

financial statements

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Directors' Report

for the financial year ended 31 December 2002

The Directors hereby submit their Report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of a holder of investments and the provider of services to its subsidiaries. The principal activities of the subsidiaries which contribute substantially to the Group's results are that of an operator of a cellular mobile telephony network, an operator of a national public switched telephony network and provider of internet services and internet application services, and an operator of an international gateway.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year. During the financial year, the Company acquired the entire equity interest in Advanced Wireless Technologies Sdn. Bhd., details of which are set out in Note 27 to the financial statements.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit after taxation	949,666	371,129

DIVIDENDS

The dividends paid by the Company since the end of the previous financial year were as follows:

	RM'000
In respect of the financial year ended 31 December 2001 as shown in the Directors' report of that year:	
Final gross dividend of 178.1 sen per ordinary share on 157,894,739 ordinary shares, less Malaysian income tax at 28%, paid on 22 April 2002	202,500
Final gross dividend of 339.4 sen per ordinary share on 157,894,739 ordinary shares, tax exempt, paid on 22 April 2002	535,900
	738,400

The Directors have proposed an interim dividend of 6.0 sen per ordinary share, tax exempt, amounting to RM147,052,500 in respect of the financial year ended 31 December 2002, which will be paid on 7 April 2003. The entitlement date for the dividend payment is 19 March 2003.

Directors' Report

for the financial year ended 31 December 2002 (continued)

DIVIDENDS (continued)

A holder of a securities account maintained with the Malaysian Central Depository Sdn. Bhd. ("Depositor") shall qualify for entitlement to the interim dividend only in respect of:

- (i) shares deposited into the Depositor's securities account before 4.00 p.m. (Malaysian time) on 19 March 2003 in respect of transfers; and
- (ii) shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

A final dividend of 12.5 sen per ordinary share, less Malaysian income tax at 28%, amounting to RM220,578,750 has been recommended by the Directors and, subject to the approval of members at the forthcoming Annual General Meeting of the Company, will be paid on a date to be determined.

The total dividends, net of tax, for the financial year ended 31 December 2002 amounts to RM367,631,250 (2001: RM760,000,000).

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year are disclosed in the financial statements.

NON-VOTING REDEEMABLE PREFERENCE SHARES

The Company had on 6 May 2002, issued 203,300 Non-Voting Redeemable Preference Shares ("RPS") of RM1 each at a premium of RM9,999 each by the application of the share premium account. These shares had no voting rights attached to them and ranked in preference to the ordinary shares of the Company.

On 16 May 2002, 114,000 Non-Voting RPS of RM1 each at a premium of RM9,999 each were redeemed by the Company. The nominal value of the Non-Voting RPS of RM1 each were redeemed by the proceeds from the issuance of 2,790 new ordinary shares of RM1 each at a premium of approximately RM39.86 each and the premium of RM9,999 each on the Non-Voting RPS were redeemed by the application of the share premium account.

On 17 May 2002, 89,300 Non-Voting RPS of RM1 each at a premium of RM9,999 each were redeemed by the proceeds from the issuance of 21,857,463 new ordinary shares of RM1 each at a premium of approximately RM39.86 each.

SHARE CAPITAL

On 6 May 2002, the Company created an authorised share capital of 203,300 Non-Voting RPS of RM1 each. These Non-Voting RPS were issued at a premium of RM9,999 each on the same date.

On 18 May 2002, the authorised ordinary share capital of the Company increased from 1,000,000,000 ordinary shares of RM1 each to 1,000,203,300 ordinary shares of RM1 each through the reorganisation of the 203,300 Non-Voting RPS of RM1 each into 203,300 ordinary shares of RM1 each. The authorised share capital was further increased to 20,000,000,000 ordinary shares of RM0.10 each through the creation of 18,999,796,700 ordinary shares of RM0.10 each following a share split to convert the nominal value of the ordinary share capital of the Company from RM1 each to RM0.10 each.

The changes in the issued and fully paid up share capital of the Company during the financial year were as follows:

Date	Purpose of issue	Class of shares	Number of shares	Terms of issue
16 May 2002	Redemption of 114,000 Non-Voting RPS	Ordinary	2,790	At a premium of approximately RM39.86 each for cash
17 May 2002	Redemption of 89,300 Non-Voting RPS	Ordinary	21,857,463	At a premium of approximately RM39.86 each for cash
17 May 2002	Bonus issue	Ordinary	24,245,008	135 new shares for every 1,000 ordinary shares held by the application of the share premium account
18 May 2002	Share split to convert the nominal value per ordinary share from RM1 each to RM0.10 each	Ordinary	1,836,000,000	Not applicable
1 July 2002	Public issue	Ordinary	410,875,000	At a premium of RM4.26 each for 196,668,000 ordinary shares and RM4.75 each for 214,207,000 ordinary shares for cash

The new ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

Directors' Report

for the financial year ended 31 December 2002 (continued)

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Y. A. Bhg. Tun Haji Mohammed Hanif bin Omar

Y. M. Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin

Khoo Teng Bin

Augustus Ralph Marshall

Tan Poh Ching

Y. Bhg. Dato' Jamaludin bin Ibrahim

(appointed on 23 April 2002)

Y. A. M. Dato' Seri Syed Anwar Jamalullail

(appointed on 18 May 2002)

The Lord Killearn

(appointed on 18 May 2002)

Timothy Hugh Ling

(appointed on 18 May 2002)

In accordance with Article 114 of the Company's Articles of Association, Augustus Ralph Marshall retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

In accordance with Article 121 of the Company's Articles of Association, Y. Bhg. Dato' Jamaludin bin Ibrahim, Y. A. M. Dato' Seri Syed Anwar Jamalullail, The Lord Killearn and Timothy Hugh Ling, who were appointed during the financial year, retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

Pursuant to Section 129(6) of the Companies Act, 1965, Y. M. Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin who has attained the age of 73 years retires at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, except for options over shares granted by the Company to eligible employees including certain Directors of the Company pursuant to the Company's Employee Share Option Scheme ("the Scheme"). The Scheme, which is for the benefit of eligible employees and Executive Directors of the Group was implemented on 1 July 2002 for a period of ten (10) years.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 7 to the financial statements in relation to Directors' remuneration and benefits.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of Directors' shareholdings, the interests of the Directors in shares and options over shares in the Company at the end of the financial year were as follows:

	As at 1 January 2002/ appointment date	Number of ordinary shares of RM0.10 each in the Company			As at 31 December 2002
		Bought*	Sold	Transferred	
Direct interest					
Y. A. Bhg. Tun Haji Mohammed Hanif bin Omar	–	3,000,000 ⁽¹⁾	–	–	3,000,000
Y. A. M. Dato’ Seri Syed Anwar Jamalullail	–	250,000	–	–	250,000
The Lord Killearn	–	100,000 ⁽²⁾	–	–	100,000
Timothy Hugh Ling	–	250,000 ⁽³⁾	–	–	250,000
Y. M. Tunku Dato’ Seri Mahmud bin Tunku Besar Burhanuddin	–	500,000	10,000	490,000 ⁽⁴⁾	–
Khoo Teng Bin	–	500,000 ⁽⁵⁾	–	–	500,000
Augustus Ralph Marshall	–	500,000 ⁽⁶⁾	–	–	500,000
Tan Poh Ching	–	500,000 ⁽⁷⁾	–	–	500,000
Y. Bhg. Dato’ Jamaludin bin Ibrahim	–	400,000 ⁽⁷⁾	50,000	–	350,000
Indirect interest					
Y. A. Bhg. Tun Haji Mohammed Hanif bin Omar	–	592,527,665 ⁽⁸⁾	–	–	592,527,665
Y. M. Tunku Dato’ Seri Mahmud bin Tunku Besar Burhanuddin	–	490,000 ⁽⁴⁾	–	–	490,000

* Allotment and issue of new ordinary shares of the Company under the preferential share allocation scheme pursuant to the Initial Public Offering of the Company.

Notes:-

- (1) Held through a nominee, namely, Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd.
- (2) 85,000 ordinary shares of RM0.10 each held through a nominee, namely, HSBC Nominees (Asing) Sdn. Bhd.
- (3) 41,000 ordinary shares of RM0.10 each held through a nominee, namely, RHB Capital Nominees (Asing) Sdn. Bhd., and 209,000 ordinary shares of RM0.10 each held through a nominee, namely, HSBC Nominees (Asing) Sdn. Bhd.
- (4) The Director transferred 490,000 ordinary shares of RM0.10 each to Saluran Masyhur Sdn. Bhd., a company in which he has a 99% direct equity interest on 25 October 2002.
- (5) Held through a nominee, namely, EB Nominees (Tempatan) Sendirian Berhad.
- (6) Held through a nominee, namely, Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd.
- (7) Held through a nominee, namely, RHB Capital Nominees (Tempatan) Sdn. Bhd.

Directors' Report

for the financial year ended 31 December 2002 (continued)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (continued)**Notes:- (continued)**

- ⁽⁸⁾ The Director is deemed to have an interest in the shares of the Company in which Harapan Nusantara Sdn. Bhd. ("Harapan Nusantara") has an interest, by virtue of his interest in Harapan Nusantara. Harapan Nusantara is deemed to have an interest in all of the shares of the Company in which Mujur Anggun Sdn. Bhd., Cabaran Mujur Sdn. Bhd., Anak Samudra Sdn. Bhd. ("ASSB"), Dumai Maju Sdn. Bhd. ("DMSB"), Nusantara Makmur Sdn. Bhd. ("NMSB"), Usaha Kenanga Sdn. Bhd. ("UKSB") and Tegas Sari Sdn. Bhd. ("TSSB") (the "Harapan Nusantara Subsidiaries") have an interest, by virtue of Harapan Nusantara being entitled to control the exercise of not less than 15 per cent of the equity interest in the Harapan Nusantara Subsidiaries. Mujur Anggun Sdn. Bhd., ASSB, DMSB, NMSB and UKSB hold their respective interests in the Company as trustees under discretionary trusts for Bumiputra objects. As such, the Director and Harapan Nusantara do not have any economic interest in these shares.

	Number of options over ordinary shares of RM0.10 each in the Company			
	As at 1 January 2002/ appointment date	Granted	Exercised	As at 31 December 2002
Y. Bhg. Dato' Jamaludin bin Ibrahim	–	2,293,578	–	2,293,578

The share options were granted pursuant to the Scheme and entitled Y. Bhg. Dato' Jamaludin bin Ibrahim to subscribe for 2,293,578 new ordinary shares of RM0.10 each at an exercise price of RM4.36 per ordinary share.

None of the Directors in office at the end of the financial year held any shares in or debentures of the subsidiaries or related corporations.

EMPLOYEES SHARE OPTION SCHEME

The Scheme was implemented on 1 July 2002 for the benefit of eligible employees and full-time Executive Directors of the Group.

The Scheme Committee appointed by the Directors to administer the Scheme, may from time to time offer options to eligible employees of the Group to subscribe for new ordinary shares of RM0.10 each in the Company.

EMPLOYEES SHARE OPTION SCHEME (continued)

The salient features of the Scheme are as follows:

- (a) The total number of shares which may be issued under the Scheme shall not exceed in aggregate 10% of the Company's issued and paid up share capital at any time during the existence of the Scheme;
- (b) Subject to the discretion of the Directors, any employees whose employment has been confirmed and any Executive Directors holding office in a full-time executive capacity of the Group, shall be eligible to participate in the Scheme;
- (c) The number of new shares that may be offered under the Scheme shall be at the discretion of the Directors after taking into consideration the performance, seniority and number of years of service as well as the employees actual or potential contribution to the Group;
- (d) In the event of a change in the capital structure of the Company except under certain circumstances, the Directors may make or provide for adjustments to be made in the option price and / or in the number of shares covered by outstanding options as the Directors in its discretion may in good faith determine to be equitably required in order to prevent dilution or enlargement of the rights of the Optionee or provide for adjustments in the number of shares to give the Optionee the same proportion of the issued ordinary share capital of the Company to which the Optionee was previously entitled;
- (e) The price at which the Optionee may exercise in respect of a share shall be as follows:
 - (i) in respect of the initial grant, the price shall be the price at which a share is subscribed for by a retail investor under the Initial Public Offering which is at RM4.36 per ordinary share; or
 - (ii) in respect of subsequent grants, the price shall be the higher of the weighted average of the market price quoted for the five (5) market days immediately preceding the date on which the option is granted less, if the Directors shall so determine at their discretion from time to time or a discount of not more than 10% or the par value of an ordinary share;
- (f) The options shall become exercisable to the extent of one-third ($1/3^{\text{rd}}$) of the shares granted on each of the first three anniversaries from 1 July 2002 provided the Optionee have been in continuous service with the Group throughout the period. The basis on which the options may be exercised by virtue of By-Law 7.1 of the Scheme is as follows:

Number of options granted and unexercised as at 31 December 2002	Number of options exercisable		
	2003	2004	2005
35,012,578	11,982,000	11,807,000	11,223,578

Directors' Report

for the financial year ended 31 December 2002 (continued)

EMPLOYEES SHARE OPTION SCHEME (continued)

- (g) Subject to paragraph (f) above, an Optionee may exercise an option in whole or in part in multiples of 1,000 shares only at such time in accordance with any guidelines as may be prescribed by the Directors from time to time;
- (h) Shares issued upon the exercise of an option shall rank pari passu in all respects with the then existing issued shares save that they will not entitle the holders thereof to receive any rights and bonus issues which entitlement date precedes the date of the exercise of the option or to any dividend or other distribution declared to the shareholders of the Company as at a date which precedes the date of the exercise of the option and to dividends which relate to a financial year that precedes the date of the exercise of the option and will be subject to all the provisions of the Memorandum and Articles of Association of the Company.

The list of employees with number of options granted above 150,000 ordinary shares of RM0.10 each were as follows:

Date of offer	Name of Optionee	Option price	Granted	Number of options over ordinary shares of RM0.10 each in the Company	
				Exercised	As at 31 December 2002
1 July 2002	Ross Chia Boon Khim	RM4.36	300,000	–	300,000
1 July 2002	Meharani a/p Ramasamy	RM4.36	216,000	–	216,000
1 July 2002	Kiang Chew Peng	RM4.36	180,000	–	180,000
1 July 2002	Azmi Haji Ujang	RM4.36	180,000	–	180,000
1 July 2002	Lee Chin Yik	RM4.36	162,000	–	162,000
1 July 2002	James Edward Alexander Brodie	RM4.36	150,000	–	150,000

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the name of employees who have been granted options below 150,000 ordinary shares of RM0.10 each.

The movements during the financial year in the number of options over the shares in the Company are as follows:

	2002
As at 1 January 2002	–
Granted	35,263,578
Lapsed	(251,000)
Exercised	–
As at 31 December 2002	35,012,578

SIGNIFICANT EVENTS

The significant events during the financial year were as follows:

(i) *Admission to the Main Board of The Kuala Lumpur Stock Exchange*

On 8 July 2002, the Company's entire issued and paid up share capital of RM245,087,500 comprising 2,450,875,000 ordinary shares of RM0.10 each were admitted to the Official List of the Kuala Lumpur Stock Exchange and these shares were listed and quoted on the Main Board under the "Trading / Services" sector on the same date.

(ii) *Award of a 3G Spectrum Assignment*

The Malaysian Communications and Multimedia Commission ("MCMC") assigned a 3G Spectrum Assignment to UMTS (Malaysia) Sdn. Bhd., a wholly owned subsidiary of the Company, subject to the MCMC's acceptance of the Detailed Business Plan, which has been submitted to the MCMC in December 2002.

(iii) *Proposed Acquisition of TIMECel Sdn. Bhd. ("TIMECel")*

The Company entered into a Conditional Sale and Purchase agreement with Time dotCom Berhad to acquire the entire issued and paid up share capital of TIMECel for RM1,325 million and the Company's undertaking to procure TIMECel to settle up to an amount of RM150 million in TIMECel Inter-Company Loans. The proposed acquisition is anticipated to be completed by the first half of 2003.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company have been written down to amounts which they might be expected so to realise.

At the date of this Report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Directors' Report

for the financial year ended 31 December 2002 (continued)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (continued)

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or of the Company to meet their obligations when they fall due.

At the date of this Report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or the Company which has arisen since the end of the financial year.

At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in this Report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors,

- (a) the results of the Group's and of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made except as disclosed in Note 32 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 27 February 2003.

TUN HAJI MOHAMMED HANIF BIN OMAR
DIRECTOR

DATO' JAMALUDIN BIN IBRAHIM
DIRECTOR

Kuala Lumpur

Income Statements

for the financial year ended 31 December 2002

		Group		Company	
	Note	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Revenue	6	3,768,706	3,031,305	453,412	881,900
Interconnect expenses and direct cost of sales		(966,094)	(805,079)	–	–
Gross profit		2,802,612	2,226,226	453,412	881,900
Other operating income		37,872	24,580	23,920	7,294
Administrative expenses		(818,427)	(772,182)	(16,619)	(29,573)
Network operation costs		(609,727)	(596,384)	–	–
Other operating expenses		(40,876)	(36,761)	(900)	(365)
Profit from operations	7	1,371,454	845,479	459,813	859,256
Finance costs	8	(90,665)	(67,868)	(812)	(122)
Profit before taxation		1,280,789	777,611	459,001	859,134
Taxation	9	(331,123)	(176,684)	(87,872)	(97,025)
Profit after taxation		949,666	600,927	371,129	762,109
Earnings per share:					
– Basic (sen)	10	42.4	29.8		
– Diluted (sen)	10	42.3	29.8		
Gross dividend per share (sen)	11	18.5	536.5		

The notes on pages 79 to 119 form part of these financial statements.

