MAXIS BERHAD

(867573 - A)

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

ANNOUNCEMENT

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		QUARTER ENDED 31/3/2018	QUARTER ENDED 31/3/2017	+ -	PERIOD ENDED 31/3/2018	PERIOD ENDED 31/3/2017	+ -
	Note	RM'm	RM'm (Restated)	%	RM'm	RM'm (Restated)	%
Revenue	3	2,237	2,375	-6	2,237	2,375	-6
Traffic, commissions and other direct costs		(720)	(842)		(720)	(842)	
Spectrum licence fees		(56)	(41)		(56)	(41)	
Network costs		(200)	(203)		(200)	(203)	
Staff and resource costs		(140)	(143)		(140)	(143)	
Operation and maintenance costs		(64)	(104)		(64)	(104)	
Marketing costs		(39)	(39)		(39)	(39)	
Impairment of receivables and deposits, net		(27)	(16)		(27)	(16)	
Government grant and other income		48	73		48	73	
Other operating expenses		(23)	(49)		(23)	(49)	
Depreciation and amortisation		(235)	(243)		(235)	(243)	
Finance income		9	14		9	14	
Finance costs		(97)	(109)		(97)	(109)	
Profit before tax	20	693	673	+3	693	673	+3
Tax expenses	21	(170)	(171)		(170)	(171)	
Profit for the period		523	502	+4	523	502	+4
Attributable to:							
- equity holders of the Company		523	502	+4	523	502	+4
Earnings per share attributable to equity holders of the Company (sen):							
- basic	28	6.7	6.7		6.7	6.7	
- diluted	28	6.7	6.7		6.7	6.7	

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(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2018	QUARTER ENDED 31/3/2017	PERIOD ENDED 31/3/2018	PERIOD ENDED 31/3/2017
	RM'm	RM'm (Restated)	RM'm	RM'm (Restated)
Profit for the period	**523**	502	**523**	502
Other comprehensive income/(expense)				
Item that will be reclassified subsequently to profit or loss:				
Net change in cash flow hedge	1	(15)	1	(15)
Total comprehensive income for the period	**524**	487	**524**	487
Attributable to:				
- equity holders of the Company	**524**	487	**524**	487

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(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	AS AT 31/3/2018 RM'm	AS AT 31/12/2017 RM'm (Restated)
Non-current assets			
Property, plant and equipment	9	**4,890**	4,841
Intangible assets [1]		**10,926**	10,926
Receivables, deposits and prepayments	25	**864**	887
Derivative financial instruments	24	**3**	2
Deferred tax assets		**8**	8
		16,691	16,664
Current assets			
Inventories		**5**	5
Receivables, deposits and prepayments	25	**1,991**	1,810
Amounts due from related parties		**30**	30
Tax recoverable		**17**	23
Deposits, cash and bank balances		**376**	602
		2,419	2,470
Total assets		**19,110**	19,134
Current liabilities			
Provisions for liabilities and charges		**38**	111
Payables and accruals		**3,169**	3,311
Amounts due to related parties		**12**	25
Borrowings	23	**204**	206
Derivative financial instruments	24	**1**	1
Taxation		**335**	291
		3,759	3,945
Net current liabilities		**(1,340)**	(1,475)

Note:

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

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	AS AT 31/3/2018 RM'm	AS AT 31/12/2017 RM'm (Restated)
Non-current liabilities			
Provisions for liabilities and charges		**298**	170
Payables and accruals		**212**	227
Borrowings	23	**7,421**	7,440
Deferred tax liabilities		**361**	407
		8,292	8,244
Net assets		**7,059**	6,945
Equity			
Share capital		**2,469**	2,469
Reserves		**4,590**	4,476
Total equity		**7,059**	6,945
Net assets per share (RM)		**0.90**	0.89

