



DIGI.COM BERHAD

Company no. 425190-X
(Incorporated in Malaysia)

Date: 22 April 2019

**Subject: INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
AND FINANCIAL PERIOD ENDED 31 MARCH 2019**

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER
AND FINANCIAL PERIOD ENDED 31 MARCH 2019

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	QUARTER ENDED	QUARTER ENDED		PERIOD ENDED	PERIOD ENDED	
	31 MAR 2019	31 MAR 2018	%	31 MAR 2019	31 MAR 2018	%
Note	RM'000	RM'000		RM'000	RM'000	
Revenue	1,508,507	1,634,531	-8	1,508,507	1,634,531	-8
Other income	4,784	5,308		4,784	5,308	
Net gain on foreign exchange and fair value movement of foreign currency forward contracts	3,571	2,654		3,571	2,654	
Depreciation and amortisation	(305,179)	(230,927)		(305,179)	(230,927)	
Other expenses	(711,189)	(867,690)		(711,189)	(867,690)	
Finance costs	(51,665)	(33,570)	+54	(51,665)	(33,570)	+54
Interest income	3,743	4,712		3,743	4,712	
Profit before tax	<u>452,572</u>	<u>515,018</u>	-12	<u>452,572</u>	<u>515,018</u>	-12
Taxation	(111,070)	(128,907)		(111,070)	(128,907)	
Profit for the period, representing total comprehensive income for the period, net of tax	<u>341,502</u>	<u>386,111</u>	-12	<u>341,502</u>	<u>386,111</u>	-12
Attributable to:						
Owners of the parent	<u>341,502</u>	<u>386,111</u>	-12	<u>341,502</u>	<u>386,111</u>	-12

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME - CONT'D

	INDIVIDUAL QUARTER		%	CUMULATIVE QUARTER		%
	QUARTER ENDED	QUARTER ENDED		PERIOD ENDED	PERIOD ENDED	
	<u>31 MAR 2019</u>	<u>31 MAR 2018</u>		<u>31 MAR 2019</u>	<u>31 MAR 2018</u>	
Earnings per share attributable to owners of the parent (sen per share):						
- Basic	<u>4.39</u>	<u>4.97</u>		<u>4.39</u>	<u>4.97</u>	
- Diluted ¹	<u>NA</u>	<u>NA</u>		<u>NA</u>	<u>NA</u>	

Note:¹NA denotes "Not Applicable"

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Notes to the Interim Financial Report on pages 9 to 15)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	UNAUDITED AT 31 MAR 2019 RM'000	AUDITED AT 31 DEC 2018 RM'000
Non-current assets		
Property, plant and equipment	2,848,479	2,881,172
Intangible assets	312,138	981,683
Right-of-use assets	2,646,117	-
Other investments	78	78
Derivative financial instruments	14,944	569
Trade and other receivables	170,175	140,762
Contract costs	67,296	71,130
Contract assets	33,924	40,900
	<u>6,093,151</u>	<u>4,116,294</u>
Current assets		
Inventories	85,337	61,135
Trade and other receivables	1,458,104	1,460,709
Contract assets	131,198	134,800
Derivative financial instruments	129	-
Cash and short-term deposits	243,846	433,118
	<u>1,918,614</u>	<u>2,089,762</u>
TOTAL ASSETS	<u>8,011,765</u>	<u>6,206,056</u>
Non-current liabilities		
Loans and borrowings	4,159,288	2,512,683
Deferred tax liabilities	237,633	276,063
Provision for liabilities	49,678	48,964
	<u>4,446,599</u>	<u>2,837,710</u>
Current liabilities		
Trade and other payables	1,930,010	2,144,070
Contract liabilities	298,146	315,386
Derivative financial instruments	-	301
Provision for liabilities	5,977	5,373
Loans and borrowings	650,985	181,371
Tax payable	38,558	48,657
	<u>2,923,676</u>	<u>2,695,158</u>
Total liabilities	<u>7,370,275</u>	<u>5,532,868</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONT'D