Balance Sheets

as at 31 December 2002

		Group		Company	
	Note	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	12	3,630,277	3,216,293	25,362	30,584
Investments in subsidiaries	13	–	–	8,532	94,532
		3,630,277	3,216,293	33,894	125,116
CURRENT ASSETS					
Inventories	14	215,532	90,534	–	–
Debtors	15	604,343	469,466	57,685	5,050
Amounts due from subsidiaries	18	–	–	2,129,238	3,174,540
Deposits with licensed banks	16	1,821,119	791,633	1,570,111	45,350
Cash and bank balances	17	28,636	26,281	146	27
		2,669,630	1,377,914	3,757,180	3,224,967
CURRENT LIABILITIES					
Provisions for liabilities and charges	19	87,032	58,614	–	–
Creditors	20	1,924,723	1,604,082	83,177	67,086
Amounts due to a subsidiary	18	–	–	128,750	–
Borrowings (interest bearing)	21	57,706	143,316	–	22,112
Bank balances	25	–	1,233	–	75
Taxation		64,072	20,910	–	1,906
Dividends payable		–	738,400	–	738,400
		2,133,533	2,566,555	211,927	829,579
NET CURRENT ASSETS / (LIABILITIES)		536,097	(1,188,641)	3,545,253	2,395,388

		Group		Company	
	Note	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
NON-CURRENT LIABILITIES					
Creditors (interest bearing)	20	250,179	199,172	–	–
Borrowings (secured and interest bearing)	21	727,300	339,458	–	–
Deferred taxation	22	141,345	78,652	–	–
		1,118,824	617,282	–	–
		3,047,550	1,410,370	3,579,147	2,520,504
CAPITAL AND RESERVES					
Share capital	23	245,088	157,895	245,088	157,895
Share premium		3,265,040	2,664,719	3,265,040	2,664,719
Capital redemption reserve		890	–	–	–
Proposed dividend reserve		367,631	–	367,631	–
Accumulated losses		(831,099)	(1,412,244)	(298,612)	(302,110)
		3,047,550	1,410,370	3,579,147	2,520,504

The notes on pages 79 to 119 form part of these financial statements.

Statements of Changes in Equity

for the financial year ended 31 December 2002

Group	Note	Issued and fully paid ordinary shares of RM0.10 (2001: RM1) each		Non-distributable		Proposed dividend reserve RM'000	Accumulated losses RM'000	Total RM'000
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Capital redemption reserve RM'000			
As at 1 January 2001		157,895	157,895	2,664,719	–	–	(1,253,171)	1,569,443
Profit after taxation		–	–	–	–	–	600,927	600,927
Dividends for the financial year ended 31 December 2001	11	–	–	–	–	–	(760,000)	(760,000)
As at 31 December 2001		157,895	157,895	2,664,719	–	–	(1,412,244)	1,410,370
Issue of 203,300 Non-Voting RPS of RM1 each at a premium of RM9,999 each		–	–	(2,033,000)	–	–	–	(2,033,000)
Issue of ordinary shares:								
– 2,790 ordinary shares of RM1 each at a premium of approximately RM39.86 each		3	3	111	–	–	–	114
– 21,857,463 ordinary shares of RM1 each at a premium of approximately RM39.86 each		21,857	21,857	871,143	–	–	–	893,000
– 24,245,008 bonus issue of ordinary shares of RM1 each		24,245	24,245	(24,245)	–	–	–	–
– 1,836,000,000 ordinary shares share split to convert the nominal value from RM1 each to RM0.10 each		1,836,000	–	–	–	–	–	–
– 410,875,000 ordinary shares of RM0.10 each issued pursuant to the Initial Public Offering		410,875	41,088	1,855,289	–	–	–	1,896,377
Share issue costs		–	–	(68,977)	–	–	–	(68,977)
Profit after taxation		–	–	–	–	–	949,666	949,666
Capital redemption reserve created for the redemption of the nominal value of 890,000 Non-Voting RPS of RM1 each by a subsidiary		–	–	–	890	–	(890)	–
Transfer to proposed dividend reserve	11	–	–	–	–	367,631	(367,631)	–
As at 31 December 2002		2,450,875	245,088	3,265,040	890	367,631	(831,099)	3,047,550

Company	Note	Issued and fully paid ordinary shares of RM0.10 (2001: RM1) each		Non-distributable Capital redemption reserve		Proposed dividend reserve	Accumulated losses	Total
		Number of shares '000	Nominal value RM'000	Share premium RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2001		157,895	157,895	2,664,719	–	–	(304,219)	2,518,395
Profit after taxation		–	–	–	–	–	762,109	762,109
Dividends for the financial year ended 31 December 2001	11	–	–	–	–	–	(760,000)	(760,000)
As at 31 December 2001		157,895	157,895	2,664,719	–	–	(302,110)	2,520,504
Issue of 203,300 Non-Voting RPS of RM1 each at a premium of RM9,999 each		–	–	(2,033,000)	–	–	–	(2,033,000)
Issue of ordinary shares:								
– 2,790 ordinary shares of RM1 each at a premium of approximately RM39.86 each		3	3	111	–	–	–	114
– 21,857,463 ordinary shares of RM1 each at a premium of approximately RM39.86 each		21,857	21,857	871,143	–	–	–	893,000
– 24,245,008 bonus issue of ordinary shares of RM1 each		24,245	24,245	(24,245)	–	–	–	–
– 1,836,000,000 ordinary shares share split to convert the nominal value from RM1 each to RM0.10 each		1,836,000	–	–	–	–	–	–
– 410,875,000 ordinary shares of RM0.10 each issued pursuant to the Initial Public Offering		410,875	41,088	1,855,289	–	–	–	1,896,377
Share issue costs		–	–	(68,977)	–	–	–	(68,977)
Profit after taxation		–	–	–	–	–	371,129	371,129
Transfer to proposed dividend reserve	11	–	–	–	–	367,631	(367,631)	–
As at 31 December 2002		2,450,875	245,088	3,265,040	–	367,631	(298,612)	3,579,147

The notes on pages 79 to 119 form part of these financial statements.

Cash Flow Statements

for the financial year ended 31 December 2002

Note	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit after taxation	949,666	600,927	371,129	762,109
Adjustments for:				
Bad debts written off	45,332	41,486	–	–
Depreciation of property, plant and equipment	548,595	399,670	5,488	7,150
Dividend income	–	–	(453,412)	(881,900)
Loss / (gain) on disposal of property, plant and equipment	325	(1,695)	2	(839)
Interest income	(37,198)	(22,430)	(20,214)	(722)
Interest expense	54,249	67,868	812	122
Syndicated loans documentation fees	36,416	–	–	–
Allowance / (write-back of allowance) for:				
– inventories' obsolescence	6,527	(1,834)	–	–
– diminution in value of other investments	–	(2,475)	–	–
– doubtful debts	15,733	40,289	–	–
– write down of identified network costs	–	189,861	–	–
Taxation	331,123	176,684	87,872	97,025
Property, plant and equipment written off	36	4,852	27	–
Provision for:				
– staff incentive scheme	16,267	25,203	–	–
– site rectification works	20,441	–	–	–
– legal claims and network construction costs	12,793	5,607	–	–
Unrealised loss / (gain) on foreign exchange	997	(7,998)	2	148
Gain on disposal of other investments	–	(68)	–	–
	2,001,302	1,515,947	(8,294)	(16,907)

		Group		Company	
	Note	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
(Increase) / decrease in inventories		(131,525)	6,048	–	–
Increase in debtors		(193,632)	(204,743)	(50,871)	(291)
Increase in creditors		397,884	418,849	23,717	45,147
Decrease / (increase) in intercompany balances		–	–	808,475	(173,909)
Cash generated from / (used in) operations		2,074,029	1,736,101	773,027	(145,960)
Interest received		36,652	22,424	20,213	621
Taxation paid		(227,032)	(90,312)	(5,761)	(499)
Payments under staff incentive scheme		(15,572)	(13,468)	–	–
Payments of legal claims		(5,511)	(489)	–	–
Dividends received		–	–	733,208	51,840
Net cash flow from operating activities		1,862,566	1,654,256	1,520,687	(93,998)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	24	(964,086)	(1,031,084)	(298)	(432)
Proceeds from disposal of property, plant and equipment		1,146	2,989	3	856
Proceeds from redemption of Non-Voting RPS		–	–	89,000	–
Proceeds from promissory notes redeemed and disposal of other investment		–	2,792	–	–
Purchase of shares in subsidiaries		–	–	(3,000)	–
Net cash flow on acquisition of subsidiaries	27	(4)	–	–	–
Net cash flow from investing activities		(962,944)	(1,025,303)	85,705	424

Cash Flow Statements

for the financial year ended 31 December 2002 (continued)

		Group		Company	
	Note	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES					
Decrease in deposits, cash and bank balances pledged as security		–	61,947	–	–
Repayment of hire purchase and finance lease principals and interests		(11,198)	(12,626)	(4)	(431)
Draw down of syndicated loans		1,060,000	–	–	–
Repayment of term and syndicated loans		(739,397)	(361,495)	–	–
Interest paid		(58,915)	(74,765)	(811)	(20)
Syndicated loans documentation fees paid		(36,416)	–	–	–
Dividends paid		(738,400)	(21,600)	(738,400)	(21,600)
Proceeds from issuance of shares		2,789,491	–	2,789,491	–
Payments on redemption of Non-Voting RPS		(2,033,000)	–	(2,033,000)	–
Payments of share issue costs and listing expenses		(76,604)	–	(76,604)	–
Net cash flow from financing activities		155,561	(408,539)	(59,328)	(22,051)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,055,183	220,414	1,547,064	(115,625)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		794,489	574,075	23,193	138,818
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	25	1,849,672	794,489	1,570,257	23,193

The notes on pages 79 to 119 form part of these financial statements.

Notes to the Financial Statements

31 December 2002

1 GENERAL INFORMATION

The principal activities of the Company are that of a holder of investments and the provider of services to its subsidiaries. The principal activities of the Group which contribute significantly to its results are that of an operator of a cellular mobile telephony network, an operator of a national public switched telephony network and provider of internet services and internet application services, and an operator of an international gateway. There have been no significant changes in the principal activities of the Group and of the Company during the financial year.

The Group had, as at 31 December 2002, 2,517 (2001: 2,462) employees comprising 2,482 (2001: 2,444) permanent employees and 35 (2001: 18) contract staff with at least a one year service contract.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Kuala Lumpur Stock Exchange.

The address of the registered office of business of the Company is as follows:

Level 18, Menara Maxis
Kuala Lumpur City Centre
Off Jalan Ampang
50088 Kuala Lumpur

The address of the principal place of business of the Company is as follows:

Level 9 – 23, Menara Maxis
Kuala Lumpur City Centre
Off Jalan Ampang
50088 Kuala Lumpur

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The significant financial risks in which the Group is exposed to arising from its business activities are mainly currency exchange, credit and interest rate risks. Straightforward derivative financial instruments are utilised by the Group to lower funding costs and to achieve greater certainty of future costs. The Group does not enter into derivative financial instruments for trading purposes.

(a) Currency Exchange Risk Management

The objectives of the Group's foreign exchange policies are to allow the Group to effectively manage exposures that arise from trading activities within a framework of controls that minimise short term impact of foreign currency fluctuations. Forward exchange contracts are used to manage foreign exchange exposures arising from all known material foreign currency commitments (except for US Dollar which currently is on a fixed exchange rate with the Ringgit Malaysia) as and when they arise.

Notes to the Financial Statements

31 December 2002 (continued)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Credit Risk Management

The Group is exposed to credit risk related losses in the event of non-performance by third parties to derivative financial instruments but it does not expect any third parties to fail to meet their obligations given the Group's policy of selecting only creditworthy third parties.

The Group has no significant concentration of credit risk. The majority of its deposits are placed with financial institutions that are under the supervision of Bank Negara Malaysia.

(c) Interest Rate Risk Management

The Group's exposure to interest rate risk arise predominantly from assets and liabilities bearing variable interest rates. The Group's policy is to monitor the interest rate and take appropriate action where necessary.

3 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with applicable approved accounting standards and the provisions of the Companies Act, 1965 require the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the revenues and expenses during the reported financial year. Actual results could differ from those estimates.

The Group and the Company have adopted for the first time and have applied prospectively the Malaysian Accounting Standards Board ("MASB") Standard 24 "Financial Instruments: Disclosure and Presentation" during the financial year.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of consolidation

The Group financial statements include the financial statements of the Company and its subsidiaries for the entire financial year. Subsidiaries are consolidated using the acquisition method of accounting. Under this method, the results of subsidiaries acquired or disposed during the financial year are included in the consolidated income statement from the date of acquisition or up to the date of their disposal.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The excess of the cost of acquisition over the fair value of the Group's share of the subsidiaries' identifiable net assets at the date of acquisition is reflected as goodwill on consolidation.

Goodwill is included in the balance sheet as an intangible asset. Capitalised goodwill is amortised using the straight line method over its estimated useful life or twenty (20) years, whichever is shorter.

All intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless cost cannot be recovered.

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of its net assets.

(b) Property, plant and equipment

Property, plant and equipment, except for freehold land, are stated at cost less accumulated depreciation and allowance for write down of identified network costs.

Freehold land is stated at cost and is not depreciated.

Long term leasehold land is land with a remaining lease period exceeding fifty (50) years. Leasehold land is amortised over the period of the lease on a straight line method. The principal annual amortisation rates used are as follows:

Long term leasehold land	1% – 2%
Short term leasehold land	2% – 3%

Buildings, telecommunications equipment, motor vehicles and office furniture, fittings and equipment are depreciated on the straight line method to write off the cost of each category of asset to its residual value over its estimated useful life. The principal annual depreciation rates used are as follows:

Buildings	2%
Telecommunications equipment	10% – 17%
Submarine cables (included within telecommunications equipment)	4% – 10%
Motor vehicles	20%
Office furniture, fittings and equipment	15% – 20%

Capital work-in-progress is not depreciated.

Notes to the Financial Statements
31 December 2002 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Property, plant and equipment (continued)

Included in telecommunications equipment are costs associated with the acquisition of computer software programmes which are unique software programmes used by the Group and have probable economic benefits exceeding the costs beyond one financial year.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

Gains and losses on disposal are determined by comparing proceeds with carrying amounts and are included in profit / (loss) from operations.

(c) Deferred taxation

The tax expense is determined on the basis of tax effect accounting using the liability method. Deferred taxation is recognised for timing differences except when there is reasonable evidence that such timing differences will not reverse in the foreseeable future. The tax effect of timing differences that result in a debit balance or a debit to the deferred tax balance is not carried forward unless there is a reasonable expectation of its realisation.

The potential tax saving relating to a tax loss carry forward is only recognised if there is assurance beyond any reasonable doubt that future taxable income will be sufficient for the benefit of the loss to be realised.

(d) Foreign currencies

Foreign currency transactions are translated into Ringgit Malaysia at exchange rates ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at exchange rates ruling at that date.

Exchange differences arising from the translation of foreign currencies are dealt with through the income statement.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Foreign currencies (continued)

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

Foreign currency	2002 RM	2001 RM
1 USD	3.80	3.80
1 GBP	6.09	5.51
1 SGD	2.19	2.05
1 DEM*	N/A	1.72
1 SDR**	5.15	4.77
1 EURO	3.98	3.36

* with effect from 1 January 2002, DEM is no longer in use and has been replaced by EURO.

** represents Special Drawing Rights, the average international accounting settlement rate with international carriers.

(e) Investments in subsidiaries

A subsidiary is an enterprise in which the Group controls the composition of its Board of Directors and / or more than half of the voting power and / or holds more than half of its issued ordinary share capital.

Investments in subsidiaries are stated at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

(f) Other investments

Long term investments are shown at cost and allowance is only made where, in the opinion of the Directors, there is a permanent diminution in value. Permanent diminution in value of an investment is recognised as an expense in the financial year in which the diminution is identified.

On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is charged / credited to the income statement.

(g) Inventories

Inventories, which comprise telecommunications components and incidentals, are stated at the lower of cost and net realisable value. Cost includes the actual cost of materials and incidentals in bringing the inventories to their present location and condition, and is determined on a weighted average basis.

Notes to the Financial Statements

31 December 2002 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(h) Finance lease and hire purchase**

Leases and hire purchase of property, plant and equipment where the Group and the Company assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the estimated fair value of the underlying lease payments at the date of the inception. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of return on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period.

Property, plant and equipment acquired under finance lease and hire purchase agreements are depreciated over the useful life of the asset. If there is no reasonable certainty that the ownership will be transferred to the Group or the Company, the asset is depreciated over the shorter of the lease term and its useful life.

(i) Operating leases

Leases of assets under which all benefits and risks of ownership are effectively retained by the lessors are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

(j) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with licensed banks, bank overdrafts and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Deposits held as pledged securities for term loans are not included as cash and cash equivalents.

(k) Revenue recognition

Revenue of mobile postpaid services, public switched telephony services, internet services and internet application services are recognised at the time of customer usage and services rendered. Service discounts and incentives are accounted as a reduction of revenue when granted.

Amounts unutilised on certain mobile postpaid rate plans are deferred up to three months, failing which, such revenue will be recognised as breakage revenue.

Mobile prepaid revenues comprise sales of starter packs and prepaid top-up-tickets. Revenues from sales of starter packs are recognised at the point of sale to customers and distributors. Revenues from sales of prepaid top-up-tickets are recognised on usage. Any amounts unutilised are deferred up to a maximum of ninety (90) days from the date of activation of the prepaid top-up-tickets, failing which, such revenue will be recognised as breakage revenue.