MAXIS BERHAD
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(INCORPORATED IN MALAYSIA)
QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Period ended 31/3/2018	Share capital	Merger relief (2)	Reserve arising from reverse acquisition	Other reserves	Retained earnings	Total equity
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
Balance as at 31/12/2017, as previously reported	2,469	22,729	(22,729)	151	4,422	7,042
Adjustments from adoption of MFRS 15	-	-	-	-	(97)	(97)
Restated balance as at 31/12/2017	2,469	22,729	(22,729)	151	4,325	6,945
Opening balance adjustments from adoption of MFRS 9	-	-	-	-	(27)	(27)
Restated balance as at 1/1/2018	2,469	22,729	(22,729)	151	4,298	6,918
Profit for the period	-	-	-	-	523	523
Other comprehensive income for the period	-	-	-	1	-	1
Total comprehensive income for the period	-	-	-	1	523	524
Dividends for the financial year ended 31 December 2017	-	-	-	-	(391)	(391)
Employee Share Option Scheme ("ESOS") and Long-term Incentive Plan ("LTIP"):						
- share-based payment expense	-	-	-	6	1	7
- shares issued	*	-	-	*	-	*
Incentive arrangement:						
- share-based payment expense	-	-	-	1	-	1
Balance as at 31/3/2018	2,469	22,729	(22,729)	159	4,431	7,059

Notes:

(2) Pursuant to Section 60(4)(a) of the Companies Act, 1965, the premium on the shares issued by the Company as consideration for the acquisition of subsidiaries during the financial year ended 31 December 2009 is not recorded as share premium. The difference between the issue price and the nominal value of shares issued is classified as merger relief.

* Less than RM1 million.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Period ended 31/3/2017	Share capital	Share premium	Merger relief [(2)]	Reserve arising from reverse acquisition	Other reserves	Retained earnings	Total equity
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
Balance as at 31/12/2016, as previously reported	751	62	22,729	(22,729)	145	3,763	4,721
Adjustments from adoption of MFRS 15	-	-	-	-	-	(84)	(84)
Restated balance as at 1/1/2017	751	62	22,729	(22,729)	145	3,679	4,637
Transition to no par value regime[(3)]	62	(62)	-	-	-	-	-
Profit for the period	-	-	-	-	-	502	502
Other comprehensive expense for the period	-	-	-	-	(15)	-	(15)
Total comprehensive (expense)/income for the period	-	-	-	-	(15)	502	487
Dividends for the financial year ended 31 December 2016	-	-	-	-	-	(376)	(376)
ESOS and LTIP:							
- share-based payment expense	-	-	-	-	5	-	5
- shares issued	1	*	-	-	*	-	1
Incentive arrangement:							
- share-based payment expense	-	-	-	-	1	-	1
Restated balance as at 31/3/2017	814	-	22,729	(22,729)	136	3,805	4,755

Notes:

(2) Pursuant to Section 60(4)(a) of the previous Companies Act, 1965, the premium on the shares issued by the Company as consideration for the acquisition of subsidiaries in the financial year ended 31 December 2009 is not recorded as share premium. The difference between the issue price and the nominal value of shares issued is classified as merger relief.

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

* Less than RM1 million.

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QUARTERLY REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	PERIOD ENDED 31/3/2018 RM'm	PERIOD ENDED 31/3/2017 RM'm (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	**523**	502
Adjustments for:		
- non-cash items	**287**	304
- finance costs	**97**	109
- finance income	**(9)**	(14)
- tax expenses	**170**	171
Payments for provision for liabilities and charges	**(99)**	(95)
Operating cash flows before working capital changes	**969**	977
Changes in working capital	**(375)**	(271)
Cash flows from operations	**594**	706
Interest received	**4**	7
Tax paid	**(157)**	(114)
Net cash flows from operating activities	**441**	599
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(166)**	(243)
Proceeds from disposal of property, plant and equipment	**-**	1
Net cash flows used in investing activities	**(166)**	(242)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares pursuant to ESOS	*****	1
Drawdown of borrowings	**-**	744
Repayment of borrowings	**-**	(766)
Repayment of lease financing	**(1)**	(1)
Payments of finance costs	**(109)**	(82)
Ordinary share dividends paid	**(391)**	(376)
Net cash flows used in financing activities	**(501)**	(480)
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(226)**	(123)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	**579**	662
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD[(4)]	**353**	539

Notes:

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

* Less than RM1 million.

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

1. BASIS OF PREPARATION

The quarterly report has been prepared in accordance with the reporting requirements as set out in Malaysian Financial Reporting Standard ("MFRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Bursa Securities Listing Requirements") and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2017 and the accompanying explanatory notes attached to the unaudited condensed consolidated financial statements.

