

# Mainstreaming What's Next.

Annual Report 2015



  
**maxis**

# We are Maxis



We are the leading communications and Internet service provider in Malaysia, enabling over 13 million individuals, families and businesses to do more in an Always On world. As our customers increasingly immerse themselves in an ever-expanding universe of connected applications, we are obsessed with providing an unmatched end-to-end Internet experience - bringing together advanced, always-on connectivity and always great customer care. We are passionate about what we do, and this drives us to continuously innovate and be admired for excellence.

For enterprises, we empower them with New Ways of Working through our integrated solutions, high service levels and tools to digitally engage their customers over mobile connections, fixed lines and a convergence of these two.

When it comes to our network performance, we won't settle for anything other than the best. And that's why our average is not the average. We take our customers' high expectations seriously, with an immense amount of investment that goes into our network to ensure that Malaysians have the great Internet experience that they deserve.

Our people are our foundation. They drive our success with the MaxisWay that champions passion, positivity and collaboration. The MaxisWay ensures that Maxis remains a dynamic and fun place to work for talented people.

Beyond connecting people with our services, we are passionate about leveraging new technologies to make a positive impact in the community in which we operate. Our Corporate Responsibility is committed to promoting environmentally sustainable progress in our community and among our customers and partners.

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## • Happy Customers

Nothing matters more to us than ensuring our customers enjoy the best 'Always On' experience. This is why we remain focused on delivering innovative, worry-free services that enrich our customers' lives and give them real value.

We don't make brand promises lightly and work hard to live up to them by providing superior and unmatched customer experiences that delight. Our goal is simple – to give customers as many 'LIKE' moments as possible!



## • Best Network

Network coverage and quality are our competitive advantage. Our improved and modernised network, with a focus on 4G LTE leadership, provides a great mobile Internet experience to our customers.

This great experience also comes from our efforts to continuously improve our network quality by reducing network outages, hotspots and increasing fibre backhaul, ultimately delivering seamless connectivity to our customers.



## • Engaged People

Our people are the backbone of the company. That is why attracting, retaining and developing the best and brightest talent is now more important than ever. We also understand the importance of investing in our people and giving them the right training and skills.

In addition to grooming our talent, we also refreshed our work environment and internal communication tools to promote a culture of openness, fun and collaboration. These values are embedded in the MaxisWay, which is not just a culture but a mindset that encourages new ways of working for all of us within Maxis.



## • Innovative Solutions

The Internet has changed everything. Consumer demands and needs are at new levels and are changing at an accelerated pace. We have responded to these changes by delivering differentiated, one-of-a-kind offerings for digital-savvy customers. From Maxis Zerolution to our partnership with Spotify, Google and Microsoft, we are always pushing the boundaries of innovative solutions for individuals and businesses.



## • Strong Community Relations

As an Internet enabler, we want to empower communities by giving them access to the Internet. We are particularly passionate about bringing digitalisation and technology to schools and rural communities, to help them harness the power of the Internet to better their lives.

This year, we have made digital learning a key focus with the introduction of eKelas, a fun and engaging after-school programme. Through eKelas, we are making remote learning a reality, especially for students in underserved areas.

We are also active in giving back to the community during the festive seasons. Employee volunteerism is also important to us, which is why we continue to engage all our employees to lend their energy and support towards our Corporate Responsibility ("CR") initiatives.

Creating a positive impact to those who need it the most will be the driving force for our CR efforts moving forward.

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# // No.1 4G Network



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FREE Data with Samsung Galaxy S6 Edge RM111/mth

maxis

SEARCH & ENTER

Which local telco had the best LTE network in Malaysia?



Winner: Maxis (50.8%)



**MAXIS**  
4G LTE  
10X faster

The fastest and widest 4G LTE network. And we can prove it.

Our average speed right now **23.88** Mbps

If you remember, several months ago something interesting came up: two local telcos in a war of words proclaiming each of them as having the widest LTE network in Malaysia. It may have mattered quite a bit for these telcos, but for the general consumer it felt more like a meaningless war of words for a meaningless title. What matters more is the quality of the LTE network provided, which is something Maxis has excelled – this is the second year in a row it has been voted this award.

# Our network is the single most important driver of customer experience and brand preference

Our 4G network is covering 71% population, the widest in the country, with 96% population coverage in key market centres.

scan to view video



### Service Revenue

**+3.8%**

2015 RM8.5 billion  
2014 RM8.2 billion

### Prepaid Revenue

**+6.2%**

2015 RM4.2 billion  
2014 RM3.9 billion

### EBITDA<sup>(1)</sup>

**+4.1%**

2015 RM4.4 billion  
2014 RM4.3 billion

### Core Postpaid Revenue<sup>(2)</sup>

**+2.7%**

2015 RM3.7 billion  
2014 RM3.6 billion

### PAT<sup>(3)</sup>

**+0.9%**

2015 RM2.0 billion  
2014 RM1.9 billion

### CAPEX<sup>(4)</sup>

**+21.0%**

2015 RM1.3 billion  
2014 RM1.1 billion

**Notes:**

- <sup>(1)</sup> Earnings Before Interest, Taxes, Depreciation & Amortisation normalised for unrealised foreign exchange losses and reversal of contract obligations (where applicable)
- <sup>(2)</sup> Core postpaid excludes wireless broadband
- <sup>(3)</sup> Profit After Tax normalised for accelerated depreciation, unrealised foreign exchange losses and reversal of contract obligations (where applicable)
- <sup>(4)</sup> Capital Expenditure excludes USP projects



view the full results  
on [maxis.com.my/investor](http://maxis.com.my/investor)

# Financial Highlights // PAGE 5

	2015	2014 <sup>(1)</sup>	2013 <sup>(1)</sup>	2014-2015 YoY Change
<b>FINANCIAL RESULTS</b>				
<b>Financial Indicators (RM'm)</b>				
Revenue	8,601	8,389	9,084	2.5%
Service revenue	8,539	8,229	8,514	3.8%
EBITDA	4,331	4,229	4,310	2.4%
Normalised EBITDA <sup>(2)</sup>	4,425	4,251	4,537	4.1%
Profit from operations	2,872	2,816	2,825	2.0%
Profit Before Tax ("PBT")	2,460	2,436	2,496	1.0%
Profit After Tax ("PAT")	1,747	1,725	1,772	1.3%
Normalised PAT <sup>(3)</sup>	1,960	1,943	2,110	0.9%
Profit attributable to equity holders of the Company	1,739	1,718	1,765	1.2%
<b>Financial Ratios</b>				
EBITDA margin (%)	50.4	50.4	47.4	
Normalised EBITDA margin (%)	51.5	50.7	49.9	
PBT margin (%)	28.6	29.0	27.5	
PAT margin (%)	20.3	20.6	19.5	
Normalised PAT margin (%)	22.8	23.2	23.2	
Interest cover ratio	6.1	6.6	7.9	
Earnings per share (sen)				
- basic	23.2	22.9	23.5	
- fully diluted	23.2	22.9	23.5	
Dividends per share (sen) <sup>(4)</sup>	20.0	40.0	40.0	
<b>FINANCIAL POSITIONS</b>				
<b>Financial Indicators (RM'm)</b>				
Equity attributable to equity holders of the Company	4,190	4,716	6,002	
Total assets	18,984	18,109	17,330	
Total borrowings	9,130	8,798	7,525	
<b>Financial Ratios</b>				
Return on Invested Capital (%)	17.9	16.9	16.1	
Return on Average Equity (%)	39.1	32.1	27.1	
Return on Average Assets (%)	11.8	12.0	12.0	
Gearing ratio	1.86	1.53	1.12	
Net assets per share attributable to equity holders of the Company (RM)	0.56	0.63	0.80	

**Notes:**

<sup>(1)</sup> The comparative results were restated to provide more comparable information with the current year.

<sup>(2)</sup> Exclude below items for the respective years:

(a) Year 2015 - unrealised foreign exchange losses of RM94 million

(b) Year 2014 - RM22 million comprising unrealised foreign exchange losses of RM44 million offset by reversal of contract obligations of RM22 million

(c) Year 2013 - RM227 million comprising (i) Career Transition Scheme ("CTS") costs of RM143 million; (ii) provision for contract obligations of RM65 million; (iii) write down of assets of RM4 million; and (iv) unrealised foreign exchange losses of RM15 million

<sup>(3)</sup> Exclude below items (after tax effects) for the respective years:

(a) Year 2015 - RM213 million comprising accelerated depreciation of RM143 million and unrealised foreign exchange losses of RM70 million

(b) Year 2014 - RM218 million comprising accelerated depreciation of RM201 million and unrealised foreign exchange losses of RM33 million offset by reversal of contract obligations of RM16 million

(c) Year 2013 - RM338 million comprising (i) CTS costs of RM107 million; (ii) provision for contract obligations of RM49 million; (iii) write down of assets of RM65 million; (iv) accelerated depreciation of RM104 million; and (v) unrealised foreign exchange losses of RM13 million

<sup>(4)</sup> Dividends per share consist of interim and final dividends declared and proposed in respect of the designated financial years.



"We look forward to building capabilities to become a digital company."

This involves revolutionising our channels, digitalising our products and services and transitioning to a more open, flexible internal operating model."

**RAJA TAN SRI DATO' SERI ARSHAD  
BIN RAJA TUN UDA**



## STRONG PERFORMANCE IN A CHALLENGING ENVIRONMENT

In 2015, telco players continued to jostle for leadership position in the mobile Internet space. Voice services faced rising pressures from Voice over Internet Protocol ("VoIP") technology as widely adopted Internet Protocol ("IP") messaging services started adding voice capabilities. Furthermore, the goods and services tax ("GST") implemented in early 2015 resulted in regulatory and consumer uncertainties, which impacted revenues and costs.

But the demand for mobile Internet continued to rise sharply as consumers' digital demands grew and businesses look for new ways of working in a fast growing digital economy. This environment is a perfect match for Maxis as an Internet enabler, as we renewed our focus and efforts towards offering unmatched Internet experiences through the best data offerings in the market.

Our high speed network is a critical driver for these experiences, and our RM1.3 billion base CAPEX investment in network modernisation initiatives is contributing to our 4G leadership position in the market. These investments also include quality and capacity building for our 2G and 3G networks as well.

In our bid to further improve the quality of our 4G LTE services across the country and to meet the growing demand for data, we are pleased to have received approval from the regulator, MCMC, to utilise our 1800 MHz spectrum. This will contribute greatly towards achieving national goals, including the 11<sup>th</sup> Malaysia Plan's broadband targets.

We will continue to work with the regulator on spectrum proposals to ensure we have a portfolio of spectrum to run our businesses efficiently.

## GROUP PERFORMANCE

Maxis had a strong performance in 2015, with group service revenue growing 3.8% year-on-year to RM8.5 billion, driven by solid prepaid and improved core postpaid performance.

Our postpaid business continued to be stable despite the intense competition. Core postpaid revenue grew 2.7% year-on-year to RM3.7 billion with continued strong adoption of MaxisONE plan.

Our prepaid business saw strong growth, with service revenue growing 6.2% year-on-year to RM4.2 billion, supported by rising data usage and bigger share in the migrant segment.

Our customers are also increasingly choosing our bundled mobile and fibre broadband services. This has contributed to our Integrated Services division's revenue growth of 44% year-on-year to RM171 million as fibre broadband subscriptions grew.

In 2015, EBITDA improved 4.1% year-on-year to RM4.4 billion, while achieving EBITDA margin of 51.5%, reflecting our continued focus on cost efficiency. As a result, PAT for 2015 was RM2.0 billion.

Based on four interim dividends of 5 sen net per share, the Company declared total dividends of RM1.5 billion for the financial year. This pay-out is aligned to our cash generation and dividend policy.

## ADMIRED FOR EXCELLENCE

The first phase of our transformation journey is essentially done, and I am proud that our goal of being Admired for Excellence is within grasp. A lot of work has gone towards this aspiration, and we have made it a priority to ensure our products and services deliver the best value and experiences to our customers.

I am pleased to say that our core MaxisONE postpaid and Hotlink prepaid offerings have continued to set the standards in the industry in 2015.

We have invested more than anyone else in our network, which is indisputably the widest in the country. It is a critical driver of customer experiences, so we continue to make significant investments to improve its quality to perpetually deliver the best data experience to our customers. With our 4G LTE leadership, our customers enjoy high-speed mobile Internet in more places across Malaysia. This was made possible with the acceleration of our capital programme and huge network investment. We are also aggressively rolling out LTE in East Malaysia and expanding our footprint in key market centres as well as key secondary towns in this region.

## BASE CAPEX

# RM1.3 billion

investment in **network modernisation initiatives** is contributing to our **4G** leadership position in the market.

We are very serious about developing talent within our organisation. Our scholarship programme continues to attract some of the brightest talents into the Company. Our award winning management associate programme provides new recruits with a deep sense of knowledge of the business while having the opportunity to be mentored by our highly experienced senior leadership team. These efforts will be significant in taking the Company into the future.

We now look forward to the next phase which is our plan towards 2018 – building capabilities to become a digital company. This involves revolutionising our channels (moving towards self-serve and apps), digitalising our products and services and transitioning to a more open, flexible internal operating model.

#### CORPORATE RESPONSIBILITY

In our last Annual Report, I spoke about moving into a new dimension of our community programme in 2015 to make a direct impact on teaching and learning in an Internet era. I am excited about how the effects of the Internet can drive positive changes for the community.

As such, I'm pleased that we have made significant progress in kicking off our new flagship community programme, eKelas, which combines our passion for education, and access to Internet so that we can reach out to rural areas and contribute to the children's education in these areas. You can read more about this exciting programme in our community section of this annual report.

Maxis also showed strong commitment to education and leadership development by presenting the Maxis Scholarship for Excellence Awards ("MSEA") to six outstanding young Malaysian students in 2015, who will be attending notable international universities. The MSEA that we have been committing to every year since 2005 for top education institutions represents not just the search for top academic results, but importantly, great character, attitude and the ability for us to identify future talent and the potential to move forward as leaders.

#### BOARD COMMITMENT

The Board continues to uphold and implement the highest levels of corporate governance and corporate responsibility across the Company. Details of our corporate governance initiatives and internal control policies are in the relevant sections of this Annual Report.

We value the diverse mix of skills, experience, knowledge and competencies on the Board and will continue to drive a culture of high performance and continuous improvement in the Company.

#### ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank KKMM and MCMC, our customers, business partners, associates and our shareholders, to whom we remain grateful for their support and confidence.

During the year, Augustus Ralph Marshall, Krishnan Ravi Kumar and Dr. Ibrahim Abdulrahman H. Kadi resigned from the Board. We also received notification from Robert William Boyle of his intention not to seek re-election and will therefore retire at the conclusion of the Seventh Annual General Meeting.

Both Augustus Ralph Marshall and Robert William Boyle have been long standing members of the Board, having been appointed in 2009. The Company has benefitted immensely from their knowledge and experience and on behalf of the Board, I would like to express our gratitude to them.

I would also like to thank Krishnan Ravi Kumar and Dr. Ibrahim Abdulrahman H. Kadi for their valuable contributions to the Company during the 2½ years they served on the Board.

At the same time, I would like to welcome Mohammed Abdullah K. Alharbi and Robert Alan Nason as members of the Board.

Mohammed Abdullah K. Alharbi has more than 20 years of experience in the corporate sector, the last 12 years in senior positions in an international role with Saudi Telecom Company ("STC"). He leads STC's M&A activities focusing on strengthening and expanding STC's international presence.

Robert Alan Nason brings with him 25 years of experience in senior leadership roles in global professional services firms and in the corporate sector, the last five in the telco industry where he led a significant transformation programme.

I have benefitted from the shared wisdom of my colleagues on the Board and would like to thank them for their guidance and contribution.

I would also like to express my gratitude to the CEO, Morten Lundal and the Management for their leadership, and to all the staff for their positive attitude, hard work and commitment.

I look forward to working together with the Board and the Maxis team as we build on the work that we have already started and I am excited for a better year ahead.

**RAJA TAN SRI DATO' SERI ARSHAD BIN RAJA TUN UDA**

"We are always looking forward to What's Next."

In the next three years, we have a goal to transform further to thrive in a digital world. This means moving from products to solutions, from access to digital services, from traditional to digital channels, supported by being fully digitalised ourselves."

MORTEN LUNDAL  
CEO

[maxis.com.my/ceo](http://maxis.com.my/ceo)



#### IMAGINE WHAT'S NEXT.

It is fascinating to see how the Internet is levelling the playing field, both for businesses and individuals. We see small companies having big company advantages, companies in rural areas operating like those in towns and local businesses expanding their geographical scope. And when it comes to information, people can get empowered by knowledge, independent of who and where they are. This may be viewed as a technology revolution, but its impact is truly profound for both individuals and societies.

It's all about the meeting of two incredibly powerful concepts; the Internet and mobile. Our customers use their mobile phones for just about anything; consume media, do banking, buy products and even order their taxis and food. They are consuming an average of 1.3GB monthly, prepaid users nearly as much as postpaid users. Our high-speed LTE users now use 2.5GB. These are remarkable statistics also in an international context. This love for the Internet and the high data volume that we are providing is comparable to that of most advanced nations.



Businesses in Malaysia are catching on to the digital wave as they look for new ways of working and transform how they engage and build relationships with their customers. It is overwhelmingly clear that the Internet, broadband and mobile are embraced by nearly every person and organisation in Malaysia and these technologies will just continue to increase in importance.

This is clearly a good trend for our industry; to work with the ever-expanding demand. The whole nation, everybody from large businesses to young kids, wants more of our products. This can't be a bad situation to be in. But we are not just about providing access. We want to be a critical driver in the transition of our customers' daily lives to a digital empowerment in the way they live and work. We have made good progress towards this ambition but we view this as a long-term aim. We are happy with our progress, and we will work even harder to provide a superior "Always On" data experience for our consumers with their ever-increasing digital appetite. There is a massive opportunity for new digital ways of working which we will tap into. 2016 definitely promises to be an interesting year for Maxis.

We now view 2014 and 2015 as the first phase of our transformation; becoming a high performing mobile company. We now enter the second phase of our transformation, where we, over 2016 and 2017 transform ourselves to deliver broader solutions to homes and enterprises, delivered over increasingly digital interfaces.

#### BUILDING ON A GOOD MOMENTUM

When we started our transformation journey two years ago, we wanted to do two things really well; to deliver a Worry-Free and Unmatched Customer Experience, and be really modern in the way we set up the company. In 2014, we successfully fixed the fundamentals. We intensified our efforts and went through a very good 2015, customers are a lot happier - we have the highest customer satisfaction we have ever seen in various channels.

Operationally, positive improvements that we gained in 2014 are now translated into growth in revenues, profit and market shares. I am very happy that 2015 actually became the year of performance for Maxis. These are indeed proud achievements for us:

- Total service revenue: RM8.5 billion; up 3.8% year-on-year
- EBITDA (normalised) – RM4.4 billion
- EBITDA Margin – 51.5%
- PAT (normalised) – RM2.0 billion
- Prepaid: 6.2% growth year-on-year in service revenue

- Postpaid: 623,000 MaxisONE plan subscriptions
- Mobile Internet subscribers: 72% of base
- LTE coverage: 71% of population; widest in Malaysia

**RM8.5 billion**  
Service Revenue

**RM4.4 billion**  
EBITDA

**51.5%**  
EBITDA Margin

**RM2.0 billion**  
PAT

On the postpaid front, the MaxisONE plan is driving ARPU and revenue growth. We further enriched this plan's Worry-Free value proposition to allow sharing of unlimited talk and text plus any amount of data with anyone through our MaxisONE Share. We then introduced Zerolution, an industry first and a breakthrough smartphone ownership programme. It allows MaxisONE customers to own a brand new phone every year without any upfront payment and it is something people really like. Despite the tough competition during the year, more than 20% of our customers are on MaxisONE plan, making our postpaid revenue relatively insensitive to the decline in voice and SMS.

Our success with #Hotlink's Always On proposition in the prepaid segment saw our key competitors again imitating our moves with similar product propositions in the market. We had strong mobile Internet growth with strong gross adds and sustained survival rates. Our prepaid service revenue grew 6.2% year-on-year despite a tough market environment.

During the year, we also increased our product bundling efforts as an innovative differentiator - MaxisONE Plan customers can subscribe to our fixed Maxis Fibre Internet available throughout Malaysia at preferred rates, and our Hotlink ReloadPlus bundles high-speed mobile Internet with each prepaid top-up.

SME mobile and fixed services are driving growth in our Enterprise segment. Our MaxisONE Business plan is gaining traction with its Worry-Free unlimited voice and SMS features. They are backed by ONEBusiness Essentials which offers 24/7 dedicated customer service, telecom expense manager, mobile device management, ability to consolidate device subsidies across an organisation, and doorstep delivery. We encourage our Enterprise and SME customers to think and

work differently so that they will be able to sell differently. A combination of embracing new technology and a mindset change can lead them to new ways of working in the digital age. Maxis itself is a case study as we are already on this journey of digitalising our own business.

Channel transformation initiatives saw modernised retail stores doubling in 2015 with 170 locations across Malaysia. Besides appealing to our target segments, sales grew substantially in the new concept stores. Our self-serve RED App and MyMaxis App are now even more feature-rich, allowing for more convenience and giving customers more control. Over two million customers actively use these digital channels to interact with us.

We care obsessively about providing an Unmatched Customer Experience ("UCE"). This year, we upped the ante with new processes, tools and culture makeover to provide more personalised services, creating even more "LIKE" moments for our customers at all our touch points. For example, smoother and quicker interactions, relevant recommendations for customers and a 'Great Host' approach when engaging with customers. Overall, the Net Promoter Score for our customer touch points improved by 25% compared to 2014 and our customer complaint level is now at its lowest in a decade.

Our modernised network now covers nearly 90% of population while our 4G LTE network has doubled to over 70% of population coverage, or 7 out of 10 Malaysians, making us the leader in the country. Clearly, for the customers who require the best experience, Maxis is the choice. In 2015, we accelerated our investment in our network and IT infrastructures, spending a total base CAPEX of RM1.3 billion, 21% more than in 2014. That's a lot of commitment to network investment and quality enhancement so that people can feel free to be empowered by the Internet wherever and whenever they want. All the hard work has made Maxis and Hotlink winning brands in their own segments, being particularly preferred by smartphone users.

Being an attractive employer to relevant talent is equally important to us. We are obsessed about having high employee engagement and a constructive work environment. Our aspirations for 'working well together and having fun' are based on the values of being positive, passionate and collaborative, our own Maxis Way of working. We want Maxis to become a showcase of a modern company that is embracing digitalisation. Leveraging on technology, we have already revitalised our internal environment to support our new collaboration suite and our new cloud-based HR system, enabling employees to use their mobile devices for all collaboration and employee services. The employee engagement calendar was full for the year, with employees

having a lot of fun in all the activities, while also having a company-wide effort called #FitterFasterStronger, which should be self-explanatory.

During the year, we completed the new look of our offices in Plaza Sentral and the Pinnacle, Sunway. Not only are our offices among the most modern in the country (we humbly believe so), our people are also embracing the new ways of working and are resonating with the new open, collaborative and agile culture we are creating. As result of all these efforts, it is amazing to see that we achieved the highest Employee Engagement score in 10 years of 80%.

#### **MAXIS IN 2016: UNMATCHED DATA AND DIGITAL EXPERIENCE AND MOVING TOWARDS 2018**

Nobody really knows what's going to happen, and it's a fool's game to pretend that we do either. However, it is unlikely that we will remain successful if we don't change ourselves when everything is changing around us. It is our company's core philosophy that we are always looking forward to What's Next and we also want to be What's Next. In the next three years, we have a goal to transform further to thrive in a digital world. This means moving from products to solutions, from access to digital services, from traditional to digital channels, supported by being fully digitalised ourselves. Fundamental changes in our operational setup (IT and processes) are necessary to support our ambitions. We need to build and acquire new capabilities in areas such as solution selling and provisioning, digital channels, customer insights (big data), the cloud, etc.

2016 is our first stepping stone in the second phase of our transformation, our digitalisation. I am truly positive about what lies ahead of us and the increased empowerment we could offer individuals, homes and organisations. We look forward to cementing our position as the preferred choice for digital experience seekers.

My appreciation goes to the Board of Directors for their support, guidance and contributions. I also would like to thank the Management and staff for their commitment and hard work in making 2015 a successful year. On behalf of Maxis, a big thank you to our customers, business partners and dealers for their support and confidence.

**MORTEN LUNDAL**

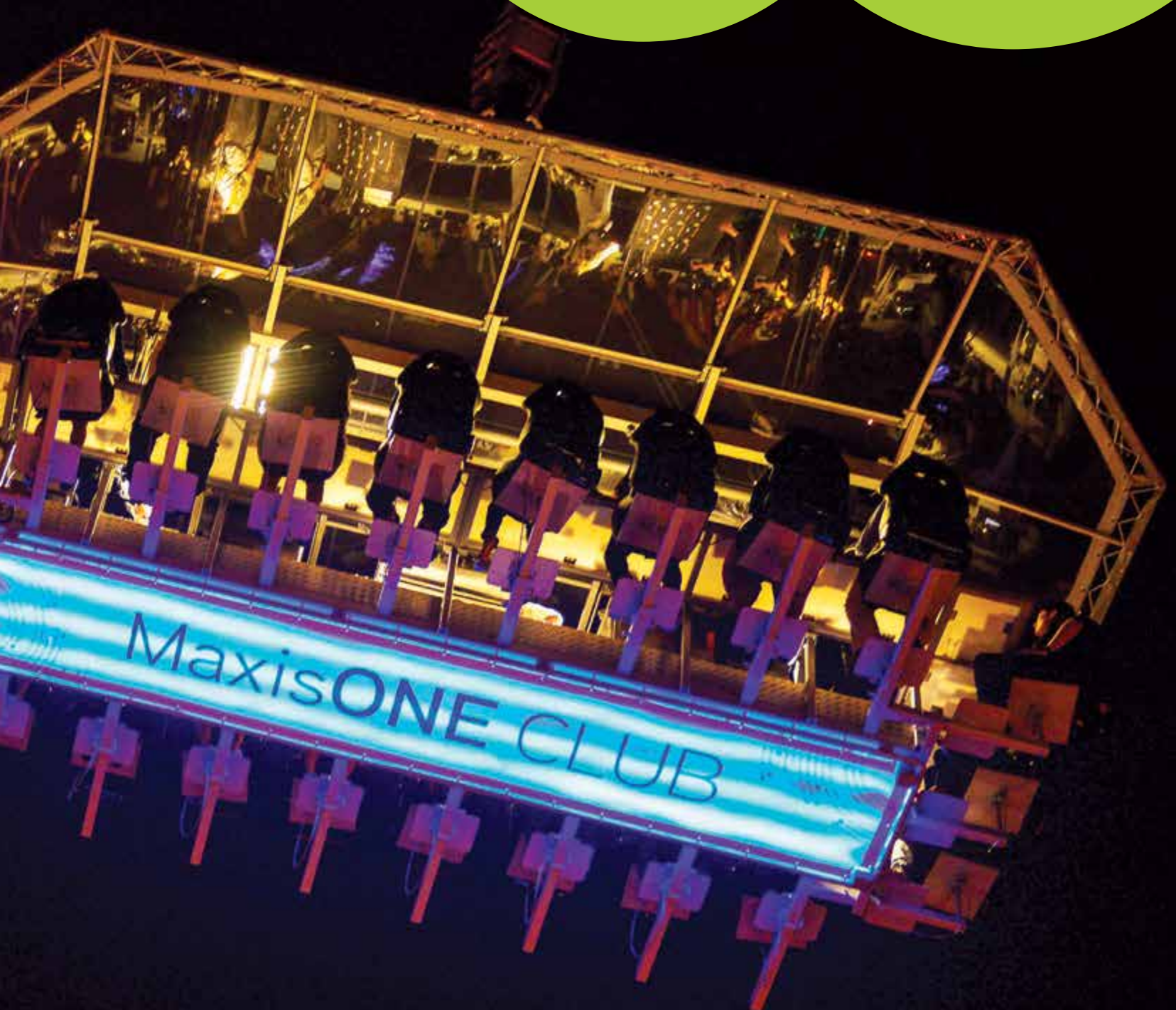
// **Money Can't  
Buy Experiences**



# Unmatched Customer Experience

Our customers now get to enjoy Priority Moments and rewards that are truly extraordinary and exclusive to them.

scan to view video



PAGE 14 // **Group Quarterly Financial Performance**

	2015				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2015
<b>RM'm</b>					
Revenue	2,149	2,110	2,166	2,176	8,601
Service revenue	2,127	2,094	2,158	2,160	8,539
EBITDA	1,047	1,101	1,021	1,162	4,331
Normalised EBITDA	1,083	1,110	1,111	1,121	4,425
Profit from operations	686	736	676	774	2,872
PBT	590	631	566	673	2,460
PAT	412	443	422	470	1,747
Normalised PAT	482	491	510	477	1,960
Profit attributable to equity holders of the Company	410	441	420	468	1,739
Earnings per share - basic (sen)	5.5	5.9	5.6	6.2	23.2
Dividends per share (sen) <sup>(1)</sup>	5.0	5.0	5.0	5.0	20.0

	2014				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2014
<b>RM'm</b>					
Revenue	2,119	2,082	2,065	2,123	8,389
Service revenue	2,037	2,049	2,049	2,094	8,229
EBITDA	1,073	1,086	1,070	1,000	4,229
Normalised EBITDA <sup>(2)</sup>	1,075	1,063	1,079	1,034	4,251
Profit from operations	747	725	744	600	2,816
PBT	657	634	643	502	2,436
PAT	488	451	451	335	1,725
Normalised PAT <sup>(2)</sup>	519	479	500	445	1,943
Profit attributable to equity holders of the Company	484	446	449	339	1,718
Earnings per share - basic (sen)	6.4	5.9	6.0	4.5	22.9
Dividends per share (sen) <sup>(1)</sup>	8.0	8.0	8.0	16.0	40.0

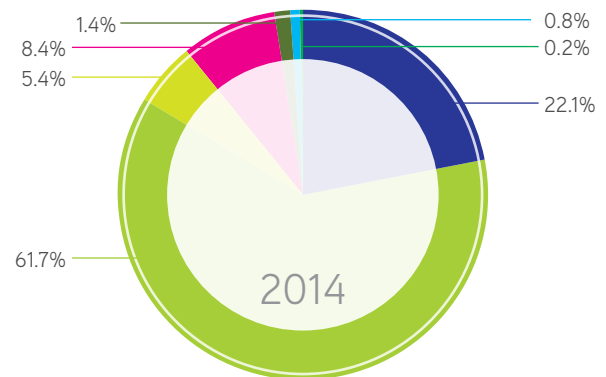
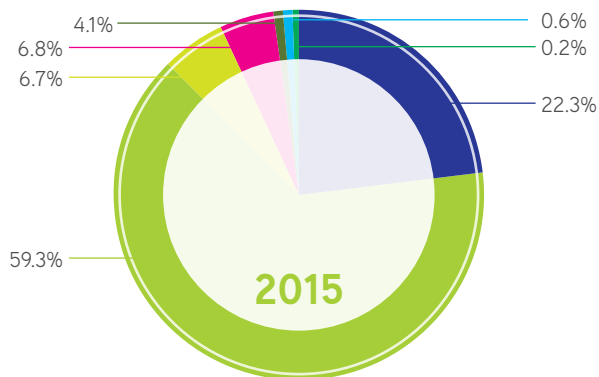
**Notes:**

- <sup>(1)</sup> Dividends per share consists of interim and final dividends declared and proposed in respect of the designated financial periods/years.  
<sup>(2)</sup> The comparative results were restated to provide more comparable information with the current periods/year.

# Summarised Group Statement of Financial Position // PAGE 15

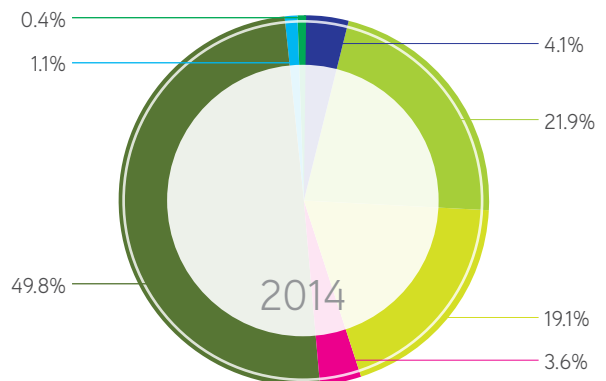
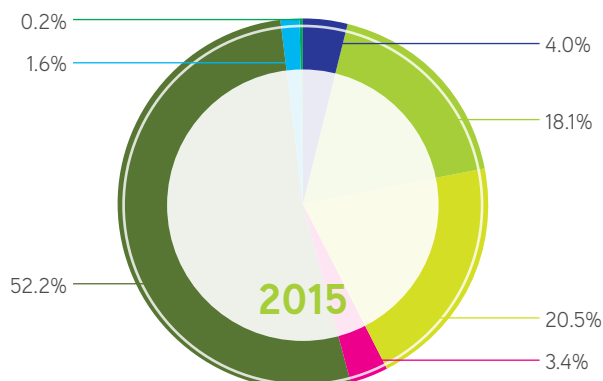
## TOTAL ASSETS

	Property, plant and equipment	Intangible assets	Receivables, deposits and prepayments	Cash and cash equivalents	Derivative financial assets	Deferred tax assets and tax recoverable	Other assets
<b>2015</b> RM'm	<b>4,227</b>	<b>11,267</b>	<b>1,268</b>	<b>1,296</b>	<b>777</b>	<b>111</b>	<b>38</b>
2014 RM'm	4,008	11,176	971	1,531	245	139	39



## TOTAL EQUITY AND LIABILITIES

	Share capital	Reserves	Payables and accruals	Taxation and deferred tax liabilities	Borrowings	Provisions for liabilities and charges	Other liabilities and non-controlling interest
<b>2015</b> RM'm	<b>751</b>	<b>3,439</b>	<b>3,893</b>	<b>653</b>	<b>9,907</b>	<b>300</b>	<b>41</b>
2014 RM'm	751	3,965	3,456	649	9,027	199	62



### **CREATING LONG-TERM SHAREHOLDER VALUE**

Maxis continues to reward its shareholders with cash returns. In the financial year 2015, Maxis recommended a dividend payment totaling approximately RM1.5 billion to shareholders comprising four interim dividends of approximately RM375 million per quarter. The total dividend payout of 20.0 sen per share represents a dividend yield of 2.9% based on the closing share price of RM6.80 as at end 2015.

The proposed dividend pay-out is aligned with our dividend policy and policy of active capital management.

### **DIVIDEND POLICY**

Our full dividend policy, as stated in our IPO Prospectus dated 28 October 2009 is reproduced here for reference:

“The declaration of interim dividends and the recommendation of final dividends are subject to the discretion of the Board and any final dividend for the year is subject to shareholders’ approval. It is the Company’s intention to pay dividends to shareholders in the future. However, such payments will depend upon a number of factors, including Maxis’ earnings, capital requirements, general financial condition, the Company’s distributable reserves and other factors considered relevant by the Board.

Maxis intends to adopt a dividend policy of active capital management, it proposes to pay dividends out of cash generated by its operations after setting aside necessary funding for network expansion and improvement and working capital needs. As part of this policy, the Company targets a payout ratio of not less than 75% of its consolidated PAT under Malaysian Generally Accepted Accounting Standards (“GAAP”) in each calendar year ending 31 December 2010, subject to confirmation of the Board and to any applicable law, license and contractual obligations and provided that such distribution would not be detrimental to its cash needs or to any plans approved by its Board. Investors should note that this dividend policy merely describes the Company’s present intention and shall not constitute legally binding statements in respect of the Company’s future dividends which are subject to modification (including reduction or non-declaration thereof) at the Board’s discretion.

As the Company is a holding company, its income, and therefore, its ability to pay dividends, is dependent upon the dividends and other distributions that it receives from its subsidiaries. The payment of dividends or other distributions by the Company’s subsidiaries will depend upon their operating results, financial condition, capital expenditure plans and other factors that their respective boards of directors deem relevant. Dividends may only be paid out of distributable reserves. In addition, covenants in the loan agreements, if any, for the Company’s subsidiaries may limit their ability to declare or pay cash dividends.”

Notwithstanding the above, the pay-out ratios of 2013, 2014 and 2015 were 170%, 175% and 86% respectively.

### **INVESTOR COMMUNICATION**

We continuously promote effective and open communication with all our shareholders. This is reflected in our commitment to provide shareholders with timely access to disclosures related to financial reporting, material developments, governance and risk profile. All of this is to enable efficient and informed trading in the Company’s securities.

To achieve this, we communicate information regularly to shareholders and other stakeholders through various forums. The key spokespersons and representatives for shareholder communication are the Chief Executive Officer, the Chief Financial and Strategy Officer and Head of Investor Relations.

### **Financial Reporting**

Delivering financial and strategic communications in a timely and clear manner is important to us. We are also focused on presenting a fair, balanced and clear assessment of the Company’s position and prospects.

Every quarter, our financial results are released publicly through Bursa Securities. All financial reports and regulatory announcements as well as associated materials including management presentations and transcripts can be found on [www.maxis.com.my/en/about-maxis/investors/overview.html](http://www.maxis.com.my/en/about-maxis/investors/overview.html).

## ANNUAL GENERAL MEETING

Maxis uses the Annual General Meeting (“AGM”) and other general meetings as opportunities to further engage with our shareholders. These constructive meetings are for the Board of Directors and the Management Team to meet with shareholders, hear their views and to answer any questions they have.

At each AGM, the Management Team presents a comprehensive review of the Company’s performance and shares its prospects for the following financial year. If we are not able to answer any questions during the meeting for any reason, we will reply in writing later. As a requirement, external auditors also attend these meetings to answer any questions on the auditing, preparation and content of the independent auditors’ report.

We encourage shareholder participation in every AGM by voting, either in person or by proxy. Notices of AGMs and accompanying papers are provided to shareholders within the prescribed time in accordance to the Bursa Securities Listing Requirements. These notices are announced to Bursa Securities and are also published in a nationally circulated daily newspaper. We also ensure the AGMs are held at a convenient location to allow as many shareholders as possible to attend.

## ONE-ON-ONE MEETINGS, CONFERENCES AND NON-DEAL ROADSHOWS

We continue to attract strong interest from both local and international investors. Having a structured engagement programme in place is important to ensure regular and proactive communication with these investors, which is done through one-on-one meetings, conference calls, investor conferences and non-deal roadshows.

## WEBSITE

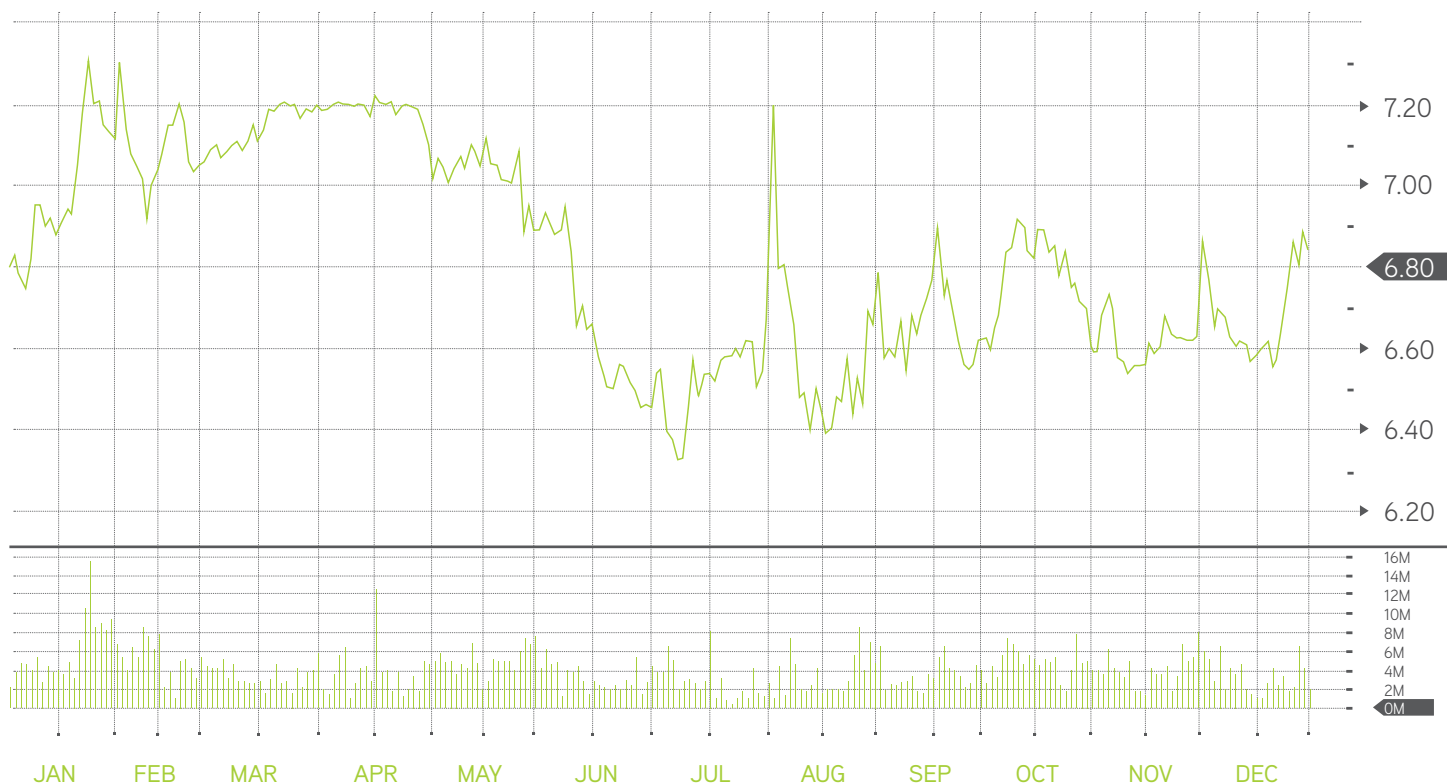
We have a dedicated Investor Relations section in our corporate website [www.maxis.com.my](http://www.maxis.com.my), where we upload all announcements and other material information to the market as soon as they are released to Bursa Securities. Also included in our website are our corporate presentations and annual reports. News releases are uploaded in the adjacent Media Centre section of the website.

### Feedback and Enquiries

As part of our commitment to engage proactively and regularly with shareholders and the larger investment community, we welcome feedback on our Investor Relations initiatives and any other information provided.

Queries and requests for publicly available information, comments and suggestions to the Company can be directed to [ir@maxis.com.my](mailto:ir@maxis.com.my). We look forward to continued and effective engagement with our shareholders.

**MAXIS SHARE PRICE PERFORMANCE - 1 JANUARY 2015 TO 31 DECEMBER 2015**



		2012	2013	2014	2015
Dividends (RM'm)	Interim	2,400	2,400	2,402	<b>1,502</b>
	Final	600	600	600	-
	<b>Total</b>	<b>3,000</b>	<b>3,000</b>	<b>3,002</b>	<b>1,502</b>
Dividend Per Share (sen)	Interim	32.0	32.0	32.0	<b>20.0</b>
	Final	8.0	8.0	8.0	-
	<b>Total</b>	<b>40.0</b>	<b>40.0</b>	<b>40.0</b>	<b>20.0</b>
Earnings Per Share (sen)		24.7	23.5	22.9	<b>23.2</b>
Payout Ratio (%)		161.6	170.0	174.7	<b>86.4</b>
Dividend Yield (%)		6.0	5.5	5.8	<b>2.9</b>

# Corporate Information // PAGE 19

**BOARD OF DIRECTORS****RAJA TAN SRI DATO' SERI ARSHAD  
BIN RAJA TUN UDA**

Chairman/

Independent Non-Executive Director

**ROBERT WILLIAM BOYLE**

Independent Non-Executive Director

**TAN SRI MOKHZANI BIN MAHATHIR**

Independent Non-Executive Director

**HAMIDAH NAZIADIN**

Independent Non-Executive Director

**ROBERT ALAN NASON**

Independent Non-Executive Director

**FRASER MARK CURLEY**

Non-Executive Director

**MOHAMMED ABDULLAH K.****ALHARBI**

Non-Executive Director

**LIM GHEE KEONG**

Non-Executive Director

**ALVIN MICHAEL HEW THAI KHEAM**

Non-Executive Director

**MORTEN LUNDAL**

Chief Executive Officer/

Executive Director

**SENIOR INDEPENDENT DIRECTOR****TAN SRI MOKHZANI BIN MAHATHIR**

e-mail : mmokhza@maxis.com.my

**AUDITORS****PRICEWATERHOUSECOOPERS**

Level 10, 1 Sentral

Jalan Rakyat

Kuala Lumpur Sentral

50470 Kuala Lumpur

Malaysia

Tel : + 603 2173 1188

Fax : + 603 2173 1288

**REGISTERED OFFICE****MAXIS BERHAD**

(Company No 867573-A)

Level 21, Menara Maxis

Kuala Lumpur City Centre

Off Jalan Ampang

50088 Kuala Lumpur

Malaysia

Tel : + 603 2330 7000

Fax : + 603 2330 0590

Website : www.maxis.com.my

**SHARE REGISTRAR****SYMPHONY SHARE REGISTRARS****SDN. BHD.**

Level 6, Symphony House

Block D13, Pusat Dagangan Dana 1

Jalan PJU 1A/46

47301 Petaling Jaya

Selangor

Tel : + 603 7841 8000

Fax : + 603 7841 8008

**STOCK EXCHANGE LISTING****MAIN MARKET OF BURSA****MALAYSIA****SECURITIES BERHAD**

Listed since 19 November 2009

Stock Code : 6012

**COMPANY SECRETARY****DIPAK KAUR**

(LS 5204)

**HEAD OF INTERNAL AUDIT****SHAFIK AZLEE MASHAR****INVESTOR RELATIONS****AUDREY HO SWEE FONG**

e-mail : ir@maxis.com.my

**ENQUIRIES/ASSISTANCE****PERTAINING TO MATTERS****RELATING TO THE 2015****ANNUAL REPORT AND SEVENTH****ANNUAL GENERAL MEETING**

e-mail : agm2016@maxis.com.my

(valid from 23 March 2016 to

20 April 2016)

# // Celebrating Customers



Our customers  
will always remain  
our highest priority

Our key focus is to deliver a higher degree of service convenience and enjoyment when customers engage with us in different ways, from our retail stores and Maxis Exclusive Partner stores, to Contact Centres and digital touchpoints as well as apps.

check out [maxis.com.my/customer](https://maxis.com.my/customer)





FREE SOCIAL CHAT

HAPPY BIRTHDAY

happy birthday to you

HOT No

The NO 全新

SAMSUNG 4G



LOVE GREAT

## Directors' Profiles (and Selfies)



### **RAJA TAN SRI DATO' SERI ARSHAD BIN RAJA TUN UDA**

*Chairman/  
Independent Non-Executive Director*

**Nationality :** Malaysian      **Age :** 69

**Membership of Board Committee :**  
Nomination Committee (Chairman)

**Date of Appointment as Director of Maxis :**  
16 October 2009

#### **Qualification**

He is a Fellow of the Institute of Chartered Accountants in England and Wales, and a member of the Malaysian Institute of Accountants. He is also a member of the Malaysian Institute of Certified Public Accountants and served on its council for 24 years, including three years as its president.

#### **Working Experience/ Occupation**

He is presently a director of Khazanah Nasional Berhad, Yayasan DayaDiri and ACR Retakaful Berhad. Raja Arshad is the chairman of Binariang GSM Sdn. Bhd., ICON Offshore Berhad, Ekuiti Nasional Berhad, Yayasan Raja Muda Selangor and Yayasan Amir. He is also the Chancellor of University of Selangor. He was formerly executive chairman and senior partner of PricewaterhouseCoopers ("PwC"), Malaysia, chairman of the Leadership Team of PwC Asia 7, and chairman of the Malaysian Accounting Standards Board and Danamodal Nasional Berhad. His previous international appointments include being a member of the PwC Global Leadership Team, the PwC Global IFRS Board and the Standards Advisory Council of the International Accounting Standards Board.

His previous public appointments include being a member of the Securities Commission, the Malaysian Communications and Multimedia Commission, the Investment Panel of the Employees Provident Fund and the board of trustees of the National Art Gallery.

#### **Directorship(s) in other public company(ies)**

Khazanah Nasional Berhad, Ekuiti Nasional Berhad, Icon Offshore Berhad, ACR Retakaful Berhad, Yayasan Raja Muda Selangor, Yayasan Dayadiri and Yayasan Amir.



### **ROBERT WILLIAM BOYLE**

*Independent Non-Executive Director*

**Nationality :** British      **Age :** 67

**Membership of Board Committee :**  
Audit Committee (Chairman)  
Remuneration Committee  
Nomination Committee

**Date of Appointment as Director of Maxis :**  
17 September 2009

#### **Qualification**

He holds a Master of Arts in Law from Oxford and is a Fellow of the Institute of Chartered Accountants of England and Wales.

#### **Working Experience/ Occupation**

He is a non-executive director of Witan Investment Trust plc, Centaur Media plc, London listed companies and Hampshire Cultural Trust Limited and a member of the Audit and Risk Committee of English Heritage Trust. Previously, he was a senior partner of PwC in London, with experience in leading and participating in global teams on client and PwC projects, including chairing the PwC European Entertainment and Media and UK Telecommunications Groups. His expertise includes financial reporting, shareholder communications, risk management and corporate governance. During his career, he has worked in France and Africa and been seconded to the UK civil service.

