



MAXIS BERHAD

(867573 - A)

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 third quarter ended 30 September 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 30/9/2018	QUARTER ENDED 30/9/2017	+	PERIOD ENDED 30/9/2018	PERIOD ENDED 30/9/2017	+
		RM'm	RM'm (Restated)	%	RM'm	RM'm (Restated)	%
Revenue	3	2,264	2,333	-3	6,747	7,043	-4
Traffic, commissions and other direct costs		(684)	(729)		(2,127)	(2,314)	
Spectrum licence fees		(62)	(58)		(180)	(141)	
Network costs		(208)	(199)		(604)	(597)	
Staff and resource costs		(148)	(150)		(432)	(430)	
Operation and maintenance costs		(97)	(64)		(257)	(235)	
Marketing costs		(59)	(43)		(149)	(125)	
Impairment of receivables and deposits, net		(22)	(31)		(78)	(65)	
Government grant and other income		60	64		160	191	
Other operating expenses		(15)	(16)		(47)	(84)	
Depreciation and amortisation		(260)	(267)		(763)	(751)	
Finance income		11	20		29	49	
Finance costs		(103)	(120)		(294)	(351)	
Profit before tax	20	677	740	-9	2,005	2,190	-8
Tax expenses	21	(164)	(176)		(491)	(552)	
Profit for the period		513	564	-9	1,514	1,638	-8
Attributable to:							
- equity holders of the Company		513	564	-9	1,514	1,638	-8
Earnings per share attributable to equity holders of the Company (sen):							
- basic	28	6.6	7.2		19.4	21.5	
- diluted	28	6.6	7.2		19.4	21.5	



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/9/2018	QUARTER ENDED 30/9/2017	PERIOD ENDED 30/9/2018	PERIOD ENDED 30/9/2017
	RM'm	RM'm (Restated)	RM'm	RM'm (Restated)
Profit for the period	513	564	1,514	1,638
Other comprehensive expense				
Item that will be reclassified subsequently to profit or loss:				
Net change in cash flow hedge	(1)	(5)	*	(34)
Total comprehensive income for the period	<u>512</u>	<u>559</u>	<u>1,514</u>	<u>1,604</u>
Attributable to:				
- equity holders of the Company	<u>512</u>	<u>559</u>	<u>1,514</u>	<u>1,604</u>

Note:

* Less than RM1 million.



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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		AS AT 30/9/2018	AS AT 31/12/2017
		RM'm	RM'm (Restated)
Non-current assets	Note		
Property, plant and equipment	9	4,885	4,841
Intangible assets ⁽¹⁾		10,926	10,926
Receivables, deposits and prepayments	25	949	887
Derivative financial instruments	24	2	2
Deferred tax assets		4	8
		<u>16,766</u>	<u>16,664</u>
Current assets			
Inventories		6	5
Receivables, deposits and prepayments	25	1,744	1,810
Amounts due from related parties		32	30
Derivative financial instruments	24	*	-
Tax recoverable		10	23
Deposits, cash and bank balances		734	602
		<u>2,526</u>	<u>2,470</u>
Total assets		<u>19,292</u>	<u>19,134</u>
Current liabilities			
Provisions for liabilities and charges		75	111
Payables and accruals		3,267	3,311
Amounts due to related parties		13	25
Borrowings	23	202	206
Derivative financial instruments	24	*	1
Taxation		316	291
		<u>3,873</u>	<u>3,945</u>
Net current liabilities		<u>(1,347)</u>	<u>(1,475)</u>

Note:

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

* Less than RM1 million.