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

(a) Adoption of MFRS 9 "Financial Instruments"

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

(i) <u>Classification and measurement of financial instruments</u>

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

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

1. BASIS OF PREPARATION (CONTINUED)

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

(ii) Impairment of financial assets

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

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

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

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

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

1. **BASIS OF PREPARATION (CONTINUED)**

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

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

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

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

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

(ii) Costs incurred to obtain or fulfil a contract

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

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

1. BASIS OF PREPARATION (CONTINUED)

(c) Restatement of comparative figures

(i) Reconciliation of profit or loss and comprehensive income

	QUARTER ENDED 31/3/2017			PERIOD ENDED 31/3/2017		
	Previously reported	Effects of MFRS 15	Restated	Previously reported	Effects of MFRS 15	Restated
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
Revenue	2,157	218	2,375	2,157	218	2,375
Traffic, commissions and other direct costs	(526)	(316)	(842)	(526)	(316)	(842)
Depreciation and amortisation	(337)	94	(243)	(337)	94	(243)
Other income and expenses (net)	(617)	-	(617)	(617)	-	(617)
Profit before tax	677	(4)	673	677	(4)	673
Tax expenses	(172)	1	(171)	(172)	1	(171)
Profit for the period attributable to equity holders of the Company	505	(3)	502	505	(3)	502
Total comprehensive income for the period attributable to equity holders of the Company	490	(3)	487	490	(3)	487
Earnings per share attributable to equity holders of the Company (sen):						
- basic	6.7		6.7	6.7		6.7
- diluted	6.7		6.7	6.7		6.7

1. BASIS OF PREPARATION (CONTINUED)

(c) Restatement of comparative figures (continued)

(ii) Reconciliation of financial position and equity

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

1. BASIS OF PREPARATION (CONTINUED)

(c) Restatement of comparative figures (continued)

(iii) Reconciliation of cash flows

	PERIOD ENDED 31/3/2017		
	Previously reported	Effects of MFRS 15	Restated
	RM'm	RM'm	RM'm
Cash flows from operating activities			
Profit for the period	505	(3)	502
Adjustments for:			
- non-cash items	398	(94)	304
- tax expenses	172	(1)	171
Operating cash flows before working capital changes	1,075	(98)	977
Changes in working capital	(245)	(26)	(271)
Cash flow from operations	830	(124)	706
Other cash flows from operating activities	(107)	-	(107)
Net cash flows from operating activities	723	(124)	599
Cash flows from investing activities			
Purchase of intangible assets	(124)	124	-
Other cash flows from investing activities	(242)	-	(242)
Net cash flows used in investing activities	(366)	124	(242)
Cash flows from financing activities			
Net cash flows used in financing activities	(480)	-	(480)
Net change in cash and cash equivalents	**(123)**	**-**	**(123)**
Cash and cash equivalents at the beginning of the financial period	**662**	**-**	**662**
Cash and cash equivalents at the end of the financial period	**539**	**-**	**539**

1. BASIS OF PREPARATION (CONTINUED)

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

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

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

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

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

2. SEASONAL / CYCLICAL FACTORS

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

3. REVENUE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2018	QUARTER ENDED 31/3/2017	**PERIOD ENDED 31/3/2018**	PERIOD ENDED 31/3/2017
	RM'm	RM'm (Restated)	**RM'm**	RM'm (Restated)
Telecommunications and digital services	**2,001**	2,097	**2,001**	2,097
Sale of devices	**236**	278	**236**	278
Total	**2,237**	2,375	**2,237**	2,375
Goods or services transferred:				
- at a point in time	**940**	1,141	**940**	1,141
- over time	**1,297**	1,234	**1,297**	1,234
Total	**2,237**	2,375	**2,237**	2,375

4. UNUSUAL ITEMS

Save for those disclosed in Note 16, there were no other significant unusual items affecting the assets, liabilities, equity, net income or cash flows for the three months ended 31 March 2018.

5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in the prior financial year that have a material effect in the three months ended 31 March 2018, except for:

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

(b) the change in discount rate used to derive the Asset Retirement Obligation ("ARO") provision. This has resulted in an increase in ARO provision by RM122 million, with a corresponding increase in property, plant and equipment.

6. DEBT AND EQUITY SECURITIES

Save for the issuance of 400 ordinary shares under the ESOS, there were no other issuance, repurchase and repayment of debts and equity securities by the Group and the Company during the three months ended 31 March 2018.

7. DIVIDENDS PAID

During the three months ended 31 March 2018, fourth interim single-tier tax-exempt dividend of 5.0 sen per ordinary share totaling to RM391 million in respect of the financial year ended 31 December 2017 was paid on 29 March 2018.

8. SEGMENT REPORTING

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

9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the three months ended 31 March 2018. As at 31 March 2018, all property, plant and equipment were stated at cost less accumulated depreciation and impairment losses.

