MAXIS BERHAD

Company No. (200901024473 (867573-A))

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

ANNOUNCEMENT

The Board of Directors of Maxis Berhad ("Maxis" or "the Company") is pleased to announce the following condensed consolidated financial statements for the fourth quarter ended 31 December 2020 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
		QUARTER ENDED 31/12/2020 (Unaudited)	QUARTER ENDED 31/12/2019 (Unaudited)	+ -	YEAR ENDED 31/12/2020 (Audited)	YEAR ENDED 31/12/2019 (Audited)	+ -
	Note	RM'm	RM'm (Restated)	%	RM'm	RM'm (Restated)	%
Revenue	3	**2,261**	2,590	-12.7	**8,966**	9,313	-3.7
Traffic, device, commissions and other direct costs		**(874)**	(1,146)		**(3,147)**	(3,483)	
Spectrum licence fees		**(70)**	(68)		**(267)**	(255)	
Network costs		**(128)**	(105)		**(473)**	(530)	
Staff and resource costs		**(163)**	(180)		**(670)**	(651)	
Operation and maintenance costs		**(140)**	(114)		**(448)**	(357)	
Marketing costs		**(26)**	(46)		**(142)**	(173)	
Impairment of receivables and deposits, net		**(3)**	(29)		**(268)**	(120)	
Government grant and other income		**81**	53		**274**	191	
Other operating expenses		**(25)**	(9)		**(93)**	(77)	
Depreciation and amortisation		**(381)**	(358)		**(1,475)**	(1,379)	
Finance income		**18**	20		**84**	70	
Finance costs		**(119)**	(139)		**(489)**	(522)	
Profit before tax	20	**431**	469	-8.1	**1,852**	2,027	-8.6
Tax expenses	21	**(112)**	(116)		**(470)**	(515)	
Profit for the period/year		**319**	353	-9.6	**1,382**	1,512	-8.6
Attributable to:							
- equity holders of the Company		**319**	353	-9.6	**1,382**	1,512	-8.6
Earnings per share attributable to equity holders of the Company (sen):							
- basic	28	**4.1**	4.5		**17.7**	19.3	
- diluted	28	**4.1**	4.5		**17.7**	19.3	

MAXIS BERHAD

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(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/12/2020 (Unaudited)	QUARTER ENDED 31/12/2019 (Unaudited)	**YEAR ENDED 31/12/2020 (Audited)**	YEAR ENDED 31/12/2019 (Audited)
	RM'm	RM'm (Restated)	**RM'm**	RM'm (Restated)
Profit for the period/year	**319**	353	**1,382**	1,512
Other comprehensive income/(expenses)				
Item that will be reclassified subsequently to profit or loss:				
Net change in cash flow hedge	**2**	(3)	**(11)**	(10)
Total comprehensive income for the period/year	**321**	350	**1,371**	1,502
Attributable to equity holders of the Company	**321**	350	**1,371**	1,502

MAXIS BERHAD

Company No. (200901024473 (867573-A))

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

AUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	AS AT 31/12/2020 RM'm	AS AT 31/12/2019 RM'm (Restated)
Non-current assets			
Property, plant and equipment	9	**4,931**	4,922
Intangible assets [(1)]		**11,461**	11,310
Right-of-use assets		**1,767**	1,918
Financial assets at fair value through other comprehensive income ("FVOCI")		**4**	4
Receivables, deposits and prepayments	25	**947**	1,183
Deferred tax assets		*****	*
		19,110	19,337
Current assets			
Inventories		**3**	3
Receivables, deposits and prepayments	25	**2,073**	2,390
Amounts due from related parties		**11**	10
Derivative financial instruments	24	**-**	*
Tax recoverable		*****	1
Deposits, cash and bank balances		**735**	582
		2,822	2,986
Total assets		**21,932**	22,323
Current liabilities			
Provisions for liabilities and charges		**130**	127
Payables and accruals		**3,997**	4,323
Amounts due to a fellow subsidiary		**-**	*
Amounts due to related parties		**17**	25
Borrowings	23	**255**	1,156
Derivative financial instruments	24	**5**	3
Taxation		**57**	126
		4,461	5,760
Net current liabilities		**(1,639)**	(2,774)

Notes:

(1) Includes telecommunications licenses with allocated spectrum rights and goodwill of RM10,707 million and RM254 million respectively, arising from business combinations.

* Less than RM1 million.

MAXIS BERHAD

Company No. (200901024473 (867573-A))

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

AUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	AS AT 31/12/2020 RM'm	AS AT 31/12/2019 RM'm (Restated)
Non-current liabilities			
Provisions for liabilities and charges		**326**	311
Payables and accruals		**188**	278
Borrowings	23	**9,508**	8,768
Derivative financial instruments	24	**17**	6
Deferred tax liabilities		**382**	199
		10,421	9,562
Net assets		**7,050**	7,001
Equity			
Share capital		**2,547**	2,532
Reserves		**4,503**	4,469
Total equity		**7,050**	7,001
Net assets per share (RM)		**0.90**	0.90

MAXIS BERHAD

Company No. (200901024473 (867573-A))

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31/12/2020	Note	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
At 31/12/2019, as previously reported		2,532	22,729	(22,729)	67	4,471	7,070
Opening balance adjustments from adoption of							
IFRIC Agenda Decision - Lease ("IFRIC AD - Lease")	1(b)	-	-	-	-	(69)	(69)
Restated at 1/1/2020		2,532	22,729	(22,729)	67	4,402	7,001
Profit for the year		-	-	-	-	1,382	1,382
Other comprehensive expenses for the year		-	-	-	(11)	-	(11)
Total comprehensive (expenses)/income for the year		-	-	-	(11)	1,382	1,371
Dividends provided for or paid	7	-	-	-	-	(1,330)	(1,330)
Long-term Incentive Plan ("LTIP") and incentive arrangement:							
- share-based payment expense		-	-	-	20	-	20
- shares issued		15	-	-	(15)	-	-
- shares acquired		-	-	-	(12)	-	(12)
Balance as at 31/12/2020		2,547	22,729	(22,729)	49	4,454	7,050

Note:

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

MAXIS BERHAD
Company No. (200901024473 (867573-A))
(INCORPORATED IN MALAYSIA)
QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020

AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Year ended 31/12/2019		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
At 1/1/2019, as previously reported		2,509	22,729	(22,729)	119	4,479	7,107
Opening balance adjustments from adoption of IFRIC AD - Lease	1(b)	-	-	-	-	(62)	(62)
Restated at 1/1/2019		2,509	22,729	(22,729)	119	4,417	7,045
Profit for the year		-	-	-	-	1,512	1,512
Other comprehensive expense for the year		-	-	-	(10)	-	(10)
Total comprehensive (expense)/income for the year		-	-	-	(10)	1,512	1,502
Dividends provided for or paid		-	-	-	-	(1,564)	(1.564)
Employee Share Option Scheme ("ESOS") and LTIP:							
- share-based payment expense		-	-	-	18	-	18
- shares issued		23	-	-	(23)	-	*
- share options lapsed/expired		-	-	-	(37)	37	-
Balance as at 31/12/2019		2,532	22,729	(22,729)	67	4,402	7,001

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.

AUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED 31/12/2020	YEAR ENDED 31/12/2019
	RM'm	RM'm (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	1,382	1,512
Adjustments for:		
- non-cash items	2,034	1,730
- finance costs	489	522
- finance income	(84)	(70)
- tax expenses	470	515
Payments for provision for liabilities and charges	(107)	(94)
Operating cash flows before working capital changes	4,184	4,115
Changes in working capital	(207)	(84)
Cash flows from operations	3,977	4,031
Interest received	17	27
Tax paid	(356)	(549)
Tax refund	1	2
Net cash flows from operating activities	3,639	3,511
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(1,396)	(1,371)
Consideration paid for business combinations	(18)	-
Proceeds from disposal of property, plant and equipment	1	1
Placement of deposits with maturity of more than three months	*	(6)
Net cash flows used in investing activities	(1,413)	(1,376)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares pursuant to ESOS	-	*
Shares acquired pursuant to incentive arrangement	(12)	-
Drawdown of borrowings	1,200	200
Repayment of borrowings	(1,200)	-
Repayment of lease liabilities	(241)	(233)
Payments of finance costs	(490)	(522)
Ordinary share dividends paid	(1,330)	(1,564)
Net cash flows used in financing activities	(2,073)	(2,119)
NET CHANGE IN CASH AND CASH EQUIVALENTS	153	16
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	552	536
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR[3]	705	552

Notes:

(3) 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.

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 2019 and the accompanying explanatory notes attached to the condensed consolidated financial statements.

The significant accounting policies and methods adopted for the condensed consolidated financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2019, except for the changes arising from the adoption of International Financial Reporting Interpretations Committee November 2019 Agenda Decision on "Lease Term and Useful Life of Leasehold Improvement" ("IFRIC AD - Lease") which was published in December 2019.

The IFRIC AD - Lease gives additional clarification on the definition of a "penalty". It clarifies that in determining the enforceable period of the lease, the Group considers:

(i) the broader economics of the contract, and not only contractual termination payments. If either party has an economic incentive not to terminate the lease such that it would incur a penalty on termination that is more than insignificant, the contract is deemed enforceable beyond the date on which the contract can be terminated; and

(ii) whether each of the parties has the right to terminate the lease without permission from the other party with no more than an insignificant penalty. A lease is no longer enforceable only when both parties have such a right. Consequently, if only one party has the right to terminate the lease without permission from the other party with no more than an insignificant penalty, the contract is deemed enforceable beyond the date on which the contract can be terminated by that party.

Previously, the Group considered penalties based on contractual termination payments when determining whether the Group is reasonably certain to extend the lease beyond the date on which the contract can be terminated. After considering the broader economics of the lease contracts and following the additional clarification above, some of the lease contracts that were assessed as short-term lease in the past were reassessed to have longer lease term upon adoption of the IFRIC AD - Lease. As a result, more lease contracts are being recognised as right-of-use assets with corresponding liabilities at the date on which the leased assets are available for use by the Group.

1. BASIS OF PREPARATION (CONTINUED)

The IFRIC AD is adopted retrospectively and it impacts the Group's financial performance and position as below:

(i) On the statements of profit or loss, expenses which previously contained operating lease rentals within EBITDA (as defined in Note 16) were replaced by interest expense on lease liabilities (included within 'finance costs') and depreciation of the right-of-use assets (included within 'depreciation and amortisation');

(ii) On the statements of financial position, additional right-of-use assets with corresponding lease liabilities (included within "borrowings") were recognised; and

(iii) On the statement of cash flows, operating lease rental outflows previously recorded within 'net cash flows from operating activities' were reclassified as repayment of the principal and interest of lease liabilities within 'net cash flows used in financing activities'.

1. BASIS OF PREPARATION (CONTINUED)

The adjustments made to the comparative figures as follows:

(a) Reconciliation of profit or loss and comprehensive income

	QUARTER ENDED 31/12/2019			YEAR ENDED 31/12/2019		
	As previously reported	Effects of IFRIC AD - Lease	Restated	As previously reported	Effects of IFRIC AD - Lease	Restated
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
Network costs	(146)	41	(105)	(688)	158	(530)
Depreciation and amortisation	(328)	(30)	(358)	(1,265)	(114)	(1,379)
Finance costs	(125)	(14)	(139)	(469)	(53)	(522)
Profit before tax	472	(3)	469	2,036	(9)	2,027
Tax expenses	(117)	1	(116)	(517)	2	(515)
Profit for the period/year attributable to equity holders of the Company	355	(2)	353	1,519	(7)	1,512
Total comprehensive income for the period/year attributable to equity holders of the Company	352	(2)	350	1,509	(7)	1,502
Earnings per share attributable to equity holders of the Company (sen):						
- basic	4.5	*	4.5	19.4	(0.1)	19.3
- diluted	4.5	*	4.5	19.4	(0.1)	19.3

Note:
* The impact arising from the restatement is immaterial.

1. BASIS OF PREPARATION (CONTINUED)

(b) Reconciliation of financial position and equity

	AS AT 31/12/2019			AS AT 1/1/2019		
	As previously reported	Effects of IFRIC AD - Lease	Restated	As previously reported	Effects of IFRIC AD - Lease	Restated
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
Net assets						
Right-of-use assets	1,032	886	1,918	1,046	835	1,881
Payables and accruals	(4,601)	*	(4,601)	(4,175)	*	(4,175)
Borrowings[(1)]	(8,947)	(977)	(9,924)	(8,750)	(917)	(9,667)
Deferred tax liabilities	(221)	22	(199)	(181)	20	(161)
		(69)			(62)	
Equity						
Retained earnings	4,471	(69)	4,402	4,479	(62)	4,417

Notes:
(1) The adoption of IFRIC AD impacts lease liabilities within 'borrowings'.
* Less than RM1 million.

