

financial statements

directors' report	64
income statements	72
balance sheets	73
statements of changes in equity	74
cash flow statements	78
notes to the financial statements	80
statement by directors	128
declaration	128
report of the auditors	129

directors' report

for the financial year ended 31 december 2003

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 2003.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of a holder of investments and a provider of services to its subsidiaries. The principal activities of the Group are that of a mobile services provider, a fixed and internet and internet application services provider and an international gateway services provider.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year, other than the Company acquiring the entire equity interest in Malaysian Mobile Services Sdn. Bhd. ("Malaysian Mobile") (*formerly known as TIMECel Sdn. Bhd.*) on 7 May 2003, details of which are shown in Note 30 to the financial statements. The principal activity of Malaysian Mobile is that of a provider of mobile telecommunications products and services.

During the financial year, the Group reorganised the activities of certain wholly owned subsidiaries to realise synergies from its acquisition of Malaysian Mobile. There was no change in the nature of the Group's activities as a result of the internal reorganisation. Details of the principal activities of the subsidiaries are shown in Note 16 to the financial statements.

64

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit after taxation	1,841,421	491,532

DIVIDENDS

The dividends on ordinary shares 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 2002 as shown in the Directors' Report of that year:	
- Interim dividend of 6.00 sen per ordinary share, tax exempt, paid on 7 April 2003	147,052
- Final gross dividend of 12.50 sen per ordinary share, less Malaysian income tax at 28%, paid on 24 July 2003	220,579
	367,631

DIVIDENDS (Continued)

The Directors have declared in respect of the financial year ended 31 December 2003, an interim dividend of 10.00 sen per ordinary share, tax exempt, amounting to RM245,766,100 which was paid on 14 April 2004.

The Directors now recommend the payment of a final gross dividend of 13.89 sen per ordinary share, less Malaysian income tax at 28%, amounting to RM245,766,100 which, subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company, will be paid on a date to be determined.

In accordance with Clause 8 of the Bye-Laws of the Company's Employee Share Option Scheme, the shares quoted as "OA" shall not be entitled to any dividends as the dividends declared are in relation to the financial year ended 31 December 2003 (which precedes the date of exercise of the options granted under the Employee Share Option Scheme pursuant to which the shares quoted as "OA" were issued).

RESERVES AND PROVISIONS

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

SHARE CAPITAL

During the financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 2,450,875,000 ordinary shares of RM0.10 each to 2,457,661,000 ordinary shares of RM0.10 each by the issuance of 6,786,000 new ordinary shares for cash at the exercise price of RM4.36 per ordinary share pursuant to the exercise of options under the Employee Share Option Scheme.

These new ordinary shares issued during the financial year ranked pari passu in all respects with the existing issued shares of the Company.

EMPLOYEE SHARE OPTION SCHEME

The Employee Share Option Scheme ("ESOS") was implemented on 1 July 2002 for the benefit of eligible employees and full-time Executive Directors of the Group and the Company. The ESOS is for a period of ten years for which it is governed by the ESOS Bye-Laws.

A committee comprising appointed members of the Board was set up to administer the ESOS, who may from time to time offer share options to eligible employees and full-time Executive Directors of the Group and the Company to subscribe for new ordinary shares of RM0.10 each in the Company.

Details of the ESOS are set out in Note 26(b) to the financial statements.

EMPLOYEE SHARE OPTION SCHEME (Continued)

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this Report the names of employees to whom options have been granted during the financial year together with the details of their holdings below 150,000 ordinary shares of RM0.10 each.

The list of employees to whom exemption has not been granted by the Companies Commission of Malaysia with number of options granted 150,000 ordinary shares of RM0.10 each and above during the financial year are as follows:

	Number of options over ordinary shares of RM0.10 each in the Company				As at 31.12.2003 '000
	As at 1.1.2003 '000	Granted '000	Exercised '000	Lapsed '000	
Name of Employee					
Y. Bhg. Dato' Jamaludin bin Ibrahim	2,294 ⁽¹⁾	368 ⁽²⁾	–	–	2,662
Meharani a/p Ramasamy	216 ⁽¹⁾	162 ⁽²⁾	–	–	378
Kiang Chew Peng	180 ⁽¹⁾	162 ⁽²⁾	(60)	–	282
James Edward Alexander Brodie	150 ⁽¹⁾	150 ⁽²⁾	(25)	–	275
Gregory John Drayton	75 ⁽¹⁾	150 ⁽²⁾	–	–	225
Ying Siew Heng	–	4,000 ⁽³⁾	–	–	4,000
	2,915	4,992	(85)	–	7,822

Notes:

The share options were granted pursuant to the ESOS and entitled the employees to subscribe for new ordinary shares of RM0.10 each at the following exercise price:

⁽¹⁾ RM4.36 per ordinary share.

⁽²⁾ RM5.13 per ordinary share.

⁽³⁾ RM5.34 per ordinary share.

DIRECTORS

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

Y. Bhg. Datuk Megat Zaharuddin bin Megat Mohd Nor	(appointed as Chairman and Director on 1.1.2004)
Y. A. M. Dato' Seri Syed Anwar Jamalullail	
The Lord Killearn	
Khoo Teng Bin	
Augustus Ralph Marshall	
Tan Poh Ching	
Y. Bhg. Dato' Jamaludin bin Ibrahim	
Y. M. Tunku Dato' Seri Mahmud bin	
Tunku Besar Burhanuddin	(retired on 19.6.2003)
Y. A. Bhg. Tun Haji Mohammed Hanif bin Omar	(resigned as Chairman and Director on 1.1.2004)
Timothy Hugh Ling	(deceased on 28.1.2004)

In accordance with Article 114 of the Company's Articles of Association, Khoo Teng Bin and Tan Poh Ching retire by rotation at the forthcoming Annual General Meeting. Khoo Teng Bin has expressed his intention not to seek re-election at the Annual General Meeting and as such will retire at the conclusion of the 17th Annual General Meeting. Tan Poh Ching, being eligible, offers himself for re-election.