#### **Directorship(s) in other public company(ies)**

Nil

Please also refer to Notes 6 and 7 on page 28 of this Annual Report



### TAN SRI MOKHZANI BIN MAHATHIR

*Independent Non-Executive Director*

**Nationality :** Malaysian **Age :** 55

#### **Membership of Board Committee :**

Remuneration Committee (Chairman)  
ESOS/LTIP Committee  
Audit Committee  
Nomination Committee

#### **Date of Appointment as Director of Maxis :**

16 October 2009

#### **Qualification**

He is a qualified petroleum engineer. He pursued his tertiary education at the University of Tulsa, Oklahoma in the USA, where he graduated with a Bachelor of Science in Petroleum Engineering.

#### **Working Experience/ Occupation**

He began work in 1987 as a wellsite operations engineer with Sarawak Shell Berhad and resigned in 1989 to pursue business opportunities in Kuala Lumpur. By investing in Tongkah Holdings Berhad (listed on the then Kuala Lumpur Stock Exchange), he ventured into the component manufacturing, oil and gas, finance and healthcare sectors. He held positions as the group chief executive officer of Pantai Holdings Berhad (healthcare), chairman of THB Industries Berhad (electronics) and group executive chairman of Tongkah Holdings Berhad (oil and gas, finance). A divestment exercise in 2001 saw him relinquish all positions and equity in these companies. Presently, his portfolio of investments includes businesses in IT, oil and gas support services, structural steel engineering and fabrication, the automotive sector and property development. He was the non-independent vice-chairman and director of SapuraKencana Petroleum Berhad up to 4 March 2015.

Through his private holding company, Kencana Capital Sdn. Bhd., he has investments in IT, property and other businesses. He is currently the chairman of Sepang International Circuit Sdn. Bhd., which hosts the FIA Formula One World Championship. He also serves as the chairman and chief executive officer of Opcom Holdings Berhad.

#### **Directorship(s) in other public company(ies)**

Opcom Holdings Berhad  
Royal Automotive Club Of Malaysia



### HAMIDAH NAZIADIN

*Independent Non-Executive Director*

**Nationality :** Malaysian **Age :** 52

#### **Membership of Board Committee :**

Audit Committee  
Remuneration Committee

#### **Date of Appointment as Director of Maxis :**

1 February 2014

#### **Qualification**

She holds a Bachelor of Laws from the University of Wolverhampton and a Certificate in Personnel Management, Malaysian Institute of Personnel Management.

#### **Working Experience/ Occupation**

She joined CIMB Securities, a stockbroking arm of Commerce International Merchant Banker Berhad, in February 1991 to set up its Personnel Unit. In August 2001, Hamidah was transferred to the parent bank, CIMB, to head and manage the Group functions for Human Resource and Administration and had developed those functions from support to strategic ones.

Today, Hamidah is the Group Chief People Officer of CIMB Group, one of ASEAN's leading universal banking groups and Malaysia's second largest financial services provider. She oversees the human resource function and plays a critical role integrating CIMB's resources due to the various mergers and acquisitions within Malaysia and across ASEAN and APAC region.

She continues to provide strategic direction and puts in place effective people strategies to drive the human capital agenda across the Group. A firm believer in talent management, she also oversees the Commerce Leadership Institute to ensure that the talent management strategy is focused on creating a high performing workforce.

Previously, Hamidah was also a Commissioner of CIMB Niaga, Indonesia and member of CIMB Niaga's Nomination and Remuneration Committee from 2010 to September 2014.

She has 28 years of experience in human resource, of which 23 years is with the CIMB Group. She has led her team to secure many HR-related awards for CIMB. Prior to joining CIMB, she was with Pacific Bank.

#### **Directorship(s) in other public company(ies)**

Nil

Please also refer to Note 6 on page 28 of this Annual Report



**ROBERT ALAN NASON**

*Independent Director*

**Nationality :** Australian      **Age :** 61

**Membership of Board Committee :**  
Nil

**Date of Appointment as Director of Maxis :**  
7 March 2016

**Qualification**

He holds a Bachelor of Business (Honours) - Royal Melbourne Institute of Technology. He is a fellow of CPA Australia and is a member of Australian Institute of Company Directors.

**Working Experience/ Occupation**

He retired from Telstra Corporation in September 2015 after 5 and a half years leading a major transformation of its operation. Telstra is the Australia's largest full service telco with a market capitalisation of over \$74 billion, provides 16.4 million mobile services, 7.4 million fixed voice services, 3 million retail fixed broadband services and has 3 million PayTV subscribers and International operations in 15 countries, including China, Indonesia and the Philippines

His role at Telstra also involved regular, active participation on the company's Business Unit Performance Review Committee, Strategy Committee, M&A Committee, Capital Investment Management Committee, Growth Committee, Customer Advocacy Committee and Risk Committee.

He is currently a Chairman and Director of Foxtel Pty Ltd (joint venture between Telstra and, News Ltd). He was a Director of various companies/Boards in Australia and elsewhere from 2003 to 2010.

His international experience includes living and working in the US and UK together with extensive experience in transformation projects for many companies in Asia, Europe, North and South America.

**Directorship(s) in other public company(ies)**

Nil

Please also refer to Note 6 on page 28 of this Annual Report



## FRASER MARK CURLEY

*Non-Executive Director*

**Nationality :** British

**Age :** 55

### **Membership of Board Committee :**

Remuneration Committee

### **Date of Appointment as Director of Maxis :**

8 May 2014

### **Qualification**

He holds a B.Sc. in Applied Physics from the University of Manchester and a Masters degree from the University of London (intercollegiate) in Telecommunications and Satellite Communications.

### **Working Experience/ Occupation**

He has spent over 30 years in telecommunications, the last 23 years in mobile cellular. His extensive experience spans over 40 countries, and he has in-depth knowledge of Europe and the developing markets, particularly the Middle East, CIS and Africa

His career has seen him playing pivotal roles in large multinational telecommunication companies including Saudi Telecom Company ("STC"), where he was Group Vice-President of Strategic Planning (in addition to acting VP of Local and International Investments). Here he led the strategic direction and investment portfolio (over USD5 billion) of the Middle East's largest telecommunications operator, and was a member of the senior executive team within the group.

Prior to that role, he successfully led, as chief executive officer, the financial turnaround of a Middle Eastern listed mobile operator (Zain KSA), securing over USD5 billion of mid-term funding and overseeing the region's largest capital restructuring and Rights Issue of USD1.6 billion.

He has also held senior roles within Deutsche Telekom for over eight years, as well as the head ICT partner role for a leading international management consulting company. Fraser continues to work in both permanent and interim C-level and shareholder advisory roles, which he has done for over 10 years, focusing on sustainable growth and turnaround strategies.

### **Directorship(s) in other public company(ies)**

Maxis Communications Berhad



**MOHAMMED ABDULLAH K. ALHARBI**

*Non-Executive Director*

**Nationality :** Saudi

**Age :** 45

**Membership of Board Committee :**

Audit Committee

**Date of Appointment as Director of Maxis :**

29 May 2015

**Qualification**

He holds a MS Certificate in Engineering Management from the University of Missouri, USA. He also holds a BS in Systems Engineering – Industrial Engineering and Operations Research from the King Fahd University of Petroleum and Minerals.

He has attended multiple executive and professional courses at leading business schools of the world including Harvard, Euromoney, Columbia Business School, INSEAD Wharton and Kellogg School of Management.

**Working Experience/ Occupation**

He is presently the General Manager of Mergers & Acquisitions (“M&A”) of Saudi Telecom Company (“STC”) and has the responsibility of leading overall M&A activities for STC with a focus on international expansions and strengthening STC’s local position in the digital age through in-market consolidations. He has always been involved in STC’s key strategic decision-making on M&A opportunities.

He represented STC on the boards of PT Axis Indonesia, Public Telecommunications Company Ltd (BRAVO), Saudi Arabia and Aircel Limited, India. Currently, he is representing STC as a board member in Cell C and 3C Telecommunication (Pty) Ltd., South Africa.

He has led the process of identifying synergies and developing synergy realisation programs, implementing greenfield operations, major acquisitions of STC which include but not limited to acquisition of 25% shares in Binariang GSM Sdn. Bhd., Malaysia, acquisition of 35% stake in Oger Telecom Limited, successful bidding of Kuwait and Bahrain greenfield mobile licenses, increase of STC stake in VIVA Kuwait, divestment in PT Axis Telekom Indonesia and also the increase of stake in Intigral, an end-to-end solution provider focused on delivering digital media content services to regional telecommunication operators in the Gulf. He has always been an integral part of STC’s investment-related activities. Prior to joining STC in 2003, Mr. Mohammed Abdullah K. Alharbi had worked with Al Salam Aircraft Company and Advance Electronics Company in senior posts.

**Directorship(s) in other public company(ies)**

Maxis Communications Berhad

Please also refer to Note 6 on page 28 of this Annual Report



### LIM GHEE KEONG

*Non-Executive Director*

**Nationality :** Malaysian      **Age :** 48

#### **Membership of Board Committee :**

Audit Committee

#### **Date of Appointment as Director of Maxis :**

8 May 2014

#### **Qualification**

He holds a Bachelor of Business Administration degree, majoring in Finance, from the University of Hawaii at Manoa, USA.

#### **Working Experience/ Occupation**

He has over than 20 years of experience in treasury and credit management. Prior to joining the Usaha Tegas Sdn. Bhd. ("UTSB") Group in 1995, he was attached to General Electric Capital Corporation in the USA and Ban Hin Lee Bank in Malaysia.

He is currently the chief operating officer of UTSB and serves on the Boards of several other companies in which UTSB Group has interests, such as Astro Malaysia Holdings Berhad (listed on Bursa Securities) in which he is an alternate director, Tanjong Public Limited Company and Bond Pricing Agency Malaysia Sdn. Bhd., a bond pricing agency registered with the Securities Commission Malaysia. He is also a director of Paxys Inc. (listed on the Philippines Stock Exchange) and Yu Cai Foundation.

#### **Directorship(s) in other public company(ies)**

Astro Malaysia Holdings Berhad (Alternate Director)  
Yu Cai Foundation



### ALVIN MICHAEL HEW THAI KHEAM

*Non-Executive Director*

**Nationality :** Malaysian      **Age :** 52

#### **Membership of Board Committee :**

Nil

#### **Date of Appointment as Director of Maxis :**

30 August 2012

#### **Qualification**

He holds undergraduate degrees from Queen's University, Canada and an MBA from INSEAD France. He is certified with the Canadian Securities Institute and has attended executive programmes at IMD, Stanford, USC and UCSF.

#### **Working Experience/ Occupation**

He is the Managing Director of The Abraaj Group - a Dubai-headquartered private equity firm - in charge of Abraaj's Performance Acceleration Group covering Asia-Pacific, based in Singapore.

His 28 years of corporate experience covers private equity at The Abraaj Group; financial advisory and private equity at H2O Capital; commercial banking at TD Bank; investment banking at Lancaster Financial; business development and marketing at P&G in Switzerland, Vietnam, Southeast Asia and Australia; and top management and regional board experience at L'Oreal where he was the president of its companies in Malaysia and Taiwan. He served on the boards of the European Chamber of Commerce in Taipei from 2006-2009 and Taipei American School from 2011-2014.

In 2004, he was conferred the title of Chevalier de l'Ordre Nationale du Merite by French President Jacques Chirac in recognition of his business achievements.

#### **Directorship(s) in other public company(ies)**

Nil



**MORTEN LUNDAL**

*Executive Director  
Chief Executive Officer*

**Nationality :** Norwegian      **Age :** 51

**Membership of Board Committee :**  
ESOS/LTIP Committee

**Date of Appointment as Director of Maxis :**  
1 October 2013

**Qualification**

He holds a Master of Business Administration from IMD Lausanne and a Master of Business and Economics from the Norwegian School of Management, BI.

**Working Experience/ Occupation**

He joined Maxis as Chief Executive Officer on 1 October 2013, bringing with him more than 16 years of experience in the telecommunications industry. Morten is also a Director of Maxis Berhad and its operational subsidiaries.

Prior to joining Maxis, Morten was Group Chief Commercial Officer of Vodafone Group Plc, a member of the Executive Committee responsible for commercial activities at the group level. Prior to assuming that position in 2010, he was regional chief executive officer responsible for eight operating companies in Central Europe and Africa. He joined Vodafone in 2008.

Prior to Vodafone, he was chief executive officer of DiGi.Com Berhad Group. Morten joined Nordic mobile operator Telenor in 1997 and has held several chief executive officer positions including for the Internet Division and Telenor Business Solutions as well as the position of executive vice president for Corporate Strategy.

**Directorship(s) in other public company(ies)**

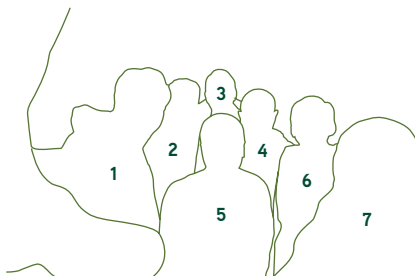
Nil

Please also refer to Note 6 on page 28 of this Annual Report

**Notes:**

1. The total number of Board meetings held during the financial year ended 31 December 2015 was five. The number of Board Meetings attended by the Directors in the financial year is set out on page 46 of this Annual Report.
2. None of the Directors have any family relationships with any directors and/or major shareholders of the Company.
3. None of the Directors have any conflict of interest with the Company.
4. None of the Directors have any convictions for offences within the past 10 years.
5. None of the Directors have any sanctions and/or penalties imposed on them by any regulatory bodies during the financial year ended 31 December 2015.
6. Hamidah Naziadin, Morten Lundal, Mohammed Abdullah K. Alharbi and Robert Alan Nason are standing for re-election as Directors of the Company. The Nomination Committee and Board of Directors have considered the assessment of the four Directors and collectively agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors, as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Securities.
7. Robert William Boyle who retires, in accordance with Article 114(1) of the Company's Articles of Association has given notice that he will not be seeking re-election. Hence he will retain office until the close of the Seventh Annual General Meeting.
8. Public company is defined as company other than private company and incorporated pursuant to the Companies Act, 1965 or any corresponding previous enactment.

# Maxis Management Team // PAGE 29



① **Morten Lundal**  
*CEO*

② **Dushyanthan Vaithiyathan**  
*Consumer Business*

③ **Morten Bangsgaard**  
*Technology*

④ **Adzhar bin Ibrahim**  
*People & Organisation*

⑤ **Nasution bin Mohamed**  
*Finance & Strategy*

⑥ **Tan Lay Han**  
*Sales & Services*

⑦ **Shanti Jusnita binti Johari**  
*Enterprise*



view the full profiles  
on [maxis.com.my/mmt](http://maxis.com.my/mmt)

# // #FitterFaster Stronger

## Creating a high performance culture

Our people will be fully aware of their performance and potential, that they will have access to all the tools and information and that they will have a great workplace for them to excel in.

check out [maxis.com.my/fitter](https://maxis.com.my/fitter)







# Unmatched Customer Experience

Our customers will always remain our highest priority. In keeping with our focus on delivering an Unmatched Customer Experience, we continuously strive to provide the best for our customers. As we progress in our transformation, implementation plans include the development of a more structured Customer Experience Framework, with emphasis on Voice-of-Customer Insights to drive improvements.

The Internet is changing everything and our customers are now Digital Experience Seekers who are constantly in search of faster and more responsive communication mediums. It is therefore extremely important for us to ensure that our customers have the best data experience by continuously investing in building our network.

Today, we have a totally new service approach and training curriculum organisation-wide. The changes in processes systematically implemented throughout the year have resulted in a more simplified customer journey and an enhanced service culture.

Our key focus is to deliver a higher degree of service convenience and enjoyment when customers engage with us in different ways, from our retail stores and Maxis Exclusive Partner stores, to Contact Centres and digital touchpoints as well as apps.

A total of 170 modernised Maxis Centres and Maxis Exclusive Partners stores today provide our customers with a wide range of smart devices and accessories to meet their digital appetite. In these spacious digital lifestyle stores, customers try out the latest devices and accessories, find out the best mobile Internet plans for them, and learn more about their preferred device through tutorials and live demos.



The Hotlink RED App and the new all-in-one MyMaxis App empower our customers to interact with us easily by accessing our services through their devices, while giving them full control over their accounts. More and more of our customers are now using our apps as their preferred choice of engagement. These apps also help us to keep a personal connection with our customers through rewards that follow them wherever they go and allow them access to more unique experiences.

Our obsession with delivering the best and worry-free experiences to our customers has certainly paid off. Our customer complaints reduced by 17% over the last year and 50% in the last two years, making our customer complaint levels the lowest in a decade.





# Worry-Free Solutions

## POSTPAID

The Internet is increasingly becoming such an important part of our lives, and we never want our customers to worry about using their mobile devices, to truly feel free in the way they live and work.

We have embarked on our journey to become a brand that is truly unmatched. In 2015, we took some significant steps in enhancing customer experiences through our worry-free solutions.

### A limitless world

Building on the **MaxisONE plan** that breaks free from traditional limits and provides worry-free mobile Internet experiences, we launched **MaxisONE Share**. With this plan, in addition to limitless talk and text, customers can share their data allocation with their loved ones, at just RM48 per line per month.

During the year, we also gave our customers the chance to enjoy free access and limitless streaming of their favourite music on **Spotify Premium**. No ads. No restrictions. No fees. No data charges. Just find and download over 30 million songs, listen online or offline.

Our customers are also becoming really hungry for mobile Internet, so we added more data to our MaxisONE plan, up to 8GB of data on Malaysia's widest and fastest 4G LTE network.

### Worry-free smartphone ownership

Owning a smartphone has never been easier. During the year, we became the first in Malaysia to launch a breakthrough smartphone ownership programme '**Zerolution**'. Imagine walking into our stores without a single sen, and walking out with a brand new 4G smartphone without paying anything



upfront. Zero contract, zero penalty and with the flexibility of changing your rate plan anytime. This is the first time ever that Malaysians can upgrade to a new smartphone every year with our revolutionary “Annual Upgrade” proposition through Zerolution.

Zerolution has been a real hit with our customers since its launch in August and has helped accelerate our device sales growth.

#### Empowering customers with self-serve

Customers today don’t have the luxury of time like they used to, so we have changed the way they interact with us. With the new MyMaxis App (launched in Jan 2015), everything is now a touch away. The app is designed to provide the best customer experience that is easy and simple to use (swipe/touch to view different screens). They can now enjoy all-in-one access to account management, including downloading and paying bills, checking data usage and even buying data passes.

The app itself allows you to redeem over hundreds of rewards in dining, travel, entertainment, health & beauty and shopping. Our ‘near me rewards’ feature which is built over a unique geo-location platform, makes it more exciting as it displays all the rewards that is available nearby.

As of end December 2015, more than 600,000 people have downloaded this app.

#### Special moments

We added a softer touch to our exclusive **MaxisONE Club (“MOC”)** programme and association with our brand, with even more value-add through unique experiences. Our high value customers now get to enjoy Priority Moments and rewards that are truly extraordinary and exclusive to them.

Since Malaysia is widely recognised as a gastronomical paradise, we decided to introduce events and Priority Moments that revolve around food. So in 2015, we brought amazing culinary experiences to life with some unique gourmet events.

In the first event, MOC Elite members enjoyed a Michelin-starred journey to the **Banjaran Hotsprings Retreat** in Ipoh, where they were treated to a European-Asian-inspired menu specially prepared by well-known Michelin Star Swiss Chef Felix Eppisser. For the second of our Priority Moments series, we treated members to **Dinner in the Sky**, a unique, first of its kind culinary event in South East Asia – an exquisite 5-course dinner around a table that’s been elevated 150 feet up in the air overlooking the Kuala Lumpur skyline.



### PREPAID

Our flagship **#Hotlink** plan that provides 'always free social chat' continues to resonate well in the market. Now with the Internet changing everything, it's all about getting connected instantly and having fast speeds. Millennials in particular have been born into a world where anything less than fast Internet is simply unheard of. And Hotlink has been keeping up with this savvy generation of Internet-bred users.

In 2015, we launched **Hotlink FAST**, a new prepaid proposition designed for 4G users offering high-speed Internet with Fast Internet Passes for consistently fast surfing speeds of 20Mbps (80% of the time) on Malaysia's No. 1 4G network. Customers on the Hotlink Fast plan also enjoy the best Internet add-on deals and low call & SMS rates. With its benefits of high-speed Internet at great value, Hotlink FAST is the perfect plan for 4G users to do whatever they want, faster.

We also introduced **ReloadPlus** in 2015, an integrated bundle top-up option which comes packed with more value than traditional top-up tickets. Sign up for this and you get what you pay for in calls and SMS, plus free high-speed Internet which is 4G LTE-enabled.

Our **Hotlink RED App** continues to be a great companion for our prepaid customers for all their basic transactions, plus invitation to some epic events and concerts. In 2015, RED App users were given priority access to our sponsored events through our **#LiveLifeLoud** proposition including up-close-and-personal experiences with the hottest acts in town such

as One Direction, Ed Sheeran, Royal Pirates, The Script and Big Bang.

In anticipation of shifts in global trends of video games as a spectator sport, we introduced our **Games top-up tickets** in 2015. Working with some of the best online game publishers to make this happen, we became the first telco to introduce the service to all Malaysians with additional benefits for Hotlink customers who use the facility.

### INTEGRATED SERVICES

Our Integrated Services proposition combines well with our mobile services to provide a seamless Internet experience at home and on the go, with a range of fibre broadband, wireless broadband and other value-added services.

In 2015, we introduced Malaysia's first **100Mbps unlimited home fibre broadband**. With this amazing package, you can now download an entire photo album, stream your favourite ultra HD movies online seamlessly and surf multiple pages at one glance, instantly. We also rolled out **best value bundle packages** for MaxisONE customers who can select 10, 20, 30 or 100Mbps home fibre to complement their mobile services.

We were also the first telco to bring the innovative **Chromecast**, a plug & play device that allows customers to cast limitless entertainment from their Internet device to any TV, including any YouTube channel, full-length movies, games, videos and photos. Carry it everywhere with you, even when travelling.

## ENTERPRISE

### Enabling New Ways of Working

The Internet is bringing about an enormous shift in business, and customers' preferences are also changing. Offices are getting more mobile, wireless and paperless, while customers expect an Always On, seamless experience across mobile and fixed communications. The Internet has levelled the playing field, and companies today need to be agile and innovative to compete on a global level.

But the adoption of the Internet and digital solutions by Malaysian companies is still lagging behind. As digital enablers, we are focused on encouraging businesses to reinvent themselves through new ways of working. This means digitalising the way they work through streamlined processes, improved productivity, resource optimisation and sustainability.

In 2015, we placed a lot of emphasis on new ways of working by providing mobility solutions, so that businesses are able to take their digital engagement with their customers to a whole new level.

We continued to build on our MaxisONE Business solutions suite by introducing our first cloud-based solution, **Microsoft Office 365**. This complemented MaxisONE Business to help SMEs work better and more efficiently. Businesses can now collaborate, share and edit their documents anytime, anywhere. They also get access to 24/7 solution support, deal with a single point of contact and pay only monthly subscriptions, with no upfront investment costs. MaxisONE Business, launched in 2014, is the all-in-one Internet plan for businesses that comes with unlimited talk and text, worry-free Internet, ONEBusiness essentials and mobility solutions.

MaxisONE Business plans also now come with Mobile Device Management services to remotely manage and safely keep important business information on employee's devices even when they have left the office building.

We also introduced an integrated solution, the **MaxisONE Office** in 2015, the first all-in-one mobile and broadband Internet service with unlimited voice on both mobile and fixed services. It comes with Business Voice Enhanced, a VoIP service that is bundled with Business Fibre.

Staying focused on digitalising businesses, we introduced solutions aimed at simplifying the way people work in an increasingly mobile environment:

- **mPOS** – We partnered with Maybank to launch mobile Point-of-Sale (“mPOS”), an attractive mobility solution that SMEs can enjoy with MaxisONE Business and leverage the benefits of wireless payment mobility. It is a portable payment device that allows merchants to accept card payments anytime, anywhere. Solutions like mPOS enable new ways of working, helping businesses to stay relevant in an increasingly digitally driven consumer landscape. We are seeing good take up of this solution by SMEs and an upward trend.
- **Managed M2M** – Having employees work on-the-go also means businesses require remote monitoring and control over their assets. In 2015, our Managed M2M portfolio was enhanced with real-time vehicle tracking capabilities for improved efficiency and resource optimisation.
- **Save & Grow packages** – During the year, we placed a lot of emphasis on micro SMEs who make up more than 60% of total SMEs in the country. These businesses are big fans of digitalisation, and we are happy to have helped them maximise their savings with our Save & Grow packages, with more than 1,000 lines for this package already sold in just 8 months since launch.
- **MaxisPay** – The number of cashless transactions has been increasing in the market. In 2015, Maxis has enabled online payment via MaxisPay that provides convenient and secured payment.

For our Enterprise customers, we continue to support them through Always On connectivity solutions including Metro Ethernet, Direct Internet Access, VSAT, hosted IP PABX and Amazon Direct Connect. We also provide managed services and service guarantees to allow companies to embrace digitalisation, worry-free.





# Unmatched Network Experience

Malaysians love the Internet and they feel empowered by it. It has now become integral to our modern lives and the demand for a quality Internet experience is booming, both from consumers and businesses. At Maxis, we won't settle for anything other than the best. In 2015, we invested RM1.3 billion base CAPEX in our network and IT infrastructures, much more than anyone else, to ensure that Malaysians have the great Internet experience that they deserve.

Mobile Internet continues to be a key driver to our total network traffic. In 2015, we had a 57% growth in mobile data, with network traffic contributed mainly by media streaming, Web browsing and instant messaging. This trend is expected to grow even further as more people have moved to smartphones while the 4G network continues to expand and more video content is made available for sharing.

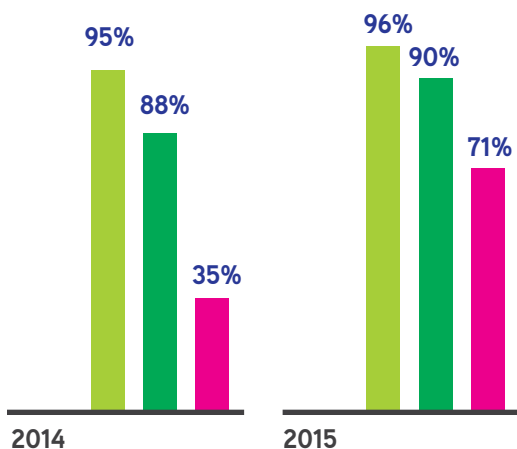
## No. 1 in 4G

Our penetration of 4G-enabled devices has doubled to about 21% of total subscribers in 2015. Which means there are currently 2.8 million people (and counting) having access to Maxis' high performing 4G network. As at 31 December 2015, our 4G population coverage is at 71%, the widest in the country, with 96% population coverage in key market centres and 66% in State Capitals, all based on a stringent -98dBm measurement threshold for network performance.

By using stringent definitions for 4G, we are simply being more realistic as we take our customers' high expectations seriously. Network quality depends on signal quality, which is measured in dBm. And Maxis uses -98dBm as a stringent threshold to ensure consistent and reliable indoor and outdoor coverage.

The -98dBm measurement is equivalent to three or four bars on your phone when outdoors, giving a more reliable and

- 2G Coverage
- 3G Coverage
- 4G LTE Coverage



## Our Network and Systems // PAGE 39

consistent data experience, with great average outdoor 4G speeds of 20Mbps and significantly better indoor speeds of 10Mbps. With this signal strength, customers can expect zero buffering on YouTube 96% of the time, load top webpages in less than 8 seconds, 24/7 consistently fast speeds, and stronger signal and the widest 4G coverage.

There is also a common standard measurement for signal strength of -110dBm which is equivalent to two bars on your phone. As the mobile signal fluctuates heavily, this means a less reliable, intermittent and poorer data experience outdoors, and an even poorer one indoors. If we are to use this common standard measurement, Maxis' 4G population coverage would have crossed 78%.

So, our LTE network has the most base stations, the most population covered and we have by far the most LTE customers. All competitors claim they are LTE leaders but only Maxis can substantiate that claim.

Beyond the network itself, our customers enjoy a superior 4G experience through our Zerolution smartphone ownership programme which helps more Malaysians own and upgrade their 4G devices, worry-free 4G surfing with no Pay-Per-Use charges or bill shocks, as well as a wide range of affordable 4G devices.

Today, our 4G LTE network is the best simply because we built it better, testing it ourselves again and again and even getting independent parties to test it further.

We have also seen improvements in terms of the data speed experience from modernised sites as well as LTE sites. Customers experiencing speeds of more than 1Mbps have increased to 90% in 2015 which translates to faster connectivity and better data experience for customers.

To put our 4G network to a stress test, Maxis organised a 24-hour Maxis 4G challenge in November, where 2,400 employees travelled nationwide to perform 24,000 engagements in total and to test Maxis 4G network. We also got customers to do the same, while engaging them in a series of activities to experience the difference in Maxis 4G. The results will serve as an important benchmark for Maxis, a reality check to help us identify areas where we can improve ourselves.

We simply want employees to take pride in the world class quality network that we have built and understand what it takes to provide an unmatched customer experience.

### Network Modernisation

To support increasing data traffic, we continued to upgrade our backhaul and direct fibre as well as our IP-based

microwave in 2015. We also continue to modernise our 2G and 3G sites, with emphasis on high density areas, secondary towns and rural areas.

In 2015, our modernised network covers 88% of the nation's population, with key market centres, cities, secondary towns and three-quarters of rural areas already completed. Powered by superior backhaul and 13,000km of fibre, we have also rapidly expanded and tripled the number of our LTE sites around the country. That means more than double of the population coverage compared to the previous year.

### Unmatched Network Experience

Our network is the single most important driver of customer experience and brand preference. Over the past years, we have been continuously making significant investments and upgrades to deliver the best data experience to our customers.

Customer experiences are becoming more positive as can be seen from the over 29% decrease in network-related complaints compared to 2014, including the lesser number of dropped calls due to a much improved network.

The upgrade in capacity and substantial investment in providing diverse fibre paths to protect against fibre cuts, have also resulted in a lower number of customers impacted by network-related incidents. This upgrade and enhancement allows our customers to enjoy an 'Always On' data experience.

### Tomorrow's Technology Today

We continuously invest in the development of new technologies such as Small Cells and 4.5G for the future in order to stay ahead of customers' demand for higher speed and better quality of service. Maxis was the first operator to trial LTE CA (Carrier Aggregation), VoLTE (Voice over LTE) and Network Function Virtualisation (NFV), assessing its performance, suitability and deployment challenges.

We were also the first to launch LTE Advanced at high traffic areas in the Klang Valley including Bangsar, Sri Hartamas, Kota Damansara, Bandar Utama, TTDI, Damansara Utama/SS2, Bandar Sunway, Puchong, Cyberjaya, Rawang, Batu Caves, Cheras, Jalan Klang Lama, Bukit Jalil, Wangsa Maju, Setiawangsa and Seri Kembangan.

Maxis LTE Advanced network provides download speeds in excess of 200Mbps.





# A Great Place to Excel

## I Know

In 2015, we introduced “I Know” to our people. This is our approach to clearly define our commitment on what employees can expect from Maxis. It is the core of our promise to our people – that they will be fully aware of their performance and potential, that they will have access to all the tools and information and that they will have a great workplace for them to excel in.

“I Know” means, amongst other things, employees and managers regularly talking and exchanging feedback. From these monthly sessions known as “Pit Stops”, employees are well informed on all aspects of their performance, development and potential for growth. Our employee surveys clearly show these dialogues and feedback to have a positive impact on employee performance and engagement.

As part of delivering “I Know”, we installed a leading cloud-based HR system that is simple, intuitive and accessible through mobile devices. It fits in very well with our ambition to offer new ways of working using cloud and mobile solutions. With this system, you can claim an expense by taking a picture on your phone and sending it to the system. “I Know” encompasses an improved payroll system, a cloud-based learning management system, multiple communication channels with intranet, internal social media and collaboration tools as well as a comprehensive document management system.

These new and improved systems are meant to make employees' lives simpler.

We also reviewed and simplified people policies and procedures. We have fewer policies now, they are short and simple, and they are aimed at helping employees know what is important for them and for Maxis.





We have implemented a long term shares-based incentives plan for employees for which we have received shareholders' approval. As for other employee compensation such as salary and bonus, we differentiate aggressively on performance and potential. Such incentives are aligned with stretched business goals to ensure rewards are driven by performance and results.

All of these are delivered whilst giving employees one of the best working environments in Malaysia. Our new offices are open, flexible and transparent, as well as spacious and fun. The working environment has become one of the key aspects in attracting the best talents to Maxis.

### I Grow

Secondly, we promised "I Grow". We commit that every Maxis employee will feel he or she is being given every opportunity to learn, grow and develop in Maxis.

We conduct regular talent reviews to assess our employees' performance and potential. We develop action plans based on these, focusing on growing, developing and retaining those in critical roles and with strong potential, and we are proactively managing our succession issues.

Young talents are a key focus for us. We have revamped our highly respected and very competitive scholarship programme to ensure we bring in the right kinds of talents we need for the future. We have also revamped our award-winning management trainee programme to give trainees deeper insights into our business and operations before they are absorbed into the organisation.

During the programme itself, the trainees are also mentored by the senior leadership team, including the CEO, to give them the benefit of experience and exposure to top management.

In hiring new talents, we emphasise potential and values. We need people who would enjoy working the MaxisWay, as well as those who can add to and enhance the culture of Maxis. We carry this focus on potential into the way we do rewards, such as determining salary increment and long-term incentives.

In mid-2015, we completed a review of our organisational structures, hierarchies and headcount. The purpose is to keep Maxis lean and flat, as we believe this is where we can be at our most effective. The review also helps us to improve the quality of our managers by making sure the strong ones continue to lead people, whilst others are given the opportunity to become individual contributors.

In helping our leaders to improve, we have clearly laid out what we call the Maxis Leadership Expectations. These expectations become the basis for our leadership development programmes. We hold yearly leadership events focused on these expectations – in understanding them and the behaviours that they express – to make sure they become a living and breathing part of our culture and values. We are also designing a management programme to increase the technical skills of our leaders to complement their people leadership skills.

### What has this all led to?

There has been tremendous improvement in employee engagement. In our annual employee engagement survey, Maxis employees, on the back of a huge turnout, clearly indicated that they are happy and excited about the change and look forward to the future. The improvement over the last two years was unprecedented. It is a validation of the efforts we have put in, and serves as encouragement and a challenge to keep improving.

We want to be a place where people work well together and have fun. We're getting there.





# Driving Positive Change with the Internet

We see great potential in how the marvels of the Internet can drive positive change for the community. As digital enablers, we want to empower the community with what the Internet can do in enabling new ways of thinking and learning. In doing so, we want our employees to play their part too, by volunteering their skills and energy to support communities in need.

## BRINGING DIGITAL LEARNING TO RURAL AND URBAN POOR COMMUNITIES

We combine our passion for education and our role as enablers to make digital learning a reality for children from the rural and urban poor communities. Our new flagship community programme, eKelas, was developed to support these children in their education and expose them to new ways of learning.

Designed as an after-school digital learning programme, eKelas brings learning in a fun and vibrant way and guides students towards self-paced studying by providing access to quality education content, in line with the Malaysian School Syllabus.

We are now piloting eKelas at 10 Pusat Internet 1Malaysia ("PI1M"), also referred to as community broadband centres located in Kedah, Kelantan, Selangor, Putrajaya, Sarawak and Negeri Sembilan. The pilot programme is offered to Form 1 to Form 3 students and focused on three core subjects of Mathematics, Science and English.

We are exploring how best we can deliver digital learning as well as how we can get the community to be more involved in eKelas. So far, there are more than 600 students following the tutorials delivered via live video. As we progress into 2016, eKelas students can expect a more vibrant programme – we intend to expose them to more areas including collaborative projects and peer-to-peer networking.

With the learnings from the pilot phase, we aim to launch the programme this year (2016). Our ambition is to extend the eKelas programme to all 88 PI1Ms under Maxis' care with the aim of reaching 10,000 students over the next five years. We are proud to be the first company to bring e-learning as a structured, after-school learning programme to the PI1Ms and support MCMC vision in making these PI1Ms a digital hub for the community.

### eKelas testimonials from the community:

"It is a good programme for the students because it will attract their attention. What Maxis needs to do is to make sure that you have good learning techniques. You will need to create learning experiences that enhance their interests in the subjects." - Abdul Karim bin Baharom (A parent from PI1M Langkawi)

"After three months of eKelas, we received good feedback from the students. Many of them told us that the use of videos, images and audio is very interesting and interactive. This makes it easier for them to understand the subjects that are being taught." - Aman Safrie Ahmad (Manager, PI1M Bukit Besar)

"I have a better understanding of my subjects because the class is not boring." - Nurul Danisha binti Ismail (Student from PI1M Semenyih)

### DIGITAL INCLUSION FOR COMMUNITIES IN UNDERSERVED AREAS

We do our part to address digital inclusion for communities in underserved areas through the P11Ms and WiFi sites in Malaysia. We set up, operate and manage these sites with the P11Ms, providing digital literacy and more advanced ICT training, focusing on education and development of new skillsets, so that they can become places for collaborative learning for the community. To date, Maxis has 88 P11Ms and 777 WiFi sites under its care.

### MAXIS SCHOLARSHIP FOR EXCELLENCE AWARDS ("MSEA")

The MSEA programme which offers scholarship opportunities to all Malaysians, awarded six scholarships to outstanding students in 2015 to pursue their undergraduate studies at top universities overseas. Maxis scholars also go through a continuous engagement and development programme to help prepare them for a successful career with the Company upon graduation. To date, Maxis has invested RM52 million, benefitting 259 young Malaysians with world-class education.

### GIVING BACK TO THE COMMUNITY

In 2015, Maxis celebrated the festive seasons by engaging with the community through several activities.



1. Hari Raya: Working with Pertiwi Soup Kitchen and Kechara Soup Kitchen, Maxis volunteers took to the streets and homes to distribute food and essential supplies to the urban poor and homeless in and around the Klang Valley. Pre-loved clothes collected from our internal donation drive were also handed to these families.
2. Deepavali: We partnered with MySkills Foundation, to help brighten up the lives of 120 Indian youth. Maxis volunteers spent one full day with the residents, working together to give a fresh coat of paint to their flats, surfacing a futsal court and planting a vegetable garden for the residents to harvest.

3. Christmas: We celebrated the occasion with members of the Mount Kinabalu Guides Association and their families whose livelihoods were impacted by the earthquake that hit Ranau, Sabah in June 2015. Maxis distributed school uniforms to the children of the guides and donated RM10,000 to the Association. Earlier in June, Maxis donated 20 units of 400 gallon water tanks to 10 villages in Kundasang which were affected by the earthquake.
4. Additionally, we helped to refurbish a home in Tuaran, which was damaged by strong winds. Working with local contractors, we reinforced the beams, pillars, roof framework and underside footing as well as repainted the house. Our regional team in Sabah also organised a 'Gotong Royong' session to clean the surrounding areas.

Supporting these charities and communities, our employees played their part by volunteering their time, skills and energy. A total of 224 employees volunteered for community work this year, clocking in 1,202 volunteer hours.

### SAVING ENERGY AND REDUCING OUR CARBON FOOTPRINT

Our own carbon footprint has remained relatively stable due to energy efficiency measures. In 2015, we maintained our total network energy usage at 289 GWh, about the same usage in 2014. With various initiatives in place, we recorded a cumulative reduction of 84,683 tonnes of carbon dioxide (CO<sub>2</sub>) emissions from 2010 to 2015, resulting in a total reduction of about 7% over six years. Our total emissions per base station also improved to 24.4 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e), 3.3% lower than last year.

### OPERATING RESPONSIBLY AND ETHICALLY

We are obsessed with doing things the Maxis Way. That is how we work, our priorities and our style - all anchored on the values of being positive, collaborative and passionate. Additionally, all of us adhere to the Maxis "Code of Business Practice" that outlines our codes of conduct, and govern policies and procedures. These values and expectations are also extended to business partners across our extensive supply chain.



The Malaysian Code of Corporate Governance 2012 (“the Code”) sets a strong foundation for Directors, Boards and Committees to carry out their roles effectively, promote timely and balanced disclosure, safeguard the integrity of financial reporting, emphasise the importance of risk management and internal controls and encourage shareholders’ participation in general meetings.

The Board is pleased to confirm compliance with the Principles of the Code during the financial year ended 31 December 2015 which was approved by the Board on 26 February 2016.

## **I. ROLES AND RESPONSIBILITIES OF THE BOARD**

### **Board Charter & Roles and Responsibilities**

The Board Charter (accessible at [www.maxis.com.my/corp](http://www.maxis.com.my/corp)) continues to provide reference for Directors in relation to the Board’s role, powers and duties and functions, processes and procedures for the Board and its Committees in discharging its stewardship effectively and efficiently. There is clear delegation of authority to Chief Executive Officer (“CEO”) and Management in place as specified in Maxis’ Manual of Limits of Authority (“LOA”). Business affairs of the Group are governed by the LOA. Any non-compliance is brought to the attention of Management, Audit Committee and/or the Board for effective supervisory decision-making and proper governance.

Directors are aware of their duties and responsibilities and time commitment as a Director. The Board Charter serves as a point of reference and assessment of Directors’ performance, and also as primary induction literature for prospective Board members.

The Board Charter is reviewed and updated periodically to ensure that any updates on relevant laws and regulations are duly incorporated.

The Board assumes the following duties and responsibilities:

- Reviewing, adopting and monitoring the implementation of a strategic business plan for the Group;
- Overseeing the conduct of the Group’s business to evaluate whether the business is being properly managed. This includes ensuring that there are measures in place against which Management’s performance can be assessed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage and mitigate these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing key Management;
- Developing and implementing an investor relations programme or a shareholder communications policy for the Group and encouraging the use of information technology for effective dissemination of information;
- Reviewing the adequacy and integrity of the Group’s systems of internal control and of management information, including ensuring that a sound risk management framework, reporting framework and systems for compliance with applicable laws, regulations, rules, directives and guidelines are in place; and
- Reviewing, adopting and implementing appropriate corporate disclosure policies and procedures.

During the financial year, the Board had discussions, deliberations and review of:

- Maxis’ detailed business, operational and financial performance which include review of the Group’s core business
- Customer service
- Financial results, proposed dividends and investor relations briefings
- Network and Information Technology systems updates
- Regulatory updates and industry trends
- People and Organisation updates which included updates on movement of personnel, key performance indicators, employee engagement and succession, talent and retention planning
- Risk management and internal controls
- Establishment of the Long Term Incentive Plan
- Annual Operating Plan 2016
- Specific corporate and operational matters for the Board’s approval
- Reports on dealings by Directors and principal officers, and Directors’ disclosures pursuant to Sections 131 and 135 of the Companies Act 1965

Each of the items presented to the Board for review and/or approval were deliberated upon and discussed extensively prior to the Board's decision. Management were invited to join Board meetings to provide explanation or engage in dialogue with Board members. In line with a culture that encourages open discussions, Directors raise queries or seek clarification in advance and/or at the meetings. The Chairman allows sufficient time at the end of each agenda item for questions prior to the formal decision. All deliberations, discussions and decisions of the Board meetings are minuted and recorded accordingly.

The respective roles and responsibilities of the Board and Management have been clearly defined both as set out in the Board Charter and LOA. The following matters (including changes to any such matters) require approval from the Board, except where they are expressly delegated by the Board to a Committee, the Chairman, CEO or another nominated member of the Management team:

- Approval of corporate/strategic directions/plans and programmes;
- Approval of annual budgets, including major capital commitments and capital expenditure budgets;
- Approval of new ventures;
- Approval of material acquisitions, and disposals of undertakings and properties or any significant Maxis Group expenditure which exceeds the authority limits delegated to the CEO or the Chief Financial and Strategy Officer ("CFSO") or members of Management;
- Changes to the management and control structure within the Company and its subsidiaries, including key policies and delegated authority limits;
- Appointment of all other Board members, Board Committee members, CEO and the Company Secretary;
- Any matters in excess of any discretions that may have been delegated from time to time to the CEO and Management, including in relation to credit transactions, market risk limits and expenditures; and
- Any matters and/or transactions that fall within the ambit of the Board pursuant to the Companies Act, 1965, the Main Market Listing Requirements of Bursa Securities ("MMLR"), Maxis' Articles of Association ("Articles"), Terms of Reference of the respective Board Committees, the Group's LOA Manual (such as transactions with value in excess of RM60 million and Long Range Plan) or any other applicable rule.

Please also refer to the Board's right to access for information on page 46.

#### **Code of Business Practice**

The Group's Code of Business Practice ("the Code of Business Practice") which is periodically reviewed by the Board applies to all Directors and all employees of the Group who are required to affirm, their commitment to observing its prescriptions. It serves as documentation of the Directors' and employees' commitment to do business in a manner that is efficient, ethical, effective and fair, and is meant to be a reference point for all Directors and all levels of employees as well as for all parties that engage in business dealings with the Group.

The Code of Business Practice is a guide to assist the Group's Directors and all levels of employees in living up to the Group's high ethical business standards, and provides guidance on conduct when dealing with other parties doing business with the Group. The Code sets out and identifies the appropriate communication and feedback channels which facilitate whistle-blowing. Please refer to the section on whistle-blowing on page 55.

The Code of Business Practice is available on [www.maxis.com.my/corp](http://www.maxis.com.my/corp).

#### **Promoting Sustainability**

The Board has taken steps to ensure that the Group's strategies continue to promote sustainability, with attention given to environmental, social and governance ("ESG") aspects of the Group's business. The Board has approved Maxis' Corporate Responsibility ("CR") framework in 2011 which clearly outlines Maxis' CR mission, strategic pillars, philosophies and governance structure. The CR framework is being realigned to reflect current business goals. With the CR framework, we have a structured approach in delivering the Company's CR efforts in the marketplace, workplace, community and environment. Maxis' 2013/2014 Sustainability Report is available for download at [www.maxis.com.my/sr](http://www.maxis.com.my/sr).

#### **Board meetings and access to information**

The Board meets at least four times a year, with additional meetings convened on an ad-hoc basis as and when the Board's approval and guidance are required. Directors are given due notice of proposed meetings before the end of the preceding financial year. This allows Directors to plan ahead and to maximise their participation. The agenda is set in consultation with the Chairman and the CEO.

As also stated on page 47, technology and Information Technology are effectively used in Board meetings and communications with the Board, where Directors may participate in meetings by audio or video conference, and Board materials are shared electronically.

Five Board meetings were held during the financial year ended 31 December 2015 and details of the attendance of each Director are as follows:

	Director	Designation	Number of Meetings attended during the year	Percentage (%)
1	Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda ("TSDSA")	Chairman/Independent Non-Executive Director	5/5	100%
2	Robert William Boyle ("RB")	Independent Non-Executive Director	5/5	100%
3	Tan Sri Mokhzani bin Mahathir ("TMM")	Independent Non-Executive Director	5/5	100%
4	Hamidah Naziadin ("HN")	Independent Non-Executive Director	5/5	100%
5	Krishnan Ravi Kumar ("KRK") <sup>(1)</sup>	Non-Executive Director	1/2	50%
6	Dr. Ibrahim Abdulrahman H. Kadi ("IAK") <sup>(2)</sup>	Non-Executive Director	2/2	100%
7	Mohammed Abdullah K. Alharbi ("MAH") <sup>(3)</sup>	Non-Executive Director	3/3	100%
8	Fraser Mark Curley ("FMC")	Non-Executive Director	5/5	100%
9	Augustus Ralph Marshall ("ARM") <sup>(4)</sup>	Non-Executive Director	3/3	100%
10	Lim Ghee Keong ("LGK")	Non-Executive Director	5/5	100%
11	Alvin Michael Hew Thai Kheam ("AMH")	Non-Executive Director	5/5	100%
12	Morten Lundal ("ML")	Chief Executive Officer/Executive Director	5/5	100%

<sup>(1)</sup> KRK has resigned as Director of the Company effective 30 April 2015 and there were two Board Meetings held during the period from 1 January 2015 to the date of his resignation.

<sup>(2)</sup> IAK has resigned as Director of the Company effective 18 March 2015 and there were two Board Meetings held during the period from 1 January 2015 to the date of his resignation.

<sup>(3)</sup> MAH was appointed as Director of the Company effective 29 May 2015 and there were three Board Meetings held during the period from the date of his appointment to 31 December 2015.

<sup>(4)</sup> ARM has resigned as Director of the Company effective 14 July 2015 and there were three Board Meetings held during the period from 1 January 2015 to the date of his resignation.

The Board has unrestricted and immediate access to Management and information on the affairs of the Group, including but not limited to business and operations of the Group and governance matters. A set of Board papers (together with a detailed notice and agenda in the case of a meeting) is furnished to the Board members in sufficient advance of each Board meeting or Directors' Circular Resolution for consideration, guidance and where required, for decision.

Please refer to page 44 on the items discussed at Board meetings during the financial year.

Additionally, the Board is furnished with ad-hoc reports/updates to ensure that it is apprised of key business, financial, operational, corporate, legal, regulatory and industry matters, as and when the need arises.

The Directors also have full and unrestricted access to the advice and services of the Head of Legal, Head of Internal Audit and Company Secretary in addition to other members of Management. Each of the individual Directors is constantly advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities. Members of the Board may collectively or individually consult advisers and, where necessary, seek external and independent professional advice and assistance from experts in furtherance of their duties at the Group's expense.