1. BASIS OF PREPARATION (CONTINUED)

(c) Reconciliation of cash flows

	YEAR ENDED 31/12/2019		
	As previously reported	Effects of IFRIC AD - Lease	Restated
	RM'm	RM'm	RM'm
Profit for the year	1,519	(7)	1,512
Adjustment for:			
Non-cash items	1,616	114	1,730
Finance costs	469	53	522
Tax expenses	517	(2)	515
Operating cash flows before working capital changes	3,957	158	4,115
Changes in working capital	(58)	(26)	(84)
Cash flows from operations	3,899	132	4,031
Net cash flows from operating activities	3,379	132	3,511
Repayment of lease liabilities	(154)	(79)	(233)
Payments of finance costs	(469)	(53)	(522)
Net cash flows used in financing activities	(1,987)	(132)	(2,119)

1. BASIS OF PREPARATION (CONTINUED)

(d) Reconciliation of financial indicators

	QUARTER ENDED 31/12/2019			YEAR ENDED 31/12/2019		
	As previously reported	Effects of IFRIC AD - Lease	Restated	As previously reported	Effects of IFRIC AD - Lease	Restated
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
EBITDA	904	41	945	3,733	158	3,891

	AS AT 31/12/2019		
	As previously reported	Effects of IFRIC AD - Lease	Restated
Net debt (RM'm)	8,371	977	9,348
Net debt-to-EBITDA	2.24	0.16	2.40

1. BASIS OF PREPARATION (CONTINUED)

Other than the above, the Group has also adopted the following amendments to MFRS that came into effect on 1 January 2020 which did not have any significant impact on the unaudited condensed consolidated financial statements upon their initial application.

- The Conceptual Framework for Financial Reporting (Revised 2018)
- Amendments to MFRS 3 — Definition of a Business
- Amendments to MFRS 101 and MFRS 108 — Definition of Material
- Amendments to MFRS 9, MFRS 139 and MFRS 7 — Interest Rate Benchmark Reform
- Amendments to MFRS 16 — COVID-19 Related Rent Concessions

Amendments to MFRS that is applicable to the Group but not yet effective

The Malaysian Accounting Standards Board had issued the following amendments to MFRS of which are effective for the financial period beginning on or after 1 January 2021. The Group did not early adopt these amendments to MFRS and they are not expected to have a significant effect on its consolidated financial statements:

- Amendments to MFRS 3 — Reference to Conceptual Framework
- Amendments to MFRS 101 — Classification of Liabilities as Current or Non-current
- Amendments to MFRS 116 — Proceeds before Intended Use
- Amendments to MFRS 137 — Onerous Contracts – Cost of Fulfilling a Contract
- Annual improvements to MFRSs 2018-2020 Cycle

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 31/12/2020	QUARTER ENDED 31/12/2019	**YEAR ENDED 31/12/2020**	YEAR ENDED 31/12/2019
	RM'm	RM'm	**RM'm**	RM'm
Telecommunications and digital services	**1,963**	2,014	**7,813**	7,884
Devices and related services	**298**	576	**1,153**	1,429
Total	**2,261**	2,590	**8,966**	9,313
Goods or services transferred:				
- at a point in time	**681**	1,036	**2,753**	3,380
- over time	**1,580**	1,554	**6,213**	5,933
Total	**2,261**	2,590	**8,966**	9,313

4. UNUSUAL ITEMS

Save for those disclosed in Note 5 and 16, there were no other significant unusual items affecting the assets, liabilities, equity, net income or cash flows for the financial year ended 31 December 2020.

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 for the financial year ended 31 December 2020 except for:

(a) the change in expected loss rates used to derive the impairment of trade receivables. The Directors are of the view that the COVID-19 pandemic and its impact on economies worldwide has caused a significant increase in credit risk. Consequently, the expected loss rates are now determined based on the historical ageing profile and the corresponding historical credit losses experienced since the outbreak of COVID-19. The impact of this change is as disclosed on the face of statement of profit or loss; and

(b) the change in useful lives of certain telecommunications equipment which resulted in a decrease in depreciation by RM25 million for the financial year ended 31 December 2020.

6. DEBT AND EQUITY SECURITIES

Save for the below items, there were no other issuance, repurchase and repayment of debt and equity securities during the financial year ended 31 December 2020:

(a) The Group entered into an agreement for a Business Financing-i facility based on the Islamic principle of Murabahah (via a Tawarruq arrangement) of up to RM500 million, of which RM400 million was drawndown in Q2'20 and the remaining in Q4'20. This 7-year facility will expire on 4 June 2027, with RM125 million repayable on 4 June 2026 and the balance repayable upon maturity .

(b) The Group entered into an agreement for a term loan facility arrangement of up to RM600 million, of which RM200 million was drawndown in Q4'20. This 7-year facility will expire on 29 December 2027, with 50% of the outstanding facility repayable in 3 equal semi-annual instalments commencing on 29 June 2026 and 50% repayable upon maturity.

(c) The Group undertook the following transactions in relation to its RM10.0 billion Unrated Islamic Medium Term Notes ("Sukuk Murabahah") Programme in Q4'20:
   (i) issued the fifth series for a nominal value of RM500 million, with a 7-year tenure maturing on 27 October 2027 to refinance its borrowings;
   (ii) redeemed the second series that carried nominal value of RM500 million; and
   (iii) repurchased the fourth series that carried nominal value of RM300 million.

(d) The Group repaid RM400 million of its revolving credit facility using the facility as mentioned in (a) above in Q2'20.

(e) 2,538,500 ordinary shares were issued under the LTIP.

7. DIVIDENDS PAID

The following single-tier tax exempt dividend payments were made during the financial year ended 31 December 2020:

	RM'm
In respect of the financial year ended 31 December 2019:	
- Fourth interim dividend of 5.0 sen per ordinary share, paid on 16 April 2020	**391**
In respect of the financial year ended 31 December 2020:	
- First interim dividend of 4.0 sen per ordinary share, paid on 25 June 2020	**313**
- Second interim dividend of 4.0 sen per ordinary share, paid on 24 September 2020	**313**
- Third interim dividend of 4.0 sen per ordinary share, paid on 23 December 2020	**313**
	1,330

8. SEGMENT REPORTING

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

9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the financial year ended 31 December 2020. As at 31 December 2020, 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 YEAR

On 19 February 2021, the Government of Malaysia announced its MyDIGITAL initiative and the Malaysia Digital Economy Blueprint which includes bringing 5G to Malaysians in stages by the end of 2021.

