITDA remained stable at RM1,007 million with a margin on service revenue of 50.0% against RM1,006 million and 48.6% respectively in Q2 2017. This was mainly attributed to the continuous cost optimisation initiatives that offset the lower service revenue.

Consequently, normalised profit for the quarter was stable at RM480 million (Q2'17: RM482 million).

Capex for the current quarter remained stable at RM212 million. Free cash flow for the quarter was RM541 million, compared to RM290 million in Q2 2017 mainly due to working capital changes.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(C) Performance of the current year against the preceding year (YTD June 2018 versus YTD June 2017)

Financial indicators (RM'm unless otherwise indicated)	YTD 2018	YTD 2017[(1)]	Variance	% Variance
Revenue	**4,483**	4,710	(227)	(5)
Service revenue[(2)]	**3,993**	4,145	(152)	(4)
EBITDA[(3)]	**2,012**	2,138	(126)	(6)
Adjusted for:				
Unrealised foreign exchange gains	***(14)***	*(45)*		
Service fee reduction [(4)]	**-**	*(62)*		
Upfront SA fees charged out [(5)]	***29***	-		
Normalised EBITDA	**2,027**	2,031	(4)	*
Normalised EBITDA margin on service revenue (%)	**50.8**	49.0	NA	1.8
Profit before tax	**1,328**	1,450	(122)	(8)
Profit for the year	**1,001**	1,074	(73)	(7)
Adjusted for:				
Unrealised foreign exchange gains	***(14)***	*(45)*		
Service fee reduction [(4)]	**-**	*(62)*		
Tax effects of the normalisation adjustments	***3***	*26*		
Normalised profit for the year	**990**	993	(3)	*
Capex	**319**	374	(55)	(15)
Free cash flow	**706**	564	142	25

Notes:
(1) The comparative results were restated due to adoption of MFRS 15.
(2) Service revenue is defined as Group revenue excluding device, hubbing revenues and network income.
(3) Defined as profit before finance income, finance costs, tax, depreciation, amortisation and allowance for write down of identified network costs.
(4) Write back of service fees accrued for prior years which are no longer required.
(5) Charge out of SA renewal costs prepaid for license period.
* Less than 1%.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(C) Performance of the current year against the preceding year (YTD June 2018 versus YTD June 2017) (continued)

Operational indicators	YTD 2018	YTD 2017[1]	Variance	% Variance
RGS ('000)	**9,863**	10,420	(557)	(5)
- Postpaid	***2,970***	*2,785*	*185*	*7*
- Prepaid	***6,747***	*7,482*	*(735)*	*(10)*
- Wireless Broadband	***146***	*153*	*(7)*	*(5)*
ARPU (Monthly) (RM)				
- Postpaid	***93***	*96*	*(3)*	*(3)*
- Prepaid	***41***	*42*	*(1)*	*(2)*
- Wireless Broadband	***83***	*71*	*12*	*17*
- Blended	***57***	*56*	*1*	*2*

Note:
(1) The comparative information were restated due to the adoption of MFRS 15.

The Group recorded a service revenue of RM3,993 million which represents a 3.7% decline, contributed by the decline in Prepaid that offset the growth in Postpaid and Home Fibre business.

Postpaid service revenue grew 5.9% to RM1,994 million (YTD 2017: RM1,882 million) supported by a solid subscription base of close to 3 million subscribers. The Group added 185k new subscribers with a stable and high ARPU of RM93 per month in the period under review.

Prepaid service revenue declined by 14.3% to RM1,703 million (YTD 2017: RM1,988 million) was mainly attributed to a lower subscription base which was impacted by the continued SIM consolidation, migration to Postpaid and intense price competition as mentioned above. ARPU remained relatively high and stable at RM41 per month.

Demand for data continued to grow across the Group's customer base with average data usage almost doubling from 4.7GB to 8.4GB per month. This was supported by the increase in smart-phone penetration which stood at 83% on a blended basis. The Group continued to lead the market with its expanded 4G LTE network at 92% population coverage, enabling customers to enjoy high speed and unmatched digital experience.

Normalised EBITDA and EBITDA margin on service revenue remained stable at RM2,027 million and 50.8% (YTD 2017: RM2,031 million and 49.0%) respectively, mainly a result of cost optimisation initiatives that offset the decline in service revenue. Consequently, normalised profit for the year was marginally lower at RM990 million (YTD 2017: RM993 million).

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(C) Performance of the current year against the preceding year (YTD June 2018 versus YTD June 2017) (continued)

Capex for the year was 15% lower than the preceding year due to the completion of network modernisation and lower investment in 4G LTE rollout as we have reached a high 4G LTE population coverage of 92%. Free cash flow for the current YTD was RM706 million compared to RM564 million in the preceding YTD mainly due to working capital changes and lower capex investments as explained above.

