MAXIS BERHAD

Company No. (200901024473 (867573-A))

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

ANNOUNCEMENT

The Board of Directors of Maxis Berhad ("Maxis" or "the Company") is pleased to announce the following condensed consolidated financial statements for the third quarter ended 30 September 2021 which should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2020 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 30/9/2021	QUARTER ENDED 30/9/2020	+ -	**PERIOD ENDED 30/9/2021**	PERIOD ENDED 30/9/2020	+ -
	Note	**RM'm**	RM'm (Restated)[1]	%	**RM'm**	RM'm (Restated)[1]	%
Revenue	3	**2,263**	2,213	2.3	**6,755**	6,705	0.7
Traffic, device, commissions and other direct costs		**(806)**	(767)		**(2,427)**	(2,273)	
Spectrum licence fees		**(68)**	(66)		**(200)**	(197)	
Network costs		**(125)**	(107)		**(360)**	(345)	
Staff and resource costs		**(183)**	(171)		**(544)**	(507)	
Operation and maintenance costs		**(102)**	(110)		**(287)**	(308)	
Marketing costs		**(49)**	(46)		**(132)**	(116)	
Impairment of receivables and deposits, net		**(*)**	(48)		**(19)**	(265)	
Government grant and other income		**62**	104		**186**	193	
Other operating expenses		**(17)**	(58)		**(62)**	(68)	
Depreciation and amortisation		**(435)**	(355)		**(1,214)**	(1,094)	
Finance income		**13**	20		**44**	66	
Finance costs		**(112)**	(119)		**(362)**	(370)	
Profit before tax	20	**441**	490	(10.0)	**1,378**	1,421	(3.0)
Tax expenses	21	**(116)**	(126)		**(359)**	(358)	
Profit for the period		**325**	364	(10.7)	**1,019**	1,063	(4.1)
Attributable to:							
- equity holders of the Company		**325**	364	(10.7)	**1,019**	1,063	(4.1)
Earnings per share attributable to equity holders of the Company (sen):							
- basic	28	**4.2**	4.7		**13.0**	13.6	
- diluted	28	**4.2**	4.7		**13.0**	13.6	

Notes:

[1] Comparatives were restated due to the adoption of International Financial Reporting Interpretations Committee ("IFRIC") Agenda Decision on "Lease Term and Useful Life of Leasehold Improvement" ("IFRIC AD - Lease") in the fourth quarter ended 31 December 2020.

* Less than RM1 million.

MAXIS BERHAD

Company No. (200901024473 (867573-A))

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/9/2021	QUARTER ENDED 30/9/2020	**PERIOD ENDED 30/9/2021**	PERIOD ENDED 30/9/2020
	RM'm	RM'm (Restated)[1]	**RM'm**	RM'm (Restated)[1]
Profit for the period	**325**	364	**1,019**	1,063
Other comprehensive income/(expenses)				
Item that will be reclassified subsequently to profit or loss:				
Net change in cash flow hedge	*****	(1)	**9**	(13)
Total comprehensive income for the period	**325**	363	**1,028**	1,050
Attributable to equity holders of the Company	**325**	363	**1,028**	1,050

Notes:

[1] Comparatives were restated due to the adoption of IFRIC AD - Lease in the fourth quarter ended 31 December 2020.

* Less than RM1 million.

MAXIS BERHAD

Company No. (200901024473 (867573-A))

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	AS AT 30/9/2021 RM'm	AS AT 31/12/2020 RM'm (Restated)
Non-current assets			
Property, plant and equipment	9	**4,782**	4,931
Intangible assets(2)		**11,436**	11,461
Right-of-use assets		**1,823**	1,767
Financial assets at fair value through other comprehensive income ("FVOCI")		**4**	4
Receivables, deposits and prepayments	25	**843**	947
Deferred tax assets		*	*
		18,888	19,110
Current assets			
Inventories		**5**	3
Receivables, deposits and prepayments	25	**1,736**	2,073
Amounts due from related parties		**4**	11
Derivative financial instruments	24	**1**	-
Tax recoverable		*	*
Deposits, cash and bank balances		**1,214**	735
		2,960	2,822
Total assets		**21,848**	21,932
Current liabilities			
Provisions for liabilities and charges		**108**	130
Payables and accruals		**3,447**	3,997
Amounts due to related parties		**14**	17
Borrowings	23	**1,515**	255
Derivative financial instruments	24	**1**	5
Taxation		**133**	57
		5,218	4,461
Net current liabilities		**(2,258)**	(1,639)

Notes:

(2) Includes intangible assets arising from business combination comprising goodwill and telecommunications licenses of RM9,580 million (2020: RM9,565 million) and spectrum rights of RM1,366 million (2020: RM1,396 million).

* Less than RM1 million.