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

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

11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the three months ended 31 March 2018.

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

13. CAPITAL COMMITMENTS

Capital expenditure for property, plant and equipment approved by the Board of Directors and not provided for in the condensed consolidated financial statements as at 31 March 2018 are as follows:

	RM'm
Contracted for	**322**
Not contracted for	**534**
	856

14. SIGNIFICANT RELATED PARTY DISCLOSURES

The significant related party transactions, balances and commitments described below were carried out in the ordinary course of business and on agreed commercial terms with the related parties.

	Transactions for the financial period ended 31/3/2018	Balances due from/(to) as at 31/3/2018	Commitments as at 31/3/2018	Total balances due from/(to) and commitments as at 31/3/2018
	RM'm	RM'm	RM'm	RM'm
(a) Sales of goods and services to:				
- MEASAT Broadcast Network Systems Sdn. Bhd. [(1)] (telephony and broadband services)	23	16	-	16
- MEASAT Global Berhad Group [(2)] (revenue share for the leasing of satellite bandwidth)	1	9	-	9
(b) Purchases of goods and services from:				
- MEASAT Global Berhad Group[(2)] (transponder and teleport lease rental)	11	(1)	(45)	(46)
- Tanjong City Centre Property Management Sdn. Bhd.[(3)] (rental, signage, parking and utility charges)	8	3	(193)	(190)
- UTSB Management Sdn. Bhd.[(3)] (corporate management services)	7	(4)	(40)	(44)
- SRG Asia Pacific Sdn. Bhd.[(4)] (call handling and telemarketing services)	4	(3)	-	(3)

14. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Transactions for the financial period ended 31/3/2018	Balances due from/(to) as at 31/3/2018	Commitments as at 31/3/2018	Total balances due from/(to) and commitments as at 31/3/2018
	RM'm	RM'm	RM'm	RM'm
(b) Purchases of goods and services from (continued):				
- Aircel Limited Group[5] (interconnect, roaming and international calls)	2	(2)	-	(2)
- MBNS Multimedia Technologies Sdn. Bhd. and/or its related corporations[1] (goods and services)	-	-	(3)	(3)

Notes:

The Group has entered into the above related party transactions with parties whose relationships are set out below.

Usaha Tegas Sdn. Bhd. ("UTSB"), STC and Harapan Nusantara Sdn. Bhd. are parties related to the Company, by virtue of having joint control over Binariang GSM Sdn. Bhd. ("BGSM"), pursuant to a shareholders' agreement in relation to BGSM. BGSM is the ultimate holding company of the Company.

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

(1) Subsidiary of a company which is an associate of UTSB
(2) Subsidiary of a company in which TAK has a 99.999% direct equity interest
(3) Subsidiary of UTSB
(4) Subsidiary of a company whereby a person connected to TAK has a deemed equity interest
(5) Subsidiary of BGSM

15. FAIR VALUE MEASUREMENTS

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

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

(a) Financial instruments carried at amortised cost

The carrying amounts of financial assets and liabilities of the Group approximated their fair values as at 31 March 2018 except as set out below, measured using Level 3 valuation technique:

	CARRYING AMOUNT	FAIR VALUE
	RM'm	RM'm
Financial asset:		
Receivables, deposits and prepayments	**125**	**123**
Financial liability:		
Borrowings		
- finance lease liabilities	**1**	**1**
- Islamic Medium Term Notes	**4,124**	**4,204**

(b) Financial instruments carried at fair value

The following table represents the assets and liabilities measured at fair value, using Level 2 valuation technique, as at 31 March 2018:

	RM'm
Recurring fair value measurements	
Derivative financial instruments (interest rate swap and forward foreign exchange contracts):	
- assets	**3**
- liabilities	**(1)**