In accordance with Article 121 of the Company's Articles of Association, Y. Bhg. Datuk Megat Zaharuddin bin Megat Mohd Nor, who was appointed during the period, retires at the forthcoming Annual General Meeting and, being eligible, offers himself for 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, other than for options over shares granted by the Company to eligible employees including eligible Executive Directors of the Group and the Company pursuant to the ESOS. The ESOS, which is for the benefit of eligible employees and full-time Executive Directors of the Group and the Company was implemented on 1 July 2002 for a period of ten 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 8 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 who held office at the end of the financial year in shares and options over shares in the Company are as follows:

	Number of ordinary shares of RM0.10 each in the Company				
	As at 1.1.2003 '000	Bought '000	Sold '000	Transferred '000	As at 31.12.2003 '000
Direct interest					
Y. A. Bhg. Tun Haji Mohammed Hanif bin Omar	3,000	–	–	(2,000) ⁽¹⁾	1,000
Y. A. M. Dato' Seri Syed Anwar Jamalullail	250	–	(40)	–	210
The Lord Killearn	100 ⁽²⁾	–	–	–	100
Timothy Hugh Ling	250 ⁽³⁾	–	–	–	250
Khoo Teng Bin	500	–	–	–	500
Augustus Ralph Marshall	500 ⁽⁴⁾	–	–	–	500
Tan Poh Ching	500 ⁽⁵⁾	–	–	–	500
Y. Bhg. Dato' Jamaludin bin Ibrahim	350 ⁽⁶⁾	–	–	–	350
	5,450	–	(40)	(2,000)	3,410
Indirect interest					
Y. A. Bhg. Tun Haji Mohammed Hanif bin Omar	592,528	–	(262,752)	2,000 ⁽¹⁾	331,776 ⁽⁷⁾

Notes:

⁽¹⁾ 2,000,000 ordinary shares of RM0.10 each were transferred to Dian Tiara Sdn. Bhd. ("DTSB"), a company in which the Director has a 99% direct equity interest.

⁽²⁾ 85,000 ordinary shares of RM0.10 each are held through a nominee, namely, HSBC Nominees (Asing) Sdn. Bhd.

⁽³⁾ 41,000 ordinary shares of RM0.10 each are held through a nominee, namely, RHB Capital Nominees (Asing) Sdn. Bhd., and 209,000 ordinary shares of RM0.10 each are held through a nominee, namely, HSBC Nominees (Asing) Sdn. Bhd.

⁽⁴⁾ The entire 500,000 ordinary shares of RM0.10 each are held through a nominee, namely, CIMSEC Nominees (Tempatan) Sdn. Bhd.

⁽⁵⁾ The entire 500,000 ordinary shares of RM0.10 each are held through a nominee, namely, RHB Capital Nominees (Tempatan) Sdn. Bhd.

⁽⁶⁾ The entire 350,000 ordinary shares of RM0.10 each are held through a nominee, namely, RHB Capital Nominees (Tempatan) Sdn. Bhd.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Continued)

Notes: (continued)

⁽⁷⁾ The Director is deemed to have an interest in 329,775,665 ordinary shares of RM0.10 each in 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., Dumai Maju Sdn. Bhd., Nusantara Makmur Sdn. Bhd., Usaha Kenanga Sdn. Bhd. and Tegas Sari Sdn. Bhd. (the "Harapan Nusantara Subsidiaries") have an interest, by virtue of Harapan Nusantara being entitled to control the exercise of 100% of the votes attached to the voting shares in each of the Harapan Nusantara Subsidiaries. The Harapan Nusantara Subsidiaries hold their respective interests in the Company as trustees under discretionary trusts for Bumiputera objects. As such, the Director and Harapan Nusantara do not have any economic interest in these shares held by the Harapan Nusantara Subsidiaries as such interest is held subject to the terms of the discretionary trusts for Bumiputera objects.

The Director is also deemed to have an interest over the remaining 2,000,000 ordinary shares of RM0.10 each in the Company held through DTSB by virtue of his equity interest of 99% in DTSB.

69

	Number of options over ordinary shares of RM0.10 each in the Company				As at 31.12.2003 '000
	As at 1.1.2003 '000	Granted '000	Exercised '000	Lapsed '000	
Y. Bhg. Dato' Jamaludin bin Ibrahim	2,294 ⁽¹⁾	368 ⁽²⁾	–	–	2,662

Notes:

The share options were granted pursuant to the ESOS and entitled Y. Bhg. Dato' Jamaludin bin Ibrahim to subscribe for new ordinary shares of RM0.10 each at the following exercise price:

⁽¹⁾ RM4.36 per ordinary share.

⁽²⁾ RM5.13 per ordinary share.

Other than those disclosed above, and according to the register of Directors' shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares and options over shares in the Company or shares, options over shares and debentures of the subsidiaries or related corporations during the financial year.

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.

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 and of 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.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (Continued)

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 except as disclosed in Note 30 to the financial statements; 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.

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 26 April 2004.

71

DATUK MEGAT ZAHARUDDIN BIN MEGAT MOHD NOR
CHAIRMAN

DATO' JAMALUDIN BIN IBRAHIM
DIRECTOR

Kuala Lumpur

income statements

for the financial year ended 31 december 2003

72

		Group		Company	
	Note	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Revenue	6	4,680,077	3,768,706	608,682	453,412
Interconnect expenses, Universal Service Provision contributions and direct cost of sales		(1,257,429)	(966,094)	–	–
Gross profit		3,422,648	2,802,612	608,682	453,412
Other operating income		1,953	674	4,341	3,706
Administrative expenses		(1,064,983)	(818,427)	(30,727)	(16,619)
Network operation costs		(936,439)	(609,727)	–	–
Other operating expenses		(35,270)	(40,876)	(6,853)	(900)
Profit from operations	7	1,387,909	1,334,256	575,443	439,599
Finance (cost)/income	10	(26,162)	(53,467)	19,883	19,402
Integration cost		(87,247)	–	–	–
Profit before taxation		1,274,500	1,280,789	595,326	459,001
Taxation	11	566,921	(331,123)	(103,794)	(87,872)
Profit after taxation		1,841,421	949,666	491,532	371,129
Earnings per share:					
- Basic (sen)	12	75.07	42.42		
- Diluted (sen)	12	74.64	42.34		
Gross dividend per share (sen)	13	23.89	18.50	23.89	18.50

