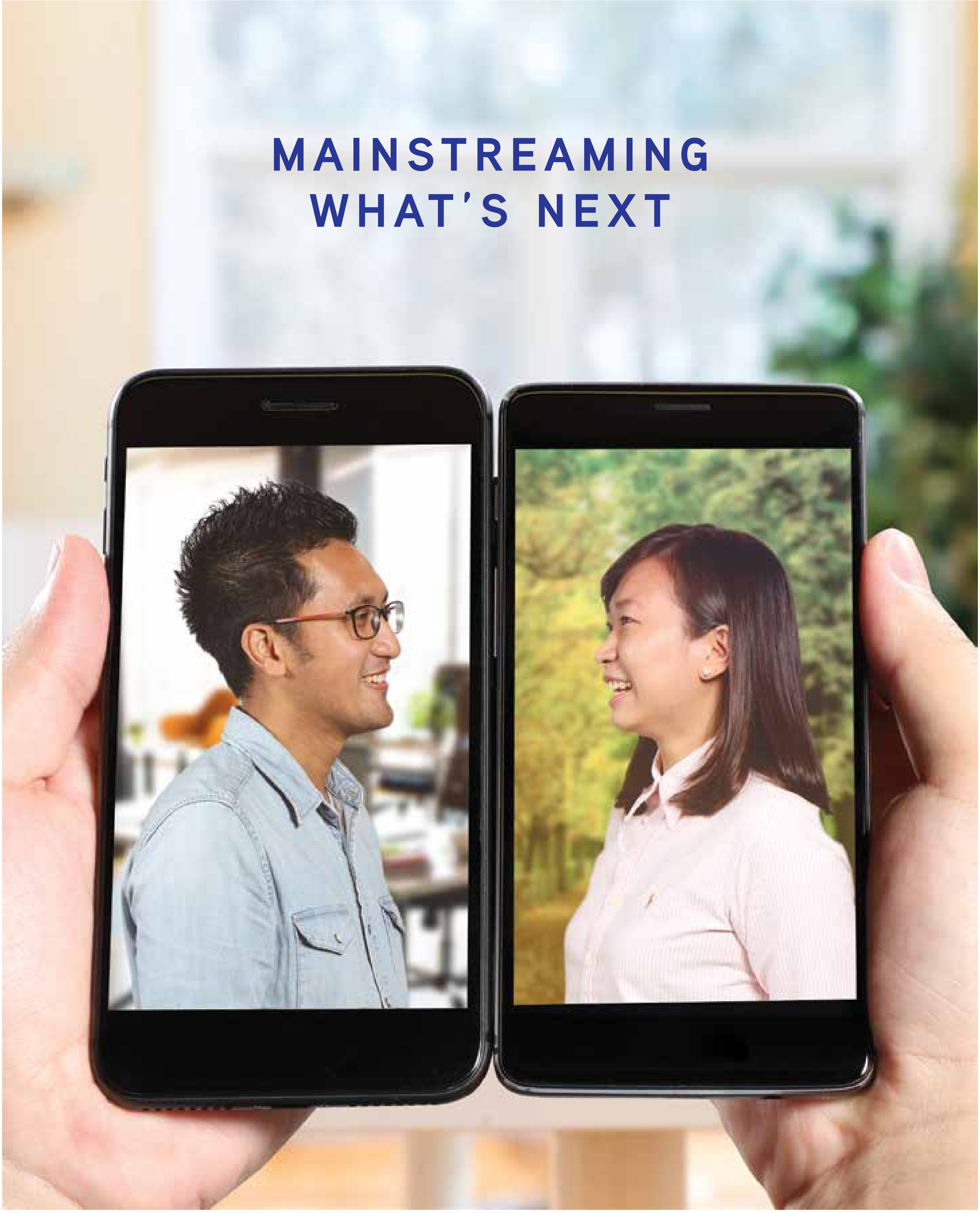
MY MAXIS 4G 98%



maxis

ANNUAL REPORT 2017

WE ARE MAXIS

For us, What's Next. is not a question so much as it is a mindset. We are obsessed with providing Malaysians the best access to the constantly expanding universe of digital applications - mainstreaming innovations so that they become solutions that empower the masses.

We take pride in our continuous innovations as we evolve from being just a leading telco to providing our customers with an unrivalled suite of innovative and end-to-end communications experience. We empower our enterprise customers with New Ways of Working by providing integrated mobility solutions and fixed connections, enabling businesses to digitally engage their customers in meaningful ways.

We ensure our customers enjoy superior communications experiences by offering the best network. At Maxis, we don't believe in settling for average – we raise the bar with our industry-leading 4G LTE network, the widest and fastest in Malaysia. We have committed our long-term investments into expanding our 4G LTE coverage so that all our customers enjoy an uncompromised Internet experience.

Beyond our engagement with consumers, we are also passionate about creating positive, long-lasting impact within the communities that we operate in. Our Economic, Environmental and Social (EES) responsibility credential is founded on our philosophy of enriching local communities through our EES activities and programmes.

Our people are the driving force of the MaxisWay. They personify our high-performance culture, imbued with the spirit of passion, positivity and collaboration within a fun and dynamic workplace. Our employees are high-performing talents who are always enthusiastic about expanding their capacity and contributing their unique skills. Our focus on ensuring that our employees achieve personal and professional success makes us an employer of choice, attracting the best and brightest in the industry.

As we continue our journey towards becoming a fully digitalised Maxis, we are on course to becoming the preferred choice for digital experience seekers in Malaysia.

Strategic Framework

Our **promise**	**FEEL FREE -** to connect and communicate. Customers will feel enabled by our services, not inhibited. We want them to have an unmatched customer experience every time they are with us, whether it's through our products or our people.
Our **vision**	**ADMIRED FOR EXCELLENCE -** in everything we do, from the way we deal with customers and the way we work, to the way we manage our talent. In everything that we do, we want to be leaders.

WHAT'S IMPORTANT TO US

- 01 Happy Customers
- 02 Fuelling Potential
- 03 Unmatched Network Experience
- 04 Innovative Solutions

UNDERPINNED BY RESPONSIBLE BUSINESS PRACTICES

- 01 Sustainable Practices
- 02 Engaged Employees
- 03 Connecting the Unconnected
- 04 Environmental Consciousness

What's Important to Us

Happy Customers

As our customers continue on their Maxis journey, our priority is to provide innovative, worry-free services, empowering them with superior service on their mobile devices. We want to give our customers as many LIKE moments as possible, providing them unmatched digital experiences as they navigate in an 'Always On' world.

Unmatched Network Experience

We view our network coverage and quality as our prized competitive advantages, the technological foundations upon which we are able to provide our customers a peerless mobile Internet experience. We remain committed to focused investments to further expand and upgrade Malaysia's No. 1 4G LTE network, as we continue ahead with our ambition to deliver seamless connectivity to our customer base.

Fuelling Potential

We believe in attracting, retaining and developing the best and brightest talents in the industry, as part of our unswerving commitment to develop highly capable and engaged people. Inculcating them into the MaxisWay values of passion, positivity and collaboration, which incorporates New Ways of Working in an exciting and fun work place, we provide our people with training and development needs to help them fulfil their fullest potential.

Innovative Solutions

Innovation is key in providing solutions which speak to the needs and desires of digital-savvy Malaysians. We cater to the ever evolving and sophisticated needs of digital natives through partnerships with content owners like Spotify and Google, and providing convenient, value-for-money differentiated offerings. We welcome the challenges of the digital revolution, and strive to remain at the forefront in our network's capability to provide for the increasingly demanding Internet needs of individuals and businesses.

What's Important to Us

Connecting the Unconnected

As Malaysia's leading communications service provider, empowering communities is a vital component of our Economic, Environmental and Social (EES) efforts. At Maxis, we leverage on digitalisation and technology to create meaningful impact in the lives of students in rural communities through better access to educational tools and opportunities. eKelas, our after-school remote learning programme for students in underserved areas, is an embodiment of this principle. More than 2,400 students are already participating in the live tutorials delivered through 20 Pusat Internet 1Malaysia (PI1M) under Maxis' care nationwide. With the newly launched eKelas portal, students have access to a cloud-based resource of learning content, enabling them to study at their own pace, and at the same time discover how to learn collaboratively. We also actively encourage our employees to give back to the community by supporting and giving their time to community-based activities.

Environmental Consciousness

As a responsible corporate citizen, we remain committed to protecting our planet by minimising our environmental impact through responsible and sustainable practices. As we continue to expand our network and services to cater to the ever increasing needs of our customers, we are cognisant of our network's 95% energy consumption. In our bid to minimise our carbon footprint, we are turning more to the use of renewable energy to improve the efficiency of our network. Our green initiatives are focused on three key areas - increasing the energy efficiency of our network facilities and buildings as well as reducing and managing our carbon emissions; managing our waste effectively; and promoting green habits amongst our employees.

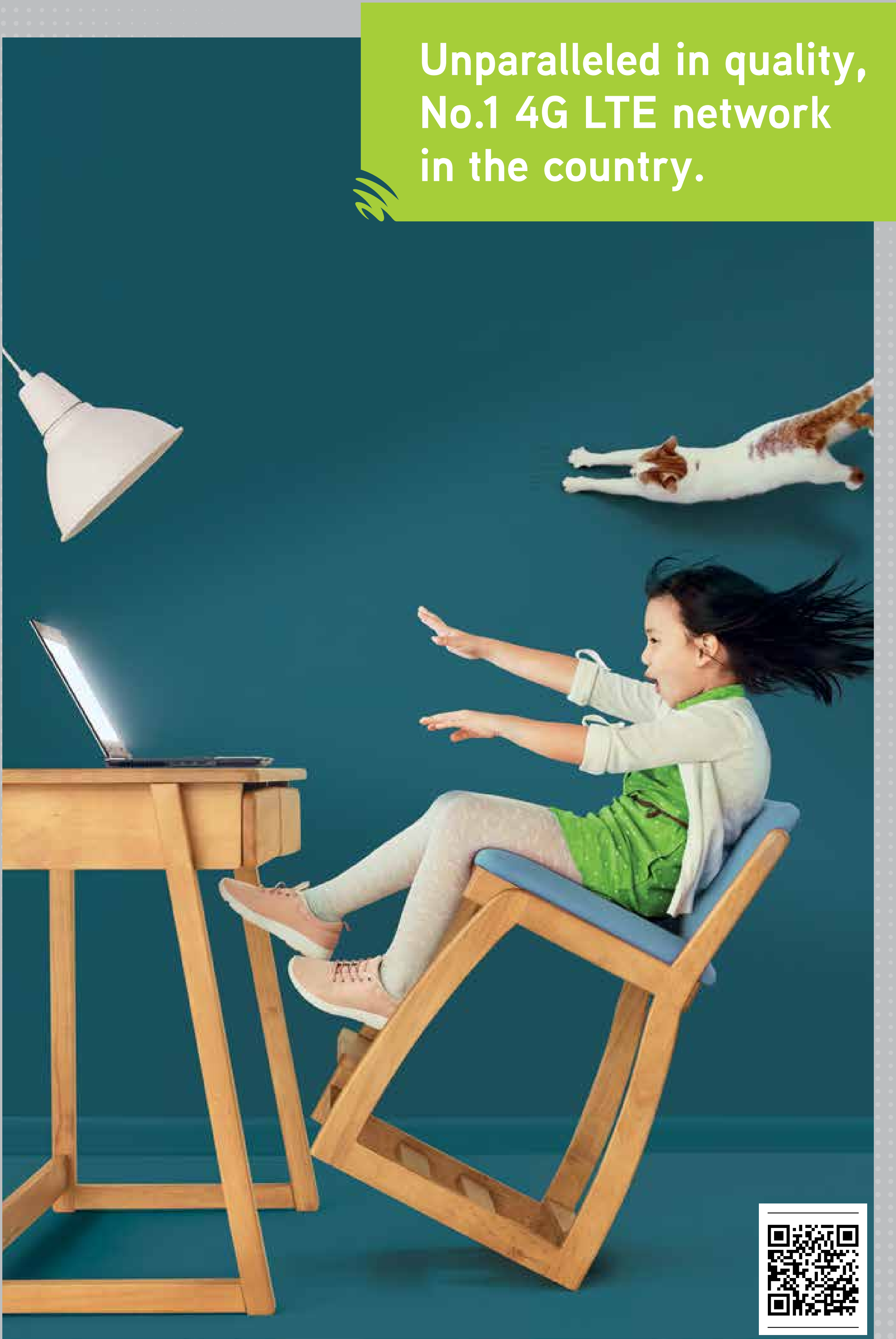
Engaged Employees

Great customer experiences begin with great employee experiences. That's what drives us to invest in creating a vibrant, fun and collaborative work environment. Our people are highly engaged, growing in strength through digitalisation and living our MaxisWay values of being positive, passionate and collaborative.

Sustainable Practices

Our approach to sustainability is grounded on our acute awareness of the trends that influence our business and goal of creating long-term growth for our business. Digitalisation is reshaping customer expectations and the business models that respond to their needs. We are focused on ensuring that our customers have better digital experiences and are empowered to thrive in this digital world.

Contents


Unparalleled in quality,
No.1 4G LTE network
in the country.

Financial Highlights

	2017	2016 [7]	2015 [7]	2016-2017 YoY Change
FINANCIAL RESULTS				
Financial Indicators (RM'mn)				
Revenue	**8,696**	8,612	8,601	1.0%
Service revenue [1]	**8,525**	8,455	8,520	0.8%
EBITDA [2]	**4,709**	4,551	4,331	3.5%
Normalised EBITDA [3]	**4,597**	4,502	4,445	2.1%
Profit Before Tax ("PBT")	**2,894**	2,737	2,460	5.7%
Profit After Tax ("PAT")	**2,192**	2,013	1,747	8.9%
Normalised PAT [4]	**2,086**	1,977	1,975	5.5%
Profit attributable to equity holders of the Company	**2,192**	2,013	1,739	8.9%
Financial Ratios				
EBITDA margin (%)	**54.2**	52.8	50.4	
Normalised EBITDA margin on service revenue (%)	**53.9**	53.2	52.2	
PBT margin (%)	**33.3**	31.8	28.6	
PAT margin (%)	**25.2**	23.4	20.3	
Normalised PAT margin on service revenue (%)	**24.5**	23.4	23.2	
Interest cover ratio	**7.4**	6.7	6.1	
Earnings per share (sen)				
- basic	**28.6**	26.8	23.2	
- fully diluted	**28.6**	26.8	23.2	
Dividends per share (sen) [5]	**20.0**	20.0	20.0	
FINANCIAL POSITIONS				
Financial Indicators (RM'mn)				
Equity attributable to equity holders of the Company	**7,042**	4,721	4,190	
Total assets	**19,249**	19,643	18,984	
Total borrowings [6]	**7,642**	9,253	9,130	
Financial Ratios				
Return on Invested Capital (%)	**18.3**	18.9	17.9	
Return on Average Equity (%)	**37.3**	45.2	39.1	
Return on Average Assets (%)	**13.1**	12.6	11.8	
Net gearing ratio	**1.00**	1.82	1.86	
Net assets per share attributable to equity holders of the Company (RM)	**0.90**	0.63	0.56	

Notes:

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

(2) Defined as Earnings Before Interest, Taxes, Depreciation and Amortisation and allowance for write down of indentified network cost

(3) Exclude below items for the respective years:
- (a) Year 2017 - RM112 million comprising unrealised foreign exchange gains of RM78 million and prior years' service fees reduction of RM62 million offset by upfront spectrum assignment fees charged out of RM28 million
- (b) Year 2016 - RM49 million comprising unrealised foreign exchange gains of RM20 million and reversal of contract obligations provision of RM47 million offset by service fees charged of RM18 million
- (c) Year 2015 - RM114 million comprising unrealised foreign exchange losses of RM94 million and service fees charged of RM20 million

(4) Exclude below items (after tax effects) for the respective years:
- (a) Year 2017 - RM106 million comprising unrealised foreign exchange gains of RM59 million and prior years' service fees reduction of RM47 million
- (b) Year 2016 - RM36 million comprising accelerated depreciation of RM37 million and service fees charged of RM14 million offset by reversals of asset impairment and contract obligations provision of RM71 million and unrealised foreign exchange gains of RM16 million
- (c) Year 2015 - RM228 million comprising accelerated depreciation of RM143 million, unrealised foreign exchange losses of RM70 million and service fees charged of RM15 million

(5) Dividends per share consist of interim and final dividends declared and proposed in respect of the designated financial years

(6) Include derivative financial instruments designated for hedging relationship on borrowings but exclude vendor financing

(7) The comparative results were restated to provide more comparable information with the current year

Group Quarterly Financial Performance

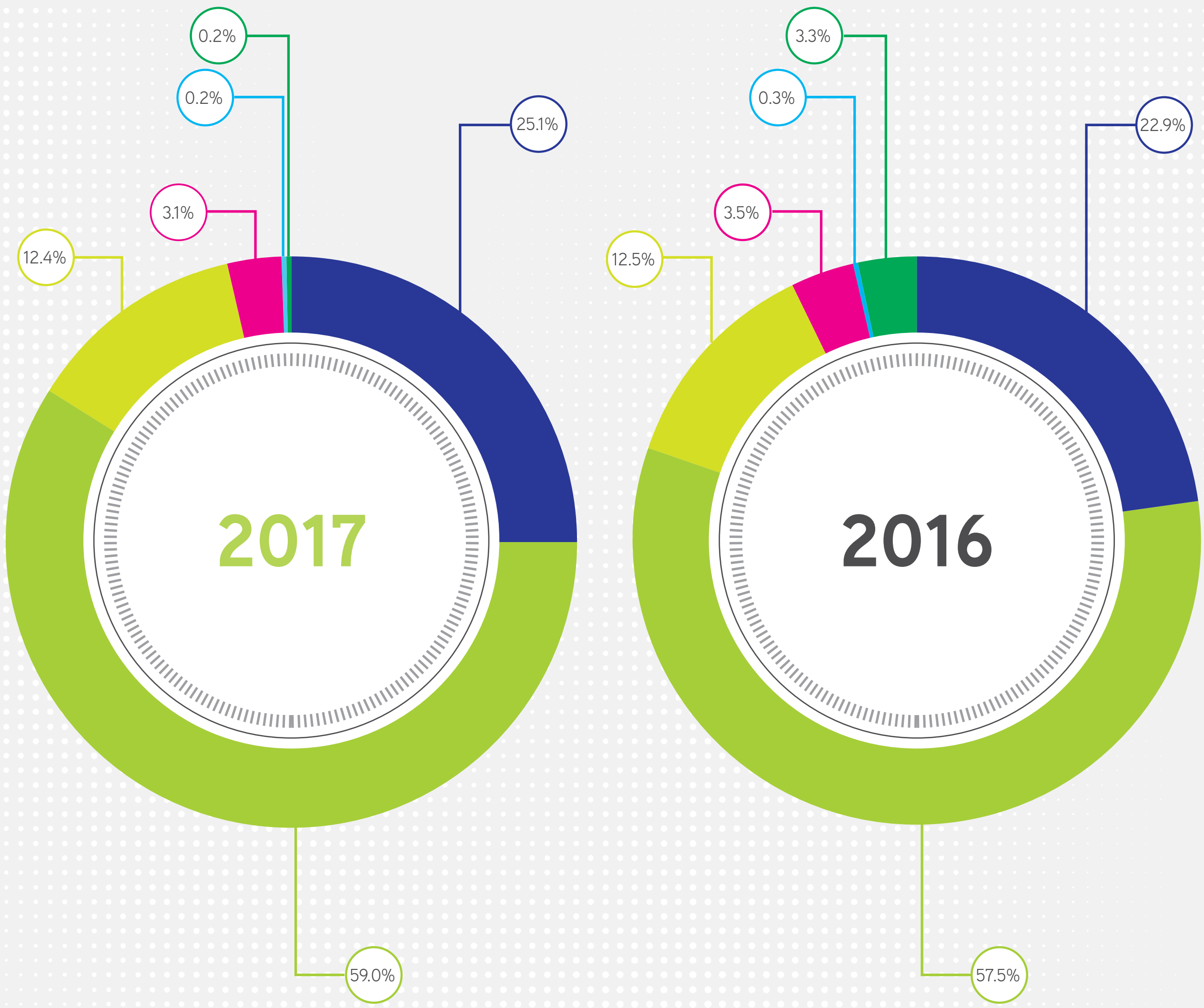
	2017				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2017
RM'mn					
Revenue	2,157	2,172	2,217	2,150	8,696
Service revenue	2,129	2,122	2,155	2,119	8,525
EBITDA	1,111	1,223	1,191	1,184	4,709
Normalised EBITDA	1,123	1,104	1,201	1,169	4,597
PBT	677	780	727	710	2,894
PAT	505	574	554	559	2,192
Normalised PAT	514	484	551	537	2,086
Profit attributable to equity holders of the Company	505	574	554	559	2,192
Earnings per share - basic (sen)	6.7	7.6	7.1	7.2	28.6
Dividends per share (sen) [1]	5.0	5.0	5.0	5.0	20.0

	2016[2]				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2016
RM'mn					
Revenue	2,140	2,102	2,156	2,214	8,612
Service revenue	2,122	2,055	2,113	2,165	8,455
EBITDA	1,213	1,050	1,130	1,158	4,551
Normalised EBITDA	1,161	1,010	1,144	1,187	4,502
PBT	734	648	680	675	2,737
PAT	520	483	505	505	2,013
Normalised PAT	487	423	519	548	1,977
Profit attributable to equity holders of the Company	518	488	503	504	2,013
Earnings per share - basic (sen)	6.9	6.5	6.7	6.7	26.8
Dividends per share (sen) [1]	5.0	5.0	5.0	5.0	20.0

Notes:
[1] Dividends per share consist of interim and final dividends declared and proposed in respect of the designated financial periods/years
[2] The comparative results were restated to provide more comparable information with the current period/year

Summarised Group Statement of Financial Position

TOTAL ASSETS



PROPERTY, PLANT AND EQUIPMENT (RM'mn)

4,841

2016 - 4,502

INTANGIBLE ASSETS (RM'mn)

11,354

2016 - 11,297

RECEIVABLES, DEPOSITS AND PREPAYMENTS (RM'mn)

2,383

2016 - 2,454

DEPOSITS, CASH AND BANK BALANCES (RM'mn)

602

2016 - 682

DEFERRED TAX ASSETS AND TAX RECOVERABLE (RM'mn)

31

2016 - 66

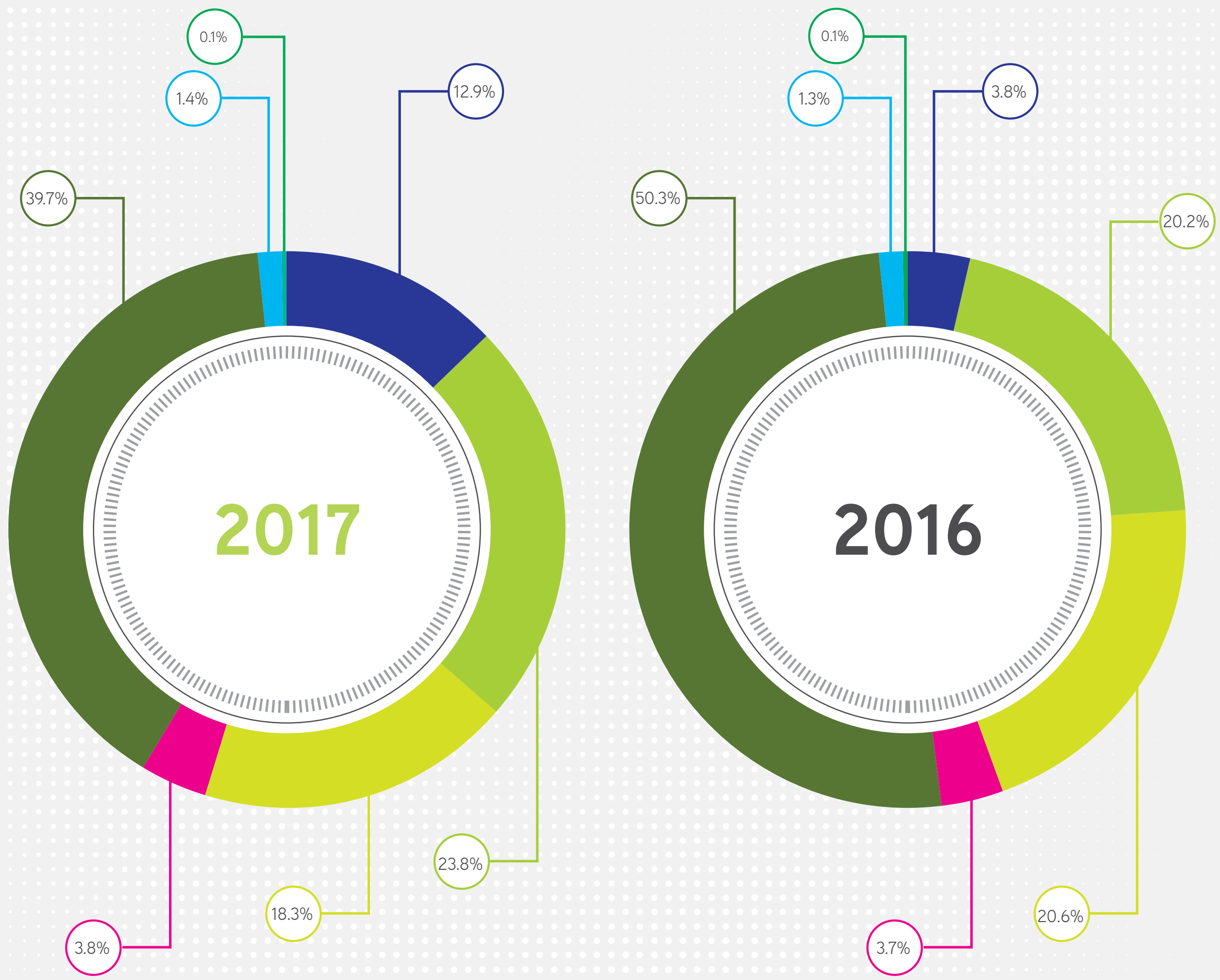
OTHER ASSETS (RM'mn)

38

2016 - 642

Summarised Group Statement of Financial Position

TOTAL EQUITY AND LIABILITIES



SHARE CAPITAL (RM'mn)
2,469
2016 - 751

RESERVES (RM'mn)
4,573
2016 - 3,970

PAYABLES AND ACCRUALS (RM'mn)
3,526
2016 - 4,051

TAXATION AND DEFERRED TAX LIABILITIES (RM'mn)
728
2016 - 732

BORROWINGS (RM'mn)
7,645
2016 - 9,864

PROVISIONS FOR LIABILITIES AND CHARGES (RM'mn)
281
2016 - 261

OTHER LIABILITIES (RM'mn)
27
2016 - 14

Chairman's Statement

Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda
Chairman

We are actively progressing in our digital transformation.

In 2017, we strengthened our position as the market leader in our core businesses. This momentum will only increase as we forge ahead with our digital transformation journey.

WINNING IN A CHALLENGING ENVIRONMENT

We continued with our core proposition of offering great network and unmatched customer experience. Our solid financial performance is a clear indication that our strategy so far has been a winning one, even with the continued price pressure and intense competitive environment.

We have been rewarding our loyal shareholders with cash dividends. Based on four interim dividends of 5 sen per share, the Company declared total dividends of RM1.5 billion for the financial year. This payout is aligned to our cash generation and dividend policy.

Chairman's Statement

SHAPING A CHANGING ENVIRONMENT

We are witnessing an undeniable market trend in the rising adoption of digital services by both consumers and enterprises. Although this trend is still in its nascent stages in Malaysia, Maxis is well positioned to use it as a positive lever for sustained future growth.

We are making active progress towards that goal through our digital transformation journey. The end result will be a holistic digital transformation of Maxis, which will address all our attributes including platforms, processes and people – all vital to be a company of the future. We want to be fully digital by end 2018.

WHAT MATTERS TO US

Delivering great connectivity is at the core of our purpose. What matters to us is to continue to live up to our promise of giving customers a worry-free experience. And for this, we're building our competitive advantage by ensuring that our customers are happy, continuing to challenge the competition with innovative solutions, fuelling the potential of our people and giving an unmatched network experience. This is part of our commitment to creating sustainable and long-term growth for our business, while leading and shaping positive change in the communities that we operate.

Our investments extend to the community front with our flagship Corporate Responsibility Programme, eKelas. An after-school digital learning initiative that aims to improve the academic performance of students in the rural communities, the programme was further expanded in 2017 with the launch of eKelas portal. This portal allows students to have access to a cloud-based resource of learning content, enabling them to study at their own pace. Students can take charge of their learning and at the same time discover how to learn collaboratively.

Following the 900MHz and 1800MHz spectrum reallocation exercise, Maxis needed to optimise a reduced spectrum portfolio. In the reallocation exercise, Maxis was able to maintain its network quality. We are happy with the spectrum certainty gained in bands and we are looking forward to additional fair spectrum allocations in other bands to continue serving the Malaysian population with the best Internet experience.

New spectrum is one of the key components in providing faster data speeds and wider coverage. Maxis will participate in the 700MHz tender by Malaysian Communications and Multimedia Commission (MCMC).

CORPORATE GOVERNANCE AND BOARD COMMITMENT

Our Board of Directors is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and practices in our discharge of duties and responsibilities towards corporate governance. I would like to record my appreciation to my fellow directors and management team for their commitment to corporate governance. The details of Maxis' compliance to the Malaysian Code of Corporate Governance 2017 can be found in Maxis' Corporate Governance Report.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to thank Ministry of Communications and Multimedia Malaysia (KKMM) and MCMC, our customers, business partners, associates and our shareholders. We are grateful for your continuous support and confidence.

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

On behalf of the Board, I would also like to thank our CEO, Morten Lundal, for his valuable contributions and services to the Company. It has been an exciting time with Morten. We have accomplished a lot in this journey with him. Today, Maxis is in a strong position with higher market shares, happier customers and highly engaged employees. All these work well for us as we continue our journey to be a digital enabler.

I wish to express my gratitude to the Management for their leadership and to all our employees for their positive support and contribution. We recorded world-class employee engagement scores in 2017, a result of our thorough focus on each employee's professional and personal success.

Moving forward, I am excited to work together with the Board, the Maxis team, and our stakeholders to realise our digital transformation journey. I am confident we are on the right track in achieving our ambition.

RAJA TAN SRI DATO' SERI ARSHAD BIN RAJA TUN UDA

CEO's Statement

Morten Lundal
CEO

We want digital capabilities to be our new key differentiator.

The Internet has transitioned from being a good thing to a very important or even crucial thing for most of us. Data explosion is not an overstatement here in Malaysia. In just one year, the blended Maxis data consumption went from 4.1GB to 7.4GB per month. Globally speaking, there can't be many networks that expanded more than we did.

It's a sign of the tremendous growth we are seeing in the digital world where great connectivity matters more than ever before. For us, digitalisation is surging in three areas:

More and more people are digital natives. People are embracing new means of consumption in almost every aspect of work, play and life. Digital natives are the new normal, as rising lifestyle digitalisation in an "Always On" world is resulting in shifts in the way we consume media, e-commerce and financial services, which are some of the fastest growing sectors. Even everyday services such as the way we order transport and food are going online. Digital experiences have gone from exciting and empowering for the consumer to being absolutely crucial for everyday functioning.

CEO's Statement

Businesses increasingly compete on digital grounds. Digital behaviour and lifestyle creates fast growing demand in that arena. Businesses are vying to catch up. This simply means that businesses need to craft a clear and ambitious digital strategy to not be at a disadvantage. They need to think about ways that the Internet can empower and drive their businesses into a sustainable future.

Maxis going Digital. We want to be fully digital by the end of 2018, a vision we have had for three years. Maxis is very ambitious in changing its business model, distribution, products and operational model to one that fully embraces digital technologies. We want digital capabilities to be our new key differentiator. These are mighty aims, but we are serious and we are investing significantly in this multi-year programme to create an all new IT stack and capabilities. More or less, every software component in Maxis is going to be the newest and the best as we end 2018. Our new IT capabilities will allow us to understand our customers even better, enabling us to channel the full power of the Internet through the Maxis digital experience.

MAXIS IN 2017: A YEAR OF SETTING BENCHMARKS

2017 continues the trend of price-focused competition in a maturing telecom industry. Though we operated within a challenging environment, our performance in different areas exceeded competitive benchmarks, our own historical benchmarks and our rather incredibly high internal ambitions.

We remain at the forefront as the revenue leader within our core business segments. MaxisONE Plan now has a solid base of more than 2 million subscribers with higher monthly usage and monthly spend than before. Hotlink FAST subscriptions also grew to more than 2 million customers.

Our customers' worry-free digital experience has only gotten better after the launch of our integrated home and mobile data solution, MaxisONE Prime, and our personalised prepaid app experience, HotlinkMU.

In Enterprise, we have been developing and launching new products and services in fast rising adjacent verticals for long-term growth. Our solutions are there to amplify the power of the Internet in enabling digital solutions and new ways of working for Malaysian businesses.

The ongoing digitalisation of our retail and contact centres is already creating new digital customer experiences. The number of renovated stores with mobile customer service systems and smarter self-service kiosks has increased by over 49% from 2016. Our self-service apps, MyMaxis App and Hotlink RED App, are gaining traction with over 3.0 million active users – and they are joined by the newly launched MyMaxis Biz App for business users.

Our network continues to be unparalleled in quality as confirmed by independent studies. We have invested RM1.03 million for the year to ensure our customers continue to enjoy the best mobile streaming experience. Our industry-leading 4G LTE network now covers 92% of the population. Within our home fibre segment, we've expanded our coverage to now include Sabah and Sarawak with speeds up to 100Mbps. It is now also possible to combine mobile and home data in East Malaysia, which is in line with our obsession to become everyone's total digital solution provider. We've even got your 4G smartphone needs sorted with our new Maxis branded Next M1 and X1 smartphones.

We have been performing well in terms of competitive benchmarks and we have also been doing well in some global benchmarks. Our internal measurement for employee engagement, Voice of Maxis, showed the highest scores in Maxis' history at 88% which literally is world class. To put it simply: our people are thriving – which seems to translate to customer happiness as well. We are equally proud to have achieved some of the highest customer satisfaction scores ever recorded by Maxis in 2017, which is at an all-time high at +53, from +39 in 2016. Voted by the public, once again Maxis was chosen as the "Best Telco" and "Best LTE Network" in the country in Lowyat.NET Community Choice Awards for 2017. Fundamentally, we've met our own ambitious goals – and that's what matters.

Overall, 2017 was filled with many proud highlights. I will just summarise our key numbers below:

- Service revenue: RM8.5 billion
- EBITDA (normalised): RM4.6 billion
- EBITDA margin on service revenue (normalised): 54%
- PAT (normalised): RM2.1 billion
- Prepaid revenue: RM3.8 billion
- Postpaid revenue: RM4.1 billion
- Mobile Internet penetration: 75%
- LTE coverage: 92%

So, 2017 has set a new standard. But our to-do list heading towards a fully-digitalised Maxis is still long and ambitious – and I am certain we have the right plans and people to make it happen. We can't wait for you to see and experience all the other exciting things that we have been creating inside the Maxis machine.

An exciting journey in the past and at least equally exciting in the future, but I am logging off the Maxis computers at the end of my contract term, 31 March 2018. It has been a true privilege to head Maxis through this transformation and I wish the Maxis team all the best for continued success.

MORTEN LUNDAL

Management Discussion and Analysis

Solid financial performance in a challenging environment; with key differentiating factors of delivering unmatched customer experience and superior network quality fuelling growth.

Financial Review
We are pleased to report solid financial results for the financial year ended 31 December 2017. Despite a challenging operational landscape, revenue and EBITDA were marginally up over 2016 and our results are in line with guidance.

Record high demand for data, coupled with our high quality network, continued to be the key drivers for data revenue growth, which remained strong at 24% for the year. This was supported by the continuous growth in smartphone penetration whereby 81% of our 10 million revenue generating subscribers ("RGS") owned a smartphone compared to 76% last year.

DELIVERED EARNINGS IN LINE WITH GUIDANCE

Service Revenue
RM8.5
billion

Normalised EBITDA
RM4.6
billion

Normalised Profit After Tax
RM2.1
billion

Cash Dividends
RM1.5
billion

Normalised Free Cash Flow
RM1.5
billion

LEADING DATA NETWORK

92%
Industry-leading 4G LTE population coverage with consistent 4G download speeds

95%
4G data sessions at 3Mbps or higher; best seamless HD video streaming

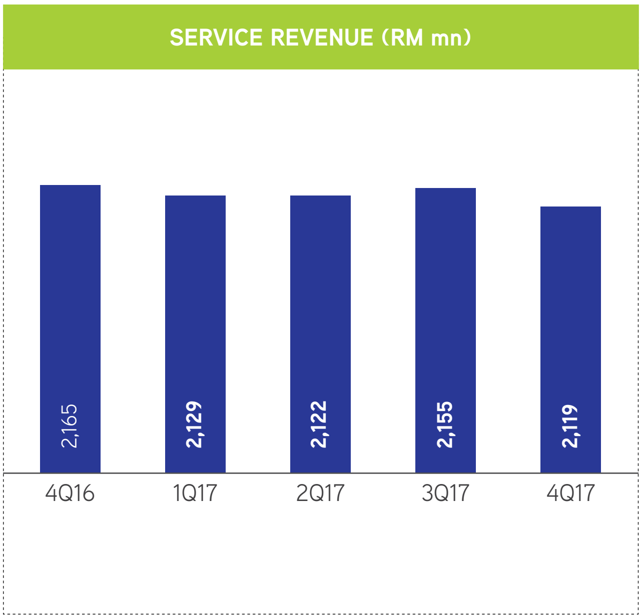
>2x
LTE
Traffic growth; consistently great Internet experience

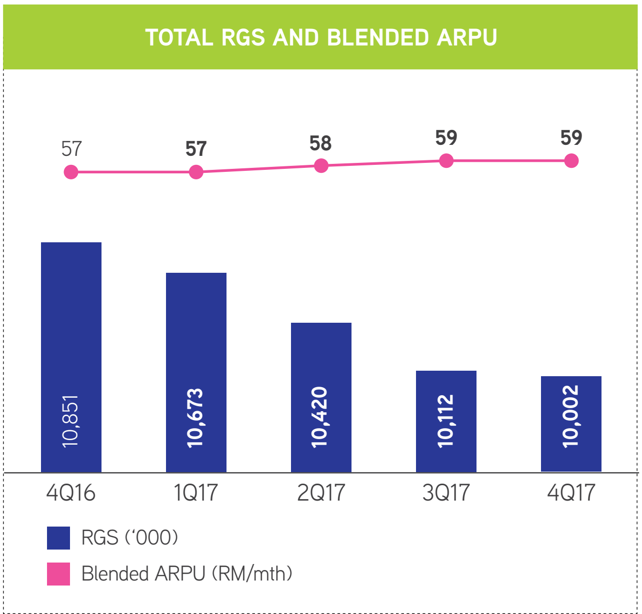
COMMITTED TO DELIVER UNMATCHED CUSTOMER EXPERIENCE

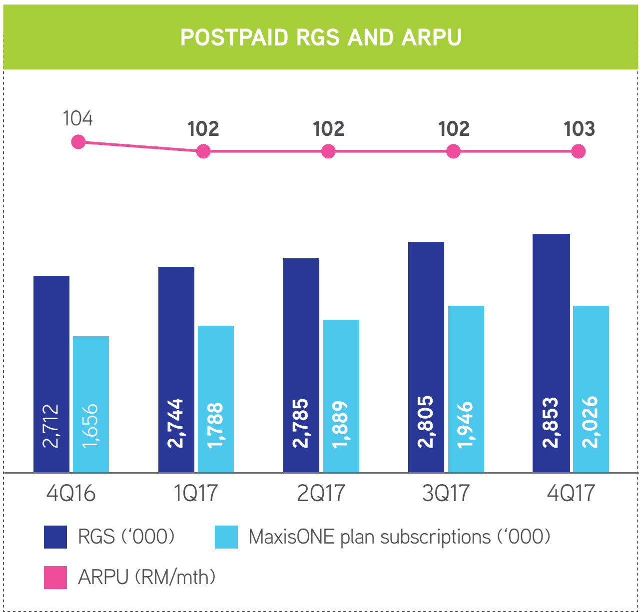
88%
First contact resolution across all customer service touchpoints

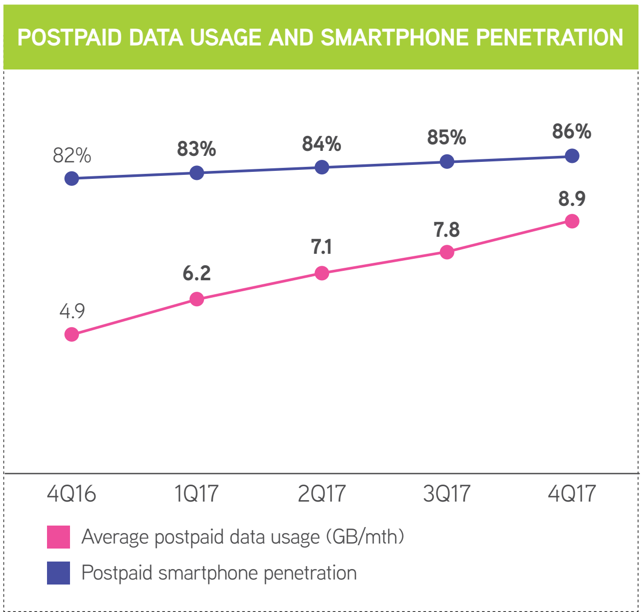
+53
Highest overall touchpoint net promoter score (NPS)

Management Discussion and Analysis







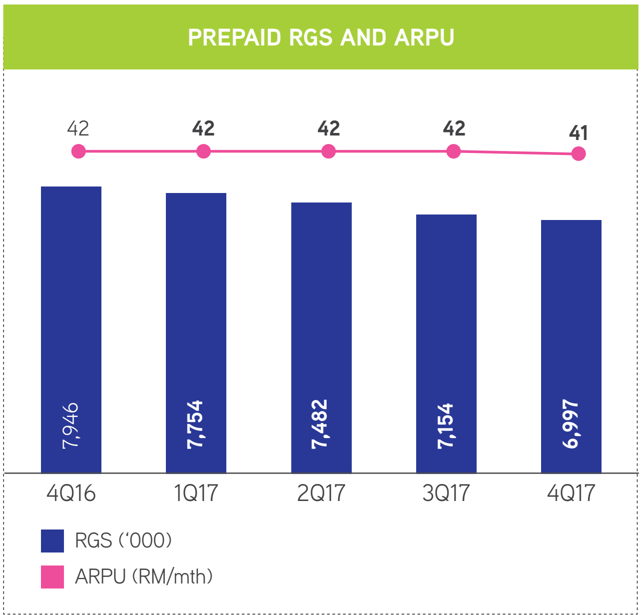


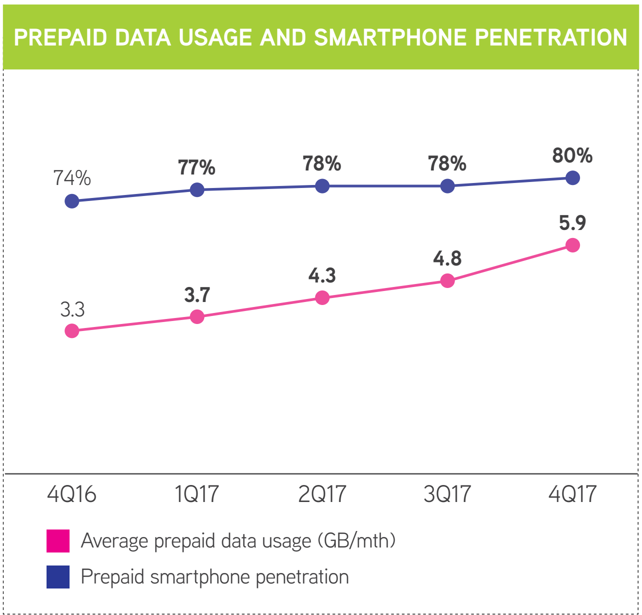
Postpaid revenue grew 4.2% to RM4,117 million, supported by a solid subscription base of 2.9 million subscribers from 2.7 million a year ago.