### Board Protocol and Time Commitment

The Board has in place the following protocols:

1. Informing the Chairman before accepting new directorships and providing assurance to the Chairman that the Director concerned would be able to fulfil time commitments to Maxis.
2. Ensuring time commitment from Directors for meetings, circular resolutions, decisions and updates/briefings.
3. Board and Committee meetings and general meetings for each calendar year are scheduled before the end of the preceding financial year and locked in diaries of the Directors.
4. The Chairman spends one-on-one time with each Director on a regular basis and is easily accessible to all Directors and the Secretary.
5. The Senior Independent Director is easily accessible to Directors.
6. Use of technology to facilitate information and papers to the Board and for ease of the Board's response eg via software/apps for the Board to download e-Board papers and e-Questionnaires for the Board, Individual and Board Committee assessments and decisions/responses required.
7. None of the Directors have more than 5 directorships in public listed companies.

### Company Secretary

The Board is supported by the Company Secretary who facilitates overall compliance with the MMLR and Companies Act, 1965 and other relevant laws and regulations. In performing this duty, the Company Secretary carries out, among others, the following tasks:

- Statutory duties as specified under the Companies Act, 1965 and MMLR;
- Facilitating and attending Board and Board Committee meetings and ensuring that the Board meetings are properly convened and proceedings are properly recorded;
- Ensuring timely communication of Board level decisions to Management;
- Ensuring that all appointments to the Board and Committees are properly made;
- Maintaining records for the purposes of meeting statutory obligations;
- Facilitating the provision of information as may be requested by the Directors from time to time and ensuring adherence to Board policies and procedures; and
- Supporting the Board and Management

The Company Secretary, who has 22 years' company secretarial experience, is a qualified lawyer, with post graduate qualifications. In addition to the qualifications from Institute of Chartered Secretaries and Administrators, she is licensed by the Registrar of Companies to act as a Company Secretary. She also holds a Certified Diploma in Accounting & Finance from the Association of Chartered Certified Accountants.

## II. BOARD STRENGTH AND EFFECTIVENESS

### Appointments to the Board

The Nomination Committee ("NC") makes independent recommendations for appointments to the Board, based on criteria which they develop, maintain and review. The NC may consider the use of external consultants in the identification of potential Directors.

In making these recommendations, the NC assesses the suitability of candidates, taking into account the Board's required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval. The Board makes clear at the outset its expectations of its new Directors in terms of their time commitment as recommended by the Code, and those appointments to other directorships are notified to the Chairman.

### Re-election of Directors

In accordance with the Company's Articles, all Directors who are appointed may only hold office until the next following Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM.

The Articles also provide that one-third of the Directors, or if their number is not three or a multiple of three, then the number nearest to one-third, are subject to retirement by rotation at every AGM but are eligible for re-election provided always that all Directors including the Managing Director and Executive Directors shall retire from office at least once in every three years. Pursuant to Section 129 of the Companies Act, 1965, the office of a Director of or over the age of 70 years becomes vacant at every AGM unless he is reappointed by a resolution passed at such an AGM of which no shorter notice than that required for the AGM has been given and the majority by which such resolution is passed is not less than three-fourths of all members present and voting at such AGM.

Mohammed Abdullah K. Alharbi (appointed as Director on 29 May 2015) and Robert Alan Nason (appointed as a Director on 7 March 2016), shall hold office until the forthcoming AGM scheduled to be held on 20 April 2016, and are eligible for re-election pursuant to Article 121 of the Company's Articles, whilst Directors who are due for retirement by rotation and eligible for re-election pursuant to Article 114 of the Company's Articles at the forthcoming AGM are Hamidah Naziadin and Morten Lundal. Robert William Boyle however, has given notice that he will not be seeking re-election. Hence, he will retain office until the close of the AGM.

An assessment of the independence of all independent Directors including Hamidah Naziadin and Robert Alan Nason was undertaken as part of the Board's assessment in 2015 and at the time of appointment respectively. The Nomination Committee and the Board had carried out an assessment of the independence of Hamidah Naziadin and Robert Alan Nason pursuant to criteria as prescribed by the MMLR and Code and are satisfied that they meet the criteria for independence. Hamidah Naziadin and Robert Alan Nason were appointed as Directors on 1 February 2014 and 7 March 2016 respectively and both do not exceed the tenure of nine years.

The profiles of the Directors who are due for re-election are set out on pages 22 to 28 of this Annual Report. The NC and the Board have considered the assessment of the four (4) Directors standing for re-election and collectively agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors as prescribed by the MMLR.

The Board delegates certain responsibilities to the respective Committees of the Board which operate within clearly defined terms of reference and limits of authority. These Committees have the authority to examine particular issues and report their proceedings and deliberations to the Board. On Board reserved matters, Committees shall deliberate and thereafter state their recommendations to the Board for its consideration.

During Board meetings, the Chairmen of the various Committees provide summary reports of the decisions and recommendations made at respective committee meetings, and highlighted to the Board any further deliberation that were required by the Board. These Committee reports and deliberations are incorporated into the minutes of the Board meetings.

#### **Board Diversity Policy**

The Board recognises that diversity in its composition is critical in ensuring its effectiveness and good corporate governance. A truly diverse board will include and make use of the variation in the age, skills, experience, background, gender, ethnicity and nationality of its members to ensure effective governance and robust decision making by the Board. The Nomination Committee and Board regularly reviews the composition of the Board to ensure the proper discharge of its functions and obligations.

Underpinning the Maxis Board Diversity Policy is Maxis' commitment to ensuring that all Directors are appointed on merit, in line with the standards as set out in Para 2.20A of the MMLR. The background of each Director can be found on pages 22 to 28 which demonstrates the Board's diversity policy.

#### **Board Effectiveness Assessment**

The NC facilitates and organises the yearly Board Effectiveness Assessment for assessment and evaluation of the Board of Directors, Board Committees and individual Directors. The objective of the exercise is to improve the Board and Committee's effectiveness, identify gaps, maximise strengths and address weaknesses. Self-assessment and peer assessment methodologies are used, and issues put forth for assessment are presented in a customised questionnaire. There is a comments section for Directors to provide feedback and suggestions.

The Chairman of the NC oversaw the overall evaluation process and responses were reviewed and analysed by the NC, before being constructively tabled and communicated to the Board. In addition, the individual Directors also conducted self-assessments, the results of which were also shared with the Board. The Board agreed on the action points moving forward.

The criteria on which assessment of the Board's effectiveness were carried out was developed, maintained and reviewed by the NC. They included, inter alia, each Director's effectiveness, the Board's and Board Committees' composition, Board's roles and responsibilities, performance which comprises strategy planning and performance, risk and human capital management, regulatory requirements, Board communications and conduct of the Board and Board Committees.

During the year, the Board Committees were, inter alia, assessed based on their roles and scope, frequency and length of meetings, supply of sufficient and timely information to the Board and also their overall effectiveness and efficiency in discharging their function. During the year, the Board of Directors, in accordance with Para 15.20 of the MMLR also reviewed the terms of office and performance of the Audit Committee ("AC") and each of the members and was satisfied that the Audit Committee and members have carried out their duties in accordance with their terms of reference.

The individual Directors each undertook self-assessment of their individual performance during the financial year ended 31 December 2015 based on the criteria as prescribed under Para 2.22A of MMLR of character, experience, integrity, competence and time in order to discharge their respective roles as Directors of Maxis Berhad.

#### Board Committees

- All Board Committees consist of majority Independent Non-Executive Directors.
- The terms of reference of Board Committees can be viewed on the Company's website.
- All Board Committees meet as and when necessary and decisions on recommendations can also be made via circular resolutions.
- In carrying out its duties and responsibilities, the Board Committees have full, free and unrestricted access to any information, records, properties and personnel of the Maxis Group and the power to obtain independent professional advice and expertise necessary in order for them to discharge their duties effectively.
- All members of the Board Committees have access to the advice and services of the Company Secretary.

The name, members, Terms of Reference and activities of the Board Committees can be found in the following table:-

	Name of the Committee	Members	Terms of Reference ("ToR")	Activities
1	Audit Committee ("AC")	RB (Chairman), TMM, HN, LGK and MAH	Refer to link <a href="http://www.maxis.com.my/corp">http://www.maxis.com.my/corp</a>	Please refer to the AC Report on pages 58 to 60 of this Annual Report
2	Remuneration Committee ("RC")	TMM (Chairman), RB, HN and FMC		<ul style="list-style-type: none"> <li>• The RC met three times in 2015. All meetings were attended by all members</li> <li>• The Meetings discussed amongst other things, the establishment of the Long Term Incentive Plan, CEO's remuneration, and CEO's recommendations for the Maxis Management Team's remuneration</li> </ul>
3	Nomination Committee ("NC")	TSDSA (Chairman), TMM and RB		<ul style="list-style-type: none"> <li>• The NC met three times in 2015</li> <li>• All meetings were attended by all members</li> <li>• Among the activities considered by the NC during the year were the appointment of Mr Mohammed Abdullah K. Alharbi as a Director, Board and Committee compositions, Board Diversity Policy, the process, methodology and outcome for Annual Board, Board Committee and individual Director assessments, compliance with the Code and training requirements of the Board</li> </ul>
4	ESOS/LTIP Committee	TMM (Chairman), HN and ML		<ul style="list-style-type: none"> <li>• The Committee did not meet in 2015. The decisions were recorded by a circular of resolution in writing and was passed to the ESOS/LTIP Committee</li> </ul>

#### Remuneration of Directors and Maxis Management Team

The objectives of the Group's policy on Directors' remuneration are to ensure that formal and transparent remuneration policies and procedures have been put in place to attract and retain Directors of the calibre needed to run the Group successfully. In Maxis, the component parts of remuneration for the Executive Directors are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the Non-Executive Director concerned.

#### Remuneration Procedures

- The RC recommends to the Board, the policy and framework of the Directors' remuneration and the remuneration package for the Executive Director (who is also the CEO).
- In recommending the Group's remuneration policy, the RC may receive advice from external consultants. It is nevertheless the ultimate responsibility of the Board to approve the remuneration of the Directors and the CEO.
- The RC also reviews the overall performance of the Company and the specific KPIs of the CEO.
- In determining the bonus, the RC reviews their performance based on the overall performance of the Company, and specific KPIs.
- Unless otherwise determined by an ordinary resolution of the Company in a general meeting, the total fees of all Directors (excluding salaried Directors) in any year shall be a sum not exceeding in aggregate RM6,000,000.00 and divisible among the Directors as they may agree, or in the absence of an agreement, divided equally.
- The determination of the remuneration packages of Non-Executive Directors (whether in addition to or in lieu of their fees as Directors), is a matter for the Board as a whole. Individual Directors do not participate in decisions regarding their own remuneration package.

#### Directors' Remuneration Package

Executive Director	
1	<p><b>Basic Salary</b></p> <p>The basic salary of the Executive Director is fixed for the duration of his contract. Any revision to the basic salary will be reviewed and recommended by the RC.</p>
2	<p><b>Bonus Scheme</b></p> <p>The Group operates a bonus scheme for all employees including the Executive Director. Specific KPIs on financial performance and operational performance were set to assess the performance of the Executive Director. Bonuses payable to the Executive Director are reviewed by the Remuneration Committee and approved by the Board.</p>
3	<p><b>Benefits-in-Kind and Others</b></p> <p>Other customary benefits (such as private medical cover, car, etc.) and other benefits are made available to the Executive Director as appropriate.</p>
Non-Executive Directors	
1	<p><b>Fees</b></p> <p>In accordance with the Company's Articles, the total fees of all the Directors in any year shall be a fixed sum not exceeding in aggregate RM6,000,000.00 unless otherwise determined by an ordinary resolution of the Company in a general meeting. Benefits-in-Kind (such as car, etc.) are also made available to Non-Executive Directors as appropriate.</p> <p>The Board and members of the Board Committees were paid fees respectively and no meeting allowances were provided to all Directors other than reimbursements .</p>

The aggregate emoluments received by the Directors of the Company during the financial year ended 31 December 2015 and the total Directors' remuneration analysed in the band of RM50,000 are disclosed in the financial statements, as set out on page 109 of this Annual Report.

Details of the remuneration for each of the Non-Executive Directors of the Company, including Directors who resigned during the year, categorised into appropriate components for the financial year ended 31 December 2015 were as follows:

	Name of Directors	Fee (RM)	Benefit in Kind (RM)	Total Amount (RM)
1.	Raja Tan Sri Dato' Seri Arshad Raja Tun Uda	450,000	43,749	493,749
2.	Robert William Boyle	396,451	-	396,451
3.	Tan Sri Mokhzani bin Mahathir	331,667	-	331,667
4.	Hamidah Naziadin	281,667	-	281,667
5.	Krishnan Ravi Kumar <sup>Note 2</sup>	90,000	-	90,000
6.	Dr. Ibrahim Abdulrahman H. Kadi <sup>Note 2</sup>	55,215	-	55,215
7.	Mohammed Abdullah K. Alharbi <sup>Note 3</sup>	152,204	-	152,204
8.	Fraser Mark Curley	270,914	-	270,914
9.	Augustus Ralph Marshall <sup>Note 2</sup>	145,161	-	145,161
10.	Lim Ghee Keong	279,247	-	279,247
11.	Alvin Michael Hew Thai Kheam	250,000	-	250,000
12.	Morten Lundal (Executive Director) <sup>Note 1</sup>			

**Notes:**

- (1) The Executive Director's remuneration can be found on page 109 of this Annual Report.  
(2) Resigned during the year 2015.  
(3) Appointed during the year 2015.  
(4) Save as disclosed above, no other remuneration has been paid to the Directors by the Company and/or its subsidiaries.

### III. BOARD BALANCE AND INDEPENDENCE

There are ten members of the Board, comprising an Executive Director (who is also the CEO) and nine Non-Executive Directors (including the Chairman). Five of the Non-Executive Directors including the Chairman are independent and hence fulfil the prescribed requirements for one-third of the membership of the Board to be Independent Board Members. The Board comprises members of high calibre and integrity from diverse professional backgrounds, skills, extensive experience and knowledge in the areas of telecommunications, Information Technology, entertainment, finance, business, general management, strategy, sales and distribution as well as human resources as required for the successful direction of the Group.

With its diversity of skills, the Board has been able to provide clear and effective collective leadership to the Group and has brought informed and independent judgment to the Group's strategy and performance to ensure that the highest standards of conduct and integrity are always at the core of the Group. None of the Non-Executive Directors participate in the day-to-day management of the Group.

The presence of the Independent Non-Executive Directors is essential in providing unbiased and impartial opinion, advice and judgment to Board deliberations to ensure that the interests, not only of the Group, but also of its shareholders, employees, customers, suppliers and other communities in which the Group conducts its business are well-represented and taken into account.

The Independent Non-Executive Directors thus play a key role in corporate accountability. The assessment of the independence of each of its Independent Non-Executive Directors is undertaken twice a year according to set criteria as prescribed by the MMLR. As part of the Board's yearly appraisal and self-assessment, the Board is of the view that its size is adequate for the effective discharge of its functions and responsibilities. As recommended by the Code, the tenure of directorship should form also part of the assessment criteria for independence of a Director. The relevant process and procedures have been provided for in the Board Charter and Terms of Reference of the NC. In the event that shareholders' approval is sought to enable an independent Director to retain his designation as an Independent Director after having served a tenure of nine years, the NC is tasked to assess and assist the Board in recommending and providing justification for shareholders' consideration and approval in such instances.

A brief description of the background of each Director is contained in the “Board of Directors’ Profiles” section as set out on pages 22 to 28 of this Annual Report.

#### **Division of Roles and Responsibilities Between the Chairman and the CEO**

The Board appreciates the distinct roles and responsibilities of the Chairman of the Board and the CEO. This division ensures that there is a clear and proper balance of power and authority. As such, the role of the Chairman and CEO is separate and this division of roles is made clear in the Board Charter. In addition to the above, the Chairman was not previously a CEO of the Company.

The Chairman’s main responsibility is to ensure effective conduct of the Board and that all Directors, both Executive and Non-Executive, have unrestricted and timely access to all relevant information necessary for informed decision-making. The Chairman encourages active participation and deliberation by all Board members to enable the wisdom of all the Board members to be tapped and to promote consensus-building as much as possible.

The CEO has overall responsibilities over the Group’s operational and business units, organisational effectiveness and implementation of Board policies, directives, strategies and decisions. In addition, the CEO also functions as the intermediary between the Board and Management.

### **IV. COMMITMENT OF THE BOARD**

#### **Training and Development of Directors**

The NC and the Board assess the training needs of each of its Directors on an ongoing basis, by determining areas that would best strengthen their contributions to the Board. Orientation and familiarisation programmes that include visits to the Group’s business operations and meetings with key management, where appropriate, are organised for newly appointed Directors to facilitate their understanding of the Group’s operations and businesses. Regular talks are scheduled on various topics for the Board and these sessions are held together with Management in order to encourage open discussion and comments.

Throughout the financial year under review, regular briefings/updates (some by external advisers) on various subjects such as cyber security, industry trends, operations, legal, regulatory, technology and organisation and talent were held at Board meetings. Other sessions have been part of the Maxis Board agenda and this will continue into 2016 and beyond with greater intensity.

Directors have also participated in various external training programmes which they have collectively or individually considered as useful for them to discharge their responsibilities.

The Board has taken steps to ensure that its members have ongoing access to appropriate continuing education programmes in order to effectively discharge their functions effectively as Directors. The Company Secretary facilitates the organisation of internal training programmes and keeps Directors informed of relevant external training programmes. All of the Directors have undergone training during the financial year. The records of internal and external training programmes attended by Directors are maintained by the Company Secretary.

As at the financial year end ended 31 December 2015, all Directors have attended and completed the Mandatory Accreditation Programme (“MAP”) prescribed by Bursa Securities. Mohammed Abdullah K. Alharbi who was appointed a Director on 29 May 2015 has completed his MAP on 10 September 2015 which is within the prescribed period of four months from the date of his appointment.

### **V. BOARD INTEGRITY IN FINANCIAL REPORTING, RISK RECOGNITION AND MANAGEMENT**

#### **Financial Reporting**

##### **ACCOUNTABILITY AND AUDIT**

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors will endeavour to present a clear, balanced and comprehensive assessment of the Group’s financial position, performance and prospects. This also applies to other price-sensitive public reports and reports to regulators. The assessment is provided in this Annual Report through the Directors’ Responsibility Statement as set out on page 67 of the Annual Report.

**Related Party Transaction (“RPT”)**

The Group has put in place review and approval processes and procedures for RPT to ensure that the transaction prices, terms and conditions of the agreement and the quality of the products/services are comparable with those prevailing in the market. The quality of the products/services must meet industry standards. The transaction should be entered into on normal commercial terms, and on terms that are consistent with the Group’s usual business practices and policies. This will ultimately ensure that the terms of the transactions are not favourable to the related party and are not detrimental to the minority shareholders of the Group.

The RPT review and approval processes and procedures focus on four areas:

**(i) Create RPT Awareness**

All Heads of business units, Finance, Legal, Company Secretary and Internal Audit departments are made aware of all related parties to enable the Group to capture information on RPTs at source. The LOA specifies processes for RPT.

**(ii) RPT Approval Process**

All RPT (irrespective of their values) must be tabled to the AC for review and to the Board for approval. Any new RPT proposed for the AC’s recommendation and the Board’s approval will be reviewed by various internal parties including the Company Secretary, Finance and Internal Audit departments, all of which are tasked with monitoring and reviewing transactions before the Board paper is submitted to the AC and the Board.

Where transactions are on single-source quotation and where benchmarking is not possible, justification by business units must be provided to ensure that the transactions are at arm’s length basis, not favourable to the related party and not detrimental to the minority shareholders. Interests of Directors and conflict of interests are disclosed to the AC and the Board and the interested Directors will abstain from deliberating and voting on the RPT.

The non-interested Directors of the Board will consider the transaction as proposed in the Board paper and if deemed appropriate, approve the RPT upon recommendation by the AC. In respect of the recurrent related party transactions (“RRPTs”) which are within the shareholders’ mandate (“Mandate”) obtained at the Company’s Extraordinary General Meeting, additional review and approval procedures are adopted.

Any individual RRPTs exceeding RM60 million each in value will be reviewed and considered by the AC prior to recommendation to the Board for approval, before the transaction can be entered into. Any variations to the terms and conditions of the individuals RRPTs will be reviewed and approved in accordance with the Company’s LOA.

**(iii) Monitoring Compliance and Reporting**

The Group has a process for monthly reporting on the status of mandated RRPTs whereby the mandated RRPTs amount will be tracked on a monthly basis to ensure that the actual value of the mandated RRPTs entered into with parties within the same related party group does not exceed the aggregated estimated value of such mandated RRPTs. Where the value of transaction(s) exceeds the aggregated estimated value by 10% or more, a disclosure will be made to Bursa Securities.

Disclosure on the RRPTs for which the Mandate has been obtained together with the breakdown of the aggregate value of the RRPTs which had been conducted during the financial year ended 31 December 2015 is provided on pages 188 to 191 of this Annual Report.

**(iv) Disclosures in Securities and Interests**

In addition, all disclosures on trading in shares and securities of the Company by Directors and principal officers are tabled at Board Meetings.

**Risk Management and Internal Control**

The Group’s Statement on Risk Management and Internal Control is set out on pages 61 to 66 of this Annual Report.

**Relationship with Auditors**

The statement on roles, duties and responsibilities of the AC in relation to both the internal and external auditors is described in the Audit Committee Report as set out on pages 58 to 60 of this Annual Report.

## VI. TIMELY AND HIGH QUALITY DISCLOSURE

The Board has also established and adopted the Corporate Disclosure Policy which inclusive of feedback from Management as recommended by the Code and the policies and procedures therein has been formulated with reference to the Best Practices published in the Corporate Disclosure Guide issued by Bursa Securities. A dedicated Intranet has also been provided for ease of communication with employees and serves as a reference point for the employees.

As recommended by the Code, the Company will seek to leverage on the latest and most innovative Information Technology available to promote more efficient and effective ways to communicate with both its shareholders and stakeholders. Please refer to the list of items available on the Company's website on page 56.

## VII. RELATIONSHIP WITH SHAREHOLDERS

### Shareholders and Investor Relations

The Board believes that the Group should at all times be transparent and accountable to its shareholders and investors and the Board is proactive in evaluating the effectiveness of information dissemination to Maxis' shareholders and the wider investing community.

Other than through the issuance of its Annual Reports, Maxis has been actively promoting proactive engagements and communications with its shareholders and stakeholders through the following channels:

- Release of financial results on a quarterly basis;
- Press releases;
- Announcements to Bursa Securities; and
- An online Investor Relations section and online Press Room which can be accessed by shareholders and the general public via the Company's website at [www.maxis.com.my](http://www.maxis.com.my). Please also refer to the Investor Relations section on pages 16 to 18 of this Annual Report.

The Group's website is updated regularly to provide current and comprehensive information about the Group.

The Board has identified Tan Sri Mokhzani bin Mahathir as the Senior Independent Director to whom queries or concerns regarding the Group may be conveyed. Contact details on queries and/or concerns regarding the Group are:

(i) **Tan Sri Mokhzani bin Mahathir**  
e-mail: [mmokhza@maxis.com.my](mailto:mmokhza@maxis.com.my)

(ii) **Nasution bin Mohamed**  
Chief Financial and Strategy Officer, for financial related matters  
e-mail: [nasution@maxis.com.my](mailto:nasution@maxis.com.my)

(iii) **Audrey Ho Swee Fong**  
Head of Investor Relations, for investor relations matters  
e-mail: [ir@maxis.com.my](mailto:ir@maxis.com.my)

(iv) **Dipak Kaur**  
Company Secretary, for shareholders' enquiries  
e-mail: [sdipak@maxis.com.my](mailto:sdipak@maxis.com.my)

**AGM**

The AGM is the principal forum for dialogue with all shareholders who are encouraged and given sufficient opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns. The Board has taken reasonable steps to encourage shareholder participation at general meetings. Shareholders are encouraged to participate in the Question and Answer session on the resolutions being proposed or on the Group's operations in general.

Shareholders who are unable to attend are allowed to appoint proxies in accordance with the Company's Articles to attend and vote on their behalf. The Chairman and Board members are in attendance to provide clarification on shareholders' queries. Where appropriate, the Chairman of the Board will endeavour to provide the shareholders with written answers to any significant questions that cannot be readily answered during the AGM. Shareholders are welcome to raise queries by contacting Maxis at any time throughout the year and not only at the AGM.

The Companies Act, 1965 and the Company's Articles require 21 days' notice for the AGM but the Company has gone beyond the prescribed requirement to issue a notice with 28 days' notice period. Notice of the annual general meeting is advertised in a national circulated daily newspaper. The notice of the general meeting, which includes any item of special business, will be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. Separate resolutions are proposed for substantially separate issues at the AGM.

An email account has also been created to attend to all queries from shareholders pertaining to this Annual Report, including any queries relating to the use of CD-ROM, form of proxy and all other matters relating to the forthcoming AGM. The email address is [agm2016@maxis.com.my](mailto:agm2016@maxis.com.my) and this will be valid from 23 March 2016 to 20 April 2016 for this purpose.

The Board considers electronic poll voting as a viable voting option for its shareholders to be implemented in the future provided that it is able to satisfy itself that the infrastructure is reliable and cost effective. The Chairman would at the outset of general meetings inform the shareholders of their right to request to vote by poll.

**Whistle-Blowing**

In light of the requirements stipulated under the Capital Markets and Services Act 2007, the Bursa Securities' Corporate Governance Guide and the Companies Act, 1965, the Board recognises the importance of whistle-blowing and is committed to maintaining the highest standards of ethical conduct within the Group.

A secure reporting mechanism for employees and third parties called the 'Ethics Hotline' has been established to report any alleged unethical behavior, actual or suspected fraud within the Group. Dedicated channels for reporting have been set up.

These channels, under the custody of the Internal Audit Department, are:

- (i) Call or SMS to Ethics Hotline number (03-2330 6678 or 017-200 3922);
- (ii) Email to [ethics@maxis.com.my](mailto:ethics@maxis.com.my);
- (iii) Letters/documents to the Ethics Hotline Office c/o Internal Audit Department (Level 21, Menara Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia).

The Board and the Management give their assurance that employees' and third parties' identities are kept confidential and that whistle-blowers will not be at risk of any form of victimisation or retaliation from their superiors or any member of the Management provided that they act in good faith in their reporting. All concerns raised will be investigated by a team comprising Internal Audit, People & Organisation personnel and/or line management. All fraud and cases of unethical conduct will be deliberated at the Defalcation Committee (an internal committee comprising Maxis Management Team as members) which meets regularly on matters pertaining to fraud and unethical practices. A report is provided to the Audit Committee on a quarterly basis.

**List of Corporate Governance Documents Available on Maxis' Website:**

<http://www.maxis.com.my/corp>

1. Board Charter
2. Term of Reference of the Audit Committee
3. Terms of Reference of the Nomination Committee
4. Terms of Reference of the Remuneration Committee
5. Code of Business Practice
6. Memorandum and Articles of Association

**Code Compliance Checklist**

Summary of Principles / Recommendation		Status of Compliance (Yes / No)	Pages of CG Statement
<b>1</b>	<b>Establish Clear Roles and Responsibilities</b>		
1.1	Establish clear functions reserved for the Board and those delegated to Management	Yes	44, 45
1.2	Establish clear roles and responsibilities in discharging its fiduciary and leadership functions. <u>Responsibilities</u>		44
	<ul style="list-style-type: none"> <li>• Reviewing and adopting a strategic plan for the Company</li> <li>• Overseeing the conduct of the Company's business</li> </ul>		
	<ul style="list-style-type: none"> <li>• Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures</li> </ul>	Yes	
	<ul style="list-style-type: none"> <li>• Succession planning</li> </ul>		
	<ul style="list-style-type: none"> <li>• Overseeing the development and implementation of a shareholder communications policy for the Company</li> </ul>	Yes	
	<ul style="list-style-type: none"> <li>• Reviewing the adequacy and the integrity of the Management information and internal controls system of the Company</li> </ul>	Yes	
1.3	Formalise ethical standards through a code of conduct; ensure compliance and make available on corporate website	Yes	45
1.4	Ensure that the Company's strategies promote sustainability and disclose in the annual report and corporate website	Yes	45
1.5	Procedures to allow Board members access to information and advice	Yes	45, 46
1.6	Supported by a suitably qualified and competent Company Secretary	Yes	47
1.7	Formalise, periodically review and make public its Board Charter	Yes	47
<b>2</b>	<b>Strengthen Composition</b>		
2.1	Establish a Nomination Committee comprising exclusively of Non-Executive Directors, a majority of whom must be independent	Yes	49
2.2	Nomination Committee should develop, maintain and review the criteria to be used in the recruitment process and annual assessment of Directors	Yes	49
2.3	Establish formal and transparent remuneration policies and procedures to attract and retain Directors	Yes	49, 50

Summary of Principles / Recommendation		Status of Compliance (Yes / No)	Pages of CG Statement
<b>3</b>	<b>Reinforce Independence</b>		
3.1	Undertake an assessment of its Independent Directors annually	Yes	51
3.2	Tenure of an Independent Director to not exceed a cumulative of nine years. Upon completion of nine years, the Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director	Not applicable	
3.3	Justify and seek shareholders' approval in the event it retains an Independent Director who has served for more than nine years	Not applicable	
3.4	Positions of Chairman and CEO should be held by different individuals, and the Chairman must be a non-executive member of the Board	Yes	52
3.5	The Board must comprise a majority of Independent Directors where the Chairman of the Board is not an Independent Director	Not applicable	
<b>4</b>	<b>Foster Commitment</b>		
4.1	The Board should set out expectations on time commitment for Board members and protocols for accepting new directorships	Yes	47
4.2	Ensure Board members have access to appropriate continuing education programmes	Yes	52
<b>5</b>	<b>Uphold Integrity in Financial Reporting</b>		
5.1	Audit Committee should ensure financial statements comply with applicable financial reporting standards	Yes	59
5.2	Audit Committee should have policies and procedures to assess the suitability and independence of external auditors	Yes	60
<b>6</b>	<b>Recognise and manage risks</b>		
6.1	The Board should establish a sound framework to manage risks and disclose in the annual report the main features of the Company's risk management framework and internal control systems	Yes	61 - 66
6.2	The Board should establish an internal audit function which reports directly to the Audit Committee	Yes	58
<b>7</b>	<b>Ensure timely and high quality disclosure</b>		
7.1	The Board should ensure the Company has appropriate corporate disclosure policies and procedures	Yes	54
7.2	The Board should encourage the Company to leverage on information technology for effective dissemination of information	Yes	47
<b>8</b>	<b>Strengthen Relationship between Company and Shareholders</b>		
8.1	The Board should take reasonable steps to encourage shareholder participation at general meetings	Yes	54, 55
8.2	The Board should encourage poll voting	Yes	55
8.3	The Board should promote effective communication and proactive engagements with shareholders	Yes	54

# Audit Committee Report

As at 31 December 2015

The Board of Maxis is pleased to present the Audit Committee Report for the financial year ended 31 December 2015.

## MEMBERS AND MEETINGS

The Audit Committee (“the Committee”) has five members, all of whom are Non-Executive Directors and a majority of whom are independent, including the Chairman of the Committee.

All members of the Committee are financially literate and are able to read, analyse, interpret and understand financial statements in order to effectively discharge their duties and responsibilities as members of the Committee. Robert William Boyle is a Fellow of the Institute of Chartered Accountants in England and Wales meeting the requirement under the Main Market Listing Requirements of Bursa Securities (“MMLR”) that an Audit Committee must have at least one qualified accountant as its member.

Five (5) meetings were held and the details of the Committee members and the attendance of each member at Committee meetings are set out below:

No	Name	Status	Independent	Meetings Attended
1	Robert William Boyle (Appointed as Chairman on 16 October 2009)	Non-Executive Director	Yes	5 out of 5
2	Tan Sri Mokhzani bin Mahathir (Appointed as Member on 16 October 2009)	Non-Executive Director	Yes	5 out of 5
3	Hamidah Naziadin (Appointed as Member on 1 February 2014)	Non-Executive Director	Yes	5 out of 5
4	Lim Ghee Keong (Appointed as Member on 8 May 2014)	Non-Executive Director	No	5 out of 5
5	Mohamed Abdullah Al Harbi (Appointed as Member on 13 October 2015)	Non-Executive Director	No	2 out of 2
6	Krishnan Ravi Kumar (Resigned as Member on 30 April 2015)	Non-Executive Director	No	1 out of 2

The Group has an internal audit function which reports directly to the Committee.

The Group’s internal and external auditors and certain members of Maxis Management Team attended all the Committee meetings by invitation.

The Committee also held two separate private sessions with internal auditors and external auditors respectively without the presence of the Management. Both the internal and external auditors have unfettered access to members of the Audit Committee including the Chairman anytime during the year.

Deliberations during the Committee meetings were minuted. The Chairman of the Committee reports the proceedings of the Committee to the Board after every Committee Meeting. Minutes of the meetings were circulated to all members of the Board and significant issues were brought up and discussed at Board meetings.

## SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Committee’s duties and responsibilities are set out in its Terms of Reference which are available at [www.maxis.com.my/corp](http://www.maxis.com.my/corp). During the financial year, the Committee reviewed and updated the Terms of Reference to be in line with the Statement on Risk Management and Internal Controls (Bursa Securities, 2013) and an annual review was performed to ensure that they have been complied with in full. In the discharge of its duties and responsibilities, the Committee had undertaken the following major activities during the year:

# Audit Committee Report

As at 31 December 2015

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## Risk Management and Internal Control

- Reviewed with Management the quarterly status reports on Enterprise Risk Management including risk profile and key risks of the Group and recommended changes to the risks and related mitigating actions as appropriate. These were based on the business trends and the industry. The Committee also reviewed the risk methodology to ensure that key and high risks were identified and tracked;
- Evaluated the overall adequacy and effectiveness of the system of internal controls including information technology and network controls, the Group's financial, auditing and accounting organisations and personnel and the Group's policies and compliance procedures with respect to business practices, through a review of the results of work performed by internal and external auditors and discussions with key members of Maxis Management Team;
- Emphasised data security and the ability to resist cyber-attacks and online fraud. The Chief Technology Officer has regularly reported to the Committee which monitors progress in keeping up-to-date with the latest techniques; and
- Reviewed the updated Employee Code of Business Practice, Vendor Code of Business Practice, compliance with the Personal Data Protection Act, the Whistle-Blowing policy and the outcome of any defalcation or fraud cases investigated.

## Financial Reporting

- Reviewed with the appropriate officers of the Group, the quarterly financial results and annual audited financial statements of the Group, including related announcements, before recommending their approval, and the release of the Group's financial results to Bursa Securities, to the Board;
- The reviews on the financials focused on the matters set out in Section 5 of the Terms of Reference, "Responsibilities" under the heading "Financial Reporting" as well as the following areas, where relevant:
  - MMLR (Bursa Securities Main Market Listing Requirements);
  - Provisions of the Companies Act, 1965 and other legal and regulatory requirements; and
  - Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board;
- Reviewed related party transactions and mandate for recurrent related party transactions to ensure compliance with MMLR and the Group's policies and procedures.

## Overall Governance, Regulatory and other updates

The Committee reviewed changes in material litigation, law and regulations, compliance with loan covenants and regulatory updates on the Group's business.

## Internal Audit

- Reviewed the adequacy of the charter of the internal audit function and approved Internal Audit's proposals to enhance the charter in line with the current standards for risk-based Professional Practice of Internal Auditing and to reflect the changes to the Internal Audit practice on auditing;
- Reviewed and approved the Internal Audit Annual Audit Plan based on the 3-year Internal Audit Roadmap (2015-2017), which reflected the changing risk landscape of the organisation and industry. The plan is focused on strategic areas namely business operations, technology and advisory audits;
- Reviewed the scope and coverage of the planned activities and ensured principal risk areas and key processes of the business (identified by the Enterprise Risk Management department and Internal Audit department) were adequately addressed in the plan;
- Reviewed the progress of the Internal Audit Annual Audit Plan 2015, status of Internal Audit assignments including key findings from audit reports, audit recommendations by the internal auditors, results of investigations performed by the internal auditors and the representations made, and the corrective actions taken by Management in addressing and resolving issues, and ensured that all issues were adequately addressed on a timely basis; and
- Reviewed the adequacy of resources and the competencies of staff within the Internal Audit department to execute the audit plan and reviewed the performance of Internal Audit department staff against the Internal Audit Division's Key Performance Indicators

## Audit Committee Report

As at 31 December 2015

### External Audit

Reviewed with the external auditors, their terms of engagement, remuneration and the audit for the financial year to ensure that their scope of work adequately covers the activities of the Group:

- The Committee has reviewed the audit related and non-audit services provided by the external auditors, which included tax compliance and advice, project management assistance and advice connected with the major internal structuring of the Group, as explained in Note 7 to the financial statements;
- Reviewed the results and issues arising from the external auditors' review of the half-yearly financial results and audit of the year end financial statements and the resolution of issues highlighted in their report to the Committee;
- Undertook the annual assessment of the suitability and independence of the external auditors and reviewed the level of compliance with the Maxis External Audit Independence policy. Considerations in the assessment included the adequacy of experience, resources and professional staff assigned to the audit for the 2015 financial year;
- The Committee reviewed the performance after each audit, including the results of questionnaire completed by relevant directors and staff, before making a recommendation on the re-appointment of auditors to the Board.

### Employee Share Option Scheme ("ESOS") and Long Term Incentive Plan ("LTIP")

- Reviewed and verified that the ESOS and LTIP grants for the financial year were allocated to employees as per the criteria approved, disclosed and established pursuant to ESOS and LTIP.

### Others

- The Committee reviewed borrowing and hedging policies and satisfies itself on the going concern and risk management implications.

### TRAINING

The training attended by the Committee members during the financial year is reported under the Statement on Corporate Governance on page 52.

### INTERNAL AUDIT FUNCTION

The Group has an independent internal audit function which reports directly to the Committee, the primary responsibility of which is to provide independent and objective assessment of the adequacy and effectiveness of the risk management, internal control and governance processes established by management and/or the Board within the Group.

The Head of the Internal Audit department reports directly to the Chairman of the Committee, and is responsible for enhancing the quality assurance and improvement programme of the internal audit function. Its effectiveness is monitored through continuous internal self-assessment and independent external assessment, and the results are communicated to the Committee.

The total costs incurred for the internal audit function for the financial year ended 31 December 2015 amounted to RM4.0 million (2014: RM4.6 million).

The internal audit function fully abides by the provisions of its charter. The internal audit charter is reviewed and approved by the Committee annually and complies fully with the Institute of Internal Auditors' International Professional Practices Framework.

### TERMS OF REFERENCE OF THE COMMITTEE

The terms of reference of the Committee can be viewed on the Company's website [www.maxis.com.my/corp](http://www.maxis.com.my/corp).

# Statement on Risk Management and Internal Control

## INTRODUCTION

The Board affirms its overall responsibility for the Group's system of internal control and risk management and for reviewing the adequacy and effectiveness of the system. The Board is pleased to share the main features of the Group's risk management and internal control system in respect of the financial year ended 31 December 2015.

In discharging its stewardship responsibilities, the Group has established a sound risk management framework and procedures of internal control. These procedures, which are embedded into the culture, processes and structures of the Group are subject to regular review by the Board, provide an ongoing process for identifying, evaluating and managing the significant risks faced by the Group that may affect the achievement of its business objectives and strategies. The Group's risk management framework and internal control procedures, in all material aspects, are consistent with the guidance provided to Directors as set out in the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

## BOARD RESPONSIBILITY

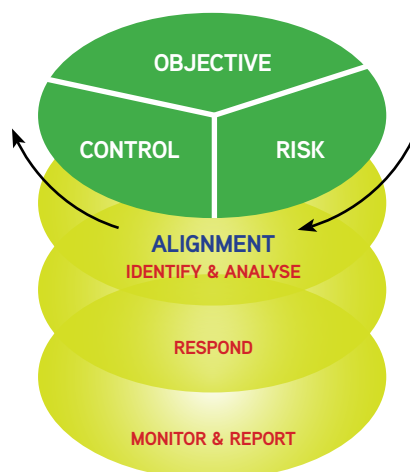
The Board of Maxis, in discharging its responsibilities, is fully committed to articulating, implementing and reviewing a sound risk management and internal control environment. The Board is responsible for determining the Group's level of risk tolerance and in conjunction with Management, to actively identify, assess and monitor key business risks in order to safeguard shareholders' investments and the Group's assets. The risk management and internal control systems are designed to identify, assess and manage risks that may impede the achievement of the Group's business objectives and strategies rather than to eliminate these risks. They can only provide reasonable and not absolute assurance against fraud, material misstatement or loss, and this is achieved through a combination of preventive, detective and corrective measures.

## RISK MANAGEMENT

The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the Audit Committee. The Audit Committee, supported by the Internal Audit department, provides an independent assessment of the effectiveness of the Maxis Enterprise Risk Management ("ERM") framework and reports to the Board on a yearly basis.

The Maxis ERM framework is consistent with the ERM framework of the Committee of Sponsoring Organisations ("COSO") and involves systematically identifying, analysing, measuring, monitoring and reporting on the risks that may affect the achievement of its business objectives. This framework helps to reduce the uncertainties surrounding the Group's internal and external environment, thus allowing it to maximise opportunities and minimise adverse incidences that may arise. The major risks which the Group is exposed to are strategic, operational, regulatory, financial, market, technological, products and reputational risks.

## MAXIS' ENTERPRISE RISK MANAGEMENT FRAMEWORK



The ERM process is based on the following principles:

- Consider and manage risks enterprise-wide;
- Integrate risk management into business activities;
- Manage risk in accordance with the Risk Management framework;
- Tailor responses to business circumstances; and
- Communicate risks and responses to Management

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All identified risks are displayed on a 5 by 5 risk matrix based on their risk ranking to assist Management in prioritising their efforts and appropriately managing the different classes of risks.

**RISK RATING SCALE - 5 BY 5 MATRIX**

IMPACT					
1. CRITICAL	Medium	Medium	High	High	High
2. MAJOR	Medium	Medium	Key	High	High
3. MODERATE	Low	Medium	Key	Key	High
4. MINOR	Low	Low	Medium	Medium	Medium
5. INSIGNIFICANT	Low	Low	Low	Low	Medium
LIKELIHOOD OF OCCURENCE	1. UNLIKELY	2. LOW PROBABILITY	3. POSSIBLE	4. HIGH PROBABILITY	5. ALMOST CERTAIN

■ HIGH  
■ KEY  
■ MEDIUM  
■ LOW

The Board and Management drive a pro-active risk management culture and regular risk awareness and coaching sessions are held to ensure that the Group’s employees have a good understanding and application of risk management principles.

There is an ERM department which works closely with the Group’s operational managers to continuously strengthen the risk management initiatives within the Group so that it responds effectively to the constantly changing business environment and thus is able to protect and enhance shareholder value.

**CONTROL ENVIRONMENT AND STRUCTURE**

The Board and Management have established numerous processes for identifying, evaluating and managing the significant risks faced by the Group. These include periodic testing of the effectiveness and efficiency of the internal control procedures and updating the system of internal controls when there are changes to the business environment or regulatory guidelines. These processes have been in place for the financial year ended 31 December 2015 and up to the date of approval of this Statement on Risk Management and Internal Control for inclusion in the Annual Report.

The key elements of the Group’s control environment include:

**1. Organisation Structure**

The business of the Group is managed by the Board which provides direction and oversight to the Group and Chief Executive Officer (“CEO”) who is supported by Management. The Board is supported by a number of established Board committees, namely the Audit, Nomination, Remuneration and Employee Share Option Scheme/Long-term Incentive Plan Committee, and ad-hoc operational and governance committees formed from time to time, all of which facilitate the Board in the discharge of its duties. Each Committee has clearly defined terms of reference and responsibilities, and activities of each Committee are reported back to the Board for information or decision where relevant (please refer to the Statement of Corporate Governance for further details).

Responsibility for implementing the Group’s strategies, operations and day-to-day businesses, including implementing the system of risk management and internal control, is delegated to the CEO who is supported by Management. The organisation structure sets out a clear segregation of roles and responsibilities, lines of accountability and limits of authority to ensure effective and independent stewardship.

# Statement on Risk Management and Internal Control // PAGE 63

## 2. Audit Committee

The Audit Committee comprises five (5) non-executive members of the Board, the majority of whom are Independent Directors. The Audit Committee comprises members who bring with them a wealth of knowledge, expertise and experience from different industries and backgrounds such as telecommunications and media, finance and treasury, human resources and general management. The Audit Committee reviews the Group's financial reporting process, the system of internal controls and management of enterprise risk, the audit process and the Group's process for monitoring compliance with laws and regulations and its own code of business conduct, as well as such other matters, which may be specifically delegated to the Committee by the Board, from time to time. Throughout the financial year, Audit Committee members are briefed on corporate governance practices, updates to Malaysian Financial Reporting Standards, legal and regulatory requirements and updates and key matters affecting the financial statements of the Group.

The Audit Committee also reviews and reports to the Board the engagement and independence of the external auditors and their audit plan, nature, approach, scope and other examinations of the external audit matters. It also reviews the effectiveness of the internal audit function which is further described in the following section on Internal Audit.

The Audit Committee continues to meet regularly and has full and unimpeded access to the internal and external auditors and all employees of the Group. The Chairman of the Audit Committee provides the Board with reports on all meetings of the Audit Committee. Further details of the activities undertaken by the Audit Committee are set out in the Audit Committee Report on pages 58 to 60.

## 3. Internal Audit

The Internal Audit department continues to independently, objectively and regularly review key processes, check compliance with policies/procedures and evaluate the adequacy and effectiveness of internal control, risk management and governance processes established by Management and/or the Board within the Group. It highlights significant findings and corrective measures in respect of any non-compliance to members of Maxis Management Team ("MMT") and the Audit Committee on a timely basis. Its work practices are governed by the Internal Audit Charter, which is subject to revision on an annual basis. The annual audit plan, established primarily on a risk-based approach, is reviewed and approved by the Audit Committee annually and an update is given to the Audit Committee every quarter. The Audit Committee oversees the Internal Audit department, its independence, scope of work and resources. The Internal Audit department also maintains a quality assurance and improvement programme and continuously monitors its overall effectiveness through internal self-assessment and independent external assessment.

The Internal Audit function meets the requirements of the latest International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors Inc. Further activities of the Internal Audit function are set out in the Audit Committee Report on pages 58 to 60.

## 4. Code of Business Practice

The Group is committed to conducting business fairly, impartially and ethically and in full compliance with all laws and regulations. To this end, there are two detailed Maxis Code of Business Practices ("the Code"); one for Directors and employees and another for third parties, which stipulate how Directors and employees and external parties such as vendors, dealers and business partners should conduct themselves in all business matters. All Directors and employees are required to declare that they are in compliance with the Code upon joining the Group. In addition, all Directors will be required to acknowledge the Code when there are significant changes with it. Communications are made to all employees on the content of the Code throughout the year to ensure everyone understands what is expected of them as employees. External parties such as vendors, dealers and business partners who conduct business with the Group are required to sign a declaration that they have read and will adhere to the Code.

To support the implementation and effectiveness of the Code, there is an established Office of Business Practice to provide policy guidance and to facilitate compliance. The Office of Business Practice will continuously review ways to enhance the Group's highest standards of business conduct and ethics, and to benchmark these against best practices. In addition, there is also an Ethics Hotline, which serves as a safe and effective channel to allow employees or parties dealing with us to report any observed behavioural inconsistencies which are not in accordance with the general standards and business ethics.

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**5. Revenue Assurance**

The Revenue Assurance department is responsible for the continuous monitoring of potential revenue leakage that may arise from day-to-day operations. Processes and controls within the revenue cycle are reviewed on a rotational basis to ensure they function effectively and efficiently. This includes performance and examination of regular test calls, reconciliations of chargeable transactions from network and IT systems to the billing systems and independent rating of key services via automated tools. These findings and corresponding actions taken are reported to the Management on a monthly basis. Key issues on identified revenue leakages and mitigation action taken are reported to the Audit Committee on a half-yearly basis. The Revenue Assurance department meets key stakeholders on an ongoing basis to address key revenue assurance issues and drive revenue assurance initiatives across the Group.

**6. Subscriber Fraud Management**

The Subscriber Fraud Management (“SFM”) function complements the Revenue Assurance function. While the Revenue Assurance function reviews controls within the revenue cycle as indicated above, the SFM function monitors daily subscriber calls on a near real-time basis. Appropriate actions are taken immediately on suspected fraudulent calls which are detected, using an industry developed system that monitors call patterns on a 24/7 basis throughout the financial year and other manual reporting investigations. It also reviews key new products and services for possible fraud risk and recommends counter-measures. Fraud findings with remedial actions taken are reported to key stakeholders on an ongoing basis and presented half-yearly to the Audit Committee.

**7. Business Continuity Planning**

The Business Continuity Planning (“BCP”) team is responsible for identifying activities and operations that are critical to sustain business operations in the event of a disaster. These include facilitating the building of additional redundancies in network infrastructure, establishing alternate sites where key operational activities can be resumed and mitigating the risk of high-impact loss events through appropriate insurance coverage. A risk-based approach is applied in identifying the key initiatives and their levels of importance by reviewing critical systems and single-point of failures as well as their impact on the business of the Group as a whole. During the financial year, selected critical areas as identified by risk priority were tested to assess the effectiveness of the implemented BCP initiatives. These tests were successfully executed and the progress of these initiatives was presented half-yearly to the Audit Committee. Since January 2014, Maxis is also certified under ISO 22301, the international certification standard for Business Continuity Management systems.