The notes on pages 80 to 127 form part of these financial statements.

balance sheets

as at 31 december 2003

		Group		Company	
	Note	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	3,935,707	3,630,277	26,543	25,362
Intangible assets	15	1,291,669	–	–	–
Investments in subsidiaries	16	–	–	1,337,507	8,532
Deferred tax assets	17	828,000	–	–	–
		6,055,376	3,630,277	1,364,050	33,894
CURRENT ASSETS					
Inventories	18	164,711	215,532	–	–
Debtors	19	660,672	604,343	7,588	57,685
Amounts due from subsidiaries	20	–	–	2,678,816	2,129,238
Deposits with licensed banks	21	1,013,124	1,821,119	225,712	1,570,111
Cash and bank balances	22	54,664	28,636	691	146
		1,893,171	2,669,630	2,912,807	3,757,180
CURRENT LIABILITIES					
Provisions for liabilities and charges	23	142,199	87,032	–	–
Creditors	24	2,184,951	1,924,723	314,289	83,177
Amounts due to a subsidiary	20	–	–	229,747	128,750
Borrowings (interest bearing)	25	114,658	57,706	187	–
Taxation		20,143	64,072	–	–
		2,461,951	2,133,533	544,223	211,927
NET CURRENT (LIABILITIES)/ASSETS		(568,780)	536,097	2,368,584	3,545,253
NON-CURRENT LIABILITIES					
Creditors (secured and interest bearing)	24	315,614	250,179	–	–
Borrowings (secured and interest bearing)	25	608,000	727,300	–	–
Deferred tax liabilities	17	12,056	141,345	–	–
		935,670	1,118,824	–	–
		4,550,926	3,047,550	3,732,634	3,579,147
CAPITAL AND RESERVES					
Share capital		245,766	245,088	245,766	245,088
Share premium		3,293,948	3,265,040	3,293,948	3,265,040
Capital redemption reserve		890	890	–	–
Proposed dividend reserve		491,532	367,631	491,532	367,631
Retained earnings/(accumulated losses)		518,790	(831,099)	(298,612)	(298,612)
		4,550,926	3,047,550	3,732,634	3,579,147

73

The notes on pages 80 to 127 form part of these financial statements.

statements of changes in equity

for the financial year ended 31 december 2003

74

Group	Note	Issued and fully paid ordinary shares of RM0.10 each		Non-distributable		Distributable		Total RM'000
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Capital redemption reserve RM'000	Proposed dividend reserve RM'000	Accumulated losses RM'000	
As at 1 January 2002		157,895	157,895	2,664,719	–	–	(1,412,244)	1,410,370
Issue of 203,300 Non-Voting Redeemable Preference Shares ("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 for the financial year ended 31 December 2002	13	–	–	–	–	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

Group	Note	Issued and fully paid ordinary shares of RM0.10 each		Non-distributable		Distributable		Total RM'000
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Capital redemption reserve RM'000	Proposed dividend reserve RM'000	Retained earnings RM'000	
As at 1 January 2003		2,450,875	245,088	3,265,040	890	367,631	(831,099)	3,047,550
Issue of ordinary shares: - 6,786,000 ordinary shares of RM0.10 each pursuant to the ESOS		6,786	678	28,908	—	—	—	29,586
Profit after taxation		—	—	—	—	—	1,841,421	1,841,421
Interim dividend for the financial year ended 31 December 2002		—	—	—	—	(147,052)	—	(147,052)
Final dividend for the financial year ended 31 December 2002		—	—	—	—	(220,579)	—	(220,579)
Transfer to proposed dividend reserve for the financial year ended 31 December 2003	13	—	—	—	—	491,532	(491,532)	—
As at 31 December 2003		2,457,661	245,766	3,293,948	890	491,532	518,790	4,550,926

75

The notes on pages 80 to 127 form part of these financial statements.

statements of changes in equity
for the financial year ended 31 december 2003 (continued)

76

Company	Note	Issued and fully paid ordinary shares of RM0.10 each		Non-distributable		Distributable		Total RM'000
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Capital redemption reserve RM'000	Proposed dividend reserve RM'000	Accumulated losses RM'000	
As at 1 January 2002		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 for the financial year ended 31 December 2002	13	–	–	–	–	367,631	(367,631)	–
As at 31 December 2002		2,450,875	245,088	3,265,040	–	367,631	(298,612)	3,579,147

Company	Note	Issued and fully paid ordinary shares of RM0.10 each		Non-distributable		Distributable		Total RM'000
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Capital redemption reserve RM'000	Proposed dividend reserve RM'000	Accumulated losses RM'000	
As at 1 January 2003		2,450,875	245,088	3,265,040	—	367,631	(298,612)	3,579,147
Issue of ordinary shares: - 6,786,000 ordinary shares of RM0.10 each pursuant to the ESOS		6,786	678	28,908	—	—	—	29,586
Profit after taxation		—	—	—	—	—	491,532	491,532
Interim dividend for the financial year ended 31 December 2002		—	—	—	—	(147,052)	—	(147,052)
Final dividend for the financial year ended 31 December 2002		—	—	—	—	(220,579)	—	(220,579)
Transfer to proposed dividend reserve for the financial year ended 31 December 2003	13	—	—	—	—	491,532	(491,532)	—
As at 31 December 2003		2,457,661	245,766	3,293,948	—	491,532	(298,612)	3,732,634

77

The notes on pages 80 to 127 form part of these financial statements.