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

16. ANALYSIS OF PERFORMANCE

Financial indicators (RM'm unless otherwise indicated)	1st Quarter 2018 (unaudited)	4th Quarter 2017[1] (unaudited)	1st Quarter 2017[1] (unaudited)	Variance Q1'18 vs Q4'17		Variance Q1'18 vs Q1'17	
				RM'm	%	RM'm	%
Revenue	**2,237**	2,376	2,375	(139)	(6)	(138)	(6)
Service revenue[2]	**1,980**	2,036	2,076	(56)	(3)	(96)	(5)
EBITDA[3]	**1,023**	1,061	1,013	(38)	(4)	10	1
Adjusted for:							
Unrealised foreign exchange (gains)/losses	*(17)*	*(29)*	*7*	*12*	*41*	*(24)*	*>(100)*
Service fee charge[4]	*-*	*-*	*4*	*-*	*-*	*(4)*	*(100)*
Upfront spectrum assignment ("SA") fees charged out[5]	*14*	*14*	*-*	*-*	*-*	*14*	*100*
Normalised EBITDA	**1,020**	1,046	1,024	(26)	(2)	(4)	-
Normalised EBITDA margin on service revenue (%)	**51.5**	51.4	49.3	NA	0.1	NA	2.2
Profit before tax	**693**	688	673	5	1	20	3
Profit for the period	**523**	542	502	(19)	(4)	21	4
Adjusted for:							
Unrealised foreign exchange (gains)/losses	*(17)*	*(29)*	*7*	*12*	*41*	*(24)*	*>(100)*
Service fee charge[4]	*-*	*-*	*4*	*-*	*-*	*(4)*	*(100)*
Tax effects of the normalisation adjustments	*4*	*7*	*(3)*	*(3)*	*(43)*	*7*	*>100*
Normalised profit for the period	**510**	520	510	(10)	(2)	-	-
Capital expenditure ("Capex")	**107**	382	162	(275)	(72)	(55)	(34)
Free cash flow	**165**	476	274	(311)	(65)	(109)	(40)

Notes:
[1] The comparative results were restated due to the adoption of MFRS 15.
[2] Service revenue is defined as Group revenue excluding device, hubbing revenues and network income.
[3] Defined as profit before finance income, finance costs, tax, depreciation, amortisation and allowance for write down of identified network costs.
[4] Service fees accrued for prior years which are were written back in subsequent period.
[5] Charge out of SA renewal costs prepaid for license period.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

Operational indicators	1st Quarter 2018	4th Quarter 2017(1)	1st Quarter 2017(1)	Variance Q1'18 vs Q4'17		Variance Q1'18 vs Q1'17	
				'000	%	'000	%
Revenue generating subscriptions ("RGS") ('000)	**9,849**	10,002	10,673	(153)	(2)	(824)	(8)
- Postpaid	***2,912***	*2,853*	*2,744*	59	2	*168*	*6*
- Prepaid	***6,786***	*6,997*	*7,754*	*(211)*	*(3)*	*(968)*	*(12)*
- Wireless Broadband	***151***	*152*	*175*	*(1)*	*(1)*	*(24)*	*(14)*
ARPU (Monthly) (RM)							
- Postpaid	***92***	*96*	*96*	*(4)*	*(4)*	*(4)*	*(4)*
- Prepaid	***41***	*41*	*42*	-	-	*(1)*	*(2)*
- Wireless Broadband	***81***	*79*	*71*	*2*	*3*	*10*	*14*
- Blended	***56***	*57*	*56*	*(1)*	*(2)*	-	-

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

(A) Performance of the current quarter against the preceding quarter (1st Quarter 2018 versus 4th Quarter 2017)

For the quarter ended 31 March 2018, the Group recorded service revenue of RM1,980 million.

Postpaid service revenue declined marginally by 0.9% to RM985 million and ARPU moderated to RM92, mainly due to seasonality including lower roaming revenue. The Group continued to grow its Postpaid revenue generating subscriptions, adding 71k new MaxisOne Plan ("MOP") subscribers. This growth was primarily driven by the strong demand for our innovative device and shared line propositions. The Group's recently launched Hotlink Postpaid Flex gained positive traction, attracting entry level Postpaid subscribers as well as Prepaid to Postpaid migrating subscribers.

Prepaid service revenue declined by 6.0% to RM849 million. The decline was due to the lower subscription base which was impacted by SIM consolidation, intense price-focused competition and migration from Prepaid to Postpaid. We have however also recently launched our new Prepaid pack, Hotlink Red, that provides free non-stop internet on our leading 4G network, and the take-up has been encouraging. We continued to attract high mobile internet subscribers, which contributed to the stable Prepaid ARPU of RM41.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (1st Quarter 2018 versus 4th Quarter 2017) (continued)

Demand for data continued to grow as consumers increasingly embrace digital lifestyles. The solid momentum in 4G LTE adoption continued with 6.5 million 4G LTE users (Q4'17: 6.2 million). Blended smartphone penetration stood at 82% against 81% in the previous quarter and blended data usage increased to an average 7.7GB (Q4'17: 6.7GB). The Group's leading 4G LTE network coverage of 92% on a comparable peer basis remains a key differentiator for customers to enjoy the best video quality experience in Malaysia. The Group achieved another all-time high touch point net promoter score of +54.