	UNAUDITED	AUDITED
	AT	AT
	31 MAR 2019	31 DEC 2018
	RM'000	RM'000
Equity		
Share capital	769,655	769,655
Accumulated losses	(128,165)	(96,467)
Total equity - attributable to owners of the parent	<u>641,490</u>	<u>673,188</u>
TOTAL EQUITY AND LIABILITIES	<u><u>8,011,765</u></u>	<u><u>6,206,056</u></u>
Net assets per share (RM)	<u><u>0.08</u></u>	<u><u>0.09</u></u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Notes to the Interim Financial Report on pages 9 to 15)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
At 31 December 2018/ 1 January 2019 ²	769,655	(96,467) ¹	673,188
Total comprehensive income	-	341,502	341,502
Transaction with owners:			
Dividend for the financial year ended 31 December 2018 - fourth interim dividend	-	(373,200)	(373,200)
At 31 March 2019	<u>769,655</u>	<u>(128,165)</u>	<u>641,490</u>

Note:¹ The deficit was a result of the Group's capital management initiatives carried out during the financial year ended 31 December 2012. The Company ("Digi.Com Berhad") received dividends from one of its subsidiaries in the form of bonus issue of redeemable preference shares and capital repayment amounting to RM509.0 million and RM495.0 million respectively. The Company had declared part of these as special dividends to its shareholders. The deficit arose from the elimination of these intra-group dividends at Group level.

Note:² The Group has adopted MFRS 16 on 1 January 2019. Under the transition method elected, comparatives were not restated. The Group recognised lease liabilities in the statement of financial position based on the remaining payment obligations from existing operating leases which were discounted using the incremental borrowing rate; and opted for measure the right-of-use assets at an amount equal to the lease liabilities, adjusted by the amount of the prepaid or accrued lease payments. Accordingly, there's no impact to the accumulated losses of the Group as at 1 January 2019. Further details of significant effects arising from adoption of new standard are disclosed in Note A1.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY - CONT'D

	Share capital RM'000	Accumulated losses RM'000	Total RM'000
At 31 December 2017	769,655	(250,937) ¹	518,718
Impacts arising from adoption of:			
- MFRS 15 ³	-	128,187	128,187
- MFRS 9 ³	-	(6,155)	(6,155)
At 1 January 2018 (adjusted)	<u>769,655</u>	<u>(128,905)</u>	<u>640,750</u>
Total comprehensive Income	-	386,111	386,111
Transaction with owners:			
Dividend for the financial year ended 31 December 2017			
- fourth interim dividend	-	(357,650)	(357,650)
At 31 March 2018	<u><u>769,655</u></u>	<u><u>(100,444)</u></u>	<u><u>669,211</u></u>

Note:³ The Group has adopted MFRS 15 and MFRS 9 on 1 January 2018. Under the transition methods elected, cumulative impacts arising from the adoption of the new standards were adjusted to the accumulated losses of the Group as at 1 January 2018.

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Interim Financial Report on pages 9 to 15)

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	PERIOD ENDED 31 MAR 2019 RM'000	PERIOD ENDED 31 MAR 2018 RM'000
Cash flows from operating activities		
Profit before tax	452,572	515,018
Adjustments for:		
Non-cash items	317,614	247,294
Finance costs	51,665	33,570
Interest income	(3,743)	(4,712)
Operating cash flow before working capital changes	<u>818,108</u>	<u>791,170</u>
Changes in working capital:		
Net change in current assets	(80,002)	(125,297)
Net change in contract assets	10,578	(33,209)
Net change in contract costs	3,834	2,496
Net change in current liabilities	(173,335)	45,433
Net change in contract liabilities	(17,240)	(27,027)
Cash generated from operations	<u>561,943</u>	<u>653,566</u>
Advance payment for bandwidth	(27,721)	(21,418)
Interest paid	(54,868)	(37,152)
Government grant received	30,847	88,557
Payments for provisions	(22)	(7)
Taxes paid	(159,599)	(139,127)
Net cash generated from operating activities	<u>350,580</u>	<u>544,419</u>
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(167,493)	(299,621)
Purchase of unquoted investment	-	(15)
Interest received	5,796	4,968
Net cash used in investing activities	<u>(161,697)</u>	<u>(294,668)</u>
Cash flows from financing activities		
Drawdowns of loans and borrowings	100,000	-
Repayments of loans and borrowings	(105,028)	(5,543)
Dividends paid	(373,200)	(357,650)
Net cash used in financing activities	<u>(378,228)</u>	<u>(363,193)</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS - CONT'D