cash flow statements

for the financial year ended 31 december 2003

78

	Note	Group 2003 RM'000	2002 RM'000	Company 2003 RM'000	2002 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit after taxation		1,841,421	949,666	491,532	371,129
Adjustments for:					
Bad debts written off		39,517	45,332	–	–
Depreciation of property, plant and equipment		697,713	548,595	4,920	5,488
Dividend income		–	–	(608,682)	(453,412)
Loss on disposal of property, plant and equipment		3,473	325	–	2
Interest income		(33,665)	(37,198)	(19,888)	(20,214)
Interest expense		59,311	54,249	5	812
Syndicated loans documentation fees		516	36,416	–	–
(Write-back of allowance)/allowance for:					
- inventories' obsolescence		(23,171)	6,527	–	–
- doubtful debts		(14,219)	15,733	–	–
- write down of identified network costs		88,000	–	–	–
Taxation		(566,921)	331,123	103,794	87,872
Amortisation of intangible assets		85,476	–	–	–
Property, plant and equipment written off		145,786	36	–	27
Provision/(write-back of provision) for:					
- staff incentive scheme		28,418	16,267	–	–
- site rectification works		55,108	20,441	–	–
- legal claims and network construction costs		(4,957)	12,793	–	–
Unrealised (gain)/loss on foreign exchange		(592)	997	–	2
		2,401,214	2,001,302	(28,319)	(8,294)
Decrease/(Increase) in inventories		99,205	(131,525)	–	–
(Increase)/Decrease in debtors		(5,359)	(193,632)	51,280	(50,871)
(Decrease)/Increase in creditors		(230,542)	397,884	231,112	23,717
(Increase)/Decrease in intercompany balances		–	–	(309,147)	808,475
Cash flow from operations		2,264,518	2,074,029	(55,074)	773,027
Interest received		33,665	36,652	19,888	20,213
Taxation paid		(379,953)	(227,032)	(3,360)	(5,761)
Payments under staff incentive scheme		(22,502)	(15,572)	–	–
Payments of legal claims		(900)	(5,511)	–	–
Dividends received		–	–	367,631	733,208
Net cash flow from operating activities		1,894,828	1,862,566	329,085	1,520,687

		Group		Company	
	Note	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	27	(877,170)	(964,086)	(6,101)	(298)
Proceeds from disposal of property, plant and equipment		3,376	1,146	–	3
Proceeds from redemption of Non-Voting RPS		–	–	–	89,000
Acquisition of a subsidiary	30	(1,332,781)	(4)	(1,328,975)	(3,000)
Partial payment of the 3G spectrum assignment license fees		(10,000)	–	–	–
Net cash flow from investing activities		(2,216,575)	(962,944)	(1,335,076)	85,705
CASH FLOWS FROM FINANCING ACTIVITIES					
Decrease in cash and bank balances pledged as security		83	–	–	–
Repayment of hire purchase and finance lease principals and interests		(4,820)	(11,198)	–	(4)
Draw down of syndicated loans		–	1,060,000	–	–
Repayment of term and syndicated loans		(43,698)	(739,397)	–	–
Repayment of promissory notes		(14,538)	–	–	–
Interest paid		(59,261)	(58,915)	(5)	(811)
Syndicated loans documentation fees paid		(516)	(36,416)	–	–
Dividends paid		(367,631)	(738,400)	(367,631)	(738,400)
Proceeds from issuance of shares		29,586	2,789,491	29,586	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		(460,795)	155,561	(338,050)	(59,328)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(782,542)	1,055,183	(1,344,041)	1,547,064
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		1,849,672	794,489	1,570,257	23,193
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	28	1,067,130	1,849,672	226,216	1,570,257

The notes on pages 80 to 127 form part of these financial statements.

notes to the financial statements

31 december 2003

1 GENERAL INFORMATION

The principal activities of the Company are that of a holder of investments and a provider of services to its subsidiaries. The principal activities of the Group are that of a mobile services provider, a fixed and internet and internet application services provider and an international gateway services provider.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year, other than the Company acquiring the entire equity interest in Malaysian Mobile on 7 May 2003, details of which are shown in Note 30 to the financial statements. The principal activity of Malaysian Mobile is that of a provider of mobile telecommunication products and services.

During the financial year, the Group reorganised the activities of certain wholly owned subsidiaries to realise synergies from its acquisition of Malaysian Mobile. There was no change in the nature of the Group's activities as a result of the internal reorganisation. Details of the principal activities of the subsidiaries are shown in Note 16 to the financial statements.

The Group had, as at 31 December 2003, 2,822 (2002: 2,517) employees comprising 2,760 (2002: 2,482) permanent employees and 62 (2002: 35) contract staff with at least two years service contract.

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

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 8 - 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 may arise from operating 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.

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 creditworthy third parties.

The Group has no significant concentration of credit risk. Credit risks of trade debtors are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via limiting the Group's dealings with creditworthy business partners. Trade debtors are monitored on an on-going basis via the Group's management reporting procedures.

All 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.

81

3 BASIS OF ACCOUNTING

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

During the financial year the Group and the Company adopted the following new Malaysian Accounting Standards Board ("MASB") standards in the preparation of the financial statements:

- MASB 25 - Income Taxes;
- MASB 27 - Borrowing Costs;
- MASB 29 - Employee Benefits; and
- MASB 31 - Accounting for Government Grants and Disclosure of Government Assistance.

The changes in accounting policies arising from the adoption of MASB 25, MASB 27, MASB 29 and MASB 31 did not have a material impact on the profit after taxation and shareholders' equity of the Group and of the Company as the Group and the Company had adopted and followed the recognition and measurement principles in those standards.

The preparation of financial statements in conformity with the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965 requires the use of 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 reported amounts of revenues and expenses during the reported financial year. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

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 in this instance are those corporations or entities in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. 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 the date in which control is transferred to the Group, or up to the date of their disposal or the date in which control ceases.

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. See accounting policy Note (s) on intangible assets.

All intragroup transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceed 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 as it has an infinite life.

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Property, plant and equipment (continued)

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 comprising mainly telecommunications equipment, submarine cables and renovations, are not depreciated until they are ready for their intended use.

The estimated useful lives of a certain category of telecommunications equipment were revised during the financial year arising from a technological obsolescence review, which resulted in a change in depreciation rate for those assets from 10% to 50%.

83

Included in telecommunications equipment are identifiable and unique costs associated with computer software programmes which are used by the Group which will probably generate economic benefits exceeding the costs beyond one financial year.