Revenue earned from carriers for international gateway services are recognised at the time in which calls occur and services rendered.

Dividend income is recognised when the shareholders' right to receive payment is established.

Interest income is recognised on an accruals basis based on the prevailing interest rate.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Debtors

Debtors are carried at anticipated realisable value. Allowance is made for doubtful debts based on specific review of outstanding balances at the balance sheet date. Bad debts are written off during the financial year in which they are identified.

(m) Deferred income

Deferred income represents unutilised air time of prepaid top-up-tickets sold to customers and distributors and unutilised airtime on certain postpaid rate plans.

(n) Defined contribution plan

The Group's and the Company's contributions to the Employees' Provident Fund are charged to the income statement in the financial year in which they relate.

(o) Provisions for liabilities and charges

Provision for site rectification works is made based on past trend of costs for rectification works to be carried out to fulfil new regulatory guidelines and requirements.

Provision for staff incentive scheme is made based on management's best estimate of the amount payable based on the performance of the individual employees and subsidiaries within the Group.

Provisions for legal claims and network construction costs are made in respect of network construction projects which are under notices of termination, negotiations for settlements and the costs in respect of obligations under network construction contracts.

(p) Financial instruments

Financial instruments carried in the balance sheet include cash and bank balances, receivables, payables and borrowings. The particular recognition methods are disclosed in the individual policy statements associated with each item.

Foreign currency contracts protect the Group and the Company from movements in exchange rates by establishing the rate at which a foreign currency asset or liability will be settled. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

All other exchange gains and losses relating to hedge instruments are recognised in the income statement in the same financial period as the exchange differences on the underlying hedged items. Gains and losses on contracts which are no longer designed as a hedge, are included in the income statement.

Notes to the Financial Statements
31 December 2002 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial instruments (continued)

Fair value estimation for disclosure purposes

In assessing the value of financial instruments, the Group and the Company make certain assumptions and apply the discounted cash flow method to discount future cash flows to determine the fair value of financial instruments. The fair values of financial liabilities are estimated by discounting future cash flows at current market interest rate available to the Group and the Company.

The fair values for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

(q) Trade and other creditors

Trade and other creditors, including accruals represent liabilities for goods and services provided to the Group and the Company prior to the end of the financial year and which are unpaid.

(r) Borrowings

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Zero coupon promissory notes are recorded at their principal amount due.

Interest is accrued over the period it becomes due and is recorded as part of other accruals.

(s) Share capital

(i) Classification

Ordinary shares with discretionary dividends are classified as equity.

(ii) Share issue costs

External costs directly attributable to the issue of new shares are shown as a deduction, net of tax, in equity from the proceeds.

(t) Redeemable preference shares

Redeemable preference shares which provide for mandatory redemption are included in liabilities, as they are in substance, borrowings. Dividends payable on the shares are recognised in the income statement as finance costs on an accruals basis.

5 SEGMENT REPORTING

The Group is organised into three main business segments:

- Mobile – supplies mobile communication services to businesses, individuals and other operators;
- Fixed line and internet – provides a domestic fixed line network which offers voice and data services; and
- International gateway – provides an international gateway network which offers cross border interconnect services.

These Group results incorporate those of mobile, fixed line and internet and international gateway of which the mobile operation represents the substantial part of the Group's activities. Other operations of the Group which represents the other operating subsidiaries within the Group, include investment holding, property investment holding and management services, none of which are currently of a sufficient size to be reported separately. Inter-segment sales comprise leased line charges, interconnect charges and charges for share of common assets and common expenses transacted on normal commercial terms that are no more favourable than that available to other third parties.

(a) Business segments

Revenue

	External revenue RM'000	Inter-segment revenue RM'000	Total revenue RM'000
Financial year ended 31 December 2002			
Mobile	3,514,095	15,578	3,529,673
Fixed line and internet	129,838	278,312	408,150
International gateway	124,773	107,938	232,711
Other operations	–	1,056	1,056
Eliminations	–	(402,884)	(402,884)
Group	3,768,706	–	3,768,706
Financial year ended 31 December 2001			
Mobile	2,780,303	23,475	2,803,778
Fixed line and internet	150,966	210,323	361,289
International gateway	100,036	199,376	299,412
Other operations	–	1,054	1,054
Eliminations	–	(434,228)	(434,228)
Group	3,031,305	–	3,031,305

Notes to the Financial Statements
31 December 2002 (continued)

5 SEGMENT REPORTING (continued)

(a) Business segments (continued)

Results

	Financial year ended 31 December 2002 RM'000	Financial year ended 31 December 2001 RM'000
Mobile	1,172,551	913,161
Fixed line and internet	144,075	(181,538)
International gateway	30,942	113,832
Other operations	(13,454)	(22,558)
Eliminations	142	152
Group	1,334,256	823,049
Interest income	37,198	22,430
Profit from operations	1,371,454	845,479
Finance costs	(90,665)	(67,868)
Profit before taxation	1,280,789	777,611
Taxation	(331,123)	(176,684)
Profit after taxation	949,666	600,927

Other information

	As at 31 December 2002 RM'000	As at 31 December 2001 RM'000
Segment assets		
Mobile	3,419,745	3,459,279
Fixed line and internet	1,010,180	870,057
International gateway	190,370	145,265
Other operations	1,673,280	104,623
Unallocated assets	6,293,575 6,332	4,579,224 14,983
Group	6,299,907	4,594,207

5 SEGMENT REPORTING (continued)

(a) Business segments (continued)

Other information (continued)

	As at 31 December 2002 RM'000	As at 31 December 2001 RM'000
Segment liabilities		
Mobile	1,924,346	1,466,093
Fixed line and internet	174,173	241,536
International gateway	80,071	88,180
Other operations	83,344	805,692
	2,261,934	2,601,501
Unallocated liabilities	990,423	582,336
Group	3,252,357	3,183,837
Capital expenditure*		
Mobile	844,522	687,773
Fixed line and internet	87,169	290,782
International gateway	32,851	52,099
Other operations	493	430
Group	965,035	1,031,084
Depreciation		
Mobile	417,801	267,543
Fixed line and internet	113,022	116,715
International gateway	11,961	6,919
Other operations	5,811	8,493
Group	548,595	399,670

* Capital expenditure comprises additions to property, plant and equipment during the financial year.

Notes to the Financial Statements
31 December 2002 (continued)

5 SEGMENT REPORTING (continued)

(a) Business segments (continued)

Other information (continued)

Significant non-cash items are as follows:

	Mobile RM'000	Fixed line and internet RM'000	International gateway RM'000	Other operations RM'000	Group RM'000
Financial year ended 31 December 2002					
Bad debts written off	43,512	1,820	–	–	45,332
Allowance/(write-back of allowance) for:					
– inventories' obsolescence	10,033	(3,506)	–	–	6,527
– doubtful debts	(4,041)	8,986	10,788	–	15,733
Provision/(write-back of provision) for:					
– staff incentive scheme	17,833	(1,411)	(155)	–	16,267
– site rectification works	20,441	–	–	–	20,441
– legal claims and network construction costs	–	12,793	–	–	12,793
Unrealised (gain)/loss on foreign exchange	(537)	34	1,498	2	997
Financial year ended 31 December 2001					
Bad debts written off	40,413	1,073	–	–	41,486
Allowance/(write-back of allowance) for:					
– inventories' obsolescence	1,765	(3,599)	–	–	(1,834)
– diminution in value of other investments	(1,180)	(1,295)	–	–	(2,475)
– doubtful debts	14,750	14,071	4,623	6,845	40,289
– write down of identified network costs	–	189,861	–	–	189,861
Provision for:					
– staff incentive scheme	21,736	3,018	449	–	25,203
– legal claims and network construction costs	–	5,607	–	–	5,607
Unrealised (gain)/loss on foreign exchange	(7,224)	(636)	(286)	148	(7,998)

5 SEGMENT REPORTING (continued)

(b) Geographical segments

The Group's business segments operate from Malaysia only. In determining the geographical segments of the Group, revenues are based on the country in which the customer or international operator is located. There are no inter-segment sales. Total assets and capital expenditure are determined based on where the assets are located.

	Revenue RM'000	Capital expenditure RM'000	Total assets RM'000
Financial year ended 31 December 2002			
Malaysia	3,556,088	939,365	6,135,154
Overseas	212,618	25,670	158,421
	3,768,706	965,035	6,293,575
Unallocated assets			6,332
Total assets			6,299,907
Financial year ended 31 December 2001			
Malaysia	2,829,291	999,651	4,451,621
Overseas	202,014	31,433	127,603
	3,031,305	1,031,084	4,579,224
Unallocated assets			14,983
Total assets			4,594,207

6 REVENUE

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Analysis of revenue:				
Mobile telephony services	3,514,095	2,780,303	–	–
Public switched telephony services	117,375	141,431	–	–
International gateway telephony services	124,773	100,036	–	–
Internet services and internet application services	12,463	9,535	–	–
Dividend income from subsidiaries	–	–	453,412	881,900
	3,768,706	3,031,305	453,412	881,900

Notes to the Financial Statements
31 December 2002 (continued)

7 PROFIT FROM OPERATIONS

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

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Auditors' remuneration				
– PwC Malaysia ⁽¹⁾	608	461	135	90
Other services				
– PwC Malaysia ⁽²⁾	11,296	4,762	6,135	2,282
– Other auditors ⁽³⁾	4,508	2,932	2,380	853
Bad debts written off	45,332	41,486	–	–
Directors' remuneration				
– fees	312	–	312	–
– other emoluments	1,000	12	40	12
– fees charged by a third party for services rendered by a Director to the Group	360	360	360	360
Depreciation of property, plant and equipment	548,595	399,670	5,488	7,150
Loss / (gain) on disposal of property, plant and equipment	325	(1,695)	2	(839)
(Gain) / loss on foreign exchange				
– realised	(1,676)	4,523	121	134
– unrealised	997	(7,998)	2	148
Allowance / (write-back of allowance) for:				
– doubtful debts	15,733	40,289	–	–
– diminution in value of other investments	–	(2,475)	–	–
– inventories' obsolescence	6,527	(1,834)	–	–
– write down of identified network costs	–	189,861	–	–
Provision for:				
– legal claims and network construction costs	12,793	5,607	–	–
– site rectification works	20,441	–	–	–
Gain on disposal of other investments	–	(68)	–	–
Property, plant and equipment written off	36	4,852	27	–
Rental of land and buildings	30,885	30,190	18,268	18,227
Rental of equipment	17,077	7,536	344	–
Staff costs	193,280	184,685	778	1,517
Interest income on deposits	(37,198)	(22,430)	(20,213)	(621)
Reimbursement of interest expense from subsidiaries	–	–	(1)	(101)
Rental of shared assets	(94)	(87)	(3,683)	(5,703)

7 PROFIT FROM OPERATIONS (continued)

The estimated monetary value of benefits-in-kind provided to the Directors of the Company during the financial year by way of usage of the Group's assets amounted to RM64,329 (2001: RM19,316).

- (1) PricewaterhouseCoopers ("PwC") Malaysia, auditors of the Group and the Company.
- (2) Includes fees as reporting accountants in connection with the Initial Public Offering, due diligence services for the proposed acquisition of TIMECel Sdn. Bhd., risk and asset management reviews.
- (3) Fees for due diligence and process reviews paid or payable to firms affiliated with PwC Malaysia.

8 FINANCE COSTS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Interest expense				
– bank borrowings	40,824	52,833	7	12
– hire purchase and finance lease	403	1,029	1	109
– deferred payment schemes	8,795	6,478	–	–
– others	4,227	7,528	804	1
Syndicated loans documentation fees	36,416	–	–	–
	90,665	67,868	812	122

9 TAXATION

Current taxation	268,430	105,808	87,872	97,025
Deferred taxation (Note 22)	62,693	70,876	–	–
	331,123	176,684	87,872	97,025

The current taxation of the Company is principally in respect of interest income and dividend income.

The Group's effective tax rate was lower than the statutory tax rate prevailing in Malaysia due to utilisation of brought forward capital allowances in a subsidiary. The tax savings arising from the utilisation of brought forward capital allowances amounted to RM59,175,829 (2001: RM50,361,896) and in the previous financial year the tax savings from the utilisation of brought forward tax losses amounted to RM3,854,000.

Notes to the Financial Statements

31 December 2002 (continued)

9 TAXATION (continued)

Subject to the agreement by the tax authorities, the Group and the Company have as at 31 December 2002, unabsorbed tax losses, capital and investment allowances carried forward for which the related tax effects have not been included in the financial statements, amounting to approximately:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Tax losses	664,785	652,106	46,692	33,944
Capital allowances	939,972	870,655	21,166	19,017
Investment allowances	806,943	1,015,612	–	–

The benefits of these tax losses and allowances carried forward will only be obtained if and when the Company and the respective subsidiaries which have such tax losses and allowances derive future assessable income of a nature and of an amount sufficient for these losses and allowances to be utilised.

Subject to the agreement by the tax authorities and subsequent to the final dividends recommended by the Directors of a subsidiary, these subsidiaries have sufficient Section 108 tax credits as at 31 December 2002 to frank approximately RM332,625,000 (2001: RM1,356,000) of their retained earnings if paid out as dividends. In addition, these subsidiaries also have tax exempt accounts which are available to pay tax exempt dividends up to approximately RM685,683,000 (2001: RM626,139,000).

10 EARNINGS PER SHARE

(i) *Basic earnings per share*

Basic earnings per share of the Group is calculated by dividing the profit after taxation for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2002	2001
Profit after taxation for the financial year (RM'000)	949,666	600,927
Weighted average number of ordinary shares in issue ('000)	2,238,981	2,018,140
Basic earnings per share (sen)	42.4	29.8

10 EARNINGS PER SHARE (continued)

(ii) Diluted earnings per share

Diluted earnings per share of the Group is calculated by dividing the profit after taxation for the financial year by the adjusted weighted average number of ordinary shares in issue during the financial year. The weighted average number of shares in issue has been adjusted assuming full conversion of the share options which represents the dilutive potential of the shares. The Company has only one category of dilutive potential shares, i.e. share options granted to employees under the Scheme.

	Group	
	2002	2001
Profit after taxation for the financial year (RM'000)	949,666	600,927
Weighted average number of ordinary shares in issue ('000)	2,238,981	2,018,140
Adjusted for share options granted ('000)	3,863	–
Adjusted weighted average number of ordinary shares in issue ('000)	2,242,844	2,018,140
Diluted earnings per share (sen)	42.3	29.8

The weighted average number of ordinary shares in issue as at 31 December 2001 (which was previously at RM1 nominal value) has been restated to the equivalent number of RM0.10 ordinary nominal value shares after taking into account the effects of the bonus issue and share split (splitting the RM1 nominal value share to RM0.10 nominal value share) in compliance with MASB Standard 13 "Earnings Per Share". This is to restate the earnings per share to a comparable basis with that of the current financial year.

11 DIVIDENDS

	Group and Company			
	2002		2001	
	Gross dividend per share Sen	Amount of dividend RM'000	Gross dividend per share Sen	Amount of dividend RM'000
Dividends, net of Malaysian income tax				
– Interim	–	–	19.0	21,600
– Final proposed / Final	12.5	220,579	178.1	202,500
Dividends, tax exempt				
– Interim	6.0	147,052	–	–
– Final	–	–	339.4	535,900
	18.5	367,631	536.5	760,000

A final dividend of 12.5 sen per ordinary share, less Malaysian income tax at 28%, amounting to RM220,578,750 has been recommended by the Directors and will be subject to the approval of the members at the forthcoming Annual General Meeting of the Company.