MAXIS BERHAD

Company No. (200901024473 (867573-A))

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	Note	AS AT 30/9/2021 RM'm	AS AT 31/12/2020 RM'm (Restated)
Non-current liabilities			
Provisions for liabilities and charges		**330**	326
Payables and accruals		**153**	188
Borrowings	23	**8,545**	9,508
Derivative financial instruments	24	**10**	17
Deferred tax liabilities		**853**	717
		9,891	10,756
Net assets		**6,739**	6,715
Equity			
Share capital		**2,564**	2,547
Reserves		**4,175**	4,168
Total equity		**6,739**	6,715
Net assets per share (RM)		**0.86**	0.86

MAXIS BERHAD

Company No. (200901024473 (867573-A))

(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Period ended 30/9/2021	Note	Share capital	Merger relief [3]	Reserve arising from reverse acquisition	Other reserves	Retained earnings	Total equity
		RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
At 31/12/2020, as previously reported		2,547	22,729	(22,729)	49	4,454	7,050
Opening balance adjustments	1	-	-	-	-	(335)	(335)
Restated at 1/1/2021		2,547	22,729	(22,729)	49	4,119	6,715
Profit for the period		-	-	-	-	1,019	1,019
Other comprehensive income for the period		-	-	-	9	-	9
Total comprehensive income for the period		-	-	-	9	1,019	1,028
Dividends provided for or paid	7	-	-	-	-	(1,017)	(1,017)
Long-term Incentive Plan ("LTIP") and incentive arrangement:							
- share-based payment expense		-	-	-	20	-	20
- shares issued		17	-	-	(17)	-	-
- shares acquired		-	-	-	(7)	-	(7)
At 30/9/2021		2,564	22,729	(22,729)	54	4,121	6,739

Note:

[3] 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 THIRD QUARTER ENDED 30 SEPTEMBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

Period ended 30/9/2020	Note	Share capital	Merger relief [3]	Reserve arising from reverse acquisition	Other reserves	Retained earnings	Total equity
		RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
As at 1/1/2020, as previously reported		2,532	22,729	(22,729)	67	4,402	7,001
Opening balance adjustments	1	-	-	-	-	(335)	(335)
Restated at 1/1/2020		2,532	22,729	(22,729)	67	4,067	6,666
Profit for the period		-	-	-	-	1,063	1,063
Other comprehensive expense for the period		-	-	-	(13)	-	(13)
Total comprehensive (expense)/income for the period		-	-	-	(13)	1,063	1,050
Dividends provided for or paid		-	-	-	-	(1,017)	(1,017)
LTIP and incentive arrangement:							
- share-based payment expense		-	-	-	16	-	16
- shares issued		15	-	-	(15)	-	-
- shares acquired		-	-	-	(12)	-	(12)
At 30/9/2020		2,547	22,729	(22,729)	43	4,113	6,703

Note:

[3] 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.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	PERIOD ENDED 30/9/2021	PERIOD ENDED 30/9/2020
	RM'm	RM'm (Restated)[1]
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	1,019	1,063
Adjustments for:		
- non-cash items	1,486	1,566
- finance costs	362	370
- finance income	(44)	(66)
- tax expenses	359	358
Payments for provision for liabilities and charges	(113)	(106)
Operating cash flows before working capital changes	3,069	3,185
Changes in working capital	(308)	(572)
Cash flows from operations	2,761	2,613
Interest received	14	13
Tax paid	(147)	(127)
Tax refund	-	1
Net cash flows from operating activities	2,628	2,500
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	(812)	(857)
Consideration paid for business combination	(10)	(12)
Proceeds from disposal of property, plant and equipment	1	3
Placement of deposits with maturity of more than three months	(*)	(1)
Net cash flows used in investing activities	(821)	(867)
CASH FLOWS FROM FINANCING ACTIVITIES		
Shares acquired pursuant to incentive arrangement	(7)	-
Drawdown of borrowings	2,300	400
Repayment of borrowings	(2,050)	(400)
Repayment of lease liabilities	(203)	(190)
Payments of finance costs	(352)	(372)
Ordinary share dividends paid	(1,017)	(1,017)
Net cash flows used in financing activities	(1,329)	(1,579)
NET CHANGE IN CASH AND CASH EQUIVALENTS	478	54
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	705	552
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD[4]	1,183	606

Notes:

(1) Comparatives were restated due to the adoption of IFRIC AD - Lease in the fourth quarter ended 31 December 2020.

(4) The difference between the cash and cash equivalents and deposits, cash and bank balances represents 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 is unaudited and 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 2020.

The significant accounting policies and methods of computation adopted for the quarterly report are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2020, except for the following.

(i) Restatement of comparatives

During the current quarter, the Group changed its basis for determining the measurement of deferred tax on its intangible assets with indefinite useful life, based on the principles clarified by the IFRIC Agenda Decision on "Expected manner of recovery of indefinite life intangible assets when measuring deferred tax". In measuring deferred tax on intangible assets with indefinite useful life, the Group is of the view that it is appropriate that the expected manner of recovery of the carrying amounts is through use and has reflected the related tax consequences retrospectively.

Arising from the above, the Group recognised deferred tax liabilities of RM335 million on its intangible assets with indefinite useful life, with a corresponding decrease to the retained earnings as at 1 January 2020. The details of the restatement are as follows:

	As at 31/12/2020			As at 1/1/2020		
	As previously reported	Adjustments	Restated	As previously reported	Adjustments	Restated
	RM'm	RM'm	RM'm	RM'm	RM'm	RM'm
Net assets						
Deferred tax liabilities	382	335	717	199	335	534
Equity						
Retained earnings	4,454	(335)	4,119	4,402	(335)	4,067

The change has no impact to the profit after tax of the Group for the quarter and nine months ended 30 September 2020.

1. BASIS OF PREPARATION (CONTINUED)

The Group has also adopted the following amendments to MFRS that came into effect on 1 January 2021 which did not have any significant impact on the unaudited quarterly report upon their application.

• Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
• Amendments to MFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021

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 2022. 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 101 and MFRS Practice Note 2	Disclosure of Accounting Policies
• Amendments to MFRS 108	Definition of Accounting Estimates
• Amendments to MFRS 116	Proceeds before Intended Use
• Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
• Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
• 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 30/9/2021	QUARTER ENDED 30/9/2020	**PERIOD ENDED 30/9/2021**	PERIOD ENDED 30/9/2020
	RM'm	RM'm	**RM'm**	RM'm
Telecommunications services and solutions	**2,025**	1,968	**5,972**	5,865
Sale of devices	**238**	245	**783**	840
Total	**2,263**	2,213	**6,755**	6,705
Goods or services transferred:				
- at a point in time	**584**	664	**1,814**	2,087
- over time	**1,679**	1,549	**4,941**	4,618
Total	**2,263**	2,213	**6,755**	6,705

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 nine months ended 30 September 2021.

5. MATERIAL CHANGES IN ESTIMATES

In July 2021, Malaysian Communications and Multimedia Commission ("MCMC") issued new Standard Radio System Plans ("SRSP") and identified 700MHz, 3.5GHz and 26/28GHz as the only spectrum bands to support 5G services in Malaysia. At the same time, MCMC revised the existing SRSP for spectrum bands 900MHz, 1800MHz, 2100MHz and 2600MHz to support up to 4G services only. These changes have affected Maxis' ability to repurpose its spectrum to radiate future radio technologies beyond 4G and have consequential impact to the Group's estimated useful life of the spectrum rights.

Following the above, the Group has reassessed the expected useful life of the spectrum rights with a carrying amount of RM1,396 million as at 1 July 2021. This resulted in a revision in the useful life of the spectrum rights from indefinite to a finite life. The useful life of the spectrum rights is estimated based on the remaining Spectrum Assignment ("SA") term of the respective spectrum bands. The SA for 900MHz and 1800MHz was issued in July 2017 for 15 years whilst the SA for 2100 MHz was issued in April 2018 for 16 years.

5. MATERIAL CHANGES IN ESTIMATES (CONTINUED)

This change in the accounting estimate resulted in the recognition of an additional amortisation expense of RM30 million and deferred tax credit of RM7 million during the quarter and nine months ended 30 September 2021. The additional amortisation expense and deferred tax credit for the financial year ending 31 December 2021 is estimated at RM59 million and RM14 million respectively.

The Group reviews the useful life of the spectrum rights at each reporting date to determine if there are changes in the circumstances which the estimate is based on or when new information is available. These changes will be accounted for as a change in estimate by adjusting the amortisation of the intangible assets in the period of change and remaining useful life of the intangible assets. If the estimated useful life be extended for another 5 years, the total amortisation charges will reduce and profit before tax will increase by RM36 million per annum, and profit after tax will increase by RM27 million per annum.

6. DEBT AND EQUITY SECURITIES

Save for the below items, there were no other issuance, repurchase and repayment of debts and equity securities during the nine months ended 30 September 2021:

(a) The Group undertook the following transactions in relation to its RM10.0 billion Unrated Islamic Medium Term Notes ("Sukuk Murabahah") Programme:
   (i) partially repurchased the third series in tranches with an aggregate nominal value of RM1,200 million;
   (ii) issued the below Sukuk Murabahah series for a total nominal value of RM1,900 million to finance its capital expenditure and general working capital requirements:
      - the sixth series for a nominal value of RM300 million, with a 7-year tenure maturing in March 2028;
      - the seventh series for a nominal value of RM900 million, with a 5-year tenure maturing in May 2026;
      - the eighth series for a nominal value of RM300 million, with a 5-year tenure maturing in September 2026;
      - the ninth series for a nominal value of RM250 million, with a 7-year tenure maturing in September 2028; and
      - the tenth series for a nominal value of RM150 million, with an 8-year tenure maturing in August 2029.

(b) In relation to its other borrowings, the Group had:
   (i) drawndown the remaining RM400 million of the RM600 million term loan facility that was secured in Q4'20 to finance its operating, capital expenditure and general working capital requirements;
   (ii) partially prepaid RM500 million of the RM1.0 billion term loan facility maturing in December 2022; and
   (iii) partially prepaid RM350 million of the Commodity Murabahah Term Financing facility maturing in April 2024.

(c) 3,233,600 ordinary shares were issued under the LTIP.

7. DIVIDENDS PAID

The following single-tier tax exempt dividend payments were made during the nine months ended 30 September 2021:

	RM'm
In respect of the financial year ended 31 December 2020:	
- Fourth and special interim dividend of 4.0 sen and 1.0 respectively per ordinary share, paid on 31 March 2021	**391**
In respect of the financial year ending 31 December 2021:	
- First interim dividend of 4.0 sen per ordinary share, paid on 30 June 2021	**313**
- Second interim dividend of 4.0 sen per ordinary share, paid on 30 September 2021	**313**
	1,017

8. SEGMENT REPORTING

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

9. VALUATIONS OF PROPERTY, PLANT AND EQUIPMENT

There were no revaluations of property, plant and equipment during the nine months ended 30 September 2021. As at 30 September 2021, 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

On 13 October 2021, to further enhance the Group's managed network and security service delivery capabilities, Maxis Broadband Sdn. Bhd. ("MBSB"), a wholly owned subsidiary of the Company entered into a conditional share purchase to acquire 100% equity interest in MyKRIS Asia Sdn. Bhd. (a wholly owned subsidiary of MyKRIS International Berhad ("MyKRIS International")) for a total purchase consideration of up to RM157.5 million. The proposed acquisition is subject to, amongst others, the approval of at least 75% of MyKRIS International's shareholders.