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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	AS AT 30/9/2018 RM'm	AS AT 31/12/2017 RM'm (Restated)
Non-current liabilities			
Provisions for liabilities and charges		306	170
Payables and accruals		185	227
Borrowings	23	7,422	7,440
Deferred tax liabilities		233	407
		<u>8,146</u>	<u>8,244</u>
Net assets		<u>7,273</u>	<u>6,945</u>
Equity			
Share capital		2,509	2,469
Reserves		4,764	4,476
Total equity		<u>7,273</u>	<u>6,945</u>
Net assets per share (RM)		<u>0.93</u>	<u>0.89</u>



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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Period ended 30/9/2018	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	-	-	-	-	1,514	1,514
Other comprehensive income for the period	-	-	-	*	-	*
Total comprehensive income for the period	-	-	-	*	1,514	1,514
Dividends for the financial year ended 31 December 2017	-	-	-	-	(390)	(390)
Dividends for the financial year ending 31 December 2018	-	-	-	-	(782)	(782)
Employee Share Option Scheme ("ESOS") and Long-term Incentive Plan ("LTIP"):						
- share-based payment expense	-	-	-	15	-	15
- shares issued	40	-	-	(39)	-	1
- share options lapsed	-	-	-	(6)	6	-
Incentive arrangement:						
- share-based payment expense	-	-	-	1	-	1
- shares acquired	-	-	-	(4)	-	(4)
Balance as at 30/9/2018	2,509	22,729	(22,729)	118	4,646	7,273

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.

* Less than RM1 million.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Period ended 30/9/2017	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	-	-	-	-	-	1,638	1,638
Other comprehensive expense for the period	-	-	-	-	(34)	-	(34)
Total comprehensive (expense)/income for the period	-	-	-	-	(34)	1,638	1,604
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	-	-	-	-	-	(765)	(765)
ESOS and LTIP:							
- share-based payment expense	-	-	-	-	8	-	8
- shares issued	1	*	-	-	*	-	1
Incentive arrangement:							
- share-based payment expense	-	-	-	-	22	-	22
Restated balance as at 30/9/2017	2,469	-	22,729	(22,729)	141	4,176	6,786

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.

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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	PERIOD ENDED 30/9/2018 RM'm	PERIOD ENDED 30/9/2017 RM'm (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	1,514	1,638
Adjustments for:		
- non-cash items	922	885
- finance costs	294	351
- finance income	(29)	(49)
- tax expenses	491	552
Payments for provision for liabilities and charges	(105)	(97)
Operating cash flows before working capital changes	3,087	3,280
Changes in working capital	(142)	(633)
Cash flows from operations	2,945	2,647
Interest received	16	30
Tax paid	(613)	(443)
Net cash flows from operating activities	2,348	2,234
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(735)	(935)
Proceeds from disposal of property, plant and equipment	*	4
Placement of deposits with maturity of more than three months	(1)	(3)
Net cash flows used in investing activities	(736)	(934)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares pursuant to Private Placement	-	1,655
Proceeds from issuance of shares pursuant to ESOS	1	1
Shares acquired pursuant to incentive arrangement	(4)	-
Drawdown of borrowings	-	744
Repayment of borrowings	-	(2,205)
Repayment of lease financing	(5)	(5)
Payments of finance costs	(301)	(303)
Ordinary share dividends paid	(1,172)	(1,141)
Net cash flows used in financing activities	(1,481)	(1,254)
NET CHANGE IN CASH AND CASH EQUIVALENTS	131	46
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⁾	710	708

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.



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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

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 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.



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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

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

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.



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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

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

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.



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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