We continued to enhance the value propositions in both our MaxisONE Plan and device ownership offerings, whilst providing worry-free mobile Internet experiences to our high Average Revenue Per User ("ARPU") subscribers. With more subscribers seeking a seamless Internet experience at home and on-the-go, we launched our first converged offering known as MaxisONE Prime in October 2017, a product bundling offer of home and mobile data solutions with attractive home devices under one account. All these innovative propositions contributed positively to the MaxisONE plan subscription base which have grown to exceed 2 million subscribers and a stable ARPU of RM119 per month, higher than the overall blended monthly ARPU of RM102.

In terms of data usage, demand for data continued to grow strongly across all segments of our postpaid base, with data usage almost doubling in 2017 to an average of 7.5GB per month from 3.4GB a year ago. This was partly driven by the high smartphone penetration of our postpaid base which stood at 86%.

Management Discussion and Analysis





Prepaid revenue declined 3.7% year-on-year to RM3,849 million. This was mainly attributed to the lower subscription base which was impacted by intense price-focused competition, SIM consolidation in the market and migration from prepaid to postpaid. The impact was partly mitigated by the higher average ARPU of RM42 per month, compared to RM40 in the previous year, contributed by higher mobile Internet revenue.

We continued to offer differentiated Internet propositions under Hotlink FAST and have successfully expanded its customer base surpassing 2 million this year, which contributed to the increase in mobile Internet revenue. This was reflected in our high and stable Hotlink FAST average prepaid ARPU of RM44 from RM43 per month in the previous year.

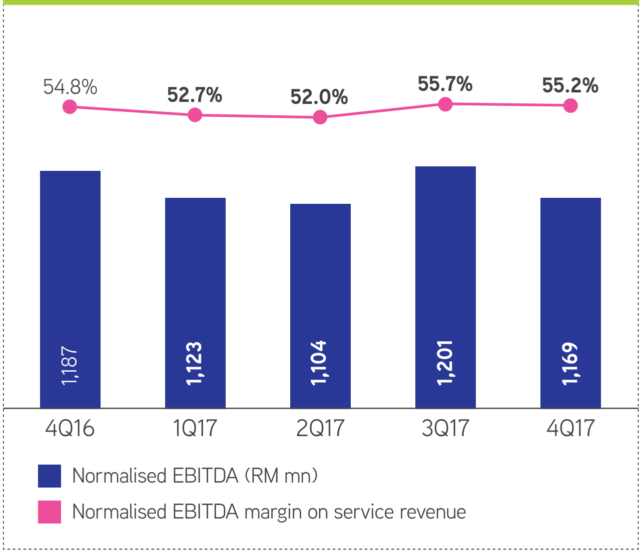
A similar surge in demand for data was seen across all our prepaid segments, with over 6 million mobile Internet users, using on average 4.7GB per month, almost double the average of 2.4GB in the previous year. This was supported by the increase in smartphone penetration which stood at 80% of subscription base. Leveraging on our leading 4G LTE network, our differentiated Internet propositions contributed to the growth in mobile Internet revenue which accounted for more than 52% of prepaid revenue, up from 42% a year ago.

Enterprise Fixed revenue grew 1.4% year-on-year to RM292 million on the back of higher demand for bandwidth capacity, especially for leased lines, dedicated Internet and broadband services.

Home Fibre recorded a year-on-year revenue growth of 21.7% to RM267 million. During the year, we built new capabilities in service assurance. As a result, our Maxperts service continued to be a service differentiator, receiving high customer satisfaction levels.

Management Discussion and Analysis

NORMALISED EBITDA AND MARGIN

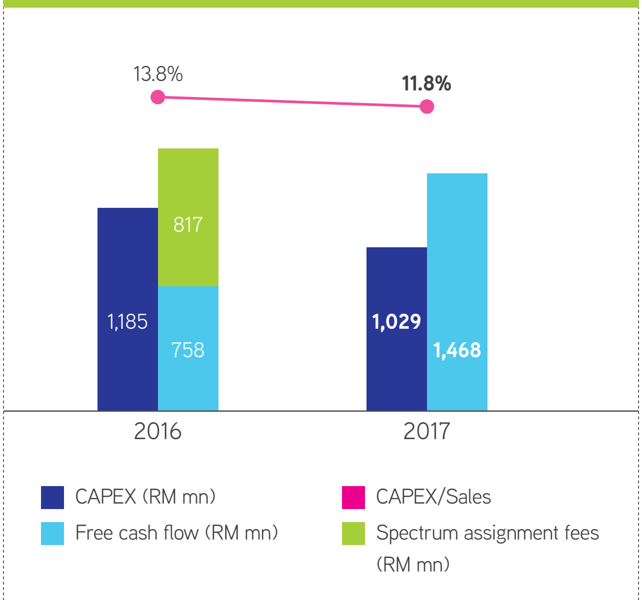


NORMALISED PROFIT AFTER TAX (RM mn)

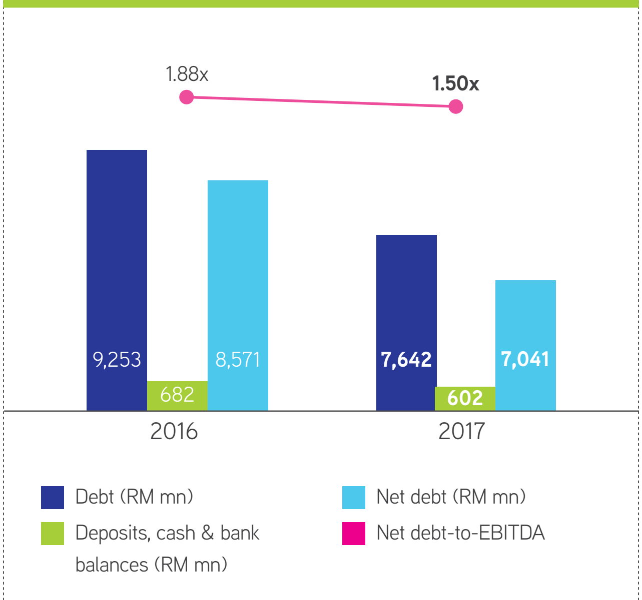
Normalised EBITDA and EBITDA margin on service revenue grew to RM4,597 million and 53.9% respectively (Year 2016: RM4,502 million and 53.2%), mainly a result of higher revenue base, efficient marketing spend and savings from cost optimisation initiatives that were partially offset by higher resource costs.

Normalised profit after tax was higher at RM2,086 million compared to RM1,977 million a year ago, in line with the development in EBITDA. For the financial year 2017, normalised profit after tax excludes net of tax impacts of RM59 million unrealised foreign exchange gains (Year 2016: RM16 million) and service fee reduction of RM47 million (Year 2016: charge of RM14 million), as well as asset impairment and contract obligations provision reversals of RM71 million and accelerated depreciation of RM37 million for financial year 2016.

CAPEX AND FREE CASH FLOW



NET DEBT-TO-EBITDA



Management Discussion and Analysis

Capital Expenditure (Capex) in 2017 was RM1.03 billion, which was mainly for investments in network capacity expansion, as we focused on enhancing our superior quality network to enable our customers to continue enjoying a differentiated digital experience. The record high demand for data saw our 4G LTE users growing to 6.2 million users (Year 2016: 4.6 million) and the average usage for the year increasing from 4.1GB to 7.4GB per month. Despite the growth in demand, we continued to provide Unmatched Customer Experience with our ubiquitous 4G coverage across the country, reaching a high population coverage of 92% on a comparable peer basis.

Free cash flow, normalised for spectrum assignment fees, was relatively stable year-on-year.

Net debt-to-EBITDA dropped to 1.50x from 1.88x in the preceding year. The decrease in net debt from RM8,571 million to RM7,041 million was mainly the result of the private share placement exercise where the proceeds of RM1.66 billion were fully utilised to repay the borrowings of the Group and the Company and their related incidental costs. The exercise was completed in July 2017.

Dividend payout for 2017 totalled approximately RM1.5 billion, comprising four interim dividends of 5.0 sen per share. The payout of 20.0 sen per share represents a dividend yield of 3.3% based on the closing share price of RM6.01 as at the end of 2017.

For further details, please refer to the Investor Relations statement in this Annual Report, as well as the consolidated statements of financial position, consolidated statements of changes in equity and related notes to the consolidated financial statements.

2018 Outlook

We will continue to enhance our differentiated value propositions to our customers, whilst leveraging on our leading 4G LTE network coverage and quality. For financial year ending 31 December 2018, taking into account the impact from progressive termination of a network sharing arrangement, we expect service revenue to decline in low single digits with EBITDA declining at mid single digit level. We will continue to invest to maintain our network superiority. Base capital expenditure is expected to be around RM1.0 billion and free cash flow (excluding upfront spectrum assignment fees) is expected to be at a similar level to financial year 2017.

Notes:

1. The Chairman's and CEO's statements should be read together with the Management Discussion and Analysis.

2. This report by Maxis Berhad ("Maxis") contains forward-looking statements. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "may", "will", "would", "could", "believe", "expect", "anticipate", "intend", "estimate", "aim", "plan", "forecast" or similar expressions and include all statements that are historical facts. These statements are based on assumptions and reflect Maxis' current views with respect to future events and are not a guarantee of future performance and does not take into consideration unforeseen circumstances and factors beyond Maxis' control. As such, Maxis provides no representation or assurance in respect of these statements and disclaims all liability whatsoever (whether in negligence or otherwise) for any loss, damage, costs or expenses however arising out of or in connection with these statements and this report.

Bringing digital learning closer to the community.

Investor Relations

CREATING LONG-TERM SHAREHOLDER VALUE

Maxis is committed to creating long-term value for its shareholders and has been providing consistent cash returns through the declaration of dividends. For the financial year 2017, Maxis rewarded its shareholders with approximately RM1.5 billion cash dividends comprising four interim dividends of 5.0 sen per share.

The total dividend payout of 20.0 sen per share represents a dividend yield of 3.3% based on the closing share price of RM6.01 as at the end of 2017. The proposed dividend payout 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, beginning financial 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 board 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."

The payout ratios in the financial years 2015, 2016 and 2017 were 86%, 75% and 70% respectively.

COMMUNICATING WITH OUR SHAREHOLDERS

Our commitment

Maxis is committed to maintaining high standards of corporate disclosures and transparency. Our disclosure policy is based on these three key principles:

i) Maintain open and regular communications with all shareholders;
ii) Disseminate financial and strategic updates in a timely and transparent manner; and
iii) Ensure equal treatment and protection of shareholders' interests.

How we communicate with our shareholders

We maintain active dialogues with our shareholders throughout the year, through a planned investor relations programme which includes non-deal roadshows and investment conferences. In addition, we respond to ad-hoc meeting requests and queries from shareholders as well as the investment community.
Our investor-focused programmes are further supplemented by a dedicated Investor Relations website, a key resource for corporate information, financial data, stock exchange announcements, quarterly results, annual reports, upcoming investor events, shares and dividend information, and investor presentation slides. Our Investor Relations website is available at http://maxis.listedcompany.com/home.html.

We meet regularly with major institutional investors in non-deal roadshows in major financial capitals. We also hold regular sessions with financial analysts to discuss business performance and strategies. These meetings are typically hosted by the Head of Investor Relations and attended by the appropriate mix of senior management including our Chief Executive Officer and Chief Financial & Strategy Officer.

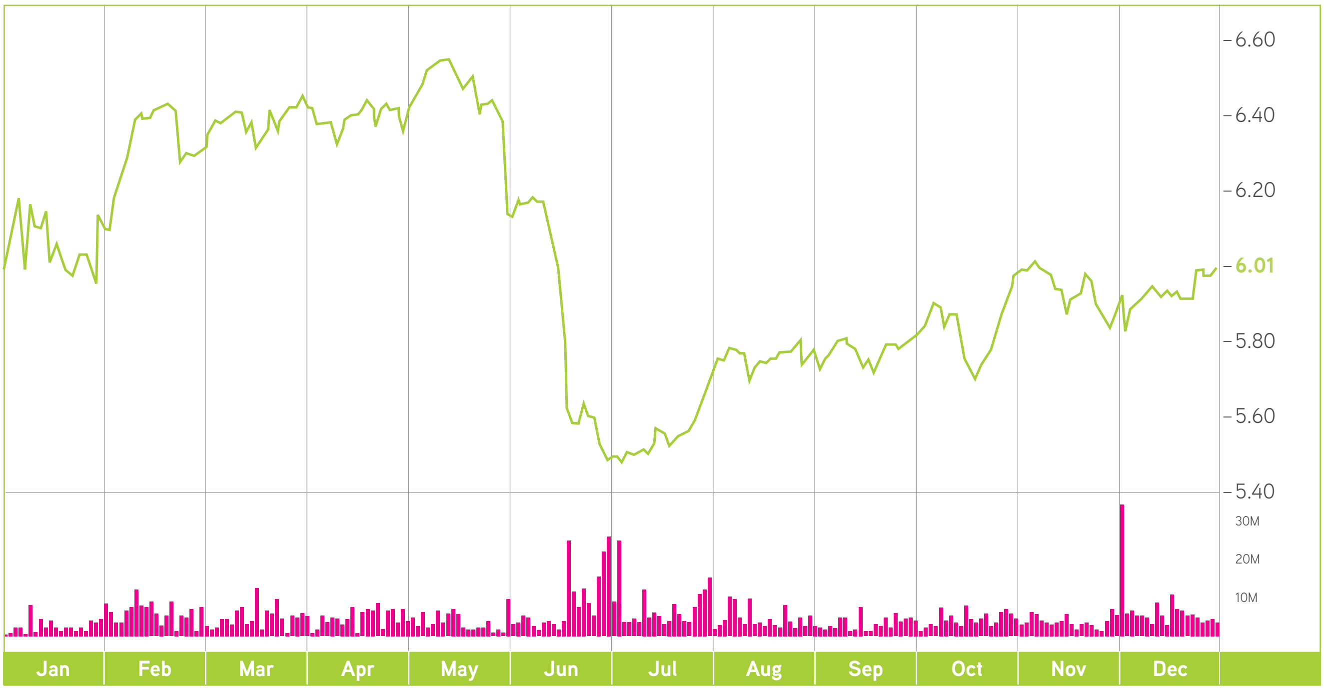
Investor Relations

We believe in the constructive use of our Annual General Meetings ("AGM") and other general meetings. These meetings are attended by our Board of Directors and the management team. A comprehensive review of the Company's performance is shared and any shareholder present can query the Board and management team at these meetings. Our external auditors are also present to answer any questions on the auditing, preparation and content of the independent auditors' report.

Feedback and enquiries

We welcome feedback on our Investor Relations initiatives and other information we have provided. Queries about and requests for publicly available information, comments and suggestions to the Company can be directed to **ir@maxis.com.my**. We look forward to continued and effective engagements with our shareholders.

MAXIS SHARE PRICE PERFORMANCE – 1 JANUARY TO 31 DECEMBER 2017



		2014	2015	2016	2017
Dividends (RM mn)	Interim	2,402	1,502	1,502	**1,548**
	Final	600	-	-	**-**
	Total	**3,002**	**1,502**	**1,502**	**1,548**
Dividend Per Share (sen)	Interim	32.0	20.0	20.0	**20.0**
	Final	8.0	-	-	**-**
	Total	**40.0**	**20.0**	**20.0**	**20.0**
Earnings Per Share (sen)		22.9	23.2	26.8	**28.6**
Payout Ratio (%)		175	86	75	**70**
Dividend Yield (%)		5.8	2.9	3.3	**3.3**

Corporate Information

As at 15 February 2018

BOARD OF DIRECTORS

RAJA TAN SRI DATO' SERI ARSHAD BIN RAJA TUN UDA
Chairman/
Independent Non-Executive Director

TAN SRI MOKHZANI BIN MAHATHIR
Independent Non-Executive Director

ROBERT ALAN NASON
Independent Non-Executive Director

DATO' HAMIDAH NAZIADIN
Independent Non-Executive Director

MOHAMMED ABDULLAH K. ALHARBI
Non-Executive Director

MAZEN AHMED M. ALJUBEIR
Non-Executive Director

NASER ABDULAZIZ A. ALRASHED
Non-Executive Director

LIM GHEE KEONG
Non-Executive Director

ALVIN MICHAEL HEW THAI KHEAM
Non-Executive Director

DR. KAIZAD B. HEERJEE
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 PLT
(LLP0014401-LCA & AF 1146)
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 7849 0777
Fax : + 603 7841 8251/52

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

Sharifah Naelah Alhabshi
Tel : + 603 2330 7000
Fax : + 603 2330 0555
E-mail : ir@maxis.com.my

ADMINISTRATIVE ENQUIRIES/ ASSISTANCE PERTAINING TO MATTERS RELATING TO THE 2017 ANNUAL REPORT AND NINTH ANNUAL GENERAL MEETING

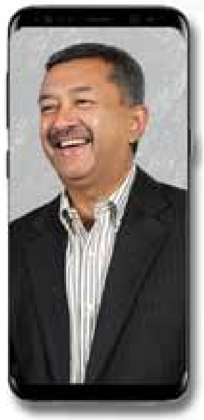
E-mail : ssr.helpdesk@symphony.com.my
(valid from 19 March 2018 to 19 April 2018)

A customer-based business model for continuous delivery of Unmatched Customer Experience.

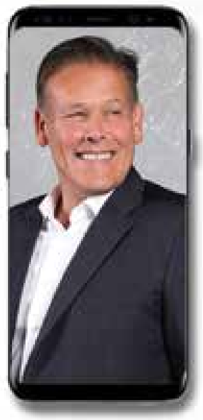
Directors' Profiles

As at 15 February 2018

Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda
Chairman/Independent Non-Executive Director



Tan Sri Mokhzani bin Mahathir
Independent Non-Executive Director



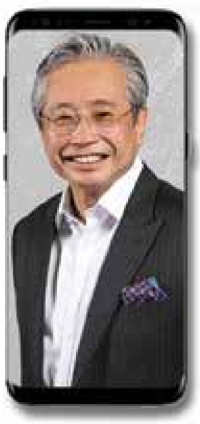
Dato' Hamidah Naziadin
Independent Non-Executive Director

Mohammed Abdullah K. Alharbi
Non-Executive Director

Mazen Ahmed M. AlJubeir
Non-Executive Director

Naser Abdulaziz A. AlRashed
Non-Executive Director

Lim Ghee Keong
Non-Executive Director



Alvin Michael Hew Thai Kheam
Non-Executive Director

Dr. Kaizad B. Heerjee
Non-Executive Director

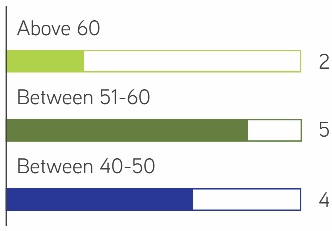
Morten Lundal
Chief Executive Officer/ Executive Director

Genders

10 Male

1 Female

Ages



Directors' Profiles

Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda
Chairman/ Independent Non-Executive Director

Nationality: Malaysian **Age:** 71

Date of Appointment as Director of Maxis:
16 October 2009

Nomination Committee (Chairman), Remuneration Committee (Member)

Number of Board Meetings Attended During the Year: 5/5

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
Raja Arshad is presently the Chairman of Binariang GSM Sdn. Bhd., Ekuiti Nasional Berhad, Icon Offshore Berhad, Yayasan Amir and Yayasan Raja Muda Selangor. He is a Director of Khazanah Nasional Berhad and Yayasan DayaDiri. 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.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES OR LISTED COMPANIES
Khazanah Nasional Berhad, Ekuiti Nasional Berhad, Icon Offshore Berhad, Yayasan Raja Muda Selangor, Yayasan DayaDiri and Yayasan Amir

Tan Sri Mokhzani Bin Mahathir
Independent Non-Executive Director

Nationality: Malaysian **Age:** 57

Date of Appointment as Director of Maxis:
16 October 2009

Audit Committee (Member), Nomination Committee (Member), Remuneration Committee (Member)

Number of Board Meetings Attended During the Year: 5/5

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 was Chairman of Sepang International Circuit Sdn. Bhd., which hosted the FIA Formula One World Championship for 19 years till 2017. He also serves as the Chairman and Chief Executive Officer of Opcom Holdings Berhad.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES OR LISTED COMPANIES
Opcom Holdings Berhad and Royal Automotive Club of Malaysia

Directors' Profiles

Robert Alan Nason
Independent Non-Executive Director

Nationality: Australian **Age:** 63

Date of Appointment as Director of Maxis:
07 March 2016

Audit Committee (Chairman), Business & IT Transformation Committee (Chairman)

Number of Board Meetings Attended During the Year: 5/5

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 the Australian Institute of Company Directors.

WORKING EXPERIENCE/ OCCUPATION
He retired from Telstra Corporation in September 2015 after five and a half years leading a major transformation of its operations. Telstra is Australia's largest full service telco with a market capitalisation of over $74 billion, provides 17.5 million mobile services, 5.4 million retail fixed voice services, 3.5 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 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 was the Chairman and Director of Foxtel Pty. Ltd. from 2012 until February 2017. 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.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES OR LISTED COMPANIES
Nil

Please also refer to Note 5 on page 30 of this Annual Report.

Dato' Hamidah Naziadin
Independent Non-Executive Director

Nationality: Malaysian **Age:** 54

Date of Appointment as Director of Maxis:
01 February 2014

Audit Committee (Member), Nomination Committee (Member), Remuneration Committee (Chairman)

Number of Board Meetings Attended During the Year: 4/5

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 has 30 years of experience in HR, of which the last 26 have been with CIMB Group. Prior to joining CIMB Group, she was in Pacific Bank.

As the Group Chief People Officer of CIMB Group, she provides overall strategic leadership for HR across ASEAN. She has successfully transformed HR from an administrative function into a key business enabler, contributing to CIMB Group's rapid growth into the leading ASEAN financial institution that it is today. She leads people strategies to attract, develop and retain talent, cultivate an agile workforce to prepare for the future of work, and improve the end-to-end employee experience via technology innovation.

Among her many achievements, she strategised the resource integration in successful mergers and acquisitions over the years, within Malaysia and across ASEAN and APAC regions. She has also implemented strategic HR programmes that have earned peer and industry recognition through numerous awards.

In May 2016, she was appointed as the Chief Executive Officer of CIMB Foundation, the philanthropic platform for CIMB Group, to spearhead CSR in community development, sports and education initiatives with diversity and inclusion as the guiding principles. She was also a Commissioner of CIMB Niaga, Indonesia and a member of CIMB Niaga's Nomination and Remuneration Committee from 2010 to September 2014.

She is passionate about championing thought leadership through industry talks and publications on issues around women empowerment, and education/development for youths and graduates.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES OR LISTED COMPANIES
Nil

Please also refer to Note 5 on page 30 of this Annual Report.

Directors' Profiles

Mohammed Abdullah K. Alharbi
Non-Executive Director

Nationality: Saudi Arabia **Age:** 47

Date of Appointment as Director of Maxis:
29 May 2015

Audit Committee (Member)

Number of Board Meetings Attended During the Year: 5/5

QUALIFICATION
He holds a M.S. Certificate in Engineering Management from the University of Missouri, USA. He also holds a B.S. 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") at 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 programmes, implementing greenfield operations and major acquisitions of STC, which include, among others, the 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, increasing of STC stake in VIVA Kuwait, divestment of PT Axis Telekom Indonesia and also the increasing 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 in senior positions at Al Salam Aircraft Company and Advance Electronics Company.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES OR LISTED COMPANIES
Maxis Communications Berhad

Please also refer to Note 5 on page 30 of this Annual Report.

Mazen Ahmed M. AlJubeir
Non-Executive Director

Nationality: Saudi Arabia **Age:** 41

Date of Appointment as Director of Maxis:
08 September 2016

Nomination Committee (Member), Remuneration Committee (Member)

Number of Board Meetings Attended During the Year: 5/5

QUALIFICATION
Mazen earned his MBA with highest distinction from Harvard Business School, where he was designated a George F. Baker Scholar. He earned his A.B. with honours in economics from Harvard College, where he received the John Harvard and Harvard College Scholarships for academic distinction.

WORKING EXPERIENCE/ OCCUPATION
He is a private investor based in Riyadh, focused on investing in and actively supporting the development of mid-sized growth companies in Saudi Arabia. His portfolio companies span a range of industries including technology, retail, specialty contracting, education and wholesale distribution. Alongside his investment activities, Mazen serves as an independent member on the boards of several leading regional organisations. Mazen also serves on the boards of investment offices of prominent Saudi families and is a member of the Board of Trustees of the Oqal angel investor network.

Previously, Mazen was an Executive Vice President of Amwal AlKhaleej, a Middle Eastern private equity firm, and earlier in his career, he was a consultant with McKinsey & Company, based in its Washington, D.C. office, where he advised several Fortune 500 companies on operations, strategy and organisation, often in the context of major transformations and turnarounds.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES OR LISTED COMPANIES
Maxis Communications Berhad

Directors' Profiles

Naser Abdulaziz A. AlRashed
Non-Executive Director

Nationality: Saudi Arabia **Age:** 43

Date of Appointment as Director of Maxis:
08 September 2016

Business & IT Transformation Committee (Member)

Number of Board Meetings Attended During the Year: 5/5

QUALIFICATION

He received his Bachelor of Science degree in Computer Science from King Fahd University of Petroleum & Minerals ("KFUPM"), one of the leading universities in the Kingdom of Saudi Arabia.

WORKING EXPERIENCE/ OCCUPATION

Naser is an executive in the field of strategy with 18 years of progressive experience in the telecom industry. Throughout his career in STC, the largest telecom company in the Middle East, Naser has shown consistent success in maximising corporate performance, driving growth, and enhancing value especially in international markets where STC is a significant player.

Naser joined STC in the year 2000 in the technology field and is now General Manager of Investment Performance and Operations. In this capacity, he oversees the complex strategic choices and business plans of 12 STC subsidiaries that are both domestic and international entities. Moreover, he is responsible for the delivery of STC's Investments LRP operational and financial performance forecasts. Prior to this role, Naser was Director of Strategic Planning Review of Local and International Investments where he was required to analyse and overcome complex business challenges and make high-stakes decisions in fast-paced environments.

Previously, Naser was Director of International Operation Performance, where he was required to advise board members on key business initiatives and important changes.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES OR LISTED COMPANIES

Maxis Communications Berhad

Lim Ghee Keong
Non-Executive Director

Nationality: Malaysian **Age:** 50

Date of Appointment as Director of Maxis:
08 May 2014

Audit Committee (Member), Remuneration Committee (Member), Business & IT Transformation Committee (Alternate Member to Dr. Kaizad B. Heerjee)

Number of Board Meetings Attended During the Year: 5/5

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 more than 25 years of experience in finance, 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 a Director and 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 Malaysia) 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.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES OR LISTED COMPANIES

Astro Malaysia Holdings Berhad and Yu Cai Foundation

Please also refer to Note 5 on page 30 of this Annual Report.

Directors' Profiles

Alvin Micheal Hew Thai Kheam
Non-Executive Director

Nationality: Malaysian **Age:** 54

Date of Appointment as Director of Maxis:
30 August 2012

Nomination Committee (Member)

Number of Board Meetings Attended During the Year: 5/5

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 presently the Group Managing Director of Southgate Ventures. He was formerly the Managing Director of The Abraaj Group – a Dubai-head-quartered private equity firm – in charge of Abraaj's Performance Acceleration Group covering Asia Pacific, based in Singapore.

His 30 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.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES OR LISTED COMPANIES
Petronas Dagangan Berhad

Dr. Kaizad B. Heerjee
Non-Executive Director

Nationality: Singaporean **Age:** 54

Date of Appointment as Director of Maxis:
15 November 2016

Business & IT Transformation Committee (Member)

Number of Board Meetings Attended During the Year: 5/5

QUALIFICATION
Dr. Heerjee has a Doctorate degree in Computer Science from the Dundee Institute of Technology (now Abertay University, UK) and a Master's Degree in Information Technology from the University of Nottingham, UK. He has a Bachelor of Science (Honours) degree in Mathematics from the University of Delhi, India. He also has several publications to his name.

WORKING EXPERIENCE/ OCCUPATION
Dr. Heerjee is the Chief Executive Officer of Aircel Limited, an Indian mobile operator. Prior to joining Aircel, Dr. Heerjee was the CEO of U Mobile Sdn. Bhd..

Dr. Heerjee has more than 20 years of international senior management and leadership experience in the private and public ICT sectors across Singapore, Hong Kong, Indonesia, Philippines, Europe and Malaysia. He was also the Assistant Chief Executive of the Infocomm Development Authority ("IDA") of Singapore and the Chairman of Conexus Mobile Alliance. Dr. Heerjee also spent over 10 years with Compaq Computers and Digital Equipment Corporation in several senior management, sales and marketing, and technical positions worldwide.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES OR LISTED COMPANIES
Nil

Directors' Profiles

Morten Lundal
Chief Executive Officer/ Executive Director

Nationality: Norwegian **Age:** 53

Date of Appointment as Director of Maxis:
01 October 2013

Number of Board Meetings Attended During the Year: 5/5

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 some of its 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.

DIRECTORSHIPS IN OTHER PUBLIC COMPANIES OR LISTED COMPANIES

Nil

Notes

1. None of the Directors have any family relationships with any directors and/or major shareholders of the Company.
2. None of the Directors have any conflict of interest with the Company.
3. None of the Directors have any convictions for offences within the past five years (other than traffic offences, if any).
4. None of the Directors have any public sanctions and/or penalties imposed on them by any regulatory bodies during the financial year ended 31 December 2017.
5. Robert Alan Nason, Dato' Hamidah Naziadin, Mohammed Abdullah K. Alharbi and Lim Ghee Keong 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 MMLR.

Maxis Management Team

As at 15 February 2018

from left to right:

1. NASUTION BIN MOHAMED
2. TAN LAY HAN
3. DUSHYAN VAITHIYANATHAN
4. LOONG TUCK WENG
5. MORTEN LUNDAL
6. MORTEN BANGSGAARD
7. ADZHAR BIN IBRAHIM

Maxis Management Team

Morten Lundal
Chief Executive Officer

Nationality: Norwegian

Age: 53

Date of Appointment as Chief Executive Officer:
1 October 2013

Morten is a Director of Maxis Berhad. Refer to Directors' Profiles on page 30.

Nasution Bin Mohamed
Chief Financial and Strategy Officer

Nationality: Malaysian

Age: 45

Date of Appointment as Chief Financial and Strategy Officer:
15 April 2011

Nasution joined Maxis in January 2011 and was appointed as Chief Financial Officer on 15 April 2011. He was subsequently redesignated as Chief Financial and Strategy Officer in November 2013.

Nasution has over 20 years of wide business experience in Malaysia and overseas. Prior to joining Maxis, Nasution was the Managing Director/ CEO of Penerbangan Malaysia Berhad (PMB). Prior to PMB, he was an Executive Director at UDA Holdings Berhad. Nasution started his career with KPMG in Australia and subsequently joined the Corporate Finance Division of Amanah Merchant Bank Berhad. He then moved on to Pengurusan Danaharta Nasional Berhad (Danaharta). Subsequent to Danaharta, Nasution joined KPMG Malaysia where he was Head of an audit department.

Nasution holds a Bachelor of Commerce degree from University of New South Wales, Australia and is a Fellow of the Institute of Chartered Accountants in Australia (ICAA).

Maxis Management Team

Morten Bangsgaard
Chief Technology Officer

Nationality: Danish

Age: 48

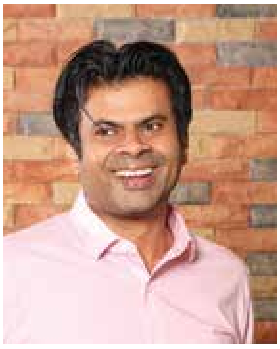
Date of Appointment as Chief Technology Officer:
3 February 2014

Morten is responsible for the development and operations of the Maxis telecommunications and IT networks.

He joined Maxis in February 2014 and brings over 20 years of experience in the telecommunications industry with 16 years in various network roles and five and a half years as Chief Information Officer.

Prior to joining Maxis, Morten was Senior Vice President for Network Planning and Build with TDC, Denmark, responsible for planning, designing and building mobile, fixed and coax networks. Prior to that, he held various roles in TDC, including Chief Information Officer, Head of Network Development and Strategy as well as Head of Market Support. Before joining TDC, Morten held several roles at Ericsson Denmark, Sweden and UK.

Morten holds a Master in Mathematics and Economics from Aarhus University, Denmark.



Dushyan Vaithiyanathan
Head of Consumer Business

Nationality: Malaysian

Age: 46

Date of Appointment as Head of Consumer Business:
10 June 2013

Dushyan is responsible for the end-to-end management of all mobile and home business for the consumer segment.

He joined Maxis in January 2013, and was appointed as Head of Consumer Business on 10 June 2013. He brings with him over 20 years of regional experience in consumer marketing, business strategy and corporate finance, of which approximately 14 years were spent in the telecommunications industry.

Prior to joining Maxis, he was the Vice President for Business Development at Telenor ASA, Bangkok, responsible for developing regional operating models, planning and managing cross-border commercial initiatives and driving commercial business case developments in the region. Some of his senior assignments prior to Telenor include advisor to the Managing Director and Executive Vice President of Unitech Wireless, Tamil Nadu, as well as Head of Consumer Marketing and Head of Voice Products and Services for Digi Telecommunications Sdn. Bhd.

Dushyan holds a Bachelor of Science degree in Chemistry and Law (combined honours) from University of Exeter, UK.

Maxis Management Team

Loong Tuck Weng
Head of Enterprise

Nationality: Malaysian

Age: 52

Date of Appointment as Head of Enterprise:
1 August 2016

Loong is responsible for the Enterprise segment, encompassing corporate, government, small and medium enterprise (SME), wholesale business and new business.

He joined Maxis in August 2016 and brings with him over 20 years of experience in marketing and segments and product management, as well as additional expertise in managing marketing and products for the mass markets within the financial industry.

Prior to joining Maxis, he was the Chief Marketing Officer for Indosat, an affiliate of Ooredoo Group of Qatar and was with the group itself based in Qatar since 2008. In his earlier career life, Loong worked with a number of large international electronics companies, managing products and marketing. Some of his senior assignments prior to Indosat include Director of Customer Management in Qtel International (Ooredoo Group), Chief Marketing Officer in Digi Telecommunications Sdn. Bhd. and Head of Consumer Banking in United Overseas Bank Malaysia.

Loong holds a Bachelor of Business Administration in Marketing and Master of Arts in Education Media from the University of Mississippi in the United States.

Tan Lay Han
Head of Sales and Service

Nationality: Malaysian

Age: 56

Date of Appointment as Head of Sales and Service:
10 June 2013

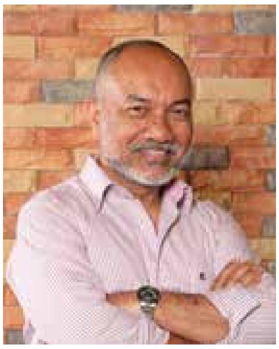
Lay Han leads a team focusing on Channel, Customer Service and Supply Chain Management.

Lay Han joined Maxis in October 1999 as Head of Sales and Distribution and was subsequently appointed as Head of Channel Distribution and Customer Service in February 2004, and later as Head of Consumer Marketing in September 2006. In September 2009, he was appointed Head of Planning and in mid-2010, he took charge of the Business Transformation portfolio. On 10 June 2013, he was appointed as Head of Sales & Service.

Prior to joining Maxis, he was General Manager at Tanjong Golden Village Sdn. Bhd. (now known as TGV Cinemas Sdn. Bhd.). He was also involved in various business development projects for Tanjong Plc. including the establishment of the TGV business. He was previously with BP Malaysia Sdn. Bhd., where he held various marketing and operations positions during his nine years there.

Lay Han holds a Bachelor of Engineering from RMIT (Royal Melbourne Institute of Technology) and Masters in Business Administration from Cranfield School of Management.

Maxis Management Team



Adzhar Bin Ibrahim
Head of People and Organisation

Nationality: Malaysian

Age: 60

Date of Appointment as Head of People and Organisation:
1 July 2014

Adzhar joined Maxis in July 2014. He has 36 years of experience in human resources across various industries and sectors, in both local and multinational corporations ("MNC"). He is responsible for talent acquisition and management, performance and rewards, industrial relations and learning and development. His focus, after putting in place many systems, processes and policies to improve the working environment in Maxis, is to drive a great environment for career growth and personal development that will edge Maxis towards achieving its business ambitions.

Prior to Maxis, Adzhar was the Group Head of People for AirAsia. He was also the previous Head of HR Development for Digi Telecommunications Sdn. Bhd., Group Head of HR for Sime Darby Group and Head of HR for Standard Chartered Bank Malaysia. Before that, Adzhar was the General Manager of Human Resources at Maxis during its early start-up stage. Before Maxis, Adzhar worked for two American MNCs in the semiconductor and healthcare sectors.

Notes

1. None of the Management except Morten Lundal has any directorship with any public or listed companies.
2. None of the Management has any family relationships with any directors and/or major shareholders of the Company.
3. None of the Management has any conflict of interest with the Company.
4. None of the Management has any convictions for offences within the past five years (other than traffic offences, if any).
5. None of the Management has any public sanctions and/or penalties imposed on them by any regulatory bodies during the financial year ended 31 December 2017.


Our Maxis People Promise: I Know, I Grow, I Engage.

Our Customers

Delighting Digital Natives

Technology continues to play a key role in redefining service standards and expectations. Customers expect nothing but the best from us and this remains our highest priority, with customer service at the core of our sustainable business strategy. Our focus is to institutionalise a strong culture and mindset of adding value at every touch point with our customers in our commitment to deliver an Unmatched Customer Experience.

To that end, Maxis' ongoing business and IT transformation is geared towards customer centricity throughout the organisation, focused on improving and simplifying our customers' journey. Our emphasis on customer journey improvements is managed through customer experience insights derived through Voice of Customers (VoC) as well as performance metrics and indicators such as our Net Promoter Score (NPS).

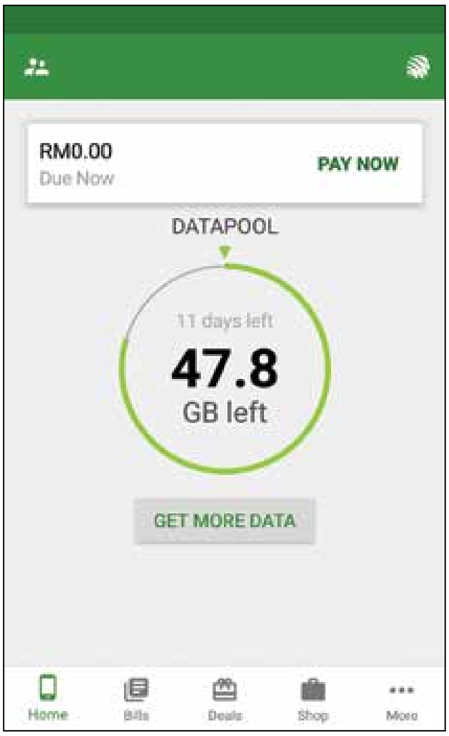
We have grown our presence with a total of 57 modernised Maxis Centres and 210 Maxis Exclusive Partners, offering lifestyle solutions such as the new MaxisONE Prime, as well as a wide selection of plans, smart devices and accessories for both consumer and enterprise customers segment. These are easily available to our customers through 'easy to own' and 'worry-free' programmes like Zerolution, backed by our great network infrastructure.