11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the nine months ended 30 September 2021.

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;

(ii) In November 2020, 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 ("2020 Notices"). The High Court had granted and subsequently extended the interim stay of the enforcement of the 2020 Notices until the hearing of MBSB's leave application challenging the 2020 Notices; and

(iii) In March 2021, the IRB disallowed MBSB's deduction of interest expenses incurred for the Years of Assessment 2018 and 2019. Notices of additional assessment totalling RM230 million were issued ("2021 Notices"). The High Court has granted and subsequently extended the interim stay of the enforcement of the 2021 Notices until the hearing of the IRB's intervener application.

The Directors are of the view that no provision is required in the condensed consolidated 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, 2020 and 2021 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	621

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 30/9/2021	Balances due from/(to) as at 30/9/2021	Commitments as at 30/9/2021	Total balances due from/(to) and commitments as at 30/9/2021
	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)	77	2	-	2
- Saudi Telecom Company[2] (roaming and international calls)	3	*	-	*
- MEASAT Broadband (International) Ltd.[3] (revenue share on bandwidth)	2	*	-	*
- Maxis Communications Berhad[4] (corporate support services)	1	*	-	*
(b) Purchases of goods and services from:				
- MEASAT Broadcast Network Systems Sdn. Bhd.[1] (customer acquisition and installation charges)	15	-	-	-
- Saudi Telecom Company[2] (roaming and international calls)	3	-	-	-
- MEASAT Global Berhad Group[3] (transponder and teleport lease rental)	24	(1)	(27)	(28)
- Tanjong City Centre Property Management Sdn. Bhd.[5] (rental, service charge, property service and other utility charges)	31	-	(127)	(127)
- UTSB Management Sdn. Bhd.[5] (corporate management services)	22	(4)	(29)	(33)
- SRG Asia Pacific Sdn. Bhd.[6] (call handling and telemarketing services)	16	(5)	-	(5)
- Sri Lanka Telecom PLC[7] (roaming and international calls)	1	(*)	-	(*)

14. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

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 30 September 2021 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	**4,530**	**4,577**

15. FAIR VALUE MEASUREMENTS (CONTINUED)

(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 30 September 2021:

	Level 2	Level 3
	RM'm	RM'm
Assets		
Financial assets at FVOCI	-	4
Derivative financial instruments (forward foreign exchange contracts)	1	-
Liabilities		
Other payables	-	24
Derivative financial instruments (forward foreign exchange contracts)	1	-
Derivative financial instruments (interest rate swap)	10	-

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

16. ANALYSIS OF PERFORMANCE

Financial indicators (RM'm unless otherwise indicated)	3rd Quarter 2021 (unaudited)	2nd Quarter 2021 (unaudited)	3rd Quarter 2020[1] (unaudited)	Variance Q3'21 vs Q2'21		Variance Q3'21 vs Q3'20	
				RM'm	%	RM'm	%
Revenue	**2,263**	2,264	2,213	(1)	(*)	50	2.3
Service revenue[2]	**2,025**	1,988	1,968	37	1.9	57	2.9
EBITDA[3]	**969**	996	953	(27)	(2.7)	16	1.7
Adjusted for:							
Upfront spectrum assignment ("SA") fees charged out[4]	***15***	*15*	*15*				
Normalised EBITDA	**984**	1,011	968	(27)	(2.7)	16	1.7
Normalised EBITDA margin on service revenue (%)	**48.6**	50.9	49.2	NA	(2.3)	NA	(0.6)
Profit before tax	**441**	484	490	(43)	(8.9)	(49)	(10.0)
Profit for the period	**325**	360	364	(35)	(9.7)	(39)	(10.7)
Capital expenditure ("Capex")	**274**	180	319	94	52.2	(45)	(14.1)
Operating free cash flow	**1,067**	894	779	173	19.4	288	37.0

Notes:

(1) Comparatives were restated due to the adoption of IFRIC AD - Lease in the fourth quarter ended 31 December 2020 and to conform with current presentation.

(2) Service revenue is defined as Group revenue excluding sale of devices.

(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 1%

16. ANALYSIS OF PERFORMANCE (CONTINUED)

Operational indicators	3rd Quarter 2021	2nd Quarter 2021	3rd Quarter 2020[1]	Variance Q3'21 vs Q2'21		Variance Q3'21 vs Q3'20	
				'000	%	'000	%
Revenue generating subscriptions ("RGS") ('000)	***9,833***	9,751	9,469	82	0.8	364	3.8
- Postpaid	***3,699***	3,642	3,451	57	1.6	248	7.2
- Prepaid	***5,937***	5,942	5,908	(5)	(0.1)	29	0.5
- Wireless Broadband	***197***	167	110	30	18.0	87	79.1
ARPU (Monthly) (RM)							
- Postpaid	***81***	81	84	-	-	(3)	(3.6)
- Prepaid	***39***	38	40	1	2.6	(1)	(2.5)
- Wireless Broadband	***100***	114	103	(14)	(12.3)	(3)	(2.9)
- Blended	***47***	55	56	(8)	(14.5)	(9)	(16.1)
Market definition subscriptions ('000)							
- Fibre Connections	***512***	487	424	25	5.1	88	20.8
ARPU (Monthly) (RM)							
- Home Fibre [1]	***108***	109	102	(1)	(0.9)	6	5.9

Note:
[1] Comparative information has been restated to conform with current presentation.