Notes to the Financial Statements
31 December 2002 (continued)

12 PROPERTY, PLANT AND EQUIPMENT

	As at 1 January 2002 RM'000	Reclassi- fications RM'000	Additions RM'000	Disposals RM'000	Assets written off RM'000	As at 31 December 2002 RM'000
2002						
Group						
At cost						
Purchased assets						
Freehold land	17,948	–	–	–	–	17,948
Long term leasehold land	8,933	–	–	(690)	–	8,243
Short term leasehold land	1,258	–	–	–	–	1,258
Buildings	74,221	–	–	–	–	74,221
Telecommunications equipment	3,993,515	1,013,115	24	(1,892)	–	5,004,762
Motor vehicles	15,627	5,491	3,471	–	–	24,589
Office furniture, fittings and equipment	307,836	1,623	30,124	(245)	(743)	338,595
	4,419,338	1,020,229	33,619	(2,827)	(743)	5,469,616
Capital work-in-progress	613,519	(1,014,738)	931,416	–	–	530,197
	5,032,857	5,491	965,035	(2,827)	(743)	5,999,813
Assets acquired under finance leases and hire purchase agreements						
Motor vehicles	5,491	(5,491)	–	–	–	–
Office furniture, fittings and equipment	26,608	–	–	–	–	26,608
Total	5,064,956	–	965,035	(2,827)	(743)	6,026,421

12 PROPERTY, PLANT AND EQUIPMENT (continued)

	As at 1 January 2002 RM'000	Reclassi- fications RM'000	Charge for the financial year RM'000	Released on disposals RM'000	Assets written off RM'000	As at 31 December 2002 RM'000
2002						
Group						
Accumulated depreciation						
Purchased assets						
Long term leasehold land	320	–	101	(52)	–	369
Short term leasehold land	150	–	25	–	–	175
Buildings	8,174	–	1,501	–	–	9,675
Telecommunications equipment	1,410,205	–	494,229	(126)	–	1,904,308
Motor vehicles	12,260	5,491	1,382	–	–	19,133
Office furniture, fittings and equipment	184,182	–	40,942	(229)	(707)	224,188
	1,615,291	5,491	538,180	(407)	(707)	2,157,848
Assets acquired under finance leases and hire purchase agreements						
Motor vehicles	5,345	(5,491)	146	–	–	–
Office furniture, fittings and equipment	11,771	–	10,269	–	–	22,040
	1,632,407	–	548,595	(407)	(707)	2,179,888
Allowance for write down of identified network costs						
Telecommunications equipment	179,316	–	–	–	–	179,316
Capital work-in-progress	36,940	–	–	–	–	36,940
	216,256	–	–	–	–	216,256
Total	1,848,663	–	548,595	(407)	(707)	2,396,144

Notes to the Financial Statements
31 December 2002 (continued)

12 PROPERTY, PLANT AND EQUIPMENT (continued)

Group	2002 RM'000	2001 RM'000
Net book value		
Purchased assets		
Freehold land	17,948	17,948
Long term leasehold land	7,874	8,613
Short term leasehold land	1,083	1,108
Buildings	64,546	66,047
Telecommunications equipment	2,921,138	2,403,994
Motor vehicles	5,456	3,367
Office furniture, fittings and equipment	114,407	123,654
Capital work-in-progress	493,257	576,579
	3,625,709	3,201,310
Assets acquired under finance leases and hire purchase agreements		
Motor vehicles	–	146
Office furniture, fittings and equipment	4,568	14,837
Total	3,630,277	3,216,293

12 PROPERTY, PLANT AND EQUIPMENT (continued)

	As at 1 January 2002 RM'000	Reclassi- fications RM'000	Additions RM'000	Disposals RM'000	Assets written off RM'000	As at 31 December 2002 RM'000
2002						
Company						
At cost						
Purchased assets						
Freehold land	5,509	–	–	–	–	5,509
Short term leasehold land	1,258	–	–	–	–	1,258
Buildings	11,373	–	–	–	–	11,373
Motor vehicles	8,376	270	–	–	–	8,646
Office furniture, fittings and equipment	45,587	61	113	(30)	(135)	45,596
	72,103	331	113	(30)	(135)	72,382
Capital work-in-progress	78	(61)	185	–	–	202
	72,181	270	298	(30)	(135)	72,584
Assets acquired under hire purchase agreements						
Motor vehicles	270	(270)	–	–	–	–
Total	72,451	–	298	(30)	(135)	72,584

Notes to the Financial Statements
31 December 2002 (continued)

12 PROPERTY, PLANT AND EQUIPMENT (continued)

	As at 1 January 2002 RM'000	Reclassi- fications RM'000	Charge for the financial year RM'000	Released on disposals RM'000	Assets written off RM'000	As at 31 December 2002 RM'000
2002						
Company						
Accumulated depreciation						
Purchased assets						
Short term leasehold land	150	–	25	–	–	175
Buildings	1,502	–	231	–	–	1,733
Motor vehicles	8,249	270	70	–	–	8,589
Office furniture, fittings and equipment	31,696	–	5,162	(25)	(108)	36,725
	41,597	270	5,488	(25)	(108)	47,222
Assets acquired under hire purchase agreements						
Motor vehicles	270	(270)	–	–	–	–
Total	41,867	–	5,488	(25)	(108)	47,222

	2002 RM'000	2001 RM'000
Company		
Net book value		
Purchased assets		
Freehold land	5,509	5,509
Short term leasehold land	1,083	1,108
Buildings	9,640	9,871
Motor vehicles	57	127
Office furniture, fittings and equipment	8,871	13,891
Capital work-in-progress	202	78
	25,362	30,584
Assets acquired under hire purchase agreements		
Motor vehicles	–	–
Total	25,362	30,584

12 PROPERTY, PLANT AND EQUIPMENT (continued)

Included in depreciation charge for the financial year is depreciation of RM97,100,000 for telecommunications equipment which have been decommissioned.

Capital work-in-progress will be reclassified to the respective categories of property, plant and equipment on completion.

The title deed pertaining to a freehold land of a subsidiary is in the process of being transferred to the name of the subsidiary.

Included in the long term leasehold land of the Group, is leasehold land which was acquired at fair value by the Company upon the acquisition of a subsidiary in prior financial year.

Freehold land and buildings with net book value of RM7,497,513 in one of the subsidiaries have been charged as security for the term loans disclosed in Note 21 to the financial statements. In the previous financial year, freehold land, leasehold land, buildings and other property, plant and equipment with net book value of RM931,181,000 in certain subsidiaries have been charged as security for the term loans.

The title to telecommunications equipment and capital work-in-progress amounting to RM669,016,000 (2001: RM529,319,000) will be transferred to a subsidiary upon payment in accordance with the terms of the deferred payment schemes disclosed in Note 20 to the financial statements.

13 INVESTMENTS IN SUBSIDIARIES

	Company	
	2002 RM'000	2001 RM'000
Unquoted shares, at cost	8,732	94,732
Allowance for diminution in value	(200)	(200)
Total	8,532	94,532

Notes to the Financial Statements
31 December 2002 (continued)

13 INVESTMENTS IN SUBSIDIARIES (continued)

The information on the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name	Group's interest		Principal activities
	2002	2001	
Maxis Mobile Sdn. Bhd. (229892-M)	100%	100%	Operator of a cellular mobile telephony network
Maxis Broadband Sdn. Bhd. (234053-D)	100%	100%	Operator of a national public switched telephony network and provider of internet services and internet application services
Maxis International Sdn. Bhd. (240071-T)	100%	100%	Operator of an international gateway
Maxis Collections Sdn. Bhd. (383275-M)	100%	100%	Collector of telecommunications revenue for fellow subsidiaries
Maxis Management Services Sdn. Bhd. (287998-P)	100%	100%	Provider of management services to fellow subsidiaries
Maxis Multimedia Sdn. Bhd. (530188-A)	100%	100%	Provider of multimedia related services
Rawa Utara Sdn. Bhd. (270701-A)	100%	100%	Holder of investment property
Castle Rock Equity Sdn. Bhd. (95330-K)	100%	100%	Holder of investment property
Advanced Wireless Technologies Sdn. Bhd. (517551-U)	100%	0%	Provider of wireless multimedia related services
Subsidiary of Maxis Broadband Sdn. Bhd.			
Maxis Online Sdn. Bhd. (235849-A)	100%	100%	Holder of investments (dormant)
Subsidiary of Maxis Mobile Sdn. Bhd.			
Maxis Mobile (L) Ltd * (LL-01709)	100%	100%	Holder of investments (dormant)
Subsidiary of Advanced Wireless Technologies Sdn. Bhd.			
UMTS (Malaysia) Sdn. Bhd. (520422-D)	100%	0%	Provider of wireless multimedia services

* Maxis Mobile (L) Ltd is a company registered under the Offshore Companies Act, 1990, with shares issued in US Dollar.

14 INVENTORIES

	Group	
	2002 RM'000	2001 RM'000
At cost		
Telecommunications materials and supplies	129,957	24,290
Telecommunications equipment	66,641	54,450
Goods-in-transit	16,534	4,829
	213,132	83,569
At net realisable value		
Telecommunications materials and supplies	46,756	56,384
Allowance for inventories' obsolescence	(45,418)	(54,487)
	1,338	1,897
Telecommunications equipment	49,130	37,540
Allowance for inventories' obsolescence	(48,068)	(32,472)
	2,400	6,965
Total	215,532	90,534

Notes to the Financial Statements
31 December 2002 (continued)

15 DEBTORS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Trade debtors				
– Subscribers	253,159	256,440	–	–
– Interconnect and roaming	182,013	108,569	–	–
– Distributors	66,743	42,324	–	–
	501,915	407,333	–	–
Allowance for doubtful debts				
– Subscribers	(75,524)	(66,248)	–	–
– Interconnect and roaming	(22,356)	(14,324)	–	–
	404,035	326,761	–	–
Amounts due from related parties	10,722	7,183	518	963
Other debtors	5,065	88,523	1,624	6
Deposits	82,739	27,594	53,760	3,712
Prepayments	101,782	19,405	1,783	369
Total	604,343	469,466	57,685	5,050
The currency exposure profile of debtors are as follows:				
– Ringgit Malaysia	553,678		57,679	
– USD	1,112		5	
– SDR	49,540		–	
– Others	13		1	
Total	604,343		57,685	

15 DEBTORS (continued)

- (a) The Group's credit policy provides trade debtors with 30 days credit period. The Group has no significant exposure to any individual customer, geographical location or industry category. All credit and recovery risks associated with debtors have been provided for in the financial statements. The carrying amounts of trade debtors, other debtors and amounts due from related parties are approximately equal to their fair values.
- (b) Other debtors and deposits of the Company are shown net of allowance for doubtful debts of RM46,000 (2001: RM46,000) and RM80,000 (2001: RM80,000) respectively.
- (c) Other debtors, wayleave deposits to local authorities and other deposits of the Group are shown net of allowance for doubtful debts of RM1,447,000 (2001: RM2,858,000), RM29,045,000 (2001: RM28,352,000) and RM4,420,000 (2001: RM5,360,000) respectively.
- (d) Included in prepayments is an amount of RM45,000,000 for purchase of telecommunications related license and certain telecommunications equipment. The purchase is conditional upon regulatory approval.

16 DEPOSITS WITH LICENSED BANKS

Deposits with licensed banks are held in short term money market. The carrying amount of the deposits are approximately equal to their fair values due to their short term to maturity.

The weighted average interest rates of deposits with licensed banks for the Group and for the Company were 2.74% (2001: 2.53% and 2.40%) per annum respectively.

Deposits of the Group and of the Company at the year end have an average maturity of 30 days.

17 CASH AND BANK BALANCES

Included in cash and bank balances is an amount of RM83,000 (2001: RM83,000) from a subsidiary which has been pledged as security for a term loan secured by the subsidiary as disclosed in Note 21 to the financial statements.

18 AMOUNTS DUE FROM / (TO) SUBSIDIARIES

The amounts due from / (to) subsidiaries are unsecured, interest free and have no fixed terms of repayment.

Notes to the Financial Statements
31 December 2002 (continued)

19 PROVISIONS FOR LIABILITIES AND CHARGES

	Group			
	Site rectification works RM'000	Legal claims and network construction costs RM'000	Staff incentive scheme RM'000	Total RM'000
As at 1 January 2001	–	24,244	17,517	41,761
Charged to income statement	–	5,607	25,203	30,810
Paid during the financial year	–	(489)	(13,468)	(13,957)
As at 31 December 2001	–	29,362	29,252	58,614
Charged to income statement	20,441	14,305	28,115	62,861
Reversed from income statement	–	(1,512)	(11,848)	(13,360)
Paid during the financial year	–	(5,511)	(15,572)	(21,083)
As at 31 December 2002	20,441	36,644	29,947	87,032

Descriptions on the above provisions are included in Note 4(o).

20 CREDITORS

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Current				
Intercarrier and roaming creditors	118,433	79,535	–	–
Intercarrier and roaming accruals	207,961	191,755	–	–
Subscribers' deposits	110,242	109,140	–	–
Trade creditors	704,633	565,592	42,382	4,071
Trade accruals	410,137	358,451	–	–
Other creditors	105,456	100,709	439	263
Other accruals	69,082	75,685	30,776	55,843
Advance payments from subscribers	14,546	13,994	–	–
Deferred income	161,196	92,668	–	–
Amounts due to related parties	23,037	16,553	9,580	6,909
Total	1,924,723	1,604,082	83,177	67,086

20 CREDITORS (continued)

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Non-current (interest bearing)				
Trade creditors	250,179	199,172	–	–
<hr/>				
The currency exposure profile of creditors are as follows:				
– Ringgit Malaysia	2,071,640		83,021	
– USD	31,248		65	
– GBP	1,062		85	
– SDR	68,362		–	
– EURO	1,086		–	
– Others	1,504		6	
<hr/>				
Total	2,174,902		83,177	
<hr/>				

Included in current trade creditors are creditors under deferred payment schemes, which are repayable within the next 12 months, amounting to RM100,087,000 (2001: RM107,789,000). The non-current trade creditors are creditors under deferred payment schemes, which are repayable between 13 to 30 months. The weighted average interest rate on these balances are 4.58% (2001: 5.05%) per annum.

Trade creditors and other creditors provide the Group and the Company with 60 days credit period. The carrying amounts of the above balances are approximately equal to their fair values.

In assessing the fair value of non-current trade creditors, the discounting cash flow method was applied using current market interest rates.

Notes to the Financial Statements
31 December 2002 (continued)

21 BORROWINGS (INTEREST BEARING)

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Current (interest bearing)				
Secured:				
Syndicated loan	38,000	–	–	–
Term loans	398	110,407	–	–
Promissory notes	14,538	–	–	–
Hire purchase and finance lease liabilities	4,770	10,800	–	3
Unsecured:				
Bank overdraft	–	22,109	–	22,109
Total	57,706	143,316	–	22,112
Non-current (secured and interest bearing)				
Syndicated loan	722,000	–	–	–
Term loans	5,300	334,688	–	–
Hire purchase and finance lease liabilities	–	4,770	–	–
Total	727,300	339,458	–	–

The syndicated loan represents borrowing of USD200,000,000 which is fully hedged (refer to Note 26(b)).

The zero coupon promissory notes were issued by a subsidiary, pursuant to an agreement entered into by the subsidiary with a supplier of telecommunications equipment and certain financial institutions for purchases of telecommunications equipment in connection with the 12 months deferred payment scheme. The subsidiary is subject to certain covenants imposed by the financial institutions in accordance with the terms of the agreement. Prior to maturity, interest is paid on a quarterly basis to the supplier. At maturity date, the principal sum of the promissory notes will be paid to the financial institutions.

The fair values of borrowings are disclosed in Note 26(d) to the financial statements.

21 BORROWINGS (INTEREST BEARING) (continued)

	Group		Company	
	2002	2001	2002	2001
Weighted average effective interest rates:	%	%	%	%
Syndicated loan	4.75	–	–	–
Term loans	10.25	6.90	–	–
Hire purchase and finance lease liabilities	3.10	3.11	–	–
Promissory notes	4.46	–	–	–
Bank overdrafts	–	8.15	–	8.15

Borrowings outstanding RM'000	Security	Repayment terms										
760,000	Legal charge over all the ordinary shares of a subsidiary comprising 100% of the total issued and paid up share capital in the subsidiary and all other preference shares in the subsidiary which may from time to time be issued or allotted to the Company, together with all rights and benefits accruing thereto from time to time.	8 semi-annual instalments commencing 18 months after the draw down date of 16 May 2002. Each instalment shall be in an amount equal to the proportion as follows: <table><tr><th>Repayment instalment</th><th>Percentage of principal amount of loan</th></tr><tr><td>1 & 2</td><td>5%</td></tr><tr><td>3 & 4</td><td>10%</td></tr><tr><td>5 & 6</td><td>15%</td></tr><tr><td>7 & 8</td><td>20%</td></tr></table>	Repayment instalment	Percentage of principal amount of loan	1 & 2	5%	3 & 4	10%	5 & 6	15%	7 & 8	20%
Repayment instalment	Percentage of principal amount of loan											
1 & 2	5%											
3 & 4	10%											
5 & 6	15%											
7 & 8	20%											
5,698	Fixed charge over the freehold land and building of a subsidiary and a deposit in a licensed bank of RM83,000 (2001: RM83,000) as disclosed in Note 17.	180 monthly equal instalments commencing December 1996.										
765,698												

Notes to the Financial Statements
31 December 2002 (continued)

21 BORROWINGS (INTEREST BEARING) (continued)

The repayment of the syndicated and term loans can be analysed as follows:

	Group	
	2002 RM'000	2001 RM'000
Due within 12 months	38,398	110,407
Due after 12 months	727,300	334,688
Total	765,698	445,095

Hire purchase and finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Hire purchase and finance lease liabilities represent outstanding obligations payable in respect of property, plant and equipment acquired under hire purchase agreements and finance leases and are analysed as follows:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Hire purchase and finance lease liabilities:				
Payable within one year	4,820	11,198	–	4
Payable between one and five years	–	4,820	–	–
	4,820	16,018	–	4
Future finance charges	(50)	(448)	–	(1)
Total	4,770	15,570	–	3
Current	4,770	10,800	–	3
Non-current	–	4,770	–	–
Total	4,770	15,570	–	3

22 DEFERRED TAXATION

	Group	
	2002 RM'000	2001 RM'000
As at 1 January	78,652	7,776
Charged to income statement (Note 9)	62,693	70,876
As at 31 December	141,345	78,652

23 SHARE CAPITAL

	Group and Company	
	2002 RM'000	2001 RM'000
Authorised:		
Non-Voting RPS of RM1 each		
As at 1 January	–	–
Created during the financial year	203	–
Reorganised from Non-Voting RPS to ordinary shares	(203)	–
As at 31 December	–	–
Ordinary shares of RM0.10 (2001: RM1) each		
As at 1 January	1,000,000	1,000,000
Reorganised from Non-Voting RPS to ordinary shares	203	–
Created during the financial year	999,797	–
As at 31 December	2,000,000	1,000,000

On 6 May 2002, the Company created an authorised share capital of 203,300 Non-Voting RPS of RM1 each.

On 18 May 2002, the authorised ordinary share capital of the Company increased from 1,000,000,000 ordinary shares of RM1 each to 1,000,203,300 ordinary shares of RM1 each through the reorganisation of 203,300 Non-Voting RPS of RM1 each into 203,300 ordinary shares of RM1 each. The authorised share capital was further increased to 20,000,000,000 ordinary shares of RM0.10 each through the creation of 18,999,796,700 ordinary shares of RM0.10 each following a share split to convert the nominal value of the ordinary share capital of the Company from RM1 each to RM0.10 each.