At each balance sheet date, the Group assesses whether there is any impairment. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note (u) on impairment of assets.

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

Repairs and maintenance are charged to the income statement during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

(c) Income taxes

Current tax expenses are determined according to the tax laws of Malaysia and include all taxes based upon the taxable profits and real property gains taxes payable on disposal of properties.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Income taxes (continued)

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Tax rates enacted or substantially enacted by the balance sheet date are used to determine deferred tax.

(d) Foreign currencies

(i) Reporting currency

The financial statements are presented in Ringgit Malaysia.

(ii) Foreign currency transactions and balances

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.

(iii) Closing rates

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

Foreign currency	2003 RM	2002 RM
1 USD	3.80	3.80
1 GBP	6.76	6.09
1 SGD	2.23	2.19
1 EURO	4.77	3.98
1 SEK	52.48	*
1 SDR**	5.65	5.15

* There were no amounts denominated in SEK as at 31 December 2002.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Investments in subsidiaries

A subsidiary is a corporation in which the Company has the power to exercise control over the financial and operating policies of the enterprise so as to obtain benefits from its activities.

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. See accounting policy Note (u) on impairment of assets.

(f) 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.

At the balance sheet date, goods purchased which are in the process of being delivered to the Group for which title has transferred are recognised as goods-in-transit.

(g) Finance leases and hire purchase agreements

Leases and hire purchase of property, plant and equipment where the Group assumes substantially all 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 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 leases or 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, the asset is depreciated over the shorter of the lease term and its useful life.

(h) Operating leases

Leases of assets under which all benefits and risks of ownership are effectively retained by the lessor 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.

(i) 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Revenue recognition

(i) Telecommunications revenue

Revenues of mobile postpaid services, fixed and internet and internet application services are recognised at the time of customer usage and when services are 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.

Revenue of mobile prepaid services comprises sales of starter packs and prepaid top-up-tickets. Revenue from sales of starter packs is recognised at the point of sale to customers and distributors. Revenue from sales of prepaid top-up-tickets is recognised on usage. Any amounts unutilised are deferred up to a maximum of 90 days from the date of activation of the prepaid top-up-tickets, failing which, such revenue will be recognised as breakage revenue.

Amounts unutilised on airtime of prepaid top-up-tickets sold to customers and distributors and amounts unutilised on airtime on certain postpaid rate plans which have been deferred as described above are recognised as deferred income.

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

(ii) Dividend income

Dividend income is recognised when the shareholders' right to receive payment is established. See accounting policy Note (p)(iii) on dividends to shareholders of the Company.

(iii) Interest income

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

(k) 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.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Provisions for liabilities and charges

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made.

(i) Site rectification works

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 imposed after network cell sites were built. It also includes costs to decommission and to restore network cell sites.

(ii) Staff incentive scheme

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

(iii) Legal claims and network construction costs

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 costs in respect of obligations under network construction contracts.

87

(m) Financial instruments

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

Foreign currency contracts protect the Group 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.

Fair value estimation for disclosure purposes

In assessing the fair value of financial instruments, the Group make certain assumptions and applies the estimated discounted value of future cash flow 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.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Creditors

Creditors, including accruals represent liabilities for goods purchased and services rendered to the Group prior to the end of the financial year and which remain unpaid.

(o) Borrowings

(i) Classification

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.

(ii) Capitalisation of borrowings costs

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

(p) 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.

(iii) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as liabilities when declared before the balance sheet date. A dividend declared after the balance sheet date, but before the financial statements are authorised for issue, is not recognised as a liability at the balance sheet date but as an appropriation from retained earnings to a "proposed dividend reserve". When the dividend is payable, it will be accounted for as a liability.

(q) Redeemable preference shares

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees including full-time Executive Directors of the Group.

(ii) Post-employment benefits

Defined contribution plan benefits

The Group's contributions to the Employees' Provident Fund are charged to the income statement in the financial year in which they relate. Once the contributions have been paid, the Group have no further payment obligations.

Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the balance sheet date are discounted to present value.

(iii) Equity compensation benefits

Details of the ESOS are set out in Note 26(b) to the financial statements. The Group does not make a charge to the income statement in connection with share options granted. When share options are exercised, the proceeds received net of transaction costs, are credited to share capital and share premium.

(s) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries over the Group's share of the fair value of their identifiable net assets at the date of acquisition.

Goodwill on acquisition of subsidiaries 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 ten years, whichever is shorter.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Intangible assets (continued)

(ii) Spectrum and licenses

Expenditure incurred in acquiring spectrum and licenses are capitalised as an intangible asset and are amortised using the straight line method over the shorter of their estimated useful life or spectrum assignment and license period, commencing from the launch of commercial services on the related networks.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down will be made if the carrying amount exceeds the recoverable amount. See accounting policy Note (u) on impairment of assets.

(t) Government grants

As a Universal Service Provider ("USP"), the Group is entitled to claim certain qualified expenses from the relevant authorities in relation to a USP project. The claim qualifies as a government grant and is recognised at its fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the financial period necessary to match them with the costs they are intended to compensate.

Government grants relating to the purchase of assets are included in non-current liabilities as deferred income and are credited to the income statement on the straight line basis over the estimated useful lives of the related assets.

(u) Impairment of assets

Property, plant and equipment and other non-current assets, including intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flow.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Contingent liabilities and contingent assets

(i) Contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

(ii) Contingent assets

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

91

(w) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide services that are subject to risks and returns that are different from those of other business segments. Geographical segments provide services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group companies within a single segment.

5 SEGMENT REPORTING

The Group operates in three segments, comprising the provision of mobile services which is a major contributor to the Group's operations, fixed and internet and internet application services and international gateway services. The Group also provides other services which are currently not significant enough to be reported separately.

Inter-segment revenue comprise network services and management services rendered to other business segments within the Group. Some transactions are transacted at normal commercial terms that are no more favourable than that available to other third parties whilst the rest are allocated based on an equitable basis of allocation.