The Group is in the process of engaging with Malaysian Communications and Multimedia Commission ("MCMC") to gather more details and will consider the impact of the above announcement to the Group once further information is available.

11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial year ended 31 December 2020.

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.

Maxis Broadband Sdn. Bhd. ("MBSB"), a wholly owned subsidiary of the Company, was served with the below notices of additional assessment with penalties by Inland Revenue Board ("IRB"). MBSB has appealed and initiated legal proceedings to challenge the basis and validity of these additional assessments:

(i) In November 2019, the IRB disallowed MBSB from its entitlement to incremental chargeable income exemption for Year of Assessment 2017. A notice of additional assessment of RM37.4 million was issued ("ICI Notice"). The Kuala Lumpur High Court ("High Court") had granted and subsequently extended the interim stay of the enforcement of the ICI Notice until the hearing of MBSB's leave application challenging the ICI Notice; and

12. CONTINGENT LIABILITIES AND CONTINGENT ASSETS (CONTINUED)

(ii) In the current financial year, the IRB disallowed MBSB's deduction of interest expenses incurred for the Years of Assessment 2016 and 2017. Notices of additional assessment totalling RM140 million were issued ("Notices"). The High Court had granted and subsequently extended the interim stay of the enforcement of the Notices until the filing of submissions with the High Court in respect of MBSB's application challenging the Notices.

The Directors are of the view that no provision is required in the financial statements at this juncture based on the facts surrounding the above additional assessments received from the IRB and the legal view obtained from external legal counsel that there is sufficient evidence and case law to support MBSB's appeals and proceedings against the ICI Notice and Notices.

13. CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of reporting date but not recognised as liabilities is as follows:

	RM'm
Property, plant and equipment	171

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 year ended 31/12/2020	Balances due from/(to) as at 31/12/2020	Commitments as at 31/12/2020	Total balances due from/(to) and commitments as at 31/12/2020
	RM'm	RM'm	RM'm	RM'm
(a) Sales of goods and services to:				
- MEASAT Broadcast Network Systems Sdn. Bhd.[1] (telephony and connectivity services to co-market and distribute content products)	61	4	-	4
- Saudi Telecom Company[2] (roaming and international calls)	4	-	-	-
- MEASAT Broadband (International) Ltd.[3] (revenue share on bandwidth)	3	-	-	-
- Maxis Communications Berhad[4] (corporate support services)	2	-	-	-

14. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

	Transactions for the financial year ended 31/12/2020	Balances due from/(to) as at 31/12/2020	Commitments as at 31/12/2020	Total balances due from/(to) and commitments as at 31/12/2020
	RM'm	RM'm	RM'm	RM'm
(b) Purchases of goods and services from:				
- MEASAT Broadcast Network Systems Sdn. Bhd.[1]				
(customer acquisition and installation charges)	11	-	-	-
- Saudi Telecom Company[2]				
(roaming and international calls)	4	*	-	*
- MEASAT Global Berhad Group[3]				
(transponder and teleport lease rental)	31	(1)	(55)	(56)
- Tanjong City Centre Property Management Sdn. Bhd.[5]				
(rental, service charge, property service and other utility charges)	40	-	(147)	(147)
- UTSB Management Sdn. Bhd.[5]				
(corporate management services)	29	(5)	(50)	(55)
- SRG Asia Pacific Sdn. Bhd.[6]				
(call handling and telemarketing services)	23	(5)	-	(5)
- Sri Lanka Telecom PLC[7]				
(roaming and international calls)	2	*	-	*

Notes:

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

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

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

(1) Subsidiary of a company which is an associate of UTSB
(2) A major shareholder of BGSM, as described above
(3) Indirect subsidiary of a company in which TAK has a 100% 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
(7) Associate of UTSB
* Less than RM1 million.

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 December 2020 except as set out below, measured using Level 3 valuation technique:

	CARRYING AMOUNT	FAIR VALUE
	RM'm	RM'm
Financial liability:		
Borrowings		
- Islamic Medium Term Notes	3,838	3,911

(b) Financial instruments carried at fair value

The following table represents the assets/liabilities measured at fair value, using the respective valuation techniques, as at 31 December 2020:

	Level 2	Level 3
	RM'm	RM'm
Assets		
Financial assets at FVOCI	-	4
Liabilities		
Other payables	-	19
Derivative financial instruments (interest rate swap and forward foreign exchange contracts)	22	-

16. ANALYSIS OF PERFORMANCE

Financial indicators (RM'm unless otherwise indicated)	4th Quarter 2020 (unaudited)	3rd Quarter 2020[1] (unaudited)	4th Quarter 2019[1] (unaudited)	Variance Q4'20 vs Q3'20		Variance Q4'20 vs Q4'19	
				RM'm	%	RM'm	%
Revenue	**2,261**	2,213	2,590	48	2.2	(329)	(12.7)
Service revenue[2]	**1,945**	1,940	1,992	5	0.3	(47)	(2.4)
EBITDA[3]	**924**	953	945	(29)	(3.0)	(21)	(2.2)
Adjusted for:							
Unrealised foreign exchange gains	*	*(1)*	*(15)*				
Upfront spectrum assignment ("SA") fees charged out[4]	*15*	*15*	*15*				
Normalised EBITDA	**939**	967	945	(28)	(2.9)	(6)	(0.6)
Normalised EBITDA margin on service revenue (%)	**48.3**	49.8	47.4	NA	(1.5)	NA	0.9
Profit before tax	**431**	490	469	(59)	(12.0)	(38)	(8.1)
Profit for the period	**319**	364	353	(45)	(12.4)	(34)	(9.6)
Adjusted for:							
Unrealised foreign exchange gains	*	*(1)*	*(15)*				
Tax effects of the normalisation adjustments	*	*	*4*				
Normalised profit for the period	**319**	363	342	(44)	(12.1)	(23)	(6.7)
Capital expenditure ("Capex")	**504**	319	577	185	58.0	(73)	(12.7)
Operating free cash flow	**1,139**	779	762	360	46.2	377	49.5

Notes:
(1) The comparative results were restated due to the adoption of IFRIC AD – Lease (refer to Note 1).
(2) Service revenue is defined as Group revenue excluding device revenue and network income.
(3) Defined as profit before finance income, finance costs, tax, depreciation, amortisation and allowance for write down of identified network costs.
(4) Charge out of SA renewal costs prepaid for license period.
* Less than RM1 million.