Our Contact Centre and retail stores continue to be hubs in maintaining strong engagement with our customers; hubs that we have been upgrading by moving from a transaction-based model to a customer experience-based model.

Our Customers

We are accelerating our self-service and online efforts to empower our customers to interact with us digitally. This means that our customers can manage simple interactions with us anytime, anywhere, at their convenience. MyMaxis and Hotlink RED apps, which have over 3.0 million active users in 2017, along with our expanded livechat via the MyMaxis app, are increasingly becoming our customers' preferred mode of engaging with us for their routine day-to-day needs. For the rest, our retail and contact centres are equipped with the necessary tools to provide the best experience to our customers at every contact.

Customer satisfaction with our multiple touch points, seamless customer accessibility, and an overall worry-free proposition continues to be the drivers behind all that we do.



Our Products

Unmatched Digital Experiences

In this digital age, the Internet has totally revolutionised communications. Consumers are turning to mobile Internet as their preferred medium to stay connected. Our mobile devices have become a complete multi-tasker, becoming integral to life for all kinds of activities from social media and Internet browsing to online shopping and navigation. To serve Malaysians' increasingly digital lifestyle, Maxis continues to follow this formula for success:

Product Innovation + Great Network + Unmatched Customer Experience

In our product development process, we identify consumers' pain points and then find ways to make their digital experience more seamless and enjoyable than before. We also acknowledge the expanding role of the mobile phone in our lives – and so, we at Maxis strive to set up a one-stop ecosystem to fulfill all of our customers' digital needs.

Since 2017, it is now possible for our customers to manage their mobile, home Internet and device subscriptions under one account. Our prepaid products are also even more flexible - with the introduction of a data free-for-all Happy Hour, and the option to get S.O.S Kredit. You can read all about it in our summarised run-through of Maxis' product innovations in 2017.

Our Products

For our **postpaid and integrated services** segments, these are our developments in the year 2017:

What can you get with RM1 these days?

With the Power of ONE campaign, customers can now pair their postpaid plans with:

- Smartphones
- Unlimited roaming for 1 year
- Content subscriptions
- Gadgets & accessories

We introduced **MaxisONE Prime**, a whole new concept of integrated mobile and home Internet solution. This also means the capacity for endless data and no home Internet downtime!

- 4G mobile and home fibre Internet in one account
- Zerolution Prime – instalment plan for home devices alongside our normal mobile offerings

Best-in-class 4G smartphones: NeXT M1 & NeXT X1

We introduced a range of high-spec phones called the NeXT series. This worry free offering includes:

- extended warranty
- instant one-to-one replacement
- screen protection

MaxisONE Home Broadband offers high-speed Internet connectivity of up to 100Mbps via fibre broadband. Now available in Sabah and Sarawak too!

- Unlimited calls to mobiles and landlines
- Unlimited iflix access at home and on mobile
- One-stop installation service from our Maxperts
- 30-day money back guarantee

MyMaxis App

Our **MyMaxis App** users have grown steadily, driven by all-in-one access to account management, bills, data usage and **MyMaxis Deals**. This also includes the new single account management for MaxisONE Prime.

- **MOC Payday:** exclusive deals on 28-30th of each month
- **Maxis Shopback:** higher cashback amounts for purchases on almost anything on Shopback

MaxisONE Go WiFi was introduced for customers who are constantly on the lookout for WiFi at home or on-the-go. Customers can choose between a home modem, which does not require installation, or a portable MiFi which they can take with them wherever they go. Our East Malaysia customers can also enjoy 4G Internet both at home or on the go with the **MaxisONE 4G Combo**, which expands our data pool concept to include the 4G modem.

Our Products

For our **prepaid segment,** these are our developments in the year 2017:

Hotlink FAST offered a wide variety of Internet passes for monthly, weekend and daily use. Highlights include our biggest Internet pass yet at 17GB data at RM50.
- Free calls to five friendz
- RM1 add-on Internet promotion
- RED Pass with up to 46GB high-speed Internet, with unlimited calls to all networks

Happy Hour allowed our customers to choose one hour of free 1GB high-speed Internet to be used for anything, everyday. It gives our customers the freedom and control to use their data on whatever they desire, be it surfing, chatting or streaming.

Hotlink RED App & HotlinkMU
On the RED app, we added HotlinkMU deals which are personalised offers based on the customer's historical usage. Our customers will only be alerted to the deals that are best suited to them.

Hotlink Super Pack
We introduced a bundled package of IDD minutes and Internet for our Indonesian users. We also added:
- free high-speed Internet everyday from 1am-9am
- free 8GB of 4G Internet every weekend

Hotlink FAST East Coast and East Malaysia edition
The pack provides free weekend surfing for 4G LTE customers, free late night surfing every day and free calls to five Hotlink/Maxis numbers via **Hotlink Friendz**.

Our customers can now purchase Google Play items with **Hotlink Credit** conveniently without either a credit or debit card (includes discounts on in-app purchases and buy-1-free-1 deals).

Our **S.O.S Kredit** gives customers instant credit or mobile Internet pass when they really need it. We provided both airtime loans and Internet package loans.

These are only Maxis' first forays into a more integrated, innovative and personalised service. As our company heads toward the end goal of our digital transformation journey, we will have the capacity to launch bigger and more ambitious ideas. With the best 4G LTE network as our foundation, we are excited to accelerate Malaysia into a digital future.

Our Products

Enterprise

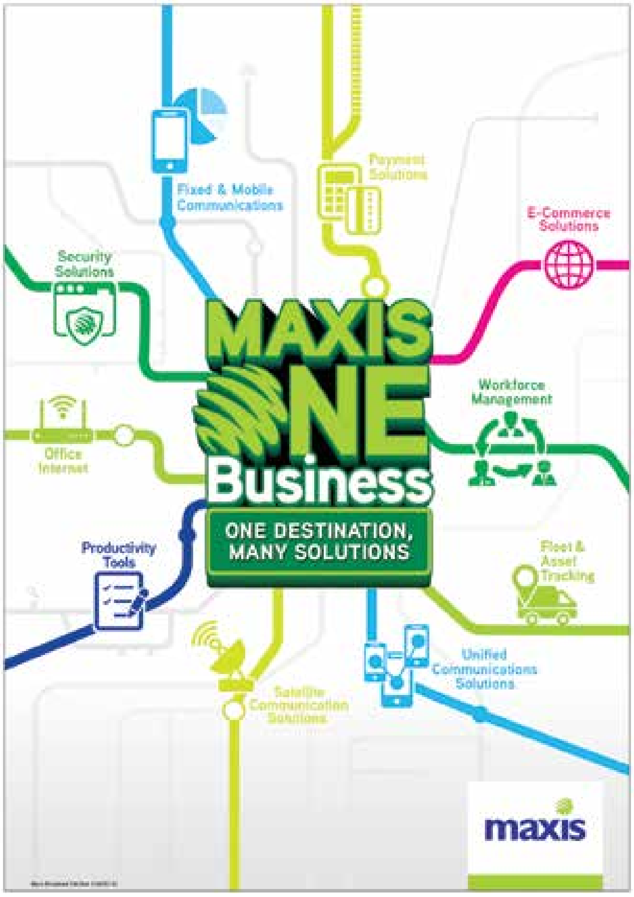
In 2017, Enterprise continued its journey in digitalising Malaysian businesses and facilitating them to redesign the way that they work, operate and interact with their customers in the digital age. By continuing to expand the range of powerful solutions we offer, complemented by reliable and fast connectivity, Maxis aims to become the integrated solutions provider of choice for companies from various industries and fields.

To drive this, we introduced several new solutions in 2017:

- With the introduction of **FlexiFund** for FlexiShare, businesses are given even more flexibility to select devices of their choice at any time within 24 months. They also have an improved range of devices to choose from, depending on their business needs.
- **Maxis mShop** is a service which enables businesses to expand their sales and marketing channels online. It involves the creation of an online store, digital marketing to widen brand reach, and data analysis to assist in optimising marketing expenditure and sales.
- In order to expand our customers' **Internet of Things** portfolio, Maxis also launched a managed end-to-end security solution for our customers. It protects data transferred across various types of transactions, especially for payment and financial transactions. By providing this service, Maxis is enabling businesses to focus on what matters most instead of having to worry about the security of their day-to-day operations. What's more, we are able to help them remove the complexities of deploying and managing their network for payment services.
- Maxis expanded its **Track & Trace** portfolio to include a tracking solution, **mPatrol**, for physical goods and personnel. This solution utilises satellite technology, enabling businesses to track various types of assets in both urban and remote locations.
- With the aim of further digitalising our customers' experience, we launched the **MyMaxis Biz** mobile application. The application complements the functions of the ONEBusiness Hub, allowing individual business users to view the services they use, purchase data passes and enjoy rewards - all from their own mobile device.

To further drive the digital mindset, Enterprise also incorporated new ways of working internally in order to better understand our customers' pain points and experiences. Enterprise Business Partners utilise tablets during sales presentations, all of which are equipped with an **Enterprise Managed Mobility** solution, which helps to keep company data secure on devices.

Maxis has also adopted cashless payments by our employees at our Megabite Café using **mPOS** – a mobile-based credit card payment solution which was developed in partnership with Maybank.



Our Network

Excellent Internet connectivity has become a necessity. Consumers and businesses are looking for high-speed data connectivity in their quest to do more in the most efficient way possible.

In 2017, significant demand for mobile Internet and mass adoption of Internet-based applications and content amongst our customers has driven higher expectations for a fast and consistent Internet experience. And Maxis has been at the forefront in delivering the best network experience to Malaysians. We are the telco that consistently delivers smooth high-definition (HD) video streaming, according to YouTube's Video Checkup tool across all 14 states in Malaysia.

Maxis has also been voted the Best Telco Provider for three years and Best LTE Network for four consecutive years by Lowyat.NET Community Choice Awards Malaysia, proving that our data network is the best in the country with fast and stable connections in both LTE and non-LTE coverage areas. To top it off, we were also chosen as having the Best Network in 2016 by MCMC Wireless & Wired Broadband Services. This is enabled by a strong network infrastructure, skilled and dedicated team of technical experts in addition to an investment of RM1.03 billion for continuous enhancement of our network and IT infrastructure.

Continuous network upgrade to match rapid growth, sustaining superior Internet experience

The penetration of 4G-enabled devices grew significantly in 2017 to 57% of total devices in Maxis, compared to 37% in 2016. Paired with the increase in video traffic consumption at close to half of total traffic, data traffic usage per subscriber continues to soar. The average usage per subscriber in 2017 saw a hike to about 7.4GB/month compared to 4.1GB/month in 2016, about 81% more data usage per subscriber. Driven by this demand, our Network team has proactively and tirelessly enhanced our network capacity and quality, enabling our customers to enjoy consistently great Internet experience.

Our Network

Our 4G LTE network has expanded over the years and now stands at 92% of population coverage, enabling more Malaysians to enjoy a fibre-like speed experience on their LTE devices. Having covered all major cities and towns, the Maxis 4G LTE network promises download speeds of more than 3Mbps 95% of the time, while in key market centres, download speeds of more than 5Mbps for 90% of the time. In addition, Maxis customers are now able to enjoy Maxis 4.5G with LTE Advanced Pro features such as Carrier Aggregation, Higher Order Modulation and Multiple Antenna technologies which promise superfast download speeds of up to 500Mbps.

In 2017, we have also fully modernised our 2G and 3G network nationwide. Now, 96% of the population is covered by our modernised network for enhanced voice and quality data.

Strong infrastructure enabling best data experience

Continuing with our momentum from 2016, we made substantial investments to provide diverse fibre paths to reduce the number of customers impacted by any single point of failure. Multiple initiatives were also implemented to protect against theft and fibre cuts. As a result, we have been able to reduce the number of complaints over the past three years by more than half.

In 2017, we also embarked on a digitalised way of working. We started using a Customer Experience Management tool, which enables us to further fine-tune our network and improve our customers' experience, helping us to provide more proactive responses.

Delivering our commitment to the telecommunications industry, we have successfully fulfilled MCMC's requirement on spectrum migration within the stipulated period of time and with seamless impact on our network quality. For efficient use of our capacity, we have also re-allocated more spectrum for our 4G LTE network to almost two-thirds of our total spectrum allocation in 2017.

Bringing better connectivity for a digital lifestyle and preparing our network for tomorrow

At Maxis, we envision our lifestyle to be further enhanced with better, faster and more reliable Internet connectivity. Today, Maxis is the first to use 2x40MHz of spectrum for 4G LTE to deliver the fastest and best data network in Malaysia. And it does not stop there. With the increasing adoption of Internet of Things (IoT), Maxis is enabling more devices and machines to be connected via our superior network and we are collaborating with key industry players such as utilities to mainstream IoT solutions for their businesses.

Our Network

2017 was also the year where Maxis successfully trialed the capability of delivering approximately 1Gbps peak download speeds with Licensed Assisted Access technology. This technology will enhance LTE speed in traffic congested areas like shopping malls and indoor venues, approaching 5G like throughput via 4.5G technology.

We continue to improve in last-mile fibre with more than 90% of our last mile connections being either direct to fibre or 1 hop to fibre, which translates to higher speed and less buffering for our customers. Another initiative that we have planned for our transport network is to consolidate our IP network, which allows enhancement in capacity deployment and better latency performance to support Mobile, Enterprise and Home services requirements.

Adopting new technologies to further improve our network is also one of our main areas of focus. Our network virtualisation journey has kick-started with the first deployment of virtualised data core network function in Malaysia. The virtualisation of network elements is part of Maxis' efforts to make the network more agile and cost-efficient. We are also planning to introduce Software Define Network (SDN) solutions and cloud-based platforms, which allow seamless integration and automation of network management and provisioning. These new technologies will provide us the flexibility for future network improvements and expansion.

Over the years, the Network team has also worked on digitisation initiatives that contribute to our ability to proactively detect faults and quality issues in real-time. We have achieved a much improved service level detection, whereby escalation and isolation lead-time is reduced, enabling a competitive restoration time and uptime in our network. Today, we have reached a network availability of 99.77%. Ongoing digitalisation initiatives continue to be our focus in further competing on the global front with regards to restoration and availability statistics.

Embodying the MaxisWay.

Our People

Driving a high performance culture

The Maxis People Promise

Maxis people, working in great work spaces and supported by a positive, vibrant culture, are passionate in delivering great business results. They are equally passionate about delivering the Company's transformation.

To support this, in 2017, we continued expanding on the Maxis People Promise: to help employees Know, Grow and Engage. Delivering on these promises has shown improvement in employee engagement and growth, with a direct impact on business results.

Driving a high performance culture

As the driving force of the Company, our people embody the MaxisWay culture. It is about who we are, what we do, how we work and how we want to be perceived. It is about being constantly inspired to become better as an individual, as a team player, as well as embracing our new ways of working together towards making Maxis, a company that is admired for excellence. Our people manifest our high performance culture, driven by our values of passion, positivity and collaboration in a fun and dynamic workplace. To ensure our employees continue to thrive in this environment that inspires innovation, we have robust talent management and learning programmes.

We encourage our employees to use digital tools to grow as well as be efficient and productive in their jobs. Workday HR systems, Lynda (online video learning tool from LinkedIn), Harvard ManageMentor (online leadership training tool from Harvard Business Publishing) and SmartUp (online digital micro-learning platform) provide our employees opportunities to upskill themselves anytime, anywhere, at their convenience. The modern and digital work environment has resulted in a more engaged and productive workforce.

Our People

For each of these tools, we are, according to their providers, amongst the most intensive and effective users of their products in the world.

We built on this with a very successful implementation of HireVue, a digital recruiting tool, which has become an effective hiring and branding tool. Apart from recruitment, we are also using it in other areas, such as managing our sales force.

We refocused our scholarships and management trainee programmes to target more mature young talents who are aligned with and able to support our vision of becoming a fully digital company.

It's also important that we nurture and grow our talents. We initiated a series of leadership training programmes to equip our leaders with all of our management tools – digital or otherwise – to manage our talents. We are rolling out further versions of these programmes, each meant to increase the competencies of our leaders and raise the bar of what it takes to be a manager in Maxis.

Our efforts to recruit, retain and motivate great people showed in 2017's Voice of Maxis (VOM) employee engagement survey results. We saw an improvement over an already impressive score from 2016. We did better in all aspects, and also scored higher in all areas against approximately 150 Malaysian companies' scores. We also significantly outperformed global telcos and even the Global High Performance Companies' benchmarks. Crucially, we showed very high improvement in areas such as readiness for organisational change and company leadership.

Working with our employees, we continued to analyse and share information about their total rewards. This is part of our commitment to provide our employees with as much information as possible on critical areas of their work and employment. This also gives us a great tool to analyse and manage our resource costs.

International recognition

Towards the end of 2017, we were honoured with the Asian Human Capital Award (AHCA), jointly awarded by Singapore's Human Capital Leadership Institute and the Ministry of Manpower. This award is given once every two years to two companies in Asia that have demonstrated excellence in managing human capital. It's one of the most highly regarded human capital awards in Asia, and we are delighted with our international recognition for the large company segment.

What's Next: Fuelling our digital journey

Moving forward, our focus is on ensuring Maxis' people and organisation are ready to be part of the new digital Maxis. This involves a major transformation from being an excellent traditional telco that is world-class in many areas, into a truly new organisation that lives and breathes digital. It is a massive transformation that will allow Maxis to compete and excel in a vastly different playing field.

A core part of our challenge is to build new capabilities to support the new digital Maxis. The Maxis of the future will be one that has moved from offering simple products to more complex suites of solutions and services. It will also have fully digitalised channels and internal operations.

In order to transition our people into this future, we have been identifying and recruiting the right people as well as constantly upgrading the capabilities of our existing employees. We also are constantly reviewing our organisational structures in order to maximise collaboration and fit into the new way of delivering a digital business.

The new digital Maxis will focus on delivering the best customer experience through great products, services and technologies. We will be closer to and more receptive of our customers' needs. These new agile and forward-leaning teams will be fully supported by our development programmes that will ensure they have all the resources necessary to upskill themselves into becoming great digital team members and leaders.

Sustainability Report

Digitally empowering communities

Strategy and approach

Our business plays a vital role in helping our customers take advantage of new technologies that can empower them in the digital world. At Maxis, sustainability means being future ready in our business and bringing about positive changes to the communities we operate in. As a digital enabler, we are in the best position to do this. We see our success as closely tied to how we help them thrive in this environment.

The CEO leads and drives our sustainability agenda. He reports on progress and key developments to the Board. To ensure direct oversight on key strategic areas, the CEO meets with key divisions and project teams on a weekly and monthly basis. The management team is also present in these meetings to ensure that the teams execute initiatives successfully and targets are met. Additionally, we announce our financial and operational performance results to the public on a quarterly basis.

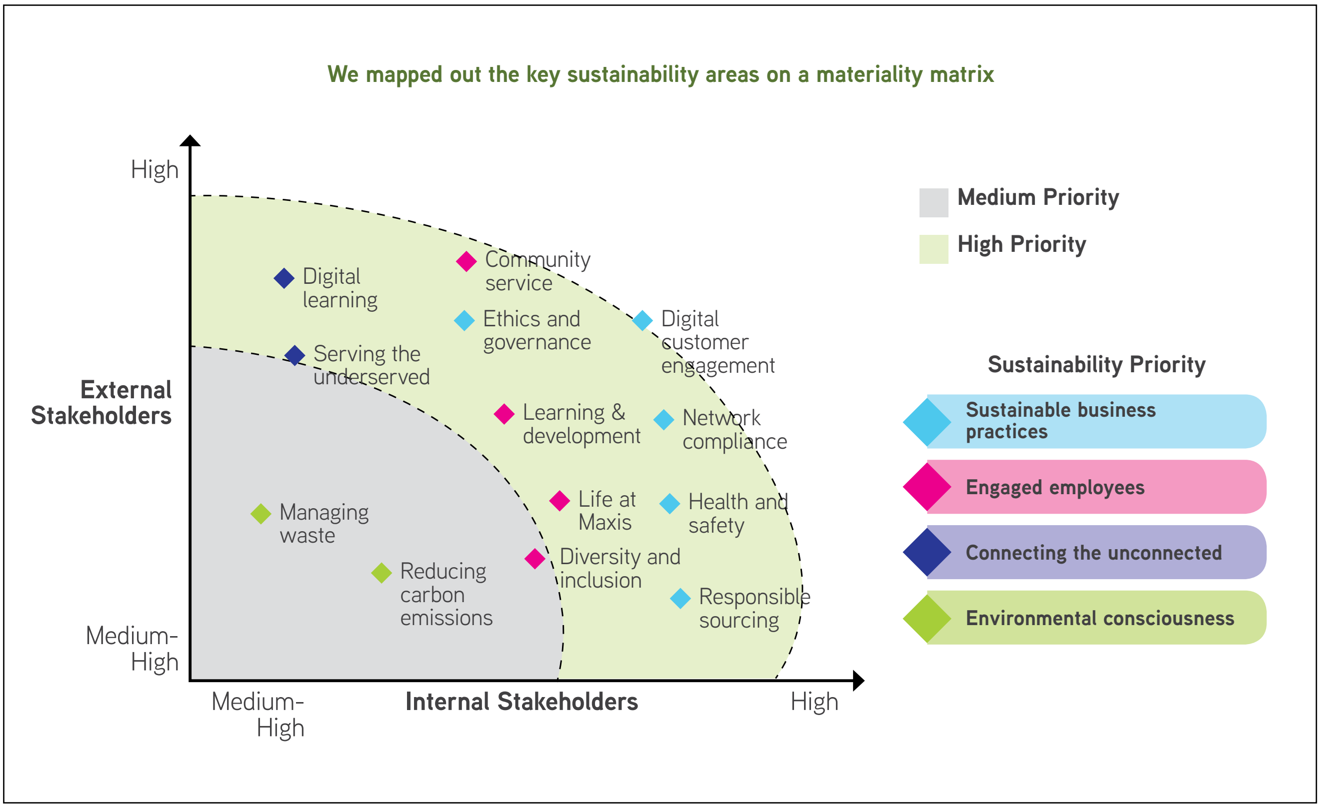
Scope

This sustainability report provides detailed disclosure of management of our key sustainability matters for the financial year ended 31 December 2017. Maxis is a Malaysian-based company and therefore this report covers our operations in Malaysia. In selecting the content for this sustainability report, we have followed Bursa Malaysia's Sustainability Reporting Guide and the GRI-G4 guidelines.

Understanding what matters to us

We use a comprehensive materiality assessment to identify priority areas based on the business strategy outlined in our rolling plan. This was formulated using insights gained from market research, alongside reviews of key concerns from our customers, regulators and employees. This section provides a better understanding of how we approach areas which are important to our sustainability- from how we support and empower our customers to how we make Maxis a great place to work, and how we connect with communities.

Sustainability Report



Digitalisation of our business

By the end of 2018, most of our core and supporting business processes will be fully digitalised. Our focus is to deliver the best digital experiences to our customers. Initiatives implemented in 2017 include:

Channel digitalisation

Through digitalisation, our customers are gaining greater control of their accounts and services. They can decide how, when and from where they interact with us via mobile applications and other self-serve options.

- MyMaxis App: Customers can manage their account and data allocation, access and pay bills, as well as enjoy a whole suite of Maxis deals such as in-dining, travel, entertainment, health, beauty offers and shopping. Our Hotlink RED app allows our prepaid customers to top-up their balance instantly, purchase attractive data passes with a single touch and check their balance. These apps currently have over 3.0 million active users. We have also expanded our livechat support to 24 hours and enabled it on the MyMaxis App.
- Business Solutions showcase at Maxis Centres nationwide: Making it easier for our business customers to purchase Enterprise solutions. They can also access and manage their business accounts under a single, secured platform at their convenience through their online ONEBusiness Hub account.
- MyMaxis Biz App: Making the Maxis experience simple so that our business customers can access details of their data and call usage, amount due, PUK code and rate plan at their convenience. The app also gives them access to the MyMaxis Deals and rewards.
- Hotlink HERO Dealers App: Supporting our dealers by helping them register prepaid lines, perform reloads, purchase Mobile Internet passes, as well as provide upsell and cross sell recommendations during top-up. The app allows our dealers to activate a new registration in less than two minutes. This enabled us to reduce our physical top-up ticket distribution as it is now digitalised.

Sustainability Report

Digitalisation of our procurement operations

We have embarked on the journey to digitalise our procurement operations. We aim to be fully digital in the way we interact and transact with our suppliers. In December, we successfully implemented the first phase of this journey to migrate data to the new platform and manage procurement workflow - from sourcing to contracting suppliers.

Through digitalisation, we are automating processes for greater efficiency, increased quality, cost savings, and more sustainable business practices.

Network compliance

All our base station sites are designed and built in compliance with guidelines set by the Malaysian Communications and Multimedia Commission (MCMC), local councils and international bodies. Our own site implementation guidelines set consistent standards in five key areas: legal compliance, environmental impact, Radio Frequency (RF) emissions, site planning and selection, and health and safety. So far, tests conducted by the Malaysian Nuclear Agency have been consistent in recording that none of our base stations or equipment has in any way exceeded radiation guidelines. The standards and guidelines also apply to our contractors and their sub-contractors, from the planning and acquisition of sites to the construction and maintenance of base stations.

Health & safety

Our employees and partners are assured of a safe working environment through our Health, Safety and Environment Management System (HSEMS). While the HSEMS serves as a point of reference, additional measures have been taken to cultivate a safety-first culture through various initiatives.

There were no fatalities in 2017.

HSE-related activities/initiatives carried out in 2017

Business	Partners
4WD Defensive Driving Training (DDT) to equip field operation drivers with proper understanding of 4WD pick-up truck handling. This also assesses the drivers' ability to drive defensively to avoid accidents.	WorkSafe training programmes
Installation of eight units of Automated External Defibrillators to treat sudden cardiac arrests in selected office locations.	Half-yearly audits of contractors
Working-At-Height (WAH) training - for operation employees who are working-at-height on sites. This covers safe work techniques for rooftops, towers, monopole or similar structures using the pre-installed fall arrest system and the use of work restraints.	Quarterly communication sessions with our 79 main-contractors' Safety and Health Officers

57
Safety Briefing/ Training

750
Workforce Participation/ Awareness Programmes

90
Safety Inspection

4
Partners Documentation Audit

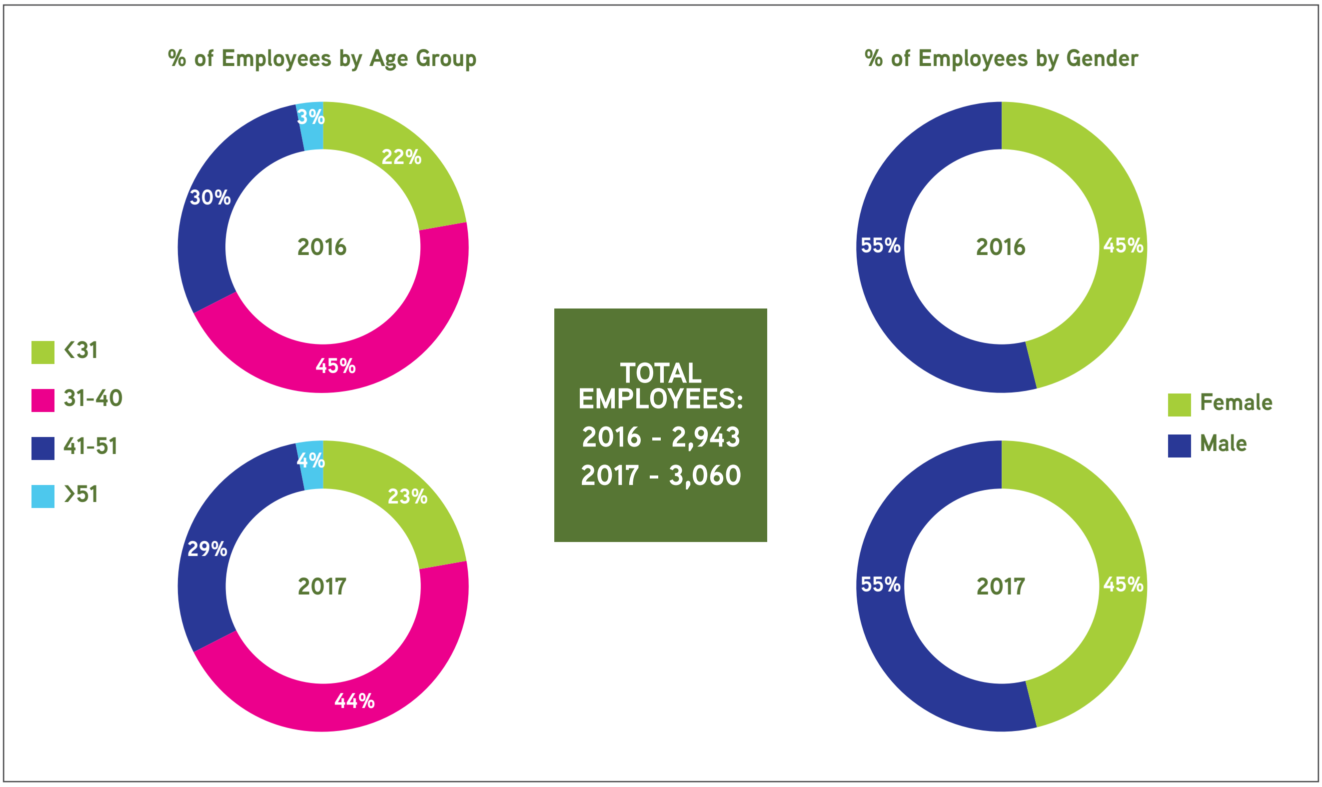
Note: Audit frequency is conducted on a half-yearly basis.

Sustainability Report

Engaged employees

Diversity & inclusion

We believe in having a diverse and inclusive workforce. Diversity ensures that we have a breadth of skills available to our business needs and helps us to understand the needs of all our customers.



We value our multi-generational workforce. We continuously improve our talent and recruitment programmes to ensure we have the capabilities to deliver on our ambition well into the future. To attract and nurture young talents, we have the following programmes:

- Young Talent Programmes: Maxis Management Associate Programme (MMAP) which builds leadership skills through a challenging and fulfilling two-year assignment. Our Management Associates experience different areas of our operations while developing the necessary skillsets.
- Advanced Talent Programmes: For candidates with three to five years of working experience, we have the Advanced MMAP, What's Next Finance Talent, Maxis MBA Internship and Maxis Inspire programmes. These programmes are aimed at giving industry exposure, mentorship by Maxis leaders and the opportunity to participate in our digitalisation journey.

Further details of the programmes are available at http://www.maxis.com.my/en/about-maxis/maxis-career.html

We continue to benchmark our compensation and benefits regularly to ensure competitive and fair package for our employees. This year, we added a new benefit for employees who are adopting infants – a trend which we noted is becoming more common. To make a real positive impact on peoples' lives, we now allow for 30 days of fully paid or 60 days of half paid leave for female employees who adopt an infant while male employees are entitled to seven days of fully paid leave.

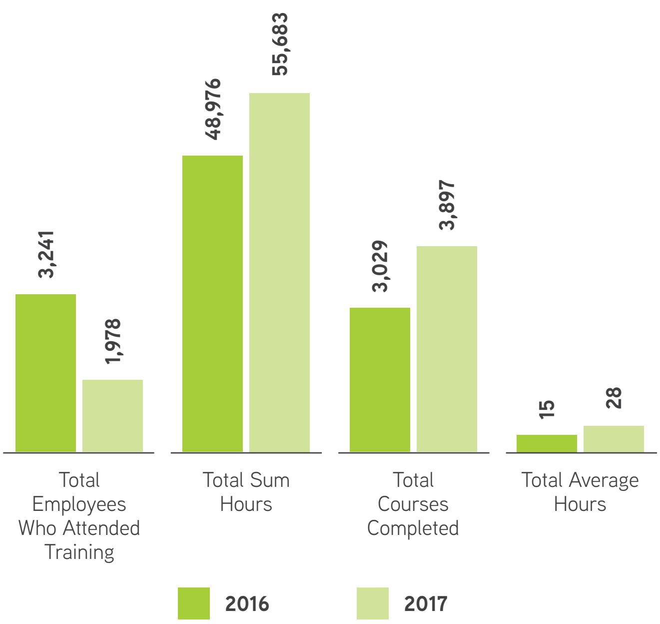
Sustainability Report

Learning & development

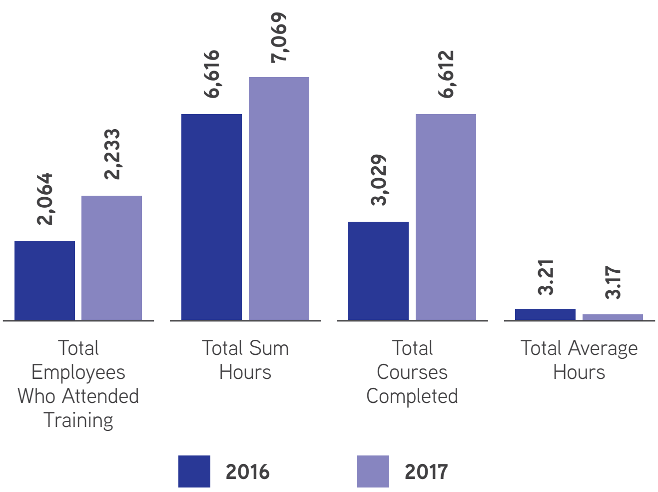
We continue to push our "I Grow" agenda, where we encourage our employees to develop and grow their career. A core part of the agenda is "Learn Anytime, Anywhere" where we provide a wide variety of digital learning solutions. These solutions are complementary to our other training offerings such as classroom training at the Maxis Academy and training by external providers.

A key priority in 2017 was making sure that all the digital learning platforms we have at our disposal such as the "Lynda" digital video learning platform from LinkedIn, "Harvard ManageMentor" from Harvard Business Publishing, the "Learning Management System" from Net Dimensions and "SmartUp" from SmartUp Inc., are fully utilised by our employees. Apart from ensuring that we get the best returns on our investment, this also formed part of our strategic thrust to ensure that our employees are ready for the full digitalisation of our Company.

2017 Classroom Training Hours



2017 Online Training Hours

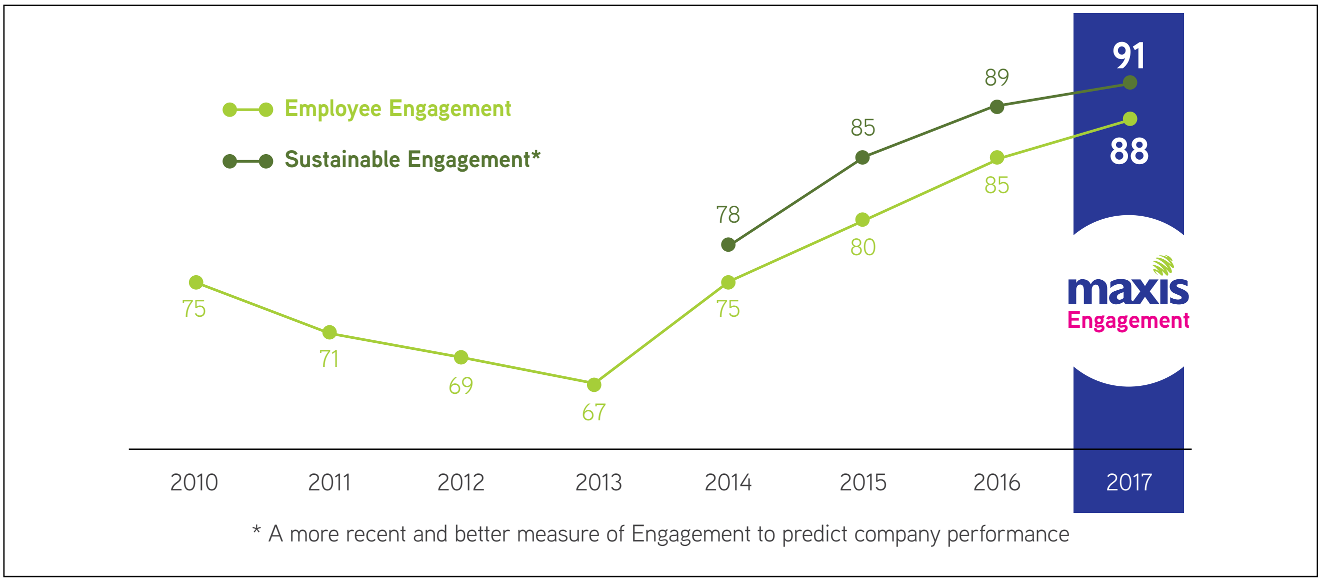


Ensuring #lifeatmaxis is great

We believe happy employees lead to happy customers. Our focus this year has been to drive a digital mindset among our employees. New initiatives that we implemented include exposing our employees to the latest technology innovations, getting them to use big data to create new revenue or customer experience opportunities through a hackathon and organising sharing sessions by key influencers in the digital space.

We kept our employees highly engaged by continuing to promote a vibrant internal communications via Yammer, having regular townhall meetings and introducing new activities into #FitterFasterStronger, our all-year holistic well-being programme. Our annual Voice of Maxis survey which monitors the overall health of our employee engagement, has been on an uptrend and in 2017, it was the highest ever recorded for Maxis. Our scores outperformed similar engagement metric scores of over 150 Malaysian companies, as well as those of global telcos.

Sustainability Report



Connecting the unconnected

Empowering communities with digital learning

Our Maxis eKelas programme, an after-school learning initiative, brings digital learning closer to the community. Leveraging on technology and the Internet, the eKelas programme aims to improve the academic performance of students in rural communities. Its focus is on three subjects - Science, Mathematics and English for Form 1, 2 and 3 students. eKelas offers a combination of live tutorials, group learning and interactive digital content which is in line with the Malaysian School Syllabus. The programme is delivered at Pusat Internet 1Malaysia (PI1Ms), which are community broadband centres that serve as digital hubs for communities in underserved areas.

More than 2,400 students are already benefitting from the live tutorials delivered at 20 PI1Ms nationwide under Maxis' care. We took another leap by launching the eKelas portal, a cloud-based resource of learning content, where students can take charge of their learning and at the same time discover how to learn collaboratively. With the launch of the eKelas portal, our ambition is to expand eKelas in phases to an additional 25 locations, making it a total of 45 PI1Ms nationwide with at least 10,000 students accessing the portal by the end of 2018.

Sustainability Report

Serving the underserved

We work closely with MCMC to provide broadband connectivity to underserved communities. Through 118 PI1Ms under Maxis' care nationwide, we play a key role in facilitating the adoption of ICT and digital lifestyle. We have installed and deployed 528 WiFi Komuniti locations nationwide to ensure that there is wireless broadband access for the rural population.

We participated in the TIME 3 initiative, where we built mobile tower and base station infrastructures in underserved areas. Under this initiative, we provided 2G and 3G services at 1,551 underserved locations nationwide. Our services are made available to surrounding communities within these underserved areas through Domestic Roaming and Radio Access Network (RAN) sharing with other service providers.

Giving back to the community

We recognise that giving back is also an important part of how we make a difference to the community. This is why we encourage our employees to volunteer their time, energy and skills. In 2017, we had 11 major activities where 300 employees came together to clock 2,400 volunteer hours. Our employees volunteered for eKelas, our digital learning programme as facilitators and tutors as well as in our festive Corporate Responsibility (CR) initiatives.

Keeping people connected during a flood is an important part of helping the community. We support the state Governments by providing hotline numbers and sending emergency alerts via SMS to affected customers. As a post flood initiative, we helped affected communities to rebuild their lives. This year, we helped to clean a school in Tasek Gelugor, Penang and also distributed school uniforms to students in Rantau Panjang, Kelantan.

Sustainability Report

Environmental consciousness

Energy use and efficiency within our network

We have improved our energy usage over the years by implementing various energy efficiency initiatives at our base stations and Technical Operations Centres. In 2017, our Average Energy Consumption per base station reduced further by 3% even as the size of our network increased in response to customer data demand. We achieved this reduction by changing our 2G radio to compact 2G and 3G radio, converting our BTS cabins to outdoor cabinets, installing free cooling systems, energy-efficient air-conditioners and LED lighting, and installing high capacity solar panels at some of our remote BTS.

Consequently, by undertaking these energy efficiency initiatives, we have kept our CO_2 emissions at a relatively steady level even as our network expanded.

Reducing our total carbon emissions

We are always looking at how we can mitigate the impact of our business operations' on the environment. Besides keeping a close eye on our consumption of electricity and fuel, we are also mindful of the generation of greenhouse gas (GHG) emissions associated with our operations.