(A) Performance of the current quarter against the preceding quarter (Q3'21 vs Q2'21)

The Group recorded a total revenue for Q3'21 of RM2,263 million in-line with Q2'21 of RM2,264 million. The service revenue for Q3'21 of RM2,025 million compared to Q2'21 of RM1,988 million which represents a 1.9% increase, that is RM37 million, on the back of better contribution from Postpaid and Fibre businesses.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(A) Performance of the current quarter against the preceding quarter (Q3'21 vs Q2'21) (continued)

Postpaid service revenue for Q3'21 increased by 2.8% that is by RM28 million to RM1,030 million compared to Q2'21 of RM1,002 million. The Postpaid RGS (excluding M2M services) for Q3'21 increased by 1.6% that is 57k to 3,699k compared to Q2'21 of 3,642k due to steady growth in Maxis Postpaid and Hotlink Postpaid subscriber base. Our Hotlink Postpaid and Maxis Postpaid Share 48 offering continued to attract entry level Postpaid subscribers, as well as those migrating from Prepaid to Postpaid. Postpaid ARPU for Q3'21 remained firm at RM81 (Q2'21 of RM81). Postpaid average data usage per month in Q3'21 increased by 9.4% to 28.0GB (Q2'21: 25.6GB) due to increase in data usage at home boosted by the stay-at-home, work-from-home, educate-at-home requirements and free 1GB/day community offering.

Prepaid service revenue for Q3'21 held steady at RM685 million (Q2'21: RM685 million). Prepaid RGS decreased by just 5k, a 0.1% decrease to 5,937k (Q2'21: 5,942k) subscribers. Prepaid ARPU for Q3'21 was slightly firmer at RM39 (Q2'21: RM38) per month. Prepaid data usage per month decreased slightly by 2.1% to 23.2GB (Q2'21: 23.7GB) as the nation entered into different phrases of recovery post a full lockdown in June 21.

The Group retained its network superiority in 4G LTE, delivering download speed of more than 5 Mbps for 87% 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.

On fibre, the Group added 25k fibre connections (market definition) in Q3'21 bringing the total to 512k an increase of 5.1% (Q2'21: 487k). The Home Fibre ARPU was firm at RM108 per month (Q2'21: RM109).

In addition, our alternative home connectivity product, Wireless Broadband ("WBB") 4G/LTE router service, continues to gain momentum and has proven to be very successful in non-fibre coverage areas. The WBB subscriber base (RGS30) grew 18% by 30k to end Q3'21 at 197k up from Q2'21 at 167k.

Normalised EBITDA for Q3'21 decreased by 2.7% that is down by RM27 million to RM984 million (Q2'21: RM1,011 million). The normalised EBITDA margin on service revenue decreased to 48.6% (Q2'21: 50.9%). The normalised EBITDA decrease was due to flat revenue and a 2.1% increase in expenses. The Group reported for Q3'21 a net profit of RM325 million, a decrease of RM35 million, that is down 9.7% compared to RM360 million in Q2'21.

Capex for the current quarter Q3'21 was RM274 million (Q2'21: RM180 million), in-line with our normal phasing of capex being progressively higher in Q3 and Q4. The capex was for ongoing investment in network capacity to support the data traffic growth, Home Fibre and Enterprise growth.

Operating free cash flow for Q3'21 increased by RM173 million that is 19.4% to RM1,067 million (Q2'21: RM894 million) mainly due to higher tax and operating payments in the previous period, Q2'21.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current quarter against the preceding year corresponding quarter (3rd Quarter 2021 versus 3rd Quarter 2020)

The Group recorded a total revenue for Q3'21 of RM2,263 million compared to corresponding Q3'20 of RM2,213 million which represents a 2.3% increase, that is RM50 million. The service revenue for Q3'21 of RM2,025 million compared to corresponding period of Q3'20 of RM1,968 million which represents a 2.9% increase, that is RM57 million, on the back of better contribution from Postpaid and Fibre businesses.

The National Recovery Plan ("NRP") was announced by the Prime Minister on 17 June 2021 and further reopening plans triggered by achieving a 90% vaccine adoption rate. The COVID-19 pandemic effects which include travel restrictions impacting international roaming revenue, decline in foreign workers impacting IDD revenue and reducing disposable income from increased unemployment impacted both Postpaid and Prepaid segments.

Postpaid service revenue for Q3'21 increased by RM69 million, that is 7.2%, to RM1,030 million (Q3'20: RM961 million). The Group grew the postpaid RGS subscriber base by 248k which represents a 7.2% increase on Q3'21: 3,699k versus Q3'20: 3,451k subscribers. The Postpaid ARPU decreased by 3.6% year-on-year from Q3'20: RM84 to Q3'21: RM81 per month, largely due to the dilution effect from increased subscribers adopting the value accretive Hotlink Postpaid although the Hotlink Postpaid ARPU is also slightly increasing.

Prepaid service revenue for Q3'21 declined by RM32 million, that is 4.5%, to RM685 million (Q3'20: RM717 million). The Group's prepaid subscription base was higher by 29k, that is a 0.5% increase to 5,937k. This was due to the encouraging take-up of Hotlink Prepaid Unlimited. Prepaid ARPU was slightly lower in Q3'21 at RM39 per month (Q3'20: RM40).

The Group is proud of its fibre connections growth, adding 88k that is 20.8% to Q3'21: 512k versus Q3'20: 424k.