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

1. BASIS OF PREPARATION (CONTINUED)

(c) Restatement of comparative figures

(i) Reconciliation of profit or loss and comprehensive income

	<u>QUARTER ENDED 30/9/2017</u>			<u>PERIOD ENDED 30/9/2017</u>		
	<u>Previously reported</u> RM'm	<u>Effects of MFRS 15</u> RM'm	<u>Restated</u> RM'm	<u>Previously reported</u> RM'm	<u>Effects of MFRS 15</u> RM'm	<u>Restated</u> RM'm
Revenue	2,217	116	2,333	6,546	497	7,043
Traffic, commissions and other direct costs	(507)	(222)	(729)	(1,507)	(807)	(2,314)
Depreciation and amortisation	(362)	95	(267)	(1,035)	284	(751)
Other income and expenses (net)	(621)	24	(597)	(1,820)	32	(1,788)
Profit before tax	<u>727</u>	<u>13</u>	<u>740</u>	<u>2,184</u>	<u>6</u>	<u>2,190</u>
Tax expenses	<u>(173)</u>	<u>(3)</u>	<u>(176)</u>	<u>(551)</u>	<u>(1)</u>	<u>(552)</u>
Profit for the period attributable to equity holders of the Company	<u>554</u>	<u>10</u>	<u>564</u>	<u>1,633</u>	<u>5</u>	<u>1,638</u>
Total comprehensive income for the period attributable to equity holders of the Company	<u>554</u>	<u>10</u>	<u>564</u>	<u>1,633</u>	<u>5</u>	<u>1,638</u>
Earnings per share attributable to equity holders of the Company (sen):						
- basic	<u>7.1</u>		<u>7.2</u>	<u>21.5</u>		<u>21.5</u>
- diluted	<u>7.1</u>		<u>7.2</u>	<u>21.5</u>		<u>21.5</u>



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

1. BASIS OF PREPARATION (CONTINUED)

(c) Restatement of comparative figures (continued)

(ii) Reconciliation of financial position and equity

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



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

1. BASIS OF PREPARATION (CONTINUED)

(c) Restatement of comparative figures (continued)

(iii) Reconciliation of cash flows

	<u>PERIOD ENDED 30/9/2017</u>		
	<u>Previously reported</u> RM'm	<u>Effects of MFRS 15</u> RM'm	<u>Restated</u> RM'm
Cash flows from operating activities			
Profit for the period	1,633	5	1,638
Adjustments for:			
- non-cash items	1,375	(285)	1,090
- tax expenses	551	1	552
Operating cash flows before working capital changes	3,559	(279)	3,280
Changes in working capital	(605)	(28)	(633)
Cash flow from operations	2,954	(307)	2,647
Other cash flows from operating activities	(413)	-	(413)
Net cash flows from operating activities	2,541	(307)	2,234
Cash flows from investing activities			
Purchase of intangible assets	(307)	307	-
Other cash flows from investing activities	(934)	-	(934)
Net cash flows used in investing activities	(1,241)	307	(934)
Cash flows from financing activities			
Net cash flows used in financing activities	(1,254)	-	(1,254)
Net change in cash and cash equivalents	46	-	46
Cash and cash equivalents at the beginning of the financial period	662	-	662
Cash and cash equivalents at the end of the financial period	708	-	708



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

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.



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QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018

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

3. REVENUE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/9/2018	QUARTER ENDED 30/9/2017	PERIOD ENDED 30/9/2018	PERIOD ENDED 30/9/2017
	RM'm	RM'm (Restated)	RM'm	RM'm (Restated)
Telecommunications and digital services	2,047	2,117	6,082	6,308
Sale of devices	217	216	665	735
Total	<u>2,264</u>	<u>2,333</u>	<u>6,747</u>	<u>7,043</u>
Goods or services transferred:				
- at a point in time	869	993	2,698	3,112
- over time	1,395	1,340	4,049	3,931
Total	<u>2,264</u>	<u>2,333</u>	<u>6,747</u>	<u>7,043</u>

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 nine months ended 30 September 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 nine months ended 30 September 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.



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

6. DEBT AND EQUITY SECURITIES

Save for the issuance of 6,033,300 and 53,200 ordinary shares under 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 nine months ended 30 September 2018.

7. DIVIDENDS PAID

The following dividend payments were made during the nine months ended 30 September 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
- Second interim single-tier tax exempt dividend of 5.0 sen per ordinary share, paid on 27 September 2018	391
	<hr/>
	1,172
	<hr/> <hr/>

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 nine months ended 30 September 2018. As at 30 September 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 nine months ended 30 September 2018.