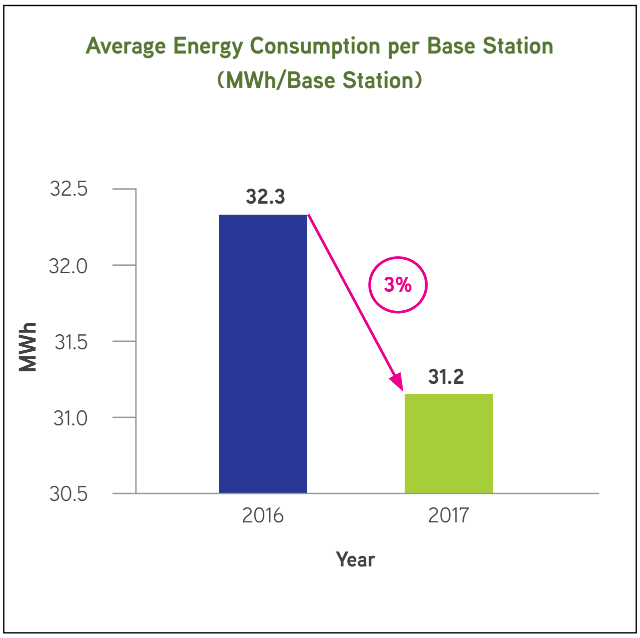
We completed major renovations at three of our offices and one of our warehouses in 2016. As a result, we recorded a reduction of 34% in power consumption. In 2017, we successfully maintained our power consumption with a marginal reduction of 0.018% compared to the year before.

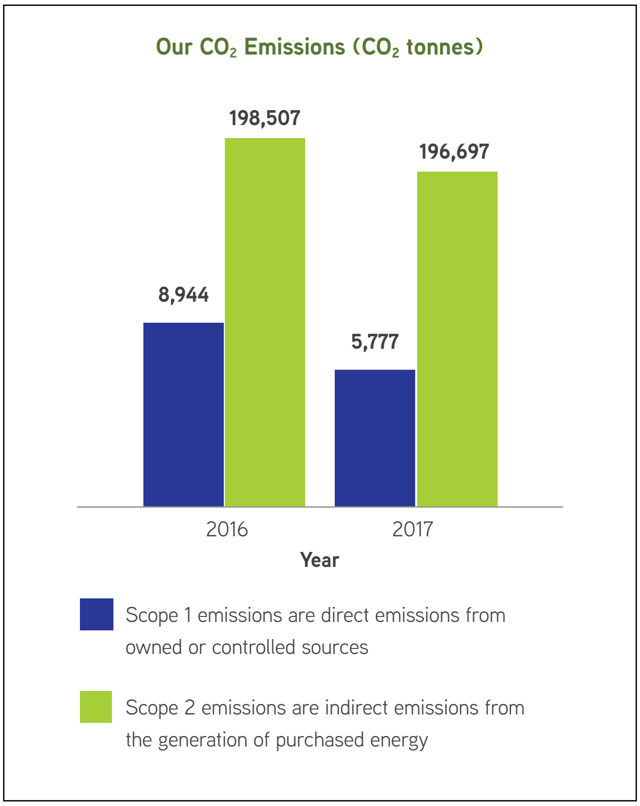
Waste management

We are always looking for new ways to improve our waste management from two operational perspectives; office waste and mobile e-waste.

Office waste

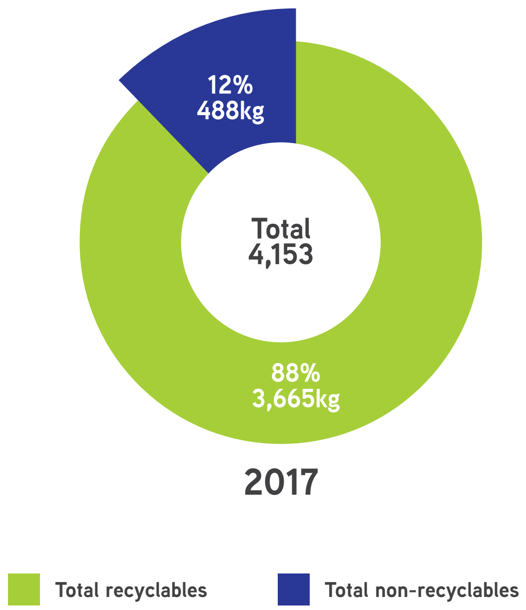
We are now in our second year of partnership with Pertubuhan Kebajikan Masyarakat Melalui Kitar Semula (CRC) to recycle our office waste. Funds collected from our recycling efforts were donated to charity.

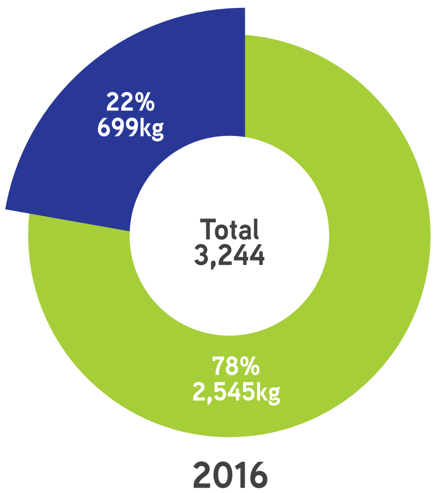




Sustainability Report

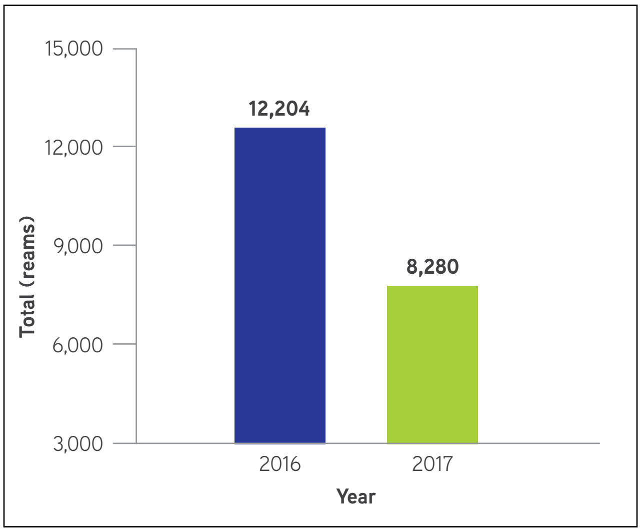
Waste collection at Maxis





As our business expands, our increasingly digital working environment is showing continuous improvement in paper usage. In 2017, we reduced our usage by a third.

Paper use at Maxis



Mobile e-waste at Maxis Retail Stores

Our three key initiatives in our mobile e-waste recycling programme are:

- Provision of e-waste bins at various Maxis Centres nationwide and selected PI1Ms;
- Participation in International Recycling Day where Maxis employees gave away their mobile e-waste; and
- Interactive sessions with members of the public on the importance of recycling mobile e-waste in a safe manner.

To encourage customers to drop their mobile e-waste into our collection boxes, we gave a promotional discount of 20% on selected mobile accessories in our Maxis Centres. We collected 211 units of mobile phones and 196.6kg of e-waste as of December 2017.

Sustainability Report

Commitment to operate responsibly and ethically

What we do matters, but so does how we work. The MaxisWay sets out the way we work, which is to always be positive, passionate and collaborative. Our MaxisWay values, together with our "Code of Business Practice", define the mindset and behaviour that we expect from our employees. We have also extended the Code of Business Practise to our vendors across our extensive supply chain. Apart from looking at improving processes and cost efficiency, we have included environmental performance in supplier selection during the Request for Information (RFI) process as well.

Engaging our stakeholders

Regular engagements with our stakeholders help us identify key issues, risks and opportunities which are important to them and critical to our long-term sustainability.

Key Stakeholders	Key Engagement Areas	Methods of Engagement	Frequency
1 Customers	• Network provision • Solutions offerings • Customer service • Data security protection	• Maxis centres and stores, and roadshows • Maxis website and social media platforms • Customer service platforms • Net Promoter Score (NPS)	Monthly, quarterly, annually & as required
2 Employees	• Working culture • Training and development • Salaries, rewards and incentives • Performance review • Diversity and inclusion	• Engagement events • Voice of Maxis survey • Quarterly leadership survey • Yammer social media site • Internal intranet page	Monthly, quarterly, annually & as required
3 Shareholders & Investors	• Financial performance • Dividend payout • Strategy and vision	• Annual Report • Quarterly investor report • Annual General Meeting • Analysts and investor meetings • Maxis website's investor relations page	Annually, quarterly & as required
4 Government & Regulators	• Spectrum management • Universal Service Provision (USP) • Strategic industry development • Collaboration in national agenda	• Regular reports • Formal meetings on progress and agenda • Participation in events	Ongoing
5 Suppliers & Partners	• Onboarding programme • Relationship management • Business collaboration	• Formal and informal meetings • Exchange in products and services	Ongoing

Overview on Corporate Governance

The Board is pleased to provide an overview of the corporate governance practices by the Company. This Overview summarises the application by the Company of the Principles and Recommendations of the Malaysian Code of Corporate Governance 2017 ("the Code") during the financial year ended 31 December 2017.

The Company's detailed application of the Principles and Recommendations of the Code ("Corporate Governance Report") can be found at this link http://www.maxis.com.my/corp. This Overview and Corporate Governance Report were approved by the Board on 7 February 2018.

A. BOARD LEADERSHIP AND EFFECTIVENESS

Board Responsibilities, Composition and Remuneration

The Maxis Board comprises Eleven (11) Directors, out of which Ten (10) are Non-Executive Directors, Four (4) are Independent Non-Executive Directors and One (1) Executive Director. The Chairman is an Independent Non-Executive Director. The Directors' mix of qualification is diverse covering accounting, finance, engineering, human resources and law whilst their skills and expertise is vast covering general management, international expertise, technology/digital/media, finance and treasury, marketing, telco industry, human resource/people and regulatory/local affairs.

The Board is of the view that its composition and size is adequate for the effective discharge of its functions and responsibilities. With its diversity of qualifications and skills, and the governance structure of the Committees and Board, the Board has been able to provide clear and effective collective leadership to the Group and has delivered 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's undertakings. None of the Non-Executive Directors participate in the day-to-day management of the Group.

The Audit, Nomination and Remuneration Committees comprise majority independent directors. The presence of the Independent Non-Executive Directors both in the Board and Committees 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 with which the Group conducts its business are well-represented and taken into account.

The assessment of the independence of each of its Independent Non-Executive Directors was undertaken twice during 2017 according to set criteria as prescribed by the Main Market Listing Requirements of Bursa Securities ("MMLR"). As recommended by the Code, the tenure of directorship of not more than Nine (9) years should form also part of the assessment criteria for independence of a Director, which specific tenures of directors were duly reviewed and confirmed for suitability by the Nomination Committee ("NC") and Board. The relevant processes and procedures have been provided for in the Board Charter and Terms of Reference of the NC.

Raja Tan Sri Arshad ("RA") and Tan Sri Mokhzani ("MM") would have exceeded the cumulative tenure of nine years after 16 October 2018. The NC and Board, save for RA and MM have reviewed and considered the suitability of RA and MM to continue to act as independent directors. Shareholders are requested to review the justifications as found on page 61 and in the Notice of AGM on page 220.

Roles and Responsibilities of Directors

- The Directors are responsible for the management of the Company and their powers are defined in the Constitution, the Companies Act 2016 and corresponding regulations.
- Directors are aware of their duties and responsibilities and time commitment as a Director.
- The Board Charter sets out clearly the roles and responsibilities of the Board, the Chairman, the Secretary and Senior Independent Director.
- Limits of Authority with clear delegation of authority to Chief Executive Officer ("CEO") and Management as specified in Maxis' Manual of Limits of Authority ("LOA") and the Board Charter.
- Directors regularly attend talks, briefings and utilise online learning tools on operational, legal, regulatory and industry matters to keep themselves appraised and to assist in the discharge of their functions.

In 2017, the Maxis Board reviewed, deliberated and approved (where specifically required) the following, Maxis' detailed business and operations, brand, customer service and consumer insights, financial results, cashflow, funding requirements, proposed dividends and investor relations briefings, Network and Information Technology systems program, People and Organisation which include updates on movement of personnel, key performance indicators, employee engagement and succession, talent and retention planning, risk management and internal controls, budget and Rolling Plan 2018, corporate sustainability, specific corporate and operational matters for the Board's approval.

Roles and Responsibilities between the Chairman and the CEO

The roles of the Chairman and CEO are clearly separated and the Chairman was not previously a CEO of the Company. The Board Charter specifies the duties of the Chairman, and the CEO's Key Performance Indicators are reviewed and tracked by the Remuneration Committee.

Company Secretary

The Board is supported by the Company Secretary who facilitates overall compliance with the MMLR and Companies Act 2016 and other relevant laws and regulations. The Company Secretary is a Fellow of the Malaysian Institute of Chartered Secretaries and Administrations and is a qualified lawyer, with postgraduate Qualifications. She has 24 years of company secretarial experience.

Overview on Corporate Governance

Board Meetings and Access to Information

Directors were given due notices of proposed meetings held during the financial year. Board meeting materials were shared and uploaded electronically for Board members prior to such meetings. Directors have also participated in Board meetings and Committee meetings in person or via conference call. Minutes of the meetings are circulated to all members of the Board.

Additionally, throughout the year, the Board was furnished with ad-hoc reports/updates to ensure that it is appraised of key business, financial, operational, corporate, legal, and regulatory and industry matters, as and when the need arises. Members of Management had given full support to the Board.

Board Committees

The Board is supported by four Board Committees viz the Audit, Nomination, Remuneration and Business and IT Transformation. These Committees play a significant part in reviewing matters within each Committee's Terms of Reference, and facilitating the Board's discharge of its duties and responsibilities. Each of these Committees have specific terms of reference, scope and specific authorities to review matters tabled before the Committees prior to decisions by the Board as a whole. The Audit, Nomination and Remuneration Committees comprise a majority of Independent Directors. The Business and IT Transformation Committee comprises majority Non-Independent Directors.

At every Board Meeting the Chairmen of the respective Committees provide detailed summary of the reports, deliberations and recommendations made at the respective meetings for the Board's further deliberation, and recommend matters that require decisions of the Board. Minutes of the Committee Meetings are made available to all members of the Board.

Appointments to the Board

The 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, diversity, knowledge, expertise and experience, professionalism, integrity, competencies, time commitment and other relevant qualities of the candidates, before recommending their appointment to the Board for approval.

Board Diversity Policy

The Board recognises the importance of diversity in its composition to ensure effectiveness and good corporate governance. The NC and Board regularly review the composition of the Board to ensure the proper discharge of its functions and obligations. All Directors are appointed on a robust process, merit and 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 24 to 30 which demonstrates the Board's diversity policy.

Board Evaluation and Effectiveness Assessment

In 2017, the Chairman of the NC oversaw the overall evaluation process and responses were reviewed and analysed by the NC, before it was 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 including specific training needs.

The NC and Board also reviewed the suitability of the following Directors due for re-election:

(i) Robert Alan Nason
(ii) Dato' Hamidah Naziadin
(iii) Mohammed Abdullah K. Alharbi
(iv) Lim Ghee Keong

RA and MM were appointed as Independent Directors on 16 October 2009 and their tenure as Independent Directors shall exceed 9 years on 17 October 2018. In accordance with the Code, the Board through the NC has undertaken relevant assessments and recommended for the two Directors to continue to serve as Independent Non-Executive Directors based on the following justifications:

(a) RA and MM have each fulfilled the criteria under the definition of Independent Director as stated in the MMLR;
(b) RA and MM, and the other independent directors each function as a check and balance to the Board and exercise objectivity as directors;
(c) RA and MM each have vast experience, knowledge and skills in a diverse range of businesses and therefore provide constructive opinion, counsel, oversight and guidance as directors; and
(d) Each of RA and MM has devoted sufficient time and attention to his professional obligations to Maxis for informed and balanced decision making.

The NC and the Board are satisfied that each of RA and MM are able to exercise independent judgment and have the ability to act in the best interests of the Company. Each of RA and MM have continued to exercise their independence and due care during their present tenure as an Independent Non-Executive Director in the following roles; RA is Chairman of the Board and NC and a member of the RC while MM is a member of the Audit Committee ("AC"), NC and Remuneration Committee ("RC"). RA and MM have abstained from all deliberations at the NC and Board in relation to the recommendation of resolutions 5 and 6 to the shareholders.

Overview on Corporate Governance

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. Amongst others, trainings include:

(i) Orientation and familiarisation programmes for the new appointments;
(ii) Regular briefings/updates (some by external advisors) on various matters including those relating to the industry and governance matter;
(iii) The Board has taken steps to ensure that its members have ongoing access to appropriate continuing education programmes;
(iv) Online learning tools are made available to all Directors; and
(v) The external auditors share relevant publications with all Directors.

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 Director 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.

The remuneration of the Non-Executive Directors are subject to annual approval by Shareholders.

Directors' Remuneration Packages comprise fees, basic salary (Executive Director), bonus scheme (Executive Director) and benefits-in-kind and other benefits.

The aggregate emoluments received by the Directors of the Company during the financial year ended 31 December 2017 are stated as follows:

		Received or to be received from the Company		Received or to be received from a subsidiary				
	Name of Directors	Fee (RM)	Benefits-in-Kind (RM)	Salaries and Other Short-term Employee Benefits (RM)	Other Long-term Employee Benefits (RM)	Incentive Arrangement (RM)	Benefits-in-Kind (RM)	Total Amount (RM)
1	Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	470,015	50,700	-	-	-	-	520,715
2	Tan Sri Mokhzani bin Mahathir	310,018	-	-	-	-	-	310,018
3	Dato' Hamidah Naziadin	340,018	-	-	-	-	-	340,018
4	Robert Alan Nason	400,018	-	-	-	-	-	400,018
5	Mohammed Abdullah K. Alharbi	270,011	-	-	-	-	-	270,011
6	Mazen Ahmed M. AlJubeir	290,015	-	-	-	-	-	290,015
7	Naser Abdulaziz A. AlRashed	270,011	-	-	-	-	-	270,011
8	Dr. Kaized B. Heerjee	267,987	-	-	-	-	-	267,987
9	Lim Ghee Keong	292,098	-	-	-	-	-	292,098
10	Alvin Michael Hew Thai Kheam	270,011	-	-	-	-	-	270,011
11	Morten Lundal (Executive Director)	-	-	Please refer to page 120 of the Annual Report 2017				

Note:
1. Save as disclosed above, no other remuneration has been paid to the Directors by the Company and/or its subsidiaries.

Overview on Corporate Governance

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee, Risk Management and Internal Control Framework

The roles and responsibilities and activities of the Audit Committee in respect to effective audit and risk management is explained in the Audit Committee Report on page 65 of the Annual Report.

The Group has the following processes in place for effective audit and risk management.

(i) Accountability and Audit
The Directors endeavoured 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.

(ii) Related Party Transaction ("RPT")
The Group has 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. This is to 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 Group will track the status of the mandated Recurrent RPTs monthly to ensure all transactions are within limit and plan the compliance processes if required.

(iii) Risk Management and Internal Control
The Board affirms its overall responsibility for the Group's System of Risk Management and Internal Control and for reviewing the adequacy and effectiveness of the system. The Audit Committee supported by Internal Audit Division provides an independent assessment of the effectiveness of the Maxis Enterprise Risk Management ("ERM") framework and report to the Board yearly.

The key elements of the Group's control environment include Organisation Structure, Audit Committee, Internal Control, Code of Business Practice, Revenue Assurances, Subscriber Fraud Management, Business Continuity Planning, Regulatory, Legal, Company Secretary, Limit of Authority, Policies and Procedures, Financial and Operational Information and Systems and Information Security.

Detailed reports on the effective Audit and Risk Management can be found on pages 65 to 68 and 69 to 74 of this Annual Report.

C. INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communications with Stakeholders and Conduct of General Meeting

The Board is aware that the shareholders have the legitimate rights to know how the Company is doing and endeavours to provide timely disclosure to shareholders and all required/material announcements will be released immediately when matters are triggered.

Other than issuance of its Annual Reports and release of financial results, Maxis has been promoting proactive engagements and communications with its shareholders and stakeholders through the following channels comprising Press Releases, online Investor Relations section and online News Room which can be accessed at www.maxis.com.my. Please also refer to the Investor Relations section on pages 20 to 21 of this Annual Report.

Maxis has provided the relevant contact details for queries and/or concerns regarding the Group under the Corporate Information Section.

AGM

The Board has taken reasonable steps to encourage shareholder participation at general meetings.

(i) Shareholders are encouraged to participate in the Question and Answer sessions.
(ii) Written answers will be provided to any significant questions that cannot be readily answered during the AGM.
(iii) Shareholders are welcome to raise queries by contacting Maxis at any time.
(iv) Maxis issued notices of AGM with 28 days notice period (beyond the prescribed period).
(v) An email account has also been created to attend to all queries from shareholders pertaining to the Annual Report and all other matters relating to the AGM.

Whistle-Blowing

In light of the requirements stipulated under the Capital Markets and Services Act 2007, the Bursa Malaysia' Corporate Governance Guide and the Companies Act 2016, 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 behaviour, 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 Ethic Hotline number (03-2330 6678 or 017-200 3922);
(ii) Email to 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.).

For further details, please refer to Corporate Governance Report.

What's Next

To support Maxis' transformation and digital ambitions, the Board's processes, proceedings and governance structure are constantly assessed and benchmarked to remain competitive, refreshed and agile. The Board is fully committed to compliance with the regulatory requirements under the Code, and the corresponding rules and regulations. The key focus areas for 2018 are the appointment of the new CEO, the maintenance and enhancement of Board dynamics, and the review of the appointment of additional independent and women directors. As an ongoing effort for the next few financial years, the Board will benchmark itself against other comparable international digital and technology companies.

Statement of the Nomination Committee

Members:
(i) Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda (Chairman)
(ii) Tan Sri Mokhzani bin Mahathir
(iii) Dato' Hamidah Naziadin
(iv) Mazen Ahmed M. AlJubeir
(v) Alvin Michael Hew Thai Kheam

Terms of Reference is available at
http://www.maxis.com.my/corp

Role and Activities of the NC

The Nomination Committee ("NC") met five (5) times during the financial year with full attendance.

Among the matters considered by the NC during the year were matters/issues arising from Companies Act 2016 and the Code, Directors' duties, responsibilities, benefits and fees, the Board, Board Committee and Individual Directors Assessments, the review and amendment of Board Charter, review of the Board Committees Term of References, compliance with the Code, Board and Committee composition and skills, diversity, independence of directors and tenure of independent directors. The NC also reviewed the processes, methodologies and outcomes for Annual Board, Board Committee and individual Director Assessments, feedback and training requirements of the Board.

The NC's recommendations were tabled in the Board for the Board's consideration and approval.

Board, Board Committee and Individual Directors Effectiveness

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' mix of skills, composition, Board's roles and responsibilities, performance which comprises strategy planning and performance, risk and human capital management, regulatory requirements, Board communications, proposed identification of training areas and conduct of the Board and Board Committees that include procedures and decision making processes, and general feedback on any areas of improvement.

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 functions. During the year, the NC and Board, 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 AC and members have carried out their duties in accordance with the AC's terms of reference.

The individual Directors each undertook self-assessment of their individual performance during the financial year ended 31 December 2017 based on the criteria as prescribed under Para 2.20A of MMLR of character, experience, integrity, competence and time in order to discharge their respective roles as Directors of Maxis Berhad.

Assessment of Directors who stand for re-election of Directors at the Ninth AGM

The NC and the Board had carried out an assessment of all Independent Directors including the independence of Robert Alan Nason and Dato' Hamidah Naziadin pursuant to criteria as prescribed by the MMLR and Code, and were satisfied that they meet the criteria for independence. Robert Alan Nason and Dato' Hamidah Naziadin were appointed Directors on 7 March 2016 and 1 February 2014 respectively, and both do not exceed the tenure of nine years.

The NC and the Board have considered the assessment of the following four (4) Directors standing for re-election at the AGM 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:
(i) Robert Alan Nason
(ii) Dato' Hamidah Naziadin
(iii) Mohammed Abdullah K.Alharbi
(iv) Lim Ghee Keong

Items can be downloaded from the website (http://www.maxis.com.my/corp):
(1) Board Charter
(2) Terms of Reference of the Audit, Nomination and Remuneration Committees
(3) Code of Business Practice
(4) Constitution
(5) Annual Report 2017
(6) Circular to Shareholders for Ninth AGM
(7) Corporate Governance Report for 2017
(8) Notice of AGM
(9) Proxy Form
(10) Administrative Details for Ninth AGM

This Statement should be read together with Corporate Governance Overview.

Audit Committee Report

As at 31 December 2017

The Board of Maxis is pleased to present the Audit Committee Report for the financial year ended 31 December 2017.

THE AUDIT COMMITTEE AT A GLANCE

Members	5 Non-Executive Members
Independent Members	Chairman + 2 Members
Meetings	12 meetings in 2017
Attendance Rate	See below

WHO WE ARE

NE – Non-Executive, **IN** – Independent, ***** – Chairman

No	Name	Status	Appointment	Meetings Attended	Full Profile on page
1	Robert Alan Nason *	NE, IN	20/4/2016	12/12	26
2	Tan Sri Mokhzani bin Mahathir	NE, IN	16/10/2009	12/12	25
3	Dato' Hamidah Naziadin	NE, IN	01/02/2014	10/12	26
4	Lim Ghee Keong	NE	08/05/2014	11/12	28
5	Mohammed Abdullah K. Alharbi	NE	13/10/2015	10/12	27

THE AC'S SKILLS AT A GLANCE

- All members are financially literate
- All members are able to read, analyse, interpret and understand financial statements
- All members have extensive business experience
- Each of the members has skill sets which make the AC effective as a team and gives them the ability to effectively discharge their duties and responsibilities as members of the Committee
- Robert Alan Nason is a Fellow of CPA Australia meeting the requirement under the Main Market Listing Requirements of Bursa Securities ("MMLR") that an Audit Committee must have at least one member of one of the associations of accountants specified in Part II of the First Schedule of the Accountants Act 1967

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Committee's duties and responsibilities are set out in its Terms of Reference which are available on Maxis' website 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 Control and an annual review was performed to ensure that they have been complied with in full. There were 12 Audit Committee Meetings held in 2017. The matters discussed at the AC meetings were the review of the financial results, Announcements to Bursa Securities for each of the Q4 2016 and full year 2016, Q1 2017, Q2 2017 and Q3 2017, the provisions and judgmental items for the respective financial quarters, reports from both the external and internal auditors, regulatory and legal updates, enterprise risk management, related party transactions, revenue assurance, business and continuity planning, capital raising, systems and security information and other internal control matters. The AC Chairman reports the detailed outcome and decisions of the AC proceedings to the Board soonest practicable after each of the AC Meetings. Members of Management, the external auditors and external legal counsel also attend the AC as and when invited. In the discharge of its duties and responsibilities, the Committee had undertaken the following major activities during the year:

Risk Management and Internal Control

- The Committee reviewed the quarterly status reports on Enterprise Risk Management activities within the Group presented by the management, which includes overall risk profile, changes and updates on the number of identified risks, and the corresponding mitigating actions. The Committee also reviewed the risk appetite statement and risk methodology adopted in ensuring that key and high risks were identified and tracked;

Audit Committee Report

As at 31 December 2017

- Through the Internal Audit's reports on key internal audit findings and the external auditor's reports on work performed presented at the AC meetings, as well as through discussions with key senior management, the Committee 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;

- During its meetings and discussions with key senior management, the Committee had consistently emphasised on information security and the Group's readiness to prevent and respond to cyberattacks and online fraud. The Committee had also requested management to present an overall cyber security strategy and the related planned investments to mitigate cyber security risks. Cyber security updates are provided to the Committee on a quarterly basis;

- The Committee had also reviewed the summary of the defalcation cases investigated in 2016 and where relevant, requested Management to improve on the control environment to prevent further recurrences;

Financial Reporting

- In overseeing the Group's financial reporting, the Committee reviewed with the appropriate officers of the Group, the quarterly financial results and annual audited financial statements of the Group, including the reports on provisions, significant judgmental accounting matters, impact of the new accounting standards, and the related announcements, before recommending their approval and the release of the Group's financial results to Bursa Securities, to the Board. The quarterly financial results for Q1, Q2 and Q3 of 2017, which were prepared in compliance with the Malaysian Financial Reporting Standards ("MFRS"), were reviewed at the quarterly Committee meetings. During its first quarterly meeting, the Committee reviewed the draft audited financial statements for the financial year ended 31 December 2016;

- In reviewing the integrity of financial information, the Committee had deliberated with Management to ensure that the matters set out in Section 5 of the Audit Committee Terms of Reference ("Responsibilities" under the heading "Financial Reporting") as well as the following areas, where relevant, had been complied with:
  I. Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR");
  II. Provisions of the Companies Act 2016 and other legal and regulatory requirements;
  III. Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board;

- The Committee had also reviewed the status of accounting provisions and estimates, changes made to the reserves, change in accounting policies and significant judgmental accounting matters affecting its interim and audited financial statements;

- On quarterly basis, the management had given assurance to the Committee that related party transactions and mandate for recurrent related party transactions ("RRPT") were in compliance with MMLR and the Group's policies and procedures. In addition, the Internal Audit presented its quarterly independent review results on the RRPT confirming that all RRPTs had been conducted in compliance with the said policies and procedures;

Overall Governance, Regulatory and other updates

- The Management and Company Secretary presented to the Committee for its review, the status and changes in material litigation, law and regulations, compliance with loan covenants and regulatory updates on the Group's business. In its third quarterly meeting, the Committee was updated on the changes related to the Companies Act 2016 and the new Malaysian Code of Corporate Governance 2017;

Internal Audit

- The Internal Audit function carried out its activities based on the risk-based Annual Audit Plan approved by the Committee. Based on the approved Audit Plan for 2017, a total of 44 engagements were conducted as at the year-end covering the following key areas:
  i. Accounting & Financial Activities (16%)
  ii. Key Projects Implementation (5%)
  iii. Network and Information Technology (11%)
  iv. Regulatory Compliance (18%)
  v. Sales Operations (18%)
  vi. Contracts Management (9%)
  vii. Investigations (23%)

- At its quarterly meetings, the Head of Internal Audit presented to the Committee for its deliberation, the progress of the Internal Audit Annual Audit Plan 2017, including the status of Internal Audit assignments, 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;

Audit Committee Report

As at 31 December 2017

- An annual survey for evaluating the effectiveness of the Internal Audit function was carried out in December 2016 and the results were presented and reviewed by the Committee at its first quarterly meeting. The assessment covered three key categories of effectiveness aspects i.e. Positioning (Mandate & Strategy, Organisation & Structure, Stakeholders & Funding), People (Leadership, Competencies, Staffing Strategy, Culture and Reward & Appraisal) and Process (Risk Assessment & Planning, Execution and Reporting). During the same meeting, the Committee also reviewed the results of internal compliance assessments on the activities carried out by the Committee and the Internal Audit in the previous financial year against their respective Terms of Reference;

- During its last quarterly meeting for the year, the Committee reviewed and approved the Internal Audit Annual Audit Plan, which reflected the changing risk landscape of the organisation and industry. A total of 37 audits had been planned for 2018 focusing on strategic areas namely finance and business operations, technology and advisory audits. The Committee also 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 Division) were adequately addressed in the plan;

- The Committee also reviewed and endorsed the three-year roadmap (2018-2020) to be adopted by the Internal Audit, which focuses on digitalising Internal Audit's core processes and capability through adoption of continuous auditing approach supported by data analytics technologies;

- During the same meeting, Internal Audit presented for the Committee's approval the divisional KPIs for 2018 covering four strategic focuses: Operational, Customer, Innovation and Learning & Development. The KPIs were updated to be in line with the three-year IA roadmap introduced with emphasis on measures that drive the adoption of a technology-driven auditing approach;

- The Committee also 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 International Professional Practices Framework ("IPPF") for Internal Auditing by the Institute of Internal Auditors ("IIA");

External Audit

- During its first quarterly meeting, the Committee reviewed the external auditors' report for the financial year ended 31 December 2016 and recommended for the Board's approval;

- During the same meeting, the Committee undertook an annual assessment on the suitability and independence of the external auditors and reviewed the level of compliance with the Maxis External Audit Independence Policy (EAIP) for the work carried out by the auditors for the previous financial year (2016). The assessment was carried out by evaluating the compliance level of the services carried out by the external auditor vis-à-vis the Maxis EAIP clauses, to determine whether or not the services rendered would impair their independence and objectivity as external auditors;

  The compliance status was presented by Management to the Committee for its deliberation. The Internal Audit had also presented its independent review of the external auditor's independence status to the Committee confirming the assessment results by Management. The Committee deliberated on the reports and concluded that the Auditors complied with the EAIP;

- The Committee reviewed the audit services and non-recurring non-audit services provided by the external auditors and their corresponding incurred fees, which included tax related services, regulatory compliance reporting, accounting consultation and agreed-upon procedures. The Committee had concluded that the external auditors remained independent;

- At its quarterly meetings, the Committee deliberated on 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. The Committee deliberated on the key audit matters highlighted by the external auditors, the Internal Control Recommendations (ICRs) raised by the external auditors and monitored their closure status during its quarterly meeting;

- The Committee reviewed the external auditors' 2017 Audit Plan outlining their strategy, approach and proposed fees for the current financial year's statutory audit. The proposed Audit Plan and fees reviewed include non-recurring assurance related work for the financial year. The Committee noted on the proposed plan and approved it for the current financial year, with a suggestion for the external auditors to increase more reliance on Internal Audit, especially for technology related reviews;

Audit Committee Report

As at 31 December 2017

- The Committee reviewed the annual assessment conducted on the effectiveness of the external auditors and advised the Management to work with the external auditors in closing some gaps noted during the exercise. The assessment covered seven categories namely calibre of audit firm; quality process; audit team; scope; communications; governance and independence and audit fees;

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

- The review by the Internal Audit on the ESOS and LTIP grants for the financial year was performed in December 2017. In ensuring that the allocation to employees were as per the criteria approved, disclosed and established pursuant to ESOS and LTIP, the Committee will deliberate the review results presented by Internal Audit during its first meeting in 2018;

Others

- Conducted a self-assessment exercise to evaluate the Committee's overall effectiveness in discharging its responsibilities.

PROCEEDINGS OF THE AC MEETINGS

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

The Committee also held three separate private sessions with internal 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 reported 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.

TRAINING

The training attended by the Committee members during the financial year is reported under the Overview on Corporate Governance on page 60 to 63.

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 Internal Audit Division comprises 19 auditors, and is headed by Shafik Azlee Mashar, who has extensive experience in managing internal auditing functions within telecommunication, FMCG and banking organisations. Shafik holds a Bachelors Degree in Information Systems Engineering from Imperial College of Science Technology & Medicine, London and is a Certified Information Systems Auditor (CISA).

The Head of the Internal Audit Division 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 the results are communicated to the Committee.

The total costs incurred for the internal audit function for the financial year ended 31 December 2017 amounted to RM5.5 million (2016: RM5.8 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.

The Audit Committee has regular dialogues and sessions with the Head of Internal Audit and team.

TERMS OF REFERENCE OF THE COMMITTEE

The terms of reference of the Committee can be viewed on the Company's website at 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 2017.

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 risk appetite and level of risk tolerance within which the Board expects Management to operate and the Board has approved the following risk appetite statement:

- The Group is committed to delivering value to our shareholders achieved through sustaining profitable growth, maintaining market leadership position and meeting its dividend payout policy. However, the Group shall not compromise our integrity, values and reputation by risking brand damage, service delivery standards or regulatory non-compliance.

- The Group is prepared to take measured risks to achieve its ambition to be a digital powerhouse that empowers digital experience seekers, smart homes and progressive enterprises.

The Management has primary responsibility for identifying, assessing, monitoring and reporting key business risks to the Board in order to safeguard shareholders' investments and the Group's assets. 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.

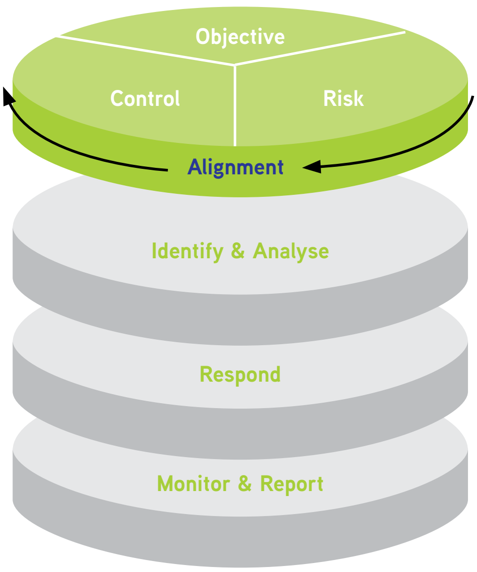
RISK MANAGEMENT

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 Division, 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") except for the recent updates to the COSO framework, of which Management is evaluating its impact. The Maxis ERM framework involves systematically identifying, analysing, measuring, monitoring and reporting on the risks that may affect the achievement of its business objectives. In addition, close monitoring and control processes, including the use of appropriate key risk and key performance indicators, are implemented to ensure the risk profiles are managed within policy limits. 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 are exposed to are strategic, operational, regulatory, financial, market, technological, products and reputational risks.

Statement on Risk Management and Internal Control

MAXIS' ENTERPRISE RISK MANAGEMENT FRAMEWORK



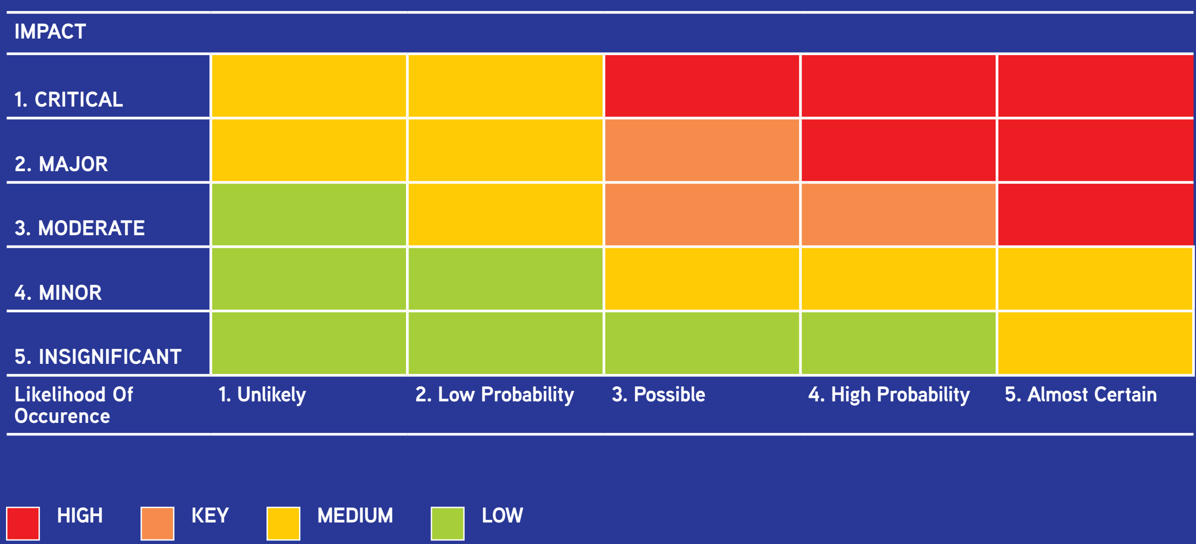
The ERM process is based on the following principles:

- Consider and manage risks enterprise-wide;
- Integrate risk management into business activities;
- Manage risk in accordance with the ERM framework;
- Tailor responses to business circumstances;
- Regularly assess status of risks and risks responses; and
- Monitor and report compliance with the ERM framework.

There is an ERM department that administers the ERM process to ensure risks that may affect the achievement of Maxis' business objectives are identified, evaluated and managed. A structured process has been established where on a regular basis, ERM discussions are held between units within a department/section to identify potential risks that might affect the department/section from achieving its business objectives. The ERM department participates in such discussions on a quarterly basis. Identified risks are then reported, reviewed and discussed with respective Maxis Management Team ("MMT") and Audit Committee on a quarterly basis to ensure key risks are identified, analysed, monitored and mitigating actions are co-ordinated and implemented in a timely manner.

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



Statement on Risk Management and Internal Control

The Board and Management drive a proactive 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.

The ERM department also works closely with the Group's operational managers to continuously strengthen 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 2017 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 overseen 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 the 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.

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, as well as legal and regulatory requirements and updates in addition to key matters affecting the financial statements of the Group.

   The Audit Committee also reviews and reports to the Board about 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 65 to 68.

3. **Internal Audit**
   The Internal Audit Division continues to independently, objectively and regularly review key processes, 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 effectiveness of risk management, control and governance processes to members of the MMT and 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

Statement on Risk Management and Internal Control

update is given to the Audit Committee every quarter. The Audit Committee oversees the Internal Audit Division's function, its independence, scope of work and resources. The Internal Audit Division also maintains a quality assurance and improvement programme and continuously monitors its overall effectiveness through internal self-assessments.

The Internal Audit function follows 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 65 to 68.

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. The Maxis Code of Business Practices ("the Code") stipulates how Directors and employees as well as external parties such as vendors, dealers and business partners should conduct themselves in all business matters. All Directors and employees are required to declare they are in compliance with the Code upon joining the Group. The Directors are required to acknowledge the Code when there are significant changes made to it. Communications are made to all employees on the content of the Code throughout the year to ensure they understand what is expected of them. 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 effectively implement 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 look at ways to enhance the Group's highest standards of business conduct and ethics, and to benchmark these against best practices. There is also an Ethics Hotline, which serves as a safe and effective channel for employees or parties dealing with us to report any incidence or occurrence which are not in accordance with the Code.