Notes to the Financial Statements
31 December 2002 (continued)

23 SHARE CAPITAL (continued)

Employee share option scheme

The Scheme was implemented on 1 July 2002 for the benefit of eligible employees and full-time Executive Directors of the Group.

The Scheme Committee appointed by the Directors to administer the Scheme, may from time to time offer options to eligible employees of the Group to subscribe for new ordinary shares of RM0.10 each in the Company.

The salient features of the Scheme are as follows:

- (a) The total number of shares which may be issued under the Scheme shall not exceed in aggregate 10% of the Company's issued and paid up share capital at any time during the existence of the Scheme;
- (b) Subject to the discretion of the Directors, any employees whose employment has been confirmed and any Executive Directors holding office in a full-time executive capacity of the Group, shall be eligible to participate in the Scheme;
- (c) The number of new shares that may be offered under the Scheme shall be at the discretion of the Directors after taking into consideration the performance, seniority and number of years of service as well as the employees actual or potential contribution to the Group;
- (d) In the event of a change in the capital structure of the Company except under certain circumstances, the Directors may make or provide for adjustments to be made in the option price and / or in the number of shares covered by outstanding options as the Directors in its discretion may in good faith determine to be equitably required in order to prevent dilution or enlargement of the rights of the Optionee or provide for adjustments in the number of shares to give the Optionee the same proportion of the issued ordinary share capital of the Company to which the Optionee was previously entitled;
- (e) The price at which the Optionee may exercise in respect of a share shall be as follows:
 - (i) in respect of the initial grant, the price shall be the price at which a share is subscribed for by a retail investor under the Initial Public Offering which is at RM4.36 per ordinary share; or
 - (ii) in respect of subsequent grants, the price shall be the higher of the weighted average of the market price quoted for the five (5) market days immediately preceding the date on which the option is granted less, if the Directors shall so determine at their discretion from time to time or a discount of not more than 10% or the par value of an ordinary share;

23 SHARE CAPITAL (continued)

Employee share option scheme (continued)

- (f) The options shall become exercisable to the extent of one-third ($1/3^{\text{rd}}$) of the shares granted on each of the first three anniversaries from 1 July 2002 provided the Optionee have been in continuous service with the Group throughout the period. The basis on which the options may be exercised by virtue of By-Law 7.1 of the Scheme is as follows:

Number of options granted and unexercised as at 31 December 2002	Number of options exercisable		
	2003	2004	2005
35,012,578	11,982,000	11,807,000	11,223,578

- (g) Subject to paragraph (f) above, an Optionee may exercise an option in whole or in part in multiples of 1,000 shares only at such time in accordance with any guidelines as may be prescribed by the Directors from time to time;
- (h) Shares issued upon the exercise of an option shall rank pari passu in all respects with the then existing issued shares save that they will not entitle the holders thereof to receive any rights and bonus issues which entitlement date precedes the date of the exercise of the option or to any dividend or other distribution declared to the shareholders of the Company as at a date which precedes the date of the exercise of the option and to dividends which relate to a financial year that precedes the date of the exercise of the option and will be subject to all the provisions of the Memorandum and Articles of Association of the Company.

The list of employees with number of options granted above 150,000 ordinary shares of RM0.10 each were as follows:

Date of offer	Name of Optionee	Option price	Granted	Exercised	Number of options over ordinary shares of RM0.10 each in the Company
					As at 31 December 2002
1 July 2002	Ross Chia Boon Khim	RM4.36	300,000	–	300,000
1 July 2002	Meharani a/p Ramasamy	RM4.36	216,000	–	216,000
1 July 2002	Kiang Chew Peng	RM4.36	180,000	–	180,000
1 July 2002	Azmi Haji Ujang	RM4.36	180,000	–	180,000
1 July 2002	Lee Chin Yik	RM4.36	162,000	–	162,000
1 July 2002	James Edward Alexander Brodie	RM4.36	150,000	–	150,000

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the name of employees who have been granted options below 150,000 ordinary shares of RM0.10 each.

Notes to the Financial Statements
31 December 2002 (continued)

23 SHARE CAPITAL (continued)

Employee share option scheme (continued)

The movements during the financial year in the number of options over the shares of the Company are as follows:

	2002
As at 1 January 2002	–
Granted	35,263,578
Lapsed	(251,000)
Exercised	–
As at 31 December 2002	35,012,578

24 NON-CASH TRANSACTIONS

The principal non-cash transaction of the Group during the financial year is the purchase of property, plant and equipment by means of asset trade-in amounting to RM949,000 (2001: RM Nil).

25 CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year comprise:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Deposits with licensed banks	1,821,119	791,633	1,570,111	45,350
Cash and bank balances (net of balances pledged as disclosed in Note 17)	28,553	26,198	146	27
Deposits, cash and bank balances	1,849,672	817,831	1,570,257	45,377
Bank overdraft	–	(22,109)	–	(22,109)
Bank balances	–	(1,233)	–	(75)
Total	1,849,672	794,489	1,570,257	23,193
The currency exposure profile of deposits with licensed banks and cash and bank balances are as follows:				
– Ringgit Malaysia	1,845,989		1,568,685	
– USD	3,683		1,572	
Total	1,849,672		1,570,257	

The negative bank balances in the previous financial year are due to timing differences between processing and clearance of payments and receipts.

26 FINANCIAL INSTRUMENTS

(a) Forward foreign exchange contracts

As at 31 December 2002, there were no outstanding forward exchange contracts.

(b) Currency hedge

On 13 May 2002, a subsidiary entered into an arrangement to fully hedge the USD200,000,000 syndicated loan which fixes the exchange rate of US Dollar to Ringgit Malaysia at RM3.80 to USD1.00.

(c) Credit risk

The above instrument is executed with creditworthy financial institutions in Malaysia. The Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

(d) Fair values

The carrying values for other assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

The carrying amounts of financial liabilities with maturity more than one year at the balance sheet date are set out below:

	Carrying amounts RM'000	Fair values RM'000
Borrowings	727,300	727,300

In assessing the fair value of long term borrowings, the discounting cash flow method was applied using current market interest rates.

27 ACQUISITION OF SUBSIDIARIES

On 15 May 2002, the Company acquired the entire equity interest in Advanced Wireless Technologies Sdn. Bhd. ("AWT") for a purchase consideration of RM2 and an undertaking to settle AWT's liabilities. AWT had on 15 May 2002 acquired the entire equity interest in UMTS (Malaysia) Sdn. Bhd. for a purchase consideration of RM2.

Notes to the Financial Statements
31 December 2002 (continued)

27 ACQUISITION OF SUBSIDIARIES (continued)

The effects of these acquisitions on the financial results of the Group during the financial year are shown below:

	2002 RM
Revenue	–
Operating costs	(7,094)
Loss before taxation	(7,094)
Taxation	–
Loss after taxation	(7,094)
Decrease in Group's net profit attributable to shareholders	(7,094)

The effects of these acquisitions on the financial position of the Group at the financial year end are as follows:

	2002 RM
Deposits, cash and bank balances	4
Trade and other payables	(7,094)
Group's share of net assets	(7,090)
Decrease in Group's net assets	(7,090)

Details of net assets acquired, goodwill and cash flow arising from the acquisitions are as follows:

	As at date of acquisition RM
Cash in hand	4
Trade and other payables	(3,796)
Fair value of total net assets acquired	(3,792)
Goodwill	–
Total purchase consideration discharged by cash	(3,792)
Cash and cash equivalents of subsidiary acquired	4
Cash outflow on acquisition	(3,788)

28 CAPITAL COMMITMENTS

Capital expenditure for property, plant and equipment approved by the Directors and not provided for in the financial statements:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Contracted for	297,814	194,375	–	105
Not contracted for	868,189	992,695	–	–
Total	1,166,003	1,187,070	–	105

29 OPERATING LEASE COMMITMENTS

The future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
Expiring within one year	25,720	27,502	19,383	18,323
Expiring between one and five years	85,816	101,420	82,049	96,428
Expiring after five years	123,136	117,570	123,136	117,570
Total	234,672	246,492	224,568	232,321

30 SIGNIFICANT RELATED PARTY DISCLOSURES

Significant related party transactions

Related parties are those defined under MASB Standard 8 "Related Party Disclosures".

Usaha Tegas Sdn. Bhd. together with certain entities controlled by or in which Ananda Krishnan Tatparanandam is deemed to have an interest, have the ability to exercise significant influence over the Group.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant transactions. The related party transactions described below were carried out on commercial terms that are no more favourable than that available to other third parties.

Notes to the Financial Statements

31 December 2002 (continued)

30 SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(a) Sales of goods and services

	Group	
	2002 RM'000	2001 RM'000
Sales of telecommunication services to:		
– MEASAT Broadcast Network Systems Sdn. Bhd. (VSAT, telephony and international bandwidth services)	9,769	10,201

(b) Purchases of goods and services

Purchases of services from:		
– Tanjong City Centre Property Management Sdn. Bhd. (rental and utility charges)	21,867	22,495
– Binariang Satellite Systems Sdn. Bhd. (transponder lease rental)	13,726	8,941
– MEASAT Broadcast Network Systems Sdn. Bhd. (CATV, advertising and printing services)	6,407	5,647
– UTSB Management Sdn. Bhd. (secondment and consultancy services)	30,146	16,079

31 CONTINGENT LIABILITIES

	Company	
	2002 RM'000	2001 RM'000
(i) Guarantees given to financial institutions for borrowing facilities granted to a subsidiary	760,000	439,301
(ii) Guarantee given to Telekom Malaysia Berhad in respect of services provided to Maxis Broadband Sdn. Bhd. and Maxis International Sdn. Bhd.	1,800	1,800

31 CONTINGENT LIABILITIES (continued)

	Group		Company	
	2002 RM'000	2001 RM'000	2002 RM'000	2001 RM'000
(iii) Indemnity given to financial institutions in respect of bank guarantees issued at the request of the Company and subsidiaries				
– custom duties	28,721	1,597	–	–
– others	21,293	13,086	730	2,008
Total	50,014	14,683	730	2,008

- (iv) A subsidiary had in the past entered into tenancy agreements for the benefit of Binariang Satellite Systems Sdn. Bhd. ("BSS") who at that time was a subsidiary of the Company. On the expiration of the tenancy agreements, a claim was made for the recovery of security deposits amounting to RM132,000 from a particular landlord. A counter claim was then raised by the landlord against the subsidiary for an amount of RM974,000 in respect of costs incurred and loss of earnings as a result of certain alleged non-performance of obligations. BSS has since been disposed by the Company and in accordance with the terms and conditions of the Sale and Purchase agreement of BSS, the purchaser of BSS shall cause BSS to indemnify the Company against all liabilities and claims in respect of agreements and arrangements entered into by the Company or any of its subsidiaries on behalf of BSS. On that basis, the Directors are of the view that no provision is required to be made in the financial statements as the Company will be reimbursed for any payments made, if any.
- (v) A subsidiary received a mandatory injunction filed by a customer for reinstatement of premium number mobile telephone services, a prohibitory injunction restraining the subsidiary from barring his mobile telephone line, and a claim for damages. The subsidiary is disputing the claim. The Directors are of the opinion that the claim is unlikely to be successful and no provision has been made in the financial statements.
- (vi) The Company received a letter of demand in the amount of RM532,000 for commission fee payable under the debt collection agreement which was terminated by the Company due to poor performance by the claimant. The Directors are of the opinion that the claim is unlikely to be successful and no provision has been made in the financial statements.
- (vii) A subsidiary entered into a number of network construction contracts with developers who have since terminated these contracts for alleged breach of contract without prejudice to the developers' rights to claim against the subsidiary. The subsidiary has to date received some claims in respect of these contracts and in some of the cases, negotiations for settlement are on-going. The total amount of the liability could not be determined due to on-going negotiations which are being settled progressively whilst some claims have not yet been received. A provision of RM23,164,000 (2001: RM29,362,000) has been made in the financial statements and the Directors are of the opinion that this provision is adequate to cover potential liabilities in respect of these claims.

32 SUBSEQUENT EVENT

On 30 January 2003, the Company together with certain of its subsidiaries filed a defence and counterclaim in relation to a suit that has been commenced by a third party against the Company and certain of its subsidiaries concerning the use of the name "Maxis" and against the Companies Commission of Malaysia for the approval of the use of such name. On 10 February 2003, the Company and certain of its subsidiaries filed an application to strike out the claim for want of a reasonable cause of action and on 26 February 2003, an application has been filed to obtain injunctive relief to prevent the continued use of the name "Maxis" by the third party. Given the opinion of the Company's solicitors, the Directors are of the opinion that the suit can be successfully defended.

Statement By Directors

pursuant to Section 169(15) of the Companies Act, 1965

We, Tun Haji Mohammed Hanif bin Omar and Dato' Jamaludin bin Ibrahim, two of the Directors of Maxis Communications Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 71 to 119 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2002 and of the results and cash flows of the Group and of the Company for the financial year ended on that date in accordance with the applicable approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution dated 27 February 2003.

TUN HAJI MOHAMMED HANIF BIN OMAR
DIRECTOR

DATO' JAMALUDIN BIN IBRAHIM
DIRECTOR

Kuala Lumpur

Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, James Edward Alexander Brodie, the officer primarily responsible for the financial management of Maxis Communications Berhad, do solemnly and sincerely declare that the financial statements set out on pages 71 to 119 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

JAMES EDWARD ALEXANDER BRODIE

Subscribed and solemnly declared by the above named James Edward Alexander Brodie at Kuala Lumpur in Malaysia on 27 February 2003, before me.

DATO' HJ. NADZAM BIN HJ. MOHD DIN DJMK, KMN, AMP, JP

No. W-138

COMMISSIONER FOR OATHS

Report of the Auditors

to the Members of Maxis Communications Berhad
(Company No. 158400 V)

We have audited the financial statements set out on pages 71 to 119. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with approved auditing standards in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
 - (ii) the state of affairs of the Group and the Company as at 31 December 2002 and of the results and cash flows of the Group and the Company for the financial year ended on that date;

and

- (b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under Subsection (3) of Section 174 of the Act.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

UTHAYA KUMAR S/O K. VIVEKANANDA
(No. 1455/06/04 (JJ))
Partner of the firm

Kuala Lumpur
27 February 2003

Analysis of Shareholdings

Size of Shareholdings

as at 9 May 2003

Class of shares : Ordinary Shares of RM0.10 each

Voting rights : One vote per ordinary share

Size of holdings	No. of shareholders	% of shareholders	No. of shares held	% of issued shares
Less than 100	15	0.09	261	0.00
100 – 1,000	10,599	63.12	10,557,109	0.43
1,001 – 10,000	4,855	28.92	18,198,170	0.74
10,001 – 100,000	757	4.51	28,462,600	1.16
100,001 to 122,543,749*	559	3.33	1,360,625,804	55.52
122,543,750 and above**	5	0.03	1,033,031,056	42.15
	16,790	100.00	2,450,875,000	100.00

* – Less than 5% of issued shares

** – 5% and above of issued shares

Distribution Table According to Category of Shareholders

as at 9 May 2003

Category of shareholders	No. of shareholders	% of shareholders	No. of shares held	% of issued shares
Individual	14,537	86.58	34,254,494	1.40
Bank / Finance Companies	33	0.20	31,865,205	1.30
Investments Trusts / Foundation / Charities	27	0.16	4,087,000	0.17
Other Types of Companies (Industrial & Commercial)	329	1.96	1,303,829,987	53.20
Government Agencies / Institutions	9	0.05	32,154,000	1.31
Nominees	1,855	11.05	1,044,684,314	42.62
Total	16,790	100.00	2,450,875,000	100.00

Directors' Interests in Shares as per the Register of Directors' Shareholdings as at 9 May 2003

The interests of the Directors of Maxis Communications Berhad ("the Company" or "Maxis") in the shares and options over shares in the Company based on the Company's Register of Directors' Shareholdings are as follows :-

In the Company

Name	No. of ordinary shares of RM0.10 each		% of issued shares	
	Direct	Indirect	Direct	Indirect
Tun Haji Mohammed Hanif Bin Omar	1,000,000 ⁽¹⁾	594,527,665 ⁽²⁾	0.0408	24.2578
Dato' Seri Syed Anwar Jamalullail	250,000	–	0.0102	–
Lord Killearn	100,000 ⁽³⁾	–	0.0041	–
Timothy Hugh Ling	250,000 ⁽⁴⁾	–	0.0102	–
Tunku Dato' Seri Mahmud Bin Tunku Besar Burhanuddin	–	490,000 ⁽⁵⁾	–	0.0200
Khoo Teng Bin	500,000 ⁽⁶⁾	–	0.0204	–
Augustus Ralph Marshall	500,000 ⁽⁷⁾	–	0.0204	–
Tan Poh Ching	500,000 ⁽⁸⁾	–	0.0204	–
Dato' Jamaludin Bin Ibrahim	350,000 ⁽⁸⁾	–	0.0143	–

	Option over number of shares of RM0.10 each	
	No. of Option Shares	Price per Option Share
Dato' Jamaludin Bin Ibrahim	2,293,578	RM4.36

Notes :-

- (1) Held through a nominee, namely, Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd.
- (2) Deemed to have an interest in 592,527,665 shares of the Company in which Harapan Nusantara Sdn. Bhd. ("Harapan Nusantara") has an interest by virtue of his interest in Harapan Nusantara. Harapan Nusantara is deemed to have an interest in all of the shares of the Company in which Mujur Anggun Sdn. Bhd. ("MASB"), Cabaran Mujur Sdn. Bhd., Anak Samudra Sdn. Bhd. ("ASSB"), Dumai Maju Sdn. Bhd. ("DMSB"), Nusantara Makmur Sdn. Bhd. ("NMSB"), Usaha Kenanga Sdn. Bhd. ("UKSB") and Tegas Sari Sdn. Bhd. ("TSSB") (the "Harapan Nusantara Subsidiaries") have an interest, by virtue of Harapan Nusantara being entitled to control the exercise of not less than 15% of the equity interest in each of the Harapan Nusantara Subsidiaries. MASB, ASSB, DMSB, NMSB and UKSB hold their respective interests in the Company as trustees under discretionary trusts for Bumiputera objects. As such, he and Harapan Nusantara do not have any economic interest in these Maxis shares held by the Harapan Nusantara subsidiaries.
He is also deemed to have an interest over the remaining 2,000,000 shares of the Company held through Dian Tiara Sdn. Bhd. ("DTSB") by virtue of his interest in DTSB.
- (3) 85,000 ordinary shares of RM0.10 each held through a nominee, namely, HSBC Nominees (Asing) Sdn. Bhd.
- (4) 41,000 of these shares are held through a nominee, namely, RHB Capital Nominees (Asing) Sdn. Bhd. and the remaining 209,000 shares are held through a nominee, namely, HSBC Nominees (Asing) Sdn. Bhd.
- (5) Deemed to have an interest over 490,000 shares of the Company held through Saluran Masyhur Sdn. Bhd. ("SMSB") by virtue of his interest in SMSB.
- (6) Held through a nominee, namely, EB Nominees (Tempatan) Sendirian Berhad.
- (7) Held through a nominee, namely, Bumiputra-Commerce Nominees (Tempatan) Sdn. Bhd.
- (8) Held through a nominee, namely, RHB Capital Nominees (Tempatan) Sdn. Bhd.