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

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 September 2018 are as follows:

	RM'm
Contracted for	305
Not contracted for	159
	<u>464</u>

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 <u>30/9/2018</u> RM'm	Balances due from/(to) as at <u>30/9/2018</u> RM'm	Commitments as at <u>30/9/2018</u> RM'm	Total balances due from/(to) and commitments as at <u>30/9/2018</u> RM'm
(a) Sales of goods and services to:				
MEASAT Broadcast Network Systems Sdn. Bhd. ⁽¹⁾ (telephony and broadband services)	<u>69</u>	<u>28</u>	<u>-</u>	<u>28</u>



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

14. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Transactions for the financial period ended <u>30/9/2018</u> RM'm	Balances due from/(to) as at <u>30/9/2018</u> RM'm	Commitments as at <u>30/9/2018</u> RM'm	Total balances due from/(to) and commitments as at <u>30/9/2018</u> RM'm
(b) Purchases of goods and services				
from:				
- MEASAT Global Berhad Group ⁽²⁾ (transponder and teleport lease rental)	43	(8)	(67)	(75)
- Tanjong City Centre Property Management Sdn. Bhd. ⁽³⁾ (rental, signage, parking and utility charges)	25	1	(189)	(188)
- UTSB Management Sdn. Bhd. ⁽³⁾ (corporate management services)	20	(4)	(26)	(30)
- SRG Asia Pacific Sdn. Bhd. ⁽⁴⁾ (call handling and telemarketing services)	10	(2)	-	(2)
- MBNS Multimedia Technologies Sdn. Bhd. and/or its related corporations ⁽¹⁾ (goods and services)	1	(1)	(2)	(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 all of the shares of the Company in which UTSB has an interest, PanOcean does not have any economic or beneficial interest in 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



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

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 September 2018 except as set out below, measured using Level 3 valuation technique:

	<u>CARRYING AMOUNT</u> RM'm	<u>FAIR VALUE</u> RM'm
Financial asset:		
Receivables, deposits and prepayments	130	128
Financial liability:		
Borrowings		
- finance lease liabilities	1	1
- Islamic Medium Term Notes	<u>4,127</u>	<u>4,182</u>

(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 September 2018:

	RM'm
Recurring fair value measurements	
Derivative financial instruments (interest rate swap and forward foreign exchange contracts):	
- assets	<u>2</u>

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



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

16. ANALYSIS OF PERFORMANCE

Financial indicators (RM'm unless otherwise indicated)	3 rd Quarter 2018 (unaudited)	2 nd Quarter 2018 (unaudited)	3 rd Quarter 2017 ⁽¹⁾ (unaudited)	Variance Q3'18 vs Q2'18		Variance Q3'18 vs Q3'17	
				RM'm	%	RM'm	%
Revenue	2,264	2,246	2,333	18	1	(69)	(3)
Service revenue ⁽²⁾	2,027	2,013	2,090	14	1	(63)	(3)
EBITDA ⁽³⁾	1,025	989	1,109	36	4	(84)	(8)
<i>Adjusted for:</i>							
<i>Unrealised foreign exchange losses/(gains)</i>	7	3	(4)				
<i>Upfront spectrum assignment ("SA") fees charged out⁽⁴⁾</i>	15	15	14				
Normalised EBITDA	1,047	1,007	1,119	40	4	(72)	(6)
Normalised EBITDA margin on service revenue (%)	51.7	50.0	53.5	NA	1.7	NA	(1.8)
Profit before tax	677	635	740	42	7	(63)	(9)
Profit for the period	513	478	564	35	7	(51)	(9)
<i>Adjusted for:</i>							
<i>Unrealised foreign exchange losses/(gains)</i>	7	3	(4)				
<i>Tax effects of the normalisation adjustments</i>	(2)	(1)	1				
Normalised profit for the period	518	480	561	38	8	(43)	(8)
Capital expenditure ("Capex")	195	212	273	(17)	(8)	(78)	(29)
Free cash flow	600	541	428	59	11	172	40