5. **Revenue Assurance**
The Revenue Assurance team is responsible for the continuous monitoring of potential revenue leakage that may arise from day-to-day operations. 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. Processes and controls within the revenue cycle are also reviewed regularly to ensure they function effectively and efficiently. Key issues and mitigation actions are reported to the Management monthly and 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 monitors and reviews controls within the revenue cycle as indicated above, the SFM function monitors daily subscriber calls/events on a near real-time basis. Appropriate actions are taken immediately for suspected fraudulent calls/events, using an industry developed system to monitor call patterns on a 24/7 basis throughout the financial year and other manual reporting investigations. It also reviews key new services and products for possible fraud risk and recommends counter-measures. Fraud findings with remedial actions taken are reported to the Management on a monthly 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 BCP Steering Committee. In addition, learning from major incidents 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.

Statement on Risk Management and Internal Control

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, Malaysian Communications and Multimedia Commission.

The Regulatory function also frequently engages the Malaysian Communications and Multimedia Commission and the Ministry of Communications and Multimedia Malaysia 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 that would affect the Group's operations.

10. **Company Secretary**
Please refer to Overview on Corporate Governance on pages 60 to 63 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.

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, procurement, human resources, information systems, network operations, legal, system and information security controls. Continuous control enhancements are made to cater for business environment changes and to align with Maxis' new and growing business strategy.

13. **Financial and Operational Information**
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 budget on a monthly basis. Reporting systems which highlight significant variances against budget are in place to track and monitor performance. The variances in financial as well as operational performance indices are incorporated in monthly management reports. On a quarterly basis, actual results for the quarter and rolling forecast are reviewed by the Board to enable the Directors to evaluate the Group's performance compared to the budget and prior periods.

14. **Systems and Information Security**
The Systems and Information Security unit 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 assessed by external and internal auditors as part of their annual review.

Apart from the internal security compliance programmes, the unit 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.

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

Statement on Risk Management and Internal Control

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. Fraud Working Group ("FWG") comprises Management and Internal Audit Division, establishes fraud related policies and regularly reviews, monitors and agrees on actions to be taken on identified fraud matters.

4. 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 Division and matters reviewed by FWG are channeled to this committee for deliberation. Based on the findings, the committee decides on appropriate actions to be taken. The committee also reviews and monitors the status of the actions taken on a regular basis.

5. 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.

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 2015): 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 2015) 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

The Companies Act 2016 ("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 2017 and of their financial performance and cash flows for the financial year ended 31 December 2017.

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 84 to 191 of this Annual Report are the financial statements of the Group and the Company for the financial year ended 31 December 2017.

Directors' Report

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 2017.

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 to offer a full suite of converged telecommunications, digital and related services and solutions, and corporate support and services 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	**2,191,554**	**1,005,429**

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 2016:	
- Fourth interim single-tier tax-exempt dividend of 5.0 sen per share on 7,510,348,200 shares, paid on 28 March 2017	**375,517**
In respect of the financial year ended 31 December 2017:	
- First interim single-tier tax-exempt dividend of 5.0 sen per share on 7,510,500,400 shares, paid on 29 June 2017	**375,525**
- Second single-tier tax-exempt dividend of 5.0 sen per share on 7,810,523,900 shares, paid on 28 September 2017	**390,526**
- Third single-tier tax-exempt dividend of 5.0 sen per share on 7,810,560,700 shares, paid on 28 December 2017	**390,528**
	1,156,579

Directors' Report

DIVIDENDS (CONTINUED)

Subsequent to the financial year, on 8 February 2018, 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 2017 which will be paid on 29 March 2018. The financial statements for the financial year ended 31 December 2017 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 2018.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2017.

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 7,510,313,500 ordinary shares to 7,810,564,100 ordinary shares by the issuance of:

(a) 300,000,000 new ordinary shares for cash pursuant to a private placement exercise on 30 June 2017 at an issue price of RM5.52 per share; and

(b) 250,600 new ordinary shares for cash pursuant to the exercise of share options under the Employee Share Option Scheme. The details of the issuance are as follows:

Exercise price per share	Number of issued and paid-up ordinary shares '000
RM5.45	239
RM6.41	7
RM6.78	4
	250

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.

Directors' Report

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

(a) ESOS (continued)

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

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

The movements of the total share options issued under the ESOS are as follows and there were no new share options granted during the financial year:

	Quantity '000
Total outstanding as at 1 January 2017	89,556
Total exercised	(250)
Total forfeited/lapsed	(4,835)
Total outstanding as at 31 December 2017	84,471

(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 Remuneration Committee which is appointed by the Board of Directors of the Company, in accordance with the By-Laws. The Remuneration 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, 7,151,400 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 shares in the Company, to be allotted and issued pursuant to the LTIP ("new shares"), upon meeting the vesting conditions as set out in the letter of offer for the new shares. The vesting conditions comprise, amongst others, the performance targets and/or conditions for the period commencing from 1 January 2017 and ending on 31 December 2019, as stipulated by the Remuneration Committee. The vesting date is on 30 June 2020, subject to meeting such performance targets.

Directors' Report

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

(b) LTIP (continued)

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

	Quantity '000
Total outstanding as at 1 January 2017	13,279
Total granted	7,151
Total forfeited	(769)
Total outstanding as at 31 December 2017	19,661

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[1]	
	Since implementation date	Financial year 31.12.2017	Since implementation date	Financial year 31.12.2017
Key management personnel	50%	50%	12%	29%

Note:

[1] 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 in office during the financial year and during the period from the end of the financial year to the date of the Report are:

Non-Executive Directors

Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda
Tan Sri Mokhzani bin Mahathir
Robert Alan Nason
Alvin Michael Hew Thai Kheam
Dato' Hamidah Naziadin
Lim Ghee Keong
Mohammed Abdullah K. Alharbi
Mazen Ahmed M. AlJubeir
Naser Abdulaziz A. AlRashed
Dr. Kaizad B. Heerjee

Executive Director

Morten Lundal

Directors' Report

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016, the list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) in office during the financial year and during the period from the end of the financial year to the date of the Report are as follows:

Nasution bin Mohamed
Su Puay Leng

DIRECTORS' REMUNERATION AND BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company or any of its subsidiaries are 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 2 and 4 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 required to be kept under Section 59 of the Companies Act 2016, 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 in the Company			
	At 1.1.2017	**Vested/ Acquired**	**Sold**	**At 31.12.2017**
Direct Interest				
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	**750,000**(1)	-	-	**750,000**(1)
Tan Sri Mokhzani bin Mahathir	**750,000**	-	-	**750,000**
Morten Lundal	**361,155**(2)	-	**(361,155)**(2)	-
Indirect Interest				
Tan Sri Mokhzani bin Mahathir	**1,000**(3)	-	-	**1,000**(3)
Morten Lundal	**1,594,178**(4)	**605,813**(4)	-	**2,199,991**(4)

Directors' Report

DIRECTORS' INTERESTS (CONTINUED)

Notes:

(1) Held through a nominee, namely CIMSEC Nominees (Tempatan) Sdn. Bhd.

(2) Shares vested under an incentive arrangement which forms part of the employment contract which the Director has entered into with the Group.

(3) Deemed interest in 1,000 shares in the Company held by spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

(4) 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 Group, 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.

INDEMNITY AND INSURANCE COSTS

The Directors of the Group and of the Company were insured against certain liabilities under a Directors' and Officers' liability insurance policy maintained as a group basis under Binariang GSM Sdn. Bhd., the ultimate holding company, for up to a maximum of RM210,000,000 for any one claim and in aggregate. During the financial year, the Group and the Company paid an aggregate of RM600,000 and RM227,000 respectively based on the apportioned premium in respect of such policy.

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.

Directors' Report

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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.

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 of the Group and of the Company 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, other than as disclosed in Note 18 to the financial statements; 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.

SUBSIDIARIES

Details of subsidiaries are set out in Note 18 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.

Directors' Report

AUDITORS

Details of auditors' remuneration are set out in Note 11 to the financial statements.

The auditors, PricewaterhouseCoopers PLT (LLP0014401–LCA & AF 1146), have expressed their willingness to continue in office.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 2 January 2018 and with effect from that date, PricewaterhouseCoopers (AF 1146), a conventional partnership was converted to a limited liability partnership.

Signed on behalf of the Board of Directors in accordance with their resolution dated 8 February 2018.

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 2017

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Revenue	6	**8,696,438**	8,611,796	**1,220,000**	8,858,400
Traffic, commissions and other direct costs		**(1,954,559)**	(2,139,053)	**-**	-
Spectrum licence fees		**(198,275)**	(147,243)	**-**	-
Network costs		**(786,698)**	(791,971)	**-**	-
Staff and resource costs	7	**(576,098)**	(526,540)	**-**	-
Operation and maintenance costs		**(341,776)**	(319,050)	**-**	-
Marketing costs		**(160,419)**	(196,475)	**-**	-
Impairment of receivables and deposits, net		**(93,877)**	(82,392)	**-**	-
Impairment of investments in subsidiaries	18	**-**	-	**(195,000)**	(6,725,000)
Government grant and other income		**233,574**	203,754	**562**	472
Other operating expenses		**(122,115)**	(30,082)	**(10,344)**	(11,935)
Depreciation and amortisation	9	**(1,418,540)**	(1,430,741)	**-**	-
Finance income	10(a)	**61,309**	54,778	**21,326**	8,628
Finance costs	10(b)	**(445,032)**	(469,943)	**(25,483)**	(299,629)
Profit before tax	11	**2,893,932**	2,736,838	**1,011,061**	1,830,936
Tax expenses	12	**(702,378)**	(724,212)	**(5,632)**	(604)
Profit for the financial year		**2,191,554**	2,012,626	**1,005,429**	1,830,332
Attributable to:					
- equity holders of the Company		**2,191,554**	2,013,161		
- non-controlling interest		**-**	(535)		
		2,191,554	2,012,626		
Earnings per share for profit attributable to the equity holders of the Company:					
- basic (sen)	13(a)	**28.61**	26.81		
- diluted (sen)	13(b)	**28.61**	26.81		

The notes on pages 95 to 191 form part of these financial statements.

Statements of Comprehensive Income

For the financial year ended 31 December 2017

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit for the financial year		**2,191,554**	2,012,626	**1,005,429**	1,830,332
Other comprehensive expenses:					
Item that will be reclassified subsequently to profit or loss:					
- net change in cash flow hedge	32(d)	**(32,442)**	(28,819)	**(27,026)**	(36,165)
Total comprehensive income for the financial year		**2,159,112**	1,983,807	**978,403**	1,794,167
Attributable to:					
- equity holders of the Company		**2,159,112**	1,984,342		
- non-controlling interest		**-**	(535)		
		2,159,112	1,983,807		

The notes on pages 95 to 191 form part of these financial statements.

Statements of Financial Position

As at 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	15	**4,841,261**	4,502,020	**-**	-
Intangible assets	16	**11,354,176**	11,296,627	**-**	-
Investments in subsidiaries	18	**-**	-	**27,689,195**	28,372,380
Available-for-sale investment	20	**-**	-	**-**	-
Receivables, deposits and prepayments	21	**801,522**	871,280	**-**	-
Derivative financial instruments	22	**2,565**	470,045	**-**	463,444
Deferred tax assets	23	**7,625**	45,229	**-**	-
TOTAL NON-CURRENT ASSETS		**17,007,149**	17,185,201	**27,689,195**	28,835,824
CURRENT ASSETS					
Inventories	24	**4,494**	5,942	**-**	-
Receivables, deposits and prepayments	21	**1,581,662**	1,582,431	**4,651**	35
Amount due from penultimate holding company	25	**1,289**	765	**-**	-
Amounts due from fellow subsidiaries	25	**-**	29	**-**	-
Amounts due from related parties	26	**29,336**	21,922	**-**	-
Amounts due from subsidiaries	17	**-**	-	**-**	4
Loan to a subsidiary	17	**-**	-	**392,036**	-
Derivative financial instruments	22	**-**	143,585	**-**	141,329
Tax recoverable		**23,167**	20,858	**-**	974
Deposits, cash and bank balances	27	**602,127**	682,346	**9,757**	12,300
TOTAL CURRENT ASSETS		**2,242,075**	2,457,878	**406,444**	154,642
TOTAL ASSETS		**19,249,224**	19,643,079	**28,095,639**	28,990,466

The notes on pages 95 to 191 form part of these financial statements.

Statements of Financial Position
As at 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
LESS: CURRENT LIABILITIES					
Provisions for liabilities and charges	28	**110,661**	96,708	**-**	-
Payables and accruals	29	**3,299,107**	3,633,201	**1,213**	611
Amount due to a subsidiary	17	**-**	-	**268**	177
Amounts due to fellow subsidiaries	25	**2,004**	-	**-**	-
Amounts due to related parties	26	**22,874**	14,229	**-**	-
Borrowings	30	**205,358**	1,101,294	**-**	590,035
Derivative financial instruments	22	**1,535**	-	**-**	-
Taxation		**291,145**	151,174	**3,251**	-
TOTAL CURRENT LIABILITIES		**3,932,684**	4,996,606	**4,732**	590,823
NET CURRENT (LIABILITIES)/ASSETS		**(1,690,609)**	(2,538,728)	**401,712**	(436,181)
NON-CURRENT LIABILITIES					
Provisions for liabilities and charges	28	**170,341**	164,353	**-**	-
Payables and accruals	29	**227,380**	418,105	**-**	-
Borrowings	30	**7,439,936**	8,762,728	**-**	1,449,039
Deferred tax liabilities	23	**436,972**	580,388	**-**	-
TOTAL NON-CURRENT LIABILITIES		**8,274,629**	9,925,574	**-**	1,449,039
NET ASSETS		**7,041,911**	4,720,899	**28,090,907**	26,950,604
EQUITY					
Share capital	31	**2,468,942**	751,031	**2,468,942**	751,031
Reserves	32	**4,572,969**	3,969,868	**25,621,965**	26,199,573
TOTAL EQUITY		**7,041,911**	4,720,899	**28,090,907**	26,950,604

The notes on pages 95 to 191 form part of these financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2017

Group	Note	Issued and fully paid ordinary shares Number of shares '000	Issued and fully paid ordinary shares Share capital RM'000	Share premium RM'000	Merger relief (Note 32(b)) RM'000	Reserve arising from reverse acquisition (Note 32(c)) RM'000	Other reserves (Note 32(d)) RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2017		7,510,314	751,031	61,974	22,728,901	(22,728,901)	145,379	3,762,515	4,720,899
Transition to no-par value regime	32(a)	-	61,994	(61,994)	-	-	-	-	-
Profit for the financial year		-	-	-	-	-	-	2,191,554	2,191,554
Other comprehensive expense for the financial year		-	-	-	-	-	(32,442)	-	(32,442)
Total comprehensive (expense)/ income for the financial year		-	-	-	-	-	(32,442)	2,191,554	2,159,112
Issuance of new shares, net of expenses		300,000	1,654,504	-	-	-	-	-	1,654,504
Dividends for the financial year ended 2016	14	-	-	-	-	-	-	(375,517)	(375,517)
Dividends for the financial year ended 2017	14	-	-	-	-	-	-	(1,156,579)	(1,156,579)
ESOS and LTIP:									
- share-based payment expense		-	-	-	-	-	37,333	-	37,333
- shares issued		250	1,413	20	-	-	(54)	-	1,379
- share options lapsed		-	-	-	-	-	(175)	175	-
Incentive arrangement:									
- share-based payment expense	31(d)	-	-	-	-	-	4,334	-	4,334
- shares acquired		-	-	-	-	-	(3,554)	-	(3,554)
Total transactions with owners, recognised directly in equity		300,250	1,655,917	20	-	-	37,884	(1,531,921)	161,900
At 31 December 2017		7,810,564	2,468,942	-	22,728,901	(22,728,901)	150,821	4,422,148	7,041,911

The notes on pages 95 to 191 form part of these financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2017

		Attributable to equity holders of the Company									
		Issued and fully paid ordinary shares									
Group	**Note**	**Number of shares '000**	**Share capital RM'000**	**Share premium RM'000**	**Merger relief (Note 32(b)) RM'000**	**Reserve arising from reverse acquisition (Note 32(c)) RM'000**	**Other reserves (Note 32(d)) RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interest RM'000**	**Total equity RM'000**
At 1 January 2016		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
Profit for the financial year		-	-	-	-	-	-	2,013,161	2,013,161	(535)	2,012,626
Other comprehensive expense for the financial year		-	-	-	-	-	(28,819)	-	(28,819)	-	(28,819)
Total comprehensive (expense)/ income for the financial year		-	-	-	-	-	(28,819)	2,013,161	1,984,342	(535)	1,983,807
Dividends for the financial year ended 2015	14	-	-	-	(274,963)	-	-	(100,544)	(375,507)	-	(375,507)
Dividends for the financial year ended 2016	14	-	-	-	-	-	-	(1,126,542)	(1,126,542)	-	(1,126,542)
ESOS and LTIP:											
- share-based payment expense		-	-	-	-	-	30,727	-	30,727	-	30,727
- shares issued		338	33	1,947	-	-	(66)	-	1,914	-	1,914
- share options lapsed		-	-	-	-	-	(170)	170	-	-	-
Incentive arrangement:											
- share-based payment expense	31(d)	-	-	-	-	-	7,648	-	7,648	-	7,648
- shares acquired		-	-	-	-	-	(5,831)	-	(5,831)	-	(5,831)
Changes in equity interest in a subsidiary	38	-	-	-	-	-	-	14,133	14,133	(29,966)	(15,833)
Total transactions with owners, recognised directly in equity		338	33	1,947	(274,963)	-	32,308	(1,212,783)	(1,453,458)	(29,966)	(1,483,424)
At 31 December 2016		7,510,314	751,031	61,974	22,728,901	(22,728,901)	145,379	3,762,515	4,720,899	-	4,720,899

The notes on pages 95 to 191 form part of these financial statements.

Statements of Changes in Equity
For the financial year ended 31 December 2017

Company	Note	Issued and fully paid ordinary shares: Number of shares '000	Issued and fully paid ordinary shares: Share capital RM'000	Share premium RM'000	Merger relief (Note 32(b)) RM'000	Other reserves (Note 32(d)) RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2017		7,510,314	751,031	61,974	22,728,901	137,967	3,270,731	26,950,604
Transition to no-par value regime	32(a)	-	61,994	(61,994)	-	-	-	-
Profit for the financial year		-	-	-	-	-	1,005,429	1,005,429
Other comprehensive expense for the financial year		-	-	-	-	(27,026)	-	(27,026)
Total comprehensive (expense)/income for the financial year		-	-	-	-	(27,026)	1,005,429	978,403
Issuance of new shares, net of expenses		300,000	1,654,504	-	-	-	-	1,654,504
Dividends for the financial year ended 2016	14	-	-	-	-	-	(375,517)	(375,517)
Dividends for the financial year ended 2017	14	-	-	-	-	-	(1,156,579)	(1,156,579)
ESOS and LTIP:								
- share-based payment expense		-	-	-	-	37,333	-	37,333
- shares issued		250	1,413	20	-	(54)	-	1,379
- share options lapsed		-	-	-	-	(175)	175	-
Incentive arrangement:								
- share-based payment expense	31(d)	-	-	-	-	4,334	-	4,334
- shares acquired		-	-	-	-	(3,554)	-	(3,554)
Total transactions with owners, recognised directly in equity		300,250	1,655,917	20	-	37,884	(1,531,921)	161,900
At 31 December 2017		7,810,564	2,468,942	-	22,728,901	148,825	2,744,239	28,090,907

The notes on pages 95 to 191 form part of these financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2017

Company	Note	Issued and fully paid ordinary shares Number of shares '000	Issued and fully paid ordinary shares Share capital RM'000	Share premium RM'000	Merger relief (Note 32(b)) RM'000	Other reserves (Note 32(d)) RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2016		7,509,976	750,998	60,027	23,003,864	141,824	2,667,315	26,624,028
Profit for the financial year		-	-	-	-	-	1,830,332	1,830,332
Other comprehensive expense for the financial year		-	-	-	-	(36,165)	-	(36,165)
Total comprehensive (expense)/income for the financial year		-	-	-	-	(36,165)	1,830,332	1,794,167
Dividends for the financial year ended 2015	14	-	-	-	(274,963)	-	(100,544)	(375,507)
Dividends for the financial year ended 2016	14	-	-	-	-	-	(1,126,542)	(1,126,542)
ESOS and LTIP:								
- share-based payment expense		-	-	-	-	30,727	-	30,727
- shares issued		338	33	1,947	-	(66)	-	1,914
- share options lapsed		-	-	-	-	(170)	170	-
Incentive arrangement:								
- share-based payment expense	31(d)	-	-	-	-	7,648	-	7,648
- shares acquired		-	-	-	-	(5,831)	-	(5,831)
Total transactions with owners, recognised directly in equity		338	33	1,947	(274,963)	32,308	(1,226,916)	(1,467,591)
At 31 December 2016		7,510,314	751,031	61,974	22,728,901	137,967	3,270,731	26,950,604

The notes on pages 95 to 191 form part of these financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit for the financial year		**2,191,554**	2,012,626	**1,005,429**	1,830,332
Adjustments for:					
Allowance for/(reversal of) (net) impairment of:					
- available-for-sale investment		**-**	50	**-**	-
- investments in subsidiaries		**-**	-	**195,000**	6,725,000
- receivables and deposits		**115,774**	104,615	**-**	-
(Reversal of)/allowance for (net) inventories obsolescence		**(12)**	910	**-**	-
Bad debts recovered		**(21,897)**	(22,223)	**-**	-
Dividend income		**-**	-	**(1,220,000)**	(8,858,400)
Unrealised fair value losses/(gains) on forward foreign exchange contracts		**2,421**	(1,313)	**-**	-
Finance costs		**445,032**	469,943	**25,483**	299,629
Finance income		**(61,309)**	(54,778)	**(21,326)**	(8,628)
Intangible assets:					
- amortisation		**397,585**	340,987	**-**	-
- impairment		**129**	296	**-**	-
Property, plant and equipment:					
- depreciation		**1,020,955**	1,089,754	**-**	-
- gain on disposal		**(5,391)**	(19,438)	**-**	-
- net allowance for/(reversal of) impairment		**2,899**	(46,612)	**-**	-
- write offs		**15,085**	33,729	**-**	-
(Write-back of)/provision for (net):					
- contract obligations and legal claims		**(4,358)**	(47,979)	**-**	-
- site rectification and decommissioning works		**4,647**	41	**-**	-
- staff incentive scheme		**104,895**	85,213	**-**	-
Share-based payments		**41,667**	38,375	**-**	-
Tax expenses		**702,378**	724,212	**5,632**	604
Unrealised gain on foreign exchange		**(80,267)**	(18,623)	**-**	-
		4,871,787	4,689,785	**(9,782)**	(11,463)
Payments for:					
- site rectification and decommissioning works	28	**(2,381)**	(6,340)	**-**	-
- staff incentive scheme	28	**(95,790)**	(85,282)	**-**	-
Operating cash flows before working capital changes		**4,773,616**	4,598,163	**(9,782)**	(11,463)

The notes on pages 95 to 191 form part of these financial statements.

Statements of Cash Flows

For the financial year ended 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Changes in working capital:					
Inventories		**1,460**	6,395	**-**	-
Receivables		**(189,158)**	(865,259)	**(3,683)**	45
Payables		**(130,851)**	(86,540)	**602**	166
Balances with:					
- related parties		**1,231**	7,425	**-**	-
- fellow subsidiaries		**2,033**	(2,241)	**-**	-
- penultimate holding company		**(524)**	(558)	**-**	-
- subsidiaries		**-**	-	**145**	1,526
Cash flows from/(used in) operations		**4,457,807**	3,657,385	**(12,718)**	(9,726)
Dividends received		**-**	-	**1,749,800**	8,858,400
Interest received		**36,441**	36,392	**19,289**	10,698
Tax paid		**(671,458)**	(593,684)	**(2,337)**	(614)
Net cash flows from operating activities		**3,822,790**	3,100,093	**1,754,034**	8,858,758
CASH FLOWS FROM INVESTING ACTIVITIES					
Loan to a subsidiary		**-**	-	**(444,360)**	-
Loan repayments from subsidiaries		**-**	-	**54,360**	635,000
Purchase of intangible assets		**(455,263)**	(370,783)	**-**	-
Property, plant and equipment:					
- purchase		**(1,492,438)**	(1,487,250)	**-**	-
- disposal proceeds		**5,457**	28,046	**-**	-
Placement of deposits with maturity of more than three months		**(2,820)**	(20,501)	**-**	-
Net cash flows (used in)/from investing activities		**(1,945,064)**	(1,850,488)	**(390,000)**	635,000

The notes on pages 95 to 191 form part of these financial statements.

Statements of Cash Flows
For the financial year ended 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Acquisition of additional interest in a subsidiary	38	**-**	(15,833)	**-**	(15,833)
Proceeds from issuance of shares pursuant to private placement		**1,654,504**	-	**1,654,504**	-
Proceeds from issuance of shares pursuant to ESOS		**1,379**	1,914	**1,379**	1,914
Shares acquired pursuant to incentive arrangement		**(3,554)**	(5,831)	**(3,554)**	(5,831)
Drawdown of borrowings		**744,360**	7,790,000	**-**	-
Repayments of:					
- borrowings		**(2,414,560)**	(7,631,500)	**(1,460,200)**	(7,631,500)
- lease financing		**(7,462)**	(6,836)	**-**	-
- loan from a related party		**-**	(28,875)	**-**	-
Payments of finance costs		**(403,336)**	(485,371)	**(26,610)**	(349,312)
Ordinary share dividends paid		**(1,532,096)**	(1,502,049)	**(1,532,096)**	(1,502,049)
Net cash flows used in financing activities		**(1,960,765)**	(1,884,381)	**(1,366,577)**	(9,502,611)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(83,039)**	(634,776)	**(2,543)**	(8,853)
EFFECTS OF EXCHANGE RATE CHANGES		**-**	173	**-**	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**661,845**	1,296,448	**12,300**	21,153
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	27	**578,806**	661,845	**9,757**	12,300

The notes on pages 95 to 191 form part of these financial statements.

Notes to the Financial Statements

31 December 2017

1 GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is investment holding, whilst the principal activities of the Group, comprising the Company and its subsidiaries, are to offer a full suite of converged telecommunications, digital and related services and solutions, and corporate support and services 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 2016 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.

Notes to the Financial Statements

31 December 2017

2 BASIS OF PREPARATION (CONTINUED)

(a) Amendments and improvements to published standards that are effective and applicable to the Group and the Company

The Group and the Company have applied the following amendments and 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 2017:

- Amendments to MFRS 107 "Statement of Cash Flows – Disclosure Initiative"
- Amendments to MFRS 112 "Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses"
- Annual Improvements to MFRSs 2014-2016 Cycle: MFRS 12 "Disclosures of Interests in Other Entities"

The adoption of the Amendments to MFRS 107 required disclosures of changes in liabilities arising from financing activities. Other than that, the adoption of these amendments and 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.

(b) Standards, amendments to published standards and Issues Committee ("IC") Interpretation that are applicable to the Group and the Company but not yet effective

A number of new standards, amendments to published standards and IC Interpretation are effective for the financial year beginning after 1 January 2017. None of these are expected to have a significant effect on the consolidated and separate financial statements of the Group and the Company respectively, except for the standards set out below:

- MFRS 9 "Financial Instruments" (effective from 1 January 2018) replaces MFRS 139 "Financial Instruments: Recognition and Measurement".

  Classification of financial assets

  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 ("OCI"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (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.

  Classification of financial liabilities

  MFRS 9 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 OCI rather than the statement of profit or loss, unless this creates an accounting mismatch.

Notes to the Financial Statements
31 December 2017

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments to published standards and IC Interpretation that are applicable to the Group and the Company but not yet effective (continued)

- MFRS 9 "Financial Instruments" (effective from 1 January 2018) replaces MFRS 139 "Financial Instruments: Recognition and Measurement". (continued)

  Impairment of financial assets

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

  It applies to financial assets classified at amortised cost, debt instruments measured at fair value in OCI, contract assets under MFRS 15 "Revenue from Contracts with Customers", lease receivables, loan commitments and certain financial guarantee contracts.

  Based on the assessments undertaken to date, the Group does not expect the above new requirements to affect the classification and measurements of its financial assets and financial liabilities. On the ECL impact, the Group expects an increase in the Group's allowance for impairment by less than 5% of receivables and deposits.

- 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 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.

  Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

  A new five-step process is applied before revenue can be recognised:
  (i) Identify contracts with customers;
  (ii) Identify the separate performance obligations;
  (iii) Determine the transaction price of the contract;
  (iv) Allocate the transaction price to each of the separate performance obligations; and
  (v) Recognise the revenue as each performance obligation is satisfied.

  The Group has identified the following areas that will have a material impact on the Group's financial statements:

  Accounting for sale of device as part of bundled telecommunication service package

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

  A contract asset will be recognised when the Group delivers the device before the payment is due. If the payment happens before the delivery of device, then a contract liability will be recognised. Contract assets and contract liabilities will be presented separately in the statements of financial position.

Notes to the Financial Statements
31 December 2017

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments to published standards and IC Interpretation that are applicable to the Group and the Company but not yet effective (continued)

- MFRS 15 "Revenue from Contracts with Customers" (effective from 1 January 2018) replaces MFRS 118 "Revenue" and MFRS 111 "Construction Contracts" and related interpretations. (continued)

  <u>Incremental costs of obtaining a contract</u>

  Under MFRS 15, the Group will capitalise sales commissions and device costs (for those device which is bundled with fixed line telecommunication service and not distinct) as costs of obtaining a contract with a customer when they are incremental and expected to be recovered over more than a year. These costs will then be amortised consistently with the transfer of the good or service to the customer. Currently, these costs are recognised in the statement of profit or loss.

  The Group intends to adopt the standard using the full retrospective approach, requiring the restatement of comparative period presented in the financial statements.

  Arising from the above, the Group estimates the below impact to its consolidated financial statements:
  (i) Reductions in the below balances on 1 January 2018:
     - on intangible assets by approximately RM410,000,000; and
     - on retained earnings, in the range of RM120,000,000 to RM140,000,000.
  (ii) Contract assets in the range of RM500,000,000 to RM550,000,000 will be presented in the statements of financial position.

- Amendments to MFRS 2 "Share-based Payment" ("MFRS 2") (effective from 1 January 2018) on Classification and Measurement of Share-based Payment Transactions clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in MFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

  Based on the assessment undertaken to date, the Group does not expect amendments to MFRS 2 to have a significant effect on the consolidated and separate financial statements of the Group and of the Company.

- IC Interpretation 22 "Foreign Currency Transactions and Advance Consideration" (effective from 1 January 2018) applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 "The Effects of Changes in Foreign Exchange Rates" requires an entity to use the exchange rate at the 'date of the transaction' to record foreign currency transactions.

  IC Interpretation 22 provides guidance how to determine 'the date of transaction' when a single payment/receipt is made, as well as for situations where multiple payments/receipts are made.

  The date of transaction is the date when the payment or receipt of advance consideration gives rise to the non-monetary asset or non-monetary liability when the entity is no longer exposed to foreign exchange risk. If there are multiple payments or receipts in advance, the entity should determine the date of the transaction for each payment or receipt.

  An entity has the option to apply IC Interpretation 22 retrospectively or prospectively.

  Based on the assessment undertaken to date, the Group does not expect IC Interpretation 22 to have a significant effect on the consolidated and separate financial statements of the Group and of the Company.

Notes to the Financial Statements
31 December 2017

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards, amendments to published standards and IC Interpretation that are applicable to the Group and the Company but not yet effective (continued)

- MFRS 16 "Leases" (effective from 1 January 2019) supersedes MFRS 117 "Leases" and the related interpretations.

  Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

  MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on statements of financial position) or operating leases (off statements of financial position). MFRS 16 requires the lessee to recognise a 'right-of-use' of the underlying asset and a lease liability reflecting future lease payments for most leases.

  The right-of-use asset is depreciated in accordance with the principle in MFRS 116 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in the statement of profit or loss.

- IC Interpretation 23 "Uncertainty over Income Tax Treatments" (effective 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

  If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

  IC Interpretation 23 will be applied retrospectively.

The Group and the Company are in the process of assessing the impact of MFRS 16 and IC Interpretation 23 to the financial statements of the Group and of the Company in the year of initial application.

(c) Prior year comparatives

The presentation of the statements of profit or loss has been changed as management is of the view that this will be more useful to the financial statements users. As a result, certain reclassifications were made to the comparatives of the statements of profit or loss to conform to the current financial year presentation.

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.

Notes to the Financial Statements
31 December 2017

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, with limited exceptions, 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 identifiable net 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 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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) Closing rates

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

Foreign currencies	**2017** **RM**	2016 RM
1 Singapore Dollar ("SGD")	**3.03**	3.10
1 Special Drawing Rights ("SDR")[1]	**5.84**	6.04
1 United States Dollar ("USD")	**4.05**	4.49

Note:
(1) Represents international accounting settlement rate with international carriers.

Notes to the Financial Statements
31 December 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 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

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	44 – 50 years
Telecommunications equipment	2 – 25 years
Motor vehicles	5 years
Office furniture, fittings and equipment	3 – 7 years

Capital work-in-progress and capital inventories comprise mainly telecommunications equipment, information technology system and renovations. They are reclassified to the respective categories of property, plant and equipment and depreciated when they are ready for their intended use.

Notes to the Financial Statements
31 December 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

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 with fixed term are considered to have indefinite useful lives if they can be renewed indefinitely without significant costs in comparison to the expected future economic benefits. 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. Costs to renew such spectrum rights upon the expiry of their licence periods are charged to the statement of profit or loss during the licence periods.

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 for any indication of impairment.

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.

Notes to the Financial Statements
31 December 2017

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 identifiable net 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 less accumulated impairment losses 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)(iv) 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.

Notes to the Financial Statements
31 December 2017

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), deposits, cash and bank balances 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 accumulated impairment losses.

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

Notes to the Financial Statements
31 December 2017

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.

Notes to the Financial Statements
31 December 2017

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.

Notes to the Financial Statements
31 December 2017

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 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 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 uses 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 forecast transactions and 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.

Notes to the Financial Statements
31 December 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 make certain assumptions and applies 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.

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 deposits with maturity more than three months.

Notes to the Financial Statements
31 December 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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 the statement of profit or loss within finance costs.

Notes to the Financial Statements
31 December 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Borrowings (continued)

Borrowings are classified as current liabilities unless the Group has 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.

(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.

Notes to the Financial Statements

31 December 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Provisions for liabilities and charges (continued)

(ii) Contract obligations and legal claims

Provisions for contract obligations and legal claims were made in respect of network and content costs. The Group recognised a provision for contract obligations when the expected benefits to be derived from a contract were less than the unavoidable costs of meeting the obligations under the contract. Contract obligations were 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.

(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.

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.

Notes to the Financial Statements
31 December 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Income taxes (continued)

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.

Notes to the Financial Statements
31 December 2017

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 recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(ii) Post-employment benefits

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity on a mandatory, contractual or voluntary basis, and the Group has 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 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 has no further payment obligations. The Group recognises 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.

(iii) 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 obligations are presented as current liabilities in the statement of financial position if the Group does 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.

Notes to the Financial Statements
31 December 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits (continued)

(iv) 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.

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 equity. 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 for 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.

Notes to the Financial Statements
31 December 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

(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, other converged telecommunications, digital and related 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 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.

When two or more revenue generating activities or deliverables are sold under a single arrangement, the amount of revenue is allocated based on the relative standalone selling price. In the absence of a standalone selling price, the item is measured based on the best estimate of the selling price of that unit.

Notes to the Financial Statements
31 December 2017

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition (continued)

(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, the Group is entitled to claim certain qualified expenses from the relevant authorities in relation to Universal Service Provider 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.

(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.

(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.

Notes to the Financial Statements
31 December 2017

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 a 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 although the licences are issued for a fixed period, they can be renewed in perpetuity, at negligible cost in comparison to the expected future economic benefits that the rights can generate.

The estimated useful life reflects the Group's expectation of the period over which the Group will continue to recover benefits from the licence.

The 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.

(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. See Note 15 to the financial statements for the impact of the changes in the estimated useful lives.

(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 changes in estimates.

Notes to the Financial Statements
31 December 2017

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[1] 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	
	2017 RM'000	**2016 RM'000**
Malaysia	**8,497,648**	8,447,915
Other countries[2]	**198,790**	163,881
Total revenue	**8,696,438**	8,611,796
EBITDA[1]	**4,708,917**	4,550,719

Notes:

[1] Defined as profit before finance income, finance costs, tax, depreciation, amortisation and allowance for write down of identified network costs.

[2] Represents revenue from roaming partners and hubbing revenue.

6 REVENUE

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Telecommunications and digital services	**8,620,219**	8,539,235	**-**	-
Sale of devices	**76,219**	72,561	**-**	-
Dividend income from subsidiaries	**-**	-	**1,220,000**	8,858,400
	8,696,438	8,611,796	**1,220,000**	8,858,400

Notes to the Financial Statements
31 December 2017

7 STAFF AND RESOURCE COSTS

	Group	
	2017 RM'000	2016 RM'000
Wages, salaries and bonuses	**425,334**	384,199
Defined contribution plan	**48,207**	45,463
Other short-term employee benefits	**58,924**	54,577
Other long-term employee benefits	**1,966**	3,926
Incentive arrangement	**4,334**	7,648
ESOS and LTIP	**37,333**	30,727
	576,098	526,540

Staff and resource costs include the following:

(a) Director's salaries, other short-term and long-term employee benefits, and incentive arrangement as disclosed in Note 8(a); and

(b) Key management personnel salaries and other short-term employee benefits, defined contribution plan and share-based payments as disclosed in Note 8(b).

8 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

(a) Directors' remuneration

The aggregate amount of emoluments received/receivable by Directors of the Company during the financial year is as follows:

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-Executive Directors					
Fees		**3,180**	2,777	**3,180**	2,777
Estimated monetary value of benefits-in-kind		**51**	45	**51**	45
		3,231	2,822	**3,231**	2,822
Executive Director					
Salaries and other short-term employee benefits		**26,999**	20,183	**-**	-
Other long-term employee benefits		**-**	3,926	**-**	-
Incentive arrangement	31(d)	**4,334**	7,648	**-**	-
Estimated monetary value of benefits-in-kind		**470**	186	**-**	-
		31,803	31,943	**-**	-
Total Directors' remuneration		**35,034**	34,765	**3,231**	2,822

Notes to the Financial Statements

31 December 2017

8 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) 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	
	2017 RM'000	**2016 RM'000**
Salaries and other short-term employee benefits	**14,140**	11,902
Defined contribution plan	**1,601**	1,385
Share-based payments	**12,755**	4,901
Estimated monetary value of benefits-in-kind	**70**	69
	28,566	18,257

Total key management personnel remuneration of the Group and of the Company for the financial year is RM63,600,000 (2016: RM53,022,000) and RM3,231,000 (2016: RM2,822,000) respectively.

9 DEPRECIATION AND AMORTISATION

		Group	
	Note	**2017 RM'000**	**2016 RM'000**
Depreciation of property, plant and equipment	15	**1,020,955**	1,089,754
Amortisation of intangible assets	16	**397,585**	340,987
		1,418,540	1,430,741

Notes to the Financial Statements

31 December 2017

10 FINANCE INCOME AND COSTS

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
(a) Finance income					
Interest income on:					
- deposits with licensed banks		**36,341**	36,489	**13,319**	1,737
- loans due from subsidiaries		**-**	-	**8,007**	6,891
- receivables		**24,968**	18,289	**-**	-
		61,309	54,778	**21,326**	8,628
(b) Finance costs					
Accretion of site rectification and decommissioning works costs and changes in costs estimate on provision (net)	28	**5,000**	8,749	**-**	-
Loss/(gain) from cross currency interest rate swap ("CCIRS") and interest rate swap ("IRS") settlements		**274**	(9,192)	**(7,615)**	(9,192)
Interest expense on:					
- bank borrowings		**106,450**	144,815	**34,883**	111,979
- deferred payment creditors		**26,518**	19,542	**-**	-
- finance leases		**329**	1,004	**-**	-
- loan from a related party		**-**	2,504	**-**	-
- others		**1,821**	2,978	**-**	279
Gain on foreign exchange on bank borrowings		**(579,532)**	(139,495)	**(579,532)**	(139,495)
Net fair value loss on CCIRS and IRS: cash flow hedge, reclassified from equity	32(d)	**577,737**	136,188	**577,747**	136,163
Profit on:					
- Commodity Murabahah Term Financing		**102,517**	119,735	**-**	52,227
- Islamic Medium Term Notes		**203,918**	183,115	**-**	147,668
		445,032	469,943	**25,483**	299,629

Notes to the Financial Statements
31 December 2017

11 PROFIT BEFORE TAX

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

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Allowance for/(reversal of) (net) impairment of:					
- available-for-sale investment	20	-	50	-	-
- receivables and deposits	21(c)	**115,774**	104,615	-	-
(Reversal of)/allowance for (net) inventories obsolescence		**(12)**	910	-	-
Auditors' remuneration:					
- fees for statutory audits:					
- auditors of the Group		**951**	819	**30**	30
- fees for audit related services:					
- auditors of the Group[1]		**898**	473	**336**	341
- others		**48**	36	-	-
- fees for other services:					
- auditors of the Group[1]		-	12	-	-
- member firms of PwC Malaysia[2]		**1,666**	738	**21**	17
- others		-	290	-	-
Bad debts recovered		**(21,897)**	(22,223)	-	-
Commissions and incentives		**382,408**	401,476	-	-
Fair value losses/(gains) on forward foreign exchange contracts					
- unrealised		**2,421**	(1,313)	-	-
- realised		**11,062**	(7,654)	-	-
Government grant		**(218,511)**	(171,232)	-	-
Intangible assets:					
- impairment	16	**129**	296	-	-
Inter-operator traffic expenses		**966,637**	1,084,242	-	-
Licences and Universal Service Provision ("USP") contributions under the Communications and Multimedia Act, 1998 and subsidiary legislation		**339,495**	445,923	-	-

Notes:

[1] Fees incurred in connection with performance of half-year reviews, agreed-upon procedures, and regulatory compliance reporting paid or payable to PricewaterhouseCoopers PLT (LLP0014401–LCA & AF 1146) ("PwC Malaysia"), auditors of the Group and of the Company.