	PERIOD ENDED 31 MAR 2019 RM'000	PERIOD ENDED 31 MAR 2018 RM'000
Net decrease in cash and cash equivalents	(189,345)	(113,442)
Effect of exchange rate changes on cash and cash equivalents	73	(302)
Cash and cash equivalents at beginning of period	433,118	575,045
Cash and cash equivalents at end of period	<u>243,846</u>	<u>461,301</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Interim Financial Report on pages 9 to 15)

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NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in compliance with MFRS 134: Interim Financial Reporting.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2018.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial year ended 31 December 2018 except for the newly-issued Malaysian Financial Reporting Standards ("MFRS"), interpretation and amendments to standards to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after 1 January 2019:

MFRS 16: Leases

MFRS 9: Prepayment Features with Negative Compensation (Amendments to MFRS 9)

MFRS 128: Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)

MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)

IC Interpretation 23: Uncertainty over Income Tax Treatments

Annual Improvements to MFRS Standards 2015–2017 Cycle

The adoption of the above did not have any significant effects on the interim financial report upon their initial application, other than as disclosed below:

MFRS 16 Leases

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117 and did not have an impact for leases where the Group is the lessor.

The Group adopted MFRS 16 using modified retrospective method and comparatives are not restated.

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NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A1. Basis of Preparation – cont'd

MFRS 16 Leases – cont'd

(a) Impact of adoption of MFRS 16

In summary, the impact of adopting MFRS 16 to opening balances are as follows:

Statement of financial position

1 January 2019

In RM'000	Impact of change in accounting policies		
	As previously reported	MFRS 16 adjustments	After adjustments
Assets			
Property, plant and equipment	2,881,172	(12,997)	2,868,175
Intangible assets	981,683	(657,223)	324,460
Right-of-use assets	-	2,773,459	2,773,459
Trade and other receivables	1,601,471	(10,660)	1,590,811
Impact to assets	<u>5,464,326</u>	<u>2,092,579</u>	<u>7,556,905</u>
Liabilities			
Non-current lease liabilities	(2,081)	(1,794,307)	(1,796,388)
Current lease liabilities	(6,371)	(347,829)	(354,200)
Trade and other payables	(2,144,070)	49,557	(2,094,513)
Impact to liabilities	<u>(2,152,522)</u>	<u>(2,092,579)</u>	<u>(4,245,101)</u>
Equity			
Accumulated losses	<u>(96,467)</u>	<u>-</u>	<u>(96,467)</u>

The Group assesses whether a contract is or contains a lease based on the definition of a lease and related guidance set out in MFRS 16.

Leases previously classified as finance leases

The Group recognised the carrying amount of the leased asset and lease liability as at 31 December 2018 as the carrying amount of the right-of-use ("ROU") asset and the lease liability at the date of initial application.

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NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A1. Basis of Preparation – cont'd

MFRS 16 Leases – cont'd

(a) Impact of adoption of MFRS 16 – cont'd

Leases previously accounted for as operating leases

The Group recognised ROU assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and the Group has opted for the ROU assets to be carried at an amount equal to the lease liability, adjusted by the amount of the prepaid or accrued lease payments.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous before the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease

(b) Reconciliation of operating lease commitment as at 31 December 2018 to the opening balance of lease liabilities as at 1 January 2019

The operating lease commitments as of 31 December 2018 is reconciled to arrive at the lease liabilities as at 1 January 2019 as follows:

	RM'000
Operating lease commitments disclosed as at 31 December 2018	840,536
(Less): short-term leases and low-value leases recognised on a straight-line basis as expense	(818)
	839,718
Weighted average incremental borrowing rate as at 1 January 2019	5%
Discounted using the lessee's incremental borrowing rate at the date of initial application	733,154
Add: finance lease liabilities recognised as at 31 December 2018	8,452
Add: accrued lease payments recognised as at 31 December 2018	49,557
Add: existing contracts as at 31 December 2018 assessed to be contained a lease under MFRS 16	1,204,027
Add: extension options reasonably certain to be exercised	155,398
Lease liabilities recognised as at 1 January 2019	2,150,588

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NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A1. Basis of Preparation – cont'd

MFRS 16 Leases – cont'd

(c) Change in accounting policies

Applying MFRS 16, for all leases (except as noted below), the Group as a lessee:

- i) recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;
- ii) recognises depreciation of right-of-use assets and interest on lease liabilities in profit or loss; and
- iii) separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

The Group has adopted the following accounting policy choices and elected to apply the following practical expedients:

- Fixed non-lease components embedded in the lease contract were not separated out from lease payments in measuring lease liabilities and capitalised as right-of-use assets
- Leases with a lease term of 12 months or shorter are exempted from recognition
- Leases for low-value assets, mainly refers to office equipment, are exempted from recognition
- Intangible assets, such as spectrum and licences, are considered under MFRS 16

(d) Amounts recognised in the statement of financial position as at 31 March 2019

The following table summarises the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets			Lease liabilities (Note B8) RM'000
	Telecommunication network and trans- mission facilities RM'000	Spectrum rights RM'000	Others* RM'000	
As at 1 January 2019	1,101,801	1,655,426	16,232	(2,150,588)
Additions	-	-	608	(608)
Termination	-	-	(18)	18
Depreciation	(70,561)	(32,515)	(2,859)	-
Interest expense	-	-	-	(26,010)
Remeasurement	(21,997)	-	-	21,997
Payments	-	-	-	131,037
As at 31 March 2019	1,009,243	1,622,911	13,963	(2,024,154)

**Included in others are leases for retail storefronts and equipment, and office buildings*

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NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A2. Seasonality or Cyclicity of Interim Operations

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

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence for the current quarter and financial period ended 31 March 2019, other than the drawdown of floating-rate term financing-i ("FRTF-i") as disclosed in Note A5.

A4. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter and financial period ended 31 March 2019.

A5. Debts and Equity Securities

There were no issuance, repurchase and repayment of debt and equity securities for the current quarter and financial period ended 31 March 2019, other than the drawdown of FRTF-i amounting to RM100.0 million in March 2019.

A6. Dividend Paid

The fourth interim tax exempt (single-tier) dividend of 4.8 sen per ordinary share amounting to RM373.2 million in respect of the financial year ended 31 December 2018 was paid on 29 March 2019.

A7. Segment Information

Segmental information is not presented as the Group is primarily engaged in the provision of mobile communication services and its related products in Malaysia.

A8. Material Events Subsequent to the End of the Interim Period

There are no material events subsequent to the current quarter and financial period ended 31 March 2019 up to the date of this report.

A9. Changes in the Composition of the Group

There were no material changes in the composition of the Group for the current quarter and financial period ended 31 March 2019 including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings and discontinuing operations.

A10. Changes in Contingent Liabilities

There were no material changes in contingent liabilities or contingent assets arising since the last audited financial statements for the financial year ended 31 December 2018.