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



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

16. ANALYSIS OF PERFORMANCE (CONTINUED)

Operational Indicators	3 rd Quarter 2018	2 nd Quarter 2018	3 rd Quarter 2017 ⁽¹⁾	Variance Q3'18 vs Q2'18		Variance Q3'18 vs Q3'17	
				'000	%	'000	%
				Revenue generating subscriptions ("RGS") ('000)	9,835	9,863	10,112
- Postpaid	3,055	2,970	2,805	85	3	250	9
- Prepaid	6,639	6,747	7,154	(108)	(2)	(515)	(7)
- Wireless Broadband	141	146	153	(5)	(3)	(12)	(8)
ARPU (Monthly) (RM)							
- Postpaid	93	94	96	(1)	(1)	(3)	(3)
- Prepaid	42	42	42	-	-	-	-
- Wireless Broadband	86	85	75	1	1	11	15
- Blended	58	58	57	-	-	1	2

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 (3rd Quarter 2018 versus 2nd Quarter 2018)

For the quarter ended 30 September 2018, service revenue grew by 0.7% to RM2,027 million.

Postpaid service revenue grew by 1.5% to RM1,025 million on account of higher RGS base. Postpaid RGS grew by 85k, contributed by the growth in the MaxisONE Plan subscriber base. Postpaid ARPU was relatively stable at RM93 for the quarter. The growth in Postpaid was primarily driven by the strong demand for our innovative device and value-accretive propositions. In addition, our Hotlink Postpaid Flex has shown steady growth and together with our MaxisONE Share, continued to attract entry level Postpaid subscribers, as well as those migrating from Prepaid to Postpaid.

Prepaid service revenue remained relatively stable at RM851 million (Q2'18: RM854 million). Prepaid RGS declined to 6.6 million subscribers, impacted by the continued SIM consolidation, migration from Prepaid to Postpaid and intense price competition, whilst ARPU maintained at RM42 per month. The Hotlink Red Prepaid pack continued to show positive traction, attracting high mobile internet users, as we enhanced our use of data analytics to create value for our customers. Despite seasonality effects in Q2 2018, our mobile internet revenue continued to grow, contributing to 58.3% of Prepaid revenue for the quarter.



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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (3rd Quarter 2018 versus 2nd Quarter 2018) (continued)

Demand for data continued to grow across all customer segments and the Group ended the quarter with 7.2 million 4G LTE device owners (Q2'18: 6.8 million). Blended smartphone penetration stood at 84% against 83% in the previous quarter and blended data usage increased to an average 10.7GB (Q2'18: 9.1GB). The Group's superior 4G LTE network, at 92% population coverage on a comparable peer basis with unmatched speed and video experience, remains a key differentiator for digital lifestyle seekers. The Group maintained its high touch point net promoter score of +57.

Normalised EBITDA increased by 4.0% to RM1,047 million with a 51.7% normalised margin on service revenue, against RM1,007 million and 50.0% respectively in the previous quarter. This was mainly due to the increase in service revenue, lower realised foreign exchange as well as our continuous cost optimisation initiatives. Consequently, the Group reported a higher normalised profit of RM518 million compared to RM480 million in the preceding quarter.

Capex for the current quarter reduced marginally to RM195 million, as we continued to invest in network capacity capex to support our strong data traffic growth. Free cash flow improved further to RM600 million mainly due to movements in working capital.

(B) Performance of the current quarter against the preceding year corresponding quarter (3rd Quarter 2018 versus 3rd Quarter 2017)

Service revenue for Q3 2018 of RM2,027 million was 3.0% lower than Q3 2017, mainly due to the decline in Prepaid, which offset the growth in Postpaid and Home Fibre business.

Postpaid service revenue grew by 2.8% to RM1,025 million in the current quarter. The growth was supported by the solid subscription base, with 250k more Postpaid RGS as we continued to offer innovative device and shared line propositions. Hotlink Postpaid Flex and MaxisONE Share continued to be strong catalysts driving incremental port-ins of entry-level Postpaid subscribers. Postpaid ARPU moderated marginally to RM93 against a larger subscription base that has exceeded 3 million subscribers.