(D) STATEMENT OF FINANCIAL POSITION

Financial indicators (RM'm unless otherwise indicated)	AS AT 30/6/2018	AS AT 31/12/2017 (Restated)
Total assets	19,219	19,134
Total equity	7,147	6,945
Debt [1]	7,637	7,643
Deposits, cash and bank balances	524	602
Net debt	7,113	7,041
Net debt-to-EBITDA	1.70	1.63

Note:
(1) Debt includes derivative financial instruments designated for hedging relationship on borrowings but excludes vendor financing.

There is no material change to the total assets. The net earnings for the six months under review, after a total 10 sen dividend distribution increases the equity of the Group to above RM7 billion mark.

The reduction in deposits, cash and bank balances was mainly due to the upfront spectrum assignment fee paid during the six months ended 30 June 2018. This has resulted in an increase in net debt-to-EBITDA from 1.63x as at 31 December 2017 to 1.70x as at 30 June 2018.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2018

Market is expected to remain competitive but Maxis continues to focus on maintaining its leadership position by leveraging on its strong 4G LTE network with its leading coverage and speed.

In the Postpaid market, we will focus on building upon our flagship MaxisONE Plan as we continue to innovate value accretive family-centric offerings and innovative device propositions. In the Prepaid market, we will maintain our focus on high mobile internet users and profitable segments particularly in the foreign worker segment, whilst expanding our use of data analytics for segmental offerings to drive incremental ARPU.

In view of the above but taking into account the impact from progressive termination of a network sharing arrangement, we maintain our guidance for the financial year ending 31 December 2018 with service revenue and EBITDA to decline by mid-single digit and high single digit respectively, base capital expenditure to be around RM1.0 billion and free cash flow (excluding upfront spectrum assignment fees) is expected to be at a similar level to financial year 2017.

18. PROFIT FORECAST OR PROFIT GUARANTEE

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

19. QUALIFICATION OF PRECEDING AUDITED FINANCIAL STATEMENTS

There was no qualification to the preceding audited financial statements for the financial year ended 31 December 2017.

20. PROFIT BEFORE TAX

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/6/2018	QUARTER ENDED 30/6/2017	**PERIOD ENDED 30/6/2018**	PERIOD ENDED 30/6/2017
	RM'm	RM'm	**RM'm**	RM'm
Fair value (gains)/losses on forward foreign exchange contracts	**(1)**	2	**2**	3
Losses/(gains) on foreign exchange	**16**	(36)	**2**	(32)
Property, plant and equipment:				
- gain on disposal	**-**	(2)	**-**	(3)
- write offs/impairment loss	**1**	-	**8**	3

Other than as presented in the statements of profit or loss and as disclosed above, there were no material gains/losses on disposal of quoted and unquoted investments or properties and other exceptional items for the current quarter ended 30 June 2018.

21. TAX EXPENSES

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/6/2018	QUARTER ENDED 30/6/2017	**PERIOD ENDED 30/6/2018**	PERIOD ENDED 30/6/2017
	RM'm	RM'm (Restated)	**RM'm**	RM'm (Restated)
Income tax:				
- current tax	**202**	228	**409**	449
Deferred tax:				
- origination and reversal of temporary differences	**(45)**	(23)	**(82)**	(73)
Total	**157**	205	**327**	376

The Group's effective tax rates for the current quarter and six months ended 30 June 2018 were 24.7% and 24.6% respectively, higher than the statutory tax rate of 24% mainly due to certain expenses not deductible for tax purposes.

22. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed.

23. BORROWINGS

The borrowings as at 30 June 2018 versus 30 June 2017 are as follows:

	AS AT 30 JUNE 2018					
	CURRENT LIABILITIES		NON-CURRENT LIABILITIES		TOTAL BORROWINGS	
	Foreign Currency ('m)	RM'm	Foreign Currency ('m)	RM'm	Foreign Currency ('m)	RM'm
Secured						
Finance lease liabilities	-	3	-	-	-	3
Unsecured						
Revolving credit	-	200	-	-	-	200
Term loan[1]	-	-	-	1,000	-	1,000
Commodity Murabahah Term Financing	-	-	-	2,295	-	2,295
Islamic Medium Term Notes	-	-	-	4,142	-	4,142
		203		7,437		7,640
Weighted average interest rate of borrowings						4.77%
Proportion of borrowings between fixed and floating interest rates						61% : 39%

Note:
(1) The term loan facility has been partially hedged using Interest Rate Swap ("IRS") as disclosed in Note 24.

There were no material changes to borrowings for the financial period ended 30 June 2018.

23. BORROWINGS (CONTINUED)

	AS AT 30 JUNE 2017					
	CURRENT LIABILITIES		NON-CURRENT LIABILITIES		TOTAL BORROWINGS	
	Foreign Currency ('m)	RM'm	Foreign Currency ('m)	RM'm	Foreign Currency ('m)	RM'm
Secured						
Finance lease liabilities	-	8	-	1	-	9
Unsecured						
Revolving credit	-	501	-	-	-	501
Term loans						
- *RM* [1]	-	-	-	1,000	-	1,000
- *United States Dollars ("USD")* [2]	-	-	*USD 175*	752	*USD 175*	752
- *Singapore Dollar ("SGD")* [2]	-	-	*SGD 70*	219	*SGD 70*	219
Syndicated term loans						
- *USD* [2]	-	-	*USD 100*	429	*USD 100*	429
Commodity Murabahah Term Financing	-	-	-	2,505	-	2,505
Islamic Medium Term Notes	-	-	-	4,143	-	4,143
		509		9,049		9,558
Weighted average interest rate of borrowings						4.69%
Proportion of borrowings between fixed and floating interest rates						58% : 42%

Notes:

(1) The term loan facility has been partially hedged using IRS.