Analysis of Shareholdings

List of 30 Largest Shareholders

as at 9 May 2003

Nos.	No. of shares held	% of issued capital
1 Maxis Holdings Sdn. Bhd.	397,849,171	16.23
2 Libra Capital Markets Sendirian Berhad Libra Asia Securities Limited for Usaha Kenanga Sdn. Bhd.	200,000,000	8.16
3 Cartaban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tegas Puri Sdn. Bhd.	167,378,718	6.83
4 Cartaban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wilayah Resources Sdn. Bhd.	133,901,584	5.46
5 Cartaban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Besitang Barat Sdn. Bhd.	133,901,583	5.46
6 Cartaban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Besitang Selatan Sdn. Bhd.	117,164,175	4.78
7 Ria Utama Sdn. Bhd.	83,689,359	3.42
8 Tetap Emas Sdn. Bhd.	83,689,359	3.42
9 Nusantara Makmur Sdn. Bhd.	74,514,359	3.04
10 Wangi Terang Sdn. Bhd.	72,352,293	2.95
11 Cabaran Mujur Sdn. Bhd.	61,665,722	2.52
12 HSBC Nominees (Asing) Sdn. Bhd. Emerging Markets Growth Fund	61,359,500	2.50
13 Khazanah Nasional Berhad	53,543,000	2.19
14 Mujur Anggun Sdn. Bhd.	50,214,543	2.05
15 Libra Capital Markets Sendirian Berhad Libra Asia Securities Limited for Anak Samudra Sdn. Bhd.	50,000,000	2.04
16 Libra Capital Markets Sendirian Berhad Libra Asia Securities Limited for Dumai Maju Sdn. Bhd.	50,000,000	2.04
17 Tegas Sari Sdn. Bhd.	35,148,789	1.43
18 Anak Samudra Sdn. Bhd.	33,689,359	1.38
19 Dumai Maju Sdn. Bhd.	33,689,359	1.38
20 Employees Provident Fund Board	25,733,900	1.05
21 Cartaban Nominees (Asing) Sdn. Bhd. SSBT Fund HG05 for the New Economy Fund	16,916,100	0.69
22 Lembaga Tabung Angkatan Tentera	16,480,000	0.67
23 HSBC Nominees (Asing) Sdn. Bhd. Capital International Emerging Markets Investment Fund	15,734,000	0.64
24 Kumpulan Wang Amanah Pencen	14,371,000	0.59
25 Amanah Raya Nominees (Tempatan) Sdn. Bhd. Public Growth Fund	11,000,000	0.45
26 HSBC Nominees (Asing) Sdn. Bhd. New World Fund Incorporated	9,349,900	0.38
27 Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (Par 1)	7,951,000	0.32
28 HSBC Nominees (Asing) Sdn. Bhd. Abu Dhabi Investment Authority	7,112,100	0.29
29 Mayban Nominees (Tempatan) Sdn. Bhd. Mayban Trustees Berhad for Public Regular Savings Fund (N14011940100)	6,493,000	0.26
30 CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for CIMB Sharetech Sdn. Bhd.	6,408,123	0.26
Total	2,031,299,996	82.88

Information on Substantial Shareholders

as at 9 May 2003

The direct and indirect shareholdings of the shareholders holding more than 5% in Maxis Communications Berhad ("Maxis" or "the Company") based on the Register of Substantial Shareholders as at 9 May 2003 are as follows:-

Name of Shareholders	Number of Ordinary Shares of RM0.10 each		Number of Ordinary Shares of RM0.10 each	
	Direct	%	Indirect	%
Maxis Holdings Sdn. Bhd.	397,849,171	16.23	–	–
Bagan Budiman Sdn. Bhd.	–	–	167,378,718 ⁽¹⁾	6.83
Usaha Kenanga Sdn. Bhd.	200,853,534	8.20	35,148,789 ⁽²⁾	1.43
Nusantara Tegas Sdn. Bhd.	–	–	236,002,323 ⁽³⁾	9.63
Harapan Nusantara Sdn. Bhd.	–	–	592,527,665 ⁽⁴⁾	24.18
Tun Haji Mohammed Hanif bin Omar	1,000,000	0.0408	594,527,665 ⁽⁵⁾ & ⁽⁶⁾	24.26
Dato' Haji Badri bin Haji Masri	–	–	592,527,665 ⁽⁵⁾	24.18
Hj. Affendi bin Tun Haji Mohd Fuad Stephens	–	–	592,527,665 ⁽⁵⁾	24.18
Mohamad Shahrin bin Merican	130,000	0.0053	592,527,665 ⁽⁵⁾	24.18
Pacific Fortune Sdn. Bhd.	–	–	167,378,718 ⁽⁷⁾	6.83
MAI Holdings Sdn. Bhd.	–	–	167,378,718 ⁽⁸⁾	6.83
Ananda Krishnan Tatparanandam	–	–	793,431,111 ⁽⁹⁾ & ⁽¹⁰⁾	32.37
Wilayah Resources Sdn. Bhd.	133,901,584	5.46	–	–
Tegas Puri Sdn. Bhd.	167,378,718	6.83	–	–
Besitang Barat Sdn. Bhd.	133,901,583	5.46	–	–
Wilayah Bintang Sdn. Bhd.	–	–	133,901,584 ⁽¹¹⁾	5.46
Tegas Mahsuri Sdn. Bhd.	–	–	167,378,718 ⁽¹²⁾	6.83
Besitang (M) Sdn. Bhd.	–	–	133,901,583 ⁽¹³⁾	5.46
Usaha Tegas Equity Sdn. Bhd.	–	–	552,346,060 ⁽¹⁴⁾	22.54
Usaha Tegas Sdn. Bhd.	–	–	552,346,060 ⁽¹⁵⁾	22.54
Pacific States Investment Limited	–	–	552,346,060 ⁽¹⁶⁾	22.54
Excorp Holdings N.V.	–	–	552,346,060 ⁽¹⁰⁾	22.54
PanOcean Management Limited	–	–	552,346,060 ⁽¹⁰⁾	22.54
East Asia Telecommunications Ltd	–	–	397,849,171 ⁽¹⁷⁾	16.23
Global Multimedia Technologies (BVI) Ltd	–	–	397,849,171 ⁽¹⁷⁾	16.23
Worldwide Communications Technologies Ltd	–	–	397,849,171 ⁽¹⁷⁾	16.23
First East Asia Investments N.V.	–	–	397,849,171 ⁽¹⁸⁾	16.23

Information on Substantial Shareholders

as at 9 May 2003 (continued)

Notes :-

- (1) Deemed interest by virtue of its interests in Samudra Capital Sdn. Bhd. and Alam Nakhoda Sdn. Bhd. which are the immediate holding companies of Anak Samudra Sdn. Bhd. ("ASSB") and Dumai Maju Sdn. Bhd. ("DMSB") respectively. ASSB and DMSB collectively hold more than 5% direct equity interest in Maxis Communications Berhad. ASSB and DMSB hold their respective interests in Maxis Communications Berhad as trustees under discretionary trusts for Bumiputra objects. As such, Bagan Budiman Sdn. Bhd. does not have any economic interest in these shares.
- (2) Deemed interest by virtue of its interest in Citra Cekal Sdn. Bhd. ("CCSB"), the immediate holding company of Tegas Sari Sdn. Bhd. ("TSSB"). Usaha Kenanga Sdn. Bhd. ("UKSB") holds its 8.20% direct equity in Maxis Communications Berhad as a trustee under a discretionary trust for Bumiputra objects. As such, UKSB does not have any economic interest in the aforesaid shares.
- (3) Deemed interest by virtue of its interest in UKSB which holds more than 5% direct equity interest in Maxis Communications Berhad. UKSB holds its 8.20% direct equity in Maxis Communications Berhad as a trustee under discretionary trust for Bumiputra objects. As such, Nusantara Tegas Sdn. Bhd. does not have any economic interest in the aforesaid shares.
- (4) Harapan Nusantara Sdn. Bhd. is deemed to have an interest in all of the shares of Maxis Communications Berhad in which Mujur Anggun Sdn. Bhd., Cabaran Mujur Sdn. Bhd., ASSB, DMSB, Nusantara Makmur Sdn. Bhd. ("NMSB"), UKSB and TSSB (the "Harapan Nusantara Subsidiaries") have an interest, by virtue of Harapan Nusantara Sdn. Bhd. being entitled to control the exercise of not less than 15% of the equity interest in the Harapan Nusantara Subsidiaries. Mujur Anggun Sdn. Bhd., ASSB, DMSB, NMSB and UKSB hold their respective interests in Maxis Communications Berhad as trustees under discretionary trusts for Bumiputera objects. As such, Harapan Nusantara Sdn. Bhd. does not have any economic interest in these shares.
- (5) Deemed to have an interest in the shares of Maxis Communications Berhad in which Harapan Nusantara Sdn. Bhd. has an interest by virtue of his interest in Harapan Nusantara Sdn. Bhd. See Note (4) above. However, he does not have any economic interest in these shares.
- (6) Deemed to have an interest over the remaining 2,000,000 shares of Maxis Communications Berhad held through Dian Tiara Sdn. Bhd. ("DTSB") by virtue of his interest in DTSB.
- (7) Pacific Fortune Sdn. Bhd. ("PFSB")'s deemed interest arises by virtue of its interest in Ria Utama Sdn. Bhd. ("RUSB") and Tetap Emas Sdn. Bhd. ("TESB") respectively (collectively, "PFSB Subsidiaries"). The PFSB Subsidiaries hold in aggregate more than 5% direct equity interest in Maxis Communications Berhad.

PFSB is deemed to have an interest in all of the shares in Maxis Communications Berhad in which the PFSB Subsidiaries have an interest, by virtue of PFSB's direct interests in the PFSB Subsidiaries.
- (8) MAI Holdings Sdn. Bhd. ("MAIH") is deemed to have an interest in all of the shares in Maxis Communications Berhad in which PFSB has an interest, by virtue of MAIH's direct interest in PFSB. See Note (7) above.
- (9) Deemed interest by virtue of his interest in :-
 - (i) MAI Sdn. Berhad, the immediate holding company of Terang Equity Sdn. Bhd. which in turn has a direct interest in Wangi Terang Sdn. Bhd. ("WTSB"); and
 - (ii) MAIH, the immediate holding company of PFSB which in turn has a direct interest in RUSB and TESB respectively. See Note (8) above.
- (10) The shares in Pacific States Investment Limited ("PSIL") are held by Excorp Holdings N.V. ("Excorp") which is in turn held by 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 and foundations including those for charitable purposes. Although PanOcean and Ananda Krishnan Tatparanandam are deemed to have an interest in the shares of Maxis Communications Berhad by virtue of the trust and related arrangements, they do not have any economic or beneficial interest in the shares.
- (11) Deemed interest by virtue of its direct interest in Wilayah Resources Sdn. Bhd.
- (12) Deemed interest by virtue of its direct interest in Tegas Puri Sdn. Bhd.
- (13) Deemed interest by virtue of its direct interest in Besitang Barat Sdn. Bhd.
- (14) Usaha Tegas Equity Sdn. Bhd. ("UTES")'s deemed interest arises by virtue of its interests in Wilayah Bintang Sdn. Bhd., Tegas Mahsuri Sdn. Bhd., Besitang (M) Sdn. Bhd. and Besitang Utara Sdn. Bhd. which are the holding companies of Wilayah Resources Sdn. Bhd., Tegas Puri Sdn. Bhd., Besitang Barat Sdn. Bhd. and Besitang Selatan Sdn. Bhd. (collectively, "UT Subsidiaries"). The UT Subsidiaries hold in aggregate 22.54% equity interest in Maxis Communications Berhad. See Notes (11) to (13) above.

UTES is deemed to have an interest in all of the shares in Maxis Communications Berhad in which the UT Subsidiaries have an interest by virtue of UTES being entitled to control the exercise of not less than 15% of the equity interest in the UT Subsidiaries.
- (15) Usaha Tegas Sdn. Bhd. ("UTSB") is deemed to have an interest in all of the shares in Maxis Communications Berhad in which UTES has an interest by virtue of Usaha Tegas Sdn. Bhd. being entitled to control the exercise of not less than 15% of the equity interest in UTES. See Note (14) above.
- (16) PSIL is deemed to have an interest in all of the shares in Maxis Communications Berhad in which UTSB has an interest, by virtue of PSIL being entitled to control the exercise of not less than 15% of the equity interest in UTSB. See Note (15) above.
- (17) Deemed interest by virtue of its direct interest in Maxis Holdings Sdn. Bhd.
- (18) First East Asia Investments N.V. ("FEAI") is deemed to have an interest by virtue of its aggregated equity interests in Global Multimedia Technologies (BVI) Ltd, East Asia Telecommunications Ltd and Worldwide Communications Technologies Ltd respectively. The shares of FEAI are bearer shares.

List of Properties Held

Location	Approximate Age of Building	Tenure	Remaining Lease Period (Expiry of lease)	Current Use	Land Area (sq. metre)	Built-up Area (sq. metre)	Net Book Value as at 31 December 2002 (RM'000)
Plot 12155 (Lot 13) Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam Selangor Darul Ehsan	7 years	Freehold (land and building)	–	Telecommunications operations centre and office	11,230	10,061	27,849
Lot 4059 Jalan Riang 20 Taman Gembira Industrial Estate 81100 Johor Bahru	10 years	Freehold (land and building)	–	Telecommunications operations centre and office	2,022	2,531	6,661
Lot 4059 Jalan Riong 20 Taman Gembira Industrial Estate 81100 Johor Bahru	5 years	Freehold (land and building)	–	Telecommunications operations centre and office	2,042	1,546	
Lot 2537 & 2538 Lorong Jelawat 6 Kawasan Perusahaan Seberang Jaya 13700 Seberang Jaya Penang	6 years	Leasehold (land and building)	71 years (18 August 2073)	Telecommunications operations centre and office	3,661	2,259	9,575
PT 31093, Taman Perindustrian Tago Jalan KL-Sg. Buluh Mukim Batu Gombak	6 years	Freehold (land and building)	–	Telecommunications operations centre	2,830	3,290	2,818
Lot 11301, Jalan Lebuhraya Kuala Lumpur - Seremban Batu 8 Mukim Petaling 57000 Kuala Lumpur	6 years	Sub-lease (land and building)	22 years (28 July 2025)	Telecommunications operations centre and office	11,592	5,634	19,428

List of Properties Held (continued)

Location	Approximate Age of Building	Tenure	Remaining Lease Period (Expiry of lease)	Current Use	Land Area (sq. metre)	Built-up Area (sq. metre)	Net Book Value as at 31 December 2002 (RM'000)
25 Noutan Baharu Inanam Sabah	2 years	Leasehold (land and building)	94 years (31 December 2096)	Technical operation centre under construction	16,149	210	8,370
Shoplot (N) Lot 1945 & 1426 Section 66, Bintawa Jalan Daya 93450 Kuching Sarawak	2 years	Leasehold (land and building)	40 years (17 February 2042)	Technical operation centre under construction	10,122	210	2,505
Lot 943 & 1289 No. Lot Pemaju - 46 Rawang Integrated Industrial Park Selangor	5 years	Freehold ⁽¹⁾ (land and building)	–	Central Technical Office	10,611	1,535	3,370
8101 Taman Desa Jasmin Block 12B, Bandar Baru Nilai, Labu Negeri Sembilan	5 years	Freehold (land and building)	–	Central Technical Office	2,378	1,736	1,378
No. 1 Taman Perindustrial Subang (Lion Industrial Park) Seksyen 22 40000 Shah Alam Selangor	8 years	Freehold (land and building)	–	Warehouse	17,721	1,886	7,498
Plot 80C, Bayan Lepas Industrial Park IV Penang	4 years	Leasehold (land and building)	55 years (10 July 2057)	Incomplete building	8,106	5,416	1,999

Notes:

Revaluation of properties have not been carried out on any of the above properties to date.