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NOTES TO THE INTERIM FINANCIAL REPORT - CONT'D

A11. Capital Commitments

Capital commitments of the Group in respect of property, plant and equipment and intangible assets not provided for as of 31 March 2019 are as follows:

	RM'000
Approved and contracted for	<u>531,000</u>
Approved but not contracted for	<u>497,000</u>

A12. Related Party Transactions

Related party transactions ("RPT") entered into by the Group were carried out in the normal course of business and on agreed commercial terms with the related parties. Listed below are the significant transactions and balances with related parties of the Group during the current financial period:

	Transactions for the period ended 31 MAR 2019 RM'000	Balance due from/(to) at 31 MAR 2019 RM'000
With the ultimate holding company and fellow subsidiaries		
- Telenor ASA		(16,873)
Consultancy services rendered	12,520	
Licenses and trademarks	2,433	
- Telenor Procurement Company		(14,261)
Managed services rendered	7,239	
- Telenor GO Pte Ltd		(303)
Personnel services rendered	398	
- Telenor Global Services AS		(1,900)
Sales of interconnection services on international traffic	2,250	
Purchases of interconnection services on international traffic	1,758	
Purchases of global connectivity	179	
- Total Access Communication Public Company Limited		(337)
Sales of international roaming services	1	
Purchases of international roaming services	119	

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A12. Related Party Transactions – cont'd

	Transactions for the period ended 31 MAR 2019 RM'000	Balance due from/(to) at 31 MAR 2019 RM'000
With the ultimate holding company and fellow subsidiaries – cont'd		
- dtac TriNet Co. Ltd		(1,937)
Sales of international roaming services	69	
Purchases of international roaming services	313	
- Telenor Digital Services AS		(5,157)
Purchases of cloud based software infrastructure services	1,090	
Technical services rendered	3,163	
- Telenor Global Shared Services AS		(3,565)
Services rendered on Enterprise Resource Planning (“ERP”) and Enterprise applications	1,965	
- Valyou Sdn Bhd		20
Sales of telecommunication and related services	51	
- Telenor Global Services Singapore Pte Ltd		327
Bandwidth leasing income	637	
Purchases of IP transit	388	
- Tapad Inc. US		(622)
Services rendered on digital marketing and distribution platform	678	
- Telenor Norge AS		(2,057)
Sales of international roaming services	47	
Purchases of international roaming services	14	
Business security strategy execution rendered	1,605	

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ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B)

B1. Review of the Performance of the Company and its Principal Subsidiaries

Analysis of the Group's performance is provided in the "Management Discussion & Analysis" enclosed.

B2. Explanatory Comments on Any Material Change in the Profit Before Tax for the Quarter Reported on as Compared with the Immediate Preceding Quarter

Analysis of material changes in the Group's Profit Before Tax for current quarter ("1Q 2019") compared with immediate preceding quarter ("4Q 2018") is provided in the "Management Discussion & Analysis" enclosed.

B3. Prospects For Remaining Quarters Up to The End of Financial Year 31 December 2019

Analysis of the Group's prospects up to 31 December 2019 is provided in the "Management Discussion & Analysis" enclosed.

B4. Explanatory Notes for Variance of Actual Profit from Forecast Profit/Profit Guarantee

Not applicable.

B5. Revenue

Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by major products or service lines (which also represent our defined performance obligations).

	Note	Period ended 31 MAR 2019 RM'000	Period ended 31 MAR 2018 RM'000
Major products/service lines			
Telecommunication revenue	(a)	1,392,174	1,474,694
Sales of devices	(b)	96,437	143,114
Lease income	(c)	19,896	16,723
		1,508,507	1,634,531

Timing of revenue recognition for respective major products/service lines represented by:

- (a) Services transferred over time
- (b) Products transferred at a point in time
- (c) Income not within the scope of MFRS 15

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**ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LR (APPENDIX 9B)
-CONT'D**

B6. Taxation

The Group's taxation charge for the current quarter and financial period ended 31 March 2019 was made up as follows:

	Period ended 31 MAR 2019 RM'000
Income tax:	
- Current tax expense	(148,216)
- Under-provision in prior years	(1,284)
Deferred tax	
- Net originating and reversal of timing differences	38,430
Total	(111,070)

The Group's effective tax rate for the current quarter and financial period ended 31 March 2019 was 24.5% and is higher than the statutory tax rate of 24.0%, mainly due to certain expenses not deductible for tax purposes.

B7. Status of Corporate Proposals

There are no corporate proposal announced but not completed in the interval from the date of the last report and the date of this announcement.