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

16. ANALYSIS OF PERFORMANCE (CONTINUED)

Operational indicators	4th Quarter 2020	3rd Quarter 2020[(1)]	4th Quarter 2019[(1)]	Variance Q4'20 vs Q3'20		Variance Q4'20 vs Q4'19	
				'000	%	'000	%
Revenue generating subscriptions ("RGS") ('000)	***9,585***	9,469	9,698	116	1.2	(113)	(1.2)
- Postpaid	***3,508***	3,451	3,372	57	1.7	136	4.0
- Prepaid	***5,951***	5,908	6,227	43	0.7	(276)	(4.4)
- Wireless Broadband	***126***	110	99	16	14.5	27	27.3
ARPU (Monthly) (RM)							
- Postpaid	***83***	84	90	(1)	(1.2)	(7)	(7.8)
- Prepaid	***39***	40	42	(1)	(2.5)	(3)	(7.1)
- Wireless Broadband	***104***	103	105	1	1.0	(1)	(1.0)
- Blended	***56***	56	59	-	-	(3)	(5.1)
Market definition subscriptions ('000)							
- Home Connections	***402***	383	331	19	5.0	71	21.5
- Biz Fibre Connections	***42***	41	38	1	2.4	4	10.5
ARPU (Monthly) (RM)							
- Home Fibre	***107***	102	107	5	4.9	-	-

Note:
(1) The comparative information of home and biz fibre connections has been restated to conform with current presentation.

(A) Performance of the current quarter against the preceding quarter (Q4'20 vs Q3'20)

For the quarter ended 31 December 2020, service revenue increased by 0.3% that is RM5 million to RM1,945 million (Q3'20: RM1,940 million). Service revenue, excluding wholesale revenue, increased by 0.4% that is RM7 million to RM1,937 million in Q4'20 compared to Q3'20 of RM1,930 million.

Postpaid service revenue for Q4'20 increased by 1.2%, that is by RM11 million to RM967 million compared to Q3'20 of RM956 million mainly due to higher subscribers. The Postpaid RGS for Q4'20 increased by 1.7% that is 57k to 3,508k compared to Q3'20 of 3,451k due to growth in MaxisONE Plan and Hotlink Postpaid subscriber base. Our Hotlink Postpaid and MaxisONE Share offering continued to attract entry level Postpaid subscribers, as well as those

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (Q4'20 vs Q3'20) (continued)

migrating from Prepaid to Postpaid. Postpaid ARPU for Q4'20 declined slightly by 1.2% to RM83 compared to Q3'20 of RM84 mainly due to dilution from increasing Hotlink Postpaid entry level subscribers. Postpaid data usage per month in Q4'20 grew by 15.3% to 23.3GB due to increase in data usage at home under the new norm and free 1GB/day community offering (Q3'20: 20.2GB).

Prepaid service revenue for Q4'20 decreased by 2.9%, that is RM21 million to RM696 million (Q3'20: RM717 million). Prepaid RGS increased by 43k, a 0.7% increase to 5,951k (Q3'20: 5,908k) subscribers. Prepaid was able to show a resilient subscriber base due to the ongoing adoption of attractive Hotlink Prepaid Unlimited product. Prepaid ARPU for Q4'20 was reduced by 2.5% to RM39 per month (Q3'20: RM40). Prepaid data usage per month was stable, increasing by only 1.0% to 19.3GB (Q3'20: 19.1GB). This is in-line with normalisation of data usage levels after the burst in data usage in the Q2'20 arising from Movement Control Order ("MCO")/Recovery MCO ("RMCO") and the stay-at-home and work-from–home requirements and free 1GB/day community offering.

The Group retained its network superiority in 4G LTE, delivering download speed of more than 5 Mbps for 85.2% of the time in key market centres on a comparable peer basis, and achieving 93% population coverage. Both these factors are key differentiators for digital lifestyle seekers. Maxis has accelerated network capacity build, in response to the burst in data usage in March, as Maxis is committed to delivering superior network performance.

On fibre, the Group added 20k home and biz fibre connections in Q4'20 bringing the total to 444k an increase of 4.7% (Q3'20: 424k) and the Home Fibre ARPU increased 4.9% to RM107 per month (Q3'20: RM102). In addition, our complimentary new product, Fixed Wireless Broadband Access ("FWBA") 4G/LTE router service, continues to gain momentum and has proven to be very successful in non-fibre coverage areas. The subscriber base grew by 16k net adds to end Q4'20 at 126k up from Q3'20 at 110k.

Normalised EBITDA for Q4'20 decreased by 2.9% that is RM28 million to RM939 million (Q3'20: RM967 million). The normalised EBITDA margin on service revenue decreased to 48.3% (Q3'20: 49.8%). The decrease in normalised EBITDA was mainly due to higher device costs offset by reduced level of impairment of receivables. Consequently, the Group reported for Q4'20 a normalised profit of RM319 million, a decrease of RM44 million, that is 12.1% compared to RM363 million in Q3'20, the preceding quarter.

Capex for the current quarter Q4'20 was RM504 million (Q3'20: RM319 million), in-line with our normal phasing of capex plus the ongoing continued investment in network capacity to support the data traffic growth, investment in Home Fibre and Enterprise growth.

Operating free cash flow for Q4'20 increased by RM360 million that is 46.2% to RM1,139 million (Q3'20: RM779 million) largely due to our focus on working capital initiatives mainly through collection analytics as well as higher collections from USP and other regulated projects.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current quarter against the preceding year corresponding quarter (Q4'20 vs Q4'19)

The Malaysian Government's MCO started on 18 March 2020, this then became RMCO on 10 June 2020 and continued up to end of Q4'20. Therefore, the impact from COVID-19 pandemic is seen in both current quarter and full year performance against the corresponding preceding periods and year. Amongst others, these include travel restrictions impacting international roaming revenue, decline in foreign workers and reducing disposable income from increasing unemployment impacting Prepaid segment, decreased retail traffic due to MCO impacting Postpaid, Fiber and device sales, higher credit risk that increases receivable impairment and increased data consumption impacting network capacity investment.