(1) The title deed pertaining to the freehold land is in the process of being transferred to Maxis Boardband Sdn. Bhd.

Additional Disclosures

The following disclosures are made in compliance with Part A of Appendix 9C of the Listing Requirements of the Kuala Lumpur Stock Exchange.

Material Contracts

Parties		Subject Matter	Consideration/ Value	Date of Agreement/ Duration	Mode of Satisfaction of Consideration	Relationship
Maxis Company	Related Party					
Maxis Communications Berhad ("Maxis")	MEASAT Broadcast Network Systems Sdn. Bhd. ("MBNS")	(a) Memorandum of Understanding ("MoU") in respect of a 3G joint venture whereby the parties agreed to discuss and negotiate terms for the grant of an option to MBNS for the subscription of up to 25% of the enlarged share capital in Advanced Wireless Technologies Sdn. Bhd. ("AWT")	Nil	MoU is dated 24.05.2002 and continues until terminated in accordance with the terms of the MoU.	N/A	Please refer to note below
		(b) Letter of Offer granting MBNS the option to subscribe up to 25% of the enlarged shares in AWT.	Consideration for grant of option is MBNS' agreement to jointly submit UMTS (Malaysia) Sdn Bhd ("UMTS")'s application to the Malaysian Communications and Multimedia Commission for the IMT-2000 Spectrum Assignment and establishing a content company for the provision of 3G mobile content and application services to Maxis. Note : separate consideration payable in the event MBNS elects to exercise its option to subscribe for shares in UMTS.	Letter of Offer is dated 28 April 2003	Non-Cash	

Usaha Tegas Sdn. Bhd. ("UTSB"), Pacific States Investment Limited ("PSIL"), Excorp Holdings N.V. ("Excorp") and PanOcean Management Limited ("PanOcean") and Ananda Krishnan Tatparanandam who are major shareholders of Maxis are also major shareholders of MBNS through ASTRO ALL ASIA NETWORKS LIMITED ("AAANL"). In addition, Ananda Krishnan Tatparanandam is also a Director of AAANL.

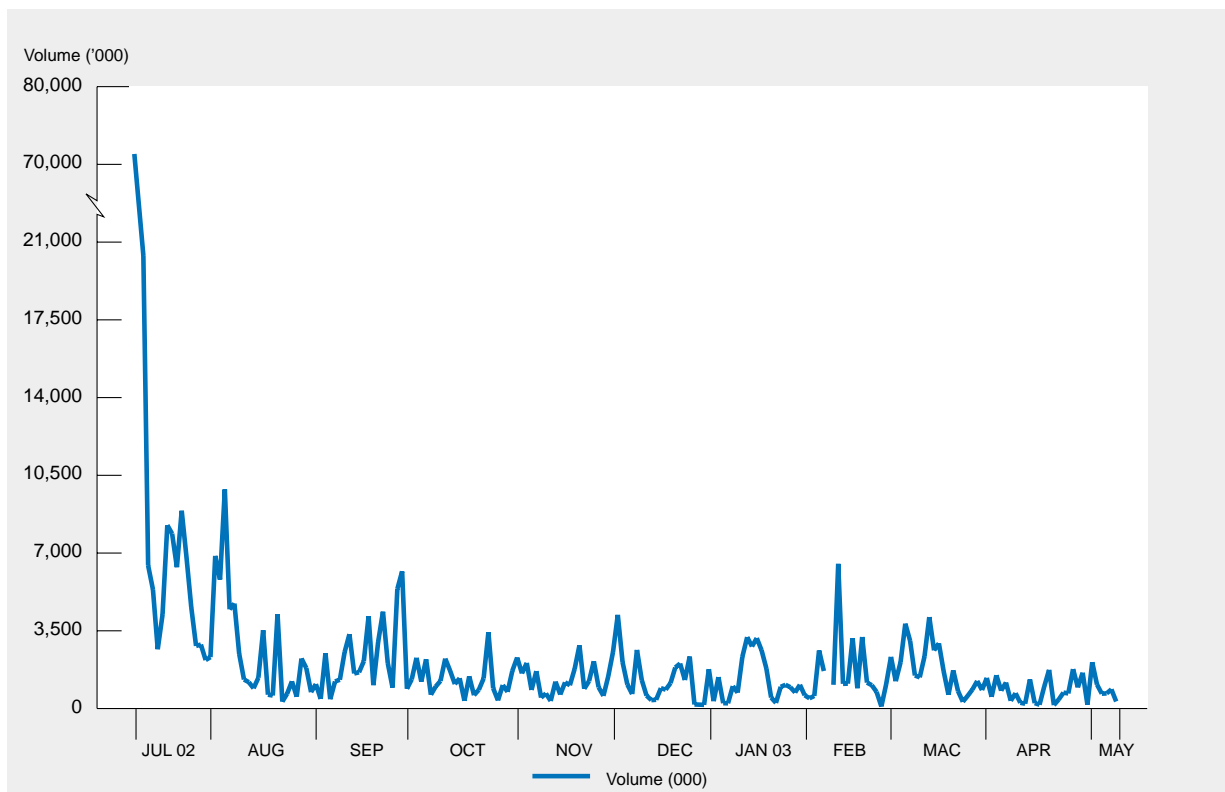
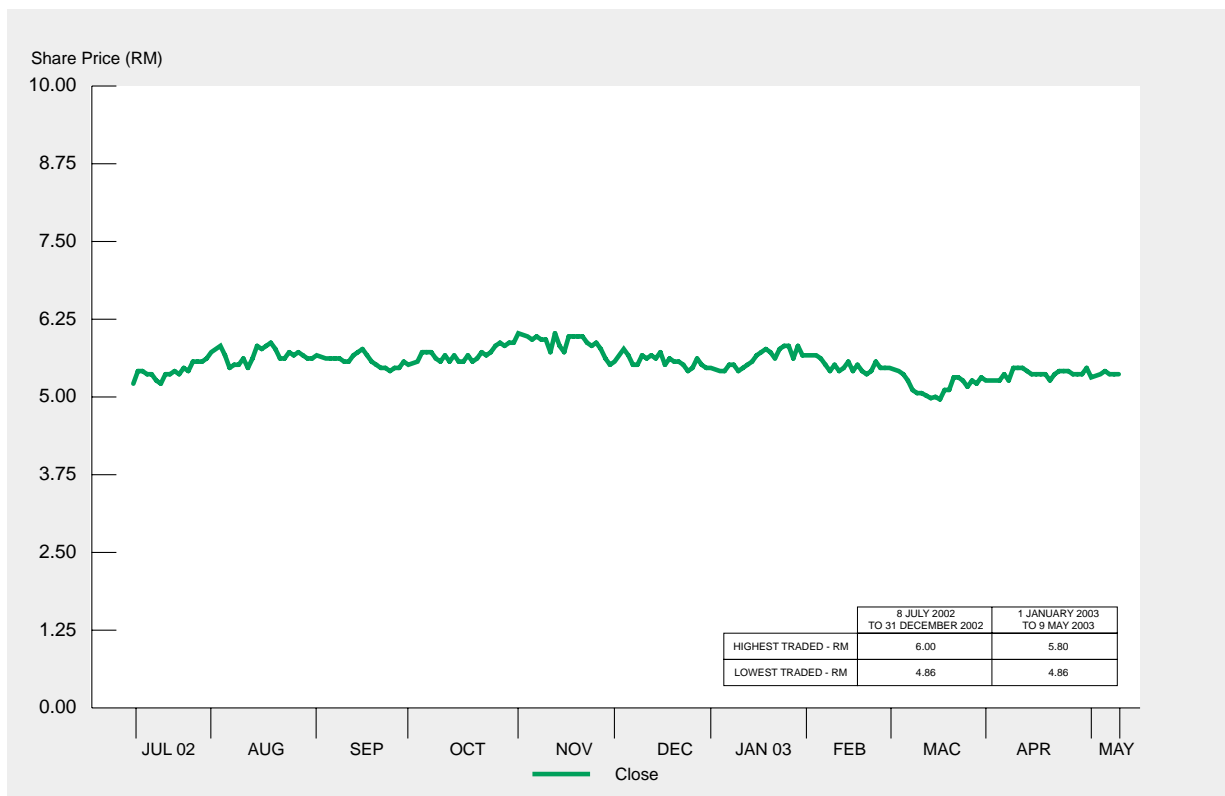
Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin, Khoo Teng Bin, Augustus Ralph Marshall ("RM") and Tan Poh Ching ("TPC") who are Directors of Maxis Communications Berhad are also Directors of UTSB. In addition, RM and TPC are also Directors of AAANL and MBNS. TPC and RM do not have any equity interest in AAANL.

Dato' Haji Badri Bin Haji Masri and Hj. Affendi Bin Tun Hj. Mohd Fuad Stephens who are the major shareholders of Maxis Communications Berhad are also Directors of MBNS. They do not have any equity interest in AAANL or MBNS.

Mohamed Shahrin Bin Merican who is a major shareholder of Maxis Communications Berhad, is also a director of certain subsidiaries of MBNS.

The details of the interests in the shares of Maxis of the aforesaid Directors and major shareholders of Maxis are set out on pages 123 and 125 respectively.

Share Performance



Glossary

2G/2.5G	Second generation or 2G refers to the digital wireless communications systems which uses circuit switching technology. GSM is one of the most widely used 2G mobile systems. 2.5G uses packet switching technology and offers high speed data transmission rates of up to 115 kbps. 2G mobile systems can be upgraded to become 2.5G mobile systems. GPRS is an example of a 2.5G system.	ATUR	Automatic Telephone Using Radio.
		Bandwidth	A measure of data sent through a connection. The greater the bandwidth, the greater the information carrying capacity. Bandwidth is expressed in hertz for analogue devices and in bits per second for digital devices.
		Base station	A multi-circuit transceiver located within a cell used for communicating between mobile telephones within the cell and the BSC or MSC.
3G	Third generation digital wireless communications system which uses packet switching technology and offers higher speed data transmission rates (between 144 kbps to 2Mbps) than available under 2G and 2.5G. The International Telecommunications Union has established the IMT-2000 to be adopted for 3G. CDMA 2000 and W-CDMA are two of the leading 3G technologies that are currently being developed.	Bit	The smallest amount of information that can be transmitted representing a 1 or 0. It is the basic unit for data communications.
		Broadband	Transmission capacity having a bandwidth greater than 2 Mbps, capable of high speed data transmission.
ADSL	Asymmetric Digital Subscriber Line; a digital subscriber line of copper loop enhanced technologies, which is asymmetric, providing faster transmission rates downstream than upstream. It is suited to fast internet access where requests for web pages and e-mail generally require less bandwidth than the receipt of multimedia and web pages. It is not suited for videoconferencing and two-way file transfer, as these require symmetric communication.	BSC	Base Station Controller; in a mobile network, the BSC controls several cells and handles call set-up and management.
		BTS	Base Transceiver Station; radio equipment contained in a base station that is used for transmitting and receiving signals to and from a mobile telephone within a single cell.
		CDMA	Code Division Multiple Access; a digital wireless transmission technology based on the continuous digital transmission using coding sequences to mix and separate voice and data signals. CDMA allows more than one user to simultaneously occupy a signal radio frequency band with reduced interference.
ARPU	Average Revenue Per User; average of the monthly revenue per user in a financial year, each calculated by dividing (i) the monthly revenue (net of rebates) less roaming partner revenue and non-recurring fees by (ii) the monthly average number of active subscribers.	DSL	Digital Subscriber Line; a family of digital transmission technology that provides high bandwidth bi-directional transmission over standard twisted copper wires (regular telephone lines).

Glossary (continued)

Frequency	The number of cycles per second, measured in hertz, of a periodic oscillation or wave in radio wave propagation.	MSC	Mobile Switching Centre; a switching centre in a mobile network that keeps track of users, processes calls and routes calls to users through the BSCs.
GPRS	General Packet Radio Service; an enhancement of the GSM system that supports packet switching and offers higher speed data transmission rates than 2G; also referred to as 2.5G.	POTs	Plain old telephone service; refers to the standard telephone network.
GSM	Global System for Mobile communications; one of the most widely used standards for mobile communications, initially developed to standardise the use of mobile technology in Europe.	Roaming	When mobile customers leave their own mobile carrier's home network and move on to other mobile operators' networks.
Internet	The interconnection of servers worldwide that provides communications and application services to an international base of business, consumers, education, research, government and other organisations.	SMS	Short Message Service; a service whereby mobile telephone users may send text messages. In GSM systems, a text message can have a maximum of 160 characters.
IP	Internet Protocol; a standard that keeps track of network addresses for different nodes, routes outgoing messages, and recognises incoming messages.	Switch	A sophisticated computer in a telephony network or data communications network that connects networks automatically in response to signals that are carried to it.
ISDN	Integrated Services Digital Network.	VSAT	Very Small Aperture Terminal; a small earth station for satellite transmission of data handling up to 55 kbps of digital transmission.
kbps	One thousand bits per second.	WAP	Wireless Application Protocol; an open, global protocol that is designed to send web pages to wireless devices and allow users to access information instantly.
LAN	Local Area Network; a short distance data communications network (usually within a building).	W-CDMA	Wideband Code Division Multiple Access; a CDMA technology adopted by the European Telecommunications Standards Institute, Europe for 3G mobile systems and is designed to be backward compatible with the GSM standard.
MASA	Maxis Authorised Service Agent.		
Mbps	One million bits per second.		
MHz	Megahertz; one million cycles per second.		
MOU	Minutes of use; the average total (incoming and outgoing) minutes of use per subscriber being the average of the total minutes per subscriber in a financial year, each calculated by dividing the monthly total minutes by the monthly average number of active subscribers.		

Contact Information

CUSTOMER SERVICE

- **Enquiries and Assistance for any Maxis service (24 hours a day, 7 days a week)**
Dial 123 on any Maxis phone or (603) 7492 2123 on any other phone or fax (603) 74922950.
- **Enquiries and Assistance for Maxis Net (24 hours a day, 7 days a week)**
Dial 1 300 82 1512 on any phone.
- **Enquiries and Assistance for Smart Access**
Dial 1 800 828 182 on any phone.
- **Business Contact Centre – Customer Service**
Dial 1202 on any Maxis phone or 1 800 82 1202 on any other phone.
- **Lost and Stolen Smart Card / Mobile Phone**
Dial 012 200 2000 on any phone.
- **Pay-by-Phone Service**
Dial 1 800 821 222 on any phone (registration required).
- **Collections**
Dial 1 800 821 228 on any phone.

MAXIS BUSINESS SOLUTIONS

- **Enquiries and Assistance for any Maxis Business Solutions (24 hours a day, 7 days a week)**
Dial 1800 82 1919 on any phone

COMPANY INFORMATION

- General Line Tel: (603) 2330 7000
- Corporate Affairs Tel: (603) 2330 7170 or Fax: (603) 2330 0586 / 0008
Maxis Communications Berhad (Co. No. 158400-V)
Level 18, Menara Maxis
Kuala Lumpur City Centre
50088 Kuala Lumpur
Malaysia
Tel: (603) 2330 7000 Fax: (603) 2330 0590
www.maxis.com.my

Maxis Centres

KUALA LUMPUR

Ampang
Lot 44, Jalan Mamanda 9
Ampang Point
68000 Ampang

Cheras
69, Jalan Manis 4
Taman Segar, Cheras
55100 Kuala Lumpur

KLCC
Maxis i-centre KLCC
Ground Floor, Menara Maxis
50088 Kuala Lumpur

Selayang
Ground and 1st Floor
69 Jalan 2/3A
Pusat Bandar Utara
Off KM12, Jalan Ipoh
68100 Batu Caves

Semantan
Ground Floor, Block A
Wisma Semantan
12 Jalan Gelenggang
Bukit Damansara
50490 Kuala Lumpur

Taman Tun Dr Ismail
43, Jalan 2/71
Off Jalan Tun Mohd Fuad
TTDI, 60000 Kuala Lumpur

SELANGOR

Klang
34, Persiaran Sultan Ibrahim
41300 Klang

Taipan-USJ
61, Jalan USJ 10/1A
Taipan Triangle
47620 UEP Subang Jaya

PERAK

Ipoh
129 Jalan Kampar, 30250 Ipoh

Taiping
Lot 85, Jalan Taiping Utara
Taman Taiping Utara
34600 Kamunting

JOHOR

Batu Pahat
Ground Floor
Wisma Abdul Rahman 1918
1 Jalan Kundang
Taman Bukit Pasir
83000 Batu Pahat

Johor Bahru i-centre
L3-62, Aras Abdullah Ibrahim
Plaza Kotaraya
80000 Johor Bahru

Johor Baru-Taman Molek
Ground Floor, Unit No. 12 & 14
Jalan Molek 1/9, Taman Molek
81100 Johor Bahru

PAHANG

Kuantan
B-306, Jalan Beserah
25300 Kuantan

PULAU PINANG

Penang Maxis i-centre
Unit S-1-B and Unit S-2-A
The Northam
55 Jalan Sultan Ahmad Shah
10050 Pulau Pinang

Bayan Baru
Unit No. 15-G-10
Block A Bayan Point
Medan Kampung Relau
11900 Pulau Pinang

Prai
52 Jalan Todak 4
Pusat Bandar Seberang Jaya
13700 Prai

NEGERI SEMBILAN

Seremban
14 Jalan Kong Sang
70000 Seremban

MELAKA

32, 32A, 32B, Jalan Merdeka
Taman Melaka Raya
75000 Melaka

KEDAH

Alor Star
6 Jalan Teluk Wanjah
05100 Alor Setar

Langkawi
1, Persiaran Mutiara
Kelana Emas
07000 Langkawi

KELANTAN

Kota Bharu
51 & 52, Jalan Kebun Sultan
15000 Kota Bharu

SABAH

Kota Kinabalu
Lot 7, Blok B
Damai Plaza, Phase 3
88300 Kota Kinabalu

SARAWAK

Kuching
Lot 24 & 25 (Ground,
1st, 2nd Floor)
Al Idrus Commercial Centre
Jalan Satok, 93400 Kuching

Miri

2377 (Ground Floor,
1st, 2nd) and 2378
(Ground Floor)
Jalan Boulevard 1
Boulevard Commercial Centre
98000 Miri

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Sixteenth Annual General Meeting of MAXIS COMMUNICATIONS BERHAD ("the Company") will be held on Thursday, 19 June 2003 at 10.00 a.m. at Grand Ballroom, Mandarin Oriental, Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia for the following purposes:-

AGENDA

- | | |
|--|--------------|
| 1. To receive the Directors' Report and the Financial Statements for the financial year ended 31 December 2002 and the Auditors' Report thereon. | Resolution 1 |
| 2. To declare a final gross dividend of 12.5 sen per ordinary share less Malaysian income tax at 28% for the financial year ended 31 December 2002. | Resolution 2 |
| 3. To approve Directors' fee of RM312,000 for the financial year ended 31 December 2002. | Resolution 3 |
| 4. To re-elect as a Director, En. Augustus Ralph Marshall, who retires by rotation pursuant to Article 114 of the Company's Articles of Association. | Resolution 4 |
| 5. To re-elect the following Directors who retire pursuant to Article 121 of the Company's Articles of Association :- | |
| (i) Y. Bhg. Dato' Jamaludin bin Ibrahim | Resolution 5 |
| (ii) Y. A. M. Dato' Seri Syed Anwar Jamalullail | Resolution 6 |
| (iii) The Lord Killearn | Resolution 7 |
| (iv) Mr. Timothy Hugh Ling | Resolution 8 |
| 6. To re-appoint PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. | Resolution 9 |

As Special Business:

To consider and if thought fit, to pass the following Resolution :-

7. Ordinary Resolution**Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

THAT, pursuant to Section 132D of the Companies Act, 1965 ("the Act"), the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per cent (10%) of the issued share capital of the Company for the time being, subject always to the approval of all the relevant regulatory bodies, if required, being obtained for such allotment and issue.