5 SEGMENT REPORTING (Continued)

(a) Business segments

Revenue

	External revenue RM'000	Inter- segment revenue RM'000	Total revenue RM'000
2003			
Mobile services	4,376,455	40,035	4,416,490
Fixed and internet and internet application services	131,635	370,287	501,922
International gateway services	171,987	96,601	268,588
Other operations	–	1,056	1,056
Eliminations	–	(507,979)	(507,979)
Group	4,680,077	–	4,680,077

2002			
Mobile services	3,514,095	15,578	3,529,673
Fixed and internet and internet application services	129,838	278,312	408,150
International gateway services	124,773	107,938	232,711
Other operations	–	1,056	1,056
Eliminations	–	(402,884)	(402,884)
Group	3,768,706	–	3,768,706

Results

	2003 RM'000	2002 RM'000
Mobile services	1,119,176	1,172,551
Fixed and internet and internet application services	252,604	144,075
International gateway services	26,419	30,942
Other operations	(10,432)	(13,454)
Eliminations	142	142
Profit from operations	1,387,909	1,334,256
Finance cost	(26,162)	(53,467)
Integration cost	(87,247)	–
Profit before taxation	1,274,500	1,280,789
Taxation	566,921	(331,123)
Profit after taxation	1,841,421	949,666

5 SEGMENT REPORTING (Continued)

(a) Business segments (continued)

Other information

	2003 RM'000	2002 RM'000
Segment assets		
Mobile services	5,039,974	3,419,745
Fixed and internet and internet application services	1,512,181	1,010,180
International gateway services	217,518	190,370
Other operations	347,928	1,673,280
	7,117,601	6,293,575
Unallocated assets	830,946	6,332
Group	7,948,547	6,299,907
Segment liabilities		
Mobile services	2,097,846	1,924,346
Fixed and internet and internet application services	133,392	174,173
International gateway services	57,160	80,071
Other operations	354,450	83,344
	2,642,848	2,261,934
Unallocated liabilities	754,773	990,423
Group	3,397,621	3,252,357
Capital expenditure*		
Mobile services	2,137,285	844,522
Fixed and internet and internet application services	93,726	87,169
International gateway services	17,278	32,851
Other operations	6,026	493
Group	2,254,315	965,035
Depreciation and amortisation**		
Mobile services	646,566	417,801
Fixed and internet and internet application services	116,363	113,022
International gateway services	15,365	11,961
Other operations	4,895	5,811
	783,189	548,595
Allowance for write down of identified network costs	88,000	–
Group	871,189	548,595

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

** Depreciation and amortisation comprise depreciation of property, plant and equipment and amortisation of intangible assets during the financial year.

5 SEGMENT REPORTING (Continued)

(a) Business segments (continued)

Significant non-cash items are as follows:

	Mobile services RM'000	Fixed and internet and internet application services RM'000	International gateway services RM'000	Group RM'000
2003				
Bad debts written off	38,206	1,311	–	39,517
Property, plant and equipment written off	145,786	–	–	145,786
Provision/(write-back of provision) for:				
- staff incentive scheme	18,587	9,425	406	28,418
- site rectification works	43,957	11,151	–	55,108
- legal claims and network construction costs	–	(4,957)	–	(4,957)
(Write-back of allowance)/ allowance for:				
- inventories' obsolescence	(2,719)	(20,452)	–	(23,171)
- doubtful debts	(19,357)	999	4,139	(14,219)
2002				
Bad debts written off	43,512	1,820	–	45,332
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
(Write-back of allowance)/ allowance for:				
- inventories' obsolescence	10,033	(3,506)	–	6,527
- doubtful debts	(4,041)	8,986	10,788	15,733

5 SEGMENT REPORTING (Continued)

(b) Geographical segments

The Group's business segments operate substantially from Malaysia. 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 revenues. 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
2003			
Malaysia	4,431,028	2,254,022	5,709,088
Overseas	249,049	293	211,844
	4,680,077	2,254,315	5,920,932
Unallocated assets			2,027,615
			7,948,547
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
			6,299,907

95

6 REVENUE

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Analysis of revenue:				
Mobile services	4,376,455	3,514,095	—	—
Fixed and internet and internet application services	131,635	129,838	—	—
International gateway services	171,987	124,773	—	—
Dividend income from subsidiaries	—	—	608,682	453,412
	4,680,077	3,768,706	608,682	453,412

7 PROFIT FROM OPERATIONS

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

	Note	Group		Company	
		2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Amortisation of intangible assets		85,476	–	–	–
Auditors' remuneration					
- fees for statutory audits		688	608	145	135
- fees for other services					
- auditors ⁽¹⁾		6,280	11,296	2,055	6,135
- other auditors ⁽²⁾		8,634	4,508	2,980	2,380
Bad debts written off		39,517	45,332	–	–
Depreciation of property, plant and equipment		697,713	548,595	4,920	5,488
Loss on disposal of property, plant and equipment		3,473	325	–	2
Loss/(gain) on foreign exchange					
- realised		1,068	(1,676)	51	121
- unrealised		(592)	997	–	2
Property, plant and equipment written off		145,786	36	–	27
Provision/(write-back of provision) for:					
- staff incentive scheme		28,418	16,267	–	–
- site rectification works		55,108	20,441	–	–
- legal claims and network construction costs		(4,957)	12,793	–	–
Rental income from property, plant and equipment		(87)	(94)	(3,917)	(3,683)
Rental of land and buildings		32,823	30,885	19,101	18,268
Rental of equipment		31,005	17,077	505	344
Staff costs	9	269,416	193,280	849	778
(Write-back of allowance)/allowance for:					
- doubtful debts		(14,219)	15,733	–	–
- inventories' obsolescence		(23,171)	6,527	–	–
- write down of identified network costs		88,000	–	–	–

Notes:

⁽¹⁾ Fees incurred in connection with performance of quarterly reviews, financial due diligence, completion and asset reviews in conjunction with the acquisition of Malaysian Mobile, financial systems and processes reviews and regulatory compliance audits paid or payable to PricewaterhouseCoopers ("PwC") Malaysia.

⁽²⁾ Fees incurred in connection with project management assistance of the Group's internal reorganisation, project management assistance on integration of Malaysian Mobile's operations, tax compliance and advisory services, and assistance with financial and business models reviews paid or payable to firms affiliated with PwC Malaysia.