The Group recorded a total revenue for Q4'20 of RM2,261 million compared to corresponding Q4'19 of RM2,590 million which represents a 12.7% decrease, that is a RM329 million. The service revenue was down RM47 million, that is 2.4%, to RM1,945 million compared to Q4'19 of RM1,992 million, largely due to the temporary lack of international roaming income due to COVID-19 offset by the growth in Enterprise and fibre businesses. The service revenue excluding wholesale revenue for Q4'20 was down 2.1%, that is RM41 million to RM1,937 million compared to Q4'19 of RM1,978 million.

Postpaid service revenue for Q4'20 decreased by RM22 million, that is 2.2%, to RM967 million (Q4'19: RM989 million). The Group grew the postpaid RGS subscriber base (excluding M2M services) by 136k which represents a 4.0% increase to Q4'20: 3,508k versus Q4'19: 3,372k subscribers. The Postpaid APRU decreased by 7.8% year-on-year from Q4'19: RM90 to Q4'20: RM83 per month, largely due to Mobile Termination Rate ("MTR") reduction, the dilution effect from Hotlink Postpaid and the temporary lack of international roaming income.

Prepaid service revenue for Q4'20 declined by RM87 million, that is 11.1%, to RM696 million (Q4'19: RM783 million). The Group's prepaid subscription base was lower by 276k, that is a 4.4% reduction, from Q4'19: 6,227k to Q4'20: 5,951k which was due to the continued SIM consolidation, successful migration to the Hotlink entry point Postpaid service and lower foreign worker base. Prepaid ARPU decreased by 7.1% year-on-year from Q4'19: RM42 to Q4'20: RM39 per month mainly due to the MTR reduction since January 2020.

The Group is proud of its fibre connections growth, adding 75k of home and business fibre connections that is 20.3% to Q4'20: 444k from Q4'19: 369k. On FWBA 4G/LTE router service, the subscriber base grew by 27k net adds to end Q4'20 at 126k, up from Q4'19 at 99k.

The Group continued to lead the market in terms of quality and best digital experience. For Q4'20 we achieved a TP-NPS score of 54, up 3 points against Q4'19.

Demand for data increased across the Group's customer base with an average per month data usage in Prepaid of 19.3GB and Postpaid of 23.3GB for Q4'20. This represents a 30% increase of data demand for Prepaid from 14.8GB and 51% increase for Postpaid from 15.4GB from a year ago.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current quarter against the preceding year corresponding quarter (Q4'20 vs Q4'19) (continued)

Normalised EBITDA for Q4'20 was down 0.6% to RM939 million (Q4'19: RM945 million) but normalised EBITDA margin on service revenue increased slightly to 48.3% (Q4'19: 47.4%). Normalised profit for Q4'20 was lower by 6.7% or RM23 million, at RM319 million (Q4'19: RM342 million). The decrease in normalised profit in line with lower service revenue.

Capex for Q4'20 was RM504 million versus Q4'19 of RM577 million, that is RM73 million or 12.7% lower than the preceding year, with a capex re-focus on protecting the network performance and rebalancing the capacity, and Enterprise business.

Operating free cash flow for the Q4'20 was RM1,139 million compared to Q4'19 of RM762 million in the preceding year, an increase of 49.5% that is RM377 million largely due to our focus on working capital initiatives mainly through collection analytics as well as higher collections from USP and other regulated projects.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(C) Performance of the current year against the preceding year (Financial Year ("FY") 2020 vs FY'2019)

Financial indicators (RM'm unless otherwise indicated)	FY'2020	FY'2019[1]	Variance	% Variance
Revenue	**8,966**	9,313	(347)	(3.7)
Service revenue[2]	**7,725**	7,797	(72)	(0.9)
EBITDA[3]	**3,759**	3,891	(132)	(3.4)
Adjusted for:				
Unrealised foreign exchange gains	***(5)***	*(25)*		
Upfront SA fees charged out [4]	***60***	*60*		
Normalised EBITDA	**3,814**	3,926	(112)	(2.9)
Normalised EBITDA margin on service revenue (%)	**49.4**	50.4	NA	(1.0)
Profit before tax	**1,852**	2,027	(175)	(8.6)
Profit for the year	**1,382**	1,512	(130)	(8.6)
Adjusted for:				
Unrealised foreign exchange gains	***(5)***	*(25)*		
Tax effects of the normalisation adjustments	*1*	*6*		
Normalised profit for the year	**1,378**	1,493	(115)	(7.7)
Capex	**1,245**	1,213	32	2.6
Operating free cash flow	**3,639**	3,511	128	3.6

Notes:
[1] The comparative results were restated due to the adoption of IFRIC AD – Lease (refer to Note 1).
[2] Service revenue is defined as Group revenue excluding device revenue and network income.
[3] Defined as profit before finance income, finance costs, tax, depreciation, amortisation and allowance for write down of identified network costs.
[4] Charge out of SA renewal costs prepaid for license period.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(C) Performance of the current year against the preceding year (FY'2020 vs FY'2019) (continued)

Operational indicators	FY'2020	FY'2019[1]	Variance	% Variance
RGS ('000)	***9,585***	9,698	(113)	(1.2)
- Postpaid	***3,508***	3,372	136	4.0
- Prepaid	***5,951***	6,227	(276)	(4.4)
- Wireless Broadband	***126***	99	27	27.3
ARPU (Monthly) (RM)				
- Postpaid	***85***	91	(6)	(6.6)
- Prepaid	***39***	41	(2)	(4.9)
- Wireless Broadband	***102***	101	1	1.0
- Blended	***56***	58	(2)	(3.4)
Market definition subscriptions ('000)				
- Home Connections	***402***	331	71	21.5
- Biz Fibre Connections	***42***	38	4	10.5
ARPU (Monthly) (RM)				
- Home Fibre	***105***	106	(1)	(0.9)

Note:
[1] The comparative information of home and biz fibre connection has been restated to conform to current presentation.

The COVID-19 pandemic has impacted the Group's FY'20 performance where travel restrictions impacting international roaming revenue, decline in foreign workers and reducing disposable income from increasing unemployment impacting Prepaid segment, decreased retail traffic due to MCO impacting Postpaid, fibre and device sales and increased data consumption impacting network capacity investment.

The Group recorded a total revenue for FY'20 of RM8,966 million compared to corresponding FY'19 of RM9,313 million which represents a 3.7% decrease, that is RM347 million. The service revenue for FY'20 of RM7,725 million compared to corresponding FY'19 of RM7,797 million which represents a 0.9% decrease, that is RM72 million, contributed by the decline in MTR, loss of the wholesale business and lack of international roaming income, all offset by a resilient core mobiles business and growth in enterprise and fibre businesses.