Prepaid service revenue declined 10.1% to RM851 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 58.3% of Prepaid revenue which contributed to the stable and high ARPU of RM42. This was supported by our enhanced and expanded use of data analytics for segmental and personalised offerings, which attracted high data users.



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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
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16. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current quarter against the preceding year corresponding quarter (3rd Quarter 2018 versus 3rd Quarter 2017) (continued)

Data consumption continued to increase with blended data usage almost doubling from a monthly average of 5.6GB a year ago to 10.7GB. The Group continued to lead the market in terms of quality and best digital experience. As mentioned above, the Group maintained our high touch point net promoter score of +57 compared to +52 in Q3 2017.

Normalised EBITDA declined 6.4% to RM1,047 million with a margin on service revenue of 51.7% against RM1,119 million and 53.5% respectively in Q3 2017. This was mainly attributed to the lower service revenue and one time World Cup sponsorship in the current quarter.

Consequently, normalised profit for the quarter declined to RM518 million (Q3'17: RM561 million).

Capex for the current quarter was 28.5% lower at RM195 million mainly due to the higher spend on IT transformation in Q3 2017. Free cash flow for the quarter was RM600 million, compared to RM428 million in Q3 2017 mainly due to working capital changes.



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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
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16. ANALYSIS OF PERFORMANCE (CONTINUED)

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

Financial indicators (RM'm unless otherwise indicated)	YTD 2018	YTD 2017 ⁽¹⁾	Variance	% Variance
Revenue	6,747	7,043	(296)	(4)
Service revenue ⁽²⁾	6,020	6,235	(215)	(3)
EBITDA ⁽³⁾	3,037	3,247	(210)	(6)
<i>Adjusted for:</i>				
<i>Unrealised foreign exchange gains</i>	(7)	(49)		
<i>Service fee reduction⁽⁴⁾</i>	-	(62)		
<i>Upfront SA fees charged out⁽⁵⁾</i>	44	14		
Normalised EBITDA	3,074	3,150	(76)	(2)
Normalised EBITDA margin on service revenue (%)	51.1	50.5	NA	0.6
Profit before tax	2,005	2,190	(185)	(8)
Profit for the year	1,514	1,638	(124)	(8)
<i>Adjusted for:</i>				
<i>Unrealised foreign exchange gains</i>	(7)	(49)		
<i>Service fee reduction⁽⁴⁾</i>	-	(62)		
<i>Tax effects of the normalisation adjustments</i>	1	27		
Normalised profit for the year	1,508	1,554	(46)	(3)
Capex	514	647	(133)	(21)
Free cash flow	1,306	992	314	32

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.



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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
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16. ANALYSIS OF PERFORMANCE (CONTINUED)

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

Operational Indicators	YTD 2018	YTD 2017 ⁽¹⁾	Variance	% Variance
RGS ('000)	9,835	10,112	(277)	(3)
- <i>Postpaid</i>	3,055	2,805	250	9
- <i>Prepaid</i>	6,639	7,154	(515)	(7)
- <i>Wireless Broadband</i>	141	153	(12)	(8)
ARPU (Monthly) (RM)				
- <i>Postpaid</i>	93	96	(3)	(3)
- <i>Prepaid</i>	42	42	-	-
- <i>Wireless Broadband</i>	84	73	11	15
- <i>Blended</i>	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 RM6,020 million which represents a 3.4% decline, contributed by the decline in Prepaid that offset the growth in Postpaid and Home Fibre business.

Postpaid service revenue grew 4.8% to RM3,018 million (YTD 2017: RM2,879 million) supported by a solid subscription base that has exceeded 3 million subscribers. The Group added 250k new subscribers with a stable and high ARPU of RM93 per month in the period under review.

Prepaid service revenue declined by 13.0% to RM2,554 million (YTD 2017: RM2,935 million), 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 high and stable at RM42 per month.