The Audit Committee in ensuring the independence of the Group's external auditors are consistently maintained, has set out clear policies and guidelines as to the type of non-audit services that can be offered as well as a structured approval process that has to be adhered to before any such non-audit services are commissioned. Under these policies and guidelines, non-audit services can be offered to the Group's external auditors if the Group can realise efficiencies and value added benefits from such services.

8 DIRECTORS' REMUNERATION

The aggregate amount of emoluments receivable by Directors of the Company during the financial year is as follows:

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Fees	833	312	833	312
Salaries and other emoluments *	1,792	1,000	58	40
Fees charged by a third party for services rendered by a Director of the Company	360	360	360	360
Estimated money value of benefits-in-kind	93	64	2	–
	3,078	1,736	1,253	712

The remuneration paid to the Directors of the Company for the financial year is categorised as follows:

	Group 2003 RM'000
Executive Director	
- salaries	950
- other emoluments *	842
- estimated money value of benefits-in-kind	70
Non-executive Directors	
- fees	833
- estimated money value of benefits-in-kind	23
- fees charged by a third party for services rendered by a Director of the Company	360
	3,078

* Other emoluments include bonus and retirement benefit contributions.

The remuneration paid to the Directors of the Company analysed in bands of RM50,000 is as follows:

	2003	
	Executive	Non Executive
Range of remuneration		
<RM50,000	–	1
RM100,001 - RM150,000	–	5
RM150,001 - RM200,000	–	1
RM350,001 - RM400,000	–	1
RM1,850,001 - RM1,900,000	1	–

8 DIRECTORS' REMUNERATION (Continued)

The full-time Executive Director of the Company has been granted options under the ESOS on the same terms and conditions as those offered to other employees of the Group (see Note 26(b)) as follows:

Grant date	Expiry date	Exercise price RM/share	Number of options over ordinary shares of RM0.10 each in the Company				As at 31 December '000
			As at 1 January '000	Granted '000	Exercised '000	Lapsed '000	
2003							
1.7.2002	30.6.2012	4.36	2,294	—	—	—	2,294
1.7.2003	30.6.2012	5.13	—	368	—	—	368
			2,294	368	—	—	2,662
2002							
1.7.2002	30.6.2012	4.36	—	2,294	—	—	2,294
						2003 '000	2002 '000
Number of share options vested as at the balance sheet date						765	—

9 STAFF COSTS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Wages, salaries and bonuses	234,597	167,535	622	631
Defined contribution plan benefits	23,837	18,535	66	80
Other employee benefits	10,982	7,210	161	67
	269,416	193,280	849	778

Termination benefits amounting to RM6,584,000 (2002: RMNil) have been included as part of integration cost.

10 FINANCE COST/(INCOME)

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Interest expense				
- bank borrowings	35,523	40,824	—	7
- finance lease and hire purchase	50	403	—	1
- deferred payment schemes	20,028	8,795	—	—
- others	3,710	4,227	5	804
Syndicated loans documentation fees	516	36,416	—	—
Interest income	(33,665)	(37,198)	(19,888)	(20,214)
	26,162	53,467	(19,883)	(19,402)

Interest income which was previously shown under the line item "Other operating income", has now been netted off against interest expense under the line item "Finance costs/income" as it relates to the financing and treasury activities of the Group. As such, the comparatives have been restated to be on a comparable basis.

99

11 TAXATION

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Current tax	390,368	268,430	103,794	87,872
Deferred tax (Note 17)	(957,289)	62,693	—	—
	(566,921)	331,123	103,794	87,872
Current tax:				
- Current year	390,326	268,430	103,794	87,872
- Under provision in prior year	42	—	—	—
Deferred tax:				
- Origination and reversal of temporary differences	(563,493)	62,693	—	—
- Benefit from previously unrecognised tax losses	(393,796)	—	—	—
	(566,921)	331,123	103,794	87,872

11 TAXATION (Continued)

The explanation of the relationship between tax expense and profit before tax is as follows:

Numerical reconciliation between the average effective tax rate and the Malaysian tax rate

	Group		Company	
	2003	2002	2003	2002
	%	%	%	%
Malaysian tax rate	28	28	28	28
Tax effects of:				
- expenses not deductible for tax purposes	8	1	1	-
- income not subject to tax	(6)	-	(11)	(9)
- previously unrecognised tax losses	(49)	-	-	-
- previously unrecognised capital allowances	(16)	-	-	-
- temporary differences not recognised	(11)	(3)	(1)	(1)
- deferred tax asset not recognised	2	-	-	-
Average effective tax rate	(44)	26	17	18

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

The tax savings arising from the utilisation of brought forward capital allowances and brought forward tax losses for the Group amounted to RM199,468,000 (2002: RM63,135,000) and RM37,000 (2002: RM20,000) respectively. The tax savings arising from the utilisation of brought forward capital allowances for the Company amounted to RM2,037,000 (2002: RM3,899,000).

Subject to the agreement by the tax authorities, the subsidiaries have sufficient Section 108 tax credits as at 31 December 2003 to frank approximately RM1,058,277,000 (2002: RM348,501,000) of their retained earnings if paid out as dividends. In addition, the subsidiaries also have tax exempt accounts which are available to pay tax exempt dividends up to approximately RM439,918,000 (2002: RM685,683,000).

12 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	
	2003	2002
Profit after taxation for the financial year (RM'000)	1,841,421	949,666
Weighted average number of ordinary shares in issue ('000)	2,453,051	2,238,981
Basic earnings per share (sen)	75.07	42.42

12 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 ordinary shares in issue has been adjusted assuming full conversion of the share options which represents the dilutive potential of the shares. There is only one category of dilutive potential shares, which is share options granted to employees under the ESOS.