[2] Fees incurred for assisting the Group in connection with tax compliance and advisory services paid or payable to member firms of PwC Malaysia.

Notes to the Financial Statements
31 December 2017

11 PROFIT BEFORE TAX (CONTINUED)

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

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Loss/(gain) on foreign exchange:					
- realised		**21,705**	37,936	**34**	78
- unrealised		**(80,267)**	(18,623)	**-**	-
Management fees charged by subsidiaries		**-**	-	**3,265**	5,028
Property, plant and equipment:					
- gain on disposal		**(5,391)**	(19,438)	**-**	-
- net allowance for/(reversal of) impairment	15	**2,899**	(46,612)	**-**	-
- write offs		**15,085**	33,729	**-**	-
(Write-back of)/provision for (net):					
- contract obligations and legal claims	28	**(4,358)**	(47,979)	**-**	-
- site rectification and decommissioning works	28	**4,647**	41	**-**	-
- staff incentive scheme (included in staff and resource costs)	28	**104,895**	85,213	**-**	-
Rental of:					
- equipment		**33,067**	15,951	**-**	-
- land and buildings		**51,811**	51,010	**-**	-
- network cell sites		**320,705**	315,178	**-**	-

Notes to the Financial Statements
31 December 2017

12 TAX EXPENSES

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Current tax:					
- current year		**788,208**	642,265	**5,600**	570
- under/(over) accruals in prior years		**19,982**	(15,066)	**32**	34
		808,190	627,199	**5,632**	604
Deferred tax:					
- origination and reversal of temporary differences		**(87,159)**	91,686	**-**	-
- recognition and reversal of prior years' temporary differences		**(18,653)**	5,327	**-**	-
	23	**(105,812)**	97,013	**-**	-
Tax expenses		**702,378**	724,212	**5,632**	604

The explanation of the relationship between the tax expenses and profit before tax is as follows:

	Group 2017 %	Group 2016 %	Company 2017 %	Company 2016 %
Numerical reconciliation between the Malaysian tax rate and average effective tax rate				
Malaysian tax rate	**24**	24	**24**	24
Tax effects of:				
- expenses not deductible for tax purposes	**1**	3	**6**	92
- income not subject to tax	**-**	-	**(29)**	(116)
- reduction from standard income tax rate as a result of increase in taxable income	**(1)**	-	**-**	-
Average effective tax rate	**24**	27	**1**	-

As announced in the Malaysian Budget 2017, the Group is eligible for a tax rate reduction of up to 4% when its incremental taxable income as compared to the preceding year of assessment increases by a certain threshold.

Notes to the Financial Statements
31 December 2017

13 EARNINGS PER SHARE

(a) Basic earnings per share

	Group	
	2017	**2016**
Profit attributable to the equity holders of the Company (RM'000)	**2,191,554**	2,013,161
Weighted average number of issued ordinary shares ('000)	**7,660,823**	7,509,122
Basic earnings per share (sen)	**28.61**	26.81

(b) Diluted earnings per share

Diluted earnings per share of the Group is calculated by dividing the profit attributable to 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 issuance 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. They 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	
	2017	**2016**
Profit attributable to the equity holders of the Company (RM'000)	**2,191,554**	2,013,161
Weighted average number of issued ordinary shares ('000)	**7,660,823**	7,509,122
Adjustment for share options ('000)	**341**	412
Adjusted weighted average number of ordinary shares for diluted earnings per share ('000)	**7,661,164**	7,509,534
Diluted earnings per share (sen)	**28.61**	26.81

Notes to the Financial Statements
31 December 2017

14 DIVIDENDS

	Group and Company			
	2017		2016	
	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 2015:				
- fourth interim ordinary	-	-	5.0	375,507
Dividends paid in respect of the financial year ended 31 December 2016:				
- first interim ordinary	-	-	5.0	375,513
- second interim ordinary	-	-	5.0	375,514
- third interim ordinary	-	-	5.0	375,515
- fourth interim ordinary	**5.0**	**375,517**	-	-
	5.0	**375,517**	15.0	1,126,542
Dividends paid in respect of the financial year ended 31 December 2017:				
- first interim ordinary	**5.0**	**375,525**	-	-
- second interim ordinary	**5.0**	**390,526**	-	-
- third interim ordinary	**5.0**	**390,528**	-	-
	15.0	**1,156,579**	-	-
Dividend per share recognised as distribution to equity holders of the Company	**20.0**	**1,532,096**	20.0	1,502,049

Subsequent to the financial year, on 8 February 2018, 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 2017 which will be paid on 29 March 2018.

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2017.

Notes to the Financial Statements
31 December 2017

15 PROPERTY, PLANT AND EQUIPMENT

Group	At 1.1.2017 RM'000	Additions RM'000	Changes in cost estimates (Note 28) RM'000	Reclassi-fications RM'000	Disposals RM'000	Assets written off RM'000	At 31.12.2017 RM'000
2017							
At cost							
Long-term leasehold land	3,111	-	-	-	-	-	3,111
Short-term leasehold land	3,490	-	-	-	-	-	3,490
Freehold land	11,141	-	-	-	-	-	11,141
Buildings	75,429	-	-	-	-	-	75,429
Telecommunications equipment	7,656,559	37,732	-	969,675	-	(164,246)	8,499,720
Motor vehicles	16,523	543	-	-	(1,235)	-	15,831
Office furniture, fittings and equipment	1,453,509	49,707	-	98,489	-	(530)	1,601,175
	9,219,762	87,982	-	1,068,164	(1,235)	(164,776)	10,209,897
Capital work-in-progress	504,711	1,173,934	-	(953,734)	-	(853)	724,058
Capital inventories	16,409	116,330	-	(114,430)	(438)	-	17,871
	9,740,882	1,378,246	-	-	(1,673)	(165,629)	10,951,826

	At 1.1.2017 RM'000	Charge for the financial year RM'000	Changes in cost estimates (Note 28) RM'000	Reclassi-fications RM'000	Released on disposals RM'000	Assets written off RM'000	At 31.12.2017 RM'000
Accumulated depreciation							
Long-term leasehold land	266	35	-	-	-	-	301
Short-term leasehold land	588	85	-	-	-	-	673
Buildings	14,805	1,312	-	-	-	-	16,117
Telecommunications equipment	4,152,319	826,410	-	-	-	(150,216)	4,828,513
Motor vehicles	3,339	3,510	-	-	(1,169)	-	5,680
Office furniture, fittings and equipment	1,066,279	189,603	-	-	-	(328)	1,255,554
	5,237,596	1,020,955	-	-	(1,169)	(150,544)	6,106,838
Accumulated impairment loss							
Capital inventories	1,266	2,899	-	-	(438)	-	3,727
Accumulated depreciation and impairment loss	5,238,862	1,023,854	-	-	(1,607)	(150,544)	6,110,565

Notes to the Financial Statements
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15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	At 1.1.2016 RM'000	Additions RM'000	Changes in cost estimates (Note 28) RM'000	Reclassi-fications RM'000	Disposals RM'000	Assets written off RM'000	At 31.12.2016 RM'000
2016							
At cost							
Long-term leasehold land	3,111	-	-	-	-	-	3,111
Short-term leasehold land	3,490	-	-	-	-	-	3,490
Freehold land	18,260	-	-	-	(7,119)	-	11,141
Buildings	76,756	-	-	-	(1,327)	-	75,429
Telecommunications equipment	7,484,986	40,785	47	1,008,082	-	(877,341)	7,656,559
Motor vehicles	17,200	9,846	-	-	(10,523)	-	16,523
Office furniture, fittings and equipment	1,175,917	17,356	-	282,188	(31)	(21,921)	1,453,509
	8,779,720	67,987	47	1,290,270	(19,000)	(899,262)	9,219,762
Capital work-in-progress	507,886	1,225,975	-	(1,228,972)	-	(178)	504,711
Capital inventories	11,978	66,238	-	(61,298)	(509)	-	16,409
	9,299,584	1,360,200	47	-	(19,509)	(899,440)	9,740,882

	At 1.1.2016 RM'000	Charge/ (reversal) for the financial year RM'000	Changes in cost estimates (Note 28) RM'000	Reclassi-fications RM'000	Released on disposals RM'000	Assets written off RM'000	At 31.12.2016 RM'000
Accumulated depreciation							
Long-term leasehold land	231	35	-	-	-	-	266
Short-term leasehold land	507	81	-	-	-	-	588
Buildings	12,963	1,988	-	-	(146)	-	14,805
Telecommunications equipment	4,217,576	893,028	-	(112,841)	-	(845,444)	4,152,319
Motor vehicles	10,003	3,555	-	-	(10,219)	-	3,339
Office furniture, fittings and equipment	759,755	191,067	-	130,972	(27)	(15,488)	1,066,279
	5,001,035	1,089,754	-	18,131	(10,392)	(860,932)	5,237,596
Accumulated impairment loss							
Telecommunications equipment	70,131	(47,221)	-	(18,131)	-	(4,779)	-
Capital inventories	1,166	609	-	-	(509)	-	1,266
	71,297	(46,612)	-	(18,131)	(509)	(4,779)	1,266
Accumulated depreciation and impairment loss	5,072,332	1,043,142	-	-	(10,901)	(865,711)	5,238,862

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15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group 2017 RM'000	Group 2016 RM'000
Carrying amount		
Long-term leasehold land	**2,810**	2,845
Short-term leasehold land	**2,817**	2,902
Freehold land	**11,141**	11,141
Buildings	**59,312**	60,624
Telecommunications equipment	**3,671,207**	3,504,240
Motor vehicles	**10,151**	13,184
Office furniture, fittings and equipment	**345,621**	387,230
Capital work-in-progress	**724,058**	504,711
Capital inventories	**14,144**	15,143
	4,841,261	4,502,020

For the current financial year, the Group revised the useful lives of certain telecommunications equipment and office equipment ranging from 6 to 10 years (2016: 1 to 10 years), to remaining useful lives ranging from 1 month to 6 years (2016: 1 month to 2 years). The revision was accounted for as a change in accounting estimate and as a result, the depreciation charge for the current financial year has increased by RM17,394,000 (2016: RM8,288,000).

For the financial year ended 31 December 2016, a net reversal of impairment of property, plant and equipment amounted to RM46,612,000 was made in relation to the Home Services business as the indication of impairment no longer existed based on business performance and projections of the business. The recoverable amount was determined using value in use method.

The carrying amount of property, plant and equipment held under finance leases at the reporting date is as follows:

	Group 2017 RM'000	Group 2016 RM'000
Office furniture, fittings and equipment	**1,723**	4,721

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16 INTANGIBLE ASSETS

Group	Note	Goodwill RM'000	Spectrum rights: Telecommunications licences with allocated spectrum rights RM'000	Spectrum rights: Other spectrum rights RM'000	Customer acquisition costs RM'000	Total RM'000
2017						
At 1 January		**219,087**	**10,707,381**	**12,484**	**357,675**	**11,296,627**
Additions		**-**	**-**	**-**	**455,263**	**455,263**
Amortisation charge	9	**-**	**-**	**(12,484)**	**(385,101)**	**(397,585)**
Impairment loss	11	**-**	**-**	**-**	**(129)**	**(129)**
At 31 December		**219,087**	**10,707,381**	**-**	**427,708**	**11,354,176**
Cost		**219,087**	**10,707,381**	**37,453**	**820,073** [1]	**11,783,994**
Accumulated amortisation		**-**	**-**	**(37,453)**	**(392,236)** [1]	**(429,689)**
Accumulated impairment loss		**-**	**-**	**-**	**(129)**	**(129)**
At 31 December		**219,087**	**10,707,381**	**-**	**427,708**	**11,354,176**
2016						
At 1 January		219,087	10,707,381	19,975	320,684	11,267,127
Additions		-	-	-	370,783	370,783
Amortisation charge	9	-	-	(7,491)	(333,496)	(340,987)
Impairment loss	11	-	-	-	(296)	(296)
At 31 December		219,087	10,707,381	12,484	357,675	11,296,627
Cost		219,087	10,707,381	37,453	733,578 [1]	11,697,499
Accumulated amortisation		-	-	(24,969)	(375,607) [1]	(400,576)
Accumulated impairment loss		-	-	-	(296)	(296)
At 31 December		219,087	10,707,381	12,484	357,675	11,296,627

Note:

[1] During the year, the Group wrote off customer acquisition costs of RM368,768,000 (2016: RM264,675,000) that had been fully amortised or impaired.

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16 INTANGIBLE ASSETS (CONTINUED)

The remaining amortisation periods at the reporting date are as follows:

	Group	
	2017	**2016**
Customer acquisition costs	**1 to 23 months**	1 to 23 months
Other spectrum rights	**-**	12 months

The carrying amount of intangible assets held under a finance lease at the reporting date is RM Nil (2016: RM4,151,000).

The telecommunications licences with allocated spectrum rights of RM10,707,381,000 consist of spectrum bands previously acquired as part of a business combination which includes the frequency band of 900MHz and 1800MHz ("allocated bands") and 2100MHz.

In the previous financial year, the Group accepted the offer from Malaysian Communications and Multimedia Commission ("MCMC") on the spectrum reallocation and the conversion from Apparatus Assignment to Spectrum Assignment ("SA") for the allocated bands. Consequently, an upfront SA fee of RM816,750,000 was paid by the Group for the use of the allocated bands as disclosed in Note 21(b) to the financial statements. The Directors had assessed the terms and conditions of the SA and are of the view that most of the conditions are existing conditions which the Group does not foresee having difficulties to continue to comply with.

In accordance with the requirements of MFRS 138 "Intangible Assets", the Directors have assessed that the SA fee paid is a renewal cost to the Group for the continuing use of the allocated bands and are of the view that the Group can renew the spectrum rights indefinitely without significant costs in comparison to the expected future economic benefits that the spectrum rights can generate, and there is no foreseeable limit to the period over which the spectrum rights are expected to generate net cash inflows for the Group. Therefore, the spectrum rights have been assessed to carry an indefinite useful life.

On 29 September 2017, the Group received an offer of SA reissuance for the 2100MHz frequency band from MCMC. The details of the offer are as disclosed in Note 39 to the financial statements. The Group accepted the offer on 30 January 2018.

Impairment testing for CGU containing goodwill and telecommunications licences with allocated spectrum rights

For the purpose of impairment testing, carrying amounts of goodwill and telecommunications licences 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 a five-year (2016: five-year) period.

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16 INTANGIBLE ASSETS (CONTINUED)

Impairment testing for CGU containing goodwill and telecommunications licences with allocated spectrum rights (continued)

The key assumptions used in the value in use calculations are as follows:

(a) up to mid single digit and high single digit decline in revenue and EBITDA respectively in the next financial budget periods considering the full impact from the termination of a network sharing arrangement and after which, low single digit annual revenue and EBITDA growth for subsequent financial budget periods (2016: compounded revenue and EBITDA annual growth rates of 0.3% and 0.5% respectively). This reflects management's expectation based on past experience and future expectations of business performance and market outlook;

(b) post-tax discount rate of 7.5% (2016: 7.3%). In accordance with the requirements of MFRS 136 "Impairment of Assets", this translates into pre-tax discount rate of 13.2% (2016: 13.9%). The discount rates used reflect specific risks relating to the integrated telecommunication services CGU; and

(c) terminal growth rate of 1.90% (2016: 1.25%) represents the growth rate applied to extrapolate pre-tax cash flow beyond the five (2016: five) year financial budget period. This growth rate is based on management's assessment of future trends in the mobile telecommunications industry using 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% (2016: 10%) in the base case assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

17 INTEREST IN SUBSIDIARIES

		Company	
	Note	2017 RM'000	2016 RM'000
Non-current asset:			
- investments in subsidiaries	18	**27,689,195**	28,372,380
Current assets:			
- amounts due from subsidiaries	(a)	**-**	4
- loan to a subsidiary	(b)	**392,036**	-
Current liability:			
- amount due to a subsidiary	(a)	**(268)**	(177)
		28,080,963	28,372,207

(a) Amounts due from/(to) subsidiaries - Non-interest bearing

The amounts due from/(to) subsidiaries are unsecured and with 30 days' credit period (2016: 30 days).

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17 INTEREST IN SUBSIDIARIES (CONTINUED)

(b) Loan to a subsidiary - Interest bearing

The terms of the loan were as follows:

Company					
2017		2016			
Principal amount RM'000	Loans outstanding RM'000	Principal amount RM'000	Loans outstanding RM'000	Currency denomination	Repayment terms
390,000	**392,036**	-	-	RM	The loan is repayable on 25 March 2018.

The above loan to a subsidiary is unsecured and carries interest rate of 5.15% per annum as at 31 December 2017.

18 INVESTMENTS IN SUBSIDIARIES

	Note	Company 2017 RM'000	Company 2016 RM'000
Unquoted shares, at carrying value			
At 1 January		**28,372,380**	35,045,523
Add: Acquisition of additional interest in a subsidiary	38	**-**	15,833
Less: Impairment losses	11	**(195,000)**	(6,725,000)
Less: Recovery of cost of investment through dividend income		**(529,800)**	-
		27,647,580	28,336,356
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		**41,615**	36,024
At 31 December	17	**27,689,195**	28,372,380

During the current financial year, the Company recognised:

(a) impairment loss of RM195,000,000 for its investment in a wholly-owned subsidiary to bring its carrying value to its fair value less cost of disposal based on the net asset position attributable to ordinary shareholders as at the end of the financial year; and

(b) dividends received from Maxis Mobile Services Sdn. Bhd. ("MMSSB"), a wholly-owned subsidiary, as return of capital thereby reducing the cost of investment as the distribution was made subsequent to the Group's internal reorganisation that was completed on 1 April 2016 where the business and undertakings including relevant assets and liabilities of MMSSB were sold.

In the previous financial year, the Company recognised impairment losses of RM6,725,000,000 in respect of its investment in a wholly-owned subsidiary subsequent to a distribution in connection with the Group's internal reorganisation as disclosed above. The recoverable amount was determined using value in use based on a discount rate of 8.0%.

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18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

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		Paid-up capital	
			2017	**2016**	**2017**	**2016**
Advanced Wireless Technologies Sdn. Bhd. ("AWTSB") (517551-U)	Malaysia	Provider of wireless multimedia related services.	**100%**	100%	**RM3,333,336**	RM3,333,336
Maxis Broadband Sdn. Bhd. ("MBSB") (234053-D)	Malaysia	Provider of a full suite of converged telecommunications, digital and related services and solutions, and corporate support and services functions to its holding companies and fellow subsidiaries.	**100%**	100%	**RM1,000,002**	RM1,000,002
Maxis Collections Sdn. Bhd. (383275-M)	Malaysia	Dormant.	**100%**	100%	**RM2**	RM2
Maxis International Sdn. Bhd. (240071-T)	Malaysia	Provision of telecommunications services.	**100%**	100%	**RM2,500,002**	RM2,500,002
Maxis Mobile Sdn. Bhd. (229892-M)	Malaysia	Operator of mobile telecommunications services for special niche projects such as USP.	**100%**	100%	**RM2,500,002**	RM2,500,002
Maxis Mobile Services Sdn. Bhd. ("MMSSB") (73315-V)	Malaysia	Provision of mobile telecommunications services for special niche projects such as USP.	**100%**	100%	**RM1,293,884,000**	RM1,293,884,000
Maxis Multimedia Sdn. Bhd. (530188-A) - under member's voluntary winding up	Malaysia	Dormant.	**100%**	100%	**RM2**	RM2

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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		Paid-up capital	
			2017	2016	2017	2016
Subsidiary of AWTSB						
UMTS (Malaysia) Sdn. Bhd. (520422-D)	Malaysia	2100MHz spectrum assignment holder.	**100%**	100%	**RM2,500,002**	RM2,500,002
Subsidiary of MBSB						
Maxis Online Sdn. Bhd. (235849-A) - under member's voluntary winding up	Malaysia	Dormant.	**100%**	100%	**RM2**	RM2
Subsidiary of Maxis Mobile Sdn. Bhd.						
Maxis Mobile (L) Ltd (LL-01709)[1]	Malaysia	Holder of investments.	**100%**	100%	**USD10,000**	USD10,000

Note:
[1] Maxis Mobile (L) Ltd is a company registered under the Labuan Companies Act 1990, with shares issued in USD.

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19 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Financial assets:					
Loan to a subsidiary	17	**-**	-	**392,036**	-
Receivables and deposits		**1,491,767**	1,453,745	**7**	35
Amount due from penultimate holding company	25	**1,289**	765	**-**	-
Amounts due from fellow subsidiaries	25	**-**	29	**-**	-
Amounts due from related parties	26	**29,336**	21,922	**-**	-
Amounts due from subsidiaries	17	**-**	-	**-**	4
Deposits, cash and bank balances	27	**602,127**	682,346	**9,757**	12,300
Loans and receivables		**2,124,519**	2,158,807	**401,800**	12,339
Derivative financial instruments	22	**1,030**	613,630	**-**	604,773
Financial liabilities:					
Payables and accruals		**2,328,983**	2,837,448	**1,213**	611
Amount due to a subsidiary	17	**-**	-	**268**	177
Amounts due to fellow subsidiaries	25	**2,004**	-	**-**	-
Amounts due to related parties	26	**22,874**	14,229	**-**	-
Borrowings	30	**7,645,294**	9,864,022	**-**	2,039,074
Other financial liabilities		**9,999,155**	12,715,699	**1,481**	2,039,862

20 AVAILABLE-FOR-SALE INVESTMENT

	Group 2017 RM'000	Group 2016 RM'000
Unquoted shares, at cost	**50**	50
Less: Accumulated impairment losses	**(50)**	(50)
	-	-

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20 AVAILABLE-FOR-SALE INVESTMENT (CONTINUED)

The Group has one-twenty fourth (1/24th) interest in Konsortium Rangkaian Serantau Sdn. Bhd. ("KRSSB"). 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 investment had been fully impaired given the insolvency of KRSSB and lack of viable options to revive the entity.

21 RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current					
Trade receivables	(a)	**67,145**	82,398	**-**	-
Prepayments	(b)	**735,075**	789,525	**-**	-
		802,220	871,923	**-**	-
Allowance for impairment:	(c)				
- trade receivables		**(698)**	(643)	**-**	-
		801,522	871,280	**-**	-
Current					
Trade receivables	(a)	**985,532**	1,034,382	**-**	-
Other receivables		**382,720**	297,894	**4,648**	2
Deposits		**144,978**	130,836	**3**	33
Prepayments	(b)	**156,342**	210,441	**-**	-
		1,669,572	1,673,553	**4,651**	35
Allowance for impairment:	(c)				
- trade receivables		**(67,298)**	(76,172)	**-**	-
- other receivables		**(13,211)**	(4,262)	**-**	-
- deposits		**(7,401)**	(10,688)	**-**	-
		(87,910)	(91,122)	**-**	-
		1,581,662	1,582,431	**4,651**	35
		2,383,184	2,453,711	**4,651**	35

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21 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

(a) Trade receivables

The Group's trade receivables include receivables on deferred payment terms amounting to RM275,138,000 (2016: RM292,875,000), which allow eligible customers to purchase mobile devices with up to 24 monthly instalment payments.

Other than the above, the Group's credit policy provides trade receivables with credit periods of up to 60 days (2016: 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	
	2017 RM'000	**2016 RM'000**
Subscribers:		
- individual	**651,885**	659,448
- corporate	**179,685**	190,893
Interconnect and roaming:		
- domestic	**78,926**	143,808
- international	**93,793**	67,192
Distributors	**48,388**	55,439
	1,052,677	1,116,780

Trade receivables are secured by subscribers' deposits and bank guarantees of RM16,312,000 (2016: RM27,005,000) and RM36,550,000 (2016: RM35,700,000) respectively.

The ageing analysis of the Group's gross trade receivables is as follows:

	Group	
	2017 RM'000	**2016 RM'000**
Neither past due nor impaired	**841,732**	863,029
1 to 90 days past due not impaired	**15,629**	59,662
91 to 180 days past due not impaired	**2,811**	951
More than 180 days past due not impaired	**578**	953
	860,750	924,595
Impaired[1]:		
- collectively	**157,523**	152,593
- individually[2]	**34,404**	39,592
	191,927	192,185
	1,052,677	1,116,780

Notes:

[1] Represents gross trade receivables which have been either partially or fully impaired.

[2] Individually impaired due to default in payment terms.

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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) Prepayments

The Group's prepayments include an upfront fee paid in the financial year ended 31 December 2016 for the 900MHz and 1800MHz Spectrum Assignment. The upfront fee is amortised over a period of 15 years effective 1 July 2017. The carrying amount as at 31 December 2017 is RM789,525,000 (2016: RM816,750,000).

(c) Allowance for impairment

Movement on the Group's allowance for impairment of receivables and deposits is as follows:

		Group	
	Note	2017 RM'000	2016 RM'000
At 1 January		**91,765**	60,516
Charged to statement of profit or loss	11	**130,953**	128,236
Reversed from statement of profit or loss	11	**(15,179)**	(23,621)
Amount written off		**(118,931)**	(73,366)
At 31 December		**88,608**	91,765

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22 DERIVATIVE FINANCIAL INSTRUMENTS

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Non-current assets					
Derivative designated in hedging relationship					
CCIRS:	(a)				
- cash flow hedge on USD denominated borrowings		-	409,034	-	409,034
- cash flow hedge on SGD denominated borrowings		-	54,410	-	54,410
		-	463,444	-	463,444
IRS:	(b)				
- cash flow hedge on RM denominated borrowings		**2,565**	6,601	-	-
		2,565	470,045	-	463,444
Current assets					
Derivative designated in hedging relationship					
CCIRS:	(a)				
- cash flow hedge on USD denominated borrowings		-	141,329	-	141,329
Forward foreign exchange contracts:	(c)				
- cash flow hedge on USD forecast transactions		-	786	-	-
Derivative not designated in hedging relationship					
Forward foreign exchange contracts	(c)	-	1,470	-	-
		-	143,585	-	141,329
		2,565	613,630	-	604,773

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22 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current liabilities					
Derivative designated in hedging relationship					
Forward foreign exchange contracts:	(c)				
- cash flow hedge on USD forecast transactions		**584**	-	**-**	-
Derivative not designated in hedging relationship					
Forward foreign exchange contracts	(c)	**951**	-	**-**	-
		1,535	-	**-**	-
		1,030	613,630	**-**	604,773

(a) CCIRS

The details of the open CCIRS were as below:

	Group and Company	
	2017	2016
Notional principal (RM'000 equivalent)	**-**	1,460,200
Fixed interest rate	**-**	4.75% - 5.25%
Floating interest rate	**-**	3.82% - 4.11%

The Group and the Company entered into CCIRS to hedge the volatility in the cash flow attributable to variability in the foreign currency denominated borrowings. Following the repayments of such borrowings as disclosed in Note 30 to the financial statements, the Group and the Company settled all outstanding CCIRS.

During the financial year, the Group and the Company paid RM in exchange for receiving USD and SGD at predetermined exchange rates that ranged from RM3.03/USD to RM4.45/USD (2016: RM3.03/USD to RM3.40/USD) and RM2.39/SGD to RM3.17/SGD (2016: RM2.39/SGD) on the notional amounts at their respective settlement dates.

(b) IRS

The Group has entered into IRS to hedge its exposure to interest rate risk on borrowings. During the financial year, the Group early settled one of its IRS amounting to RM200,000,000.

The details of the open IRS are set out below:

	Group	
	2017	2016
Notional principal (RM'000 equivalent)	**500,000**	700,000
Fixed interest rate	**4.70%**	4.76% - 4.87%

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22 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(c) Forward foreign exchange contracts

The Group has entered into forward foreign exchange contracts to hedge against USD/RM exchange rate fluctuations on certain payable balances and forecast transactions. The details of the open forward foreign exchange contracts are set out below:

	Group	
	2017	**2016**
Notional principal (RM'000 equivalent)	**66,410**	79,055
Contract value in foreign currency (USD'000)	**16,000**	18,100

The Group pays RM in exchange for receiving USD at predetermined exchange rates that range from RM4.08/USD to RM4.24/USD (2016: RM4.22/USD to RM4.44/USD) on the notional amounts at their respective maturity dates.

At the reporting date, the Group and the Company have recognised derivative financial assets of RM1,030,000 (2016: RM613,630,000) and RM Nil (2016: RM604,773,000) respectively, a decrease in fair value gains by RM612,600,000 and RM604,773,000 (2016: RM163,694,000 and RM172,328,000) respectively from the prior financial year, on settling and re-measuring the fair values of open derivative financial instruments for:

(a) Derivative designated in hedging relationship

The decrease in fair value gains from the prior financial year for the Group and the Company were RM610,179,000 and RM604,773,000 (2016: RM165,007,000 and RM172,328,000) respectively, with the corresponding movement included in equity in the cash flow hedging reserve.

For the current financial year, the Group and the Company reclassified RM577,737,000 and RM577,747,000 respectively to the statements of profit or loss to offset:

(i) the foreign exchange gains of the Group and the Company amounting to RM579,532,000 which realised upon CCIRS settlement; and

(ii) the interest expense of the Group and the Company amounting to RM1,795,000 and RM1,785,000 respectively as the underlying interest rates were higher than the hedged interest rates on the borrowings.

This has resulted in a credit balance amounting to RM1,996,000 in the cash flow hedging reserve of the Group as at 31 December 2017.

For the financial year ended 31 December 2016, the Group and the Company reclassified RM136,188,000 and RM136,163,000 respectively to the statements of profit or loss to offset:

(i) the foreign exchange gains of RM177,953,000 which realised upon CCIRS settlement and unrealised foreign exchange losses of RM38,458,000 from the weakening RM against USD and SGD; and
(ii) the interest expense of the Group and the Company amounting to RM3,307,000 and RM3,332,000 respectively as the underlying interest rates were higher than the hedged interest rates on the borrowings.

This has resulted in a credit balance amounting to RM34,438,000 and RM27,026,000 in the cash flow hedging reserve of the Group and the Company respectively as at 31 December 2016.

Notes to the Financial Statements
31 December 2017

22 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Derivative designated in hedging relationship (continued)

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 both the borrowings and associated derivative financial instruments will be held 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 values 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.

(b) Derivative not designated in hedging relationship

The increase in fair value losses from the prior financial year for the Group of RM2,421,000 (2016: fair value gains of RM1,313,000) due to changes in foreign currency exchange spot and forward rates has been charged to the statements of profit or loss.

As the derivative financial instruments are 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 until the maturity of the derivative financial instruments.

The method and assumption applied in determining the fair values of derivatives are disclosed in Note 3(i) to the financial statements.

Notes to the Financial Statements
31 December 2017

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	
	2017 RM'000	2016 RM'000
Deferred tax assets	**7,625**	45,229
Deferred tax liabilities	**(436,972)**	(580,388)
	(429,347)	(535,159)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group	
	2017 RM'000	2016 RM'000
Deferred tax assets:		
- to be recovered after more than 12 months	**8,233**	8,528
- to be recovered within 12 months	**(608)**	36,701
	7,625	45,229
Deferred tax liabilities:		
- to be recovered after more than 12 months	**(499,372)**	(598,072)
- to be recovered within 12 months	**62,400**	17,684
	(436,972)	(580,388)
Deferred tax liabilities (net)	**(429,347)**	(535,159)

Notes to the Financial Statements
31 December 2017

23 DEFERRED TAXATION (CONTINUED)

The movements in deferred tax assets/(liabilities) during the financial year comprise the following:

	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
Group								
At 1 January 2017		**(855,922)**	**(86,550)**	**106,942**	**237,448**	**29,113**	**33,810**	**(535,159)**
Credited/(charged) to statement of profit or loss:								
- relating to origination and reversal of temporary differences	12	**149,204**	**(15,116)**	**(9,537)**	**32,402**	**(12,188)**	**(38,953)**	**105,812**
At 31 December 2017		**(706,718)**	**(101,666)**	**97,405**	**269,850**	**16,925**	**(5,143)**	**(429,347)**
At 1 January 2016		(789,645)	(76,483)	97,385	254,988	38,477	37,132	(438,146)
(Charged)/credited to statement of profit or loss:								
- relating to origination and reversal of temporary differences	12	(66,277)	(10,067)	9,557	(17,540)	(9,364)	(3,322)	(97,013)
At 31 December 2016		(855,922)	(86,550)	106,942	237,448	29,113	33,810	(535,159)

Notes to the Financial Statements
31 December 2017

23 DEFERRED TAXATION (CONTINUED)

	Group	
	2017 RM'000	2016 RM'000
Deferred tax assets (before offsetting):		
- deferred income	**97,405**	106,942
- provisions	**269,850**	237,448
- investment allowance	**16,925**	29,113
- others	**231**	33,810
	384,411	407,313
Offsetting	**(376,786)**	(362,084)
Deferred tax assets (after offsetting)	**7,625**	45,229
Deferred tax liabilities (before offsetting):		
- property, plant and equipment	**(706,718)**	(855,922)
- intangible assets	**(101,666)**	(86,550)
- others	**(5,374)**	-
	(813,758)	(942,472)
Offsetting	**376,786**	362,084
Deferred tax liabilities (after offsetting)	**(436,972)**	(580,388)

24 INVENTORIES

	Group	
	2017 RM'000	2016 RM'000
Telecommunications materials and supplies	**1,875**	2,167
Devices	**2,619**	3,775
	4,494	5,942

The Group reversed RM1,822,000 (2016: RM364,000) of inventory write down during the financial year as the Group was able to utilise those inventories.

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25 FELLOW SUBSIDIARIES AND PENULTIMATE HOLDING COMPANY BALANCES

	Group	
	2017 RM'000	**2016 RM'000**
Current assets:		
- amount due from penultimate holding company	**1,289**	765
- amounts due from fellow subsidiaries	**-**	29
Current liability:		
- amounts due to fellow subsidiaries	**(2,004)**	-
	(715)	794

The amounts due from/(to) penultimate holding company and fellow subsidiaries are unsecured, non-interest bearing and with 30 days' credit period (2016: 30 days).

26 RELATED PARTIES BALANCES

	Group	
	2017 RM'000	**2016 RM'000**
Current asset:		
- amounts due from related parties	**29,336**	21,922
Current liability:		
- amounts due to related parties	**(22,874)**	(14,229)

The amounts due from/(to) related parties are trade in nature, unsecured, interest free and with credit periods of up to 60 days (2016: up to 60 days).

Notes to the Financial Statements
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27 DEPOSITS, CASH AND BANK BALANCES

Deposits, cash and bank balances at the end of the financial year comprise the following:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deposits with licensed banks	**439,369**	485,242	**8,000**	10,000
Cash and bank balances	**162,758**	197,104	**1,757**	2,300
Deposits, cash and bank balances	**602,127**	682,346	**9,757**	12,300
Less: Deposits with maturity more than three months	**(23,321)**	(20,501)	**-**	-
Cash and cash equivalents	**578,806**	661,845	**9,757**	12,300

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 30 days (2016: 23 days) and 14 days (2016: 5 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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Local licensed banks[1]:				
- AAA	**429,726**	358,111	**1,686**	2,022
- AA1	**1,711**	80,174	**-**	-
- AA2	**167,179**	110,020	**8,056**	10,263
- AA3	**-**	130,170	**-**	-
Offshore licensed banks[2]:				
- Aa2	**-**	38	**-**	-
- A2	**3,163**	3,515	**-**	-
	601,779	682,028	**9,742**	12,285

Notes:
Source: Bloomberg with ratings provided by:
[1] RAM Ratings Services Berhad
[2] Moody's

Notes to the Financial Statements
31 December 2017

27 DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

Reconciliation of liabilities arising from financing activities:

			Non-cash changes			
	2016 RM'000	Cash flows RM'000	Interest expenses RM'000	Foreign exchange movement RM'000	Fair value changes RM'000	2017 RM'000
Group						
Borrowings	9,850,919	(2,044,728)	412,885	(579,532)	-	**7,639,544**
Lease liabilities	13,103	(7,682)	329	-	-	**5,750**
Derivative financial assets held to hedge borrowings	(611,374)	(274)	-	-	609,083	**(2,565)**
	9,252,648	(2,052,684)	413,214	(579,532)	609,083	**7,642,729**
Company						
Borrowings	2,039,074	(1,494,425)	34,883	(579,532)	-	**-**
Derivative financial assets held to hedge borrowings	(604,773)	7,615	-	-	597,158	**-**
	1,434,301	(1,486,810)	34,883	(579,532)	597,158	**-**

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	Total RM'000
2017					
At 1 January		**159,404**	**4,358**	**97,299**	**261,061**
Capitalised		**7,928**	**-**	**-**	**7,928**
Changes in cost estimates:					
- included in finance costs	10(b)	**(10,898)**	**-**	**-**	**(10,898)**
Charged to statement of profit or loss:					
- included in profit before tax	11	**5,711**	**-**	**104,965**	**110,676**
- included in finance costs	10(b)	**15,898**	**-**	**-**	**15,898**
Paid		**(2,381)**	**-**	**(95,790)**	**(98,171)**
Reversed from statement of profit or loss	11	**(1,064)**	**(4,358)**	**(70)**	**(5,492)**
At 31 December		**174,598**	**-**	**106,404**	**281,002**

Notes to the Financial Statements
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28 PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Group	Note	Site rectification and decommi-ssioning works RM'000	Contract obligations and legal claims RM'000	Staff incentive scheme RM'000	Total RM'000
2016					
At 1 January		150,656	52,337	97,368	300,361
Capitalised		6,251	-	-	6,251
Changes in cost estimates:					
- included in finance costs	10(b)	(7,898)	-	-	(7,898)
- included in property, plant and equipment	15	47	-	-	47
Charged to statement of profit or loss:					
- included in profit before tax	11	522	30	94,425	94,977
- included in finance costs	10(b)	16,647	-	-	16,647
Paid		(6,340)	-	(85,282)	(91,622)
Reversed from statement of profit or loss	11	(481)	(48,009)	(9,212)	(57,702)
At 31 December		159,404	4,358	97,299	261,061
Represented by:					
Non-current liabilities		**166,842**	**-**	**3,499**	**170,341**
Current liabilities		**7,756**	**-**	**102,905**	**110,661**
At 31 December 2017		**174,598**	**-**	**106,404**	**281,002**
Represented by:					
Non-current liabilities		156,221	-	8,132	164,353
Current liabilities		3,183	4,358	89,167	96,708
At 31 December 2016		159,404	4,358	97,299	261,061

Descriptions of the above provisions are as disclosed in Note 3(p) to the financial statements.

Notes to the Financial Statements
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28 PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Site decommissioning works

As at 31 December 2017, a non-current provision of RM166,842,000 (2016: RM156,221,000) 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 (2016: 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 discount rates as disclosed in Note 16 to the financial statements.

Contract obligations and legal claims

In the financial year ended 31 December 2016, the Group reversed the contract obligations amounted to RM48,009,000 in relation to its Home Services business after reassessing the business performance and projections of the business.

In the Directors' opinion, the outcome of the notice of termination, legal claims, negotiations for settlements and costs in respect of obligations will not give rise to any significant loss beyond the amounts provided at the reporting date.

29 PAYABLES AND ACCRUALS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current				
Trade payables	**214,878**	408,436	**-**	-
Other accruals	**12,502**	9,669	**-**	-
	227,380	418,105	**-**	-
Current				
Intercarrier and roaming payables	**62,421**	107,780	**-**	-
Intercarrier and roaming accruals	**98,072**	119,506	**-**	-
Subscribers' deposits	**95,417**	99,028	**-**	-
Trade payables	**1,554,947**	1,705,750	**-**	-
Trade accruals	**373,734**	328,586	**-**	-
Other payables	**66,989**	68,736	**445**	355
Other accruals	**367,876**	533,181	**768**	256
Advance payments from subscribers	**58,180**	59,225	**-**	-
Deferred income	**397,032**	435,770	**-**	-
Government grant	**224,439**	175,639	**-**	-
	3,299,107	3,633,201	**1,213**	611
	3,526,487	4,051,306	**1,213**	611

Notes to the Financial Statements
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29 PAYABLES AND ACCRUALS (CONTINUED)

Current trade payables and other payables of the Group and of the Company carry credit periods of up to 90 days (2016: 90 days). The Group's current and non-current trade payables include payables under deferred payment schemes and carry interest rates ranging from 4.04% to 4.50% (2016: 3.06% to 4.25%) per annum as at the reporting date. Details of the deferred payment schemes' payables are as follows:

Group			
Balance outstanding		Currency denomination	Repayment terms
2017 RM'000	2016 RM'000		
276,067	436,630	USD	Repayable on a half-yearly basis in 11 (2016: 10 to 11) equal instalments commencing from 36 months (2016: 30 to 36 months) from the commencement dates of the contracts.
256,530	231,628	RM	Repayable on a quarterly basis in 8 equal instalments from the commencement dates of the contracts.

As disclosed in Note 22 to the financial statements, certain USD denominated payables amounting to USD8,000,000 (2016: USD8,800,000) are hedged against exchange rate fluctuations using forward foreign exchange contracts for which no hedge accounting is applied.