Postpaid service revenue, including wholesale business, for FY'20 decreased by RM58 million, that is 1.5%, to RM3,881 million (FY'19: RM3,939 million). The Group grew the postpaid RGS subscriber base by 136k which represents a 4.0% increase, FY'20: 3,508k compared to FY'19: 3,372k subscribers. The Postpaid APRU decreased by 6.6% year-on-year from RM91 to RM85 per month, largely due to MTR reduction, temporary lack of international roaming income and the dilution effect from Hotlink Postpaid.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(C) Performance of the current year against the preceding year (FY'2020 vs FY'2019) (continued)

Prepaid service revenue for FY'20 declined by RM353 million, that is 11.1% to RM2,813 million (FY'19: RM3,166 million). The Group's prepaid subscription base was lower by 276k, that is a 4.4% reduction, FY'20: 5,951k compared to FY'19: 6,227k subscribers. This was due to the continued SIM consolidation, successful migration to the Hotlink entry point Postpaid service and lower foreign worker base. Prepaid ARPU declined 4.9% from RM41 to RM39 per month, the decline was largely due to the reduction in MTR.

The Group is proud of its fibre connections growth, adding 75k that is 20.3% for FY'20: 444k versus FY'19: 369k. During MCO in Q1'20 we promoted the FWBA 4G/LTE router service in lieu of fixed fibre installations. This has been a great success as an innovative product and was actively promoted throughout FY'20 and the momentum grew the subscriber base.

Normalised EBITDA and normalised EBITDA margin on service revenue for FY'20 was RM3,814 million (FY'19: RM3,926 million) and 49.4% (FY'19: 50.4%) respectively. Consequently, FY'20 normalised profit for the year was lower by 7.7% or RM115 million, at RM1,378 million (FY'19: RM1,493 million). The decline in normalised profit was mainly due to temporary loss of international roaming income, loss of wholesale business and higher impairment made to receivables as the Group revised the expected loss rates as disclosed in Note 5.

Capex for FY'20 was RM1,245 million versus FY'19 of RM1,213 million, that is RM32 million or 2.6% higher than the preceding year due to higher investment for capacity driven by a sharp increase in work-from-home traffic during MCO and RMCO, 5G readiness and Enterprise business.

Operating free cash flow for FY'20 was RM3,639 million compared to FY'19 of RM3,511 million in the preceding year, an increase of 3.6% that is RM128 million largely due to our focus on working capital initiatives mainly through collection analytics and higher collections from USP and other regulated projects boosting the operating free cash flow.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(D) STATEMENT OF FINANCIAL POSITION

Financial indicators (RM'm unless otherwise indicated)	AS AT 31/12/2020	AS AT 31/12/2019[1]
Total assets	**21,932**	22,323
Total equity	**7,050**	7,001
Debt [2]	**9,780**	9,930
Deposits, cash and bank balances	**(735)**	(582)
Net debt	**9,045**	9,348
Net debt-to-EBITDA	**2.41**	2.40

Note:
[1] The comparative results were restated due to the adoption of IFRIC AD – Lease (refer to Note 1).
[2] Debt includes derivative financial instruments designated for hedging relationship on borrowings.

Total equity and net debt-to-EBITDA of the Group remained stable.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021 ("FY21")

FY2021 financial outlook

As disclosed in Note 10, the Government of Malaysia announced its MyDIGITAL initiative and the Malaysia Digital Economy Blueprint which aim to accelerate the digitalisation of the Malaysian economy. Although this is aligned to Maxis' own accelerated strategy of being Malaysian's leading converged services provider, the details when announced could affect our execution approaches and timelines.

The COVID-19 pandemic continues to raise concern. At this stage, it is hard to reliably predict how long it will take to contain the virus, the impact it has on the Malaysian and the global economy, the impact on the demand for the services and solutions provided by the Group, locally and internationally and hence the Group's business operations. Furthermore, the Government is currently setting MCO and Recovery MCO status on a state level. So locally, the high unemployment rates since the initial MCO, the GDP recovery growth outlook, the occurrence of third wave of COVID-19 outbreak, the vaccine rollout, and the continuation of loan repayment moratorium only to targeted groups from October 20, creates an unpredictable environment for our business in 2021.

Given these uncertainties, the Group considered it prudent not to disclose a financial outlook for FY2021. The Group is gathering more details about the announcement and closely monitoring and assessing the impact of COVID-19 and when it becomes appropriate to disclose any material information, it will be made in accordance with the Main Market Listing Requirements.

Confident in our Convergence Strategy

We remain confident in our convergence strategy, driven by our differentiated network and the resilience of our people despite the unprecedented social and economic challenges brought by COVID-19. We continue to offer converged solutions to individuals, homes and businesses; and delivering differentiated and unmatched personalised experience.

Strong Financial Position

The Group remains in a good financial position to weather the crisis created by the COVID-19 pandemic.

Our balance sheet remains healthy and our funding and liquidity are well positioned. The Group has taken action to protect the safety of its employees, customers, the broader Malaysian economy and its core operations and remains alert to opportunities to strengthen and grow its business during this period of uncertainty.

Stay Safe, Stay Connected

The Group is conscious of the importance of its connectivity network when movements are restricted and people are separated. As an essential service provider, Maxis remains open for business whilst executing our business continuity plan. Measures have been put in place to ensure both fixed and mobile networks remain uninterrupted despite a dramatic increase in demand. We maintain our network performance leadership that our customers expect. As Malaysia's leading mobile operator, we are in a strong position to fully support our customers, our suppliers, our communities and our staff throughout this pandemic and beyond.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021 ("FY21") (CONTINUED)

Stay Safe, Stay Connected (continued)

Internally, our employees who are in customer facing and critical functions such as network field and retail staff are supported with best practice safety measures and all have the correct personal protective equipment. To mitigate the spread of COVID-19 virus, we ensure safe physical-social distancing. Internal and external physical meetings are replaced by virtual alternatives as we are developing a world class organisation through digitalisation.

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 2019.