**8. Regulatory**

The Regulatory function ensures compliance with the Communications and Multimedia Act 1998 (“CMA”), and its applicable rules and regulations, which governs the Group’s core business in the communications and multimedia sector in Malaysia. As a licensee under the CMA, the Group adheres to its licensing conditions, as well as economic, technical, social and consumer protection regulations embedded in the CMA and its subsidiary legislation. The Group actively participates in new regulatory and industry development consultations initiated by the regulator, MCMC.

The Regulatory function also frequently engages the MCMC and the KKMM in discussions on pertinent industry issues.

**9. Legal**

The Legal department plays a pivotal role in ensuring that the interests of the Group are preserved and safeguarded from a legal perspective. It ensures that the Group’s operations and transactions with third parties are in compliance with all laws. It also plays a key role in advising the Board and Management on legal and strategic matters. The Board is also briefed through reports to the Audit Committee on material litigation and any changes in law affecting the Group’s operations.

**10. Company Secretary**

Please refer to Statement on Corporate Governance on pages 44 to 57 of this Annual Report.

**11. Limits of Authority**

A Limits of Authority (“LOA”) manual sets out the authorisation limits for various levels of Maxis’ Management and staff and also those matters requiring Board approval to ensure accountability, segregation of duties and control over the Group’s financial commitments. The LOA manual is reviewed and updated periodically to align with business, operational and structural changes.

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## 12. Policies and Procedures

There is extensive documentation of policies, procedures, guidelines and service level agreements on the Group's intranet site including those relating to finance, contract management, marketing, sourcing, human resources, information systems, network operations, legal, system and information security controls. Continuous control enhancements are made to cater for business environment changes and in line with Maxis' new and changing business strategy.

## 13. Financial and Operational Information

A detailed budgeting and reporting process has been established. Comprehensive budgets are prepared by the operating units and presented to the Board before the commencement of a new financial year. Upon approval of the budget, the Group's performance is tracked and measured against the approved budget on a monthly basis. Reporting systems which highlight significant variances against plan are in place to track and monitor performance. These variances in financial and operational performance indices are incorporated in detail in the monthly management reports. On a quarterly basis, the results are reviewed by the Board to enable the Directors to review the Group's overall performance compared to the approved budgets and prior periods.

## 14. Systems and Information Security

The Systems and Information Security department ("SIS") has an assurance function and is responsible for continuously monitoring and resolving security threats to the Group both internally and externally. This includes conducting security awareness, vulnerability assessment and penetration test programmes, and compliance audits on the IT systems and networks of Maxis to reduce the impact of service interruption due to malicious activities, cyber-attacks, negligence and malware. The effectiveness of the security programme is validated by auditors and external security consulting companies.

Apart from the internal security compliance programmes, SIS is also required to maintain and assist in the compliance of the following regulatory and industry security programmes, namely: MS/ISO27001:2013, Payment Card Industry/Data Security Standard, and the Personal Data Protection Act 2010.

SIS is governed by Security Governance team made up of members of MMT who meet periodically to direct and approve the corporate security policies and standards set by the department and security projects undertaken by the department. It is also responsible for updating the Audit Committee at least annually on the Group's security status.

## MONITORING AND REVIEW

The processes that monitor and review the effectiveness of the system of risk management and internal controls include:

1. **Management Representations made to the Board** by the CEO and Chief Financial and Strategy Officer ("CFSO"), based on representations made to them by Management on the adequacy and effectiveness of the Group's risk management and internal control system in their respective areas. Any material exceptions identified are highlighted to the Board.
2. **Internal Audit** in their quarterly report to the Audit Committee and members of MMT continues to highlight significant issues and exceptions identified during the course of their review on processes and controls compliance.
3. **The Defalcation Committee** meets and deals regularly on matters pertaining to fraud and unethical practices. All issues arising from work carried out by the investigation team within the Internal Audit department and Management are channeled to this Committee for deliberation. Appropriate actions are then taken based on the findings.
4. **Enterprise Risk Management department** reports to the Board on a quarterly basis through the Audit Committee on the risk profile of the Group and the progress of action plans to manage and mitigate the risks.

Management has taken the necessary actions to remediate weaknesses identified for the period under review. The Board and Management will continue to monitor the effectiveness and take measures to strengthen the risk management and internal control environment.

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Risk Management and Internal Control

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**CONCLUSION**

For the financial year under review and up to the date of issuance of the financial statements, the Board is satisfied with the adequacy and effectiveness of the Group's system of risk management and internal control to safeguard the interest of shareholders. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group's system of internal control that would require separate disclosure in the Group's Annual Report. The CEO and CFSO have provided assurance to the Board that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively.

**REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

As required by paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirement, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

# Directors' Responsibility Statement // PAGE 67

The Companies Act, 1965 ("the Act") requires the Directors to prepare financial statements for each financial year in accordance with the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, and the provisions of the Act and the Main Market Listing Requirements of Bursa Securities, and to lay these before the Company at its Annual General Meeting.

The Directors are responsible for ensuring that the financial statements provide a true and fair view of the financial position of the Group and the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year ended 31 December 2015.

The Act also requires the Directors to keep such accounting and other records in a manner that enables them to sufficiently explain the transactions and financial position of the Company and the Group and to prepare true and fair financial statements and any documents required to be attached, as well as to enable such accounting records to be audited conveniently and properly.

In undertaking the responsibility placed upon them by law, the Directors have relied upon the Group's system of internal control to provide them with reasonable grounds to believe that the Group's accounting records, as well as other relevant records, have been maintained by the Group in a manner that enables them to sufficiently explain the transactions and financial position of the Group. This also enables the Directors to ensure that true and fair financial statements and documents required by the Act to be attached are prepared for the financial year to which these financial statements relate.

Incorporated on pages 75 to 175 of this Annual Report are the financial statements of the Group and the Company for the financial year ended 31 December 2015.

The Directors hereby submit their Report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, whilst the principal activities of the Group, comprising the Company and its subsidiaries, are the provision of mobile, fixed line and international gateway telecommunications services as well as Internet and broadband services, and corporate support functions for the Group. Details of the principal activities of the subsidiaries are shown in Note 18 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

## FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
- equity holders of the Company	1,738,952	1,617,748
- non-controlling interest	8,139	-
Profit for the financial year	<b>1,747,091</b>	<b>1,617,748</b>

## DIVIDENDS

The dividends on ordinary shares paid by the Company since the end of the previous financial year were as follows:

	RM'000
In respect of the financial year ended 31 December 2014:	
(a) Fourth interim single-tier tax-exempt dividend of 8.0 sen per ordinary share on 7,507,139,600 ordinary shares of RM0.10 each, paid on 27 March 2015	600,571
(b) Final single-tier tax-exempt dividend of 8.0 sen per ordinary share on 7,508,908,700 ordinary shares of RM0.10 each, paid on 26 June 2015	600,713
	<b>1,201,284</b>
In respect of the financial year ended 31 December 2015:	
(a) First interim single-tier tax-exempt dividend of 5.0 sen per ordinary share on 7,508,908,700 ordinary shares of RM0.10 each, paid on 26 June 2015	375,445
(b) Second single-tier tax-exempt dividend of 5.0 sen per ordinary share on 7,509,243,200 ordinary shares of RM0.10 each, paid on 25 September 2015	375,462
(c) Third single-tier tax-exempt dividend of 5.0 sen per ordinary share on 7,509,896,600 ordinary shares of RM0.10 each, paid on 29 December 2015	375,495
	<b>1,126,402</b>

**DIVIDENDS (CONTINUED)**

Subsequent to the financial year, on 4 February 2016, the Directors declared a fourth interim single-tier tax-exempt dividend of 5.0 sen per ordinary share in respect of the financial year ended 31 December 2015 which will be paid on 25 March 2016. The financial statements for the financial year ended 31 December 2015 do not reflect these dividends. Upon declaration, the cash dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2016.

The Directors do not recommend payment of any final dividend in respect of the financial year ended 31 December 2015.

**RESERVES AND PROVISIONS**

All material transfers to or from reserves and provisions during the financial year have been disclosed in the financial statements.

**SHARE CAPITAL**

During the financial year, the issued and paid-up share capital of the Company was increased from 7,506,580,900 ordinary shares of RM0.10 each to 7,509,975,800 ordinary shares of RM0.10 each by the issuance of 3,394,900 new ordinary shares for cash pursuant to the exercise of share options under the Employee Share Option Scheme. The details of the new ordinary shares issued during the financial year are as follows:

Exercise price per share	Number of issued and paid-up ordinary shares of RM0.10 each '000
RM5.45	1,478
RM6.41	1,559
RM6.78	358
	<b>3,395</b>

These new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

**EMPLOYEE SHARE OPTION SCHEME ("ESOS") AND LONG-TERM INCENTIVE PLAN ("LTIP")****(a) ESOS**

Pursuant to the ESOS implemented on 17 September 2009, the Company will make available new shares, not exceeding in aggregate 250,000,000 shares during the existence of the ESOS/LTIP, to be issued under the share options granted. The ESOS is for the benefit of eligible employees and eligible directors (executive and non-executive) of the Group. The ESOS is for a period of 10 years and is governed by the ESOS Bye-Laws as set out in the Company's Prospectus dated 28 October 2009 issued in relation to its initial public offering.

An ESOS/LTIP Committee comprising Directors of the Company has been set up to administer the ESOS/LTIP. The ESOS/LTIP Committee may from time to time, offer share options to eligible employees and eligible directors of the Group to subscribe for new ordinary shares of RM0.10 each in the Company.

Details of the ESOS are disclosed in Note 31(b) to the financial statements.

**EMPLOYEE SHARE OPTION SCHEME ("ESOS") AND LONG-TERM INCENTIVE PLAN ("LTIP") (CONTINUED)**

**(a) ESOS (CONTINUED)**

During the financial year, 69,622,800 new share options under the ESOS were granted to the employees of the Group. The movement of the total share options issued under the ESOS is as follows:

	Quantity '000
Total outstanding as at 1 January 2015	33,859
Total granted	69,623
Total exercised	(3,395)
Total forfeited/lapsed	(3,290)
Total outstanding as at 31 December 2015	<b>96,797</b>

**(b) LTIP**

The Company's LTIP is governed by the By-Laws which was approved by the shareholders on 28 April 2015 and is administered by the ESOS/LTIP Committee which is appointed by the Board of Directors of the Company, in accordance with the By-Laws. The ESOS/LTIP Committee may from time to time, offer LTIP to eligible employees (including an executive director) of the Group and includes any person who is proposed to be employed as an employee of the Group (including an executive director).

The maximum number of new shares which may be made available under the LTIP and/or allotted and issued upon vesting of the new shares under the LTIP shall not, when aggregated with the total number of new shares allotted and issued and/or to be allotted and issued under the existing ESOS, exceed 250,000,000 shares at any point of time during the duration of the LTIP.

The LTIP comprises a Performance Share Grant ("PS Grant") and a Restricted Share Grant ("RS Grant") which shall be in force for a period of 10 years commencing from the effective date of the implementation of the LTIP. The LTIP took effect on 31 July 2015.

Details of the LTIP are disclosed in Note 31(c) to the financial statements.

During the financial year, 8,376,000 PS Grant under the LTIP were granted to the eligible employees of the Group. Subject to the terms and conditions of the By-Laws governing the LTIP, the employees shall be entitled to receive new ordinary share of RM0.10 each in the Company, to be allotted and issued pursuant to the LTIP ("new shares"), upon vesting of the new shares after meeting the vesting conditions as set out in the letter of offer for the shares under the LTIP. The vesting conditions comprising, amongst others, the performance targets and/or conditions for the period commencing from 1 January 2015 and ending on 31 December 2017, as stipulated by ESOS/LTIP Committee. The vesting date is on 30 April 2018, subject to meeting such performance targets.

The movement of the PS Grant under the LTIP is as follows:

	Quantity '000
Total granted	8,376
Total forfeited	(91)
Total outstanding as at 31 December 2015	<b>8,285</b>

**EMPLOYEE SHARE OPTION SCHEME ("ESOS") AND LONG-TERM INCENTIVE PLAN ("LTIP") (CONTINUED)**

The Company was granted a relief by the Companies Commission of Malaysia on 26 January 2016 from having to disclose in this Report, the names of employees who have been granted share options in aggregate of less than 250,000 share options during the financial year.

The employees who have been granted share options in aggregate of 250,000 or more than 250,000 share options during the financial year are as follows:

Name	Number of share options			As at 31.12.2015
	As at 1.1.2015	Granted	Exercised	
Nasution bin Mohamed	-	500,000	-	500,000
Dushyanthan Vaithiyathan	-	500,000	-	500,000
Morten Bangsgaard	-	500,000	-	500,000
Tan Lay Han	250,500	500,000	-	750,500
Adzhar Ibrahim	-	500,000	-	500,000
Shanti Jusnita Binti Johari	83,500	250,000	-	333,500
Abdul Karim Fakir Bin Ali	-	250,000	-	250,000
See Swee Choo	-	250,000	-	250,000
Lau Su Lin	-	250,000	-	250,000
Arjun Varma	-	250,000	-	250,000
Tan Cheong Tatt	125,400	250,000	-	375,400
Mariam Bevi Binti P.Dawood Batcha	266,800	250,000	-	516,800
Navin A/L Manian	-	250,000	-	250,000
Ng May Ching	-	250,000	-	250,000
Claire Barbara Marie Bolard	-	250,000	-	250,000

An analysis of the percentage of share options and share grants to key management personnel including directors is as follows:

	Aggregate maximum allocation		Actual allocation <sup>(1)</sup>	
	Since implementation date	Financial year 31.12.2015	Since implementation date	Financial year 31.12.2015
Key management personnel	50%	50%	9.9%	6.5%

**Note:**

<sup>(1)</sup> The Directors and Chief Executive Officer of the Company have not, since the implementation of the ESOS and LTIP, been granted any share options and shares.

## DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

### **Non-Executive Directors**

Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda

Robert William Boyle

Tan Sri Mokhzani bin Mahathir

Alvin Michael Hew Thai Kheam

Hamidah Naziadin

Fraser Mark Curley

Lim Ghee Keong

Mohammed Abdullah K. Alharbi (*appointed with effect from 29 May 2015*)

Augustus Ralph Marshall (*resigned with effect from 14 July 2015*)

Dr. Ibrahim Abdulrahman H. Kadi (*resigned with effect from 18 March 2015*)

Krishnan Ravi Kumar (*resigned with effect from 30 April 2015*)

### **Executive Director**

Morten Lundal

## DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from an incentive arrangement, the details of which are disclosed in Note 3 on Directors' Interests below.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than remuneration received or due and receivable by the Directors as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.

## DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings, particulars of interests of the Directors who held office at the end of the financial year in shares in the Company are as follows:

	Number of ordinary shares of RM0.10 each in the Company			As at 31.12.2015
	As at 1.1.2015	Acquired	Sold	
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	750,000 <sup>(1)</sup>	-	-	750,000 <sup>(1)</sup>
Robert William Boyle	100,000	-	-	100,000
Tan Sri Mokhzani bin Mahathir	751,000 <sup>(2)</sup>	-	-	751,000 <sup>(2)</sup>
Morten Lundal	687,175 <sup>(3)</sup>	315,215 <sup>(3)</sup>	-	1,002,390 <sup>(3)</sup>

## DIRECTORS' INTERESTS (CONTINUED)

### Notes:

<sup>(1)</sup> Held through a nominee, namely CIMSEC Nominees (Tempatan) Sdn. Bhd.

<sup>(2)</sup> Includes deemed interest in 1,000 shares in the Company held by spouse pursuant to Section 134(12)(c) of the Companies Act, 1965.

<sup>(3)</sup> These shares are currently held by CIMB Commerce Trustee Berhad or its nominee pursuant to the terms and conditions of the incentive arrangement which forms part of the employment contract which the Director has entered into with the Company, the cash incentives payable to the Director were used to acquire shares of the Company from the open market. Subject to fulfilment of the vesting conditions and the terms of the incentive arrangement, these shares will vest on the Director on a deferred basis. In addition to his interest in these shares, the Director is also deemed interested in such additional number of shares in the Company which shall only be determinable in the future, to be acquired using future cash incentives payable to the Director, pursuant to the terms and conditions of such incentive arrangement.

Other than those disclosed above, according to the Register of Directors' shareholdings, none of the Directors in office at the end of the financial year held any interest in shares and options over shares in the Company and its related corporations during the financial year.

## IMMEDIATE HOLDING, INTERMEDIATE HOLDING, PENULTIMATE HOLDING AND ULTIMATE HOLDING COMPANIES

The Directors regard BGSM Equity Holdings Sdn. Bhd. as the immediate holding company, BGSM Management Sdn. Bhd. as the intermediate holding company, Maxis Communications Berhad as the penultimate holding company and Binariang GSM Sdn. Bhd. as the ultimate holding company. All these companies are incorporated and domiciled in Malaysia.

## STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for impairment and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, had been written down to an amount which they might be expected so to realise.

At the date of this Report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for impairment in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company, misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.

At the date of this Report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

#### STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in this Report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this Report is made, other than as disclosed in Note 39 to the financial statements.

#### SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 38 to the financial statements.

#### EVENT AFTER THE FINANCIAL YEAR

Significant event subsequent to the financial year is disclosed in Note 39 to the financial statements.

#### AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 4 February 2016.



**RAJA TAN SRI DATO' SERI ARSHAD BIN RAJA TUN UDA**  
DIRECTOR



**MORTEN LUNDAL**  
DIRECTOR

Kuala Lumpur

# Statements of Profit or Loss

For the financial year ended 31 December 2015

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	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	6	8,600,573	8,388,502	2,037,000	1,985,000
Interconnect expenses, Universal Service Provision contributions and other direct cost of sales		(2,727,746)	(2,706,965)	-	-
Gross profit		5,872,827	5,681,537	2,037,000	1,985,000
Other income		73,931	106,801	109	-
Administrative expenses		(1,767,311)	(1,702,619)	(13,832)	(12,928)
Network operation costs		(1,239,262)	(1,175,175)	-	-
Other expenses		(67,864)	(95,059)	(4,326)	(4,732)
Profit from operations	7	2,872,321	2,815,485	2,018,951	1,967,340
Finance income	11(a)	56,673	44,344	61,293	71,477
Finance costs	11(b)	(468,404)	(423,805)	(462,488)	(417,328)
Profit before tax		2,460,590	2,436,024	1,617,756	1,621,489
Tax expenses	12	(713,499)	(711,200)	(8)	(590)
Profit for the financial year		1,747,091	1,724,824	1,617,748	1,620,899
Attributable to:					
- equity holders of the Company		1,738,952	1,717,442		
- non-controlling interest		8,139	7,382		
		1,747,091	1,724,824		
Earnings per share for profit attributable to the equity holders of the Company:					
- basic (sen)	13(a)	23.16	22.88		
- diluted (sen)	13(b)	23.15	22.88		

The notes on pages 86 to 175 form part of these financial statements.

# Statements of Comprehensive Income

For the financial year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit for the financial year		<b>1,747,091</b>	1,724,824	<b>1,617,748</b>	1,620,899
Other comprehensive income/(expense)					
<i>Items that will be reclassified subsequently to profit or loss:</i>					
- currency translation differences	32(c)	-	49	-	-
- net change in cash flow hedge	32(c)	<b>20,684</b>	(18,691)	<b>20,618</b>	(18,691)
Other comprehensive income/(expense) for the financial year		<b>20,684</b>	(18,642)	<b>20,618</b>	(18,691)
Total comprehensive income for the financial year		<b>1,767,775</b>	1,706,182	<b>1,638,366</b>	1,602,208
Attributable to:					
- equity holders of the Company		<b>1,759,636</b>	1,698,800		
- non-controlling interest		<b>8,139</b>	7,382		
		<b>1,767,775</b>	1,706,182		

# Statements of Financial Position

As at 31 December 2015

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	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	15	4,227,252	4,008,811	-	-
Intangible assets	16	11,267,127	11,176,121	-	-
Investments in subsidiaries	17	-	-	35,045,523	35,022,142
Loan to a subsidiary	17	-	-	-	1,205,763
Available-for-sale investment	20	50	50	-	-
Receivables, deposits and prepayments	21	49,506	-	-	-
Derivative financial instruments	22	567,227	244,452	567,227	244,452
Deferred tax assets	23	55,386	102,045	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>16,166,548</b>	<b>15,531,479</b>	<b>35,612,750</b>	<b>36,472,357</b>
<b>CURRENT ASSETS</b>					
Inventories	24	13,247	12,440	-	-
Receivables, deposits and prepayments	21	1,217,895	970,453	527	1,815
Amounts due from subsidiaries	17	-	-	74	81
Amount due from penultimate holding company	25	207	259	-	-
Amounts due from related parties	26	24,401	26,584	-	-
Loans to subsidiaries	17	-	-	636,795	-
Derivative financial instruments	22	210,097	-	209,874	-
Tax recoverable		56,102	37,874	964	554
Cash and cash equivalents	27	1,296,448	1,530,519	21,153	185,960
<b>TOTAL CURRENT ASSETS</b>		<b>2,818,397</b>	<b>2,578,129</b>	<b>869,387</b>	<b>188,410</b>
<b>TOTAL ASSETS</b>		<b>18,984,945</b>	<b>18,109,608</b>	<b>36,482,137</b>	<b>36,660,767</b>

The notes on pages 86 to 175 form part of these financial statements.

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	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>LESS: CURRENT LIABILITIES</b>					
Provisions for liabilities and charges	28	149,323	65,012	-	-
Payables and accruals	29	3,466,573	3,001,627	482	893
Amount due to a subsidiary	17	-	-	823	1,160
Amounts due to fellow subsidiaries	25	2,212	487	-	-
Amounts due to related parties	26	9,283	24,429	-	-
Loan from a related party	26	29,012	28,875	-	-
Loans from a subsidiary	17	-	-	-	400,000
Borrowings	30	1,076,948	879,695	1,064,080	865,644
Derivative financial instruments	22	-	15,848	-	15,848
Taxation		160,184	167,275	-	-
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,893,535</b>	<b>4,183,248</b>	<b>1,065,385</b>	<b>1,283,545</b>
<b>NET CURRENT LIABILITIES</b>		<b>(2,075,138)</b>	<b>(1,605,119)</b>	<b>(195,998)</b>	<b>(1,095,135)</b>
<b>NON-CURRENT LIABILITIES</b>					
Provisions for liabilities and charges	28	151,038	134,130	-	-
Payables and accruals	29	425,620	453,722	-	-
Borrowings	30	8,800,704	8,118,389	8,792,724	8,106,534
Deferred tax liabilities	23	493,532	482,352	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>9,870,894</b>	<b>9,188,593</b>	<b>8,792,724</b>	<b>8,106,534</b>
<b>NET ASSETS</b>		<b>4,220,516</b>	<b>4,737,767</b>	<b>26,624,028</b>	<b>27,270,688</b>
<b>EQUITY</b>					
Share capital	31	750,998	750,658	750,998	750,658
Reserves	32	3,439,017	3,964,747	25,873,030	26,520,030
Equity attributable to equity holders of the Company		4,190,015	4,715,405	26,624,028	27,270,688
Non-controlling interest		30,501	22,362	-	-
<b>TOTAL EQUITY</b>		<b>4,220,516</b>	<b>4,737,767</b>	<b>26,624,028</b>	<b>27,270,688</b>

The notes on pages 86 to 175 form part of these financial statements.

# Statements of Changes in Equity

For the financial year ended 31 December 2015

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Group	Note	Attributable to equity holders of the Company									
		Issued and fully paid ordinary shares of RM0.10 each		Share premium RM'000	Merger relief (Note 32(a)) RM'000	Reserve arising from reverse acquisition (Note 32(b)) RM'000	Other reserves (Note 32(c)) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
		Number of shares '000	Nominal value RM'000								
As at 1 January 2015		7,506,581	750,658	39,012	25,331,550	(22,728,901)	100,161	1,222,925	4,715,405	22,362	4,737,767
Profit for the financial year		-	-	-	-	-	-	1,738,952	1,738,952	8,139	1,747,091
Other comprehensive income for the financial year		-	-	-	-	-	20,684	-	20,684	-	20,684
Total comprehensive income for the financial year		-	-	-	-	-	20,684	1,738,952	1,759,636	8,139	1,767,775
Dividends for the financial year ended 2014	14	-	-	-	(1,201,284)	-	-	-	(1,201,284)	-	(1,201,284)
Dividends for the financial year ended 2015	14	-	-	-	(1,126,402)	-	-	-	(1,126,402)	-	(1,126,402)
Employee Share Option Scheme ("ESOS") and Long-term Incentive Plan ("LTIP"):											
- share-based payment expense		-	-	-	-	-	16,163	-	16,163	-	16,163
- shares issued		3,395	340	21,015	-	-	(904)	-	20,451	-	20,451
- share options lapsed		-	-	-	-	-	(260)	260	-	-	-
Incentive arrangement:											
- share-based payment expense	31(d)	-	-	-	-	-	8,122	-	8,122	-	8,122
- shares acquired		-	-	-	-	-	(2,076)	-	(2,076)	-	(2,076)
Total transactions with owners, recognised directly in equity		3,395	340	21,015	(2,327,686)	-	21,045	260	(2,285,026)	-	(2,285,026)
As at 31 December 2015		7,509,976	750,998	60,027	23,003,864	(22,728,901)	141,890	2,962,137	4,190,015	30,501	4,220,516

The notes on pages 86 to 175 form part of these financial statements.

## Statements of Changes in Equity

For the financial year ended 31 December 2015

Group	Note	Attributable to equity holders of the Company									
		Issued and fully paid ordinary shares of RM0.10 each		Share premium RM'000	Merger relief (Note 32(a)) RM'000	Reserve arising from reverse acquisition (Note 32(b)) RM'000	Other reserves (Note 32(c)) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
		Number of shares '000	Nominal value RM'000								
As at 1 January 2014		7,503,455	750,345	20,233	27,758,000	(22,728,901)	120,904	81,255	6,001,836	14,980	6,016,816
Profit for the financial year		-	-	-	-	-	-	1,717,442	1,717,442	7,382	1,724,824
Other comprehensive expense for the financial year		-	-	-	-	-	(18,642)	-	(18,642)	-	(18,642)
Total comprehensive (expense)/income for the financial year		-	-	-	-	-	(18,642)	1,717,442	1,698,800	7,382	1,706,182
Dividends for the financial year ended 2013	14	-	-	-	(625,000)	-	-	(575,841)	(1,200,841)	-	(1,200,841)
Dividends for the financial year ended 2014	14	-	-	-	(1,801,450)	-	-	-	(1,801,450)	-	(1,801,450)
ESOS:											
- share-based payment expense	31(b)	-	-	-	-	-	2,389	-	2,389	-	2,389
- shares issued		3,126	313	18,779	-	-	(607)	-	18,485	-	18,485
- share options lapsed		-	-	-	-	-	(69)	69	-	-	-
Incentive arrangement:											
- share-based payment expense	31(d)	-	-	-	-	-	977	-	977	-	977
- shares acquired		-	-	-	-	-	(4,791)	-	(4,791)	-	(4,791)
Total transactions with owners, recognised directly in equity		3,126	313	18,779	(2,426,450)	-	(2,101)	(575,772)	(2,985,231)	-	(2,985,231)
As at 31 December 2014		7,506,581	750,658	39,012	25,331,550	(22,728,901)	100,161	1,222,925	4,715,405	22,362	4,737,767

The notes on pages 86 to 175 form part of these financial statements.

# Statements of Changes in Equity

For the financial year ended 31 December 2015

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Company	Note	Issued and fully paid ordinary shares of RM0.10 each		Share premium RM'000	Other reserves (Note 32(c)) RM'000	Merger relief (Note 32(a)) RM'000	Retained earnings RM'000	Total equity RM'000
		Number of shares '000	Nominal value RM'000					
As at 1 January 2015		7,506,581	750,658	39,012	100,161	25,331,550	1,049,307	27,270,688
Profit for the financial year		-	-	-	-	-	1,617,748	1,617,748
Other comprehensive income for the financial year		-	-	-	20,618	-	-	20,618
Total comprehensive income for the financial year		-	-	-	20,618	-	1,617,748	1,638,366
Dividends for the financial year ended 2014	14	-	-	-	-	(1,201,284)	-	(1,201,284)
Dividends for the financial year ended 2015	14	-	-	-	-	(1,126,402)	-	(1,126,402)
ESOS and LTIP:								
- share-based payment expense		-	-	-	16,163	-	-	16,163
- shares issued		3,395	340	21,015	(904)	-	-	20,451
- share options lapsed		-	-	-	(260)	-	260	-
Incentive arrangement:								
- share-based payment expense	31(d)	-	-	-	8,122	-	-	8,122
- shares acquired		-	-	-	(2,076)	-	-	(2,076)
Total transactions with owners, recognised directly in equity		3,395	340	21,015	21,045	(2,327,686)	260	(2,285,026)
As at 31 December 2015		7,509,976	750,998	60,027	141,824	23,003,864	2,667,315	26,624,028

The notes on pages 86 to 175 form part of these financial statements.

## Statements of Changes in Equity

For the financial year ended 31 December 2015

Company	Note	Issued and fully paid ordinary shares of RM0.10 each		Share premium RM'000	Other reserves (Note 32(c)) RM'000	Merger relief (Note 32(a)) RM'000	Retained earnings RM'000	Total equity RM'000
		Number of shares '000	Nominal value RM'000					
As at 1 January 2014		7,503,455	750,345	20,233	120,953	27,758,000	4,180	28,653,711
Profit for the financial year		-	-	-	-	-	1,620,899	1,620,899
Other comprehensive expense for the financial year		-	-	-	(18,691)	-	-	(18,691)
Total comprehensive (expense)/ income for the financial year		-	-	-	(18,691)	-	1,620,899	1,602,208
Dividends for the financial year ended 2013	14	-	-	-	-	(625,000)	(575,841)	(1,200,841)
Dividends for the financial year ended 2014	14	-	-	-	-	(1,801,450)	-	(1,801,450)
ESOS:								
- share-based payment expense	31(b)	-	-	-	2,389	-	-	2,389
- shares issued		3,126	313	18,779	(607)	-	-	18,485
- share options lapsed		-	-	-	(69)	-	69	-
Incentive arrangement:								
- share-based payment expense	31(d)	-	-	-	977	-	-	977
- shares acquired		-	-	-	(4,791)	-	-	(4,791)
Total transactions with owners, recognised directly in equity		3,126	313	18,779	(2,101)	(2,426,450)	(575,772)	(2,985,231)
As at 31 December 2014		7,506,581	750,658	39,012	100,161	25,331,550	1,049,307	27,270,688

The notes on pages 86 to 175 form part of these financial statements.

# Statements of Cash Flows

For the financial year ended 31 December 2015

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	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit for the financial year	1,747,091	1,724,824	1,617,748	1,620,899
Adjustments for:				
Allowance for:				
- impairment of receivables, deposits and prepayments	61,441	96,584	-	-
- inventories obsolescence	1,780	2,515	-	-
Amortisation of intangible assets	277,720	248,417	-	-
Bad debts recovered	(19,003)	(17,889)	-	-
Depreciation of property, plant and equipment	1,153,751	1,155,866	-	-
Dividend income	-	-	(2,037,000)	(1,985,000)
Fair value gains on forward foreign exchange contracts	(1,950)	-	-	-
Finance costs	468,404	423,805	462,488	417,328
Finance income	(56,673)	(44,344)	(61,293)	(71,477)
Gain on disposal of property, plant and equipment	(1,586)	(4,359)	-	-
Inventories written down	-	3,871	-	-
Loss on liquidation of a subsidiary	-	49	-	-
Property, plant and equipment written off, net of adjustment	29,755	14,770	-	-
Provision for:				
- contract obligations and legal claims	7,897	11,484	-	-
- site rectification and decommissioning works	1,961	2,660	-	-
- staff incentive scheme	98,333	48,914	-	-
Reversal of allowance for:				
- impairment of property, plant and equipment	(532)	(1,165)	-	-
- impairment of receivables, deposits and prepayments	(14,077)	(24,449)	-	-
- inventories obsolescence	(2,136)	(14,620)	-	-
Share-based payments	24,285	3,366	-	-
Tax expenses	713,499	711,200	8	590
Unrealised loss on foreign exchange	94,349	43,542	-	-
Write-back of provision for:				
- Career Transition Scheme ("CTS") costs	-	(793)	-	-
- contract obligations and legal claims	-	(22,093)	-	-
- site rectification and decommissioning works	(4,601)	(2,636)	-	-
- staff incentive scheme	-	(40,820)	-	-
	<b>4,579,708</b>	4,318,699	<b>(18,049)</b>	(17,660)

The notes on pages 86 to 175 form part of these financial statements.

## Statements of Cash Flows

For the financial year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES (continued)</b>					
Payment for CTS costs	28	-	(18,576)	-	-
Payment for contract obligations and legal claims	28	(6,125)	(8,004)	-	-
Payment under staff incentive scheme	28	(8,730)	(38,569)	-	-
Payments for site rectification and decommissioning works	28	(5,066)	(1,887)	-	-
Operating cash flows before working capital changes		<b>4,559,787</b>	4,251,663	<b>(18,049)</b>	(17,660)
Changes in working capital:					
Inventories		(451)	66,227	-	-
Receivables		(326,124)	(75,594)	220	121
Payables		476,578	462,597	(416)	70
Related parties balances		(12,965)	(1,861)	-	-
Fellow subsidiaries balances		1,725	(3,161)	-	-
Penultimate holding company balances		52	43	-	36
Subsidiaries balances		-	-	1,142	(5,716)
Cash flows from/(used in) operations		<b>4,698,602</b>	4,699,914	<b>(17,103)</b>	(23,149)
Dividends received		-	-	2,037,000	1,985,000
Interest received		55,764	43,314	65,063	71,465
Tax paid		(680,979)	(636,856)	(418)	(906)
Net cash flows from operating activities		<b>4,073,387</b>	4,106,372	<b>2,084,542</b>	2,032,410
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Loan to a subsidiary		-	-	(690,000)	-
Loans repayment from subsidiaries		-	-	650,000	150,000
Purchase of intangible assets		(368,726)	(257,960)	-	-
Purchase of property, plant and equipment		(1,511,820)	(978,370)	-	-
Proceeds from disposal of property, plant and equipment		1,586	4,393	-	-
Net cash flows (used in)/from investing activities		<b>(1,878,960)</b>	(1,231,937)	<b>(40,000)</b>	150,000

The notes on pages 86 to 175 form part of these financial statements.

# Statements of Cash Flows

For the financial year ended 31 December 2015

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Note	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of shares pursuant to ESOS	20,451	18,485	20,451	18,485
Shares acquired pursuant to incentive arrangement	(2,076)	(4,791)	(2,076)	-
Drawdown of borrowings	1,190,000	2,150,000	1,190,000	2,150,000
Loans from a subsidiary	-	-	610,000	-
Repayment of loans from a subsidiary	-	-	(405,000)	-
Repayment of borrowings	(841,500)	(920,750)	(841,500)	(920,750)
Repayment of lease financing	(7,568)	(2,181)	-	-
Payments of finance costs	(460,602)	(390,645)	(453,538)	(402,533)
Ordinary share dividends paid	(2,327,686)	(3,002,291)	(2,327,686)	(3,002,291)
Net cash flows used in financing activities	(2,428,981)	(2,152,173)	(2,209,349)	(2,157,089)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	(234,554)	722,262	(164,807)	25,321
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	483	311	-	-
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR</b>	1,530,519	807,946	185,960	160,639
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	1,296,448	1,530,519	21,153	185,960

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The notes on pages 86 to 175 form part of these financial statements.

# Notes to the Financial Statements

31 December 2015

## 1 GENERAL INFORMATION

The principal activity of the Company is investment holding, whilst the principal activities of the Group, comprising the Company and its subsidiaries, are the provision of mobile, fixed line and international gateway telecommunications services as well as Internet and broadband services, and corporate support functions for the Group. Details of the principal activities of the subsidiaries are shown in Note 18 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

The Directors regard BGSM Equity Holdings Sdn. Bhd. as the immediate holding company, BGSM Management Sdn. Bhd. as the intermediate holding company, Maxis Communications Berhad ("MCB") as the penultimate holding company and Binariang GSM Sdn. Bhd. ("BGSM") as the ultimate holding company. All these companies are incorporated and domiciled in Malaysia.

The address of the registered office of business of the Company is as follows:

Level 21, Menara Maxis  
Kuala Lumpur City Centre  
Off Jalan Ampang  
50088 Kuala Lumpur

The address of the principal place of business of the Company is as follows:

Level 8, 11, 14 - 25, Menara Maxis  
Kuala Lumpur City Centre  
Off Jalan Ampang  
50088 Kuala Lumpur

## 2 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The financial statements have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies in Note 3 to the financial statements.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial year. It also requires the Directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgments are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

### (a) Improvements to published standards that are effective and applicable to the Group and the Company

The Group and the Company have applied the following improvements to published standards that are applicable to the Group and the Company for the first time for the financial year beginning on 1 January 2015:

- Annual Improvements to MFRSs 2010-2012 Cycle
- Annual Improvements to MFRSs 2011-2013 Cycle

The adoption of the above improvements to published standards did not have any significant effect on the consolidated and separate financial statements of the Group and the Company respectively upon their initial application.

## Notes to the Financial Statements

31 December 2015

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87**2 BASIS OF PREPARATION (CONTINUED)****(b) Standards and amendments to published standards that are applicable to the Group and the Company but not yet effective**

A number of new standards and amendments to published standards are effective for financial year beginning after 1 January 2015. None of these is expected to have a significant effect on the consolidated and separate financial statements of the Group and the Company respectively, except for standards set out below:

- MFRS 9 “Financial Instruments” (effective from 1 January 2018) will replace MFRS 139 “Financial Instruments: Recognition and Measurement”.

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 and fair value through other comprehensive income. 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 required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income (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.

For financial liabilities, the standard retains most of the MFRS 139 requirements. 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.

MFRS 9 introduces an expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The Group and the Company are in the process of assessing the impact of MFRS 9.

- MFRS 15 “Revenue from Contracts with Customers” (effective from 1 January 2018) replaces MFRS 118 “Revenue” and MFRS 111 “Construction Contracts” and related interpretations. The standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers.

Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group and the Company are in the process of assessing the impact of MFRS 15.

**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements.

**(a) Basis of consolidation****(i) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (a) Basis of consolidation (continued)

##### (i) *Subsidiaries (continued)*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date and any gains or losses arising from such re-measurement are recognised in the statement of profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss. See accounting policy Note 3(d)(ii) on goodwill.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interests, even if the attribution of losses to the non-controlling interests results in a debit balance in the shareholders' equity. Profit or loss attributable to non-controlling interests for prior years is not restated.

##### (ii) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

## Notes to the Financial Statements

31 December 2015

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89**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(a) Basis of consolidation (continued)*****(iii) Disposal of subsidiaries***

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the statement of profit or loss.

**(b) Foreign currencies*****(i) Functional and presentation currency***

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

When there is a change in an entity's functional currency, the entity shall apply the translation procedures applicable to the new functional currency prospectively from the date of the change.

***(ii) Transactions and balances***

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the date of the transactions.

Monetary assets and liabilities in foreign currencies at the reporting date are translated into the functional currency at exchange rates ruling at the date.

Exchange differences arising from the settlement of foreign currency transactions and the translation of monetary assets and liabilities denominated in foreign currencies at year end are recognised in the statement of profit or loss. However, exchange differences are deferred in other comprehensive income when they arise from qualifying cash flow or net investment hedges or are attributable to items that form part of the net investment in a foreign operation.

***(iii) Group companies***

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is disposed of, exchange differences that were recorded in equity are reclassified to the statement of profit or loss, as part of the gain or loss on sale.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (b) Foreign currencies (continued)

##### (iv) Closing rates

The principal closing rates used in translation of foreign currency amounts were as follows:

Foreign currencies	2015 RM	2014 RM
1 Singapore Dollar ("SGD")	3.04	2.65
1 Special Drawing Rights ("SDR") <sup>(1)</sup>	5.98	5.08
1 United States Dollar ("USD")	4.30	3.50

**Note:**

<sup>(1)</sup> Represents the closing international accounting settlement rate with international carriers.

#### (c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure (including borrowing and staff costs) that is directly attributable to the acquisition of property, plant and equipment and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of certain property, plant and equipment items include the costs of dismantling and removing the item and restoring the sites on which these items are located. These costs are due to obligations incurred either when the items were installed or as a consequence of having used these items during a particular period.

Certain telecommunications assets are stated at the amount of cash or cash equivalent that would have to be paid if the same or an equivalent asset was acquired. Included in telecommunications equipment are purchased computer software costs which are integral to such equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial year in which they are incurred.

Freehold land is not depreciated as it has an indefinite life.

Leasehold land and buildings held for own use are classified as operating or finance leases in the same way as leases of other assets.

Long-term leasehold land is land with a remaining lease period exceeding 50 years. Leasehold land is amortised over the lease term on a straight-line method, summarised as follows:

Long-term leasehold land	77 – 90 years
Short-term leasehold land	50 years

## Notes to the Financial Statements

31 December 2015

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91**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(c) Property, plant and equipment (continued)**

All other property, plant and equipment are depreciated on the straight-line method to write-off the cost of each category of assets to its residual value over its estimated useful life, summarised as follows:

Buildings	42 – 50 years
Telecommunications equipment	2 – 25 years
Submarine cables (included within telecommunications equipment)	10 – 25 years
Site decommissioning works (included within telecommunications equipment)	15 years
Motor vehicles	5 years
Office furniture, fittings and equipment	3 – 7 years

Capital work-in-progress and capital inventories comprising mainly telecommunications equipment, information technology system and renovations are not depreciated until they are ready for their intended use.

Residual values and useful lives are reassessed and adjusted, if appropriate, at each reporting date.

At each reporting date, the Group assesses whether there is any indication of impairment. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(g)(i) on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the statement of profit or loss.

**(d) Intangible assets**

The Group acquires intangible assets either as part of a business combination or through separate acquisition. Intangible assets acquired in a business combination are recorded at their fair value at the date of acquisition and recognised separately from goodwill. On initial acquisition, management judgment is applied to determine the appropriate allocation of purchase consideration to the assets being acquired, including goodwill and identifiable intangible assets.

**(i) Spectrum rights**

The Group's spectrum rights consist of telecommunications licences with allocated spectrum rights which were acquired as part of a business combination and other spectrum rights. Spectrum rights that are considered to have an indefinite economic useful life are not amortised but tested for impairment on an annual basis, and where an indication of impairment exists. Spectrum rights that are considered to have a finite life are amortised on a straight-line basis over the period of expected benefit and assessed at each reporting date whether there is any indication of impairment exists.

See accounting policy Note 3(g)(i) on impairment of non-financial assets.

The estimated useful lives of the spectrum rights of the Group are as follows:

Telecommunications licences with allocated spectrum rights	Indefinite life
Other spectrum rights	4 years

Management assesses the indefinite economic useful life assumption applied to the acquired intangible assets annually.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Intangible assets (continued)

##### (ii) Goodwill

Goodwill arises from a business combination and represents the excess of the aggregation of the consideration transferred for purchase of subsidiaries or businesses, the amount of any non-controlling interest in the acquiree and the fair value of any previously held equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill is measured at cost less any accumulated impairment losses. Negative goodwill is recognised immediately in the statement of profit or loss.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing. Goodwill is not amortised but is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. See accounting policy Note 3(g)(i) on impairment of non-financial assets. Each CGU or a group of CGUs represents the lowest level within the Group at which goodwill is monitored for internal management purposes and which is expected to benefit from the synergies of the combination.

##### (iii) Customer acquisition costs

Expenditures incurred in providing the customer a free or subsidised device including installation costs, provided the customer signs a non-cancellable contract for a predetermined contractual period of one to two years, are capitalised as intangible assets and amortised over the contractual period on a straight-line method. Customer acquisition costs are assessed at each reporting date whether there is any indication that the customer acquisition costs may be impaired. See accounting policy Note 3(g)(i) on impairment of non-financial assets.

#### (e) Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are stated at cost plus the fair value of share options, share grants and shares acquired, over the Company's equity instruments for employees (including full-time executive directors) of the subsidiaries during the vesting period, deemed as capital contribution. See accounting policy Note 3(t)(v) on share-based compensation benefits. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(g)(i) on impairment of non-financial assets.

#### (f) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

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## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Financial instruments (continued)

#### (i) *Classification and measurement*

##### **Financial assets**

The Group and the Company classify their financial assets in the following categories: at fair value through profit or loss, held-to-maturity, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and, in the case of assets classified as held-to-maturity, reassesses this designation at each reporting date.

The Group and the Company do not hold any financial assets carried at fair value through profit or loss (except for derivative financial instruments) and held-to-maturity. See accounting policy Note 3(h) on derivative financial instruments and hedging activities.

Financial assets are classified as current assets; except for maturities greater than 12 months after the reporting date, in which case they are classified as non-current assets.

##### Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets in this category are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset and subsequently carried at amortised cost using the effective interest method. Changes in the carrying value of these assets are recognised in the statement of profit or loss.

The Group's and the Company's loans and receivables comprise receivables (including inter-companies and related parties balances), cash and cash equivalents in the statement of financial position.

##### Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Financial assets in this category are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset and subsequently, at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments, interest and dividends are recognised in the statement of profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments for which the fair value cannot be reliably measured are recognised at cost less impairment loss.

The Group's available-for-sale financial asset comprises investment in unquoted shares.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (f) Financial instruments (continued)

##### (i) *Classification and measurement (continued)*

###### **Financial liabilities**

The Group and the Company classify their financial liabilities in the following categories: at fair value through profit or loss, other financial liabilities and financial guarantee contracts. Management determines the classification of financial liabilities at initial recognition.

The Group and the Company do not hold any financial liabilities carried at fair value through profit or loss (except for derivative financial instruments) and financial guarantee contracts. See accounting policy Note 3(h) on derivative financial instruments and hedging activities.

Other financial liabilities are non-derivative financial liabilities. Other financial liabilities are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition of the financial liability and subsequently carried at amortised cost using the effective interest method. Changes in the carrying value of these liabilities are recognised in the statement of profit or loss.

The Group's and the Company's other financial liabilities comprise payables (including inter-companies and related parties balances) and borrowings in the statement of financial position. Financial liabilities are classified as current liabilities; except for maturities greater than 12 months after the reporting date, in which case they are classified as non-current liabilities.

##### (ii) *Recognition of financial assets and financial liabilities*

Financial assets and financial liabilities are recognised when the Group and the Company become party to the contractual provisions of the instrument.

##### (iii) *Derecognition of financial assets and financial liabilities*

Financial assets are derecognised when the risks and rewards relating to the financial assets have expired or have been fully transferred or have been partially transferred with no control over the same.

Financial liabilities are derecognised when the liability is either discharged, cancelled, expired or has been restructured with substantially different terms.

##### (iv) *Offsetting of financial assets and financial liabilities*

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

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## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Impairment of assets

#### (i) *Non-financial assets*

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite economic useful life are subject to amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Any impairment loss is charged to the statement of profit or loss. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the statement of profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

#### (ii) *Financial assets*

##### **Financial assets carried at amortised cost**

Financial assets are impaired when there is objective evidence as a result of one or more events that the present value of estimated discounted future cash flows is lower than the carrying value. Any impairment losses are recognised immediately in the statement of profit or loss.

Financial assets are continuously monitored and allowances applied against financial assets consist of both specific impairments and collective impairments based on the Group's and the Company's historical loss experiences for the relevant aged category and taking into account general economic conditions. Historical loss experience allowances are calculated by line of business in order to reflect the specific nature of the financial assets relevant to that line of business.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

##### **Financial assets classified as available-for-sale**

Significant or prolonged decline in fair value below cost and significant financial difficulties of the issuer or obligor are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is reclassified from equity to the statement of profit or loss. Impairment losses in the statement of profit or loss on available-for-sale equity investments are not reversed through the statement of profit or loss in the subsequent period. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (h) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date.

A derivative financial instrument is carried as an asset when the fair value is positive and as a liability when the fair value is negative.

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Derivative that does not qualify for hedge accounting are classified as "held for trading" financial instrument. Changes in fair value of any derivative financial instrument that does not qualify for hedge accounting are recognised immediately in the statement of profit or loss.

The Group and the Company designate and document at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group and the Company assess both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items, and apply hedge accounting only where effectiveness tests are met on both a prospective and retrospective basis. The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or current liability.

The Group and the Company do not have any fair value hedges and net investment hedges.

#### *Cash flow hedge*

The Group and the Company use cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency and/or interest rate fluctuations over the hedging period on the Group's and the Company's borrowings. Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains and losses on remeasuring the fair value of the hedging instrument is recognised in other comprehensive income and accumulated in equity in the cash flow hedging reserve until such time as the hedged items affect profit or loss, then the gains or losses are reclassified to the statement of profit or loss. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the statement of profit or loss. The application of hedge accounting will create some volatility in equity reserve balances.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gains or losses existing in equity at that time remain in equity and are recognised when the forecast transaction is ultimately recognised in the statement of profit or loss. Where a forecast transaction is no longer expected to occur, the cumulative gains or losses that were reported in equity are immediately reclassified to the statement of profit or loss.

#### (i) Fair value estimates

The fair value of the financial assets, financial liabilities and derivative financial instruments is estimated for recognition and measurement or for disclosure purposes.

In assessing the fair value of financial instruments, the Group and the Company make certain assumptions and apply the estimated discounted value of future cash flows to determine the fair value of financial instruments. The fair values of financial assets and financial liabilities are estimated by discounting future cash flows at the current interest rate available to the respective companies.