B8. Group Borrowings

	Note	As at 31 MAR 2019 RM'000	As at 31 MAR 2018 RM'000
Non-current			
Floating-rate term loans ("FRTL")	(a)	1,113,954	1,286,240
Floating-rate term financing-i ("FRTF-i")	(a)	448,141	498,819
Islamic Medium Term Notes ("IMTN")	(b)	899,024	898,863
Lease liabilities	(d)	1,698,169	6,907
		<u>4,159,288</u>	<u>2,690,829</u>

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B8. Group Borrowings – cont'd

	Note	As at 31 MAR 2019 RM'000	As at 31 MAR 2018 RM'000
Current			
Floating-rate term loans ("FRTL")	(c)	175,000	-
Floating-rate term financing-i ("FRTF-i")	(c)	150,000	-
Lease liabilities	(d)	325,985	8,769
		<u>650,985</u>	<u>8,769</u>
Total loans and borrowings		<u>4,810,273</u>	<u>2,699,598</u>

The above unsecured loans and borrowings and debt securities are denominated in Ringgit Malaysia.

Any difference between proceeds (net of transaction costs) and the settlement or redemption of borrowings and debt securities is recognised in profit and loss over the period of the borrowings and debt securities using the effective interest rate method.

Group's borrowings and debt securities portfolio of fixed and floating interest/profit rate are as follows:

	As at 31 MAR 2019 RM'000	As at 31 MAR 2018 RM'000
Borrowings and debt securities:		
Floating rate	1,887,095	1,785,059
Fixed rate	2,923,178	914,539
	<u>4,810,273</u>	<u>2,699,598</u>

- (a) Repayments of FRTL and FRTF-i will commence 42 months from first drawdown. Repayments for non-current portion of FRTL and FRTF-i are as disclosed below:

No.	Outstanding amount as at 31 MAR 2019 RM'000	Month of next repayment
Non-current		
FRTL: i	400,000	April 2020
ii	350,000	June 2020
iii	375,000	September 2020
Non-current		
FRTF-i: iv	450,000	September 2020

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(b) The details of the Group's outstanding IMTN as at 31 March 2019 are set out as follow:

IMTN	Nominal value RM' million	Tenure	Profit rate per annum	Maturity date
Tranche 001	300.0	5 years	4.38%	14 April 2022
Tranche 002	300.0	7 years	4.53%	12 April 2024
Tranche 003	300.0	10 years	4.65%	14 April 2027
Total	900.0			

(c) The amount of FRTL and FRTF-i that are classified to current liabilities as they are due within the next 12 months.

The current portion of FRTL consists of:

- (i) tranches of RM62.5 million each are repayable in September 2019 and March 2020 respectively; and
- (ii) RM50.0 million is repayable in December 2019.

The current portion of FRTF-i consists of tranches of RM75.0 million each are repayable in September 2019 and March 2020 respectively.

(d) Included in lease liabilities are those leases previously classified as operating leases under MFRS 117 that are recognised on-balance sheet under MFRS 16 becomes effective on 1 January 2019. Details on impact of the adoption of MFRS 16 and the changes in accounting policies are disclosed in Note A1.

B9. Financial Instruments

As at 31 March 2019, the Group's outstanding net derivative financial instruments are detailed below:

Type of derivative	Notional value (RM'000)	Fair value - asset (RM'000)
Foreign currency forward contracts: - Less than one year	24,408	129
Interest rate swaps contracts - More than three years	750,000	14,944

Accounting Policy

The Group uses derivatives comprising of foreign currency forward contracts and interest rate swaps to manage risk exposures related to changes in foreign currency and interest rates.

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B9. Financial Instruments – cont'd

Accounting Policy – cont'd

(a) Foreign currency risk

The Group enters into foreign currency forward contracts to minimise its exposure to foreign currency risks as a result of transactions denominated in currencies other than its functional currency, arising from the normal business activities; in accordance with the Group's hedging policy. In line with the Group's hedging policy, hedging is only considered for firm commitments and highly probable transactions of which hedging shall not exceed 100% of the net exposure value. Firm commitments are netted-off against receivables denominated in the same currency, and only the net exposures are hedged so as to maximise the Group's natural hedge position.