20. PROFIT BEFORE TAX

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/12/2020	QUARTER ENDED 31/12/2019	**YEAR ENDED 31/12/2020**	YEAR ENDED 31/12/2019
	RM'm	RM'm	**RM'm**	RM'm
Fair value losses/(gain) on forward foreign exchange contracts	**5**	1	**3**	(3)
(Gains)/loss on foreign exchange (net)	*****	(2)	**2**	(2)
Property, plant and equipment:				
- losses/(gains) on disposal	*****	*	*****	*
- write-offs/impairment losses/ (impairment reversal)	**13**	(1)	**31**	33

Note:
* Less than RM1 million.

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 December 2020.

21. TAX EXPENSES

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/12/2020	QUARTER ENDED 31/12/2019	**YEAR ENDED 31/12/2020**	YEAR ENDED 31/12/2019
	RM'm	RM'm (Restated)	**RM'm**	RM'm (Restated)
Income tax:				
- current tax	**(34)**	21	**300**	491
- over accrual in prior years	**(13)**	-	**(13)**	(14)
Deferred tax:				
- origination and reversal of temporary differences	**149**	95	**173**	27
- recognition and reversal of prior years' temporary differences	**10**	-	**10**	11
Total	**112**	116	**470**	515

The Group's effective tax rates for the current quarter and financial year ended 31 December 2020 were 26.0% and 25.4% respectively, higher than the statutory tax rate of 24% mainly due to certain expenses not deductible for tax purposes.

22. STATUS OF CORPORATE PROPOSALS ANNOUNCED

There were no corporate proposals announced but not completed as at the date of this report.

23. BORROWINGS

RM denominated	AS AT 31 DECEMBER 2020 CURRENT LIABILITIES RM'm	AS AT 31 DECEMBER 2020 NON-CURRENT LIABILITIES RM'm	AS AT 31 DECEMBER 2020 TOTAL RM'm	AS AT 31 DECEMBER 2019[1] CURRENT LIABILITIES RM'm	AS AT 31 DECEMBER 2019[1] NON-CURRENT LIABILITIES RM'm	AS AT 31 DECEMBER 2019[1] TOTAL RM'm
Secured						
Lease liabilities	**255**	**1,687**	**1,942**	251	1,834	2,085
Unsecured						
Revolving credit	**-**	**-**	**-**	401	-	401
Term loans[2]	**-**	**1,192**	**1,192**	-	1,000	1,000
Commodity Murabahah Term Financing	**-**	**2,293**	**2,293**	-	2,295	2,295
Islamic Medium Term Notes	**-**	**3,838**	**3,838**	504	3,639	4,143
Business Financing-i	**-**	**498**	**498**	-	-	-
	255	**9,508**	**9,763**	1,156	8,768	9,924
Excluding lease liabilities:						
- weighted average interest rate			**3.95%**			4.65%
- proportion of borrowings between fixed and floating interest rates			**55% : 45%**			59% : 41%

Notes:
(1) The comparative results were restated due to the adoption of IFRIC AD – Lease (refer to Note 1).
(2) Partially hedged using Interest Rate Swap ("IRS") as disclosed in Note 24.

Material changes to borrowings for the financial year ended 31 December 2020 are disclosed in Note 6(a) to (d).

Subsequent to the end of the financial year, the Group partially repurchased its third series Sukuk Murabahah that carried nominal value of RM400 million.

24. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Details of derivative financial instruments outstanding as at 31 December 2020 are set out below:

TYPE OF DERIVATIVE	CONTRACT/ NOTIONAL VALUE	FAIR VALUE
	RM'm	RM'm
<u>Current liabilities</u>		
Derivatives designated in hedging relationship (cash flow hedge):		
Forward foreign exchange contracts:		
- less than one year	123	(3)
Derivatives not designated in hedging relationship:		
Forward foreign exchange contracts:		
- less than one year	46	(2)
	169	(5)
<u>Non-current liabilities</u>		
Derivatives designated in hedging relationship (cash flow hedge):		
IRS:		
- between two and five years	500	(17)
	669	(22)

Notes:
* less than RM1 million

There have been no changes since the end of the previous financial year ended 31 December 2019 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.

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

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

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

25. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	AS AT 31/12/2020 RM'm	AS AT 31/12/2019 RM'm
Non-current assets		
At net of impairment:		
- Trade receivables	105	282
- Finance lease receivables	6	15
- Contract assets	58	44
Prepayments	662	724
Contract cost assets, net of amortisation	116	118
	947	1,183
Current assets		
At net of impairment:		
- Trade receivables	1,105	1,207
- Other receivables and deposits	471	743
- Finance lease receivables	23	24
- Contract assets	140	155
Prepayments	190	157
Contract cost assets, net of amortisation	144	104
	2,073	2,390
	3,020	3,573

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 installment scheme up to 24 months.

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

	RM'm
Current	1,154
1 to 90 days past due	138
More than 90 days past due	89
	1,381

26. MATERIAL LITIGATION

There is no material litigation as at the date of this report.

27. DIVIDENDS

(a) Interim dividend

The Board of Directors has declared a fourth and special interim single-tier tax-exempt dividend of 4.0 sen and 1.0 sen respectively per ordinary share in respect of the financial year ended 31 December 2020, to be paid on 31 March 2021. The entitlement date for the dividend payment is 15 March 2021.

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

(i) shares transferred to the depositor's securities account before 4.30 pm on 15 March 2021 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.

(b) Final dividend

The Board of Directors do not recommend payment of any final dividend in respect of financial year ended 31 December 2020.

The total dividends declared for the financial year ended 31 December 2020 is 17.0 sen per ordinary share (2019: 20.0 sen).

28. EARNINGS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 31/12/2020	QUARTER ENDED 31/12/2019 (Restated)	**YEAR ENDED 31/12/2020**	YEAR ENDED 31/12/2019 (Restated)
(a) Basic earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	**319**	353	**1,382**	1,512
Weighted average number of issued ordinary shares	('m)	**7,823**	7,820	**7,822**	7,819
Basic earnings per share	(sen)	**4.1**	4.5	**17.7**	19.3
(b) Diluted earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	**319**	353	**1,382**	1,512
Weighted average number of issued ordinary shares	('m)	**7,823**	7,820	**7,822**	7,819
Adjusted for LTIP	('m)	**3**	3	**3**	3
Adjusted weighted average number of ordinary shares	('m)	**7,826**	7,823	**7,825**	7,822
Diluted earnings per share	(sen)	**4.1**	4.5	**17.7**	19.3

By order of the Board

Dipak Kaur
SSM PC No. 201908002620
(LS 5204)
Company Secretary
26 February 2021
Kuala Lumpur