The face values for financial assets and financial liabilities with a maturity of less than one year are assumed to be approximately equal to their fair values.

## Notes to the Financial Statements

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97**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(i) Fair value estimates (continued)**

For derivative financial instruments that are measured at fair value, the fair values are determined 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 cross currency interest rate and interest rate swaps 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.

**(j) Inventories**

Inventories, which comprise telecommunications components, incidentals and devices, are stated at the lower of cost and net realisable value. Cost includes the actual cost of materials and incidentals in bringing the inventories to their present location and condition, and is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**(k) Receivables**

Receivables are carried at invoice amount and/or income earned less an allowance for impairment. The allowance is established when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of receivables. When the debt becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in the statement of profit or loss.

**(l) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits.

**(m) Share capital****(i) Classification**

Ordinary shares and redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

**(ii) Share issue costs**

External costs directly attributable to the issue of new shares are deducted, net of tax, against proceeds and shown in equity.

**(iii) Dividends to shareholders of the Company**

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Directors except for the final dividend which is subject to approval by the Company's shareholders.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (n) Payables

Payables, including accruals, represent liabilities for goods received and services rendered to the Group and the Company prior to the end of the financial year and which remain unpaid. Payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### (o) Borrowings

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets. Other borrowing costs are recognised as an expense in the statement of profit or loss when incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Interest expense, redeemable preference shares dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance costs in the statement of profit or loss.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in statement of profit or loss within finance costs.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

#### (i) *Borrowings in a designated hedging relationship*

Borrowings subject to cash flow hedges are recognised initially at fair value based on the applicable spot price plus any transaction costs that are directly attributable to the issue of borrowing. These borrowings are subsequently carried at amortised costs, translated at applicable spot exchange rate at reporting date. Any difference between the final amount paid to discharge the borrowing and the initial proceeds is recognised in the statement of profit or loss over the borrowing period using the effective interest method.

Currency gains or losses on the borrowings are recognised in the statement of profit or loss, along with the associated gains or losses on the hedging instrument, which have been reclassified from the cash flow hedging reserve to the statement of profit or loss.

#### (ii) *Borrowings not in a designated hedging relationship*

Borrowings not in a designated hedging relationship are initially recognised at fair value plus transaction costs that are directly attributable to the issue of borrowing. These borrowings are subsequently carried at amortised costs. Any difference between the final amount paid to discharge the borrowing and the initial proceeds is recognised in the statement of profit or loss over the borrowing period using the effective interest method.

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99**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(p) Provisions for liabilities and charges**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Provisions are measured at the present value of management's best estimate of the expenditures expected to be required to settle the obligation by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**(i) Site rectification and decommissioning works**

Provision for site rectification works is based on management's best estimate and the past trend of costs for rectification works to be carried out to fulfil new regulatory guidelines and requirements imposed after network cell sites were built.

Provision for decommissioning works is the estimated costs of dismantling and removing the structures on identified sites and restoring these sites. This obligation is incurred either when the items are installed or as a consequence of having used the items during a particular period.

**(ii) Contract obligations and legal claims**

Provisions for contract obligations and legal claims are made in respect of network and content costs. The Group and the Company recognise a provision for contract obligations when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract. Contract obligations are measured at the lower of cost to fulfil the contract or the cost to exit it.

**(iii) Staff incentive scheme**

Provision for staff incentive scheme is based on management's best estimate of the total amount payable as at reporting date based on the service and/or performance conditions of individual employees and/or financial performance of the Group.

**(iv) Restructuring costs**

Provision for restructuring costs is made in respect of employee termination payments under the Career Transition Scheme ("CTS") based on management's best estimate of the amount payable as at reporting date offered to selected employees. See accounting policy Note 3(t)(ii) on employee termination benefits.

**(q) Income taxes**

The tax expenses for the period comprise current and deferred tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits, and real property gains taxes payable on disposal of properties.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (q) Income taxes (continued)

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, investment tax allowance or unused tax losses can be utilised.

Deferred tax liability is recognised for all taxable temporary differences arising on investments in subsidiaries except for deferred tax liability where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred and current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority or either the taxable entity or different taxable entities when there is an intention to settle the balances on a net basis.

#### (r) Finance leases and hire purchase agreements

Leases and hire purchases of assets where the Group assumes substantially all benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the finance lease balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets acquired under finance leases or hire purchase agreements are depreciated or amortised over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

#### (s) Operating leases

Leases of assets where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss on a straight-line basis over the lease period.

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101**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(t) Employee benefits****(i) Short-term employee benefits**

Wages, salaries, paid annual leave, bonuses and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The Group and the Company recognise a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**(ii) Termination benefits**

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts an offer of benefits in exchange for termination of employment. The Group and the Company recognise termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to the employee. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

**(iii) Post-employment benefits****Defined contribution plans**

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity on a mandatory, contractual or voluntary basis, and the Group and the Company have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's and the Company's contributions to defined contribution plans are charged to the statement of profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations. The Group and the Company recognise a provision when an employee has provided services in exchange for employee benefits to be paid in the future. When contributions to a defined contribution plan are not expected to be settled wholly before 12 months after the end of the reporting period in which the employees render the related service, they shall be discounted to present value.

**(iv) Other long-term employee benefits**

The liabilities for deferred remuneration are not expected to be settled wholly within 12 months after the end of the reporting period in which the employee services are provided. When the level of benefit depends on the length of service, an obligation arises when the service is rendered. Measurement of that obligation reflects the probability that payment will be required and the length of time for which payment is expected to be made.

The obligation is presented as current liabilities in the statement of financial position if the Group and the Company do not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

**(v) Share-based compensation benefits**

The Group and the Company operate equity-settled, share-based compensation plans for eligible employees (including full-time executive directors) of the Group and of the Company, pursuant to the Employee Share Option Scheme ("ESOS"), Long-term Incentive Plan ("LTIP") and incentive arrangement. Where the Group and the Company pay for services of employees using the share options and shares, the fair value of the share options, share grants and shares acquired in exchange for the services of the employees are recognised as an employee benefit expense in the statement of profit or loss over the vesting periods, with a corresponding increase in equity.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (t) Employee benefits (continued)

##### (v) *Share-based compensation benefits (continued)*

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options and shares at grant date and the number of share options and shares to be vested by the vesting date. At each reporting date, the Group and the Company revise their estimates of the number of share options and shares that are expected to be vested by the vesting date. Any revision of this estimate is included in the statement of profit or loss and with the corresponding adjustment in equity.

In circumstances where employees provide services in advance of the grant date, the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement and grant date.

The fair value of share options is measured using a modified Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historical volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on maturity of the share options), expected dividends and the risk-free interest rate (based on data from recognised financial information sources). The fair value of share grants and shares acquired for employees for nil consideration under the LTIP and incentive arrangement respectively, are measured using the observable market price of the shares at the grant date.

Non-market vesting conditions attached to the transactions are not taken into account in determining fair value. Non-market vesting and service conditions are included in assumptions about the number of options or shares that are expected to vest.

When share options or share grants are exercised, the proceeds received, if any, from the exercise of the share options or share grants together with the corresponding share-based payments reserve, net of any directly attributable transaction costs are transferred to share capital (nominal value) and share premium. If the share options or share grants expire or lapse, the corresponding share-based payments reserve attributable to the share options or share grants are transferred to retained earnings.

When share options or share grants are forfeited due to failure by the employee to satisfy the service and/or performance conditions, any expenses previously recognised in relation to such share options or share grants are reversed effective on the date of the forfeiture.

When shares of the Company are acquired from the open market at market price using cash incentive payable to employees, the transactions are recorded in share-based payments reserve.

In the separate financial statements of the Company, the share options, share grants and shares acquired, over the Company's equity instruments for the employees of subsidiary undertakings in the Group, are treated as a capital contribution. The fair value of the share options, share grants and shares acquired to employees of the subsidiary in exchange for the services of employees to the subsidiary are recognised as investment in subsidiary, with a corresponding credit to equity.

#### (u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's and of the Company's activities. The Group's revenue is shown net of returns, rebates, discounts and amounts collected on behalf of third parties and after eliminating sales within the Group.

The Group and the Company recognise revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's and of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group and the Company base their estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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103**3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(u) Revenue recognition (continued)****(i) Telecommunications revenue**

Revenues from mobile postpaid services and fixed line services are recognised when services are rendered for usage based billing and on time proportion basis for fixed fee or time based billing. Service discounts and incentives are accounted for as a reduction of revenue when granted.

Revenue from mobile prepaid services comprises sales of starter packs and prepaid top-up tickets. Revenue from sales of starter packs is recognised at the point of sale to third parties while the revenue from the preloaded talk time within the pack is recognised when services are rendered. Revenue from sales of prepaid top-up tickets is recognised when services are rendered. The credits on preloaded talk time within the starter packs and prepaid top-up tickets can be deferred up to the point of customer churn or upon expiry, after which such amounts are recognised as revenue.

Unutilised credits of prepaid top-up tickets sold to customers and distributors and unutilised airtime on certain postpaid rate plans which have been deferred as described above are recognised as deferred income.

Revenues from the provision of network facilities, public switched services, Internet services and Internet application services are recognised at the time of customer usage and when services are rendered. Service discounts and incentives are accounted as a reduction of revenue when granted.

Revenue earned from carriers for international gateway services is recognised at the time the calls occur and when services are rendered.

Revenue from the sale of devices is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold.

Where the Group's role in a transaction is that of a principal, revenue is recognised on a gross basis, representing the gross value of the transaction billed to the customer, after trade discounts, with any related expenditure charged as an operating cost. Where the Group's role in a transaction is that of an agent, revenue is recognised on a net basis and represents the margin earned.

**(ii) Dividend income**

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

**(iii) Interest income**

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the Group and the Company.

**(v) Government grants**

As a Universal Service Provider ("USP"), the Group is entitled to claim certain qualified expenses from the relevant authorities in relation to USP projects. The claim qualifies as a government grant and is recognised at its fair value where there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to costs are deferred and recognised in the statement of profit or loss over the financial period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of assets are included in payables and accruals as government grant and are credited to the statement of profit or loss on a straight-line basis over the expected useful lives of the related assets.

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (w) Contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interests.

The Group recognises separately the contingent liabilities of the acquiree as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisition.

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of MFRS 137 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with MFRS 118 "Revenue".

#### (x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers comprising the Chief Executive Officer and the Chief Financial and Strategy Officer. The chief operating decision-makers are responsible for allocating resources, assessing performance of the operating segments and making strategic decisions.

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Critical accounting estimates and assumptions

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact on the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

#### (a) Intangible assets

The telecommunications licences with allocated spectrum rights are not subject to amortisation and are tested annually for impairment as the Directors are of the opinion that the licences can be renewed in perpetuity at negligible cost and the associated spectrum rights, similar to land, have an indefinite economic useful life. Correspondingly, deferred tax has not been recognised.

The estimated economic useful life reflects the Group's expectation of the period over which the Group will continue to recover benefits from the licence.

The economic useful life is periodically reviewed, taking into consideration such factors as changes in technology and the regulatory environment. See Note 16 to the financial statements for the key assumptions on the impairment assessment of intangible assets.

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PAGE  
105**4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)****Critical accounting estimates and assumptions (continued)****(b) Estimated useful lives and impairment assessment of property, plant and equipment**

The Group reviews annually the estimated useful lives and assesses for indicators of impairment of property, plant and equipment based on factors such as business plans and strategies, historical sector and industry trends, general market and economic conditions, expected level of usage, future technological developments and other available information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. Any impairment or reduction in the estimated useful lives of property, plant and equipment would increase charges to the statement of profit or loss and decrease their carrying value. Impairment assessment was carried out for dedicated telecommunications equipment during the financial year. See Note 15 to the financial statements for the impact of the changes in the estimated useful lives and impairment of property, plant and equipment.

**(c) Provisions for liabilities and charges**

The Group recognises provisions for liabilities and charges when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provision requires the application of judgments about the ultimate resolution of these obligations. As a result, provisions are reviewed at each reporting date and adjusted to reflect the Group's current best estimate. See Note 28 to the financial statements for the impact on change in estimate in relation to the provision for site rectification and decommissioning works.

**5 SEGMENT REPORTING**

Segment reporting is not presented as the Group is primarily engaged in providing integrated telecommunication services in Malaysia, whereby the measurement of profit or loss including EBITDA<sup>(1)</sup> that is used by the chief operating decision-makers is on a Group basis.

The Group's operations are mainly in Malaysia. In determining the geographical segments of the Group, revenues are based on the country in which the customer or international operator is located. Non-current assets by geographical segments are not disclosed as all operations of the Group are based in Malaysia.

	Group	
	2015 RM'000	2014 RM'000
Malaysia	8,417,789	8,122,353
Other countries <sup>(2)</sup>	182,784	266,149
Total revenue	8,600,573	8,388,502
EBITDA	4,331,429	4,229,063

**Notes:**

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

<sup>(2)</sup> Represents revenue from roaming partners and hubbing revenue.

## 6 REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Telecommunication services	8,569,917	8,333,854	-	-
Sale of devices	30,656	54,648	-	-
Dividend income from subsidiaries	-	-	2,037,000	1,985,000
	<b>8,600,573</b>	<b>8,388,502</b>	<b>2,037,000</b>	<b>1,985,000</b>

## 7 PROFIT FROM OPERATIONS

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

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Allowance for:					
- impairment of receivables, deposits and prepayments	21	61,441	96,584	-	-
- inventories obsolescence		1,780	2,515	-	-
Amortisation of intangible assets	16	277,720	248,417	-	-
Auditors' remuneration: <sup>(1)</sup>					
- fees for statutory audits:					
- auditors of the Group		739	1,197	30	48
- fees for audit related services:					
- auditors of the Group <sup>(2)</sup>		533	746	271	618
- others		40	34	-	-
- fees for other services:					
- member firms of PwC Malaysia <sup>(3)</sup>		2,446	2,088	18	53
- others		70	-	-	-
Bad debts recovered		(19,003)	(17,889)	-	-
Commissions, sales and marketing expenses		596,303	581,824	-	-
Depreciation of property, plant and equipment	15	1,153,751	1,155,866	-	-

### Notes:

<sup>(1)</sup> The Audit Committee, in ensuring the independence of the Group's external auditors is consistently maintained, has set out clear policies and guidelines as to the type of non-audit services that can be offered as well as a structured approval process that has to be adhered to before any such non-audit services are commissioned. Under these policies and guidelines, non-audit services can be offered by the Group's external auditors if the Group can realise efficiencies and value-added benefits from such services.

<sup>(2)</sup> Fees incurred in connection with performance of half-year reviews, agreed-upon procedures, regulatory compliance reporting and accounting consultation paid or payable to PricewaterhouseCoopers ("PwC") Malaysia, auditors of the Group and of the Company.

<sup>(3)</sup> Fees incurred for assisting the Group in connection with tax compliance and advisory services paid or payable to member firms of PwC Malaysia, auditors of the Group and of the Company.

## Notes to the Financial Statements

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107**7 PROFIT FROM OPERATIONS (CONTINUED)**

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

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Device expense:					
- handset expense		45,730	61,131	-	-
- other device expense		35,176	47,870	-	-
Fair value gains on forward foreign exchange contracts		(1,950)	-	-	-
Gain on disposal of property, plant and equipment		(1,586)	(4,359)	-	-
Government grant		(61,785)	(96,772)	-	-
Indirect taxes on mobile prepaid services		57,720	204,250	-	-
Interconnect expenses		882,183	779,705	-	-
Inventories written down		-	3,871	-	-
Licenses and spectrum related fees, and other regulatory fees under the Communications and Multimedia Act, 1998		194,275	177,368	-	-
Loss on foreign exchange:					
- realised		46,001	1,921	32	30
- unrealised		94,349	43,542	-	-
Loss on liquidation of a subsidiary		-	49	-	-
Management fees charged by a subsidiary		-	-	11,619	10,981
Property, plant and equipment written off, net of adjustment		29,755	14,770	-	-
Provision for:					
- contract obligations and legal claims	28	7,897	11,484	-	-
- site rectification and decommissioning works	28	1,961	2,660	-	-
- staff incentive scheme (included in staff cost)	28	98,333	48,914	-	-
Rental income from network cell sites (included in telecommunication services revenue)		(85,345)	(82,065)	-	-
Rental of equipment		15,389	15,320	-	-
Rental of land and buildings		46,626	60,323	-	-
Rental of network cell sites		262,213	252,640	-	-
Reversal of allowance for:					
- impairment of property, plant and equipment	15	(532)	(1,165)	-	-
- impairment of receivables, deposits and prepayments	21	(14,077)	(24,449)	-	-
- inventories obsolescence		(2,136)	(14,620)	-	-
Roaming expense		187,073	147,598	-	-

## 7 PROFIT FROM OPERATIONS (CONTINUED)

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

Note	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Staff cost:				
- Directors' fees	8	2,703	2,989	2,703
- staff cost (including Executive Director's salaries, other short-term and long-term employee benefits, and incentive arrangement)	10	465,022	399,129	-
Universal Service Provision contributions		415,301	433,855	-
Write-back of provision for:				
- CTS costs (included in staff cost)	28	-	(793)	-
- contract obligations and legal claims	28	-	(22,093)	-
- site rectification and decommissioning works	28	(4,601)	(2,636)	-
- staff incentive scheme (included in staff cost)	28	-	(40,820)	-

## 8 DIRECTORS' REMUNERATION

The Directors of the Company in office during the financial year are as follows:

### Non-Executive Directors

Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda  
Robert William Boyle  
Tan Sri Mokhzani bin Mahathir  
Alvin Michael Hew Thai Kheam  
Hamidah Naziadin  
Fraser Mark Curley  
Lim Ghee Keong  
Mohammed Abdullah K. Alharbi (*appointed with effect from 29 May 2015*)  
Augustus Ralph Marshall (*resigned with effect from 14 July 2015*)  
Dr. Ibrahim Abdulrahman H. Kadi (*resigned with effect from 18 March 2015*)  
Krishnan Ravi Kumar (*resigned with effect from 30 April 2015*)

### Executive Director

Morten Lundal

## Notes to the Financial Statements

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109**8 DIRECTORS' REMUNERATION (CONTINUED)**

The aggregate amount of emoluments received/receivable by Directors of the Company during the financial year is as follows:

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-Executive Directors</b>					
Fees	7	2,703	2,989	2,703	2,989
Estimated monetary value of benefits-in-kind		43	53	43	53
		<b>2,746</b>	3,042	<b>2,746</b>	3,042
<b>Executive Director</b>					
Salaries and other short-term employee benefits		18,290	16,695	-	-
Other long-term employee benefits:					
- current year		2,064	-	-	-
- prior year		1,214	-	-	-
Incentive arrangement:	31(d)				
- current year		5,558	977	-	-
- prior year		2,564	-	-	-
Estimated monetary value of benefits-in-kind		310	328	-	-
		<b>30,000</b>	18,000	-	-
<b>Total Directors' remuneration</b>		<b>32,746</b>	21,042	<b>2,746</b>	3,042

The remuneration for Executive Director of the Company was paid by Maxis Mobile Sdn. Bhd., a wholly-owned subsidiary of the Company and provider of corporate support and services functions for the Group, and was charged to the Company as management fees at RM1,846,000 (2014: RM560,000).

The remuneration of the Company's Directors analysed in bands of RM50,000 are as follows:

Range of remuneration <sup>(1)</sup>	Executive	Non-Executive
RM50,001 – RM100,000	-	2
RM100,001 – RM150,000	-	1
RM150,001 – RM200,000	-	1
RM200,001 – RM250,000	-	1
RM250,001 – RM300,000	-	3
RM300,001 – RM350,000	-	1
RM350,001 – RM400,000	-	1
RM450,001 – RM500,000	-	1
RM29,950,001 – RM30,000,000	1	-

**Note:**

<sup>(1)</sup> Remuneration paid to the Directors of the Company includes fees, salaries, other emoluments including bonuses and other benefits, incentive arrangement and estimated monetary value of benefits-in-kind.

## 9 KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel comprise persons including Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

The aggregate amount of emoluments received/receivable by key management personnel excluding Directors of the Company during the financial year is as follows:

	Group	
	2015 RM'000	2014 RM'000
Salaries and other short-term employee benefits	10,470	11,279
Defined contribution plan	1,124	965
Share-based payments	1,716	23
Estimated monetary value of benefits-in-kind	125	569
	<b>13,435</b>	<b>12,836</b>

The remuneration for certain key management personnel of the Group was paid by Maxis Mobile Sdn. Bhd., a wholly-owned subsidiary of the Company and provider of corporate support and services functions for the Group, and was charged to the Company as management fees at RM514,000 (2014: RM234,000).

Total key management personnel remuneration of the Group and of the Company for the financial year is RM46,181,000 (2014: RM33,878,000) and RM2,746,000 (2014: RM3,042,000) respectively.

## 10 STAFF COST (INCLUDING EXECUTIVE DIRECTOR'S SALARIES, OTHER SHORT-TERM AND LONG-TERM EMPLOYEE BENEFITS, AND INCENTIVE ARRANGEMENT)

	Group	
	2015 RM'000	2014 RM'000
Wages, salaries and bonuses	355,149	317,214
CTS costs <sup>(1)</sup>	-	(793)
Defined contribution plan	43,538	32,367
Other short-term employee benefits	38,772	46,975
Other long-term employee benefits	3,278	-
Incentive arrangement	8,122	977
ESOS and LTIP	16,163	2,389
	<b>465,022</b>	<b>399,129</b>

**Note:**

<sup>(1)</sup> In 2013, the Group undertook an organisational refinement exercise and CTS was offered to selected employees.

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## 11 FINANCE INCOME AND COSTS

Note	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>(a) Finance income</b>				
Interest income on:				
- deposits with licensed banks	55,307	44,344	2,799	4,014
- loans due from subsidiaries	-	-	58,494	67,463
- receivables	1,366	-	-	-
	<b>56,673</b>	44,344	<b>61,293</b>	71,477
<b>(b) Finance costs</b>				
Accretion of site rectification and decommissioning works costs and changes in costs estimate on provision (net)	28	8,135	8,816	-
Interest expense on:				
- bank borrowings	181,409	229,350	181,409	229,350
- deferred payment creditors	12,312	13,376	-	-
- finance leases	1,461	1,785	-	-
- loan from a related party	2,267	2,228	-	-
- loans from subsidiaries	-	-	18,372	20,026
- others	413	487	300	189
Loss on foreign exchange on bank borrowings	523,717	218,431	523,717	218,431
Net fair value gain on cross currency interest rate swaps and interest rate swaps: cash flow hedge, reclassified from equity	32(c)	(527,879)	(219,673)	(527,879)
Profit on:				
- Commodity Murabahah Term Financing	118,972	45,486	118,972	45,486
- Islamic Medium Term Notes	147,597	123,519	147,597	123,519
	<b>468,404</b>	423,805	<b>462,488</b>	417,328

## 12 TAX EXPENSES

Note	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Current tax:				
- current year	663,541	699,308	120	900
- over accrual in prior years	(7,881)	(448)	(112)	(310)
	655,660	698,860	8	590
Deferred tax:				
- origination and reversal of temporary differences	69,643	32,697	-	-
- recognition and reversal of prior years' temporary differences	(13,660)	(150)	-	-
- changes in tax rate	1,856	(20,207)	-	-
23	57,839	12,340	-	-
Tax expenses	713,499	711,200	8	590

The Malaysian income tax is calculated at the statutory tax rate of 25% (2014: 25%) on the estimated chargeable profit for the financial year. Subsequent to the announcement of reduction in the corporate tax rate to 24% with effect from year of assessment 2016 in the Malaysian Budget 2014, the computation of deferred tax assets and deferred tax liabilities has been adjusted accordingly to reflect such changes. Taxes in foreign jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

The explanation of the relationship between the tax expenses and profit before tax is as follows:

	Group		Company	
	2015 %	2014 %	2015 %	2014 %
<u>Numerical reconciliation between the Malaysian tax rate and average effective tax rate</u>				
Malaysian tax rate	25	25	25	25
Tax effects of:				
- expenses not deductible for tax purposes	5	5	6	6
- income not subject to tax	-	-	(31)	(31)
- changes in tax rate	-	(1)	-	-
- recognition of prior years' temporary differences	(1)	-	-	-
Average effective tax rate	29	29	-	-

## Notes to the Financial Statements

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113**13 EARNINGS PER SHARE****(a) Basic earnings per share**

Basic earnings per share of the Group is calculated by dividing the profit attributable to ordinary equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2015	2014
Profit attributable to the equity holders of the Company (RM'000)	1,738,952	1,717,442
Weighted average number of issued ordinary shares ('000)	7,507,892	7,504,923
Basic earnings per share (sen)	23.16	22.88

**(b) Diluted earnings per share**

Diluted earnings per share of the Group is calculated by dividing the profit attributable to ordinary equity holders of the Company for the financial year by the weighted average number of shares in issue and issuable under the share options. The weighted average number of issued ordinary shares has been adjusted to assume full conversion of all dilutive potential ordinary shares, which consists of share options.

Share grants are treated as contingently issuable shares because their issue is contingent upon satisfying specified vesting conditions comprising, amongst others, performance targets and/or conditions, as disclosed in Note 31(c) to the financial statements, in addition to the passage of time. Share grants are excluded from the computation of diluted earnings per share where the vesting conditions would not have been satisfied as at the end of the financial year.

	Group	
	2015	2014
Profit attributable to the equity holders of the Company (RM'000)	1,738,952	1,717,442
Weighted average number of issued ordinary shares ('000)	7,507,892	7,504,923
Adjustment for share options ('000)	2,649	2,099
Adjusted weighted average number of ordinary shares for diluted earnings per share ('000)	7,510,541	7,507,022
Diluted earnings per share (sen)	23.15	22.88

14 DIVIDENDS

	Group and Company			
	2015		2014	
	Single-tier tax-exempt dividend per share Sen	Amount of dividends, single-tier tax-exempt RM'000	Single-tier tax-exempt dividend per share Sen	Amount of dividends, single-tier tax-exempt RM'000
Dividends paid in respect of the financial year ended 31 December 2013:				
- fourth interim ordinary	-	-	8.0	600,388
- final ordinary	-	-	8.0	600,453
	-	-	16.0	1,200,841
Dividends paid in respect of the financial year ended 31 December 2014:				
- first interim ordinary	-	-	8.0	600,453
- second interim ordinary	-	-	8.0	600,489
- third interim ordinary	-	-	8.0	600,508
- fourth interim ordinary	8.0	600,571	-	-
- final ordinary	8.0	600,713	-	-
	16.0	1,201,284	24.0	1,801,450
Dividends paid in respect of the financial year ended 31 December 2015:				
- first interim ordinary	5.0	375,445	-	-
- second interim ordinary	5.0	375,462	-	-
- third interim ordinary	5.0	375,495	-	-
	15.0	1,126,402	-	-
Dividend per share recognised as distribution to ordinary equity holders of the Company	31.0	2,327,686	40.0	3,002,291

Subsequent to the financial year, on 4 February 2016, the Directors declared a fourth interim single-tier tax-exempt dividend of 5.0 sen per ordinary share in respect of the financial year ended 31 December 2015 which will be paid on 25 March 2016.

The Directors do not recommend payment of any final dividend in respect of the financial year ended 31 December 2015.

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## 15 PROPERTY, PLANT AND EQUIPMENT

Group	As at 1.1.2015 RM'000	Additions RM'000	Changes in costs estimate (Note 28) RM'000	Reclassi- fications RM'000	Disposals RM'000	Assets written off RM'000	As at 31.12.2015 RM'000
<u>2015</u>							
<u>At cost</u>							
Long-term leasehold land	3,111	-	-	-	-	-	3,111
Short-term leasehold land	3,490	-	-	-	-	-	3,490
Freehold land	18,260	-	-	-	-	-	18,260
Buildings	76,756	-	-	-	-	-	76,756
Telecommunications equipment	6,874,312	37,491	4,758	1,110,914	-	(542,489)	7,484,986
Motor vehicles	11,912	5,529	-	-	-	(241)	17,200
Office furniture, fittings and equipment	1,103,749	17,685	-	156,391	-	(101,908)	1,175,917
	8,091,590	60,705	4,758	1,267,305	-	(644,638)	8,779,720
Capital work-in-progress	433,804	1,273,403	-	(1,196,020)	-	(3,301)	507,886
Capital inventories	23,564	62,549	-	(71,285)	(2,850)	-	11,978
	8,548,958	1,396,657	4,758	-	(2,850)	(647,939)	9,299,584

Group	As at 1.1.2015 RM'000	Change for the financial year RM'000	Changes in costs estimate (Note 28) RM'000	Reclassi- fications RM'000	Released on disposals RM'000	Assets written off RM'000	As at 31.12.2015 RM'000
<u>Accumulated depreciation</u>							
Long-term leasehold land	195	36	-	-	-	-	231
Short-term leasehold land	425	82	-	-	-	-	507
Buildings	10,965	1,998	-	-	-	-	12,963
Telecommunications equipment	3,769,411	980,270	-	(262)	-	(531,843)	4,217,576
Motor vehicles	7,261	2,956	-	-	-	(214)	10,003
Office furniture, fittings and equipment	677,211	168,409	-	262	-	(86,127)	759,755
	4,465,468	1,153,751	-	-	-	(618,184)	5,001,035
<u>Impairment loss</u>							
Telecommunications equipment	70,131	-	-	-	-	-	70,131
Capital inventories	4,548	(532)	-	-	(2,850)	-	1,166
	74,679	(532)	-	-	(2,850)	-	71,297
Accumulated depreciation and impairment loss	4,540,147	1,153,219	-	-	(2,850)	(618,184)	5,072,332

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	As at 1.1.2014 RM'000	Additions RM'000	Adjustment/ changes in costs estimate RM'000	Reclassi- fications RM'000	Disposals RM'000	Assets written off RM'000	As at 31.12.2014 RM'000
<u>2014</u>							
<u>At cost</u>							
Long-term leasehold land	3,111	-	-	-	-	-	3,111
Short-term leasehold land	3,490	-	-	-	-	-	3,490
Freehold land	18,260	-	-	-	-	-	18,260
Buildings	76,756	-	-	-	-	-	76,756
Telecommunications equipment	6,837,084	26,751	6,669	767,735	-	(763,927)	6,874,312
Motor vehicles	11,297	2,143	-	-	(1,528)	-	11,912
Office furniture, fittings and equipment	881,935	15,938	-	210,375	-	(4,499)	1,103,749
	7,831,933	44,832	6,669	978,110	(1,528)	(768,426)	8,091,590
Capital work-in-progress	315,677	1,011,888	9,223	(902,984)	-	-	433,804
Capital inventories	26,828	76,496	-	(75,126)	-	(4,634)	23,564
	8,174,438	1,133,216	15,892 <sup>(1)</sup>	-	(1,528)	(773,060)	8,548,958

Group	As at 1.1.2014 RM'000	Change for the financial year RM'000	Adjustment/ changes in costs estimate RM'000	Reclassi- fications RM'000	Released on disposals RM'000	Assets written off RM'000	As at 31.12.2014 RM'000
<u>Accumulated depreciation</u>							
Long-term leasehold land	159	36	-	-	-	-	195
Short-term leasehold land	343	82	-	-	-	-	425
Buildings	8,968	1,997	-	-	-	-	10,965
Telecommunications equipment	3,498,258	1,011,598	-	-	-	(740,445)	3,769,411
Motor vehicles	6,038	2,717	-	-	(1,494)	-	7,261
Office furniture, fittings and equipment	541,763	139,436	-	-	-	(3,988)	677,211
	4,055,529	1,155,866	-	-	(1,494)	(744,433)	4,465,468

Impairment loss

Telecommunications equipment	70,131	-	-	-	-	-	70,131
Capital inventories	10,347	(1,165)	-	-	-	(4,634)	4,548
	80,478	(1,165)	-	-	-	(4,634)	74,679
Accumulated depreciation and impairment loss	4,136,007	1,154,701	-	-	(1,494)	(749,067)	4,540,147

**Note:**

<sup>(1)</sup> Includes changes in costs estimate of RM6,669,000 as disclosed in Note 28 to the financial statements.

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## 15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group	
	2015 RM'000	2014 RM'000
<u>Net book value</u>		
Long-term leasehold land	2,880	2,916
Short-term leasehold land	2,983	3,065
Freehold land	18,260	18,260
Buildings	63,793	65,791
Telecommunications equipment	3,197,279	3,034,770
Motor vehicles	7,197	4,651
Office furniture, fittings and equipment	416,162	426,538
Capital work-in-progress	507,886	433,804
Capital inventories	10,812	19,016
	<b>4,227,252</b>	<b>4,008,811</b>

Capital work-in-progress is reclassified to the respective categories of property, plant and equipment on completion.

During the financial year, reversals of impairment of property, plant and equipment for capital inventories amounting to RM532,000 (2014: RM1,165,000) (included within network operation costs in the statement of profit or loss) were made, upon identification of their planned usage.

During the financial year, the Group had written off property, plant and equipment, net of adjustment, of RM29,755,000 (2014: RM14,770,000) arising from decommissioning of assets and discontinuing of projects.

For the current financial year, the Group revised the useful lives of certain telecommunications equipment and office equipment ranging from 2 years to 10 years to a remaining useful lives ranging from 1 month to 5 years as part of the network and information technology modernisation programmes to support the business. The revision was accounted as a change in accounting estimate and as a result, the depreciation charge for the current financial year has increased by RM81,333,000.

For the financial year ended 31 December 2014, the Group revised the useful lives of certain telecommunications equipment ranging from 2 years to 20 years to a remaining useful lives ranging from 1 month to 8 years as part of the network modernisation programme to support the business. The revision was accounted as a change in accounting estimate and as a result, the depreciation charge for the financial year ended 31 December 2014 had increased by RM260,585,000.

## 15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Additions of property, plant and equipment during the financial year include purchases by means of finance leases and deferred payment schemes amounting to RM3,133,000 (2014: RM8,578,000) and RM Nil (2014: RM149,546,000) respectively.

The net book value of property, plant and equipment held under finance leases at the reporting date are as follows:

	Group	
	2015 RM'000	2014 RM'000
Motor vehicles	295	2,380
Office furniture, fittings and equipment	8,208	8,090
	<b>8,503</b>	10,470

## 16 INTANGIBLE ASSETS

Group	Spectrum rights				Total RM'000
	Goodwill RM'000	Telecommu- nications licences with allocated spectrum rights RM'000	Other spectrum rights RM'000	Customer acquisition costs RM'000	
<u>2015</u>					
As at 1 January 2015	219,087	10,707,381	27,466	222,187	11,176,121
Additions during the financial year	-	-	-	368,726	368,726
Amortisation charge for the financial year	-	-	(7,491)	(270,229)	(277,720)
As at 31 December 2015	219,087	10,707,381	19,975	320,684	11,267,127
Cost	219,087	10,707,381	37,453	627,470 <sup>(1)</sup>	11,591,391
Accumulated amortisation	-	-	(17,478)	(306,786) <sup>(1)</sup>	(324,264)
As at 31 December 2015	219,087	10,707,381	19,975	320,684	11,267,127

**Note:**

<sup>(1)</sup> During the year, the Group wrote off customer acquisition costs of RM229,027,000 that had been fully amortised.

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## 16 INTANGIBLE ASSETS (CONTINUED)

Group	Spectrum rights				Total RM'000
	Goodwill RM'000	Telecommu- nications licences with allocated spectrum rights RM'000	Other spectrum rights RM'000	Customer acquisition costs RM'000	
<u>2014</u>					
As at 1 January 2014	219,087	10,707,381	34,956	205,154	11,166,578
Additions during the financial year	-	-	-	257,960	257,960
Amortisation charge for the financial year	-	-	(7,490)	(240,927)	(248,417)
As at 31 December 2014	219,087	10,707,381	27,466	222,187	11,176,121
Cost	219,087	10,707,381	37,453	487,771 <sup>(1)</sup>	11,451,692
Accumulated amortisation	-	-	(9,987)	(265,584) <sup>(1)</sup>	(275,571)
As at 31 December 2014	219,087	10,707,381	27,466	222,187	11,176,121

**Note:**

<sup>(1)</sup> In previous year, the Group wrote off customer acquisition costs of RM723,209,000 that had been fully amortised.

Amortisation charge was included in the statements of profit or loss in the following line items:

	Group	
	2015 RM'000	2014 RM'000
Administrative expenses	270,229	240,927
Network operation costs	7,491	7,490
	<b>277,720</b>	248,417

The remaining amortisation periods at the reporting date are as follows:

	Group	
	2015	2014
Customer acquisition costs	1 to 23 months	1 to 23 months
Other spectrum rights	24 months	36 months

The carrying amount of intangible assets held under a finance lease at the reporting date is RM6,642,000 (2014: RM9,132,000).

## 16 INTANGIBLE ASSETS (CONTINUED)

### Impairment testing for CGU containing goodwill and telecommunications licenses with allocated spectrum rights

For the purpose of impairment testing, carrying amounts of goodwill and telecommunications licenses with allocated spectrum rights are allocated to the integrated telecommunication services CGU.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on internally approved financial budgets covering five years (2014: five years) period.

The key assumptions used in the value in use calculations are as follows:

- (a) compounded revenue and EBITDA annual growth rates of 2.0% (2014: 1.9%) and 1.8% (2014: 2.3%) respectively for five years (2014: five years) financial budget period which reflect management's expectations based on past experience and future expectations of business performance;
- (b) post-tax discount rate of 7.3% (2014: 8.0%). In accordance with the requirements of MFRS 136 "Impairment of Assets", this translates into pre-tax discount rate of 13.3% (2014: 15.2%). The discount rates used reflect specific risks relating to the integrated telecommunication services; and
- (c) terminal growth rate of 2.0% (2014: 2.0%) represents the growth rate applied to extrapolate pre-tax cash flow beyond the five year (2014: five year) financial budget period. This growth rate is based on management's assessment of future trends in the mobile telecommunications industry and based on both external and internal sources.

The key assumptions in the forecasts that are most likely to be sensitive are changes in discount rates during the forecast period. However, based on the sensitivity analysis performed, the Directors have concluded that any variation of 10% in the base case assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

## 17 INTEREST IN SUBSIDIARIES

	Note	Company	
		2015 RM'000	2014 RM'000
Non-current assets:			
- investments in subsidiaries	18	35,045,523	35,022,142
- loan to a subsidiary	(a)	-	1,205,763
Current assets:			
- amounts due from subsidiaries	(b)	74	81
- loans to subsidiaries	(a)	636,795	-
Current liabilities:			
- amount due to a subsidiary	(b)	(823)	(1,160)
- loans from a subsidiary	(a)	-	(400,000)
		<b>35,681,569</b>	<b>35,826,826</b>

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## 17 INTEREST IN SUBSIDIARIES (CONTINUED)

## (a) Loans to/(from) subsidiaries - Interest bearing

The terms of the loans are as follows:

		Company											
2015		2014											
Principal amount RM'000	Loans out-standing RM'000	Principal amount RM'000	Loans out-standing RM'000	Currency denomination	Repayment terms								
1,200,000	366,795	1,200,000	1,205,763	RM	The loan is repayable based on a scheduled repayment as below:								
					<table border="1"> <thead> <tr> <th>Months after the first drawdown</th> <th>Instalment %</th> </tr> </thead> <tbody> <tr> <td>72</td> <td>27.8</td> </tr> <tr> <td>78</td> <td>35.1</td> </tr> <tr> <td>84</td> <td>37.1</td> </tr> </tbody> </table>	Months after the first drawdown	Instalment %	72	27.8	78	35.1	84	37.1
Months after the first drawdown	Instalment %												
72	27.8												
78	35.1												
84	37.1												
270,000	270,000	-	-	RM	The loan is repayable one year after the drawdown date.								
1,470,000	636,795	1,200,000	1,205,763										
-	-	(400,000)	(400,000)	RM	During the financial year, these loans were set-off against loan to a subsidiary.								

The loans to/(from) subsidiaries are unsecured and carry interest rates ranging from 5.00% to 5.63% (2014: 5.00% to 5.18%) per annum as at the reporting date.

## (b) Amounts due from/(to) subsidiaries - Non-interest bearing

The amounts due from/(to) subsidiaries are unsecured and with 30 days credit period (2014: 30 days).

## 18 INVESTMENTS IN SUBSIDIARIES

Note	Company	
	2015 RM'000	2014 RM'000
	35,012,760	35,012,760
	32,763	9,382
17	<b>35,045,523</b>	<b>35,022,142</b>

Unquoted shares, at cost

Fair value of share options and share grants, and shares acquired, over the Company's equity instruments for employees of subsidiaries, net of shares issued

Information on the subsidiaries is as follows:

Name	Country of incorporation and place of business	Principal activities	Proportion of ownership interests held by the Group		Proportion of ownership interests held by non-controlling interests		Paid-up capital	
			2015	2014	2015	2014	2015	2014
Advanced Wireless Technologies Sdn. Bhd. (517551-U)	Malaysia	Provider of wireless multimedia related services	75%	75%	25%	25%	RM3,333,336	RM3,333,336
Maxis Broadband Sdn. Bhd. (234053-D) <sup>(1)</sup>	Malaysia	Operator of a national public switched network and provider of Internet and Internet application services and includes owning, maintaining, building and operating radio facilities and associated switches	100%	100%	-	-	RM1,000,002	RM1,000,002
Maxis Collections Sdn. Bhd. (383275-M) <sup>(1)</sup>	Malaysia	Collector of telecommunications revenue for fellow subsidiaries	100%	100%	-	-	RM2	RM2
Maxis International Sdn. Bhd. (240071-T) <sup>(1)</sup>	Malaysia	Operator of an international gateway	100%	100%	-	-	RM2,500,002	RM2,500,002
Maxis Mobile Sdn. Bhd. (229892-M) <sup>(1)</sup>	Malaysia	Operator of mobile telecommunications for special niche projects such as Universal Service Provision, provider of corporate support and services functions to the intermediate holding companies and fellow subsidiaries and provider of hire purchase facility to a fellow subsidiary	100%	100%	-	-	RM2,500,002	RM2,500,002

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## 18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Information on the subsidiaries is as follows: (continued)

Name	Country of incorporation and place of business	Principal activities	Proportion of ownership interests held by the Group		Proportion of ownership interests held by non-controlling interests		Paid-up capital	
			2015	2014	2015	2014	2015	2014
Maxis Mobile Services Sdn. Bhd. (73315-V) <sup>(1)</sup>	Malaysia	Provider of mobile telecommunications products and services	100%	100%	-	-	RM1,293,884,000	RM1,293,884,000
Maxis Multimedia Sdn. Bhd. (530188-A)	Malaysia	Provider of multimedia related services (dormant)	100%	100%	-	-	RM2	RM2
Subsidiary of Advanced Wireless Technologies Sdn. Bhd.								
UMTS (Malaysia) Sdn. Bhd. (520422-D)	Malaysia	3G spectrum assignment holder	75%	75%	25%	25%	RM2,500,002	RM2,500,002
Subsidiary of Maxis Broadband Sdn. Bhd.								
Maxis Online Sdn. Bhd. (235849-A)	Malaysia	Holder of investments (dormant)	100%	100%	-	-	RM2	RM2
Subsidiary of Maxis Mobile Sdn. Bhd.								
Maxis Mobile (L) Ltd (LL-01709) <sup>(2)</sup>	Malaysia	Holder of investments	100%	100%	-	-	USD10,000	USD10,000

**Notes:**

<sup>(1)</sup> On 2 December 2015, Maxis Broadband Sdn. Bhd. entered into separate sale and purchase agreements with each of Maxis Collections Sdn. Bhd., Maxis International Sdn. Bhd., Maxis Mobile Sdn. Bhd. and Maxis Mobile Services Sdn. Bhd. to purchase their respective businesses and undertakings including relevant assets and liabilities, as disclosed in Note 38 to the financial statements.

<sup>(2)</sup> Maxis Mobile (L) Ltd is a company registered under the Labuan Companies Act, 1990, with shares issued in USD.

As at the reporting date, the total non-controlling interest is RM30,501,000 (2014: RM22,362,000) in respect of Advanced Wireless Technologies Sdn. Bhd. and its wholly-owned subsidiary, which is not material to the Group.

19 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Financial assets:					
Loans to subsidiaries	17	-	-	<b>636,795</b>	1,205,763
Receivables and deposits	21	<b>1,102,162</b>	797,542	<b>91</b>	79
Amounts due from subsidiaries	17	-	-	<b>74</b>	81
Amount due from penultimate holding company	25	<b>207</b>	259	-	-
Amounts due from related parties	26	<b>24,401</b>	26,584	-	-
Cash and cash equivalents	27	<b>1,296,448</b>	1,530,519	<b>21,153</b>	185,960
Loans and receivables		<b>2,423,218</b>	2,354,904	<b>658,113</b>	1,391,883
Available-for-sale investment	20	<b>50</b>	50	-	-
Derivative financial instruments	22	<b>777,324</b>	244,452	<b>777,101</b>	244,452
Financial liabilities:					
Payables and accruals	29	<b>2,653,505</b>	2,253,301	<b>480</b>	893
Amount due to a subsidiary	17	-	-	<b>823</b>	1,160
Amounts due to fellow subsidiaries	25	<b>2,212</b>	487	-	-
Amounts due to related parties	26	<b>9,283</b>	24,429	-	-
Loans from a subsidiary	17	-	-	-	400,000
Loan from a related party	26	<b>29,012</b>	28,875	-	-
Borrowings	30	<b>9,877,652</b>	8,998,084	<b>9,856,804</b>	8,972,178
Other financial liabilities		<b>12,571,664</b>	11,305,176	<b>9,858,107</b>	9,374,231
Derivative financial instruments	22	-	15,848	-	15,848

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## 20 AVAILABLE-FOR-SALE INVESTMENT

	Group	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost	50	50

The Group has one-twenty fourth (1/24<sup>th</sup>) interest in Konsortium Rangkaian Serantau Sdn. Bhd. This entity was formed for the purpose of implementing one of the entry point projects to lower the costs of Internet Protocol transit and domestic bandwidths by aggregating capacity of its shareholders to secure lower prices from suppliers. The fair value cannot be reliably measured as there is no active market upon which it is traded. Hence, it is carried at cost.

## 21 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Non-current</u>					
Trade receivables	(a)	49,506	-	-	-
<u>Current</u>					
Trade receivables	(a)	735,594	624,883	-	-
Other receivables		271,247	151,875	28	79
Deposits		106,331	91,279	63	-
Prepayments		165,239	172,911	436	1,736
		<b>1,278,411</b>	<b>1,040,948</b>	<b>527</b>	<b>1,815</b>
Allowance for impairment:	(b)				
- trade receivables		(47,118)	(53,086)	-	-
- other receivables		(3,711)	(7,180)	-	-
- deposits		(9,687)	(10,229)	-	-
		<b>(60,516)</b>	<b>(70,495)</b>	<b>-</b>	<b>-</b>
		<b>1,217,895</b>	<b>970,453</b>	<b>527</b>	<b>1,815</b>
		<b>1,267,401</b>	<b>970,453</b>	<b>527</b>	<b>1,815</b>

## (a) Trade receivables

The Group's trade receivables include receivables on deferred payment terms amounting to RM103,316,000 (2014: RM Nil), which allows eligible customers to purchase mobile devices on up to 24 monthly instalments.

## 21 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

### (a) Trade receivables (continued)

Other than the above, the Group's credit policy provides trade receivables with credit periods of up to 60 days (2014: up to 60 days). The Group has no significant exposure to any individual customer, geographical location or industry category. Significant credit and recovery risks associated with receivables have been provided for in the financial statements.

Given the varied nature of the Group's customer base, the following analysis of trade receivables by type of customer is considered the most appropriate disclosure of credit concentrations.

	Group	
	2015 RM'000	2014 RM'000
Subscribers:		
- individual	424,787	308,484
- corporate	161,052	139,753
Interconnect and roaming:		
- domestic	105,409	86,700
- international	55,941	32,139
Distributors	37,911	57,807
	<b>785,100</b>	<b>624,883</b>

Trade receivables are secured by subscribers' deposits and bank guarantees of RM35,160,000 (2014: RM32,137,000) and RM37,950,000 (2014: RM50,950,000) respectively.

The ageing analysis of the Group's gross trade receivables is as follows:

	Group	
	2015 RM'000	2014 RM'000
Neither past due nor impaired	642,645	475,289
1 to 90 days past due not impaired	6,255	9,340
91 to 180 days past due not impaired	2,017	637
More than 180 days past due not impaired	227	220
	<b>651,144</b>	<b>485,486</b>
Impaired <sup>(1)</sup> :		
- collectively	105,938	105,094
- individually <sup>(2)</sup>	28,018	34,303
	<b>133,956</b>	<b>139,397</b>
	<b>785,100</b>	<b>624,883</b>

#### Notes:

<sup>(1)</sup> Represents gross trade receivables which have been either partially or fully impaired.

<sup>(2)</sup> Individually impaired due to default in payment terms.

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127**21 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)****(a) Trade receivables (continued)**Trade receivables that are neither past due nor impaired

With respect to the trade receivables that are neither past due nor impaired, there is no indication as of the reporting date that the debtors will not meet their payment obligations since the Group selects the highest possible quality creditworthy counterparties. The quality of these trade receivables is such that management believes no impairment provision is necessary, except in situations where they are part of individually impaired trade receivables.

Trade receivables that are past due but not impaired

No allowance for impairment was made in respect of these past due trade receivables based on the past historical collection trends.