The Group continued to lead the market in terms of quality and best digital experience. For Q3'21 we achieved a solid TP-NPS score of 62.

Demand for data increased across the Group's customer base with an average per month data usage in Prepaid of 23.2GB and Postpaid of 28.0GB for Q3'21. This represents a 21.5% increase of data demand for Prepaid from 19.1GB and 38.6% increase for Postpaid from 20.2GB from a year ago.

Normalised EBITDA and normalised EBITDA margin on service revenue for Q3'21 was RM984 million (Q3'20: RM968 million) and 48.6% (Q3'20: 49.2%) respectively. Consequently, net profit for Q3'21 was lower by 10.7% or RM39 million, at RM325 million (Q3'20: RM364 million). The decrease in net profit was due to higher depreciation and amortisation charges mainly from the changes in estimates as disclosed in Note 5.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(B) Performance of the current quarter against the preceding year corresponding quarter (3rd Quarter 2021 versus 3rd Quarter 2020) (continued)

Capex for Q3'21 was RM274 million versus Q3'20 of RM319 million, that is RM45 million or 14.1% lower than the preceding year. The capex focus was on protecting the network performance, rebalancing capacity and Enterprise business. The various phrases of lockdown and recovery from June 21, delayed some capex activities and project implementation.

Operating free cash flow for the Q3'21 was RM1,067 million compared to Q3'20 of RM779 million in the preceding year, an increase of 37.0% that is RM288 million mainly due to lower Universal Service Provision contribution ("USP") payments in Q3'21 versus Q3'20.

(C) Performance of the current year against the preceding year (year-to-date "YTD" September 2021 versus YTD September 2020)

Financial indicators (RM'm unless otherwise indicated)	YTD 2021	YTD 2020[(1)]	Variance	% Variance
Revenue	**6,755**	6,705	50	0.7
Service revenue[(2)]	**5,972**	5,865	107	1.8
EBITDA[(3)]	**2,914**	2,835	79	2.8
Adjusted for:				
Upfront SA fees charged out [(4)]	***45***	*45*		
Normalised EBITDA	**2,959**	2,880	79	2.7
Normalised EBITDA margin on service revenue (%)	**49.5**	49.1	NA	0.4
Profit before tax	**1,378**	1,421	(43)	(3.0)
Profit for the year	**1,019**	1,063	(44)	(4.1)
Capex	**590**	741	(151)	(20.4)
Operating free cash flow	**2,628**	2,500	128	5.1

Notes:
(1) Comparatives were restated due to the adoption of IFRIC AD - Lease in the fourth quarter ended 31 December 2020 and to conform with current presentation.
(2) Service revenue is defined as Group revenue excluding sale of devices.
(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 (year-to-date "YTD" September 2021 versus YTD September 2020) (continued)

Operational indicators	YTD 2021	YTD 2020[1]	Variance	% Variance
RGS ('000)	***9,833***	9,469	364	3.8
- Postpaid	***3,699***	3,451	248	7.2
- Prepaid	***5,937***	5,908	29	0.5
- Wireless Broadband	***197***	110	87	79.1
ARPU (Monthly) (RM)				
- Postpaid	***81***	84	(3)	(3.6)
- Prepaid	***38***	40	(2)	(5.0)
- Wireless Broadband	***108***	103	5	4.9
- Blended	***52***	56	(4)	(7.1)
Market definition subscriptions ('000)				
- Fibre Connections	***512***	424	88	20.8
ARPU (Monthly) (RM)				
- Home Fibre [1]	***108***	105	3	2.9

Note:
[1] The comparative information has been restated to conform with current presentation.

The Group recorded a total revenue for YTD 2021 of RM6,755 million, up RM50 million compared to corresponding YTD 2020 of RM6,705 million. The service revenue for YTD 2021 of RM5,972 million compared to corresponding YTD 2020 of RM5,865 million which represents a 1.8% increase, that is RM107 million, on the back of higher contribution from Postpaid and Fibre businesses.

The Malaysian Government reinstated Movement Control Order ("MCO") on 13 January 2021 and this then progressively became state-level Conditional MCO/Recovery MCO/Enhanced MCO until a countrywide full lockdown in June 2021. In addition, a state of emergency was declared from January 2021 to August 2021 to curb the spread of COVID-19. Individual states started to transit into different phases of NRP since August 2021. Therefore, the COVID-19 pandemic continues to impact the Group's YTD 2021 financial performance and the effects include travel restriction impacted international roaming revenue, loss of foreign workers impacted IDD revenue and higher unemployment which reduced the spending power of the subscribers.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(C) Performance of the current year against the preceding year (year-to-date "YTD" September 2021 versus YTD September 2020) (continued)

Postpaid service revenue, including wholesale business, for YTD 2021 increased by RM77 million, that is 2.6%, to RM3,006 million (YTD 2020: RM2,929 million). The Group grew the postpaid RGS subscriber base by 248k which represents a 7.2% increase, YTD 2021: 3,699k compared to YTD 2020: 3,451k subscribers. The Postpaid ARPU decreased by 3.6% year-on-year from RM84 to RM81 per month, largely due to the dilution effect from the value accretive Hotlink Postpaid and increased number of Postpaid shared lines.