The Group's other accruals include lease equalisation for office buildings of RM11,255,000 (2016: RM9,768,000) with the remaining lease period of 10 years 5 months (2016: 8 months to 11 years 5 months).

30 BORROWINGS

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current					
Secured					
Finance lease liabilities	(a)	**760**	1,844	-	-
Unsecured					
Syndicated term loan	(b)	-	448,133	-	448,133
Term loans	(c)	**1,000,466**	2,001,516	-	1,000,906
Islamic Medium Term Notes	(d)	**4,143,740**	3,806,108	-	-
Commodity Murabahah Term Financing	(e)	**2,294,970**	2,505,127	-	-
		7,439,936	8,762,728	-	1,449,039

Notes to the Financial Statements
31 December 2017

30 BORROWINGS (CONTINUED)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Current					
Secured					
Finance lease liabilities	(a)	**4,990**	11,259	-	-
Unsecured					
Revolving credit	(f)	**200,368**	500,000	-	-
Syndicated term loan	(b)	-	590,035	-	590,035
		205,358	1,101,294	-	590,035
		7,645,294	9,864,022	-	2,039,074

(a) Finance lease liabilities

The Group leased certain assets under finance lease with terms of three to five years (2016: three to five years). The finance leases have remaining terms of one to two years (2016: one to three years) which the Group has options for another one to five years' extension subject to renewal conditions imposed by the lessor for certain leased assets.

The weighted average effective interest rate of the Group's finance lease liabilities is 11.57% (2016: 10.58%) per annum. These leases are effectively secured as the rights to the leased assets revert to the lessor in the event of defaults.

Finance lease liabilities represent outstanding obligations payable in respect of assets acquired under finance lease commitment and are analysed as follows:

	Group 2017 RM'000	Group 2016 RM'000
Not later than one year	**5,048**	11,588
Later than one year and not later than five years	**777**	1,919
	5,825	13,507
Less: Future finance charges	**(75)**	(404)
Present value	**5,750**	13,103
Representing lease liabilities:		
- non-current	**760**	1,844
- current	**4,990**	11,259
	5,750	13,103

Notes to the Financial Statements
31 December 2017

30 BORROWINGS (CONTINUED)

(b) Syndicated term loans

(i) USD750,000,000 syndicated term loan

This syndicated term loan of the Group and the Company was drawn down with a term of seven years and was repayable in six semi-annual installments commencing from 48 months from the drawn down date.

(ii) USD100,000,000 syndicated term loan

This syndicated term loan of the Group and the Company was drawn down with a term of ten years and was repayable in one lump sum on the loan's maturity date.

As disclosed in Note 22, the Group and the Company had entered into CCIRS where the principal sums and interests under these loans were hedged against fluctuations in USD/RM exchange rate and in London Interbank Offered Rate ("LIBOR").

All the above syndicated term loans and their corresponding CCIRS were fully settled during the current financial year.

(c) Term loans

(i) RM1,000,000,000 term loan

This term loan carries a term of up to seven years and is repayable in one lump sum on the loan's maturity date.

As disclosed in Note 22, the Group has entered into IRS to partially hedge the interest of this term loan against the Kuala Lumpur Interbank Offered Rate.

(ii) MB - USD100,000,000, SGD70,000,000 and USD75,000,000 term loans

These term loans of the Company were all drawn down with a term of 10 years and repayable in one lump sum on their respective loan maturity dates.

These term loans and the corresponding CCIRS were early settled during the current financial year.

(iii) USD50,000,000 and SGD70,000,000 term loans

During the financial year, MBSB, a wholly-owned subsidiary of the Company, entered into term loan facility agreements with financial institutions for USD50,000,000 and SGD70,000,000 term loans with corresponding CCIRS contracts to hedge against exchange and interest rates fluctuation on these loans.

The loans carried a term of four years and were repayable in one lump sum on their respective loan maturity dates.

These loans were fully drawn down to part settle the remaining purchase consideration in relation to the purchase of business and undertakings including relevant assets and liabilities of the Company's wholly-owned subsidiaries under the Group's internal reorganisation.

The loans and their corresponding CCIRS were subsequently settled in full prior to their maturity dates.

Notes to the Financial Statements
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30 BORROWINGS (CONTINUED)

(d) Islamic Medium Term Notes - Sukuk Murabahah

The Group has established an Unrated Islamic Medium Term Notes ("Sukuk Murabahah") Programme with an aggregate nominal value of up to RM10.0 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 its first issuance and the Sukuk Murabahah to be issued shall have a tenure of more than 1 year and up to 30 years.

As at 31 December 2017, four (2016: three) series of the Sukuk Murabahah had been issued for a total nominal value of RM4,090,000,000 (2016: RM3,790,000,000) with a tenure of four to nine years. All series of Sukuk Murabahah are redeemable on their respective maturity dates. The profits are payable semi-annually.

(e) Commodity Murabahah Term Financing ("CMTF")

The Group has a CMTF facility up to RM2.50 billion based on the Islamic principle of Murabahah and had fully drawn down the facility. This facility expires on 7 April 2024 and is repayable in one lump sum on its expiry date.

During the financial year, the Group made an early repayment of RM210,000,000 reducing the facility limit to RM2.29 billion.

(f) Revolving credit

On 27 October 2016, the Group entered into a RM500,000,000 revolving credit facility for a term of one year with bullet repayment on its maturity date.

During the financial year, the Group made a partial repayment of RM300,000,000 and extended the facility for another year, maturing on 25 November 2018.

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
At 31 December 2017							
Secured							
Finance lease liabilities		RM/RM	5,750	4,990	760	-	-
Unsecured							
Revolving credit	0.50% + COF[1]	RM/RM	200,368	200,368	-	-	-
Term loans	0.75% + COF[1]	RM/RM	1,000,466	-	-	1,000,466	-
Islamic Medium Term Notes	4.70% - 5.40%	RM/RM	4,143,740	-	-	3,302,622	841,118
CMTF	0.70% + COF[1]	RM/RM	2,294,970	-	-	-	2,294,970
			7,645,294	205,358	760	4,303,088	3,136,088

Note:
[1] COF denotes Cost of Funds.

Notes to the Financial Statements
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30 BORROWINGS (CONTINUED)

Contractual terms of borrowings (continued)

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
At 31 December 2016							
Secured							
Finance lease liabilities		RM/RM	13,103	11,259	1,084	760	-
Unsecured							
Revolving credit	0.50% + COF [1]	RM/RM	500,000	500,000	-	-	-
Syndicated term loan	1.35% - 1.60% + LIBOR	RM/USD	1,038,168	590,035	-	448,133	-
Term loans	0.75% + COF [1]	RM/RM	1,000,610	-	-	-	1,000,610
	1.50% - 1.60% + LIBOR	RM/USD	784,191	-	-	784,191	-
	1.25% + SOR [2]	RM/SGD	216,715	-	-	216,715	-
Islamic Medium Term Notes	4.70% - 5.40%	RM/RM	3,806,108	-	-	504,250	3,301,858
CMTF	0.70% + COF [1]	RM/RM	2,505,127	-	-	-	2,505,127
			9,864,022	1,101,294	1,084	1,954,049	6,807,595

Notes:
[1] COF denotes Cost of Funds.
[2] SOR denotes Singapore Swap Offer Rate.

Notes to the Financial Statements
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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
At 31 December 2016							
Unsecured							
Syndicated term loan	1.35% - 1.60% + LIBOR	RM/USD	1,038,168	590,035	-	448,133	-
Term loans	1.50% - 1.60% + LIBOR	RM/USD	784,191	-	-	784,191	-
	1.25% + SOR[(1)]	RM/SGD	216,715	-	-	216,715	-
			2,039,074	590,035	-	1,449,039	-

Note:
[(1)] SOR denotes Singapore Swap Offer Rate.

Notes to the Financial Statements
31 December 2017

31 SHARE CAPITAL

(a) Share capital

Disclosures of authorised share capital and par value of share capital are not made as the Companies Act 2016 ("New Act") which came into operation on 31 January 2017 has abolished the concept.

(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.

The Remuneration Committee comprising Directors of the Company administers the ESOS/LTIP. The Remuneration Committee may from time to time, offer share options to eligible employees and eligible directors of the Group to subscribe for new ordinary shares 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

(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.

Notes to the Financial Statements
31 December 2017

31 SHARE CAPITAL (CONTINUED)

(b) ESOS (continued)

Movement in the number of share options outstanding and their exercise prices is as follows:

			Number of options over ordinary shares in the Company					
Grant date	Expiry date	Exercise price RM/share	Outstanding as at 1 January '000	Granted '000	Exercised '000	Forfeited/ Lapsed '000	Outstanding as at 31 December '000	Exercisable as at 31 December '000
2017								
1 July 2011	17 September 2019	5.45	**4,138**	**-**	**(239)**	**(25)**	**3,874**	**3,874**
1 July 2012	17 September 2019	6.41	**13,352**	**-**	**(7)**	**-**	**13,345**	**13,345**
1 July 2013	17 September 2019	6.78	**10,274**	**-**	**(4)**	**(467)**	**9,803**	**9,803**
1 August 2015	17 September 2019	6.53	**61,792**	**-**	**-**	**(4,343)**	**57,449**	**38,373**
			89,556	**-**	**(250)**	**(4,835)**	**84,471**	**65,395**
Weighted average exercise price (RM per share)			**6.49**	**-**	**5.50**	**6.55**	**6.49**	**6.48**
2016								
1 July 2011	17 September 2019	5.45	4,400	-	(260)	(2)	4,138	4,138
1 July 2012	17 September 2019	6.41	13,446	-	(78)	(16)	13,352	13,352
1 July 2013	17 September 2019	6.78	10,773	-	-	(499)	10,274	10,274
1 August 2015	17 September 2019	6.53	68,178	-	-	(6,386)	61,792	20,686
			96,797	-	(338)	(6,903)	89,556	48,450
Weighted average exercise price (RM per share)			6.49	-	5.67	6.55	6.49	6.46

The share options exercised during the financial year resulted in 250,600 (2016: 337,700) shares being issued and the related weighted average share price at the date of exercise was RM6.29 (2016: RM6.24) per share.

The weighted average remaining contractual life for the share options as at the reporting date is 1 year 8 months (2016: 2 years 8 months).

Notes to the Financial Statements
31 December 2017

31 SHARE CAPITAL (CONTINUED)

(b) ESOS (continued)

Value of employee services received for issue of share options:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Share-based payment expense	**4,952**	19,103	**4,952**	19,103
Capitalised as investments in subsidiaries for share-based payments allocated to the employees of the subsidiaries	**-**	-	**(4,952)**	(19,103)
Total expense recognised as share-based payments	**4,952**	19,103	**-**	-

(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 Remuneration Committee which is appointed by the Board of Directors of the Company, in accordance with the By-Laws. The Remuneration 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.

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 Remuneration 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 Remuneration Committee;

(iv) In the event of any alteration in the capital structure of the Company except under certain circumstances, the Remuneration 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;

Notes to the Financial Statements
31 December 2017

31 SHARE CAPITAL (CONTINUED)

(c) LTIP (continued)

(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 Remuneration Committee and as set out in their offer of grants.

During the financial year, 7,151,400 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 in the Company, to be allotted and issued pursuant to the LTIP ("new shares"), upon meeting the vesting conditions as set out in the letter of offer for the new shares. The vesting conditions comprising, amongst others, the performance targets and/or conditions for the period commencing from 1 January 2017 and ending on 31 December 2019, as stipulated by the Remuneration Committee. The vesting date is on 30 June 2020, subject to meeting such performance targets.

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31 SHARE CAPITAL (CONTINUED)

(c) LTIP (continued)

Movement in the number of PS Grant under the LTIP is as follows:

		Number of share grants over ordinary share in the Company			
Grant date	**Vesting date**	**Outstanding as at 1 January '000**	**Granted '000**	**Forfeited '000**	**Outstanding as at 31 December '000**
2017					
31 July 2015	30 April 2018	**7,677**	**-**	**(680)**	**6,997**
1 July 2016	30 June 2019	**5,602**	**-**	**(89)**	**5,513**
4 December 2017	30 June 2020	**-**	**7,151**	**-**	**7,151**
		13,279	**7,151**	**(769)**	**19,661**
2016					
31 July 2015	30 April 2018	8,285	-	(608)	7,677
1 July 2016	30 June 2019	-	6,075	(473)	5,602
		8,285	6,075	(1,081)	13,279

The weighted average fair value of share grants under the PS Grant based on observable market price was RM5.92 (2016: RM6.02).

Value of employee services received under the LTIP:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Share-based payment expense	**32,381**	11,624	**32,381**	11,624
Capitalised as investments in subsidiaries for share-based payments allocated to the employees of the subsidiaries	**-**	-	**(32,381)**	(11,624)
Total expense recognised as share-based payments	**32,381**	11,624	**-**	-

Notes to the Financial Statements
31 December 2017

31 SHARE CAPITAL (CONTINUED)

(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 Group, the cash incentives payable to the eligible director were used to acquire shares of the Company from the open market. During the financial year, 605,813 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.

Movement in the number of shares to be vested under the incentive arrangement is as follows:

	Group and Company	
	2017 '000	**2016 '000**
At 1 January	**1,594**	1,002
Acquired	**606**	953
Vested	**-**	(361)
At 31 December	**2,200**	1,594

The weighted average fair value of shares acquired under the incentive arrangement based on observable market price was RM6.97 (2016: RM6.97).

Value of employee services received under the incentive arrangement:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Share-based payment expense	**4,334**	7,648	**4,334**	7,648
Capitalised as investments in subsidiaries for share-based payments allocated to the employee of the subsidiaries	**-**	-	**(4,334)**	(7,648)
Total expense recognised as share-based payments	**4,334**	7,648	**-**	-

Notes to the Financial Statements
31 December 2017

32 RESERVES

(a) Share premium

Pursuant to Section 618(2) of the New Act which came into effect on 31 January 2017, the credit standing on the share premium account of RM61,994,000 has been transferred to and became part of the share capital account. Pursuant to Section 618(3) of the New Act, the Group may exercise its rights to use the credit amounts from share premium account within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

(b) 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.

(c) Reserve arising from reverse acquisition

The reserve arising from reverse acquisition was created during the Pre-Listing Restructuring exercise where MMSSB 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 MMSSB together with the deemed purchase consideration of subsidiaries other than MMSSB and the cash distribution to MCB, is recorded as reserve arising from reverse acquisition.

32 RESERVES (CONTINUED)

(d) Other reserves

Group	Note	Share-based payments RM'000	Cash flow hedging RM'000	Total RM'000
2017				
At 1 January		**110,941**	**34,438**	**145,379**
Net change in hedging:				
- fair value losses		**-**	**(610,179)**	**(610,179)**
- reclassified to finance costs	10(b)	**-**	**577,737**	**577,737**
ESOS and LTIP:				
- share-based payment expense		**37,333**	**-**	**37,333**
- shares issued		**(54)**	**-**	**(54)**
- share options lapsed		**(175)**	**-**	**(175)**
Incentive arrangement:				
- share-based payment expense		**4,334**	**-**	**4,334**
- shares acquired		**(3,554)**	**-**	**(3,554)**
At 31 December		**148,825**	**1,996**	**150,821**
2016				
At 1 January		78,633	63,257	141,890
Net change in hedging:				
- fair value losses		-	(165,007)	(165,007)
- reclassified to finance costs	10(b)	-	136,188	136,188
ESOS and LTIP:				
- share-based payment expense		30,727	-	30,727
- shares issued		(66)	-	(66)
- share options lapsed		(170)	-	(170)
Incentive arrangement:				
- share-based payment expense		7,648	-	7,648
- shares acquired		(5,831)	-	(5,831)
At 31 December		110,941	34,438	145,379

Notes to the Financial Statements
31 December 2017

32 RESERVES (CONTINUED)

(d) Other reserves (continued)

Company	Note	Share-based payments RM'000	Cash flow hedging RM'000	Total RM'000
2017				
At 1 January		**110,941**	**27,026**	**137,967**
Net change in hedging:				
- fair value losses		**-**	**(604,773)**	**(604,773)**
- reclassified to finance costs	10(b)	**-**	**577,747**	**577,747**
ESOS and LTIP:				
- share-based payment expense		**37,333**	**-**	**37,333**
- shares issued		**(54)**	**-**	**(54)**
- share options lapsed		**(175)**	**-**	**(175)**
Incentive arrangement:				
- share-based payment expense		**4,334**	**-**	**4,334**
- shares acquired		**(3,554)**	**-**	**(3,554)**
At 31 December		**148,825**	**-**	**148,825**
2016				
At 1 January		78,633	63,191	141,824
Net change in hedging:				
- fair value losses		-	(172,328)	(172,328)
- reclassified to finance costs	10(b)	-	136,163	136,163
ESOS and LTIP:				
- share-based payment expense		30,727	-	30,727
- shares issued		(66)	-	(66)
- share options lapsed		(170)	-	(170)
Incentive arrangement:				
- share-based payment expense		7,648	-	7,648
- shares acquired		(5,831)	-	(5,831)
At 31 December		110,941	27,026	137,967

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; 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.

Notes to the Financial Statements
31 December 2017

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 uses 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 were 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. There is no currency risk in respect of intragroup receivables and payables since they are all denominated in the functional currency.

Notes to the Financial Statements
31 December 2017

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Currency exposure at 31 December			
Group	**SGD RM'000**	**USD RM'000**	**SDR RM'000**	**Others RM'000**
Functional currency Ringgit Malaysia				
2017				
Receivables	**-**	**2,459**	**44,383**	**-**
Deposits, cash and bank balances	**-**	**24,797**	**-**	**-**
Payables	**(3,297)**	**(402,789)**	**(33,350)**	**(6)**
Amounts due to fellow subsidiaries	**-**	**(1,985)**	**(19)**	**-**
Amounts due to related parties, net	**-**	**5,124**	**(13,666)**	**-**
Gross exposure	**(3,297)**	**(372,394)**	**(2,652)**	**(6)**
Forward foreign exchange contracts:				
- payables	**-**	**32,388**	**-**	**-**
Net exposure	**(3,297)**	**(340,006)**	**(2,652)**	**(6)**
2016				
Receivables	-	12,377	33,300	-
Deposits, cash and bank balances	-	20,672	-	38
Payables	(2,562)	(581,612)	(55,925)	(114)
Amounts due from/(to) fellow subsidiaries	-	197	(166)	-
Amounts due to related parties, net	-	(1,343)	(34)	-
Syndicated term loan	-	(1,038,168)	-	-
Term loans	(216,715)	(784,191)	-	-
Gross exposure	(219,277)	(2,372,068)	(22,825)	(76)
CCIRS:				
- syndicated term loan	-	1,038,168	-	-
- term loans	216,715	784,191	-	-
Forward foreign exchange contracts:				
- payables	-	39,481	-	-
Net exposure	(2,562)	(510,228)	(22,825)	(76)

Notes to the Financial Statements
31 December 2017

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Currency exposure at 31 December	
Company	**SGD RM'000**	**USD RM'000**
Functional currency		
Ringgit Malaysia		
2016		
Deposits, cash and bank balances	-	2
Syndicated term loan	-	(1,038,168)
Term loans	(216,715)	(784,191)
Gross exposure	(216,715)	(1,822,357)
CCIRS:		
- syndicated term loan	-	1,038,168
- term loans	216,715	784,191
Net exposure	-	2

Notes to the Financial Statements
31 December 2017

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[1]			
	Group		Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
USD/RM						
- strengthened 5% (2016: 5%)	**(16,998)**	(25,509)	**1,612**	6,208	**-**	4,128
- weakened 5% (2016: 5%)	**16,998**	25,509	**(1,612)**	(6,208)	**-**	(4,128)

Note:
[1] 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 translating of USD denominated receivables, deposits, bank balances and unhedged payables. For USD 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 interest rate risk arises from deposits with licensed banks, deferred payment creditors and borrowings carrying fixed and variable interest rates and for the Company, from its deposits with licensed banks. The objectives of the Group's interest rate risk management policies are to allow the Group to effectively manage the interest rate fluctuation through the use of fixed and floating interest rates debt and derivative financial instruments. The Group adopts a non-speculative stance which favours predictability over interest rate fluctuations. The interest rate profiles of the Group's borrowings are also regularly reviewed against prevailing and anticipated market interest rates to determine whether refinancing or early repayment is warranted.

The Group manages its 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.

Notes to the Financial Statements
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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:

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 2017							
Deposits with licensed banks	3.68	439,369	-	439,369	-	-	-
Trade payables	3.98	(532,597)	(276,067)	(207,316)	(49,214)	-	-
Finance lease liabilities	11.57	(5,750)	-	(4,990)	(760)	-	-
Revolving credit	4.20	(200,368)	(200,368)	-	-	-	-
Term loan	4.30	(1,000,466)	(1,000,466)	-	-	-	-
Islamic Medium Term Notes	5.03	(4,143,740)	-	-	-	(3,302,622)	(841,118)
CMTF	4.17	(2,294,970)	(2,294,970)	-	-	-	-
Gross exposure		(7,738,522)	(3,771,871)				
IRS:							
- term loan	4.70		500,238	-	-	(500,238)	-
Net exposure			(3,271,633)				

Notes to the Financial Statements
31 December 2017

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 2016							
Deposits with licensed banks	3.78	485,242	-	485,242	-	-	-
Trade payables	3.77	(668,258)	(436,630)	(129,127)	(102,501)	-	-
Finance lease liabilities	10.58	(13,103)	-	(11,259)	(1,084)	(760)	-
Revolving credit	4.20	(500,000)	(500,000)	-	-	-	-
Syndicated term loan	2.58	(1,038,168)	(1,038,168)	-	-	-	-
Term loan	3.50	(2,001,516)	(2,001,516)	-	-	-	-
Islamic Medium Term Notes	5.05	(3,806,108)	-	-	-	(504,250)	(3,301,858)
CMTF	4.17	(2,505,127)	(2,505,127)	-	-	-	-
Gross exposure		(10,047,038)	(6,481,441)				
CCIRS and IRS:							
- syndicated term loan	4.97		1,038,168	(590,035)	-	(448,133)	-
- term loans	4.50		1,037,109	-	-	(336,682)	(700,427)
Net exposure			(4,406,164)				

Notes to the Financial Statements
31 December 2017

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 at reporting date (per annum) %	Total carrying amount RM'000	Floating interest rate < 1 year RM'000	Fixed interest rate < 1 year RM'000	Fixed interest rate 1-2 years RM'000	Fixed interest rate 2-5 years RM'000	Fixed interest rate > 5 years RM'000
At 31 December 2017							
Deposits with licensed banks	**3.80**	**8,000**	**-**	**8,000**	**-**	**-**	**-**
Net exposure		**8,000**	**-**				
At 31 December 2016							
Deposits with licensed banks	3.95	10,000	-	10,000	-	-	-
Syndicated term loan	2.58	(1,038,168)	(1,038,168)	-	-	-	-
Term loans	2.54	(1,000,906)	(1,000,906)	-	-	-	-
Gross exposure		(2,029,074)	(2,039,074)				
CCIRS:							
- syndicated term loan	4.97		1,038,168	(590,035)	-	(448,133)	-
- term loans	4.99		336,682	-	-	(336,682)	-
Net exposure			(664,224)				

Notes to the Financial Statements
31 December 2017

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			
	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
RM				
- increased by 0.5% (2016: 0.5%)	**(14,978)**	(16,527)	-	-
- decreased by 0.5% (2016: 0.5%)	**14,978**	16,527	-	-
USD				
- increased by 0.5% (2016: 0.5%)	**(1,380)**	(2,183)	-	-
- decreased by 0.5% (2016: 0.5%)	**1,380**	2,183	-	-

	Impact on equity[1]			
	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
RM				
- increased by 0.5% (2016: 0.5%)	**8,858**	15,225	-	-
- decreased by 0.5% (2016: 0.5%)	**(8,858)**	(15,225)	-	-
USD				
- increased by 0.5% (2016: 0.5%)	-	16,633	-	16,633
- decreased by 0.5% (2016: 0.5%)	-	(16,633)	-	(16,633)

Note:
[1] Represents cash flow hedging reserve

The impacts on profit before tax for the financial year are mainly as a result of interest expenses on floating rate payables 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.

Notes to the Financial Statements
31 December 2017

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 and derivative financial instruments. 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.

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 enters into the contracts with various reputable counterparties to minimise the credit risks. The Group considers 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.

(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 2017, the Group has unissued Sukuk of RM5.91 billion under the Unrated Sukuk Murabahah Programme, as disclosed in Note 30(d) to the financial statements. The Group is able to issue new Sukuk to finance its capital expenditure, working capital and/or other funding requirements. There is no restriction under the terms of the Unrated Sukuk Murabahah Programme for such intended purposes.

Notes to the Financial Statements
31 December 2017

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:

Group	Total[1] RM'000	< 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
At 31 December 2017					
Payables and accruals[2]					
- principal	2,328,921	2,114,043	159,616	55,262	-
- interest[3]	25,358	17,509	6,713	1,136	-
Amounts due to related parties	22,874	22,874	-	-	-
Amounts due to fellow subsidiaries	2,004	2,004	-	-	-
Finance lease liabilities	5,825	5,048	777	-	-
Bank borrowings[2]					
- principal	1,200,000	200,000	-	1,000,000	-
- interest[3]	221,888	50,502	42,950	128,436	-
Islamic Medium Term Notes					
- nominal value	4,090,000	-	-	3,250,000	840,000
- profit[3]	1,028,366	205,910	205,910	503,332	113,214
CMTF					
- nominal value	2,290,000	-	-	-	2,290,000
- profit[3]	603,568	95,493	95,493	286,741	125,841
Net settled derivative financial instruments (IRS and forward foreign exchange contracts)[2][3]	7,662	2,077	1,400	4,185	-
	11,826,466	2,715,460	512,859	5,229,092	3,369,055

Notes:

[1] 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.

[2] Foreign currency denominated financial instruments are translated to RM using closing rate as at the reporting date.

[3] Based on contractual interest rates/profit margin as at the reporting date.

Notes to the Financial Statements
31 December 2017

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[1] RM'000	< 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
At 31 December 2016					
Payables and accruals[2]					
- principal	2,837,389	2,428,953	224,848	183,588	-
- interest[3]	40,672	21,958	12,165	6,549	-
Amounts due to related parties	14,229	14,229	-	-	-
Finance lease liabilities	13,507	11,588	1,141	778	-
Bank borrowings[2]					
- principal	3,539,732	1,088,853	-	1,450,879	1,000,000
- interest[3]	437,286	101,215	80,591	211,491	43,989
Islamic Medium Term Notes					
- nominal value	3,790,000	-	-	500,000	3,290,000
- profit[3]	1,105,553	191,360	191,360	546,919	175,914
CMTF					
- nominal value	2,500,000	-	-	-	2,500,000
- profit[3]	758,026	104,250	104,250	313,036	236,490
Net settled derivative financial instruments (CCIRS, IRS and forward foreign exchange contracts)[2][3]	(519,174)	(127,934)	13,427	(406,945)	2,278
	14,517,220	3,834,472	627,782	2,806,295	7,248,671

Notes:

(1) 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.

(2) Foreign currency denominated financial instruments are translated to RM using closing rate as at the reporting date.

(3) Based on contractual interest rates/profit margin as at the reporting date.

Notes to the Financial Statements
31 December 2017

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[1] RM'000	< 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
At 31 December 2017					
Payables and accruals	**1,213**	**1,213**	-	-	-
Amount due to a subsidiary	**268**	**268**	-	-	-
	1,481	**1,481**	-	-	-
At 31 December 2016					
Payables and accruals	611	611	-	-	-
Amount due to a subsidiary	177	177	-	-	-
Bank borrowings[2]					
- principal	2,039,732	588,853	-	1,450,879	-
- interest[3]	152,914	39,354	35,992	77,568	-
Net settled derivative financial instruments (CCIRS)[2][3]	(532,301)	(129,537)	11,117	(413,881)	-
	1,661,133	499,458	47,109	1,114,566	-

Notes:

(1) 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.

(2) Foreign currency denominated financial instruments are translated to RM using closing rate as at the reporting date.

(3) Based on contractual interest rates/profit margin as at the reporting date.

Notes to the Financial Statements
31 December 2017

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 external lenders require its borrower, MBSB to maintain financial covenant ratios on its net debt to EBITDA and EBITDA to interest expense. These financial covenant ratios have been fully complied with by MBSB for the financial year ended 31 December 2017.

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 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 deposits, cash and bank balances. Total equity is calculated as 'equity' as shown in the statements of financial position. The gearing ratios at 31 December 2017 and 2016 were as follows:

		Group	
	Note	2017 RM'000	2016 RM'000
Total interest bearing financial liabilities		**7,642,729**	9,252,648
Less: Deposits, cash and bank balances	27	**(602,127)**	(682,346)
Net debt		**7,040,602**	8,570,302
Total equity		**7,041,911**	4,720,899
Gearing ratio		**1.0**	1.8

Notes to the Financial Statements
31 December 2017

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 at the reporting date approximated their fair values except as set out below measured using Level 3 valuation technique:

		Group			
		2017		2016	
	Note	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial asset:					
Receivables, deposits and prepayments	21	**67,145**	**60,226**	82,398	74,012
Financial liability:					
Borrowings					
- finance lease liabilities	30	**760**	**688**	1,844	1,639
- Islamic Medium Term Notes	30	**4,143,740**	**4,220,161**	3,806,108	3,896,005

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.

Notes to the Financial Statements
31 December 2017

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:

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Derivative financial instruments (CCIRS, IRS and forward foreign exchange contracts):					
- assets	22	**2,565**	613,630	**-**	604,773
- liabilities	22	**(1,535)**	-	**-**	-
		1,030	613,630	**-**	604,773

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.

Notes to the Financial Statements
31 December 2017

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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: Financial instruments RM'000	Related amounts not set-off in the statement of financial position: Cash collateral received RM'000	Net amount RM'000
At 31 December 2017						
Receivables and deposits	**515,959**	**(8,234)**	**507,725**	**-**	**(16,312)**	**491,413**
Amounts due from fellow subsidiaries	**237**	**(237)**	**-**	**-**	**-**	**-**
Amounts due from related parties	**7,586**	**(616)**	**6,970**	**-**	**-**	**6,970**
	523,782	**(9,087)**	**514,695**	**-**	**(16,312)**	**498,383**
At 31 December 2016						
Receivables and deposits	604,259	(47,977)	556,282	-	(27,005)	529,277
Amounts due from fellow subsidiaries	127	(68)	59	-	-	59
Amounts due from related parties	4,136	(3,557)	579	-	-	579
	608,522	(51,602)	556,920	-	(27,005)	529,915

Notes to the Financial Statements
31 December 2017

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)

Company	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: Financial instruments RM'000	Related amounts not set-off in the statement of financial position: Cash collateral received RM'000	Net amount RM'000
At 31 December 2017						
Amounts due from subsidiaries	**1**	**(1)**	**-**	**-**	**-**	**-**
At 31 December 2016						
Amounts due from subsidiaries	9	(5)	4	-	-	4

Notes to the Financial Statements
31 December 2017

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: Financial instruments RM'000	Related amounts not set-off in the statement of financial position: Cash collateral received RM'000	Net amount RM'000
At 31 December 2017						
Payables and accruals	**264,145**	**(8,234)**	**255,911**	**(16,312)**	**-**	**239,599**
Amounts due to fellow subsidiaries	**1,227**	**(237)**	**990**	**-**	**-**	**990**
Amounts due to related parties	**15,657**	**(616)**	**15,041**	**-**	**-**	**15,041**
	281,029	**(9,087)**	**271,942**	**(16,312)**	**-**	**255,630**
At 31 December 2016						
Payables and accruals	374,291	(47,977)	326,314	(27,005)	-	299,309
Amounts due to fellow subsidiaries	97	(68)	29	-	-	29
Amounts due to related parties	10,623	(3,557)	7,066	-	-	7,066
	385,011	(51,602)	333,409	(27,005)	-	306,404

Notes to the Financial Statements
31 December 2017

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Offsetting financial assets and financial liabilities (continued)

(ii) Financial liabilities (continued)

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar arrangements. (continued)

Company	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: Financial instruments RM'000	Related amounts not set-off in the statement of financial position: Cash collateral received RM'000	Net amount RM'000
At 31 December 2017						
Amount due to a subsidiary	**269**	**(1)**	**268**	**-**	**-**	**268**
At 31 December 2016						
Amount due to a subsidiary	182	(5)	177	-	-	177

Notes to the Financial Statements
31 December 2017

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	
	2017 RM'000	**2016 RM'000**
Contracted for	**257,287**	258,377
Not contracted for	**652,619**	1,011,584
	909,906	1,269,961

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 2 to 15 years (2016: 2 to 15 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.

	Group	
	2017 RM'000	**2016 RM'000**
Not later than one year	**243,391**	234,339
Later than one year but not later than five years	**562,645**	661,196
Later than five years	**161,955**	159,804
	967,991	1,055,339

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.

Notes to the Financial Statements
31 December 2017

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.

	Transaction value		Balance outstanding		Commitments		Total balance outstanding, including commitments	
Group	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Sales of goods and services:								
- MEASAT Broadcast Network Systems Sdn. Bhd.[1] (telephony and broadband services)	**98,021**	95,395	**17,446**	17,246	-	-	**17,446**	17,246
- Saudi Telecom Company ("STC")[2] (roaming and international calls)	**-**	11,204	**-**	-	-	-	**-**	-
- MEASAT Global Berhad Group[3] (revenue share for the leasing of satellite bandwidth)	**6,036**	5,283	**6,955**	579	-	-	**6,955**	579

Notes to the Financial Statements
31 December 2017

36 RELATED PARTIES (CONTINUED)

	Transaction value		Balance outstanding		Commitments		Total balance outstanding, including commitments	
Group	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Purchases of goods and services from:								
- Aircel Limited Group[4] (interconnect, roaming and international calls)	**5,578**	2,263	**(19)**	(29)	**-**	-	**(19)**	(29)
- Tanjong City Centre Property Management Sdn. Bhd.[5] (rental, signage, parking and utility charges)	**32,874**	31,462	**3,657**	2,318	**(198,285)**	(212,452)	**(194,628)**	(210,134)
- STC[2] (roaming and international calls)	**4,499**	4,254	**(10,341)**	(373)	**-**	-	**(10,341)**	(373)
- MEASAT Global Berhad Group[3] (transponder and teleport lease rental)	**46,496**	45,445	**(3,822)**	(4,614)	**(9,437)**	(13,356)	**(13,259)**	(17,970)

Notes to the Financial Statements
31 December 2017

36 RELATED PARTIES (CONTINUED)

Group	Transaction value		Balance outstanding		Commitments		Total balance outstanding, including commitments	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Purchases of goods and services from: (continued)								
- UTSB Management Sdn. Bhd.[5] (corporate management services)	**26,500**	25,375	**(4,584)**	(6,605)	**(46,375)**	(72,875)	**(50,959)**	(79,480)
- SRG Asia Pacific Sdn. Bhd.[6] (call handling and telemarketing services)	**14,668**	14,646	**(3,486)**	(2,235)	**-**	-	**(3,486)**	(2,235)
- MBNS Multimedia Technologies Sdn. Bhd. ("MMTSB") and/or its related corporations[1] (goods and services)	**-**	-	**-**	-	**(3,000)**	(3,000)	**(3,000)**	(3,000)
Acquisition of equity interest:								
- MMTSB[1] (25% of equity interest in AWTSB)	**-**	15,833	**-**	-	**-**	-	**-**	-

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.

Notes to the Financial Statements
31 December 2017

36 RELATED PARTIES (CONTINUED)

Notes: (continued)

The ultimate holding company of UTSB is PanOcean Management Limited ("PanOcean"). PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam ("TAK") and foundations including those for charitable purposes. Although PanOcean is deemed to have an interest in all of the shares of the Company in which UTSB has an interest, it does not have any economic or beneficial interest over the shares of the Company, as such interest is held subject to the terms of the discretionary trust.

(1) Subsidiary of a company which is an associate of UTSB
(2) A major shareholder of BGSM, as described above
(3) Subsidiary of a company in which TAK has a 99.999% direct equity interest
(4) Subsidiary of BGSM
(5) Subsidiary of UTSB
(6) Subsidiary of a company whereby a person connected to TAK has a deemed equity interest

	Company	
	2017 RM'000	2016 RM'000
Management fees charged by subsidiaries	**3,265**	5,028
Payment on behalf of operating expenses for subsidiaries	**75**	51

37 CONTINGENT LIABILITIES

In the normal course of business, there are contingent liabilities arising from legal recourse sought by the Group's customers or vendors and indemnities given to financial institutions on bank guarantees. There were no material losses anticipated as a result of these transactions.

38 ACQUISITION OF ADDITIONAL INTEREST IN A SUBSIDIARY

During the financial year ended 31 December 2016, the Company completed its acquisition of the remaining 25% equity interest, comprising 833,334 ordinary shares of RM1 each in AWTSB for a purchase consideration of RM15,833,334. Consequently, AWTSB became a wholly-owned subsidiary of the Company.

39 EVENT AFTER THE FINANCIAL YEAR

On 30 January 2018, the Group accepted the reissuance offer from MCMC of its 2100MHz SA for an upfront price component fee of RM118,400,000 and an annual fixed fee of RM50,000,000 for the SA period. The SA is valid for 16 years and will be effective on 2 April 2018. The upfront price was paid in full together with the acceptance of the offer.

40. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 8 February 2018.

Statement by Directors

Pursuant to Section 251(2) of The Companies Act 2016

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 84 to 191 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act 2016 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 2017 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with their resolution dated 8 February 2018.

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

MORTEN LUNDAL
DIRECTOR

Kuala Lumpur

Statutory Declaration

Pursuant to Section 251(1) of The Companies Act 2016

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 84 to 191 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 8 February 2018, before me.

COMMISSIONER FOR OATH

PESURUHJAYA SUMPAH
No: W626
Nama: HAJJAH JAMILAH ISMAIL
MALAYSIA

Lot 5.28, Tingkat 5
Wisma Central
Jalan Ampang
50450 Kuala Lumpur

Independent Auditors' Report

to the Members of Maxis Berhad (Incorporated in Malaysia) (Company No. 867573 A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Maxis Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their 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 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 84 to 191.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Independent Auditors' Report

to the Members of Maxis Berhad (Incorporated in Malaysia) (Company No. 867573 A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There are no key audit matters in relation to the financial statements of the Company.

Key audit matter	How our audit addressed the key audit matter
Assessment of useful life and carrying value of intangible assets with indefinite useful life *Refer to Note 3(d) - Summary of significant accounting policies: Intangible assets, Note 4(a) - Critical accounting estimates and judgements: Intangible assets and Note 16 - Intangible assets.* As at 31 December 2017, the carrying amount of the Group's goodwill and telecommunications licences with allocated spectrum rights ("spectrum rights") amounted to RM10.9 billion.	
We focused on this area due to the size of the carrying amount of the goodwill and spectrum rights, which represented 56.8% of total assets as at 31 December 2017, and the significant assumptions and judgements involved in determining the indefinite useful life of the spectrum rights and impairment assessment. The spectrum rights are considered to have an indefinite economic useful life as the Directors are of the opinion that the spectrum rights can be renewed indefinitely without significant cost when compared with the expected future economic benefits expected to flow to the Group from the renewal, and there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the entity. Based on the annual impairment test performed, the Directors concluded that no impairment is required for goodwill and spectrum rights. The key assumptions and sensitivities are disclosed in Note 16 to the financial statements.	We performed the following audit procedures: In respect of the useful life of the spectrum rights, we checked management's assessment of the significance of the cost of renewal by performing the following: • Read the letter of offer from the Malaysian Communications and Multimedia Commission ("MCMC") for the renewal of 2100MHz spectrum rights to understand the terms and conditions of the renewal, and discussed with management on how the conditions will be met. All relevant conditions are existing conditions which the Group does not foresee having difficulties to continue to comply with; • Obtained evidence that based on past experience, the Group was able to renew the spectrum rights without any material or significant disruptions to business operations; • Compared the estimated total renewal costs for all spectrum rights against the future estimated revenue and net cash flows which we checked as part of our audit procedures on impairment assessment; and • Discussed with management to understand the key assumptions used to estimate the total spectrum renewal costs, future revenue and net cash flows generated by the assets, which we checked as part of our audit procedures on impairment assessment.

Independent Auditors' Report

to the Members of Maxis Berhad (Incorporated in Malaysia) (Company No. 867573 A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Assessment of useful life and carrying value of intangible assets with indefinite useful life (continued)	Based on the procedures performed above, we did not find any exceptions in the Directors' estimate and judgement of the asset's useful life, specifically on the significance of the costs of renewal of the existing spectrum rights when compared with the expected future economic benefits expected to flow to the Group from the renewals. In respect of the goodwill and spectrum rights, we performed the following audit procedures on the value-in-use ("VIU") calculations which were based on cash flow projections that cover a period of 5 years comprising the approved financial budget for 2018 and a forecast for the next 4 years: • Evaluated the reasonableness of the Directors' assessment that the integrated telecommunications services is the cash generating unit ("CGU") which represents the smallest identifiable group of assets that generate independent cash inflows, by understanding the business model of the Group; • Agreed the 2018 VIU cash flows to the budget approved by the Directors; • Discussed with management the key assumptions used in the VIU calculations and compared the compounded revenue and earnings before interest, tax, depreciation and amortisation annual growth rates used in the 5-year VIU cash flows to the historical performance of the Group; • Discussed with management on the capital expenditure required to maintain the Group's network performance and assessed the impact on the VIU cash flows; and • Checked the reasonableness of the discount rate and terminal growth rate with the assistance of our valuation experts by benchmarking to industry reports, and checked the sensitivity analysis performed by management on the discount rate. Based on the procedures performed above, we did not find any exceptions to the Directors' conclusion that the goodwill and spectrum rights are not impaired as at 31 December 2017.