**(b) Allowance for impairment**

Movement on the Group allowance for impairment of receivables and deposits is as follows:

	Note	Group	
		2015 RM'000	2014 RM'000
As at 1 January		70,495	70,210
Charged to statement of profit or loss	7	61,441	96,584
Reversed from statement of profit or loss	7	(14,077)	(24,449)
Amount written off		(57,343)	(71,850)
As at 31 December		60,516	70,495

## 22 DERIVATIVE FINANCIAL INSTRUMENTS

Note	Group			
	2015		2014	
	Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
<u>Non-current</u>				
<i>Derivative designated in hedging relationship</i>				
Cross Currency Interest Rate Swaps ("CCIRS"):	(a)			
- cash flow hedge on USD denominated borrowings		485,266	-	192,668
- cash flow hedge on SGD denominated borrowings		51,145	-	18,751
		<b>536,411</b>	-	211,419
Interest Rate Swaps ("IRS"):	(b)			
- cash flow hedge on RM denominated borrowings		30,816	-	33,033
		<b>567,227</b>	-	244,452
<u>Current</u>				
<i>Derivative designated in hedging relationship</i>				
CCIRS:	(a)			
- cash flow hedge on USD denominated borrowings		209,874	-	15,848
Forward foreign exchange contracts:	(c)			
- cash flow hedge on USD forecast transactions		66	-	-
<i>Derivative not designated in hedging relationship</i>				
Forward foreign exchange contract	(c)	157	-	-
		<b>210,097</b>	-	15,848
		<b>777,324</b>	-	244,452
				15,848

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## 22 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

		Company			
		2015		2014	
Note		Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
<u>Non-current</u>					
<i>Derivative designated in hedging relationship</i>					
CCIRS:	(a)				
- cash flow hedge on USD denominated borrowings		485,266	-	192,668	-
- cash flow hedge on SGD denominated borrowings		51,145	-	18,751	-
		536,411	-	211,419	-
IRS:	(b)				
- cash flow hedge on RM denominated borrowings		30,816	-	33,033	-
		567,227	-	244,452	-
<u>Current</u>					
<i>Derivative designated in hedging relationship</i>					
CCIRS:	(a)				
- cash flow hedge on USD denominated borrowings		209,874	-	-	15,848
		777,101	-	244,452	15,848

## 22 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The details of the derivative financial instruments are set out as below:

### (a) CCIRS

Commencement date	Contract/ Notional amount		Exchange Rate	Interest Rate
	2015 RM'000	2014 RM'000		
24 February 2010	<b>1,287,750</b>	2,129,250	The Group and Company pay RM in exchange for receiving USD at a predetermined exchange rate of RM3.40/USD according to the scheduled principal and interest repayment of the syndicated loan in which principal exchange occurs semi-annually commencing from the fourth year of the syndicated loan.	The Group and Company pay a fixed interest rate of 4.75% per annum in exchange for receiving London Interbank Offered Rate ("LIBOR") plus a spread on the amortising outstanding principal amount.
13 August 2010	<b>314,500</b>	314,500	The Group and Company pay RM in exchange for receiving USD at a predetermined exchange rate of RM3.145/USD for its principal and interest in which at the end of the tenure, principal is on bullet repayment basis.	The Group and Company pay a fixed interest rate of 5.25% per annum in exchange for receiving LIBOR plus a spread on the notional principal amount.
28 February 2011	<b>304,900</b>	304,900	The Group and Company pay RM in exchange for receiving USD at a predetermined exchange rate of RM3.048/USD and RM3.050/USD on each USD50 million respectively for its principal and interest in which at the end of the tenure, principal is on bullet repayment basis.	The Group and Company pay Kuala Lumpur Interbank Offered Rate ("KLIBOR") plus a spread in exchange for receiving LIBOR plus a spread on the notional principal amount.
28 February 2011	<b>167,300</b>	167,300	The Group and Company pay RM in exchange for receiving SGD at a predetermined exchange rate of RM2.39/SGD for its principal and interest in which at the end of the tenure, principal is on bullet repayment basis.	The Group and Company pay KLIBOR plus a spread in exchange for receiving Singapore Swap Offer Rate ("SOR") plus a spread on the notional principal amount.
14 June 2011	<b>227,250</b>	227,250	The Group and Company pay RM in exchange for receiving USD at a predetermined exchange rate of RM3.03/USD for its principal and interest in which at the end of the tenure, principal is on bullet repayment basis.	The Group and Company pay a fixed interest rate of 4.99% in exchange for receiving LIBOR plus a spread on the notional principal amount.

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131**22 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)**

The details of the derivative financial instruments are set out as below: (continued)

**(b) IRS**

Commencement date	Contract/ Notional amount		Interest Rate
	2015 RM'000	2014 RM'000	
17 July 2012	200,000	200,000	The Group and Company pay a fixed interest rate of 3.50% per annum in exchange for receiving KLIBOR on the notional principal amount.
25 July 2012	500,000	500,000	The Group and Company pay a fixed interest rate of 3.43% per annum in exchange for receiving KLIBOR on the notional principal amount.

**(c) Forward foreign exchange contracts**

Commencement date	Contract/ Notional amount	Contract value in foreign currency	Exchange Rate
	2015 RM'000	2015 USD'000	
28 December 2015	43,161	10,000	The Group pays RM in exchange for receiving USD at pre determined exchange rate of RM4.3161/USD on the notional amount at the maturity date.
29 December 2015	56,083	13,000	The Group pays RM in exchange for receiving USD at pre determined exchange rates that range from RM4.3112/USD to RM4.3186/USD on the notional amounts at the maturity dates.

At the reporting date, the Group and the Company have recognised net derivative financial assets of RM777,324,000 (2014: RM228,604,000) and RM777,101,000 (2014: RM228,604,000) respectively, an increase in fair value gains by RM548,720,000 (2014: RM200,982,000) and RM548,497,000 (2014: RM200,982,000) respectively from the prior financial year, on remeasuring the fair values of the derivative financial instruments for:

**(i) derivative designated in hedging relationship**

The increase in fair value gains from the prior financial year for the Group and the Company were RM548,563,000 (2014: RM200,982,000) and RM548,497,000 (2014: RM200,982,000) respectively, with the corresponding movement included in equity in the cash flow hedging reserve.

For the current financial year, RM527,879,000 was reclassified to the statements of profit or loss to offset the foreign exchange losses of RM523,717,000 which arose from the weakening RM against USD and SGD, and the interest expense of RM4,162,000 as the underlying interest rates were higher than the hedged interest rates on the borrowings. This has resulted in an increase in the credit balance of the cash flow hedging reserve of the Group and the Company as at 31 December 2015 by RM20,684,000 and RM20,618,000 respectively.

## 22 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(i) derivative designated in hedging relationship (continued)

For the financial year ended 31 December 2014, RM219,673,000 was reclassified to the statements of profit or loss to offset the foreign exchange losses of RM218,431,000 which arose from the weakening RM against USD and SGD, and the interest expense of RM1,242,000 as the underlying interest rates were higher than the hedged interest rates on the borrowings. This reduced the credit balance of the cash flow hedging reserve of the Group and the Company as at 31 December 2014 by RM18,691,000.

For derivatives designated as cash flow hedge on borrowings, the gains or losses recognised in the cash flow hedging reserve in equity will be continuously released to the statements of profit or loss within finance costs until the underlying borrowings are repaid. As the Group and the Company intend to hold the borrowings and associated derivative financial instruments to maturity, any changes to the fair values of the derivative financial instruments will not impact the statements of profit or loss and will be taken to the cash flow hedging reserve in equity.

For derivatives designated as cash flow hedge on forecast transactions, the gains or losses on changes to the fair value of derivative financial instruments are recognised in the cash flow hedging reserve in equity until such time that the hedged items affect profit or loss, then the gains or losses are transferred to statements of profit or loss.

(ii) derivative not designated in hedging relationship

The increase in the Group's fair value gains of RM157,000 which is due to changes in foreign currency exchange spot and forward rates respectively has been charged to the statements of profit or loss within other expenses.

As the derivative financial instrument is used to hedge the fair value movement attributable to the foreign exchange rate fluctuation associated to certain payable balances denominated in USD as at reporting date, any changes to the fair values of the derivative financial instruments will impact the statements of profit or loss within other expenses until the maturity of the derivative financial instruments.

The method and assumption applied in determining the fair value of derivatives are disclosed in Note 3(i) to the financial statements.

## 23 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group	
	2015 RM'000	2014 RM'000
Deferred tax assets	55,386	102,045
Deferred tax liabilities	(493,532)	(482,352)
	<b>(438,146)</b>	<b>(380,307)</b>

## Notes to the Financial Statements

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133**23 DEFERRED TAXATION (CONTINUED)**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group	
	2015 RM'000	2014 RM'000
Deferred tax assets:		
- to be recovered after more than 12 months	22	10
- to be recovered within 12 months	55,364	102,035
	<b>55,386</b>	102,045
Deferred tax liabilities:		
- to be recovered after more than 12 months	(479,400)	(449,710)
- to be recovered within 12 months	(14,132)	(32,642)
	<b>(493,532)</b>	(482,352)
Deferred tax liabilities (net)	<b>(438,146)</b>	(380,307)

The movements in deferred tax assets/(liabilities) during the financial year comprise the following:

Group	Note	Property, plant and equipment RM'000	Intangible assets RM'000	Deferred income RM'000	Provisions RM'000	Investment allowance RM'000	Others RM'000	Total RM'000
As at 1 January 2015		(755,987)	(54,956)	105,436	273,622	50,251	1,327	(380,307)
(Charged)/credited to statement of profit or loss:	12							
- relating to origination and reversal of temporary differences		(43,538)	(24,123)	(3,993)	(9,473)	(11,700)	36,844	(55,983)
- relating to changes in tax rate		9,880	2,596	(4,058)	(9,161)	(74)	(1,039)	(1,856)
As at 31 December 2015		<b>(789,645)</b>	<b>(76,483)</b>	<b>97,385</b>	<b>254,988</b>	<b>38,477</b>	<b>37,132</b>	<b>(438,146)</b>
As at 1 January 2014		(784,935)	(51,289)	95,173	306,643	64,242	2,199	(367,967)
Credited/(charged) to statement of profit or loss:	12							
- relating to origination and reversal of temporary differences		6,352	(4,257)	10,263	(31,558)	(12,475)	(872)	(32,547)
- relating to changes in tax rate		22,596	590	-	(1,463)	(1,516)	-	20,207
As at 31 December 2014		<b>(755,987)</b>	<b>(54,956)</b>	<b>105,436</b>	<b>273,622</b>	<b>50,251</b>	<b>1,327</b>	<b>(380,307)</b>

## 23 DEFERRED TAXATION (CONTINUED)

	Group	
	2015 RM'000	2014 RM'000
Deferred tax assets (before offsetting):		
- deferred income	97,385	105,436
- provisions	254,988	273,622
- investment allowance	38,477	50,251
- others	37,314	1,675
	<b>428,164</b>	430,984
Offsetting	<b>(372,778)</b>	(328,939)
Deferred tax assets (after offsetting)	<b>55,386</b>	102,045
Deferred tax liabilities (before offsetting):		
- property, plant and equipment	<b>(789,645)</b>	(755,987)
- intangible assets	<b>(76,483)</b>	(54,956)
- others	<b>(182)</b>	(348)
	<b>(866,310)</b>	(811,291)
Offsetting	<b>372,778</b>	328,939
Deferred tax liabilities (after offsetting)	<b>(493,532)</b>	(482,352)

## 24 INVENTORIES

	Group	
	2015 RM'000	2014 RM'000
Telecommunications materials and supplies	5,110	4,350
Devices	8,137	8,090
	<b>13,247</b>	12,440

The Group reversed RM2,136,000 (2014: RM14,620,000) of inventory write down as the Group was able to utilise those inventories.

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135**25 FELLOW SUBSIDIARIES AND PENULTIMATE HOLDING COMPANY BALANCES**

	Group	
	2015 RM'000	2014 RM'000
Current asset:		
- amount due from penultimate holding company	207	259
Current liability:		
- amounts due to fellow subsidiaries	(2,212)	(487)
	<b>(2,005)</b>	<b>(228)</b>

The amounts due from/(to) penultimate holding company and fellow subsidiaries are unsecured, non-interest bearing and with 30 days credit period (2014: 30 days).

**26 RELATED PARTIES BALANCES**

	Note	Group	
		2015 RM'000	2014 RM'000
Current asset:			
- amounts due from related parties	(a)	24,401	26,584
Current liabilities:			
- amounts due to related parties	(a)	(9,283)	(24,429)
- loan from a related party	(b)	(29,012)	(28,875)

(a) The amounts due from/(to) related parties are trade in nature, unsecured, interest free and with credit periods of up to 60 days (2014: up to 60 days).

(b) Loan from a related party, who is a shareholder of Advanced Wireless Technologies Sdn. Bhd., is unsecured and is denominated in RM. The principal and interest of the loan were repayable on 9 December 2015, being the end of the second five years from the drawdown date of 9 December 2005. The Group had repaid the interest of RM2,130,000 (2014: RM2,228,000). Subject to full settlement of the principal outstanding, the interest rate as at the reporting date is 7.85% (2014: 7.85%) per annum.

## 27 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year comprise the following:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits with licensed banks	1,123,583	1,422,723	5,668	185,824
Cash and bank balances	172,865	107,796	15,485	136
Cash and cash equivalents	1,296,448	1,530,519	21,153	185,960

Deposits with licensed banks are held in short-term money market and fixed deposits.

Deposits with licensed banks of the Group and of the Company at the end of the financial year have an average maturity of 19 days (2014: 16 days) and 60 days (2014: 17 days) respectively. Bank balances are deposits held at call with banks.

The credit quality of bank balances and deposits with licensed banks can be assessed by reference to external credit ratings as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Local licensed banks <sup>(1)</sup> :				
- AAA	738,724	737,738	16,987	100,262
- AA1	127,231	135,921	-	-
- AA2	426,599	652,282	4,160	85,698
Offshore licensed banks <sup>(2)</sup> :				
- Aa2	36	-	-	-
- Aa3	-	33	-	-
- A1	-	2,758	-	-
- A2	3,375	1,389	-	-
- BAA2	-	5	-	-
- BA2	4	-	-	-
	1,295,969	1,530,126	21,147	185,960

**Note:**

Source: Bloomberg with ratings provided by:

<sup>(1)</sup> RAM Ratings Services Berhad

<sup>(2)</sup> Moody's

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## 28 PROVISIONS FOR LIABILITIES AND CHARGES

Group	Note	Site rectification and decommi- ssioning works RM'000	Contract obligations and legal claims RM'000	Staff incentive scheme RM'000	CTS costs RM'000	Total RM'000
As at 1 January 2015		140,812	50,565	7,765	-	199,142
Capitalised during the financial year		4,657	-	-	-	4,657
Changes in costs estimate on provision for site decommissioning works:						
- included in finance costs	11(b)	(7,423)	-	-	-	(7,423)
- included in property, plant and equipment		4,758	-	-	-	4,758
Charged to statement of profit or loss:						
- included in profit from operations	7	1,961	7,897	98,333	-	108,191
- included in finance costs	11(b)	15,558	-	-	-	15,558
Paid during the financial year		(5,066)	(6,125)	(8,730)	-	(19,921)
Reversed from statement of profit or loss	7	(4,601)	-	-	-	(4,601)
As at 31 December 2015		150,656	52,337	97,368	-	300,361
As at 1 January 2014		118,240	69,178	38,240	19,369	245,027
Capitalised during the financial year		8,950	-	-	-	8,950
Changes in costs estimate on provision for site decommissioning works:						
- included in finance costs	11(b)	(6,736)	-	-	-	(6,736)
- included in property, plant and equipment		6,669	-	-	-	6,669
Charged to statement of profit or loss:						
- included in profit from operations	7	2,660	11,484	48,914	-	63,058
- included in finance costs	11(b)	15,552	-	-	-	15,552
Paid during the financial year		(1,887)	(8,004)	(38,569)	(18,576)	(67,036)
Reversed from statement of profit or loss	7	(2,636)	(22,093)	(40,820)	(793)	(66,342)
As at 31 December 2014		140,812	50,565	7,765	-	199,142

28 PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Group	Site rectification and decommissioning works RM'000	Contract obligations and legal claims RM'000	Staff incentive scheme RM'000	CTS costs RM'000	Total RM'000
Represented by:					
Non-current liabilities	147,362	-	3,676	-	151,038
Current liabilities	3,294	52,337	93,692	-	149,323
As at 31 December 2015	150,656	52,337	97,368	-	300,361
Non-current liabilities	134,130	-	-	-	134,130
Current liabilities	6,682	50,565	7,765	-	65,012
As at 31 December 2014	140,812	50,565	7,765	-	199,142

Descriptions of the above provisions are as disclosed in Note 3(p) to the financial statements.

Site decommissioning works

As at 31 December 2015, a provision of RM147,362,000 (2014: RM134,130,000) has been recognised for dismantling, removal and site restoration costs. The provision is estimated using the assumption that decommissioning will only take place upon the expiry of the lease terms (inclusive of secondary terms) of 15 to 30 years (2014: 15 to 30 years). The provision has been estimated based on the current conditions of the sites, at the estimated costs to be incurred upon the expiry of lease terms and discounted at the current market interest rate available to the Group.

Contract obligations and legal claims

In the Directors' opinion, the net negotiated cost to exit the contract will not give rise to any significant loss beyond the amounts provided at the reporting date.

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## 29 PAYABLES AND ACCRUALS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Non-current</u>				
Trade payables	417,992	448,900	-	-
Other accruals	7,628	4,822	-	-
	<b>425,620</b>	453,722	-	-
<u>Current</u>				
Intercarrier and roaming payables	125,744	36,507	-	-
Intercarrier and roaming accruals	90,041	93,133	-	-
Subscribers' deposits	103,324	109,546	-	-
Trade payables	1,539,047	1,100,825	-	-
Trade accruals	383,706	349,995	-	-
Other payables	58,997	116,057	229	284
Other accruals	458,416	507,242	253	609
Advance payments from subscribers	52,385	51,197	-	-
Deferred income	399,145	413,269	-	-
Payroll liabilities	-	12	-	-
Government grant	255,768	223,844	-	-
	<b>3,466,573</b>	3,001,627	<b>482</b>	893
	<b>3,892,193</b>	3,455,349	<b>482</b>	893

Current trade payables and other payables of the Group and of the Company carry credit periods of up to 90 days (2014: 180 days). The Group's current and non-current trade payables include an amount of RM551,101,000 (2014: RM557,323,000), denominated in USD, which is payable under deferred payment schemes, repayable on a half-yearly basis in 10 to 11 equal instalments commencing from 30 or 36 months from the commencement dates of the contracts and carry interest rates ranging from 2.43% to 3.03% (2014: 2.19% to 2.56%) per annum as at the reporting date.

As disclosed in Note 22 to the financial statements, certain payable balances denominated in USD amounting to USD10,000,000 are hedged using forward foreign exchange contracts against fluctuations in USD/RM exchange rate for which no hedge accounting is applied.

The Group's other accruals include lease equalisation for office buildings of RM7,737,000 (2014: RM4,885,000) with the remaining lease periods ranging from 1 year 8 months to 12 years 5 months (2014: 2 years 8 months to 13 years 5 months).

### 30 BORROWINGS

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<u>Non-current</u>					
<b>Secured</b>					
Finance lease liabilities	(a)	7,980	11,855	-	-
<b>Unsecured</b>					
Syndicated term loans	(b)	991,684	1,670,763	991,684	1,670,763
Term loans	(c)	1,959,327	1,790,997	1,959,327	1,790,997
Islamic Medium Term Notes	(d)	3,325,483	2,484,105	3,325,483	2,484,105
Commodity Murabahah Term Financing	(e)	2,516,230	2,160,669	2,516,230	2,160,669
		<b>8,800,704</b>	8,118,389	<b>8,792,724</b>	8,106,534
<u>Current</u>					
<b>Secured</b>					
Finance lease liabilities	(a)	12,868	14,051	-	-
<b>Unsecured</b>					
Syndicated term loan	(b)	1,064,080	865,644	1,064,080	865,644
		<b>1,076,948</b>	879,695	<b>1,064,080</b>	865,644
		<b>9,877,652</b>	8,998,084	<b>9,856,804</b>	8,972,178

#### (a) Finance lease liabilities

The Group leased certain assets under finance lease with terms of three to five years (2014: three to five years). The finance leases have remaining terms of one to four years (2014: one to three years) which the Group has options for another one to five years extension subject to renewal conditions by the lessor for certain leased assets.

The weighted average effective interest rate of the Group's finance lease liabilities is 10.00% (2014: 10.13%) per annum. These leases are effectively secured as the rights to the leased assets revert to the lessor in the event of defaults.

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## 30 BORROWINGS (CONTINUED)

## (a) Finance lease liabilities (continued)

Finance lease liabilities represent outstanding obligations payable in respect of assets acquired under finance lease commitment and are analysed as follows:

	Group	
	2015 RM'000	2014 RM'000
Not later than one year	13,875	15,555
Later than one year and not later than five years	8,384	12,858
	22,259	28,413
Less: Future finance charges	(1,411)	(2,507)
Present value	20,848	25,906
Representing lease liabilities:		
- non-current	7,980	11,855
- current	12,868	14,051
	20,848	25,906

## (b) Non-current and current unsecured syndicated term loans

## (i) USD750,000,000 syndicated term loan

This syndicated term loan was drawn down on 24 February 2010 and is repayable in six semi-annual instalments commencing on 24 August 2014 with final maturity on 24 February 2017. During the financial year, two (2014: one) instalments of USD123,750,000 each were repaid. As disclosed in Note 22 to the financial statements, the Company has entered into CCIRS where the principal sum and interest under this term loan is hedged against fluctuations in USD/RM exchange rate and in LIBOR.

## (ii) USD100,000,000 syndicated term loan

This syndicated term loan was drawn down on 13 August 2010 and is repayable in one lump sum on the loan's maturity date, 13 August 2020. As disclosed in Note 22 to the financial statements, the Company has entered into CCIRS where the principal sum and interest under this term loan is hedged against fluctuations in USD/RM exchange rate and in LIBOR.

## (c) Non-current unsecured term loans

## (i) RM1,000,000,000 term loan

This term loan was drawn down on 27 December 2011 and is repayable in one lump sum on the loan's maturity date, 27 December 2022. As disclosed in Note 22 to the financial statements, the Company has entered into IRS where the interest under this term loan is partially hedged against fluctuations in KLIBOR.

### 30 BORROWINGS (CONTINUED)

#### (c) Non-current unsecured term loans (continued)

##### (ii) USD100,000,000 term loans

These term loans were all drawn down on 28 February 2011 and are repayable in one lump sum on their respective loan maturity dates, 28 February 2021. As disclosed in Note 22 to the financial statements, the Company has entered into CCIRS where the principal sum and interest under these term loans are hedged against fluctuations in USD/RM exchange rate and in LIBOR.

##### (iii) SGD70,000,000 term loan

This term loan was drawn down on 28 February 2011 and is repayable in one lump sum on the loan's maturity date, 28 February 2021. As disclosed in Note 22 to the financial statements, the Company has entered into CCIRS where the principal sum and interest under this term loan is hedged against fluctuations in SGD/RM exchange rate and in SOR.

##### (iv) USD75,000,000 term loan

This term loan was drawn down on 14 June 2011 and is repayable in one lump sum on the loan's maturity date, 14 June 2021. As disclosed in Note 22 to the financial statements, the Company has entered into CCIRS where the principal sum and interest under this term loan is hedged against fluctuations in USD/RM exchange rate and in LIBOR.

#### (d) Islamic Medium Term Notes

##### (i) Sukuk Musharakah

On 24 February 2012, the Company established an unrated Islamic Medium Term Notes Programme with an aggregate nominal value of up to RM2.45 billion ("Sukuk Programme") based on the Islamic principle of Musharakah. The Sukuk Programme has a tenure of 30 years from the date of first issue under the Sukuk Programme.

On the same date, the Company made the first issuance under the Sukuk Programme of RM2.45 billion nominal value with a tenure of 10 years ("Sukuk Musharakah"), redeemable on its maturity date on 24 February 2022. The profit is payable semi-annually.

Maxis Mobile Services Sdn. Bhd. and Maxis Broadband Sdn. Bhd., both wholly-owned subsidiaries of the Company provide unconditional and irrevocable corporate guarantees under the Sukuk Programme.

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143**30 BORROWINGS (CONTINUED)****(d) Islamic Medium Term Notes (continued)****(ii) Sukuk Murabahah**

On 17 June 2015, the Company established an Unrated Islamic Medium Term Notes (“Sukuk Murabahah”) Programme with an aggregate nominal value of up to RM5.0 billion, based on the Islamic principle of Murabahah (via a Tawarruq arrangement) (“Unrated Sukuk Murabahah Programme”). The Unrated Sukuk Murabahah Programme has a tenure of 30 years from the date of the first issuance of Sukuk Murabahah under the Unrated Sukuk Murabahah Programme.

On 22 June 2015, the Company issued the first series of Sukuk Murabahah amounting to RM840,000,000, in nominal value, for a tenure of 10 years, of which RM420,750,000 was utilised to repay one instalment of the USD750,000,000 syndicated term loan as disclosed in Note 30(b) to the financial statements. It is redeemable on its maturity date on 20 June 2025. The profit is payable semi-annually.

Maxis Mobile Services Sdn. Bhd. and Maxis Broadband Sdn. Bhd., both wholly-owned subsidiaries of the Company, provide unconditional and irrevocable corporate guarantees under the Unrated Sukuk Murabahah Programme.

**(e) Non-current and unsecured Commodity Murabahah Term Financing**

On 2 April 2014, the Company entered into an agreement for Commodity Murabahah Term Financing facility up to RM2.50 billion based on the Islamic principle of Murabahah. This facility has a tenure of 10 years from its first utilisation, which is repayable in one lump sum on 7 April 2024. In the prior year, the Company had drawn down RM2.15 billion of the facility amount of which RM500,000,000 and RM420,750,000 were utilised for repayment of the RM500,000,000 revolving credit facility and the initial instalment of the USD750,000,000 syndicated term loan as disclosed in Notes 30(f) and 30(b) to the financial statements respectively. The remaining RM350,000,000 of the facility was drawn down during the financial year, which was utilised to repay part of one instalment of the USD750,000,000 syndicated term loan as disclosed in Note 30(b) to the financial statements.

**(f) Current unsecured revolving credit**

In the prior year, RM500,000,000 revolving credit facility was fully repaid on its maturity date, 22 September 2014.

### 30 BORROWINGS (CONTINUED)

#### Contractual terms of borrowings

Group	Contractual interest rate/ profit margin at reporting date (per annum) %	Functional currency/ currency exposure	Total carrying amount RM'000	Maturity profile			
				< 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
<u>At 31 December 2015</u>							
<b>Secured</b>							
Finance lease liabilities		RM/RM	20,848	12,868	6,134	1,846	-
<b>Unsecured</b>							
Syndicated term loans	1.35% - 1.60% + LIBOR <sup>(1)</sup>	RM/USD	2,055,764	1,064,080	563,561	428,123	-
Term loans	0.75% + COF <sup>(2)</sup>	RM/RM	997,142	-	-	-	997,142
	1.50% - 1.60% + LIBOR <sup>(1)</sup>	RM/USD	749,801	-	-	-	749,801
	1.25% + SOR <sup>(3)</sup>	RM/SGD	212,384	-	-	-	212,384
Islamic Medium Term Notes	5.00% - 5.40%	RM/RM	3,325,483	-	-	-	3,325,483
Commodity Murabahah Term Financing	0.70 + COF <sup>(2)</sup>	RM/RM	2,516,230	-	-	-	2,516,230
			<b>9,877,652</b>	<b>1,076,948</b>	<b>569,695</b>	<b>429,969</b>	<b>7,801,040</b>
<u>At 31 December 2014</u>							
<b>Secured</b>							
Finance lease liabilities		RM/RM	25,906	14,051	6,768	5,087	-
<b>Unsecured</b>							
Syndicated term loans	1.35% - 1.60% + LIBOR <sup>(1)</sup>	RM/USD	2,536,407	865,644	864,056	459,016	347,691
Term loans	0.75% + COF <sup>(2)</sup>	RM/RM	996,758	-	-	-	996,758
	1.50% - 1.60% + LIBOR <sup>(1)</sup>	RM/USD	609,622	-	-	-	609,622
	1.25% + SOR <sup>(3)</sup>	RM/SGD	184,617	-	-	-	184,617
Islamic Medium Term Notes	5.00%	RM/RM	2,484,105	-	-	-	2,484,105
Commodity Murabahah Term Financing	0.70 + COF <sup>(2)</sup>	RM/RM	2,160,669	-	-	-	2,160,669
			<b>8,998,084</b>	<b>879,695</b>	<b>870,824</b>	<b>464,103</b>	<b>6,783,462</b>

**Notes:**

<sup>(1)</sup> LIBOR denotes London Interbank Offered Rate.

<sup>(2)</sup> COF denotes Cost of Funds.

<sup>(3)</sup> SOR denotes Singapore Swap Offer Rate.

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## 30 BORROWINGS (CONTINUED)

## Contractual terms of borrowings (continued)

Company	Contractual interest rate/ profit margin at reporting date (per annum) %	Functional currency/ currency exposure	Total carrying amount RM'000	Maturity profile			
				< 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
<u>At 31 December 2015</u>							
<b>Unsecured</b>							
Syndicated term loans	1.35% - 1.60% + LIBOR <sup>(1)</sup>	RM/USD	2,055,764	1,064,080	563,561	428,123	-
Term loans	0.75% + COF <sup>(2)</sup>	RM/RM	997,142	-	-	-	997,142
	1.50% - 1.60% + LIBOR <sup>(1)</sup>	RM/USD	749,801	-	-	-	749,801
	1.25% + SOR <sup>(3)</sup>	RM/SGD	212,384	-	-	-	212,384
Islamic Medium Term Notes	5.00% - 5.40%	RM/RM	3,325,483	-	-	-	3,325,483
Commodity Murabahah Term Financing	0.70 + COF <sup>(2)</sup>	RM/RM	2,516,230	-	-	-	2,516,230
			<b>9,856,804</b>	<b>1,064,080</b>	<b>563,561</b>	<b>428,123</b>	<b>7,801,040</b>
<u>At 31 December 2014</u>							
<b>Unsecured</b>							
Syndicated term loans	1.35% - 1.60% + LIBOR <sup>(1)</sup>	RM/USD	2,536,407	865,644	864,056	459,016	347,691
Term loans	0.75% + COF <sup>(2)</sup>	RM/RM	996,758	-	-	-	996,758
	1.50% - 1.60% + LIBOR <sup>(1)</sup>	RM/USD	609,622	-	-	-	609,622
	1.25% + SOR <sup>(3)</sup>	RM/SGD	184,617	-	-	-	184,617
Islamic Medium Term Notes	5.00%	RM/RM	2,484,105	-	-	-	2,484,105
Commodity Murabahah Term Financing	0.70 + COF <sup>(2)</sup>	RM/RM	2,160,669	-	-	-	2,160,669
			<b>8,972,178</b>	<b>865,644</b>	<b>864,056</b>	<b>459,016</b>	<b>6,783,462</b>

**Notes:**<sup>(1)</sup> LIBOR denotes London Interbank Offered Rate.<sup>(2)</sup> COF denotes Cost of Funds.<sup>(3)</sup> SOR denotes Singapore Swap Offer Rate.

### 31 SHARE CAPITAL

#### (a) Share capital

Authorised ordinary shares of RM0.10 each

As at 1 January/31 December

Group and Company	
2015 and 2014	
Number of shares '000	Nominal value RM'000
12,000,000	1,200,000

#### (b) ESOS

Pursuant to the ESOS implemented on 17 September 2009, the Company will make available new shares, not exceeding in aggregate 250,000,000 shares during the existence of the ESOS/LTIP, to be issued under the share options granted. The ESOS is for the benefit of eligible employees and eligible directors (executive and non-executive) of the Group. The ESOS is for a period of 10 years and is governed by the ESOS Bye-Laws as set out in the Company's Prospectus dated 28 October 2009 issued in relation to its initial public offering.

An ESOS/LTIP Committee comprising Directors of the Company has been set up to administer the ESOS/LTIP. The ESOS/LTIP Committee may from time to time offer share options to eligible employees and eligible directors of the Group to subscribe for new ordinary shares of RM0.10 each in the Company.

The salient features of the ESOS are as follows:

- (i) The total number of shares which may be issued under the ESOS shall not exceed in aggregate 250,000,000 shares during the existence of the ESOS save and except for any circumstances which may be specified in the Bye-Laws;
- (ii) Subject to the discretion of the Directors, any employee of the Company and its subsidiaries who has a written employment contract and any director (executive or non-executive) of the Company, shall be eligible to participate in the ESOS;
- (iii) The number of new shares that may be offered under the ESOS shall be at the discretion of the Directors after taking into consideration the performance, seniority and number of years of service as well as the employees' actual or potential contribution to the Group;
- (iv) In the event of a change in the capital structure of the Company except under certain circumstances, the Directors may make or provide for adjustments to be made in the share options price and/or in the number of shares covered by outstanding share options as the Directors at their discretion, may in good faith determine to be equitably required in order to prevent dilution or enlargement of the rights of the optionee or provide for adjustments in the number of shares to give the optionee the same proportion of the issued ordinary share capital of the Company to which the optionee was previously entitled;
- (v) The subscription price upon the exercise of the share options under the ESOS shall be the weighted average market price quoted for the five market days immediately preceding the date on which the share options are granted;
- (vi) The ESOS has a contractual term of 10 years. All share options shall become exercisable to the extent of one-third of the share options granted on each of the first three anniversaries from the date the share options were granted provided the optionee has been in continuous service with the Group throughout the period;
- (vii) Subject to paragraph (vi) above, an optionee may exercise share options in whole or part in multiples of 100 shares only at such time in accordance with any guidelines as may be prescribed by the Directors from time to time; and

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## 31 SHARE CAPITAL (CONTINUED)

## (b) ESOS (continued)

The salient features of the ESOS are as follows: (continued)

- (viii) The optionees have no right to participate by virtue of the share options in any share issue of any other company. However, shares issued upon the exercise of the share options shall rank pari passu in all respects with the then existing issued shares save that they will not entitle the holders thereof to receive any rights or bonus issues or dividends or distributions, the entitlement date of which precedes the date of issue of the shares.

Movement in the number of share options outstanding and their exercise prices is as follows:

		Number of options over ordinary shares of RM0.10 each in the Company						
Grant date	Expiry date	Exercise price RM/share	Outstanding	Granted	Exercised	Forfeited/ Lapsed	Outstanding	Exercisable
			as at 1.1.2015 '000				as at 31.12.2015 '000	as at 31.12.2015 '000
<u>2015</u>								
1 July 2011	17 September 2019	5.45	5,973	-	(1,478)	(95)	4,400	4,400
1 July 2012	17 September 2019	6.41	15,833	-	(1,559)	(828)	13,446	13,446
1 July 2013	17 September 2019	6.78	12,053	-	(358)	(922)	10,773	8,082
1 August 2015	17 September 2019	6.53	-	69,623	-	(1,445)	68,178	-
			<b>33,859</b>	<b>69,623</b>	<b>(3,395)</b>	<b>(3,290)</b>	<b>96,797</b>	<b>25,928</b>
Weighted average exercise price (RM per share)			<b>6.37</b>	<b>6.53</b>	<b>6.03</b>	<b>6.54</b>	<b>6.49</b>	<b>6.36</b>

		Number of options over ordinary shares of RM0.10 each in the Company						
Grant date	Expiry date	Exercise price RM/share	Outstanding	Granted	Exercised	Forfeited/ Lapsed	Outstanding	Exercisable
			as at 1.1.2014 '000				as at 31.12.2014 '000	as at 31.12.2014 '000
<u>2014</u>								
1 July 2011	17 September 2019	5.45	7,729	-	(1,661)	(95)	5,973	5,973
1 July 2012	17 September 2019	6.41	17,791	-	(1,355)	(603)	15,833	11,750
1 July 2013	17 September 2019	6.78	13,068	-	(110)	(905)	12,053	5,922
			<b>38,588</b>	<b>-</b>	<b>(3,126)</b>	<b>(1,603)</b>	<b>33,859</b>	<b>23,645</b>
Weighted average exercise price (RM per share)			<b>6.34</b>	<b>-</b>	<b>5.91</b>	<b>6.56</b>	<b>6.37</b>	<b>6.26</b>

The share options exercised during the financial year resulted in 3,394,900 (2014: 3,126,100) shares being issued and the related weighted average share price at the date of exercise was RM6.91 (2014: RM6.86) per share.

The weighted average remaining contractual life for the share options as at the reporting date is 3 years 8 months (2014: 4 years 8 months).

### 31 SHARE CAPITAL (CONTINUED)

#### (b) ESOS (continued)

The weighted average fair value of share options granted during the financial year determined using a modified Black Scholes model was RM0.68 (2014: RM Nil). The key inputs into the model were:

	<u>Group and Company</u> 2015
Valuation assumptions:	
Weighted average share price at date of grant (per share)	6.53
Exercise price (per share)	6.53
Expected volatility	11.38%
Expected share option life	4.2 years
Expected dividend yield per annum	3.2%
Risk-free interest rate per annum	4.0%

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices since the Company's Initial Public Offering ("Listing").

Value of employee services received for issue of share options:

	<u>Group</u>		<u>Company</u>	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Share-based payment expense	12,065	2,389	12,065	2,389
Capitalised as investment in subsidiaries for share-based payments allocated to the employees of the subsidiaries	-	-	(12,065)	(2,389)
Total expense recognised as share-based payments	12,065	2,389	-	-

#### (c) LTIP

The Company's LTIP is governed by the By-Laws which was approved by the shareholders on 28 April 2015 and is administered by the ESOS/LTIP Committee which is appointed by the Board of Directors of the Company, in accordance with the By-Laws. The ESOS/LTIP Committee may from time to time, offer LTIP to eligible employees (including an executive director) of the Group and includes any person who is proposed to be employed as an employee of the Group (including an executive director).

The LTIP comprises a Performance Share Grant ("PS Grant") and a Restricted Share Grant ("RS Grant") which shall be in force for a period of 10 years commencing from the effective date of the implementation of the LTIP. The LTIP took effect on 31 July 2015.

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149**31 SHARE CAPITAL (CONTINUED)****(c) LTIP (continued)**

The salient features of the LTIP are as follows:

- (i) The maximum number of new shares which may be made available under the LTIP and/or allotted and issued upon vesting of the new shares under the LTIP shall not, when aggregated with the total number of new shares allotted and issued and/or to be allotted and issued under the existing ESOS, exceed 250,000,000 shares at any point of time during the duration of the LTIP;
- (ii) The ESOS/LTIP Committee shall decide from time to time at its discretion to determine or vary the terms and conditions of the offer, such as eligibility criteria and allocation for each grant (i.e. the entitlement to receive new shares under the LTIP), the timing and frequency of the award of the grant, the performance target and/or performance conditions to be met prior to offer and vesting of the grant and the vesting period;
- (iii) The total number of new shares that may be offered under the LTIP shall be at the discretion of the ESOS/LTIP Committee;
- (iv) In the event of any alteration in the capital structure of the Company except under certain circumstances, the ESOS/LTIP Committee may make or provide for alterations or adjustments to be made in the number of unvested new shares and/or the method and/or manner in the vesting of the new shares comprised in a grant;
- (v) The LTIP shall take effect on the effective date of the implementation of the LTIP and shall be in force for a period of 10 years, expiring on 31 July 2025;
- (vi) The new shares to be allotted and issued pursuant to the LTIP shall, upon allotment and issuance, rank equally in all respects with the then existing issued shares and the grant holders shall not be entitled to any dividends, rights, allotments, entitlements and/or any other distributions, for which the entitlement date is prior to the date of issue of the shares; and
- (vii) The share grants will only be vested to the eligible employees of the Group (including an executive director) who have duly accepted the offer of grants under the LTIP, on their respective vesting dates, provided the following vesting conditions are fully and duly satisfied:
  - eligible employees of the Group (including an executive director) must remain in employment with the Group and shall not have given notice of resignation or received a notice of termination of service as at the vesting dates.
  - eligible employees of the Group (including an executive director) having achieved his/her performance target and/or performance condition as stipulated by the ESOS/LTIP Committee and as set out in their offer of grants.

During the financial year, 8,376,000 PS Grant under the LTIP were granted to the eligible employees of the Group. Subject to the terms and conditions of the By-Laws governing the LTIP, the employees shall be entitled to receive new ordinary share of RM0.10 each in the Company, to be allotted and issued pursuant to the LTIP ("new shares"), upon vesting of the new shares after meeting the vesting conditions as set out in the letter of offer for the shares under the LTIP. The vesting conditions comprising, amongst others, the performance targets and/or conditions for the period commencing from 1 January 2015 and ending on 31 December 2017, as stipulated by ESOS/LTIP Committee. The vesting date is on 30 April 2018, subject to meeting such performance targets.

### 31 SHARE CAPITAL (CONTINUED)

#### (c) LTIP (continued)

Movement in the number of PS Grant under the LTIP is as follows:

Grant date	Number of share grants over ordinary share of RM0.10 each in the Company					
	Outstanding as at 1.1.2015 '000	Granted '000	Vested '000	Forfeited '000	Outstanding as at 31.12.2015 '000	Exerciseable as at 31.12.2015 '000
	31 July 2015	-	8,376	-	(91)	8,285

The weighted average fair value of share grants under the PS Grant based on observable market price was RM6.53 (2014: RM Nil).

Value of employee services received under the LTIP:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Share-based payment expense	4,098	-	4,098	-
Capitalised as investment in subsidiaries for share-based payments allocated to the employees of the subsidiaries	-	-	(4,098)	-
Total expense recognised as share-based payments	4,098	-	-	-

#### (d) Incentive arrangement

Pursuant to the terms and conditions of the incentive arrangement which forms part of the employment contract which an eligible director had entered into with the Company, the cash incentives payable to the eligible director were used to acquire shares of the Company from the open market. During the financial year, 315,215 (2014: 687,175) shares of the Company were acquired from the open market, and are currently held by CIMB Commerce Trustee Berhad or its nominee. Subject to fulfilment of the vesting conditions and the terms of the incentive arrangement, these shares will vest on the eligible director on a deferred basis. In addition to the eligible director's interest in these shares, the eligible director is also deemed interested in such additional number of shares in the Company which shall only be determinable in the future, to be acquired using future cash incentives payable to the eligible director, pursuant to the terms and conditions of such incentive arrangement.

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151**31 SHARE CAPITAL (CONTINUED)****(d) Incentive arrangement (continued)**

Movement in the number of shares under the incentive arrangement is as follows:

	Group and Company	
	2015 '000	2014 '000
As at 1 January	687	-
Acquired	315	687
As at 31 December	1,002	687

For the financial year, the weighted average fair value of shares acquired under the incentive arrangement based on observable market price was RM6.97 (2014: RM6.97).

Value of employee services received under the incentive arrangement:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Share-based payment expense	8,122	977	8,122	977
Capitalised as investment in subsidiaries for share-based payments allocated to the employee of a subsidiary	-	-	(8,122)	(977)
Total expense recognised as share-based payments	8,122	977	-	-

**32 RESERVES****(a) Merger relief**

The merger relief was created prior to the listing and quotation exercise of the Company's shares on the Main Market of Bursa Malaysia Securities Berhad in 2009 where MCB implemented a restructuring exercise to consolidate its telecommunications operations in Malaysia under the Company ("Pre-Listing Restructuring"). The Company acquired the entire issued and paid-up share capital of the subsidiaries held by MCB. 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 the subsidiaries is not recorded as share premium. The difference between the issue price and the nominal value of shares issued is classified as merger relief.

**(b) Reserve arising from reverse acquisition**

The reserve arising from reverse acquisition was created during the Pre-Listing Restructuring exercise where Maxis Mobile Services Sdn. Bhd. was identified as the accounting acquirer in accordance to MFRS 3 "Business Combination". The difference between the issued equity of the Company and issued equity of Maxis Mobile Services Sdn. Bhd. together with the deemed purchase consideration of subsidiaries other than Maxis Mobile Services Sdn. Bhd. and the cash distribution to MCB, is recorded as reserve arising from reverse acquisition.

32 RESERVES (CONTINUED)

(c) Other reserves

Group	Note	Share-based payments RM'000	Cash flow hedging RM'000	Currency translation differences RM'000	Total RM'000
<u>2015</u>					
As at 1 January 2015		57,588	42,573	-	100,161
Net change in hedging:					
- fair value gains		-	548,563	-	548,563
- reclassified to finance costs	11(b)	-	(527,879)	-	(527,879)
ESOS and LTIP:					
- share-based payment expense		16,163	-	-	16,163
- shares issued		(904)	-	-	(904)
- share options lapsed		(260)	-	-	(260)
Incentive arrangement:					
- share-based payment expense		8,122	-	-	8,122
- shares acquired		(2,076)	-	-	(2,076)
As at 31 December 2015		78,633	63,257	-	141,890
<u>2014</u>					
As at 1 January 2014		59,689	61,264	(49)	120,904
Currency translation differences					
- reclassified to profit or loss on liquidation of a subsidiary		-	-	49	49
Net change in hedging:					
- fair value gains		-	200,982	-	200,982
- reclassified to finance costs	11(b)	-	(219,673)	-	(219,673)
ESOS:					
- share-based payment expense		2,389	-	-	2,389
- shares issued		(607)	-	-	(607)
- share options lapsed		(69)	-	-	(69)
Incentive arrangement:					
- share-based payment expense		977	-	-	977
- shares acquired		(4,791)	-	-	(4,791)
As at 31 December 2014		57,588	42,573	-	100,161

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## 32 RESERVES (CONTINUED)

## (c) Other reserves (continued)

Company	Note	Share-based payments RM'000	Cash flow hedging RM'000	Total RM'000
<u>2015</u>				
As at 1 January 2015		57,588	42,573	100,161
Net change in hedging:				
- fair value gains		-	548,497	548,497
- reclassified to finance costs	11(b)	-	(527,879)	(527,879)
ESOS and LTIP:				
- share-based payment expense		16,163	-	16,163
- shares issued		(904)	-	(904)
- share options lapsed		(260)	-	(260)
Incentive arrangement:				
- share-based payment expense		8,122	-	8,122
- shares acquired		(2,076)	-	(2,076)
As at 31 December 2015		78,633	63,191	141,824
<u>2014</u>				
As at 1 January 2014		59,689	61,264	120,953
Net change in hedging:				
- fair value gains		-	200,982	200,982
- reclassified to finance costs	11(b)	-	(219,673)	(219,673)
ESOS:				
- share-based payment expense		2,389	-	2,389
- shares issued		(607)	-	(607)
- share options lapsed		(69)	-	(69)
Incentive arrangement:				
- share-based payment expense		977	-	977
- shares acquired		(4,791)	-	(4,791)
As at 31 December 2014		57,588	42,573	100,161

## 32 RESERVES (CONTINUED)

### (c) Other reserves (continued)

The share-based payments reserve comprises:

- (a) discount on shares issued to retail investors in relation to the Listing;
- (b) fair value of share options and shares grants less any shares issued under the ESOS and LTIP respectively; and
- (c) fair value of shares less any shares acquired under the incentive arrangement.

The cash flow hedging reserve represents the deferred fair value gains/(losses) relating to derivative financial instruments used to hedge certain borrowings and forecast transactions of the Group and of the Company.

The currency translation differences reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities.

## 33 FINANCIAL RISK MANAGEMENT

The Group's and the Company's activities expose them to a variety of financial risks, including market risk (interest rate risk and foreign exchange risk), credit risk, liquidity risk and capital risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performances. The Group and the Company use derivative financial instruments to hedge designated risk exposures of the underlying hedge items and do not enter into derivative financial instruments for speculative purposes.

The Group and the Company have established financial risk management policies and procedures/mandates which provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and use of derivative financial instruments.

### (a) Market risk

Market risk is the risk that the fair value or future cash flow of the financial instruments that will fluctuate because of changes in market prices. The various components of market risk that the Group and the Company are exposed to are discussed below.

#### (i) Foreign exchange risk

The objectives of the Group's and of the Company's currency risk management policies are to allow the Group and the Company to effectively manage the foreign exchange fluctuation against its functional currency that may arise from future commercial transactions and recognised assets and liabilities. Forward foreign exchange contracts are used to manage foreign exchange exposures arising from all known material foreign currency denominated commitments as and when they arise and to hedge the movements in exchange rates by establishing the rate at which a foreign currency monetary item will be settled. Gains and losses on foreign currency forward contracts entered into as hedges of foreign currency monetary items are recognised in the financial statements when the exchange differences of the hedged monetary items are recognised in the financial statements. Cross currency interest rate swap contracts are also used to hedge the volatility in the cash flow attributable to variability in the foreign currency denominated borrowings from the inception to maturity of the borrowings.

The currency exposure of financial assets and financial liabilities of the Group and of the Company that are not denominated in the functional currency of the respective companies are set out below. Currency risks in respect of intragroup receivables and payables have been included in the Group's currency exposure table as this exposure is not eliminated at the Group level.