Resolution 10

BY ORDER OF THE BOARD

DIPAK KAUR

LS 5204

Company Secretary

27 May 2003

Kuala Lumpur

Notes :

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote for him. A proxy may but need not be a member of the Company.
2. The instrument appointing a proxy shall :-
 - i) in case of individual, be signed by the appointor or by his attorney; and
 - ii) in the case of a corporation, be either under its common seal or signed by its attorney or by an officer on behalf of the corporation.
3. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member of the Company is an authorised nominee, it may appoint at least one (1) proxy in respect of each securities account it holds to which ordinary shares in the Company are credited. Each appointment of proxy by an authorised nominee shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.
5. The instrument appointing a proxy must be deposited at the registered office of the Company at Level 18, Menara Maxis, Kuala Lumpur City Centre, off Jalan Ampang, 50088 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

Notice of Annual General Meeting (continued)

Explanatory Notes on Special Business :

Resolution 10

This Ordinary Resolution, if passed, is to give the Directors of the Company flexibility to issue and allot shares for such purposes as the Directors in their absolute discretion consider to be in the interest of the Company, without having to convene a general meeting subject to the limitation that the shares to be issued do not exceed ten percent (10%) of the issued share capital of the Company for the time being. This authority will expire at the next Annual General Meeting of the Company.

Notice of Dividend Payment

Notice is hereby given that, subject to the approval of the shareholders at the Annual General Meeting to be held on 19 June 2003, a final gross dividend of 12.5 sen per share less 28% Malaysian Income Tax for the financial year ended 31 December 2002 will be paid on 24 July 2003 to Depositors registered in the Record of Depositors at the close of business on 4 July 2003.

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

- a) Shares transferred to the Depositor's securities account before 4.00 p.m. on 4 July 2003 in respect of transfers; and
- b) Shares bought on the Kuala Lumpur Stock Exchange on a cum entitlement basis according to the Rules of the Kuala Lumpur Stock Exchange.

Statement Accompanying the Notice of Annual General Meeting

STATEMENT ACCOMPANYING Notice of Annual General Meeting made pursuant to paragraph 8.28(2) of the Listing Requirements of the Kuala Lumpur Stock Exchange.

DIRECTORS WHO ARE STANDING FOR RE-ELECTION AT THE 16TH ANNUAL GENERAL MEETING OF THE COMPANY

1. Pursuant to Article 114 of the Company's Articles of Association is Augustus Ralph Marshall;
2. Pursuant to Article 121 of the Company's Articles of Association are :-
 - i. Dato' Jamaludin bin Ibrahim;
 - ii. Dato' Seri Syed Anwar Jamalullail;
 - iii. Lord Killearn; and
 - iv. Timothy Hugh Ling.

THE DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year under review, 13 board meetings were held.

Attendance		
Augustus Ralph Marshall	–	13 out of 13 meetings held
Dato' Jamaludin bin Ibrahim (appointed on 23 April 2002)	–	11 out of 11 meetings held since his appointment
Dato' Seri Syed Anwar Jamalullail (appointed on 18 May 2002)	–	7 out of 7 meetings held since his appointment
Lord Killearn (appointed on 18 May 2002)	–	4 out of 7 meetings held since his appointment
Timothy Hugh Ling (appointed on 18 May 2002)	–	6 out of 7 meetings held since his appointment

DETAILS OF PLACE, DATE AND TIME OF THE 16TH ANNUAL GENERAL MEETING

- Place : Grand Ballroom, Mandarin Oriental, Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia.
- Date and time : Thursday, 19 June 2003 at 10.00 a.m.

Statement Accompanying the Notice of Annual General Meeting (continued)

DETAILS OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION

Details of the Director who is standing for re-election is set out below :-

Name	Augustus Ralph Marshall
Age	51
Nationality	Malaysian
Qualification	An Associate of the Institute of Chartered Accountants in England and Wales, post qualifying in the United Kingdom and a member of the Malaysian Association of Certified Public Accountants.
Position in the Company	Non-Executive Director
Working experience and occupation	<p>He has more than 25 years experience in financial and general management. He is a Director and Chief Executive Officer of ASTRO ALL ASIA NETWORKS Limited (<i>incorporated in Bermuda</i>) which is involved in multimedia content aggregation and distribution, including radio and television broadcasting and an Executive Director of Tanjong Public Limited Company (listed on the Kuala Lumpur Stock Exchange ("KLSE") and the London Stock Exchange) which is involved in leisure and entertainment and power generation and Usaha Tegas Sdn. Bhd. which is a major shareholder of the aforesaid companies.</p> <p>His directorships in other companies include Malaysian Tobacco Company Berhad (listed on the KLSE) which owns Binariang Satellite Systems Sdn. Bhd., the operator of the Malaysia East Asia Satellite ("MEASAT"), KLCC (Holdings) Berhad (the developer of the Kuala Lumpur City Centre project), Arnhold Holdings Limited (listed on The Stock Exchange of Hong Kong Limited) and London International Exhibition Centre Holdings PLC, the owner and operator of the London International Exhibition Centre ("Excel").</p>
Any other directorships of public companies	a) KLCC (Holdings) Berhad b) Malaysian Tobacco Company Berhad c) Powertek Berhad
The securities holdings in the Company and its subsidiaries	<p>In the Company : Shareholding of 500,000 ordinary share of RM0.10 each (0.0204%), held through a nominee</p> <p>In the subsidiaries : Nil</p>
The family relationship with any director and/or major shareholder of the Company	None
Any conflict of interest that he has with the Company	He does not have any conflict of interest with the Company
List of convictions for offences within the past 10 years other than traffic offences, if any	None

DETAILS OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION (continued)

Details of the Director who is standing for re-election is set out below :-

Name	Dato' Jamaludin bin Ibrahim
Age	44
Nationality	Malaysian
Qualification	He attended Maktab Sultan Abu Bakar before graduating from California State University in the United States with a Bachelor of Science, Business Administration and a minor in Mathematics in 1978. He obtained his Masters in Business Administration from Portland State University, Oregon in 1980.
Position in the Company	Chief Executive Officer / Executive Director
Working experience and occupation	He served with Maxis Communications Berhad for about 6 years having joined in early 1997 as the Director of Corporate Strategies and Development and was later promoted to Chief Operating Officer in September of the same year. In October 1998, he was appointed as the Chief Executive Officer of Maxis Communications Berhad. He has over 17 years of experience in the IT industry prior to his appointment in Maxis Communications Berhad. He was the Managing Director and Chief Executive Officer of Digital Equipment (M) Sdn. Bhd. (subsequently acquired by Compaq Computers Malaysia Sdn. Bhd. and later Hewlett-Packard Sales (Malaysia) Sdn. Bhd.) from 1993 to 1997. He spent 12 years at IBM Malaysia, from 1981 to 1993, initially as a systems engineer and moving on to positions in sales, marketing and management. He also spent 1 year as a lecturer at California State University, in the United States.
Any other directorships of public companies	a) Malaysia Venture Capital Management Berhad b) HeiTech Padu Berhad
The securities holdings in the Company and its subsidiaries	In the Company : 1) Shareholding of 350,000 ordinary shares of RM0.10 each (0.0143%) held through a nominee 2) Share options over 2,293,578 ordinary shares of RM0.10 each, which were granted pursuant to the Maxis Employees Share Options Scheme. In the subsidiaries : Nil
The family relationship with any director and/or major shareholder of the Company	None
Any conflict of interest that he has with the Company	He does not have any conflict of interest with the Company
List of convictions for offences within the past 10 years other than traffic offences, if any	None

Statement Accompanying the Notice of Annual General Meeting (continued)

THE DETAILS OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION (continued)

Details of the Director who is standing for re-election is set out below :-

Name	Dato' Seri Syed Anwar Jamalullail
Age	51
Nationality	Malaysian
Qualification	A Chartered Accountant and Certified Practising Accountant, Australia. He holds a Bachelor of Arts (Accounting) degree from Macquarie University, Sydney, Australia.
Position in the Company	Independent Non-Executive Director
Working experience and occupation	He is the Chairman of Sistem Televisyen Malaysia Berhad and Malaysian Resources Corporation Berhad. He started his career as a financial accountant with Malaysia Airlines System Berhad in 1975. He joined Price Waterhouse (Australia) as Senior Auditor in 1979 and 3 years later he joined D & C Nomura Merchant Bank Berhad as Manager, Investment. In 1985, he joined Amanah Merchant Bank Berhad as Manager, Corporate Finance. He pursued his own business from 1989 until October 1998 when he joined Amanah Capital Partners Berhad as Group Managing Director. He resigned from Amanah Capital Partners Berhad on 1 March 2002.
Any other directorships of public companies	a) Malaysian Resources Corporation Berhad b) Sistem Televisyen Malaysia Berhad c) Nestle (Malaysia) Berhad d) Amanah SSCM Asset Management Berhad e) Bangkok Bank Berhad
The securities holdings in the Company and its subsidiaries	In the Company : Direct shareholding of 250,000 ordinary shares of RM0.10 each (0.0102%) In the subsidiaries : Nil
The family relationship with any director and/or major shareholder of the Company	None
Any conflict of interest that he has with the Company	He does not have any conflict of interest with the Company
List of convictions for offences within the past 10 years other than traffic offences, if any	None

THE DETAILS OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION (continued)

Details of the Director who is standing for re-election is set out below :-

Name	Lord Killearn. He was known for the first 55 years of his life as The Hon. Victor Lampson before succeeding to the title on the death of his half-brother in 1996.
Age	61
Nationality	British
Qualification	He was educated at Eton College.
Position in the Company	Independent Non-Executive Director
Working experience and occupation	After 6 years in the Scots Guard, he spent 1 year with Chase Manhattan Bank in London before joining Cazenove in 1968. He was responsible for establishing the Cazenove & Co. office in Hong Kong in 1974 and worked in Hong Kong for Cazenove & Co. for 4 years. He became a partner of Cazenove & Co. on 1 May 1979 with responsibility for Asia until his retirement on 30 April 2002. He is the non-executive Chairman of Henderson Global Investors and a non-executive Director of AMP Limited and Shanghai Real Estate Limited.
Any other directorships of public companies	Nil
The securities holdings in the Company and its subsidiaries	<p>In the Company :</p> <p>Direct shareholding of 15,000 and 85,000 held through a nominee, totalling 100,000 ordinary shares of RM0.10 each (0.0041%)</p> <p>In the subsidiaries :</p> <p>Nil</p>
The family relationship with any director and/or major shareholder of the Company	None
Any conflict of interest that he has with the Company	He does not have any conflict of interest with the Company
List of convictions for offences within the past 10 years other than traffic offences, if any	None

Statement Accompanying the Notice of Annual General Meeting (continued)

THE DETAILS OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION (continued)

Details of the Director who is standing for re-election is set out below :-

Name	Timothy Hugh Ling
Age	45
Nationality	American
Qualification	He earned his undergraduate degree from Cornell University in 1982 and a Masters in Business Administration from the Stanford University Graduate School of Business in 1989.
Position in the Company	Independent Non-Executive Director
Working experience and occupation	<p>He is President and Chief Operating Officer of Unocal Corporation. He is a member of Unocal Corporation's Management Committee and has served as a Director since 2000. Previously, he was Executive Vice President, North America Operations, and began his career with Unocal Corporation in 1997 as Chief Financial Officer. Prior to joining Unocal Corporation, he was a Partner at McKinsey and Company, an international management consulting firm, and worked as a research geologist for the United States Geological Survey at Woods Hole, Massachusetts.</p> <p>He is a Director of the American Petroleum Institute and the Domestic Petroleum Council. He is also a member of the Advisory Board to the Secretary of Energy of the United States Department of Energy. He is on the Management Board of the Stanford University Graduate School of Business and serves as an officer and board member for the Los Angeles Philharmonic. He was formerly an independent non-executive Director of ASTRO ALL ASIA NETWORKS Limited (<i>incorporated in Bermuda</i>).</p>
Any other directorships of public companies	Nil
The securities holdings in the Company and its subsidiaries	<p>In the Company : Shareholding of 250,000 ordinary shares of RM0.10 each (0.0102%) held through a nominee</p> <p>In the subsidiaries : Nil</p>
The family relationship with any director and/or major shareholder of the Company	None
Any conflict of interest that he has with the Company	He does not have any conflict of interest with the Company
List of convictions for offences within the past 10 years other than traffic offences, if any	None

Form of Proxy

I/We _____

of _____

being a member/members of Maxis Communications Berhad ("the Company"), hereby appoint _____

of _____

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, 19 June 2003 at 10.00 a.m. at Grand Ballroom, Mandarin Oriental, Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia and at any adjournment thereof. I/We indicate with an "✓" or "X" in the spaces below how I/we wish my/our vote to be cast:

Resolution	Ordinary Resolution	For	Against
No. 1	Receiving of Report and Financial Statements for the year ended 31 December 2002		
No. 2	Declaration of final gross dividend of 12.5 sen per share		
No. 3	Approval of Directors' fee of RM312,000		
No. 4	Re-election of En. Augustus Ralph Marshall		
No. 5	Re-election of Y. Bhg. Dato' Jamaludin bin Ibrahim		
No. 6	Re-election of Y. A. M. Dato' Seri Syed Anwar Jamalullail		
No. 7	Re-election of The Lord Killearn		
No. 8	Re-election of Mr. Timothy Hugh Ling		
No. 9	Re-appointment of Auditors		
No. 10	Special Business Section 132D, Companies Act, 1965 - authority to issue shares		

Subject to the abovestated voting instructions, my/our proxy may vote or abstain from voting on any resolution as *he/*she/*they may think fit.

If appointment of proxy is under hand	No of shares held : _____
Signed by *individual member/*officer or attorney of member/*authorised nominee of _____ (beneficial owner)	Securities Account No. : _____
	Date : _____

If appointment of proxy is under seal	Seal
The Common Seal of _____ was hereto affixed in accordance with its Articles of Association in the presence of :	
_____ Director	No of shares held : _____
_____ Director/Secretary	Securities Account No. : _____
in its capacity as *member/*attorney of member/*authorised nominee of _____ (beneficial owner)	Date : _____

Notes to Form of Proxy:

- A member of the Company entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote for him. A proxy may but need not be a member of the Company.
- The instrument appointing a proxy shall:
 - in case of individual, be signed by the appointor or by his attorney; and
 - in the case of a corporation, be either under its common seal or signed by its attorney or by an officer on behalf of the corporation.
- Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a member of the Company is an authorised nominee it may appoint at least one proxy in respect of each securities account it holds to which ordinary shares in the Company are credited. Each appointment of proxy by an authorised nominee shall be by a separate instrument of proxy which shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.
- The instrument appointing a proxy must be deposited at the registered office of the Company at Level 18, Menara Maxis, Kuala Lumpur City Centre, off Jalan Ampang, 50088 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

* delete if inappropriate

STAMP

Company Secretary
Level 18, Menara Maxis
Kuala Lumpur City Centre
off Jalan Ampang
50088 Kuala Lumpur
Malaysia