Normalised EBITDA declined by 2.5% to RM1,020 million with a 51.5% margin on service revenue, against RM1,046 million and 51.4% respectively, mainly driven by the lower service revenue. However, the positive results from continuous cost optimisation initiatives contributed to the lower direct cost, and operation and maintenance cost, of which together with the lower realised foreign exchange losses, partially offset the decline in service revenue.

Normalised profit was however stable at RM510 million (Q4'17: RM520 million) mainly attributable to the lower depreciation charges.

Capex was RM107 million, a decrease from RM382 million in the previous quarter, mainly due to lower spend on network capacity. The decline in free cash flow to RM165 million was mainly due to the upfront spectrum assignment fee paid in the current quarter and working capital changes.

(B) Performance of the current quarter/year-to-date ("YTD") against the preceding year corresponding quarter/YTD (1st Quarter/YTD 2018 versus 1st Quarter/YTD 2017)

Service revenue for Q1 2018 of RM1,980 million was 4.6% lower than Q1 2017, mainly due to the decline in Prepaid, which offset the growth in Postpaid.

Postpaid service revenue grew by 5.2% to RM985 million in the current quarter. The growth was supported by the strong subscription base, with 168k more Postpaid RGS as we continued to offer innovative device and shared line propositions. Postpaid ARPU moderated marginally to RM92 against a larger subscription base of 2.9 million.

Prepaid service revenue declined 15.5% to RM849 million, on the back of a lower subscription base which was impacted by the continued SIM consolidation, migration to Postpaid and intense competition, as mentioned above. Mobile internet revenue remained high at 52.9% of Prepaid revenue which contributed to the relatively stable ARPU of RM41.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current quarter/YTD against the preceding year corresponding quarter/YTD (1st Quarter/YTD 2018 versus 1st Quarter/YTD 2017) (continued)

The Group continued to see solid momentum in 4G LTE adoption with 6.5 million 4G LTE users from 5.1 million a year ago. The Group's expanded 4G LTE network with a 92% population coverage on comparable peer basis remains a key differentiator as we lead the market in coverage, quality and customer experience. In addition, the Group recorded an all-time high touch point net promoter score of +54 in the current quarter compared to +47 in Q1 2017.

Normalised EBITDA remained stable at RM1,020 million with a margin on service revenue of 51.5% against RM1,024 million and 49.3% respectively in Q1 2017. This was mainly attributable to the continuous cost optimisation initiatives that offset the lower service revenue.

Consequently, normalised profit for the quarter was stable at RM510 million (Q1'17: RM510 million).

Capex for the current quarter decreased to RM107 million, mainly attributable to lower spend on network capacity. Free cash flow for the quarter was RM165 million, compared to RM274 million in Q1 2017 mainly due to the upfront spectrum assignment fee paid during the current quarter.

(C) STATEMENT OF FINANCIAL POSITION

Financial indicators (RM'm unless otherwise indicated)	AS AT 31/3/2018	AS AT 31/12/2017 (Restated)
Total assets	19,110	19,134
Total equity	7,059	6,945
Debt [1]	7,622	7,643
Deposits, cash and bank balances	376	602
Net debt	7,246	7,041
Net debt-to-EBITDA	1.77	1.63

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

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(C) STATEMENT OF FINANCIAL POSITION (CONTINUED)

There were no material changes to the total assets and equity.

The reduction in deposits, cash and bank balances was mainly due to the payment of dividends as disclosed in Note 7, as well as the upfront spectrum assignment fee paid during the quarter. This has resulted in an increase in net debt-to-EBITDA from 1.63x as at 31 December 2017 to 1.77x as at 31 March 2018.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2018

Maxis is committed to empower our customers increasingly digital lifestyles, leveraging on our leading 4G LTE network and innovative product offerings to provide unmatched customer experiences. We remain focused on our digital transformation journey as we enhance our digital capabilities to be a new key differentiator.

Market competition is expected to remain intense. In the Postpaid segment, we will continuously build upon our solid flagship MaxisONE plan with innovative product offerings. In the Prepaid segment, we will maintain our focus on engaging high mobile internet users, offering differentiated digital propositions. As we fully embrace digital technologies, we will extend our effective use of analytics in crafting our product propositions and will enhance our segmental offerings to bring value to our customers.