(2) All foreign currency borrowings had been hedged using Cross Currency Interest Rate Swaps ("CCIRS"). The closing rates used in translating the foreign currency amounts into RM were:
1 USD = RM4.29, 1 SGD = RM3.13

23. BORROWINGS (CONTINUED)

Material changes to borrowings for the financial period ended 30 June 2017 were:

(a) The Company repaid its USD and SGD borrowings and their underlying CCIRS totalling to RM766 million;

(b) Maxis Broadband Sdn. Bhd. ("MBSB"), a wholly-owned subsidiary of the Company, entered into loan facility agreements with financial institutions for USD50 million (equivalent to RM214 million) and SGD70 million (equivalent to RM219 million) term loans. It had also entered into corresponding CCIRS contracts to hedge against exchange and interest rates fluctuation on these loans; and

(c) MBSB issued its fourth series of the Unrated Islamic Medium Term Notes ("Sukuk Murabahah") for a nominal value of RM300 million. Total nominal value of Sukuk Murabahah issued as at 30 June 2017 amounted to RM4,090 million.

24. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivatives

Details of derivative financial instruments outstanding as at 30 June 2018 are set out below:

TYPE OF DERIVATIVE	CONTRACT/ NOTIONAL VALUE	FAIR VALUE
	RM'm	RM'm
Derivatives designated in hedging relationship (cash flow hedge):		
IRS:		
- more than three years	500	3
Forward foreign exchange contracts:		
- less than one year	22	*
	522	3
Derivatives not designated in hedging relationship:		
Forward foreign exchange contracts:		
- less than one year	26	*
	548	4

Note:
* Less than RM1 million.

24. 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 2017 in respect of the following:

(i) the market risk and credit risk associated with the derivatives;
(ii) the cash requirements of the derivatives;
(iii) the policies in place for mitigating or controlling the risks associated with the derivatives; and
(iv) the related accounting policies.

(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 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 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 as at each reporting date.

25. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	AS AT 30/6/2018	AS AT 31/12/2017
	RM'm	RM'm (Restated)
Non-current assets		
Prepayments	**817**	735
Contract assets, net of impairment	**138**	152
	955	887
Current assets		
Trade receivables, net of impairment	**724**	719
Other receivables, deposits and prepayments, net of impairment	**755**	663
Contract assets, net of impairment	**408**	428
	1,887	1,810
	2,842	2,697

25. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

The Group's credit policy provides trade receivables with credit periods of up to 60 days. In addition, selected eligible customers are allowed to purchase devices on monthly instalment scheme up to 24 months.

The ageing analysis of the Group's gross trade receivables as at 30 June 2018 is as follows:

	RM'm
Current	**631**
1 to 90 days past due	**141**
91 to 180 days past due	**47**
More than 180 days past due	**-**
	819

26. MATERIAL LITIGATION

There is no material litigation as at 11 July 2018.

27. DIVIDENDS

The Board of Directors has declared a second interim single-tier tax-exempt dividend of 5.0 sen per ordinary share in respect of the financial year ending 31 December 2018, to be paid on 27 September 2018. The entitlement date for the dividend payment is 30 August 2018.

A depositor shall qualify for entitlement to the dividend only in respect of:

(i) shares transferred to the depositor's securities account before 4.00 pm on 30 August 2018 in respect of transfers; and

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

The total dividends for the six months ended 30 June 2018 is 10.0 sen per ordinary share (2017: 10.0 sen).

28. EARNINGS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30/6/2018	QUARTER ENDED 30/6/2017	**PERIOD ENDED 30/6/2018**	PERIOD ENDED 30/6/2017
			(Restated)		(Restated)
(a) Basic earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	**478**	572	**1,001**	1,074
Weighted average number of issued ordinary shares	('m)	**7,812**	7,512	**7,810**	7,511
Basic earnings per share	(sen)	**6.1**	7.6	**12.8**	14.3
(b) Diluted earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	**478**	572	**1,001**	1,074
Weighted average number of issued ordinary shares	('m)	**7,812**	7,512	**7,810**	7,511
Adjusted for share options	('m)	**-**	-	**-**	-
Adjusted weighted average number of ordinary shares	('m)	**7,812**	7,512	**7,810**	7,511
Diluted earnings per share	(sen)	**6.1**	7.6	**12.8**	14.3

By order of the Board

Dipak Kaur
(LS 5204)
Company Secretary
18 July 2018
Kuala Lumpur