Data growth continued with the average blended data usage almost doubling from 5.0GB to 9.1GB per month. This was supported by the increase in smart-phone penetration which stood at 84% on a blended basis. The Group continued to differentiate with its expanded 4G LTE network at 92% population coverage on a comparable peer basis, enabling customers to enjoy high speed and unmatched digital experience.

Normalised EBITDA declined to RM3,074 million (YTD 2017: RM3,150 million) but EBITDA margin on service revenue improved from 50.5% to 51.1%, mainly a result of declined service revenue as well as results from cost optimisation initiatives. Consequently, normalised profit for the year was lower at RM1,508 million (YTD 2017: RM1,554 million).



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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE
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16. ANALYSIS OF PERFORMANCE (CONTINUED)

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

Capex for the year was 20.6% 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 RM1,306 million compared to RM992 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 30/9/2018	AS AT 31/12/2017 (Restated)
Total assets	19,292	19,134
Total equity	7,273	6,945
Debt ⁽¹⁾	7,622	7,643
Deposits, cash and bank balances	734	602
Net debt	6,888	7,041
Net debt-to-EBITDA	1.68	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 nine months under review, after a total 15 sen dividend distribution increases the equity of the Group to above RM7 billion mark. Despite lower debt, net debt-to-EBITDA declined from 1.63x as at 31 December 2017 to 1.68x as at 30 September 2018 at the back of lower EBITDA.



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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 Network and building its presence in the Fixed Broadband market in both Consumer and Enterprise.

In the mobiles market we will focus on building upon our core offerings in the Consumer and Enterprise segments with innovative new solutions and services. In the Fixed Broadband market we will focus on executing new access agreements with access providers, migrating our existing base to new price points and higher speeds and providing new innovative offerings to both Consumer and Enterprise customers.

We expect to see a more difficult operating environment emerging caused by the termination of a significant network sharing arrangement, the impact of fibre broadband re-pricing, the introduction of sales and service tax and intense competition. 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.



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20. PROFIT BEFORE TAX

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/9/2018	QUARTER ENDED 30/9/2017	PERIOD ENDED 30/9/2018	PERIOD ENDED 30/9/2017
	RM'm	RM'm	RM'm	RM'm
Fair value (gains)/losses on forward foreign exchange contracts	(1)	5	1	8
Losses/(gains) on foreign exchange	6	(12)	8	(44)
Property, plant and equipment:				
- gain on disposal	-	(1)	-	(4)
- (impairment reversal)/write offs/impairment losses	(4)	3	4	6
	<u>(4)</u>	<u>3</u>	<u>4</u>	<u>6</u>

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 September 2018.

21. TAX EXPENSES

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/9/2018	QUARTER ENDED 30/9/2017	PERIOD ENDED 30/9/2018	PERIOD ENDED 30/9/2017
	RM'm	RM'm (Restated)	RM'm	RM'm (Restated)
Income tax:				
- current tax	241	210	650	659
- under accrual in prior years	1	20	1	20
Deferred tax:				
- origination and reversal of temporary differences	(75)	(35)	(157)	(108)
- reversal of prior years' temporary differences	(3)	(19)	(3)	(19)
Total	<u>164</u>	<u>176</u>	<u>491</u>	<u>552</u>

The Group's effective tax rates for the current quarter and nine months ended 30 September 2018 were 24.2% and 24.5% respectively, higher than the statutory tax rate of 24% mainly due to certain expenses not deductible for tax purposes.



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BURSA SECURITIES LISTING REQUIREMENTS (CONTINUED)

22. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed.

23. BORROWINGS

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

	AS AT 30 SEPTEMBER 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	-	2	-	-	-	2
Unsecured						
Revolving credit	-	200	-	-	-	200
Term loan ⁽¹⁾	-	-	-	1,000	-	1,000
Commodity Murabahah						
Term Financing	-	-	-	2,295	-	2,295
Islamic Medium Term Notes	-	-	-	4,127	-	4,127
		202		7,422		7,624
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 September 2018.