In the previous quarter, based on the accounting standards then, we guided for financial year 2018 service revenue to decline in low single digits, EBITDA declining at mid single digit level, base capital expenditure of around RM1.0 billion and free cash flow (excluding upfront spectrum assignment fees) to be at a similar level to financial year 2017.

Whilst we are not changing the underlying basis of the above guidance, our guidance will now reflect the changes in the accounting treatment required under MFRS 15. Accordingly, service revenue and EBITDA are expected to decline at mid single digit and high single digit levels respectively. There is no change to our guidance for base capital expenditure and free cash flow arising from the adoption of MFRS 15.

18. PROFIT FORECAST OR PROFIT GUARANTEE

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

19. QUALIFICATION OF PRECEDING AUDITED FINANCIAL STATEMENTS

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

20. PROFIT BEFORE TAX

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2018	QUARTER ENDED 31/3/2017	**PERIOD ENDED 31/3/2018**	PERIOD ENDED 31/3/2017
	RM'm	RM'm	**RM'm**	RM'm
Fair value losses on forward foreign exchange contracts	**3**	1	**3**	1
(Gains)/losses on foreign exchange	**(14)**	4	**(14)**	4
Property, plant and equipment:				
- gain on disposal	**-**	(1)	**-**	(1)
- write offs/impairment loss	**7**	3	**7**	3

Other than as presented in the statements of profit or loss and as disclosed above, there were no material gains/losses on disposal of quoted and unquoted investments or properties and other exceptional items for the current quarter ended 31 March 2018.

21. TAX EXPENSES

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/3/2018	QUARTER ENDED 31/3/2017	**PERIOD ENDED 31/3/2018**	PERIOD ENDED 31/3/2017
	RM'm	RM'm	**RM'm**	RM'm
Income tax:				
- current tax	**207**	221	**207**	221
Deferred tax:				
- origination and reversal of temporary differences	**(37)**	(50)	**(37)**	(50)
Total	**170**	171	**170**	171

The Group's effective tax rates for the current quarter was 24.5%, higher than the statutory tax rate of 24% mainly due to certain expenses not being deductible for tax purposes.

22. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed.

23. BORROWINGS

The borrowings as at 31 March 2018 versus 31 March 2017 are as follows:

	AS AT 31 MARCH 2018					
	CURRENT LIABILITIES		NON-CURRENT LIABILITIES		TOTAL BORROWINGS	
	Foreign Currency ('m)	RM'm	Foreign Currency ('m)	RM'm	Foreign Currency ('m)	RM'm
Secured						
Finance lease liabilities	-	4	-	1	-	5
Unsecured						
Revolving credit	-	200	-	-	-	200
Term loan[(1)]	-	-	-	1,001	-	1,001
Commodity Murabahah Term Financing	-	-	-	2,295	-	2,295
Islamic Medium Term Notes	-	-	-	4,124	-	4,124
		204		7,421		7,625
Weighted average interest rate of borrowings						4.77%
Proportion of borrowings between fixed and floating interest rates						61% : 39%

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

There were no material changes to borrowings for the financial period ended 31 March 2018.

23. BORROWINGS (CONTINUED)

	AS AT 31 MARCH 2017					
	CURRENT LIABILITIES		NON-CURRENT LIABILITIES		TOTAL BORROWINGS	
	Foreign Currency ('m)	RM'm	Foreign Currency ('m)	RM'm	Foreign Currency ('m)	RM'm
Secured						
Finance lease liabilities	-	10	-	1	-	11
Unsecured						
Revolving credit	-	500	-	-	-	500
Term loans						
- RM (1)	-	-	-	1,000	-	1,000
- United States Dollars ("USD") (2)	-	-	*USD 175*	775	*USD 175*	775
- Singapore Dollar ("SGD") (2)	-	-	*SGD 70*	222	*SGD 70*	222
Syndicated term loans						
- USD (2)	-	-	*USD 100*	442	*USD 100*	442
Commodity Murabahah Term Financing	-	-	-	2,506	-	2,506
Islamic Medium Term Notes	-	-	-	4,126	-	4,126
		510		9,072		9,582
Weighted average interest rate of borrowings						4.69%
Proportion of borrowings between fixed and floating interest rates						58% : 42%

Notes:

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

(2) All foreign currency borrowings had been hedged using Cross Currency Interest Rate Swaps ("CCIRS"). The closing rates used in translating the foreign currency amounts into RM were:
1 USD = RM4.42, 1 SGD = RM3.17

23. BORROWINGS (CONTINUED)

Material changes to borrowings for the financial period ended 31 March 2017 were:

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

(b) Maxis Broadband Sdn. Bhd. ("MBSB"), a wholly-owned subsidiary of the Company, entered into loan facility agreements with financial institutions for USD50 million (equivalent to RM222 million) and SGD70 million (equivalent to RM222 million) term loans. It had also entered into corresponding CCIRS contracts to hedge against exchange and interest rates fluctuation on these loans. These loans had been fully drawn down to part settle the purchase consideration in relation to the internal reorganisation as announced by the Company on 2 December 2015; and

(c) MBSB issued its fourth series of the Unrated Islamic Medium Term Notes ("Sukuk Murabahah") for a nominal value of RM300 million. Total nominal value of Sukuk Murabahah issued as at 31 March 2017 amounted to RM4,090 million.

24. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Disclosure of derivatives

Details of derivative financial instruments outstanding as at 31 March 2018 are set out below:

TYPE OF DERIVATIVE	CONTRACT/ NOTIONAL VALUE	FAIR VALUE
	RM'm	RM'm
Derivatives designated in hedging relationship (cash flow hedge):		
IRS:		
- more than three years	500	3
Forward foreign exchange contracts:		
- less than one year	22	(*)
	522	3
Derivatives not designated in hedging relationship:		
Forward foreign exchange contracts:		
- less than one year	22	(*)
	544	2

Note:
* Less than RM1 million.

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Disclosure of derivatives (continued)

There have been no changes since the end of the previous financial year ended 31 December 2017 in respect of the following:

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

(b) Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group determines the fair values of the derivative financial instruments relating to the IRS and forward foreign exchange contracts using a valuation technique which utilises data from recognised financial information sources. Assumptions are based on market conditions existing at each reporting date. The fair values of IRS are calculated as the present value of estimated future cash flow using an appropriate market-based yield curve. The fair values of forward foreign exchange contracts are determined using the forward exchange rates as at each reporting date.

During the quarter, there were no significant changes to the fair values of financial liabilities recognised by the Group.

25. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	AS AT 31/3/2018	AS AT 31/12/2017
	RM'm	RM'm (Restated)
Non-current assets		
Prepayments	721	735
Contract assets, net of impairment	143	152
	864	887
Current assets		
Trade receivables, net of impairment	689	719
Other receivables, deposits and prepayments, net of impairment	891	663
Contract assets, net of impairment	411	428
	1,991	1,810
	2,855	2,697

25. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

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

The ageing analysis of the Group's gross trade receivables as at 31 March 2018 is as follows:

	RM'm
Current	574
1 to 90 days past due	119
91 to 180 days past due	55
More than 180 days past due	33
	781

26. MATERIAL LITIGATION

There is no material litigation as at 12 April 2018.

27. DIVIDENDS

The Board of Directors has declared a first interim single-tier tax-exempt dividend of 5.0 sen per ordinary share in respect of the financial year ending 31 December 2018, to be paid on 28 June 2018. The entitlement date for the dividend payment is 31 May 2018.

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

(i) shares transferred to the depositor's securities account before 4.00 pm on 31 May 2018 in respect of transfers; and

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

The total dividends for the three months ended 31 March 2018 is 5.0 sen per ordinary share (2017: 5.0 sen).

28. EARNINGS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 31/3/2018	QUARTER ENDED 31/3/2017 (Restated)	**PERIOD ENDED 31/3/2018**	PERIOD ENDED 31/3/2017 (Restated)
(a) Basic earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	**523**	502	**523**	502
Weighted average number of issued ordinary shares	('m)	**7,809**	7,509	**7,809**	7,509
Basic earnings per share	(sen)	**6.7**	6.7	**6.7**	6.7
(b) Diluted earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	**523**	502	**523**	502
Weighted average number of issued ordinary shares	('m)	**7,809**	7,509	**7,809**	7,509
Adjusted for share options	('m)	**-**	1	**-**	1
Adjusted weighted average number of ordinary shares	('m)	**7,809**	7,510	**7,809**	7,510
Diluted earnings per share	(sen)	**6.7**	6.7	**6.7**	6.7

By order of the Board

Dipak Kaur
(LS 5204)
Company Secretary
19 April 2018
Kuala Lumpur