(b) Interest rate risk

The Group manages its interest rate risk by having a balanced portfolio of fixed and floating rate financial liabilities that is consistent with the interest rates profiles acceptable to the Group. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, a fixed interest rate for floating rates.

The Group uses interest rate swaps to hedge the fair value risk in relation to the fixed interest rates of IMTN with notional principal amounts of RM750.0 million. The interest rate swaps entitles the Group to receive interest at a fixed rate ranging from 4.38% to 4.65% per annum, and in return, pays interest quarterly at floating rate plus a spread. The swaps mature at varying dates based on the maturity of different tranches of IMTN.

Speculative activities are strictly prohibited. The Group adopts a layered approach to hedging, where a higher percentage of hedging will be executed for closer-dated exposures and with time, increase the hedge as the probability of the underlying exposure increases. The derivatives and their underlying exposures will be monitored on an on-going basis.

There were no changes for cash requirement since the end of the previous financial year ended 31 December 2018.

Derivatives are stated at fair value which is equivalent to the marking of these derivatives to market, using prevailing market rates. Derivatives with positive market values (unrealised gains) are included under assets, whereas derivatives with negative market values (unrealised losses) are included under liabilities in the statement of financial position. Any gains or losses arising from derivatives held for trading purposes, or changes in fair value on derivatives during the financial period that do not qualify for hedge accounting are recognised in profit and loss.

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B9. Financial Instruments – cont'd

Credit Risk Management Policy

Foreign currency forward contracts and interest rate swap transactions are executed only with credit-worthy financial institutions in Malaysia which are governed by appropriate policies and procedures.

B10. Material Litigation

There are no pending material litigations as at the date of this report.

B11. Dividends

The Board of Directors has declared a first interim tax exempt (single-tier) dividend of 4.3 sen per ordinary share (1Q 2018: 4.9 sen per ordinary share) in respect of the financial year ending 31 December 2019, which will be paid on 28 June 2019. The entitlement date is on 3 June 2019.

A Depositor shall qualify for the entitlement only in respect of:

- (i) shares transferred to the Depositor's Securities Account before 4.00 p.m. on 3 June 2019 in respect of transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

Year-to-date ("YTD") dividend for the financial period ended 31 March 2019 is 4.3 sen per ordinary share (YTD 2018: 4.9 sen).

B12. Earnings Per Share

Basic Earnings Per Share

The basic earnings per share for the current quarter and financial period ended 31 March 2019 have been calculated as per the summary below:

	Period ended 31 MAR 2019 RM'000	Period ended 31 MAR 2018 RM'000
Earnings		
Profit for the period, Amount attributable to owners of the parent	341,502	386,111
Weighted average number of ordinary shares ('000)	7,775,000	7,775,000
Basic earnings per share (sen)	4.39	4.97

Diluted Earnings Per Share - Not applicable

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CONT'D**

B13. Auditors' Report on Preceding Annual Financial Statements

The latest audited financial statements for the financial year ended 31 December 2018 were not subject to any qualification.

B14. Additional Disclosures

	Period ended 31 MAR 2019 RM'000	Period ended 31 MAR 2018 RM'000
Impairment losses on trade receivables and contract assets	(13,985)	(16,230)
Reversal/(allowance) for inventory obsolescence	436	(517)
Loss on disposal of property, plant and equipment	(452)	-
Foreign exchange gain	3,141	1,340
Fair value gain on foreign currency forward contracts	430	1,314
Fair value gain/(loss) on interest rate swaps	5,976	(1,649)

Other than the items highlighted above which have been included in the condensed consolidated statement of comprehensive income, there were no profits/(losses) on any other items and sale of quoted securities, investments and properties included in the results for the current quarter and financial period ended 31 March 2019.

c.c. Securities Commission