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

23. BORROWINGS (CONTINUED)

	AS AT 30 SEPTEMBER 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	-	7	-	1	-	8
Unsecured						
Revolving credit	-	200	-	-	-	200
Term loan ⁽¹⁾	-	-	-	1,000	-	1,000
Commodity Murabahah Term Financing	-	-	-	2,505	-	2,505
Islamic Medium Term Notes	-	-	-	4,127	-	4,127
		207		7,633		7,840
Weighted average interest rate of borrowings						4.66%
Proportion of borrowings between fixed and floating interest rates						59% : 41%

Notes:

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

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

- The Company repaid its USD and SGD borrowings and their underlying Cross Currency Interest Rate Swap ("CCIRS") totalling to RM1,461 million;
- 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. These loans were subsequently repaid in full during the period;
- MBSB partially repaid its revolving credit by RM300 million; and
- 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 September 2017 amounted to RM4,090 million.



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BURSA SECURITIES LISTING REQUIREMENTS (CONTINUED)

24. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivatives

Details of derivative financial instruments outstanding as at 30 September 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	2
Forward foreign exchange contracts:		
- less than one year	25	*
	<u>525</u>	<u>2</u>
Derivatives not designated in hedging relationship:		
Forward foreign exchange contracts:		
- less than one year	86	*
	<u>611</u>	<u>2</u>

Note:

* Less than RM1 million.

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.



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BURSA SECURITIES LISTING REQUIREMENTS (CONTINUED)

25. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	AS AT 30/9/2018	AS AT 31/12/2017
	RM'm	RM'm (Restated)
<u>Non-current assets</u>		
Prepayments	802	735
Contract assets, net of impairment	147	152
	<u>949</u>	<u>887</u>
<u>Current assets</u>		
Trade receivables, net of impairment	671	719
Other receivables, deposits and prepayments, net of impairment	662	663
Contract assets, net of impairment	411	428
	<u>1,744</u>	<u>1,810</u>
	<u><u>2,693</u></u>	<u><u>2,697</u></u>

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 September 2018 is as follows:

	RM'm
Current	592
1 to 90 days past due	125
91 to 180 days past due	41
	<u>758</u>

26. MATERIAL LITIGATION

There is no material litigation as at 11 October 2018.



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BURSA SECURITIES LISTING REQUIREMENTS (CONTINUED)

27. DIVIDENDS

The Board of Directors has declared a third 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 December 2018. The entitlement date for the dividend payment is 30 November 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 November 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 nine months ended 30 September 2018 is 15.0 sen per ordinary share (2017: 15.0 sen).



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BURSA SECURITIES LISTING REQUIREMENTS (CONTINUED)

28. EARNINGS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30/9/2018	QUARTER ENDED 30/9/2017 (Restated)	PERIOD ENDED 30/9/2018	PERIOD ENDED 30/9/2017 (Restated)
(a) Basic earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	<u>513</u>	<u>564</u>	<u>1,514</u>	<u>1,638</u>
Weighted average number of issued ordinary shares	('m)	<u>7,814</u>	<u>7,809</u>	<u>7,812</u>	<u>7,611</u>
Basic earnings per share	(sen)	<u>6.6</u>	<u>7.2</u>	<u>19.4</u>	<u>21.5</u>
(b) Diluted earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	<u>513</u>	<u>564</u>	<u>1,514</u>	<u>1,638</u>
Weighted average number of issued ordinary shares	('m)	<u>7,814</u>	<u>7,809</u>	<u>7,812</u>	<u>7,611</u>
Adjusted for share options	('m)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Adjusted weighted average number of ordinary shares	('m)	<u>7,814</u>	<u>7,809</u>	<u>7,812</u>	<u>7,611</u>
Diluted earnings per share	(sen)	<u>6.6</u>	<u>7.2</u>	<u>19.4</u>	<u>21.5</u>

By order of the Board

Dipak Kaur

(LS 5204)

Company Secretary

18 October 2018

Kuala Lumpur