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## 33 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (a) Market risk (continued)

## (i) Foreign exchange risk (continued)

Group	Currency exposure at 31 December 2015			
	SGD RM'000	USD RM'000	SDR RM'000	Others RM'000
<b>Functional currency</b>				
<b>Ringgit Malaysia</b>				
Receivables	12	1,794	17,081	-
Deposits, bank and cash balances	-	7,093	-	51
Payables	(1,822)	(701,821)	(62,599)	(1,335)
Amounts due to fellow subsidiaries	-	(2,180)	(32)	-
Amounts due (to)/from related parties, net	-	(322)	276	-
Syndicated term loans	-	(2,055,764)	-	-
Term loans	(212,384)	(749,801)	-	-
Gross exposure	(214,194)	(3,501,001)	(45,274)	(1,284)
CCIRS:				
- syndicated term loans	-	2,055,764	-	-
- term loans	212,384	749,801	-	-
Forward foreign exchange contract:				
- payables	-	98,785	-	-
Net exposure	(1,810)	(596,651)	(45,274)	(1,284)

Group	Currency exposure at 31 December 2014			
	SGD RM'000	USD RM'000	SDR RM'000	Others RM'000
<b>Functional currency</b>				
<b>Ringgit Malaysia</b>				
Receivables	7	3,068	28,377	-
Deposits, bank and cash balances	-	6,739	-	48
Payables	(85)	(646,913)	(16,183)	(773)
Amounts due from related parties, net	-	215	839	100
Syndicated term loans	-	(2,536,407)	-	-
Term loans	(184,617)	(609,622)	-	-
Gross exposure	(184,695)	(3,782,920)	13,033	(625)
CCIRS:				
- syndicated term loans	-	2,536,407	-	-
- term loans	184,617	609,622	-	-
Net exposure	(78)	(636,891)	13,033	(625)

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Company	Currency exposure at 31 December 2015			
	SGD RM'000	USD RM'000	SDR RM'000	Others RM'000
<b>Functional currency Ringgit Malaysia</b>				
Deposits, bank and cash balances	-	2	-	-
Syndicated term loans	-	(2,055,764)	-	-
Term loans	(212,384)	(749,801)	-	-
Gross exposure	(212,384)	(2,805,563)	-	-
CCIRS:				
- syndicated term loans	-	2,055,764	-	-
- term loans	212,384	749,801	-	-
Net exposure	-	2	-	-

Company	Currency exposure at 31 December 2014			
	SGD RM'000	USD RM'000	SDR RM'000	Others RM'000
<b>Functional currency Ringgit Malaysia</b>				
Deposits, bank and cash balances	-	1	-	-
Syndicated term loans	-	(2,536,407)	-	-
Term loans	(184,617)	(609,622)	-	-
Gross exposure	(184,617)	(3,146,028)	-	-
CCIRS:				
- syndicated term loans	-	2,536,407	-	-
- term loans	184,617	609,622	-	-
Net exposure	-	1	-	-

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## 33 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (a) Market risk (continued)

## (i) Foreign exchange risk (continued)

The sensitivity of the Group's and of the Company's profit before tax for the financial year and equity to a reasonably possible change in the USD exchange rate against the Group's and the Company's functional currency, RM, with all other factors remaining constant and based on the composition of assets and liabilities at the reporting date are set out as below.

	Impact on profit before tax for the financial year		Impact on equity <sup>(1)</sup>			
	Group		Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>USD/RM</b>						
- strengthened 5% (2014: 5%)	<b>(34,769)</b>	(31,845)	<b>8,437</b>	6,785	<b>5,655</b>	6,785
- weakened 5% (2014: 5%)	<b>34,769</b>	31,845	<b>(8,437)</b>	(6,785)	<b>(5,655)</b>	(6,785)

**Note:**

<sup>(1)</sup> Represents cash flow hedging reserve

The impacts on profit before tax for the financial year are mainly as a result of foreign currency gains/losses on translation of USD denominated receivables, deposits, bank balances and unhedged payables. For USD borrowings and payables in a designated hedging relationship, as these are effectively hedged, the foreign currency movements will not have any impact on the statement of profit or loss.

## (ii) Interest rate risk

The Group's and the Company's interest rate risk arises from deposits with licensed banks, deferred payment creditors, borrowings, loan from a related party and inter-company loans carrying fixed and variable interest rates. The objectives of the Group's and of the Company's interest rate risk management policies are to allow the Group and the Company to effectively manage the interest rate fluctuation through the use of fixed and floating interest rates debt and derivative financial instruments. The Group and the Company adopt a non-speculative stance which favours predictability over interest rate fluctuations. The interest rate profiles of the Group's and of the Company's borrowings are also regularly reviewed against prevailing and anticipated market interest rates to determine whether refinancing or early repayment is warranted.

The Group and the Company manage their cash flow interest rate risk by using cross currency interest rate swap contracts and interest rate swap contracts. Such swaps have the economic effect of converting certain borrowings from floating rates to fixed rates.

### 33 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (a) Market risk (continued)

##### (ii) Interest rate risk (continued)

The net exposure of financial assets and financial liabilities of the Group and of the Company to interest rate risk (before and after taking effect of cross currency interest rate swap and interest rate swap contracts) and the periods in which the borrowings mature or reprice (whichever is earlier) are as follows:

Group	Weighted average effective interest rate/profit margin at reporting date (per annum) %	Total carrying amount RM'000	Floating interest rate < 1 year RM'000	Fixed interest rate/profit margin				
				< 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000	
At 31 December 2015								
Deposits with licensed banks	4.13	1,123,583	-	1,123,583	-	-	-	
Trade payables	3.00	(551,101)	(551,101)	-	-	-	-	
Finance lease liabilities	10.00	(20,848)	-	(12,868)	(6,134)	(1,846)	-	
Syndicated term loans	2.00	(2,055,764)	(2,055,764)	-	-	-	-	
Term loans	3.62	(1,959,327)	(1,959,327)	-	-	-	-	
Islamic Medium Term Notes	5.10	(3,325,483)	-	-	-	-	(3,325,483)	
Commodity Murabahah Term Financing	4.87	(2,516,230)	(2,516,230)	-	-	-	-	
Loan from a related party	7.85	(29,012)	(29,012)	-	-	-	-	
Gross exposure		<u>(9,334,182)</u>	<u>(7,111,434)</u>					
CCIRS and IRS:								
- syndicated term loans	4.85		2,055,764	(1,064,080)	(563,561)	(428,123)	-	
- term loans	4.52		1,020,188	-	-	-	(1,020,188)	
Net exposure			<u>(4,035,482)</u>					

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## 33 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (a) Market risk (continued)

## (ii) Interest rate risk (continued)

The net exposure of financial assets and financial liabilities of the Group and of the Company to interest rate risk (before and after taking effect of cross currency interest rate swap and interest rate swap contracts) and the periods in which the borrowings mature or reprice (whichever is earlier) are as follows: (continued)

Group	Weighted average effective interest rate/profit margin at reporting date (per annum) %	Total carrying amount RM'000	Floating interest rate < 1 year RM'000	Fixed interest rate/profit margin			
				< 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
At 31 December 2014							
Deposits with licensed banks	3.82	1,422,723	-	1,422,723	-	-	-
Trade payables	2.54	(557,323)	(557,323)	-	-	-	-
Finance lease liabilities	10.13	(25,906)	-	(14,051)	(6,768)	(5,087)	-
Syndicated term loans	1.87	(2,536,407)	(2,536,407)	-	-	-	-
Term loans	3.58	(1,790,997)	(1,790,997)	-	-	-	-
Islamic Medium Term Notes	5.01	(2,484,105)	-	-	-	-	(2,484,105)
Commodity Murabahah Term Financing	4.87	(2,160,669)	(2,160,669)	-	-	-	-
Loan from a related party	7.85	(28,875)	(28,875)	-	-	-	-
Gross exposure		<u>(8,161,559)</u>	<u>(7,074,271)</u>				
CCIRS and IRS:							
- syndicated term loans	4.82		2,536,407	(865,644)	(864,056)	(459,016)	(347,691)
- term loans	4.54		960,028	-	-	-	(960,028)
Net exposure			<u>(3,577,836)</u>				

### 33 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (a) Market risk (continued)

##### (ii) Interest rate risk (continued)

The net exposure of financial assets and financial liabilities of the Group and of the Company to interest rate risk (before and after taking effect of cross currency interest rate swap and interest rate swap contracts) and the periods in which the borrowings mature or reprice (whichever is earlier) are as follows: (continued)

Company	Weighted average effective interest rate/profit margin at reporting date (per annum) %	Total carrying amount RM'000	Floating interest rate < 1 year RM'000	Fixed interest rate/profit margin			
				< 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
At 31 December 2015							
Loans to subsidiaries	5.27	636,795	270,000	366,795	-	-	-
Deposits with licensed banks	3.70	5,668	-	5,668	-	-	-
Syndicated term loans	2.00	(2,055,764)	(2,055,764)	-	-	-	-
Term loans	3.62	(1,959,327)	(1,959,327)	-	-	-	-
Islamic Medium Term Notes	5.10	(3,325,483)	-	-	-	-	(3,325,483)
Commodity Murabahah Term Financing	4.87	(2,516,230)	(2,516,230)	-	-	-	-
Gross exposure		<u>(9,214,341)</u>	<u>(6,261,321)</u>				
CCIRS and IRS:							
- syndicated term loans	4.85		2,055,764	(1,064,080)	(563,561)	(428,123)	-
- term loans	4.52		<u>1,020,188</u>	-	-	-	(1,020,188)
Net exposure			<u>(3,185,369)</u>				

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## 33 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (a) Market risk (continued)

## (ii) Interest rate risk (continued)

The net exposure of financial assets and financial liabilities of the Group and of the Company to interest rate risk (before and after taking effect of cross currency interest rate swap and interest rate swap contracts) and the periods in which the borrowings mature or reprice (whichever is earlier) are as follows: (continued)

Company	Weighted average effective interest rate/profit margin at reporting date (per annum) %	Total carrying amount RM'000	Floating interest rate < 1 year RM'000	Fixed interest rate/profit margin			
				< 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
At 31 December 2014							
Loan to a subsidiary	5.00	1,205,763	-	-	758,409	447,354	-
Deposits with licensed banks	3.74	185,824	-	185,824	-	-	-
Loans from a subsidiary	5.18	(400,000)	(400,000)	-	-	-	-
Syndicated term loans	1.87	(2,536,407)	(2,536,407)	-	-	-	-
Term loans	3.58	(1,790,997)	(1,790,997)	-	-	-	-
Islamic Medium Term Notes	5.01	(2,484,105)	-	-	-	-	(2,484,105)
Commodity Murabahah Term Financing	4.87	(2,160,669)	(2,160,669)	-	-	-	-
Gross exposure		<u>(7,980,591)</u>	<u>(6,888,073)</u>				
CCIRS and IRS:							
- syndicated term loans	4.82		2,536,407	(865,644)	(864,056)	(459,016)	(347,691)
- term loans	4.54		960,028	-	-	-	(960,028)
Net exposure			<u>(3,391,638)</u>				

### 33 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (a) Market risk (continued)

##### (ii) Interest rate risk (continued)

The sensitivity of the Group's and of the Company's profit before tax for the financial year and equity to a reasonably possible change in RM and USD interest rates with all other factors held constant and based on composition of liabilities with floating interest rates at the reporting date are as follows:

	Impact on profit before tax for the financial year				Impact on equity <sup>(1)</sup>	
	Group		Company		Group and Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>RM</b>						
- increased by 0.5% (2014: 0.5%)	(14,077)	(14,958)	(12,727)	(16,958)	17,787	20,345
- decreased by 0.5% (2014: 0.5%)	14,077	14,958	12,727	16,958	(17,787)	(20,345)
<b>USD</b>						
- increased by 0.5% (2014: 0.5%)	(2,756)	(2,787)	-	-	21,877	26,815
- decreased by 0.5% (2014: 0.5%)	2,756	2,787	-	-	(21,877)	(26,815)

**Note:**

<sup>(1)</sup> Represents cash flow hedging reserve

The impacts on profit before tax for the financial year are mainly as a result of interest expenses/income on floating rate payables, loan from a related party and borrowings not in a designated hedging relationship. For borrowings in a designated hedging relationship, as these are effectively hedged, the interest rate movements will not have any impact on the statement of profit or loss.

#### (b) Credit risk

The objectives of the Group's and of the Company's credit risk management policies are to manage their exposure to credit risk from deposits, cash and bank balances, receivables, derivative financial instruments and inter-company loans. They do not expect any third parties to fail to meet their obligations given the Group's and the Company's policies of selecting creditworthy counterparties.

The Group has no significant concentration of credit risk as the Group's policy limits the concentration of financial exposure to any single counterparty. Credit risk of trade receivables is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via limiting the Group's dealings with creditworthy business partners and customers. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures. At the Company level, inter-company loans exposure to bad debts is not significant since the subsidiaries do not have historical default.

For deposits, cash and bank balances, the Group and the Company seek to ensure that cash assets are invested safely and profitably by assessing counterparty risks and allocating placement limits for various creditworthy financial institutions. As for derivative financial instruments, the Group and the Company enter into the contracts with various reputable counterparties to minimise the credit risks. The Group and the Company consider the risk of material loss in the event of non-performance by the above parties to be unlikely. The Group's and the Company's maximum exposure to credit risk is equal to the carrying value of those financial instruments.

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## 33 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (c) Liquidity risk

The objectives of the Group's and of the Company's liquidity risk management policies are to monitor rolling forecasts of the Group's and of the Company's liquidity requirements to ensure they have sufficient cash to meet operational and financing needs as and when they fall due, availability of funding by keeping committed credit lines and to meet external covenant compliance. Surplus cash held is invested in interest bearing money market deposits and time deposits. The Group and the Company are exposed to liquidity risk where there could be difficulty in raising funds to meet commitments associated with financial instruments.

As at 31 December 2015, the Group and the Company have unissued Sukuk of RM4.16 billion under the Unrated Sukuk Murabahah Programme, as disclosed in Note 30(d)(ii) to the financial statements. The Group and the Company are able to issue new Sukuk to refinance other debt/finance obligations of the Group and/or to finance capital expenditure, working capital, general funding and/or general corporate requirements of the Group. There is no restriction under the terms of the Unrated Sukuk Murabahah Programme for such intended purposes.

The undiscounted contractual cash flow payables under the financial instruments as at the reporting date are as follows:

Group	Total <sup>(1)</sup> RM'000	< 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
<u>At 31 December 2015</u>					
Payables and accruals <sup>(2)</sup>					
- principal	2,653,377	2,227,757	125,215	292,876	7,529
- interest <sup>(3)</sup>	41,081	15,816	11,781	13,484	-
Amounts due to fellow subsidiaries	2,212	2,212	-	-	-
Amounts due to related parties	9,283	9,283	-	-	-
Loan from a related party					
- principal	28,875	28,875	-	-	-
- interest <sup>(3)</sup>	137	137	-	-	-
Finance lease liabilities	22,259	13,875	6,463	1,921	-
Bank borrowings <sup>(2)</sup>					
- principal	4,020,727	1,063,013	563,719	429,500	1,964,495
- interest <sup>(3)</sup>	517,231	97,805	81,010	233,609	104,807
Islamic Medium Term Notes					
- nominal value	3,290,000	-	-	-	3,290,000
- profit <sup>(3)</sup>	1,228,407	168,320	167,860	504,040	388,187
Commodity Murabahah Term Financing					
- nominal value	2,500,000	-	-	-	2,500,000
- profit <sup>(3)</sup>	1,030,833	121,997	121,510	364,863	422,463
Net settled derivative financial instruments (CCIRS, IRS and forward foreign exchange contracts) <sup>(2)(3)</sup>	(614,221)	(181,975)	(98,068)	(67,588)	(266,590)
	<b>14,730,201</b>	<b>3,567,115</b>	<b>979,490</b>	<b>1,772,705</b>	<b>8,410,891</b>

**Notes:**

<sup>(1)</sup> As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not reconcile with the amounts disclosed in the statements of financial position.

<sup>(2)</sup> Foreign currency denominated financial instruments are translated to RM using closing rate as at the reporting date.

<sup>(3)</sup> Based on contractual interest rates/profit margin as at the reporting date.

### 33 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) Liquidity risk (continued)

The undiscounted contractual cash flow payables under the financial instruments as at the reporting date are as follows: (continued)

Group	Total <sup>(1)</sup> RM'000	< 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
<u>At 31 December 2014</u>					
Payables and accruals <sup>(2)</sup>					
- principal	2,248,017	1,799,117	108,423	292,722	47,755
- interest <sup>(3)</sup>	41,891	13,624	10,895	16,752	620
Amounts due to fellow subsidiaries	487	487	-	-	-
Amounts due to related parties	24,429	24,429	-	-	-
Loan from a related party					
- principal	28,875	28,875	-	-	-
- interest <sup>(3)</sup>	2,130	2,130	-	-	-
Finance lease liabilities	28,413	15,555	7,589	5,269	-
Bank borrowings <sup>(2)</sup>					
- principal	4,338,510	865,879	865,879	459,178	2,147,574
- interest <sup>(3)</sup>	565,770	98,245	84,459	211,589	171,477
Islamic Medium Term Notes					
- nominal value	2,450,000	-	-	-	2,450,000
- profit <sup>(3)</sup>	919,925	122,500	122,836	367,500	307,089
Commodity Murabahah Term Financing					
- nominal value	2,150,000	-	-	-	2,150,000
- profit <sup>(3)</sup>	979,581	103,565	103,849	310,695	461,472
Net settled derivative financial instruments (CCIRS and IRS) <sup>(2)(3)</sup>	40,078	55,044	28,584	66,775	(110,325)
	<u>13,818,106</u>	<u>3,129,450</u>	<u>1,332,514</u>	<u>1,730,480</u>	<u>7,625,662</u>

**Notes:**

<sup>(1)</sup> As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not reconcile with the amounts disclosed in the statements of financial position.

<sup>(2)</sup> Foreign currency denominated financial instruments are translated to RM using closing rate as at the reporting date.

<sup>(3)</sup> Based on contractual interest rates/profit margin as at the reporting date.

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## 33 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (c) Liquidity risk (continued)

The undiscounted contractual cash flow payables under the financial instruments as at the reporting date are as follows: (continued)

Company	Total <sup>(1)</sup> RM'000	< 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
<u>At 31 December 2015</u>					
Payables and accruals	480	480	-	-	-
Amount due to a subsidiary	823	823	-	-	-
Bank borrowings <sup>(2)</sup>					
- principal	4,020,727	1,063,013	563,719	429,500	1,964,495
- interest <sup>(3)</sup>	517,231	97,805	81,010	233,609	104,807
Islamic Medium Term Notes					
- nominal value	3,290,000	-	-	-	3,290,000
- profit <sup>(3)</sup>	1,228,407	168,320	167,860	504,040	388,187
Commodity Murabahah Term Financing					
- nominal value	2,500,000	-	-	-	2,500,000
- profit <sup>(3)</sup>	1,030,833	121,997	121,510	364,863	422,463
Net settled derivative financial instruments (CCIRS and IRS) <sup>(2)(3)</sup>	(614,680)	(182,434)	(98,068)	(67,588)	(266,590)
	<b>11,973,821</b>	<b>1,270,004</b>	<b>836,031</b>	<b>1,464,424</b>	<b>8,403,362</b>

**Notes:**

<sup>(1)</sup> As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not reconcile with the amounts disclosed in the statements of financial position.

<sup>(2)</sup> Foreign currency denominated financial instruments are translated to RM using closing rate as at the reporting date.

<sup>(3)</sup> Based on contractual interest rates/profit margin as at the reporting date.

### 33 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) Liquidity risk (continued)

The undiscounted contractual cash flow payables under the financial instruments as at the reporting date are as follows: (continued)

Company	Total <sup>(1)</sup> RM'000	< 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
<u>At 31 December 2014</u>					
Payables and accruals	893	893	-	-	-
Amount due to a subsidiary	1,160	1,160	-	-	-
Loans from a subsidiary	400,000	400,000	-	-	-
Bank borrowings <sup>(2)</sup>					
- principal	4,338,510	865,879	865,879	459,178	2,147,574
- interest <sup>(3)</sup>	565,770	98,245	84,459	211,589	171,477
Islamic Medium Term Notes					
- nominal value	2,450,000	-	-	-	2,450,000
- profit <sup>(3)</sup>	919,925	122,500	122,836	367,500	307,089
Commodity Murabahah Term Financing					
- nominal value	2,150,000	-	-	-	2,150,000
- profit <sup>(3)</sup>	979,581	103,565	103,849	310,695	461,472
Net settled derivative financial instruments (CCIRS and IRS) <sup>(2)(3)</sup>	40,078	55,044	28,584	66,775	(110,325)
	<b>11,845,917</b>	<b>1,647,286</b>	<b>1,205,607</b>	<b>1,415,737</b>	<b>7,577,287</b>

**Notes:**

<sup>(1)</sup> As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not reconcile with the amounts disclosed in the statements of financial position.

<sup>(2)</sup> Foreign currency denominated financial instruments are translated to RM using closing rate as at the reporting date.

<sup>(3)</sup> Based on contractual interest rates/profit margin as at the reporting date.

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167**33 FINANCIAL RISK MANAGEMENT (CONTINUED)****(d) Capital risk management**

The Group's and the Company's objective when managing capital is to safeguard the Group's and the Company's abilities to continue as a going concern while at the same time provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders.

Under the requirement of Bursa Malaysia Securities Berhad Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity of more than 25% of the issued and paid-up capital (excluding treasury shares) and maintain such shareholders' equity of not less than RM40 million. The Company has complied with this requirement.

The Company is also required by the external lenders to maintain financial covenant ratios on Group net debt to Group EBITDA and Group EBITDA to Group interest expense. These financial covenant ratios have been fully complied with by the Company for the financial years ended 31 December 2015 and 31 December 2014.

The Group also monitors capital which comprise of borrowings and equity on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total interest bearing financial liabilities (include loan from a related party, current and non-current borrowings and derivative financial instruments designated in hedging relationship on borrowings on a net basis as shown in the statements of financial position but exclude deferred payment scheme as disclosed in Note 29 to the financial statements) less cash and cash equivalents. Total equity is calculated as 'equity' as shown in the statements of financial position. The gearing ratios at 31 December 2015 and 31 December 2014 were as follows:

	Note	Group	
		2015 RM'000	2014 RM'000
Total interest bearing financial liabilities		9,129,563	8,798,355
Less: Cash and cash equivalents	27	(1,296,448)	(1,530,519)
Net debt		7,833,115	7,267,836
Total equity		4,220,516	4,737,767
Gearing ratio		1.9	1.5

The increase in the gearing ratio as at 31 December 2015 is primarily due to the additional borrowings drawn down during the financial year and reduction in total equity.

### 33 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (e) Fair value estimation

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).

#### (i) Financial instruments carried at amortised cost

The carrying amounts of financial assets and liabilities of the Group and of the Company at the reporting date approximated their fair values except as set out below measured using Level 3 valuation technique:

Note	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<u>At 31 December 2015</u>				
Financial liability:				
Borrowings				
- finance lease liabilities	30(a)	7,980	6,731	-
- Islamic Medium Term Notes (Sukuk Musharakah)		2,485,513	2,449,777	-
		<b>2,485,513</b>	<b>2,449,777</b>	<b>2,449,777</b>
<u>At 31 December 2014</u>				
Financial asset:				
Loan to a subsidiary				
	17	-	-	1,205,763
1,189,095				
Financial liability:				
Borrowings				
- finance lease liabilities	30(a)	11,855	9,602	-
- Islamic Medium Term Notes	30(d)	2,484,105	2,502,657	-
		<b>2,484,105</b>	<b>2,502,657</b>	<b>2,502,657</b>

The valuation technique used to derive the Level 3 disclosure for financial asset is based on the estimated cash flow and discount rate of the underlying counterparty while financial liability is based on the estimated cash flow and discount rate of the Group and the Company.

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## 33 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (e) Fair value estimation (continued)

## (ii) Financial instruments carried at fair value

The following table represents the assets and liabilities measured at fair value, using Level 2 valuation technique, at reporting date:

Note	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Derivative financial instruments (CCIRS, IRS and forward foreign exchange contracts):				
- assets	777,324	244,452	777,101	244,452
- liabilities	-	(15,848)	-	(15,848)
22	777,324	228,604	777,101	228,604

The fair values of CCIRS and 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 forward exchange rates as at each reporting date.

## (f) Offsetting financial assets and financial liabilities

## (i) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar arrangements.

Group	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set-off in the statement of financial position RM'000	Net amounts of financial assets presented in the statement of financial position RM'000	Related amounts not set-off in the statement of financial position		Net amount RM'000
				Financial instruments RM'000	Cash collateral received RM'000	
At 31 December 2015						
Receivables and deposits	539,069	(146,679)	392,390	-	(35,160)	357,230
Amount due from a fellow subsidiary	111	(111)	-	-	-	-
Amounts due from related parties	48	(48)	-	-	-	-
	539,228	(146,838)	392,390	-	(35,160)	357,230

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Offsetting financial assets and financial liabilities (continued)

(i) Financial assets (continued)

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar arrangements.(continued)

Group	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set-off in the statement of financial position RM'000	Net amounts of financial assets presented in the statement of financial position RM'000	Related amounts not set-off in the statement of financial position		Net amount RM'000
				Financial instruments RM'000	Cash collateral received RM'000	
<u>At 31 December 2014</u>						
Receivables and deposits	434,701	(87,403)	347,298	-	(32,137)	315,161
Amount due from a fellow subsidiary	508	(66)	442	-	-	442
Amounts due from related parties	590	(391)	199	-	-	199
	<u>435,799</u>	<u>(87,860)</u>	<u>347,939</u>	<u>-</u>	<u>(32,137)</u>	<u>315,802</u>
<b>Company</b>						
<u>At 31 December 2015</u>						
Amounts due from subsidiaries	<b>134</b>	<b>(60)</b>	<b>74</b>	-	-	<b>74</b>
<u>At 31 December 2014</u>						
Amounts due from subsidiaries	81	-	81	-	-	81

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## 33 FINANCIAL RISK MANAGEMENT (CONTINUED)

## (f) Offsetting financial assets and financial liabilities (continued)

## (ii) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar arrangements.

Group	Gross amounts of recognised financial liabilities RM'000	Gross amounts of recognised financial assets set-off in the statement of financial position RM'000	Net amounts of financial liabilities presented in the statement of financial position RM'000	Related amounts not set-off in the statement of financial position		Net amount RM'000
				Financial instruments RM'000	Cash collateral received RM'000	
<u>At 31 December 2015</u>						
Payables and accruals	472,158	(146,679)	325,479	(35,160)	-	290,319
Amount due to a fellow subsidiary	1,422	(111)	1,311	-	-	1,311
Amounts due to related parties	368	(48)	320	-	-	320
	<b>473,948</b>	<b>(146,838)</b>	<b>327,110</b>	<b>(35,160)</b>	<b>-</b>	<b>291,950</b>
<u>At 31 December 2014</u>						
Payables and accruals	292,743	(87,403)	205,340	(32,137)	-	173,203
Amount due to a fellow subsidiary	574	(66)	508	-	-	508
Amounts due to related parties	394	(391)	3	-	-	3
	<b>293,711</b>	<b>(87,860)</b>	<b>205,851</b>	<b>(32,137)</b>	<b>-</b>	<b>173,714</b>
<b>Company</b>						
<u>At 31 December 2015</u>						
Amount due to a subsidiary	<b>883</b>	<b>(60)</b>	<b>823</b>	<b>-</b>	<b>-</b>	<b>823</b>
<u>At 31 December 2014</u>						
Amount due to a subsidiary	1,160	-	1,160	-	-	1,160

### 34 CAPITAL COMMITMENTS

Capital expenditure for property, plant and equipment approved by the Directors and not provided for in the financial statements as at reporting date, are as follows:

	Group	
	2015 RM'000	2014 RM'000
Contracted for	256,981	162,608
Not contracted for	1,190,019	957,622
	<b>1,447,000</b>	1,120,230

### 35 OPERATING LEASE COMMITMENTS

Generally, the Group leases certain network infrastructure, content rights, offices and customer service centres under operating leases. The leases run for a period of 3 to 15 years (2014: 2 to 10 years). Certain operating leases contain renewal options with market review clauses. The Group does not have the option to purchase the leased assets at the expiry of the lease period.

The future minimum lease payments under non-cancellable operating leases are as follows, of which RM20,138,000 (2014: RM26,238,000) has been recognised as disclosed in Note 28 to the financial statements:

	Group	
	2015 RM'000	2014 RM'000
Not later than one year	222,903	201,012
Later than one year but not later than five years	660,351	487,450
Later than five years	185,538	106,382
	<b>1,068,792</b>	794,844

Included in the future minimum lease payments are lease commitments for network infrastructure which are based on the number of co-sharing parties for each individual site as at the reporting date.

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## 36 RELATED PARTIES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant transactions, balances and commitments. The related party transactions described below were carried out on agreed terms with the related parties. None of these balances are secured.

Group	Transaction value		Balance outstanding		Commitments		Total balance outstanding, including commitments	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sales of goods and services to:								
- MEASAT Broadcast Network Systems Sdn. Bhd. <sup>(1)</sup> (VSAT, telephony, bandwidth and broadband services)	79,952	72,209	20,671	20,331	-	-	20,671	20,331
- Saudi Telecom Company ("STC") <sup>(2)</sup> (roaming and international calls)	9,931	17,032	-	900	-	-	-	900
- MEASAT Global Berhad Group <sup>(3)</sup> (revenue share for the leasing of satellite bandwidth)	4,767	6,605	1,733	3,051	-	-	1,733	3,051
Purchases of goods and services from:								
- Aircel Limited Group <sup>(4)</sup> (interconnect, roaming and international calls)	8,894	6,102	(2,212)	(489)	-	-	(2,212)	(489)
- Tanjong City Centre Property Management Sdn. Bhd. <sup>(5)</sup> (rental, signage, parking and utility charges)	28,459	37,640	(767)	(983)	(234,377)	(6,497)	(235,144)	(7,480)
- MEASAT Global Berhad Group <sup>(3)</sup> (transponder and teleport lease rental)	39,720	29,155	(1,050)	(7,176)	(9,958)	(17,214)	(11,008)	(24,390)
- Astro Digital 5 Sdn. Bhd. <sup>(1)</sup> (content provisioning, publishing and advertising agent)	2,147	4,955	(4,170)	(5,915)	-	-	(4,170)	(5,915)
- MEASAT Broadcast Network Systems Sdn. Bhd. <sup>(1)</sup> (mobile TV and IPTV contents)	5,541	20,178	(12)	(100)	-	(6,238)	(12)	(6,338)

36 RELATED PARTIES (CONTINUED)

Group	Transaction value		Balance outstanding		Commitments		Total balance outstanding, including commitments	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Purchases of goods and services from: (continued)								
- UTSB Management Sdn. Bhd. <sup>(5)</sup> (corporate management services)	25,000	25,000	(2,083)	(6,625)	(18,750)	(43,750)	(20,833)	(50,375)
- SRG Asia Pacific Sdn. Bhd. <sup>(6)</sup> (call handling and telemarketing services)	15,899	19,024	(934)	(2,708)	-	-	(934)	(2,708)
- UMTS (Malaysia) Sdn. Bhd. <sup>(7)</sup> (usage of 3G spectrum)	49,274	43,633	(3,975)	29,300	-	-	(3,975)	29,300

Notes:

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

Usaha Tegas Sdn. Bhd. ("UTSB"), STC and Harapan Nusantara Sdn. Bhd. are parties related to the Company, by virtue of having joint control over 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 Company shares in which UTSB has an interest, it does not have any economic or beneficial interest over the Company shares, as such interest is held subject to the terms of the discretionary trust.

<sup>(1)</sup> Subsidiary of a company which is an associate of UTSB

<sup>(2)</sup> A major shareholder of BGSM, as described above

<sup>(3)</sup> Subsidiary of a company in which TAK has a 99.999% direct equity interest

<sup>(4)</sup> Subsidiary of BGSM

<sup>(5)</sup> Subsidiary of UTSB

<sup>(6)</sup> Subsidiary of a company whereby a person connected to TAK has a deemed equity interest

<sup>(7)</sup> Subsidiary of the Company and associate of a company which is an associate of UTSB. The transaction values and outstanding balances are eliminated in the consolidated financial statements

	Company	
	2015 RM'000	2014 RM'000
Amount charged by a subsidiary:		
- management fees	11,619	10,981
Payment on behalf of operating expenses for subsidiaries	185	238

## Notes to the Financial Statements

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### **37 CONTINGENT LIABILITIES**

In the normal course of business, there are contingent liabilities arising from legal recourse sought by the Group's and the Company's customers or vendors, indemnities given to financial institutions on bank guarantees and claims from the authorities. There were no material losses anticipated as a result of these transactions.

### **38 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

On 2 December 2015, the Company announced a proposed internal reorganisation involving its subsidiaries which will result in the consolidation and integration of the business and undertakings of the Company's wholly-owned subsidiaries, namely Maxis Collections Sdn. Bhd., Maxis International Sdn. Bhd., Maxis Mobile Sdn. Bhd. and Maxis Mobile Services Sdn. Bhd., under Maxis Broadband Sdn. Bhd. ("MBSB") ("Proposed Internal Reorganisation"). In order to effect the Proposed Internal Reorganisation, MBSB on the same day, entered into separate sale and purchase agreements with the respective entities to purchase their businesses and undertakings including relevant assets and liabilities.

The Proposed Internal Reorganisation is another important step of the Group's transformation. The objective is to deliver operational efficiency and provide the Group with greater operational agility and flexibility to respond quickly in a fast evolving telecommunications market.

Barring unforeseen circumstances, and subject to the fulfilment of applicable conditions precedent, the Company expects to complete the Proposed Internal Reorganisation within the first half of year 2016.

### **39 EVENT AFTER THE FINANCIAL YEAR**

On 1 February 2016, the Group received a notice of spectrum reallocation of 900 MHz and 1800 MHz bands from Malaysian Communications and Multimedia Commission ("MCMC"), which would reduce the spectrum available to the Group. The Group noted MCMC's decision to convert the annual Apparatus Assignment fee to an upfront Spectrum Assignment fee with long-term certainty for the spectrum and that MCMC recognises this fee needs to be seen in the perspective of the continuous high investment level the industry will need to reach national goals.

The Group will consider the impact of the above changes once a detailed review is carried out with better clarity on the matter.

### **40 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 4 February 2016.

PAGE 176 // **Supplementary Information**  
DISCLOSURE PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

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

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Realised	3,670,851	1,767,032	2,667,315	1,049,307
Unrealised	(650,180)	(494,420)	-	-
Total retained earnings	3,020,671	1,272,612	2,667,315	1,049,307
Less: Consolidation adjustments	(58,534)	(49,687)	-	-
Retained earnings as at 31 December	2,962,137	1,222,925	2,667,315	1,049,307

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by Bursa Malaysia Securities Berhad and should not be used for any other purpose.

# Statement by Directors

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

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We, Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda and Morten Lundal, being two of the Directors of Maxis Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 75 to 175 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended.

The supplementary information set out on page 176 has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 4 February 2016.



**RAJA TAN SRI DATO' SERI ARSHAD BIN RAJA TUN UDA**  
DIRECTOR



**MORTEN LUNDAL**  
DIRECTOR

Kuala Lumpur

# Statutory Declaration

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Nasution bin Mohamed, the officer primarily responsible for the financial management of Maxis Berhad, do solemnly and sincerely declare that the financial statements set out on pages 75 to 175 and supplementary information set out on page 176 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



**NASUTION BIN MOHAMED**

Subscribed and solemnly declared by the abovenamed Nasution bin Mohamed at Kuala Lumpur in Malaysia on 4 February 2016, before me.



COMMISSIONER FOR OATHS

Lot 5.30, Tingkat 5  
Wisma Central  
Jalan Ampang  
50450 Kuala Lumpur

# Independent Auditors' Report to the Members of MAXIS BERHAD

PAGE // (Incorporated in Malaysia)  
178 // (Company No. 867573 A)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Maxis Berhad on pages 75 to 175 which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out in Notes 1 to 40.

### Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

# Independent Auditors' Report to the Members of MAXIS BERHAD

(Incorporated in Malaysia)  
(Company No. 867573 A)

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## OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 176 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**PRICEWATERHOUSECOOPERS**

(No. AF: 1146)

Chartered Accountants



**SRIDHARAN NAIR**

(No. 2656/05/16 (J))

Chartered Accountant

Kuala Lumpur  
4 February 2016

## Size of Shareholdings

As at 15 February 2016

### SHARE CAPITAL

Authorised	: RM1,200,000,000 divided into 12,000,000,000 ordinary shares of RM0.10 each
Issued and paid-up	: RM751,014,740 divided into 7,510,147,400 ordinary shares of RM0.10 each
Class of Shares	: Ordinary Shares of RM0.10 each
Voting Right	: One vote per ordinary share

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF ISSUED SHARES
Less than 100	445	1.07	4,250	0.00
100 - 1,000	21,803	52.48	20,439,194	0.27
1,001 - 10,000	16,325	39.29	63,820,590	0.85
10,001 - 100,000	2,434	5.86	68,607,342	0.91
100,001 - 375,221,679 (*)	534	1.29	1,306,402,524	17.40
375,221,680 and above (**)	3	0.01	6,050,873,500	80.57
<b>Total</b>	<b>41,544</b>	<b>100.00</b>	<b>7,510,147,400</b>	<b>100.00</b>

\* Less than 5% of issued holdings

\*\* 5% and above of issued holdings

**Note:**

Information in the above table is based on Record of Depositors dated 15 February 2016

## Distribution Table According to Category of Shareholders

As at 15 February 2016

CATEGORY OF SHAREHOLDERS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF ISSUED SHARES
Individuals	37,489	90.24	134,450,505	1.79
Bank/Finance Companies	66	0.16	1,170,162,633	15.58
Investment Trusts/Foundations/Charities	4	0.01	150,000	0.00
Other Types of Companies	307	0.74	4,888,778,007	65.10
Government Agencies/Institutions	5	0.01	6,016,000	0.08
Nominees	3,673	8.84	1,310,590,255	17.45
<b>Total</b>	<b>41,544</b>	<b>100.00</b>	<b>7,510,147,400</b>	<b>100.00</b>

**Note:**

Information in the above table is based on Record of Depositors dated 15 February 2016

# Directors' Interest in Shares

As at 15 February 2016

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Based on the Register of Directors' Shareholdings and the Record of Depositors, the interests of the Directors in the shares of the Company (both direct and indirect) as at 15 February 2016 are as follows:

NAME	NUMBER OF ORDINARY SHARES OF RM0.10 EACH IN MAXIS ("MAXIS SHARES")		% OF ISSUED SHARES	
	DIRECT*	INDIRECT	DIRECT	INDIRECT
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	750,000 <sup>(1)</sup>	–	0.01	–
Robert William Boyle	100,000	–	#	–
Tan Sri Mokhzani bin Mahathir	750,000	1,000 <sup>(2)</sup>	0.01	#
Hamidah Naziadin	–	–	–	–
Fraser Mark Curley	–	–	–	–
Mohammed Abdullah K. Alharbi	–	–	–	–
Lim Ghee Kheong	–	–	–	–
Alvin Michael Hew Thai Kheam	–	–	–	–
Morten Lundal	–	1,002,390 <sup>(3)</sup>	–	0.01

\* Subscription of Maxis Shares under the preferential share allocation scheme pursuant to Initial Public Offering of Maxis

**Notes:**

# Negligible

<sup>(1)</sup> Held through a nominee, namely CIMSEC Nominees (Tempatan) Sdn. Bhd.

<sup>(2)</sup> Deemed interest in shares of the Company held by spouse pursuant to Section 134(12)(c) of the Companies Act, 1965

<sup>(3)</sup> These shares are currently held by CIMB Commerce Trustee Berhad or its nominee pursuant to the terms and conditions of the incentive arrangement which forms part of the employment contract which the Director has entered into with the Company, the cash incentives payable to the Director were used to acquire shares of the Company from the open market. Subject to fulfilment of the vesting conditions and the terms of the incentive arrangement, these shares will vest on the Director on a deferred basis. In addition to his interest in these shares, the Director is also deemed interested in such additional number of shares in the Company which shall only be determinable in the future, to be acquired using future cash incentives payable to the Director, pursuant to the terms and conditions of such incentive arrangement.

## 30 Largest Shareholders

As at 15 February 2016

NO.	NAME	NO. OF SHARES HELD	%
1.	BGSM Equity Holdings Sdn. Bhd.	4,875,000,000	64.91
2.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera	620,082,300	8.26
3.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	555,791,200	7.40
4.	Lembaga Tabung Haji	128,503,600	1.71
5.	Kumpulan Wang Persaraan (Diperbadankan)	91,608,800	1.22
6.	AmanahRaya Trustees Berhad Amanah Saham Wawasan 2020	68,079,300	0.91
7.	AmanahRaya Trustees Berhad Amanah Saham Malaysia	54,358,200	0.72
8.	HSBC Nominees (Asing) Sdn. Bhd. BBH And Co Boston For Vanguard Emerging Markets Stock Index Fund	42,272,150	0.56
9.	Cartaban Nominees (Tempatan) Sdn. Bhd. Exempt AN For Eastspring Investments Berhad	40,593,500	0.54
10.	AmanahRaya Trustees Berhad AS 1Malaysia	39,082,800	0.52
11.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt AN For State Street Bank & Trust Company (West CLT OD67)	34,384,650	0.46
12.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN For JP Morgan Chase Bank, National Association (U.S.A.)	30,080,885	0.40
13.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	30,014,100	0.40
14.	Citigroup Nominees (Tempatan) Sdn. Bhd. Exempt AN AIA Bhd.	29,627,300	0.39
15.	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad For Public Ittikal Fund (N14011970240)	28,800,000	0.38
16.	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad For Public Regular Savings Fund (N14011940100)	28,413,400	0.38
17.	AmanahRaya Trustees Berhad Amanah Saham Didik	24,989,100	0.33
18.	AmanahRaya Trustees Berhad Public Islamic Dividend Fund	24,526,100	0.33
19.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (Nomura)	22,540,900	0.30
20.	Cartaban Nominees (Asing) Sdn. Bhd. GIC Private Limited For Government of Singapore (C)	22,321,100	0.30

## 30 Largest Shareholders

As at 15 February 2016

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NO.	NAME	NO. OF SHARES HELD	%
21.	Permodalan Nasional Berhad	19,260,500	0.26
22.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN For The Bank Of New York Mellon (Mellon ACCT)	18,703,931	0.25
23.	AmanahRaya Trustees Berhad Public Islamic Sector Select Fund	14,588,000	0.19
24.	Amsec Nominees (Tempatan) Sdn. Bhd. Amtrustee Berhad For CIMB Islamic Dali Equity Growth Fund (UT-CIMB-Dali)	13,870,300	0.18
25.	AmanahRaya Trustees Berhad Public Islamic Equity Fund	13,193,100	0.18
26.	Cartaban Nominees (Asing) Sdn. Bhd. RBC Investor Services Bank for Robeco Capital Growth Funds	13,182,200	0.18
27.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera 2	13,000,000	0.17
28.	HSBC Nominees (Asing) Sdn. Bhd. HSBC BK PLC For Abu Dhabi Investment Authority (AGUS)	10,388,937	0.14
29.	AmanahRaya Trustees Berhad Public Islamic Select Enterprises Fund	10,088,700	0.13
30.	AmanahRaya Trustees Berhad Public Islamic Optimal Growth Fund	8,816,100	0.12

**Note:**

Information in the above table is based on Record of Depositors dated 15 February 2016

PAGE 184 // **Information on Substantial Shareholders**

The shareholders holding more than 5% interest, direct and indirect, in the ordinary shares of RM0.10 each in Maxis Berhad ("the Company") (Shares) based on the Register of Substantial Shareholders of the Company as at 15 February 2016 are as follows:

NAME OF SUBSTANTIAL SHAREHOLDER	DIRECT		INDIRECT	
	NO. OF SHARES HELD	%	NO. OF SHARES HELD	%
BGSM Equity Holdings Sdn. Bhd. ("BGSM Equity")	4,875,000,000	64.91	-	-
BGSM Management Sdn. Bhd. ("BGSM Management") <sup>(1)</sup>	-	-	4,875,000,000	64.91
Maxis Communications Berhad ("MCB") <sup>(2)</sup>	-	-	4,875,000,000	64.91
Binariang GSM Sdn. Bhd. ("BGSM") <sup>(3)</sup>	-	-	4,875,000,000	64.91
Usaha Tegas Equity Sdn. Bhd. ("UTE") <sup>(4)</sup>	-	-	4,875,000,000	64.91
Usaha Tegas Sdn. Bhd. ("Usaha Tegas") <sup>(5)</sup>	-	-	4,875,000,000	64.91
Pacific States Investment Limited ("PSIL") <sup>(6)</sup>	-	-	4,875,000,000	64.91
Excorp Holdings N.V. ("Excorp") <sup>(7)</sup>	-	-	4,875,000,000	64.91
PanOcean Management Limited ("PanOcean") <sup>(7)</sup>	-	-	4,875,000,000	64.91
Ananda Krishnan Tatparanandam ("TAK") <sup>(8)</sup>	-	-	4,875,000,000	64.91
Harapan Nusantara Sdn. Bhd. ("Harapan Nusantara") <sup>(9)</sup>	-	-	4,875,000,000	64.91
Tun Haji Mohammed Hanif bin Omar <sup>(10)</sup>	-	-	4,875,000,000	64.91
Dato' Haji Badri bin Haji Masri <sup>(10)</sup>	-	-	4,875,000,000	64.91
Mohamad Shahrin bin Merican <sup>(10)</sup>	11,000	*	4,875,000,000	64.91
STC Malaysia Holding Ltd ("STCM") <sup>(11)</sup>	-	-	4,875,000,000	64.91
STC Asia Telecom Holding Ltd ("STCAT") <sup>(12)</sup>	-	-	4,875,000,000	64.91
Saudi Telecom Company ("Saudi Telecom") <sup>(13)</sup>	-	-	4,875,000,000	64.91
Public Investment Fund ("PIF") <sup>(14)</sup>	-	-	4,875,000,000	64.91
AmanahRaya Trustees Berhad ("ARB")	620,082,300	8.26	-	-
- Skim Amanah Saham Bumiputera				
Employees Provident Fund Board ("EPF")	555,791,200	7.40	30,433,500 <sup>(15)</sup>	0.41

## Information on Substantial Shareholders // PAGE 185

**Notes:**

\* Negligible

- (1) BGSM Management's deemed interest in the Shares arises by virtue of BGSM Management holding 100% equity interest in BGSM Equity.
- (2) MCB's deemed interest in the Shares arises by virtue of MCB holding 100% equity interest in BGSM Management.
- (3) BGSM's deemed interest in the Shares arises by virtue of BGSM holding 100% equity interest in MCB.
- (4) UTE's deemed interest in the Shares arises through its wholly-owned subsidiaries, namely, Wilayah Resources Sdn. Bhd., Tegas Puri Sdn. Bhd., Besitang Barat Sdn. Bhd. and Besitang Selatan Sdn. Bhd. (collectively, "UT Subsidiaries") which hold in aggregate 37% equity interest in BGSM. See Note (3) above for BGSM's deemed interest in the Shares.
- (5) Usaha Tegas' deemed interest in the Shares arises by virtue of Usaha Tegas holding 100% equity interest in UTE. See Note (4) above for UTE's deemed interest in the Shares.
- (6) PSIL's deemed interest in the Shares arises by virtue of PSIL holding 99.999% equity interest in Usaha Tegas. See Note (5) above for Usaha Tegas' deemed interest in the Shares.
- (7) PanOcean holds 100% equity interest in Excorp which in turn holds 100% equity interest in PSIL. See Note (6) above for PSIL's deemed interest in the Shares. PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of TAK and foundations including those for charitable purposes. Although PanOcean is deemed to have an interest in such Shares, it does not have any economic or beneficial interest in such Shares, as such interest is held subject to the terms of such discretionary trust.
- (8) TAK's deemed interest in the Shares arises by virtue of PanOcean's deemed interest in the Shares. See Note (7) above for PanOcean's deemed interest in the Shares. Although TAK is deemed to have an interest in such Shares, he does not have any economic or beneficial interest in such Shares, as such interest is held subject to the terms of a discretionary trust referred to in Note (7) above.
- (9) Harapan Nusantara's deemed interest in the Shares arises through its wholly-owned subsidiaries, namely, Mujur Anggun Sdn. Bhd., Cabaran Mujur Sdn. Bhd., Anak Samudra Sdn. Bhd., Dumai Maju Sdn. Bhd., Nusantara Makmur Sdn. Bhd., Usaha Kenanga Sdn. Bhd. and Tegas Sari Sdn. Bhd. (collectively, "Harapan Nusantara Subsidiaries"), which hold in aggregate 30% equity interest in BGSM. See Note (3) above for BGSM's deemed interest in the Shares.  
  
The Harapan Nusantara Subsidiaries hold their deemed interest in such Shares under discretionary trusts for Bumiputera objects. As such, Harapan Nusantara does not have any economic interest in such Shares as such interest is held subject to the terms of such discretionary trusts.
- (10) His deemed interest in the Shares arises by virtue of his 25% direct equity interest in Harapan Nusantara. However, he does not have any economic interest in such Shares as such interest is held subject to the terms of the discretionary trusts referred to in Note (9) above.
- (11) STCM's deemed interest in the Shares arises by virtue of STCM holding 25% equity interest in BGSM. See Note (3) above for BGSM's deemed interest in the Shares.
- (12) STCAT's deemed interest in the Shares arises by virtue of STCAT holding 100% equity interest in STCM. See Note (11) above for STCM's deemed interest in the Shares.
- (13) Saudi Telecom's deemed interest in the Shares arises by virtue of Saudi Telecom holding 100% equity interest in STCAT. See Note (12) above for STCAT's deemed interest in the Shares.
- (14) PIF's deemed interest in the Shares arises by virtue of PIF holding 70% equity interest in Saudi Telecom. See Note (13) above for Saudi Telecom's deemed interest in the Shares.
- (15) EPF is deemed to have an interest in 30,433,500 Shares held through nominees.