Prepaid service revenue for YTD 2021 decreased by RM57 million, that is 2.7%, to RM2,060 million (YTD 2020: RM2,117 million). The Group's prepaid subscription base was higher by 29k, that is a 0.5% increase, YTD 2021: 5,937k compared to YTD 2020: 5,908k subscribers. This was mainly due to growth in Hotlink Unlimited subscribers. Prepaid ARPU declined 5.0% from RM40 to RM38 per month.

The Group is proud of its fibre connections growth, adding 88k that is 20.8% to YTD 2021: 512k versus YTD 2020: 424k.

The Group continued to lead the market in terms of quality and best digital experience. For YTD 2021 we achieved a solid TP-NPS score of 62.

Normalised EBITDA and normalised EBITDA margin on service revenue for YTD 2021 was RM2,959 million (YTD 2020: RM2,880 million) and 49.5% (YTD 2020: 49.1%) respectively.

Net profit for YTD 2021 was lower by 4.1% or RM44 million, at RM1,019 million (YTD 2020: RM1,063 million). The decline in net profit was mainly due to higher depreciation and amortisation resulting from changes in estimates as disclosed in Note 5.

Capex for YTD 2021 was RM590 million versus YTD 2020 of RM741 million, that is RM151 million or 20.4% lower than the preceding year due to delayed capex activities and a major Billing and Customer Service project was implemented in 2020.

Operating free cash flow for YTD 2021 was RM2,628 million compared to YTD 2020 of RM2,500 million in the preceding year, an increase of 5.1% that is RM128 million mainly due to lower USP payments and lower capex.

16. ANALYSIS OF PERFORMANCE (CONTINUED)

(D) STATEMENT OF FINANCIAL POSITION

Financial indicators (RM'm unless otherwise indicated)	AS AT 30/9/2021	AS AT 31/12/2020
Total assets	**21,848**	21,932
Total equity [2]	**6,739**	6,715
Debt [1]	**10,070**	9,780
Deposits, cash and bank balances	**(1,214)**	(735)
Net debt	**8,856**	9,045
Net debt-to-EBITDA	**2.31**	2.41

Notes:

[1] Debt includes derivative financial instruments designated for hedging relationship on borrowings.

[2] Comparatives restated as disclosed in Note 1.

Total equity of the Group remained stable. Net debt-to-EBITDA decreased from 2.41x as at 31 December 2020 to 2.31x as at 30 September 2021 as a result of higher deposits, cash and bank balances and EBITDA.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021 ("FY2021")

FY2021 financial outlook

On 1 March 2021, the Ministry of Finance announced Digital Nasional Berhad ("DNB") as the Government's Special Purpose Vehicle ("GOMSPV") to own, implement and manage 5G infrastructure and provide equal access wholesale 5G services to licensed telecommunication companies. The GOMSPV was announced by Prime Minister of Malaysia in February 2021 when the MyDIGITAL initiative and the Malaysia Digital Economy Blueprint was unveiled to accelerate the digitalisation of the Malaysian economy which includes bringing 5G to Malaysians in stages starting from the end of 2021.

Maxis is fully supportive of the objectives of MyDIGITAL and JENDELA and we remain committed to play our part to offer the best 5G innovation to benefit the people and businesses in the country with our expertise and resources. This is aligned to Maxis' own accelerated strategy of being Malaysian's leading converged solutions provider. However, the 5G launch details and revised spectrum technology rights as disclosed in Note 5 could affect our execution approaches, timelines and future financial performance. The Group is continuing to assess the impact based on the limited information available.

The National Recovery Plan was announced by the Prime Minister on 17 June 2021 and further reopening plans triggered by achieving a 90% vaccine adoption rate. However, the COVID-19 pandemic continues to raise concern and it remains hard to reliably predict the ongoing impact it will have 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. This creates an unpredictable environment for our business in 2021 and beyond. Given these uncertainties, the Group considered it prudent not to disclose a financial outlook for FY2021. The Group is 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 and ahead of structural industry changes

We remain confident in our convergence strategy, driven by our differentiated network, service, innovative offerings and the resilience of our people despite the unprecedented social and economic challenges brought by COVID-19. We are building upon our critical scale and size in the core mobiles business, our partnerships with global Information and Communication Technologies solution providers, our accredited and motivated talent, to build a strong first market advantage in converged service and continue to expand our offering of 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.

17. PROSPECTS FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2021 ("FY2021") (CONTINUED)

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, suppliers, communities and staff throughout this pandemic and beyond.

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 continue to 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 2020.

20. PROFIT BEFORE TAX

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/9/2021	QUARTER ENDED 30/9/2020	**PERIOD ENDED 30/9/2021**	PERIOD ENDED 30/9/2020
	RM'm	RM'm	**RM'm**	RM'm
Fair value (gains)/loss on forward foreign exchange contracts	**(2)**	8	**(4)**	(2)
(Gains)/losses on foreign exchange (net)	*****	(4)	**3**	2
Property, plant and equipment:				
- losses on disposal	*****	-	**1**	1
- write-offs/impairment losses	**1**	9	**16**	18

Note:
* Less than RM1 million.

20. PROFIT BEFORE TAX (CONTINUED)

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 nine months ended 30 September 2021.

21. TAX EXPENSES

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 30/9/2021	QUARTER ENDED 30/9/2020	**PERIOD ENDED 30/9/2021**	PERIOD ENDED 30/9/2020
	RM'm	RM'm (Restated)[1]	**RM'm**	RM'm (Restated)[1]
Current tax	**43**	22	**223**	334
Deferred tax:				
- origination and reversal of temporary differences	**73**	104	**136**	24
Total	**116**	126	**359**	358

The Group's effective tax rates for the current quarter and nine months ended 30 September 2021 were 26.3% and 26.1% respectively, higher than the statutory tax rate of 24% mainly due to certain expenses not deductible for tax purposes.