Independent Auditors' Report

to the Members of Maxis Berhad (Incorporated in Malaysia) (Company No. 867573 A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Assessment of funding requirements and ability to meet the short term obligations *Refer to Note 33(c) - Financial Risk Management - Liquidity Risk* As at 31 December 2017, the Group had short term payables and accruals of RM3.3 billion and short term borrowings of RM0.2 billion. We focused on the Group's funding and ability to meet its short term obligations due to the significant amount of the short term liabilities, which resulted in the current liabilities of the Group exceeding current assets by RM1.7 billion at that date. The Group's ability to obtain funding from existing facilities is disclosed in Note 33 to the financial statements.	We performed the following audit procedures: • Checked management's cash flow forecasts for the Group over the next 12 months to the annual budget which includes operating, investing and financing cash flows approved by the Directors; • Discussed with management on key assumptions used in the cash flow forecasts including cash collection trends, payment profiles and significant transactions that may occur in developing the cash flow forecasts for the Group; • Checked the borrowing repayment profile of the Group against the loan agreements; and • Checked the extent of debt that the Group can raise from its existing Unrated Sukuk Murabahah Programme. Based on the procedures performed above, we did not find any exceptions to the Directors' assessment that the Group will be able to meet its short term obligations.
Accuracy of telecommunication services revenue recognition *Refer to Note 3(u) - Summary of Significant Accounting Policies - Revenue recognition and Note 6 - Revenue* Telecommunication services revenue of RM8.6 billion represents a significant component of the Group's revenue for the year ended 31 December 2017. We focused on the accuracy of this area as telecommunication services revenue involves multiple element arrangements, the revenue is processed by billing systems that are complex, it involves large volumes of data with a combination of different products sold and there were price changes during the year.	We performed the following audit procedures: • Evaluated the relevant IT systems and the design of controls, and tested the operating effectiveness of controls over the: • capture and recording of revenue transactions; • authorisation of rate changes and the input of this information to the billing systems; and • accuracy of calculation of amounts billed to customers; • Evaluated the key terms and conditions of significant new revenue agreements entered into during the year to check the accuracy of revenue recognition; • Checked the accounting treatment for significant new products and promotions launched with multiple element arrangements, and tested that they are appropriately incorporated in the billing system for new products and product changes; and • Examined material non-standard journal entries and other adjustments posted to revenue accounts. Based on the procedures performed above, we did not find any material exceptions in the accuracy of telecommunication services revenue recognised during the year.

There are no key audit matters in relation to the financial statements of the Company.

Independent Auditors' Report

to the Members of Maxis Berhad (Incorporated in Malaysia) (Company No. 867573 A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and Statement of Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and other sections of the 2017 Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditors' Report

to the Members of Maxis Berhad (Incorporated in Malaysia) (Company No. 867573 A)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit 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 Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditors' Report

to the Members of Maxis Berhad (Incorporated in Malaysia) (Company No. 867573 A)

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

SRIDHARAN NAIR
2656/05/18 (J)
Chartered Accountant

Kuala Lumpur
8 February 2018

Size of Shareholdings

As at 15 February 2018

SHARE CAPITAL

Issued : 7,810,564,100 Ordinary Shares
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	507	1.33	4,699	#
100 - 1,000	20,059	52.64	18,656,181	0.24
1,001 - 10,000	14,782	38.79	57,638,979	0.74
10,001 - 100,000	2,178	5.71	60,588,130	0.77
100,001 - 375,221,679 (*)	579	1.52	1,276,895,887	16.35
375,221,680 and above (**)	3	0.01	6,396,780,224	81.90
Total	**38,108**	**100.00**	**7,810,564,100**	**100.00**

* Less than 5% of issued holdings
** 5% and above of issued holdings
Negligible

Note:
Information in the above table is based on Record of Depositors dated 15 February 2018.

Category of Shareholders As at 15 February 2018

Category of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Individuals	34,334	90.10	119,994,750	1.54
Bank/Finance Companies	43	0.11	1,192,780,008	15.27
Investment Trusts/Foundations/Charities	4	0.01	150,000	0.00
Other Types of Companies	267	0.70	4,886,020,509	62.56
Government Agencies/Institutions	4	0.01	5,623,800	0.07
Nominees	3,456	9.07	1,605,995,033	20.56
Total	**38,108**	**100.00**	**7,810,564,100**	**100.00**

Note:
Information in the above table is based on Record of Depositors dated 15 February 2018.

Directors' Interests in Shares

As at 15 February 2018

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 2018 are as follows:

Name	Number of Ordinary Shares in Maxis ("Maxis Shares")		% of Issued Shares	
	Direct	**Indirect**	**Direct**	**Indirect**
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	750,000[1]	–	0.01	–
Tan Sri Mokhzani bin Mahathir	750,000	1,000[2]	0.01	#
Robert Alan Nason	-	–	-	-
Dato' Hamidah Naziadin	–	–	–	–
Mohammed Abdullah K. Alharbi	–	–	–	–
Mazen Ahmed M. AlJubeir	–	–	–	–
Naser Abdulaziz A. AlRashed	–	–	–	–
Lim Ghee Kheong	–	–	–	–
Alvin Michael Hew Thai Kheam	–	–	–	–
Dr. Kaizad B. Heerjee	–	–	–	–
Morten Lundal	–	2,199,991[3]	-	0.03

Notes:

Negligible

(1) Held through a nominee, namely CIMSEC Nominees (Tempatan) Sdn. Bhd.

(2) Deemed interest in shares of the Company held by spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

(3) 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 Maxis Group, where 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 2018

No.	Name	No. of Shares Held	%
1.	BGSM Equity Holdings Sdn. Bhd.	4,875,000,000	62.42
2.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	892,331,824	11.42
3.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera	629,448,400	8.06
4.	Lembaga Tabung Haji	139,875,500	1.79
5.	Kumpulan Wang Persaraan (Diperbadankan)	108,362,100	1.39
6.	AmanahRaya Trustees Berhad Amanah Saham Wawasan 2020	55,738,300	0.71
7.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt AN For State Street Bank & Trust Company (West CLT OD67)	50,427,300	0.65
8.	HSBC Nominees (Asing) Sdn. Bhd. BBH And Co Boston For Vanguard Emerging Markets Stock Index Fund	45,189,450	0.58
9.	AmanahRaya Trustees Berhad AS 1Malaysia	41,038,500	0.53
10.	HSBC Nominees (Asing) Sdn. Bhd. JPMCB NA For Vanguard Total International Stock Index Fund	36,021,150	0.46
11.	AmanahRaya Trustees Berhad Amanah Saham Bumiputera 2	33,614,700	0.43
12.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	32,136,300	0.41
13.	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad For Public Regular Savings Fund (N14011940100)	28,413,400	0.36
14.	Cartaban Nominees (Tempatan) Sdn. Bhd. PAMB For Prulink Equity Fund	25,355,300	0.32
15.	AmanahRaya Trustees Berhad Amanah Saham Didik	23,919,375	0.31
16.	AmanahRaya Trustees Berhad Public Islamic Dividend Fund	23,796,100	0.30
17.	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad For Public Ittikal Fund (N14011970240)	21,750,000	0.28
18.	Citigroup Nominees (Tempatan) Sdn. Bhd. Exempt AN For AIA Bhd.	19,453,400	0.25
19.	Permodalan Nasional Berhad	19,260,500	0.25
20.	AmanahRaya Trustees Berhad Public Islamic Select Enterprises Fund	18,046,400	0.23

30 Largest Shareholders

As at 15 February 2018

No.	Name	No. of Shares Held	%
21.	AmanahRaya Trustees Berhad Amanah Saham Malaysia	17,989,800	0.23
22.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN For The Bank of New York Mellon (Mellon ACCT)	13,446,119	0.17
23.	AmanahRaya Trustees Berhad Public Islamic Equity Fund	12,843,100	0.16
24.	AmanahRaya Trustees Berhad Public Islamic Sector Select Fund	10,000,000	0.13
25.	Cartaban Nominees (Asing) Sdn. Bhd. GIC Private Limited For Government of Singapore (C)	9,288,600	0.12
26.	AmanahRaya Trustees Berhad Amanah Saham Gemilang For Amanah Saham Kesihatan	9,235,100	0.12
27.	Cartaban Nominees (Asing) Sdn. Bhd. RBC Investor Services Bank S.A. for Robeco Capital Growth Funds	9,084,600	0.12
28.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. BNYM SA/NV For People's Bank of China (SICL Asia EM)	8,556,800	0.11
29.	Amanahraya Trustees Berhad Amanah Saham Nasional	8,214,700	0.11
30.	Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persiaran (Diperbadankan) (I-VCAP)	7,797,200	0.10

Note:

Information in the above table is based on Record of Depositors dated 15 February 2018.

Information on Substantial Shareholders

The shareholders holding more than 5% interest, direct and indirect, in the ordinary shares in Maxis Berhad ("the Company") ("Shares") based on the Register of Substantial Shareholders of the Company as at 15 February 2018 are as follows:

	Direct		Indirect	
Name of Substantial Shareholder	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
BGSM Equity Holdings Sdn. Bhd. ("BGSM Equity")	4,875,000,000	62.42	–	–
BGSM Management Sdn. Bhd. ("BGSM Management")(1)	–	–	4,875,000,000	62.42
Binariang GSM Sdn. Bhd. ("BGSM")(2)	–	–	4,875,000,000	62.42
Usaha Tegas Equity Sdn. Bhd. ("UTE")(3)	–	–	4,875,000,000	62.42
Usaha Tegas Sdn. Bhd. ("Usaha Tegas")(4)	–	–	4,875,000,000	62.42
Pacific States Investment Limited ("PSIL")(5)	–	–	4,875,000,000	62.42
Excorp Holdings N.V. ("Excorp")(6)	–	–	4,875,000,000	62.42
PanOcean Management Limited ("PanOcean")(6)	–	–	4,875,000,000	62.42
Ananda Krishnan Tatparanandam ("TAK")(7)	–	–	4,875,000,000	62.42
Harapan Nusantara Sdn. Bhd. ("Harapan Nusantara")(8)	–	–	4,875,000,000	62.42
Tun Haji Mohammed Hanif bin Omar(9)	–	–	4,875,000,000	62.42
Dato' Haji Badri bin Haji Masri(9)	–	–	4,875,000,000	62.42
Mohamad Shahrin bin Merican(9)	11,000	*	4,875,000,000	62.42
STC Malaysia Holding Ltd ("STCM")(10)	–	–	4,875,000,000	62.42
STC Asia Telecom Holding Ltd ("STCAT")(11)	–	–	4,875,000,000	62.42
Saudi Telecom Company ("Saudi Telecom")(12)	–	–	4,875,000,000	62.42
Public Investment Fund ("PIF")(13)	-	-	4,875,000,000	62.42
AmanahRaya Trustees Berhad ("ARB")	629,448,400	8.06	–	–
- Skim Amanah Saham Bumiputera				
Employees Provident Fund Board ("EPF")	909,665,699	9.662	1,504,000(14)	0.02

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) BGSM's deemed interest in the Shares arises by virtue of BGSM holding 100% equity interest in BGSM Management.

(3) 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. which hold in aggregate 37% equity interest in BGSM. See Note (2) above for BGSM's deemed interest in the Shares.

Information on Substantial Shareholders

(4) Usaha Tegas' deemed interest in the Shares arises by virtue of Usaha Tegas holding 100% equity interest in UTE. See Note (3) above for UTE's deemed interest in the Shares.

(5) PSIL's deemed interest in the Shares arises by virtue of PSIL holding 99.999% equity interest in Usaha Tegas. See Note (4) above for Usaha Tegas' deemed interest in the Shares.

(6) PanOcean holds 100% equity interest in Excorp which in turn holds 100% equity interest in PSIL. See Note (5) 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.

(7) TAK's deemed interest in the Shares arises by virtue of PanOcean's deemed interest in the Shares. See Note (6) 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 (6) above.

(8) 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 (2) 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.

(9) 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 (8) above.

(10) STCM's deemed interest in the Shares arises by virtue of STCM holding 25% equity interest in BGSM. See Note (2) above for BGSM's deemed interest in the Shares.

(11) STCAT's deemed interest in the Shares arises by virtue of STCAT holding 100% equity interest in STCM. See Note (10) above for STCM's deemed interest in the Shares.

(12) Saudi Telecom's deemed interest in the Shares arises by virtue of Saudi Telecom holding 100% equity interest in STCAT. See Note (11) above for STCAT's deemed interest in the Shares.

(13) PIF's deemed interest in the Shares arises by virtue of PIF holding 70% equity interest in Saudi Telecom. See Note (12) above for Saudi Telecom's deemed interest in the Shares.

(14) EPF is deemed to have an interest in 1,504,000 Shares held through nominees.

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.m.)	Build-up Area (Sq.m.)	Carrying Amount As At 31 Dec 2017 (RM'000)
1	Plot 12155 (Lot 13) Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam Selangor	22 years	Freehold 9 May 1994	-	Telecommunication operations centre and office	11,235	10,061	18,605
2	Lot 4059 Jalan Riang 20 Taman Gembira Industrial Estate 81100 Johor Bahru	25 years	Freehold 21 July 1994	-	Telecommunication operations centre and office	2,201	2,531	4,340
	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	21 years	Leasehold 5 January 1995	56 years (18 August 2073)	Telecommunication operations centre and office	3,661	2,259	5,488
4	PT 31093 Taman Perindustrian Tago Jalan KL – Sg Buluh Mukim Batu, Gombak	20 years	Freehold 2 July 1996	-	Technical Operations Centre	2,830	3,290	2,545
5	Lot 943 & 1289 (No. Lot Pemaju – 46) Rawang Integrated Industrial Park Selangor	20 years	Freehold 12 April 1997	-	Technical Operations Centre	10,611	1,535	3,367
6	8101, Taman Desa Jasmin Block 12B Bandar Baru Nilai Labu Negeri Sembilan	20 years	Freehold 28 December 1996	-	Technical Operations Centre	2,378	1,736	1,340

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.m.)	Build-up Area (Sq.m.)	Carrying Amount As At 31 Dec 2017 (RM'000)
7	Lot 25 Lorong Burung Keleto Inanam Industrial Estate Inanam 88450 Kota Kinabalu Sabah	17 years	Leasehold 11 May 2000	79 years (31 December 2096)	Telecommunication operations centre and office	16,149	3,372	8,349
8	Lot 2323 Off Jalan Daya Pending Industrial Estate Bintawa 93450 Kuching Sarawak	17 years	Leasehold 28 September 2000	25 years (17 February 2042)	Telecommunication operations centre and office	10,122	3,382	16,578
9	Lot 11301 Jalan Lebuhraya Kuala Lumpur – Seremban Batu 8, Mukim Petaling 57000 Kuala Lumpur	18 years	Sub-Lease 9 August 1999	8 years (28 July 2025)	Telecommunication operations centre and office	11,592	5,634	13,932
10	No. 26 Jalan Perdagangan 10 Taman Universiti 81300 Skudai Johor	23 years	Freehold 2 March 1995	-	Base Transceiver Station	2,294	409	905

Disclosure of Recurrent Related Party Transactions

At the Ninth Annual General Meeting held on 26 April 2017, 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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), 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 2017 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 had met the prescribed threshold based on the financial results of the preceding financial year.

No.	Company in the Maxis Group involved	Transacting Parties	Nature of transaction	Nature of relationship	Value incurred from 1 January 2017 to 25 April 2017 (RM'000)	Value incurred from 26 April 2017 to 31 December 2017 (RM'000)	Aggregate value of transactions during the financial year 2017 (RM'000)
Transactions with Astro Malaysia Holdings Berhad ("AMH") Group							
1.	Maxis Broadband Sdn. Bhd. ("MBSB") and/or its affiliates	MEASAT Broadcast Network Systems Sdn. Bhd. ("MBNS") and/or its affiliates	Provision of subscription type services/contents by MBNS and/or its affiliates to MBSB and/or its affiliates to be provided to Maxis subscribers based on revenue share	Please refer to Note 1	119	102	221
2.	MBSB	MBNS and/or its affiliates	Strategic partnership on co-marketing and sales of Maxis fibre services, wireless services, broadband services and Astro IPTV services and On-The-Go Services		25,361	53,253	78,614
Aggregate Value of Transactions with AMH Group					**25,480**	**53,355**	**78,835**
Transactions with MEASAT Global Berhad ("MGB") Group							
1.	MBSB	MEASAT Satellite Systems Sdn. Bhd. ("MSS")	Transponder lease rentals payable on quarterly basis by MBSB	Please refer to Note 2	4,980	9,881	14,861
2.	MBSB	MSS	Rental payable on monthly basis by MBSB for BTS site		10	23	33
3.	MBSB	MSS	Teleport lease rentals payable on quarterly basis by MBSB		458	812	1,270
4.	MBSB	Measat Broadband (International) Ltd ("MBIL"), an affiliate of MEASAT Network Limited	Transponder (IPstar) lease rentals payable on quarterly basis by MBSB		8,706	21,659	30,365

Disclosure of Recurrent Related Party Transactions

No.	Company in the Maxis Group involved	Transacting Parties	Nature of transaction	Nature of relationship	Value incurred from 1 January 2017 to 25 April 2017 (RM'000)	Value incurred from 26 April 2017 to 31 December 2017 (RM'000)	Aggregate value of transactions during the financial year 2017 (RM'000)
5.	MBSB	MBIL	Revenue share from MBIL for the leasing of satellite bandwidth on the Measat-5 satellite to other customers	Please refer to Note 2	3,112	2,924	6,036
Aggregate Value of Transactions with MGB Group					**17,266**	**35,299**	**52,565**

Information as at 15 February 2018

Notes:

1. **AMH Group**

MBNS is a wholly-owned subsidiary of 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 62.42% equity interest in Maxis ("Shares") by virtue of its deemed interest in Binariang GSM Sdn. Bhd. ("BGSM") which 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 62.42% 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 ("AMH Shares") representing 23.95% 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 4.52% and 19.43% 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 40.92% 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 a director of AMH and MBNS. He is also a director of MBSB, PSIL, Excorp, PanOcean and UTSB. 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, MBSB, or AMH subsidiaries.

Disclosure of Recurrent Related Party Transactions

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 62.42% 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., 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, "HNSB Subsidiaries"), which hold in aggregate 30% equity interest in BGSM. The HNSB Subsidiaries hold their deemed interest in such Shares under discretionary trusts for Bumiputera objects. As such, HNSB, 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 have a deemed interest over 462,124,447 AMH Shares representing 8.86% 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., Nusantara Cempaka Sdn. Bhd., Nusantara Delima Sdn. Bhd., Mujur Nusantara Sdn. Bhd., Gerak Nusantara Sdn. Bhd. and Sanjung Nusantara Sdn. Bhd. (collectively, "HTSB Subsidiaries"). The HTSB Subsidiaries hold such AMH Shares under discretionary trusts for Bumiputera objects. As such, HTSB, 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 trusts.

Dato' Badri is also a director of MBNS.

MSM has a direct equity interest over 11,000 Shares representing 0.00014% equity interest in Maxis. He has a direct equity interest over 200,000 AMH Shares representing 0.004% equity interest in AMH.

2. **MGB Group**
MSS and MBIL are wholly-owned subsidiaries of MGB.

TAK is also a major shareholder of MGB with a deemed interest over 272,953,208 ordinary shares ("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 MBIL. 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 MBIL. 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. ("HKSB") has an interest, by virtue of his 50% direct equity interest in HKSB. HKSB's deemed interest in such MGB Shares arises through its wholly-owned subsidiary, namely, Tujuan 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 MBIL. Please refer to Note 1 above for LGK's interest in Maxis.

Additional Disclosures

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 Astro Malaysia Holdings Berhad ("AMH") 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 AMH Group are based on terms consistent with prevailing rates within the media industry.

For the financial year ended 2017 the value of such transactions, which are not related party transactions entered into by the Maxis Group and the AMH Group and excluded from the related party transactions disclosed elsewhere in this Annual Report, amounted to RM20,077,584.80.

MAXIS' COMPLIANCE WITH THE PERSONAL DATA PROTECTION ACT

The Company recognises the importance of protecting and securing 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 such personal data without their consent unless required or permitted by the PDPA 2010, any applicable laws, regulations or codes.

STATUS OF UTILISATION OF PROCEEDS

During the financial year under review, the Company completed the private placement of 300 million new ordinary shares at an issue price of RM5.52 per share on 3 July 2017. As at 31 December 2017, the proceeds from the private placement exercise have been fully utilised to repay the borrowings of the Group and of the Company and their related incidental costs as intended.

Material Contracts

Material contracts of the Company and its subsidiaries, involving Directors' and Major Shareholders' interests, either still subsisting at the end of financial year 2017 or, if not then subsisting, entered into since the end of financial year 2016.

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 ("MBSB") MEASAT Satellite Systems Sdn. Bhd. ("MSS")	Leasing of transponders for Measat-3 by MBSB for use of bandwidth capacity	Rental fee payable by MBSB to MSS	Cash	MBSB is a wholly-owned subsidiary of the Company Please see Note 2 below for further details on the relationship between MBSB and MSS

Material Contracts

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	MBSB MSS	Lease rentals of MSS teleport and earth station facility by MBSB	Service fee payable by MBSB to MSS	Cash	Please see Note 2 below for further details on the relationship between MBSB and MSS
4.	Services Agreement novated and supplemented by a novation agreement and supplemental letters	10 February 2015 Novation Agreement: 25 March 2016 Supplemental Letter No. 1: 22 September 2016 Supplemental Letter No. 2: 15 December 2016	MBSB SRG Asia Pacific Sdn. Bhd. ("SRG")	Procurement of customer call-handling and telemarketing services by MBSB from SRG	Consideration passing from MMS to SRG is RM41 million	Cash	SRG is a Person Connected to TAK Please see Note 1 below for further details on the relationship between the Company and TAK

Material Contracts

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.	Managed Bandwidth Services Agreement	1 July 2011	MBSB	Lease of bandwidth capacity on IPSTAR-1 satellite by MBIL	Rental fee payable by MBSB to MBIL	Cash	Please see Note 2 below for further details on the relationship between MBSB and MBIL
	(a) Letter of Agreement for Additional Managed Bandwidth Services	11 November 2014	MEASAT Broadband (International) Ltd. ("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					
6.	(a) IPTV Services Agreement (as amended by Termination Letter dated 27 September 2012, terminating the application of IPTV Services Agreement with respect to AD5SB, effective from 25 October 2012)	19 January 2012	MBSB Media Innovations Pty. Ltd. ("Media Innovations") Astro Digital 5 Sdn. Bhd. ("AD5SB")	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 MBSB to Media Innovations and AD5SB	Cash	Please see Note 3 below for further details on the relationship between MBSB, Media Innovations and AD5SB
	(b) Amendment to IPTV Services Agreement	3 April 2013	MBSB Media Innovations	Agreement to amend the scope of services of Media Innovations under the IPTV Services Agreement			

Material Contracts

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)
7.	(a) Fibre Co-Marketing Agreement	30 April 2013	MBSB MEASAT Broadcast Network Systems Sdn. Bhd. ("MBNS")	To exclusively collaborate and co-market unique customer offers combining Astro B.yond, IPTV and Astro On The Go services with Maxis' fibre service	(a) Content sponsorship fee payable by MBSB to MBNS (b) Charges payable by MBNS to MBSB	Cash	Please see Note 3 below for further details on the relationship between MBSB and MBNS
	(b) Assignment Agreement – Maxis Fibre Packaged Service Debts	30 April 2013	MBSB 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	
	(c) Wireless and ADSL Co-marketing Agreement	30 April 2013	MBSB MBNS	To exclusively collaborate and co-market unique customer offers combining Astro B.yond, IPTV and Astro On The Go services with Maxis' wireless and Internet and Asymmetric Digital Subscriber Line ('ADSL') services	Charges payable by MBNS to MBSB	Cash	
	d) Astro B.Yond IPTV Services and Astro OTT Services Dealer Agreement	30 April 2013	MBSB MBNS	Appointment of MBSB as an authorized dealer to sell and promote Astro B.Yond IPTV services and Astro OTT (over the top internet) services	Charges payable by MBNS to MBSB	Cash	
8.	Share Purchase Agreement	27 December 2016	the Company MBNS Multimedia Technologies Sdn. Bhd. ("MMT")	For sale and purchase of 833,334 ordinary shares in Advance Wireless Technologies Sdn Bhd	Consideration for sale shares paid by the Company to MMT; and Charges payable by MBSB to MMT for purchase of goods and services from MMT and/or its related corporations	Cash	Please see Note 3 below for further details on the relationship between the Company and MMT

Material Contracts

Notes

1. Binariang GSM Sdn. Bhd. ("BGSM"), 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 62.42% indirect subsidiary of BGSM which holds 100% direct equity interest in MCB.

   Mohammed Abdullah K. Alharbi, Mazen Ahmed M. AlJubeir and Naser Abdulaziz A. AlRashed are Directors of MCB and the Company.

2. MSS and MBIL are the wholly-owned subsidiaries of MEASAT Global Berhad ("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. Lim Ghee Keong ("LGK") who is a Director of the Company and MBSB is also a director of MEASAT Global Network Systems Sdn. Bhd., a major shareholder of MGB.

   Ashwin Kumar Das who is a director of MCB is also a director of MGB, MSS and MBIL.

3. MMT, AD5SB and MBNS are wholly-owned subsidiaries of Astro Malaysia Holdings Berhad ("AMH") whilst Media Innovations is wholly-owned by Media Innovations Pte. Ltd. ("MIPL"), a 83.84% owned subsidiary of Astro Overseas Limited which in turn is wholly-owned by Astro Holdings Sdn. Bhd. ("AHSB") via Astro All Asia Networks Limited. UTSB, PSIL, Excorp, PanOcean and TAK, who are Major Shareholders of the Company are also major shareholders of AMH and AHSB. Dato' Badri who is a Major Shareholder of the Company is also a director of MBNS and AHSB. LGK who is a Director of the Company and MBSB is also a director of AMH and AHSB.

Glossary

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.

Apps: Or Applications, which are software programmes that can be downloaded and used on smartphones, tablets and computers. Popular Apps include Facebook, Twitter, Waze, WhatsApp, etc.

ARPU: Average Revenue Per User

BTS: Base Transceiver Station; which provides cellular coverage and capacity.

Bursa Securities: Bursa Malaysia Securities Berhad

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.

Corporate Governance Report: Detailed application of the Principles and Recommendation of the Malaysian Code of Corporate Governance 2017.

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.

GWh: Or gigawatt hours, a unit to measure energy consumption.

ICT: Information and Communications Technology; an umbrella term that includes any communications device or application, encompassing radio, television, cellular phones, computer and network hardware and software, satellite systems as well as various services and applications associated with them, such as video conferencing and distance learning.

IoT: Internet of Things; is the internetworking of physical devices, vehicles, buildings, and other items which are embedded with electronics, software, sensors, actuators, and network connectivity that enable these objects to collect and exchange data.

IP: Internet Protocol; a standard that keeps track of network addresses for different nodes, routes outgoing messages, and recognises incoming messages.

IPTV: Internet Protocol television

KKMM: Kementerian Komunikasi dan Multimedia Malaysia

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.

MI: Mobile Internet

MMLR: Main Market Listing Requirements of Bursa Securities

MOC: MaxisONE Club

OTT: Over-the-top; the provision of video, television, audio and other media that are provided over the Internet.

RAN: Radio Access Network; which comprises the base station technology and air interface of a cellular network.

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 900MHz, 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.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Ninth Annual General Meeting of MAXIS BERHAD ("the Company") will be held on Thursday, 19 April 2018 at 10.00 a.m. at Grand Ballroom, Level 3A, Connexion@Nexus, Bangsar South City, No. 7, Jalan Kerinchi, 59200 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 2017 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 Constitution and, being eligible, have offered themselves for re-election:
a) Robert Alan Nason **Resolution 1**
b) Dato' Hamidah Naziadin **Resolution 2**
c) Mohammed Abdullah K. Alharbi **Resolution 3**
d) Lim Ghee Keong **Resolution 4**
Please refer to Note B.

3 To approve the following Directors, each of whom will have served as an Independent Non-Executive Director for a cumulative term of more than nine years on 17 October 2018, to continue to act as Independent Non-Executive Director from 17 October 2018 to 17 October 2019:
a) Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda **Resolution 5**
b) Tan Sri Mokhzani bin Mahathir **Resolution 6**
Please refer to Note C.

4 To approve the payment of Directors' fees and benefits from the conclusion of this meeting up till the conclusion of the next Annual General Meeting of the Company to be held in 2019. **Resolution 7**
Please refer to Note D.

5 To re-appoint Messrs PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) ("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. **Resolution 8**
Please refer to Note E.

As Special Business

To consider and if thought fit, to pass the following Resolutions

6 Renewal of the Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016. **Resolution 9**

"THAT, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company, at any time, to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit including in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force and that the Directors be and are hereby further authorised to make or grant offers, agreements or options in respect of shares in the Company including those which would or might require shares in the Company to be issued after the expiration of the approval hereof provided that the aggregate number of shares to be issued pursuant to this approval does not exceed ten (10) percent of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company, subject always to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR") and the approvals of all relevant regulatory bodies being obtained (if required)."
Please refer to Note F.

Notice of Annual General Meeting

7	To obtain shareholders' mandate for the Company and/or its subsidiaries to enter into recurrent related party transactions ("RRPTs") of a revenue or trading nature with:	
	a) Astro Malaysia Holdings Berhad and/or its affiliates;	**Resolution 10**
	b) Tanjong Public Limited Company and/or its affiliates;	**Resolution 11**
	c) MEASAT Global Berhad and/or its affiliates;	**Resolution 12**
	d) Usaha Tegas Sdn. Bhd. and/or its affiliates;	**Resolution 13**
	e) Maxis Communications Berhad and/or its affiliates;	**Resolution 14**
	f) Saudi Telecom Company and/or its affiliates;	**Resolution 15**
	g) SRG Asia Pacific Sdn. Bhd.; and	**Resolution 16**
	h) Malaysian Landed Property Sdn. Bhd.	**Resolution 17**
	The details of such RRPTs and the full text of Ordinary Resolution 10 to Ordinary Resolution 17 are set out in Appendix I and Appendix VI respectively of the Circular to Shareholders dated 19 March 2018 issued together with the Company's Annual Report 2017.	
8	To approve a new Constitution "THAT approval be and is hereby given for the alteration of the existing Constitution of the Company by replacing it entirely with the constitution set out in Appendix VII of the Circular to Shareholders dated 19 March 2018 with immediate effect AND THAT the Directors of the Company be and are hereby authorised to assent to any modification, variation and/or amendment as may be required by the relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing." **Please refer to Note G.**	**Special Resolution 1**

BY ORDER OF THE BOARD

DIPAK KAUR
LS 5204
Company Secretary
19 March 2018
Kuala Lumpur

EXPLANATORY NOTES

A. This Agenda item is meant for discussion only as under the provisions of Section 340 of the Companies Act 2016 and the Company's Constitution, the audited financial statements do not require the formal approval of shareholders and hence, the matter will not be put forward for voting.

B. Robert Alan Nason, Dato' Hamidah Naziadin, Mohammed Abdullah K. Alharbi and Lim Ghee Keong are standing for re-election as Directors of the Company. The Nomination Committee and Board of Directors of the Company ("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 MMLR. The profiles of these Directors are set out on pages 24 to 30 of the Company's Annual Report for the financial year ended 31 December 2017. The Nomination Committee and the Board had carried out an assessment of the independence of Robert Alan Nason and Dato' Hamidah Naziadin pursuant to criteria as prescribed by the MMLR and Malaysian Code of Corporate Governance 2017 and are satisfied that they meet the criteria for independence. Robert Alan Nason and Dato' Hamidah Naziadin were appointed as Directors on 7 March 2016 and 1 February 2014 respectively and both their tenures of appointment do not exceed the tenure of nine years. As at 2 March 2018, Robert Alan Nason had been re-designated as a Non-Independent Director with the announcement of his appointment as interim Chief Executive Officer and Executive Director of the Company with effect from 1 April 2018.

Notice of Annual General Meeting

C. Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda ("RA") and Tan Sri Mokhzani bin Mahathir ("MM") were appointed as Independent Directors on 16 October 2009 and their tenure as Independent Directors shall exceed 9 years on 17 October 2018. In accordance with the Malaysian Code on Corporate Governance 2017, the Board through the Nomination Committee ("NC") has undertaken relevant assessments and recommended for the two Directors to continue to serve as Independent Non-Executive Directors based on the following justifications:
   (a) RA and MM have each fulfilled the criteria under the definition of Independent Director as stated in the MMLR
   (b) RA and MM, and the other independent directors each function as a check and balance to the Board and exercise objectivity as directors
   (c) RA and MM each have vast experience, knowledge and skills in a diverse range of businesses and therefore provide constructive opinion, counsel, oversight and guidance as directors
   (d) Each of RA and MM has devoted sufficient time and attention to his professional obligations to Maxis for informed and balanced decision making

   The NC and the Board are satisfied that each of RA and MM are able to exercise independent judgment and have the ability to act in the best interests of the Company. Each of RA and MM have continued to exercise their independence and due care during their present tenure as an Independent Non-Executive Director and have contributed in the following roles; RA as Chairman of the Board and NC, member of the Remuneration Committee ("RC") and as at 2 March 2018, member of the Audit Committee ("AC") while MM as member of the NC and RC and previously as a member, and as at 2 March 2018 as Chairman of the AC. RA and MM have abstained from all deliberations at the NC and Board in relation to the recommendation of resolutions 5 and 6 to the shareholders.

D. Payment of Directors' Remuneration

   Pursuant to Section 230(1) of the Companies Act 2016 which came into force on 31 January 2017, fees and benefits ("Remuneration") payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. The Company is requesting shareholders' approval for the payment of Remuneration to Non-Executive Directors for the period commencing from 19 April 2018 up till the next Annual General Meeting of the Company in 2019 in accordance with the remuneration structure set out below. The Remuneration comprises fees and other benefits-in-kind ("BIK") payable to the Chairman and members of the Board, and the Chairmen and members of Board Committees.

   The remuneration structure setting out the fees and BIK payable to each of the Non-Executive Directors for their membership of the Board and Board Committees is as follows:

Remuneration Structure:	**Monthly Fees/BIK (RM)**
Chairman's Fees	33,334
Director's Fees	20,834
Chairman of Audit Committee	8,334
Chairman of Remuneration Committee	4,167
Chairman of Nomination Committee	4,167
Chairman of Business & IT Transformation Committee	4,167
Member of Audit Committee	1,667
Member of Remuneration Committee	1,667
Member of Nomination Committee	1,667
Member of Business & IT Transformation Committee	1,667
Chairman's BIK	4,834

   The Shareholders' approval is being sought under Resolution 7 for the payment of the Remuneration to Non-Executive Directors from 19 April 2018 (conclusion of the Ninth Annual General Meeting) up till the next Annual General Meeting of the Company in accordance with the remuneration structure set out above. If passed, it will allow the Company to make payment of the Remuneration to Non-Executive Directors on a monthly basis up till the next Annual General Meeting of the Company to be held in 2019.

Notice of Annual General Meeting

E. 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 Paragraph 15.21 of the MMLR.

F. Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016. The Ordinary Resolution proposed under Resolution 9 of the Agenda is proposed for the purpose of renewing general mandate for issuance of shares by the Company pursuant to Sections 75 and 76 of the Companies Act 2016.

   The Company raised RM1.66 billion from the issuance of 300,000,000 new shares pursuant to Sections 75 and 76 of the Companies Act 2016 under the general mandate sought at the Eighth Annual General Meeting held on 26 April 2017, which will lapse upon the conclusion of the forthcoming Ninth Annual General Meeting to be held on 19 April 2018. Please refer to Page 211 of the Annual Report 2017 for details and utilisation status of the proceeds raised.

   The proposed Resolution 9, if passed, will give authority to the Directors of the Company, from the date of this Annual General Meeting, to issue and allot shares or to make or grant offers, agreements or options in respect of shares to such persons, in their absolute discretion including to make or grant offers, agreements or options which would or might require shares in the Company to be issued after the expiration of the approval, without having to convene a general meeting, provided that the aggregate number of shares issued does not exceed 10% of the total number of issued shares of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   The general mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited to making placement of shares for purposes of funding investment(s), working capital and general corporate purposes as deemed necessary.

G. The Company is proposing a new Constitution to replace its existing Constitution in order to bring the Constitution in line with the Companies Act 2016 and the MMLR.

Notes: on Proxy

1. A member of the Company may appoint more than one proxy subject to the following provisions:
   (i) save as provided for in Note (2), the Companies Act 2016 and any applicable law, each member shall not be permitted to appoint more than two (2) proxies; and
   (ii) where a member appoints more than one proxy, the appointment shall be invalid provided that he/she specifies the proportion of the member's shareholdings to be represented by each proxy.

2. For the avoidance of doubt, and subject always to Note 1:
   (i) Where a member is 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.
   (ii) 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.
   (iii) A member who is a substantial shareholder (within the meaning of the Companies Act 2016) may appoint up to (but not more than) five proxies.

3. A proxy may but need not be a member of the Company.

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.

Notice of Annual General Meeting

5. 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 24 hours before the time appointed for holding the meeting or adjourned meeting.

6. Pursuant to Paragraph 8.29A(1) of the MMLR, all the resolutions at the Ninth Annual General Meeting of the Company shall be put to vote by way of poll.

7. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to attend, participate, speak and vote at the meeting.

8. 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 Ninth Annual General Meeting ("AGM"), the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 81(b) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 13 April 2018. Only a Depositor whose name appears on the General Meeting Record of Depositors as at 13 April 2018 shall be entitled to attend the said meeting or appoint a proxy(ies) to attend and/or vote on such Depositor's behalf.

Personal Data Protection Measures
Please refer to the Company's 'Compliance with the Personal Data Protection Act' statement as found on Page 211 of the Annual Report 2017.

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) for 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, codes and/or guidelines (collectively, the "Purposes"), (ii) undertakes and 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)' personal data for the Purposes, and (iii) agrees that the member will fully indemnify the Company for any penalties, liabilities, legal suits, claims, demands, losses and damages as a result of the member's failure to provide accurate and correct information of the personal data or breach of the member's undertaking and/or warranty as set out herein.

NOTE: the term "processing" and "personal data" shall have the same meaning as defined in the Personal Data Protection Act 2010

Annual Report 2017, Circular to Shareholders, Corporate Governance Report and queries related to Ninth AGM

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2. Any queries relating to the Ninth AGM including the lodgement of proxy form may be directed to ssr.helpdesk@symphony.com.my. For the avoidance of doubt, save for making the foregoing queries, you may not use the said email address to communicate with the Company for any other purposes.
3. Please refer to the Administrative Details at this link (http://www.maxis.com.my/corp) for details about Ninth AGM.

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)

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 Ninth Annual General Meeting of the Company to be held on Thursday, 19 April 2018 at 10 a.m. at Grand Ballroom, Level 3A, Connexion@Nexus, Bangsar South City, No. 7, Jalan Kerinchi, 59200 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	Re-election of the following Directors who retire pursuant to Article 114(1) of the Company's Constitution			
	a) Robert Alan Nason	Resolution 1		
	b) Dato' Hamidah Naziadin	Resolution 2		
	c) Mohamed Abdullah K. Alharbi	Resolution 3		
	d) Lim Ghee Keong	Resolution 4		
3	Approval for the extension of the tenure to continue to act as Independent Non-Executive Director from 17 October 2018 to 17 October 2019			
	a) Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	Resolution 5		
	b) Tan Sri Mokhzani bin Mahathir	Resolution 6		
4	Approval for Directors' Remuneration	Resolution 7		
5	Re-Appointment of Messrs PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) ("PwC") as Auditors of the Company	Resolution 8		
6	Renewal of Authority to allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016	Resolution 9		
7	To obtain shareholders' mandate for the Company and/or subsidiaries to enter into recurrent related party transactions ("RRPTs") of a revenue or trading nature with			
	a) Astro Malaysia Holdings Berhad and/or its affiliates;	Resolution 10		
	b) Tanjong Public Limited Company and/or its affiliates	Resolution 11		
	c) MEASAT Global Berhad and/or its affiliates	Resolution 12		
	d) Usaha Tegas Sdn. Bhd. and/or its affiliates	Resolution 13		
	e) Maxis Communications Berhad and/or its affiliates	Resolution 14		
	f) Saudi Telecom Company and/or its affiliates	Resolution 15		
	g) SRG Asia Pacific Sdn. Bhd.	Resolution 16		
	h) Malaysian Landed Property Sdn. Bhd.	Resolution 17		
8	**Special Resolution**			
	New Constitution	Special Resolution 1		

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 :

The proportions of *my/*our holding to be represented by *my/*our proxies are as follows:

First Proxy
No. of Shares: ....

Percentage: ....%

If appointment of proxy is under seal

The Common Seal of ....
was hereto affixed in accordance with its Constitution in the presence of:

....
Director *Director/*Secretary

in its capacity as *member/*attorney of member/ *authorised nominee of

.... (beneficial owner)

No. of shares held: ....

Securities Account No.: ....
(CDS Account No.) (Compulsory)

Date :

Seal

Second Proxy
No. of Shares: ....

Percentage: ....%

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* delete if inappropriate

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Maxis Berhad (867573-A)

STAMP

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Malaysia

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www.maxis.com.my

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