PAGE 186 // **List of Properties Held**

	Postal Address	Approximate Age of the Building	Tenure/ Date of Acquisition	Remaining Lease Period (Expiry of Lease)	Current Use	Land Area (Sq. meter)	Build-up Area (Sq. meter)	Net Book Value As At 31 Dec 2015 (RM'000)
1	Plot 12155 (Lot 13) Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam Selangor	20 years	Freehold 9 May 1994	-	Telecommunication operations centre and office	11,235	10,061	19,796
2	Lot 4059, Jalan Riang 20 Taman Gembira Industrial Estate 81100 Johor Bahru	23 years	Freehold 21 July 1994	-	Telecommunication operations centre and office	2,201	2,531	4,572
	Lot 4046, Jalan Riang 20 Taman Gembira Industrial Estate 81100 Johor Bahru		Freehold 21 July 1994		Telecommunication operations centre and office	2,041	1,546	
3	Lot 2537 & 2538 Lorong Jelawat 6 Kawasan Perusahaan Seberang Jaya 13700 Seberang Jaya Pulau Pinang	19 years	Leasehold 5 January 1995	58 years (18 August 2073)	Telecommunication operations centre and office	3,661	2,259	5,856
4	PT 31093 Taman Perindustrian Tago Jalan KL – Sg Buluh Mukim Batu, Gombak	18 years	Freehold 2 July 1996	-	Centre technical office	2,830	3,290	2,581
5	No. 1, Taman Perindustrian Subang (Lion Industrial Park) Seksyen 22 40000 Shah Alam Selangor	21 years	Freehold 24 October 1995	-	Warehouse	17,721	1,886	8,320
6	Lot 943 & 1289 (No. Lot Pemaju – 46) Rawang Integrated Industrial Park Selangor	18 years	Freehold 12 April 1997	-	Centre technical office	10,611	1,535	3,367
7	8101, Taman Desa Jasmin Block 12B Bandar Baru Nilai Labu Negeri Sembilan	18 years	Freehold 28 December 1996	-	Centre technical office	2,378	1,736	1,345
8	Lot 25, Lorong Burung Keleto Inanam Industrial Estate Inanam 88450 Kota Kinabalu Sabah	15 years	Leasehold 11 May 2000	81 years (31 December 2096)	Telecommunication operations centre and office	16,149	3,372	8,773

## List of Properties Held // PAGE 187

	Postal Address	Approximate Age of the Building	Tenure/ Date of Acquisition	Remaining Lease Period (Expiry of Lease)	Current Use	Land Area (Sq. meter)	Build-up Area (Sq. meter)	Net Book Value As At 31 Dec 2015 (RM'000)
9	Lot 2323 Off Jalan Daya Pending Industrial Estate Bintawa, 93450 Kuching, Sarawak	15 years	Leasehold September 2000	27 years (17 February 2042)	Telecommunication operations centre and office	10,122	3,382	17,440
10	Lot 11301, Jalan Lebuhraya Kuala Lumpur – Seremban Batu 8, Mukim Petaling, 57000 Kuala Lumpur	16 years	Sub-Lease 9 August 1999	10 years (28 July 2025)	Telecommunication operations centre and office	11,592	5,634	14,895
11	No. 26, Jalan Perdagangan 10 Taman Universiti 81300 Skudai Johor	21 years	Freehold 2 March 1995	-	Base Transceiver Station	2,294	409	971

# Disclosure of Recurrent Related Party Transactions

At an Extraordinary General Meeting held on 28 April 2015, the Company obtained a mandate from its shareholders (“Shareholders’ Mandate”) for recurrent related party transactions (“RRPTs”) of a revenue or trading nature.

In compliance with Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the MMLR of Bursa Malaysia Securities Berhad, such Shareholders’ Mandate is subject to annual renewal and the disclosure in the Annual Report of RRPTs conducted pursuant to the mandate during the financial year ended 31 December 2015 where the aggregate value of such RRPTs is equal to or more than RM1 million or 1% of the relevant percentage ratio for such transactions, whichever is the higher.

Set out below are the relevant RRPTs for which Shareholders’ Mandate had been obtained together with a breakdown of the aggregate value of the RRPTs which had been conducted pursuant to the Shareholders Mandate and met the prescribed threshold.

Company in the Maxis Group	Transacting Parties	Nature of transaction	Nature of relationship	Value incurred from 1 January 2015 to 27 April 2015 (RM'000)	Value incurred from 28 April 2015 to 31 December 2015 (RM'000)	Aggregate value of transactions during the financial year (RM'000)
<b>Transactions with Astro Malaysia Holdings Berhad (“AMH”) Group</b>						
1. Maxis Mobile Services Sdn. Bhd. (“MMSSB”)	Astro Digital 5 Sdn. Bhd. (“AD5SB”)	Provision of services and content to MMSSB to provide premium SMS/WAP/MMS content to Maxis subscribers	Please refer to Note 1	1,069	437	1,506
2. MMSSB	AD5SB	Provision of services as MMSSB’s (i) exclusive content aggregator, publishing and advertising agency services provider across Maxis’ Internet properties (other than mobile properties and IPTV services); (ii) exclusive advertising agency services provider for IPTV services; and (iii) non-exclusive content aggregator, publishing and advertising agency services provider across Maxis’ mobile properties	Please refer to Note 1	974	Nil	974
3. Maxis Broadband Sdn. Bhd. (“MBSB”)	Measat Broadcast Network Systems Sdn. Bhd. (“MBNS”)	Provision of 1300 inbound telephony solutions by MBSB	Please refer to Note 1	8	12	20
4. MBSB	MBNS	Provision of managed communication services by MBSB	Please refer to Note 1	5,826	9,745	15,571
5. MMSSB	MBNS	Provision of external content provider aggregator services to MBNS to provide premium SMS/WAP/MMS/CRT/3G content to Maxis subscribers	Please refer to Note 1	Nil	1,260	1,260
6. MBSB	MBNS, AD5SB, Astro Radio Sdn. Bhd. (“ARSB”) and AMH’s affiliates	Provision of leased circuits/ DIA/ Metro-E by MBSB	Please refer to Note 1	274	796	1,070

# Disclosure of Recurrent Related Party Transactions //

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Company in the Maxis Group	Transacting Parties	Nature of transaction	Nature of relationship	Value incurred from 1 January 2015 to 27 April 2015 (RM'000)	Value incurred from 28 April 2015 to 31 December 2015 (RM'000)	Aggregate value of transactions during the financial year (RM'000)	
<b>Transactions with AMH Group (continued)</b>							
7.	MBSB	MBNS, AMH and/or its affiliates	Provision of bandwidth solutions by MBSB	Please refer to Note 1	265	NA	265
8.	MMSSB	Astro Entertainment Sdn. Bhd. ("AESB")	Provision of services and contents to MMSSB to provide premium SMS/WAP/MMS content to Maxis subscribers	Please refer to Note 1	374	Nil	374
9.	MBSB	MBNS	Strategic partnership on co-marketing and sales of Maxis fibre services, wireless services, broadband services and Astro IPTV services and On-The-Go Services.	Please refer to Note 1	21,036	43,178	64,214
<b>Aggregate Value of Transactions with AMH Group</b>					<b>29,826</b>	<b>55,428</b>	<b>85,254</b>
<b>Transactions with MEASAT Global Berhad ("MGB") Group</b>							
1.	MBSB	MEASAT Satellite Systems Sdn. Bhd. ("MSS")	Transponder lease rentals payable on quarterly basis by MBSB	Please refer to Note 2	4,795	12,093	16,888
2.	MBSB	MSS	Rental payable on monthly basis by MBSB for BTS site	Please refer to Note 2	7	26	33
3.	MBSB	MSS	Lease rentals of MSS' teleport facility payable on quarterly basis by MBSB	Please refer to Note 2	503	1,067	1,570
4.	MBSB	MSS	Participation in IP Transit Project between MBSB and MSS where MBSB provides Internet bandwidth pipe to MSS for MSS' customers	Please refer to Note 2	17	134	151
5.	MBSB	MSS	Provision of bandwidth solutions by MBSB	Please refer to Note 2	215	451	666
6.	MBSB	MSS	Provision of leased line services/ DIA/Metro-E or any related IP solutions by MBSB	Please refer to Note 2	11	19	30
7.	MBSB	Measat Broadband (International) Ltd ("MBI"), an affiliate of MEASAT Network Limited	Transponder (IPstar) lease rentals payable on quarterly basis by MBSB	Please refer to Note 2	6,216	15,013	21,229
8.	MBSB	MBI	Revenue share from MBI for the leasing of satellite bandwidth on the Measat-5 satellite to other customers	Please refer to Note 2	2,262	2,505	4,767
<b>Aggregate Value of Transactions with MGB Group</b>					<b>14,026</b>	<b>31,308</b>	<b>45,334</b>

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No. involved	Company in the Maxis Group	Transacting Parties	Nature of transaction	Nature of relationship	Value incurred from 1 January 2015 to 27 April 2015 (RM'000)	Value incurred from 28 April 2015 to 31 December 2015 (RM'000)	Aggregate value of transactions during the financial year (RM'000)
<b>Transactions with UMTS (Malaysia) Sdn. Bhd. ("UMTS"), a 75%-owned subsidiary of Maxis</b>							
1.	Maxis Mobile Sdn. Bhd. ("MMSB")	UMTS	Provision of corporate support services by MMSB. Corporate support services include services such as support functions for accounting, regulatory, taxation, company secretarial and human resources matters, rental of office space, stationery & printing costs, repair & maintenance of office furniture & fittings, cleaning services for office buildings and rental of IT equipment	Please refer to Note 3	1,021	2,306	3,327
2.	MBSB	UMTS	Provision of designated 3G spectrum by UMTS for MBSB's authorised usage, provision of 3G wholesale services and the appointment of MBSB to rollout the 3G network as per the existing service level agreement between MBSB and UMTS	Please refer to Note 3	15,517	33,757	49,274
<b>Aggregate Value of Transactions with UMTS, a 75%-owned subsidiary of Maxis</b>					<b>16,538</b>	<b>36,063</b>	<b>52,601</b>

Notes:

(1) AMH Group

AD5SB, MBNS, AESB and ARSB are wholly-owned subsidiaries of Astro Malaysia Holdings Berhad ("AMH").

Each of Usaha Tegas Sdn. Bhd. ("UTSB"), Pacific States Investment Limited ("PSIL"), Excorp Holdings N.V ("Excorp"), PanOcean Management Limited ("PanOcean") and Ananda Krishnan Tatparanandam ("TAK") is a Major Shareholder with a deemed interest over 4,875,000,000 Shares representing 64.91% equity interest in Maxis ("Shares") by virtue of its deemed interest in Binariang GSM Sdn. Bhd. ("BGSM") which holds 100% equity interest in Maxis Communications Berhad ("MCB") which in turn holds 100% equity interest in BGSM Management Sdn. Bhd. ("BGSM Management"). BGSM Management holds 100% equity interest in BGSM Equity Holdings Sdn. Bhd. ("BGSM Equity") which in turn holds 64.91% equity interest in Maxis. UTSB's deemed interest in such Shares arises through its wholly-owned subsidiaries, namely, Wilayah Resources Sdn. Bhd., Tegas Puri Sdn. Bhd., Besitang Barat Sdn. Bhd. and Besitang Selatan Sdn. Bhd., which hold in aggregate 37% equity interest in BGSM. Each of UTSB, PSIL, Excorp and PanOcean has a deemed interest over 1,249,075,472 ordinary shares of RM0.10 each ("AMH Shares") representing 24% equity interest in AMH through the wholly-owned subsidiaries of UTSB, namely, Usaha Tegas Entertainment Systems Sdn. Bhd. and All Asia Media Equities Limited with each holding 235,778,182 AMH Shares and 1,013,297,290 AMH Shares directly representing 4.53% and 19.47% equity interest in AMH respectively.

PanOcean holds 100% equity interest in Excorp which in turn holds 100% equity interest in PSIL. PSIL holds 99.999% equity interest in UTSB. PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of TAK and foundations, including those for charitable purposes.

TAK is also a major shareholder of AMH with a deemed interest over 2,133,139,626 AMH Shares representing 41% equity interest in AMH. In addition, TAK is a director of PanOcean, Excorp, PSIL and UTSB. Although TAK and PanOcean are deemed to have an interest in the Shares and AMH Shares as described in the foregoing, they do not have any economic or beneficial interest over such shares as such interest is held subject to the terms of such discretionary trust referred to the above.

Lim Ghee Keong ("LGK") who is a Director, is also an alternate director in AMH. He is also a director of MMSSB, MBSB, MMSB, PSIL, Excorp and PanOcean. LGK has a direct equity interest over 1,000,000 AMH Shares representing 0.02% equity interest in AMH. LGK does not have any equity interest in Maxis, MMSSB, MBSB, MMSB or AMH Group.

# Disclosure of Recurrent Related Party Transactions // PAGE 191

Each of Tun Haji Mohammed Hanif bin Omar ("THO"), Dato' Haji Badri bin Haji Masri ("Dato' Badri") and Mohamad Shahrin bin Merican ("MSM") is a Major Shareholder with a deemed interest over 4,875,000,000 Shares representing 64.91% equity interest in Maxis in which Harapan Nusantara Sdn. Bhd. ("HNSB") has an interest, by virtue of his 25% direct equity interest in HNSB. HNSB's deemed interest in such Shares arises through its wholly-owned subsidiaries, namely, Mujur Anggun Sdn. Bhd. ("MASB"), Cabaran Mujur Sdn. Bhd. ("CMSB"), Anak Samudra Sdn. Bhd. ("ASSB"), Dumai Maju Sdn. Bhd. ("DMSB"), Nusantara Makmur Sdn. Bhd. ("NMSB"), Usaha Kenanga Sdn. Bhd. ("UKSB") and Tegas Sari Sdn. Bhd. ("TSSB") (collectively, "HNSB Subsidiaries"), which hold in aggregate 30% equity interest in BGSB. The HNSB Subsidiaries hold their deemed interest in such Shares under discretionary trusts for Bumiputera objects. As such, THO, Dato' Badri and MSM do not have any economic interest over such Shares as such interest is held subject to the terms of such discretionary trusts.

Each of THO, Dato' Badri and MSM has a deemed interest over 462,124,447 AMH Shares representing 8.88% equity interest in AMH in which Harapan Terus Sdn. Bhd. ("HTSB") has an interest, by virtue of his 25% direct equity interest in HTSB. HTSB's deemed interest in such AMH Shares arises through its wholly-owned subsidiaries, namely, Berkat Nusantara Sdn. Bhd. ("BNSB"), Nusantara Cempaka Sdn. Bhd. ("NCSB"), Nusantara Delima Sdn. Bhd. ("NDSB"), Mujur Nusantara Sdn. Bhd. ("MNSB"), Gerak Nusantara Sdn. Bhd. ("GNSB") and Sanjung Nusantara Sdn. Bhd. ("SNSB") (collectively, "HTSB Subsidiaries"). The HTSB Subsidiaries hold such AMH Shares under discretionary trust for Bumiputera objects. As such, THO, Dato' Badri and MSM do not have any economic interests over such AMH Shares as such interest is held subject to the terms of such discretionary trust.

Dato' Badri who is a director of MBNS is also has a deemed interest over 500,000 AMH Shares representing 0.01% equity interest in AMH held by Casa Saga Sdn. Bhd. ("CSSB") by virtue of his 99% direct equity interest in CSSB.

MSM has a direct equity interest over 11,000 Shares representing 0.00015% equity interest in Maxis and also has a direct equity interest over 200,000 AMH Shares representing 0.004% equity interest in AMH.

Dato' Khadar is a director of AMH and also has a direct equity interest over 855,600 AMH Shares representing 0.02% equity interest in AMH. Dato' Khadar is a person connected to MSM.

## 2. MGB Group

MSS and MBI are wholly-owned subsidiaries of MGB.

TAK is also a major shareholder of MGB with a deemed interest over 272,953,208 ordinary shares of RM0.78 each ("MGB Shares") representing 70% equity interest in MGB held via MEASAT Global Network Systems Sdn. Bhd. ("MGNS"), a wholly-owned subsidiary of MAI Holdings Sdn. Bhd. ("MAIH") in which he has a 99.999% direct equity interest. Hence, TAK also has deemed interest over MSS and MBI. Please refer to Note 1 above for TAK's deemed interest in Maxis.

THO is also a director of MGB and MSS. THO does not have any equity interest in the shares of MGB, MSS or MBI. Please refer to Note 1 above for THO's deemed interest in Maxis.

MSM is also a major shareholder of MGB with a deemed interest over 116,979,947 MGB Shares representing 30% equity interest in MGB in which Harapan Kota Sdn. Bhd. ("HKS") has an interest, by virtue of his 50% direct equity interest in HKS. HKS's deemed interest in such MGB Shares arises through its wholly-owned subsidiary, namely, Tujan Wira Suria Sdn. Bhd. ("TWSSB"). TWSSB holds such MGB Shares under discretionary trust for Bumiputera objects. As such, MSM does not have any economic interest over such MGB Shares as such interest is held subject to the terms of such discretionary trust. Please refer to Note 1 above for MSM's interests in Maxis.

LGK who is a Director, is also a director of MGNS. LGK does not have any equity interest in the shares of MGB, MSS or MBI. Please refer to Note 1 above for LGK's interest in Maxis.

## 3. UMTS

UMTS is a wholly-owned subsidiary of Advanced Wireless Technologies Sdn. Bhd. ("AWT") which in turn is a 75%-owned subsidiary of Maxis. The remaining 25% equity interest in AWT is held by MBNS Multimedia Technologies Sdn. Bhd. ("MMT"), which in turn is wholly-owned by AMH.

UTSB, PSIL, Excorp, PanOcean and TAK who are Major Shareholders, are also major shareholders of UMTS with each having a deemed interest of 100% in UMTS, whilst THO, Dato' Badri and MSM each having a deemed interest of 75% in UMTS. Please refer to Note 1 above for their respective interests in Maxis and AMH.

Fraser Mark Curley ("FMC"), LGK and Morten Lundal ("ML") are Directors of Maxis, MBSB, MMSB and other several subsidiaries of Maxis. FMC and ML are also Directors of AWT and UMTS. FMC does not have any equity interest in Maxis. ML has an indirect equity interest over 1,002,390 Shares representing 0.01% equity interest in Maxis which is currently held by CIMB Commerce Trustee Berhad or its nominee pursuant to the terms and conditions of the incentive arrangement which forms part of the employment contract which ML has entered into with the Company. The cash incentives payable to the Director were used to acquire shares of the Company from the open market. Subject to fulfilment of the vesting conditions and the terms of the incentive arrangement, these shares will vest to ML on a deferred basis, in accordance with the terms and conditions of the said incentive arrangement. In addition to his interest in these shares, the Director is also deemed interested in such additional number of shares in the Company which shall only be determinable in the future, to be acquired using future cash incentives payable to the director, pursuant to the terms and conditions of such incentive arrangement. Please refer to Note 1 for LGK's interest in Maxis.

NM who is a director of AWT and UMTS, is also a director of MBSB, MMSB and several subsidiaries of Maxis. NM was granted 500,000 options over Maxis Shares at an issue price of RM6.53. Additionally, he was also granted 697,400 Maxis Shares under the Long-Term Incentive Plan ("LTIP") which Shares shall be vested pursuant to the By-Laws governing the Maxis' LTIP. NM does not have equity interest in Maxis, MBSB, MMSB, AWT or in UMTS.

#### **TRANSACTIONS THROUGH MEDIA AGENCIES**

Some of the media airtimes, publications and programme sponsorship arrangements (“Media Arrangements”) of the Maxis Group are concluded on normal commercial terms with independent media-buying agencies whose role is to secure advertising or promotional packages for their clients. These Media Arrangements may involve companies in the AHSB Group which are licensed to operate satellite Direct-to-Home television and FM radio services, and undertake a number of other multimedia services in Malaysia. The transactions between the media-buying agencies and the AHSB Group are based on terms consistent with prevailing rates within the media industry.

For the financial year ended 2015 the value of such transactions, which are not related party transactions entered into by the Maxis Group and the AHSB Group and excluded from the related party transactions disclosed elsewhere in this Annual Report, amounted to RM17,766,000.

#### **IMPOSITION OF SANCTIONS/PENALTIES**

MCMC issued compounds totaling RM170,000 on 4 August 2015 to Maxis Mobile Services Sdn. Bhd. (“MMS”), a subsidiary of the Company for dropped calls non-compliances that were measured between August and September 2013. MMS was also issued compounds totaling RM250,000 on non-compliances to the prepaid registration guidelines that were measured between June 2013 and January 2015.

Save as disclosed above, there are no public sanctions and penalties imposed on the Company or its subsidiaries, Directors or Management by the relevant regulatory bodies.

#### **EMPLOYEE SHARE OPTION SCHEME (“ESOS”) AND LONG-TERM INCENTIVE PLAN (“LTIP”)**

Please refer to the Directors’ Report pages 69 to 71, Note 31(b) pages 146 and 148 and Note 31(c) pages 148 to 150 of the Audited Financial Statements of this Annual Report. For the financial year ended 31 December 2015, the Company has two schemes in place, which are the ESOS which was implemented on 17 September 2009 and LTIP which took effect on 31 July 2015.

#### **MAXIS’ COMPLIANCE WITH THE PERSONAL DATA PROTECTION ACT**

The Company recognises the importance of protecting shareholders’ and customers’ personal data, and has taken steps to be fully compliant with the Personal Data Protection Act 2010 (PDPA 2010). The Company will not disclose information without their consent unless required by the PDPA 2010, any applicable laws, regulations and codes.

# Material Contracts // PAGE 193

Material contracts of Maxis Berhad ("Company") and its subsidiaries, involving Directors' and Major Shareholders' interests, either still subsisting at the end of financial year 2015 or, if not then subsisting, entered into since the end of financial year 2014.

No.	Contract	Date	Parties	General Nature	Consideration passing to or from the Company or any other corporation in the Group	Mode of satisfaction of consideration	Relationship between director or major shareholder and contracting party (if director or major shareholder is not contracting party)
1	Licence Agreement	20 October 2009	the Company  Maxis Communications Berhad ("MCB")	Grant by MCB to the Company and its subsidiaries of a perpetual, royalty-free licence to use in Malaysia, trademarks and service marks that are registered in the name of MCB	The consideration of each party for the agreement is the exchange of promises and a cash payment of RM10 payable by the Company	Fulfillment of promises and cash of RM10	Please see Note 1 below for further details of the relationship between the Company and MCB
2	Transponder Lease for Measat-3 supplemented by supplemental letters no. 1 - 13	17 October 2007  Supplemental No. 1: 20 May 2009  Supplemental No. 2: 9 June 2009  Supplemental No. 3: 17 February 2010  Supplemental No. 4: 17 June 2010  Supplemental No. 5: 20 April 2011  Supplemental No. 6: 8 May 2012  Supplemental No. 7: 13 July 2012  Supplemental No.8 : 4 January 2013  Supplemental No 9: 8 July 2013  Supplemental No 10: 29 October 2013	Maxis Broadband Sdn. Bhd. ("MB")  MEASAT Satellite Systems Sdn. Bhd. ("MSS")	Leasing of transponders for Measat-3 by MB for use of bandwidth capacity	Rental fee payable by MB to MSS	Cash	MB is a wholly-owned subsidiary of the Company  Please see Note 2 below for further details on the relationship between MB and MSS

No.	Contract	Date	Parties	General Nature	Consideration passing to or from the Company or any other corporation in the Group	Mode of satisfaction of consideration	Relationship between director or major shareholder and contracting party (if director or major shareholder is not contracting party)
		Supplemental No 11: 17 March 2014					
		Supplemental No 12: 14 October 2014					
		Supplemental No 13 3 November 2015					
3	Teleport Services Agreement (Lease rentals of Measat earth station facility) supplemented by supplemental letter no 1	17 October 2007  Supplemental No 1: 19 April 2013	MB  MSS	Lease rentals of MSS teleport and earth station facility by MB	Service fee payable by MB to MSS	Cash	Please see Note 2 below for further details on the relationship between MB and MSS
4	(a) Agreement for 3G Service Level for design, build and operation of 3G MBSB Network and Migration of 3G Wholesale Services Provision	11 April 2008	MB  UMTS (Malaysia) Sdn. Bhd. ("UMTS")	The agreements in 4(a), (b) and (c) provide for arrangements relating to the migration by UMTS of provision of 3G wholesale services to MB for MB to provide 3G wholesale services to licensees under the Communications and Multimedia Act 1998 who are authorised to provide 3G mobile services to end users	Undertakings and agreements in the agreements	Fulfillment of undertakings and agreements in the agreements	Please see Note 3 below for further details on the relationship between MB and UMTS
	(b) Supplemental Agreement to Agreement for 3G Service Level for design, build and operation of 3G MBSB Network and Migration of 3G Wholesale Services Provision dated 11 April 2008	12 February 2009					
	(c) Supplemental Agreement to Agreement for 3G Service Level for design, build and operation of 3G MBSB Network and Migration of 3G Wholesale Services Provision dated 11 April 2008	28 October 2011					

## Material Contracts // PAGE 195

No	Contract	Date	Parties	General Nature	Consideration passing to or from the Company or any other corporation in the Group	Mode of satisfaction of consideration	Relationship between director or major shareholder and contracting party (if director or major shareholder is not contracting party)
5	Services Agreement	28 October 2013	Maxis Mobile Services Sdn. Bhd. ("MMS")	Procurement of customer call handling and telemarketing services by MMS from SRG	Consideration passing from MMS to SRG is RM 45 million	Cash	MMS is a wholly-owned subsidiary of the Company
		Supplemental Letter No.1 – Letter of Extension: 8 October 2014	SRG Asia Pacific Sdn. Bhd. ("SRG")				SRG is a Person Connected to TAK
		Supplemental Letter No. 2 – Letter of Extension : 23 January 2015					
6	Managed Bandwidth Services Agreement	1 July 2011	MB	Lease of bandwidth capacity on IPSTAR-1 satellite by MBIL	Rental fee payable by MB to MBIL	Cash	MBIL is a wholly-owned subsidiary of MEASAT Global Berhad ("MGB")
	(a) Letter of Agreement for Additional Managed Bandwidth Services	11 November 2014	MEASAT Broadband (International) Ltd ("MBIL")				Please see Note 2 below for further details on the relationship between MB and MBIL
	(b) Letter of Agreement for Additional Managed Bandwidth Services	13 May 2015					
	(c) Letter of Agreement for Additional Managed Bandwidth Services	8 July 2015					
7	(a) IPTV Services Agreement (as amended by Termination Letter dated 27 September 2012*)	19 January 2012	MB	Provision of IPTV platform and customer premises equipment development services and IPTV related services including operational, consultancy and project (hardware and software) services	Fees payable by MB to Media Innovations and AD5SB	Cash	Please see Note 3 below for further details on the relationship between MB, Media Innovations and AD5SB
			Media Innovations Pty Ltd ("Media Innovations")				
			Astro Digital 5 Sdn. Bhd. (formerly known as Digital Five Sdn. Bhd.) ("AD5SB")				
	(b).Amendment to IPTV Services Agreement	3 April 2013	MB	Agreement to amend the scope of services of Media Innovations under the IPTV Services Agreement			
			Media Innovations				

No	Contract	Date	Parties	General Nature	Consideration passing to or from the Company or any other corporation in the Group	Mode of satisfaction of consideration	Relationship between director or major shareholder and contracting party (if director or major shareholder is not contracting party)
8	(a) Publishing & Advertising Services Agreement	4 March 2011	MMS AD5SB	The agreements in 10(a) and (b) provide for the appointment of AD5SB by MMS as its (i) exclusive content aggregator, publishing and advertising agency services provider across Maxis' Internet properties (other than mobile properties and IPTV services), (ii) exclusive advertising agency services provider for IPTV services; and (iii) non-exclusive content aggregator, publishing and advertising agency services provider across Maxis' mobile properties	Fees payable by MMS to AD5SB	Cash	Please see Note 3 below for further details on the relationship between MMS and AD5SB
	(b) Supplemental Agreement to Publishing and Advertising Services Agreement dated 4 March 2011	4 March 2011					
9	(a) Fibre Co-Marketing Agreement	30 April 2013	MB MEASAT Broadcast Network Systems Sdn. Bhd. ("MBNS")	To exclusively collaborate and co-market unique customer offers combining Astro Beyond, IPTV and Astro On The Go services with Maxis' fibre service	(a) Content sponsorship fee payable by MB to MBNS  (b) Charges payable by MBNS to MB	Cash	Please see Note 3 below for further details on the relationship between MB and AMH
	(b) Assignment Agreement – Maxis Fibre Packaged Service Debts	30 April 2013	MB MBNS	An irrevocable assignment of rights to receive all monies paid by subscribers for the fibre services provided under the Fibre Co-marketing agreement	This is an agreement made pursuant to the Fibre Co-marketing agreement	Cash	Please see Note 3 below for further details on the relationship between MB and AMH
	(c) Wireless and ADSL Co-marketing Agreement	30 April 2013	MB MBNS	To exclusively collaborate and co-market unique customer offers combining Astro Beyond, IPTV and Astro On The Go services with Maxis' wireless and Internet and Asymmetric Digital Subscriber Line ("ADSL") services	Charges payable by MBNS to MB	Cash	Please see Note 3 below for further details on the relationship between MB and AMH

No	Contract	Date	Parties	General Nature	Consideration passing to or from the Company or any other corporation in the Group	Mode of satisfaction of consideration	Relationship between director or major shareholder and contracting party (if director or major shareholder is not contracting party)
	(d) Astro B.Yond IPTV Services and Astro OTT Services Dealer Agreement	30 April 2013	MB MBNS	Appointment of MB as an authorised dealer to sell and promote Astro B.Yond IPTV services and Astro OTT (over-the-top Internet) services	Charges payable by MBNS to MB	Cash	Please see Note 3 below for further details on the relationship between MB and AMH

\* Additional information relating to agreement no. 7

No.	Document	Date	Parties	Purpose of Document
1.	Termination Letter	27 Sept 2012	MB AD5SB	Terminating the application of IPTV Services Agreement with respect to AD5SB, effective from 25 October, 2012

**Notes:**

- Binariang GSM Sdn. Bhd., Usaha Tegas Equity Sdn. Bhd., Usaha Tegas Sdn. Bhd. ("UTSB"), Pacific States Investment Limited ("PSIL"), Excorp Holdings N.V. ("Excorp"), PanOcean Management Limited ("PanOcean"), Ananda Krishnan Tatparanandam ("TAK"), Harapan Nusantara Sdn. Bhd., Tun Haji Mohammed Hanif bin Omar ("THO"), Dato' Haji Badri bin Haji Masri ("Dato' Badri"), Mohamad Shahrin bin Merican ("MSM"), STC Malaysia Holding Ltd, STC Asia Telecom Holding Ltd, Saudi Telecom Company ("STC") and Public Investment Fund, who are Major Shareholders of the Company are also major shareholders of MCB. The Company is a 64.91% indirect subsidiary of MCB.

Fraser Mark Curley ("FMC") is Director of MCB and the Company. FMC is also Director of MMS, MB, MM, AWT and UMTS.

- MSS and MBIL are the wholly-owned subsidiaries of MGB. TAK who is a Major Shareholder of the Company is also a major shareholder of MGB.

THO who is a Major Shareholder of the Company is also a director of MGB and MSS.

MSM who is a Major Shareholder of the Company is also a major shareholder of MGB.

LGK who is a Director of the Company and MB is also a director of MEASAT Global Network Systems Sdn. Bhd., a major shareholder of MGB.

- UMTS is a wholly-owned subsidiary of AWT which in turn is a 75% owned subsidiary of the Company. The remaining 25% equity interest in AWT is held by MBNS Multimedia Technologies Sdn. Bhd. ("MMT"), which in turn is wholly-owned by Astro Malaysia Holdings Berhad ("AMH").

AD5SB and MBNS are wholly-owned subsidiaries of AMH whilst Media Innovations is wholly-owned by Media Innovations Pte. Ltd. ("MIPL") which in turn is 78.15% held by All Asia Digital Networks Pte. Ltd. ("AADN"). AADN is an indirect wholly-owned subsidiary of Astro Holdings Sdn. Bhd. ("AHSB").

UTSB, PSIL, Excorp, PanOcean and TAK, who are Major Shareholders of the Company are also major shareholders of AMH.

Dato' Badri who is a Major Shareholder of the Company is also a director of AHSB.

LGK who is a Director of the Company, MB and MMS is also an alternate director in AMH.

**2G:** Second generation of cellular telecommunications standards.

**3G:** Third generation of cellular telecommunications standards.

**4G LTE:** Or Long-Term Evolution; the next generation of mobile communications networks beyond 3G, which will deliver very high bandwidths to the mobile device.

**BTS:** Base Transceiver Station; which provides cellular coverage and capacity.

**Backhaul:** is the portion of the network that comprises intermediate links between the backbone network and small networks at the edge. Backhaul generally refers to the side of the network that communicates with the global Internet, and is paid for at wholesale commercial access rates.

**CAPEX:** Capital expenditure

**Cloud Solutions:** Refers to also cloud computing services or computing resources that are delivered over the Internet for usage as and when they are needed.

**Data roaming:** Refers to use of mobile data service whilst abroad. Devices are connected to the network of the mobile operator abroad so users can enjoy the same services they use back home.

**dBm:** or decibel-milliwatts is an abbreviation for the power ratio in decibels (dB) of the measured power referenced to one milliwatt. For the Company, dBm is used as a measurement for its network performance. Maxis uses -98dBm as a stringent threshold to ensure consistent and reliable indoor and outdoor coverage.

**GWh:** Or gigawatt hours, a unit to measure energy consumption.

**Hotlink RED App:** Maxis prepaid users use this application for all their basic transactions and also enjoy rewards like priority access to Hotlink sponsored events.

**IP:** Internet Protocol; a standard that keeps track of network addresses for different nodes, routes outgoing messages, and recognises incoming messages.

**KKMM:** Kementerian Komunikasi dan Multimedia Malaysia

**LTE CA:** LTE Carrier Aggregation. Carrier or channel aggregation enables multiple LTE carriers or channels to be used together to increase overall transmission bandwidth and ultimately provide the data rates required for an advanced version of 4G LTE.

**M2M:** Machine-to-machine; technologies that enable wired and wireless devices to exchange information without human assistance.

**Maxis or the Company:** Maxis Berhad (Company No. 867573-A)

**MCMC:** Malaysian Communications and Multimedia Commission

**MHz band:** A megahertz band that is a small section of the spectrum of radio communication frequencies. In Malaysia, GSM frequency bands or ranges, are the cellular frequencies designated by the ITU for the operation of GSM mobile phones.

**MMLR:** Main Market Listing Requirements of Bursa Securities

**MyMaxis App:** A mobile application for Maxis postpaid users to enjoy all-in-one access to account management, bill paying, checking their data usage and buying data passes. It is another channel for customers to interact with Maxis and be rewarded at same time.

**OTT:** Over-the-top; the provision of video, television, audio and other media that are provided over the Internet.

**PI1M:** Pusat Internet 1Malaysia or Community Broadband Centres are digital hubs in rural and urban poor areas that aim to provide Internet service, as part of the Government's efforts to narrow the digital divide between the urban and rural populations.

**SME:** Small and Medium Enterprises

**SMS:** Short Message Service

**Spectrum:** Or a spectrum of radio communication frequencies, that is sold or licensed to operators of cellular telephone services. For example, Malaysia's telecommunications industry utilises the spectrum frequencies of 800MHz, 1800MHz etc. for provision of cellular services.

**USP:** Universal Service Provision; an initiative to promote the widespread availability and usage of network and/or applications services by encouraging the installation of network facilities and the provision of network and/or applications services in underserved areas.

**VoIP:** Voice communications using IP technology or the Internet. WhatsApp Calling is one example of a VoIP service that is offered by the Internet messaging service, WhatsApp.

**VoLTE:** Voice-over-LTE is voice services over telco operators' 4G LTE networks. VoLTE has up to three times more voice and data capacity than 3G and up to six times more than 2G.

# Notice of Annual General Meeting // PAGE 199

NOTICE IS HEREBY GIVEN THAT the Seventh Annual General Meeting of MAXIS BERHAD ("the Company") will be held on Wednesday, 20 April 2016 at 10.00 a.m. at Grand Ballroom, 1<sup>st</sup> Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia, for the following purposes:

## AGENDA

1 To consider the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2015 and the Reports of the Directors and Auditors thereon. **Please refer to Note A.**

2 To re-elect the following Directors who retire pursuant to Article 114(1) of the Company's Articles of Association and, being eligible, have offered themselves for re-election:

(i) Hamidah Naziadin

(ii) Morten Lundal

**Please refer to Note B.**

**Resolution 1**

**Resolution 2**

Robert William Boyle who retires in accordance with Article 114(1) of the Company's Articles of Association has given notice that he will not be seeking re-election. Hence he will retain office until the close of the Seventh Annual General Meeting.

3 To re-elect the following Directors who retire pursuant to Article 121 of the Company's Articles of Association and, being eligible, have offered themselves for re-election.

(i) Mohammed Abdullah K. Alharbi

(ii) Robert Alan Nason

**Please refer to Note B.**

**Resolution 3**

**Resolution 4**

4 To re-appoint Messrs PricewaterhouseCoopers ("PwC") as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration.

**Please refer to Note C.**

**Resolution 5**

BY ORDER OF THE BOARD

**DIPAK KAUR**

**LS 5204**

Company Secretary

23 March 2016

Kuala Lumpur

#### EXPLANATORY NOTES

- A. This Agenda item is meant for discussion only as under the provisions of Section 169(1) of the Companies Act, 1965 (Act) and the Company's Articles of Association, the audited accounts do not require the formal approval of shareholders and hence, the matter will not be put forward for voting.
- B. Hamidah Naziadin, Morten Lundal, Mohammed Abdullah K. Alharbi and Robert Alan Nason are standing for re-election as Directors of the Company. The Nomination Committee and Board of Directors ("the Board") have considered the assessment of the four Directors and collectively agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors, as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"). The profiles of these Directors, are set out on pages 22 to 28 of the Company's Annual Report for the financial year ended 31 December 2015. The Nomination Committee and the Board had carried out an assessment of the independence of Hamidah Naziadin and Robert Alan Nason pursuant to criteria as prescribed by the MMLR and Malaysian Code of Corporate Governance 2012 and are satisfied that they meet the criteria for independence. Hamidah Naziadin and Robert Alan Nason were appointed as Directors on 1 February 2014 and 7 March 2016 respectively and both do not exceed the tenure of nine years.
- C. The Audit Committee and the Board have considered the re-appointment of PwC as Auditors of the Company and collectively agree that PwC meets the criteria of the adequacy of experience and resources of the firm and the person assigned to the audit as prescribed by Para 15.21 of MMLR.

#### Notes: on Proxy

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote for him/her except in the circumstances set out in notes 2 and 3. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy and the provision of section 149(1)(b) of the Act shall not apply to the Company.
2. Where a member of the Company is also a substantial shareholder (within the meaning of the Act) per the Record of Depositors, such member shall be entitled to appoint up to (but not more than) five proxies. For an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. Where a member of the Company is an authorised nominee, it may appoint at least one proxy in respect of each securities account it holds to which ordinary shares in the Company are credited. Each appointment of proxy by an authorised nominee may be made separately or in one instrument of proxy and shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.
4. The instrument appointing a proxy shall:
  - (i) in the case of an individual, be signed by the appointor or by his/her attorney; and
  - (ii) in the case of a corporation, be either under its common seal or under the hand of its duly authorised attorney or officer on behalf of the corporation.
5. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
6. The instrument appointing a proxy must be deposited at the office of our Company's Share Registrar, Symphony Share Registrars Sdn. Bhd. at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; otherwise the instrument of proxy shall not be treated as valid and the person so named shall not be entitled to vote in respect thereof. Copies of the duly executed form of proxy which are faxed and/or e-mailed to us are not acceptable.
7. A proxy may vote on a show of hands and on a poll. If the form of proxy is returned without an indication as to how the proxy shall vote on any particular matter, the proxy may exercise his discretion as to whether to vote on such matter and if so, how.
8. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
9. The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so.

**Members Entitled to Attend**

For purposes of determining the entitlement of a member to attend the Seventh Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 81(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 15 April 2016. Only a Depositor whose name appears on the General Meeting Record of Depositors as at 15 April 2016 shall be entitled to attend the said meeting or appoint a proxy(ies) to attend and/or vote on such Depositor's behalf.

**Email Address**

An email account has been set up to attend to all queries from shareholders pertaining to the form of proxy and all other matters relating to the Seventh Annual General Meeting. The email address is [agm2016@maxis.com.my](mailto:agm2016@maxis.com.my) and this will be valid from 23 March 2016 to 20 April 2016.

**Administrative Details**

Please refer to the Administrative Details circulated together with this Notice or at this link [www.maxis.com.my/corp](http://www.maxis.com.my/corp) for administrative details on Seventh Annual General Meeting and Extraordinary General Meeting.

**Personal Data Privacy**

Please refer to the Company's 'Compliance with the Personal Data Protection Act' statement as found on Page 192 of the Annual Report.

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company:- (i) consents to the processing of the member's personal data by the Company (or its agents): (a) for processing and administration of proxies and representatives appointed for the AGM; (b) preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (which includes any adjournments thereto); and (c) for the Company's (or its agents') compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that he or she has obtained such proxy(ies)' and/or representative(s)' prior consent for the Company's (or its agents') processing of such proxy(ies)' and/or representative's(s)' personal data for the Purposes, and (iii) agrees that the member will indemnify the Company for any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTE: the term "processing" and "personal data" shall have the meaning as defined in the Personal Data Protection Act 2010



# Proxy Form

\*I/\*We \_\_\_\_\_ \*NRIC (new and old)/\*Passport/\*Company No \_\_\_\_\_  
(FULL NAME OF A MEMBER IN BLOCK LETTERS AS PER \*IDENTITY CARD/\*PASSPORT/\*CERTIFICATE OF INCORPORATION) (COMPULSORY : NEW AND OLD)

of \_\_\_\_\_  
(ADDRESS)

telephone no. \_\_\_\_\_ being a member of Maxis Berhad ("the Company"), hereby appoint \_\_\_\_\_

\_\_\_\_\_ \*NRIC/\*Passport No \_\_\_\_\_  
(FULL NAME OF A PROXY IN BLOCK LETTERS AS PER \*IDENTITY CARD/\*PASSPORT) (COMPULSORY)

of \_\_\_\_\_  
(ADDRESS)

and/or \_\_\_\_\_ \*NRIC/\*Passport No \_\_\_\_\_  
(FULL NAME OF A PROXY IN BLOCK LETTERS AS PER \*IDENTITY CARD/\*PASSPORT) (COMPULSORY)

of \_\_\_\_\_  
(ADDRESS)

## Only in the case of a member who is a substantial shareholder/exempt authorised nominee

and/or \_\_\_\_\_ \*NRIC/\*Passport No \_\_\_\_\_  
(FULL NAME OF A PROXY IN BLOCK LETTERS AS PER \*IDENTITY CARD/\*PASSPORT) (COMPULSORY)

of \_\_\_\_\_  
(ADDRESS)

and/or \_\_\_\_\_ \*NRIC/\*Passport No \_\_\_\_\_  
(FULL NAME OF A PROXY IN BLOCK LETTERS AS PER \*IDENTITY CARD/\*PASSPORT) (COMPULSORY)

of \_\_\_\_\_  
(ADDRESS)

and/or \_\_\_\_\_ \*NRIC/\*Passport No \_\_\_\_\_  
(FULL NAME OF A PROXY IN BLOCK LETTERS AS PER \*IDENTITY CARD/\*PASSPORT) (COMPULSORY)

of \_\_\_\_\_  
(ADDRESS)

or failing \*him/her, THE CHAIRMAN OF THE MEETING as \*my/our \*proxy/proxies to vote for \*me/us and on \*my/our behalf at the Seventh Annual General Meeting of the Company to be held on Wednesday, 20 April 2016 at 10 a.m. at Grand Ballroom, 1<sup>st</sup> Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia and at any adjournment thereof. \*I/We indicate with an "✓" or "X" in the spaces below how \*I/we wish \*my/our vote to be cast:

## AGENDA

1 To consider the Audited Financial Statements and the Reports of Directors and Auditors thereon

### ORDINARY RESOLUTIONS

FOR

AGAINST

2 (i) Hamidah Naziadin	(Resolution 1)		
2 (ii) Morten Lundal	(Resolution 2)		
3 (i) Mohammed Abdullah K. Alharbi	(Resolution 3)		
3 (ii) Robert Alan Nason	(Resolution 4)		
4 Re-appointment of Auditors	(Resolution 5)		

Subject to the abovestated voting instructions, \*my/\*our proxy may vote or abstain from voting on any resolution as \*he/\*she/\*they may think fit.

**If appointment of proxy is under hand**

Signed by \*individual member/\*officer or attorney of member/\*authorised nominee of

(beneficial owner)

No. of shares held: \_\_\_\_\_

Securities Account No.: \_\_\_\_\_  
(CDS Account No.) (Compulsory)

Date :

Seal

The proportions of \*my/\*our holding to be represented by \*my/\*our proxies are as follows:

**First Proxy**

No. of Shares: \_\_\_\_\_

No. of shares held: \_\_\_\_\_ Percentage: \_\_\_\_\_%

**If appointment of proxy is under seal**

The Common Seal of \_\_\_\_\_ was hereto affixed in accordance with its Articles of Association in the presence of:

Director \*Director/\*Secretary

in its capacity as \*member/\*attorney of member/ \*authorised nominee of

(beneficial owner)

Securities Account No.: \_\_\_\_\_  
(CDS Account No.) (Compulsory)

**Second Proxy**

No. of Shares: \_\_\_\_\_

Date : \_\_\_\_\_ Percentage: \_\_\_\_\_%

**Only in the case of a member who is a substantial shareholder/ exempt authorised nominee**

The proportions of \*my/\*our holding to be represented by \*my/\*our proxies are as follows:

**Third Proxy**

No. of Shares: \_\_\_\_\_

Percentage: \_\_\_\_\_%

**Fourth Proxy**

No. of Shares: \_\_\_\_\_

Percentage: \_\_\_\_\_%

**Fifth Proxy**

No. of Shares: \_\_\_\_\_

Percentage: \_\_\_\_\_%

**Notes to form of proxy:**

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote for him/her except in the circumstances set out in notes 2 and 3. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy and the provision of section 149(1)(b) of the Act shall not apply to the Company.
2. Where a member of the Company is also a substantial shareholder (within the meaning of the Act) per the Record of Depositors, such member shall be entitled to appoint up to (but not more than) five proxies. For an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
3. Where a member of the Company is an authorised nominee, it may appoint at least one proxy in respect of each securities account it holds to which ordinary shares in the Company are credited. Each appointment of proxy by an authorised nominee may be made separately or in one instrument of proxy and shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.
4. The instrument appointing a proxy shall:
  - (i) in the case of an individual, be signed by the appointor or by his/her attorney; and
  - (ii) in the case of a corporation, be either under its common seal or under the hand of its duly authorised attorney or officer on behalf of the corporation.
5. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.
6. The instrument appointing a proxy must be deposited at the office of our Company's Share Registrar, Symphony Share Registrars Sdn. Bhd. at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan P.JU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting or in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; otherwise the instrument of proxy shall not be treated as valid and the person so named shall not be entitled to vote in respect thereof. Copies of the duly executed form of proxy which are faxed and/or e-mailed to us are not acceptable.
7. A proxy may vote on a show of hands and on a poll. If the form of proxy is returned without an indication as to how the proxy shall vote on any particular matter, the proxy may exercise his discretion as to whether to vote on such matter and if so, how.
8. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
9. The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so.

**MEMBERS ENTITLED TO ATTEND**

For purposes of determining the entitlement of a member to attend the Seventh Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 81(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 15 April 2016. Only a Depositor whose name appears on the General Meeting Record of Depositors as at 15 April 2016 shall be entitled to attend the said meeting or appoint a proxy(ies) to attend and/or vote on such Depositor's behalf.

**TOLL-FREE LINE AND EMAIL ADDRESS**

An email account has been set up to attend to all queries from shareholders pertaining to the form of proxy and all other matters relating to the Seventh Annual General Meeting. The email address is agm2016@maxis.com.my and this will be valid from 23 March 2016 to 20 April 2016.

**PERSONAL DATA PRIVACY**

Please refer to the Company's 'Compliance with the Personal Data Protection Act' statement as found on Page 192 of the Annual Report

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company:- (i) consents to the processing of the member's personal data by the Company (or its agents): (a) for processing and administration of proxies and representatives appointed for the AGM; (b) preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (which includes any adjournments thereto); and (c) for the Company's (or its agents') compliance with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that he or she has obtained such proxy's(ies) and/or representative's(s') prior consent for the Company's (or its agents') processing of such proxy's (ies) and/or representative's(s') personal data for the Purposes, and (iii) agrees that the member will indemnify the Company for any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

NOTE: the term "processing" and "personal data" shall have the meaning as defined in the Personal Data Protection Act 2010

\* delete if inappropriate





[www.maxis.com.my](http://www.maxis.com.my)

**Maxis Berhad** (867573-A)  
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Kuala Lumpur City Centre  
Off Jalan Ampang  
50088 Kuala Lumpur