Note:
[1] Comparatives were restated due to the adoption of IFRIC AD - Lease in the fourth quarter ended 31 December 2020.

22. STATUS OF CORPORATE PROPOSALS ANNOUNCED

Save for those disclosed in Note 10, there were no corporate proposals announced but not completed as at the date of this report.

23. BORROWINGS

	AS AT 30 SEPTEMBER 2021			AS AT 31 DECEMBER 2020		
RM denominated	CURRENT LIABILITIES RM'm	NON-CURRENT LIABILITIES RM'm	TOTAL RM'm	CURRENT LIABILITIES RM'm	NON-CURRENT LIABILITIES RM'm	TOTAL RM'm
Secured						
Lease liabilities	**259**	**1,737**	**1,996**	255	1,687	1,942
Unsecured						
Term loans[1]	**-**	**1,093**	**1,093**	-	1,192	1,192
Commodity Murabahah Term Financing	**-**	**1,942**	**1,942**	-	2,293	2,293
Islamic Medium Term Notes	**1,256**	**3,274**	**4,530**	-	3,838	3,838
Business Financing-i	**-**	**499**	**499**	-	498	498
	1,515	**8,545**	**10,060**	255	9,508	9,763
Excluding lease liabilities:						
- weighted average interest rate			**3.75%**			3.95%
- proportion of borrowings between fixed and floating interest rates			**62% : 38%**			55% : 45%

Note:
(1) Partially hedged using Interest Rate Swap ("IRS") as disclosed in Note 24.

Material changes to borrowings for the nine months ended 30 September 2021 are disclosed in Note 6(a) and (b).

24. DERIVATIVE FINANCIAL INSTRUMENTS

(a) Details of derivative financial instruments outstanding as at 30 September 2021 are set out below:

TYPE OF DERIVATIVE	CONTRACT/ NOTIONAL VALUE	FAIR VALUE
	RM'm	RM'm
Current assets		
Derivatives designated in hedging relationship (cash flow hedge):		
Forward foreign exchange contracts:		
- less than one year	85	1
Derivatives not designated in hedging relationship:		
Forward foreign exchange contracts:		
- less than one year	39	*
	124	1
Current liabilities		
Derivatives designated in hedging relationship (cash flow hedge):		
Forward foreign exchange contracts:		
- less than one year	91	(1)
Derivatives not designated in hedging relationship:		
Forward foreign exchange contracts:		
- less than one year	16	*
	107	(1)
Non-current liabilities		
Derivatives designated in hedging relationship (cash flow hedge):		
IRS:		
- between one and two years	500	(10)
	731	(10)

Note:
* less than RM1 million

There have been no changes since the end of the previous financial year ended 31 December 2020 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 value of the IRS contract is 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 30/9/2021 RM'm	AS AT 31/12/2020 RM'm
Non-current assets		
At net of impairment:		
- Trade receivables	**59**	105
- Finance lease receivables	*****	6
- Contract assets	**62**	58
Prepayments	**617**	662
Contract cost assets, net of amortisation	**105**	116
	843	947
Current assets		
At net of impairment:		
- Trade receivables	**870**	1,105
- Other receivables and deposits	**329**	471
- Finance lease receivables	**13**	23
- Contract assets	**191**	140
Prepayments	**162**	190
Contract cost assets, net of amortisation	**171**	144
	1,736	2,073
	2,579	3,020

Note:
* less than RM1 million

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 installment scheme up to 24 months.

The ageing analysis of the Group's gross trade receivables as at 30 September 2021 is as follows:

	RM'm
Current	890
1 to 90 days past due	90
More than 90 days past due	79
	1,059

26. MATERIAL LITIGATION

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

27. DIVIDENDS

The Board of Directors has declared a third interim single-tier tax-exempt dividend of 4.0 sen per ordinary share in respect of the financial year ending 31 December 2021, to be paid on 30 December 2021. The entitlement date for the dividend payment is 1 December 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 1 December 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.

The total dividends declared for the nine months ended 30 September 2021 is 12.0 sen per ordinary share (2020: 12.0 sen).

28. EARNINGS PER SHARE

		INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED 30/9/2021	QUARTER ENDED 30/9/2020 (Restated)[1]	**PERIOD ENDED 30/9/2021**	PERIOD ENDED 30/9/2020 (Restated)[1]
(a) Basic earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	**325**	364	**1,019**	1,063
Weighted average number of issued ordinary shares	('m)	**7,826**	7,823	**7,824**	7,821
Basic earnings per share	(sen)	**4.2**	4.7	**13.0**	13.6
(b) Diluted earnings per share					
Profit attributable to the equity holders of the Company	(RM'm)	**325**	364	**1,019**	1,063
Weighted average number of issued ordinary shares	('m)	**7,826**	7,823	**7,824**	7,821
Adjusted for LTIP	('m)	**4**	3	**4**	3
Adjusted weighted average number of ordinary shares	('m)	**7,830**	7,826	**7,828**	7,824
Diluted earnings per share	(sen)	**4.2**	4.7	**13.0**	13.6

Note:

[1] Comparatives were restated due to the adoption of IFRIC AD - Lease in the fourth quarter ended 31 December 2020.

By order of the Board

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