	Group	
	2003	2002
Profit after taxation for the financial year (RM'000)	1,841,421	949,666
Weighted average number of ordinary shares in issue ('000)	2,453,051	2,238,981
Adjusted for share options granted ('000)	13,945	3,863
Adjusted weighted average number of ordinary shares in issue ('000)	2,466,996	2,242,844
Diluted earnings per share (sen)	74.64	42.34

101

13 DIVIDENDS

	Group and Company			
	2003		2002	
	Gross dividend per share Sen	Amount of dividend RM'000	Gross dividend per share Sen	Amount of dividend RM'000
Interim dividends, tax exempt				
- proposed dividend reserve	10.00	245,766	–	–
- paid	–	–	6.00	147,052
Final dividends, net of Malaysian income tax				
- proposed dividend reserve	13.89	245,766	–	–
- paid	–	–	12.50	220,579
	23.89	491,532	18.50	367,631

A final dividend of 13.89 sen per ordinary share, less Malaysian income tax at 28%, amounting to RM245,766,100 has been recommended by the Directors which will be subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company.

14 PROPERTY, PLANT AND EQUIPMENT

	As at 1.1.2003 RM'000	Additions RM'000	Reclassi- fications RM'000	Disposals RM'000	Acquisition of a subsidiary RM'000	Assets written off RM'000	As at 31.12.2003 RM'000
2003							
Group							
At cost							
Purchased assets							
Freehold land	17,948	–	–	–	3,400	–	21,348
Long term leasehold land	8,243	–	–	–	306	–	8,549
Short term leasehold land	1,258	–	–	–	1,728	–	2,986
Buildings	74,221	–	32,623	–	5,652	–	112,496
Telecommunications equipment	5,004,762	17,276	949,313	(132,054)	321,983	(90,209)	6,071,071
Motor vehicles	24,589	118	–	(4,623)	146	–	20,230
Office furniture, fittings and equipment	338,595	3,326	50,959	(3,048)	31,238	–	421,070
	5,469,616	20,720	1,032,895	(139,725)	364,453	(90,209)	6,657,750
Capital work-in-progress	530,197	856,450	(1,006,287)	–	82,765	(82,765)	380,360
	5,999,813	877,170	26,608	(139,725)	447,218	(172,974)	7,038,110
Assets acquired under finance leases and hire purchase agreements							
Office furniture, fittings and equipment	26,608	–	(26,608)	–	–	–	–
Total	6,026,421	877,170	–	(139,725)	447,218	(172,974)	7,038,110

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

	As at 1.1.2003 RM'000	Charge for the financial year RM'000	Reclassi- fications RM'000	Released on disposals RM'000	Assets written off RM'000	As at 31.12.2003 RM'000
2003						
Group						
Accumulated depreciation						
Purchased assets						
Long term leasehold land	369	108	–	–	–	477
Short term leasehold land	175	161	–	–	–	336
Buildings	9,675	2,060	–	–	–	11,735
Telecommunications equipment	1,904,308	626,258	–	(40,753)	(27,188)	2,462,625
Motor vehicles	19,133	1,524	–	(4,599)	–	16,058
Office furniture, fittings and equipment	224,188	63,034	26,608	(6,914)	–	306,916
	2,157,848	693,145	26,608	(52,266)	(27,188)	2,798,147
Assets acquired under finance leases and hire purchase agreements						
Office furniture, fittings and equipment	22,040	4,568	(26,608)	–	–	–
	2,179,888	697,713	–	(52,266)	(27,188)	2,798,147
Allowance for write down of identified network costs						
Telecommunications equipment	179,316	88,000	–	–	–	267,316
Capital work-in-progress	36,940	–	–	–	–	36,940
	216,256	88,000	–	–	–	304,256
Total	2,396,144	785,713	–	(52,266)	(27,188)	3,102,403

103

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

	2003	2002
Group	RM'000	RM'000
Net book value		
Purchased assets		
Freehold land	21,348	17,948
Long term leasehold land	8,072	7,874
Short term leasehold land	2,650	1,083
Buildings	100,761	64,546
Telecommunications equipment	3,341,130	2,921,138
Motor vehicles	4,172	5,456
Office furniture, fittings and equipment	114,154	114,407
Capital work-in-progress	343,420	493,257
	3,935,707	3,625,709
Assets acquired under finance leases and hire purchase agreements		
Office furniture, fittings and equipment	—	4,568
Total	3,935,707	3,630,277

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

	As at 1.1.2003 RM'000	Additions RM'000	Reclassi- fications RM'000	Disposals RM'000	As at 31.12.2003 RM'000
2003					
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	8,646	–	–	(1,019)	7,627
Office furniture, fittings and equipment	45,596	26	3,608	–	49,230
	72,382	26	3,608	(1,019)	74,997
Capital work-in-progress	202	6,075	(3,608)	–	2,669
Total	72,584	6,101	–	(1,019)	77,666

105

	As at 1.1.2003 RM'000	Charge for the financial year RM'000	Reclassi- fications RM'000	Released on disposals RM'000	As at 31.12.2003 RM'000
2003					
Company					
Accumulated depreciation					
Purchased assets					
Short term leasehold land	175	25	–	–	200
Buildings	1,733	222	–	–	1,955
Motor vehicles	8,589	57	–	(1,019)	7,627
Office furniture, fittings and equipment	36,725	4,616	–	–	41,341
Total	47,222	4,920	–	(1,019)	51,123

14 PROPERTY, PLANT AND EQUIPMENT (Continued)

	2003 RM'000	2002 RM'000
Company		
Net book value		
Purchased assets		
Freehold land	5,509	5,509
Short term leasehold land	1,058	1,083
Buildings	9,418	9,640
Motor vehicles	—	57
Office furniture, fittings and equipment	7,889	8,871
Capital work-in-progress	2,669	202
Total	26,543	25,362

Included in depreciation charge for the financial year is depreciation of RM24,000,000 (2002: RM97,100,000) for telecommunications equipment which have been decommissioned and RM144,000,000 (2002: RMNil) for telecommunications equipment where their depreciation rates had been revised to 50% subsequent to a technological obsolescence review.

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.

The title to telecommunications equipment and capital work-in-progress amounting to RM344,762,080 (2002: RM669,016,000) will be transferred to a subsidiary upon payment in accordance with the terms of the deferred payment schemes as disclosed in Note 24 to the financial statements.

15 INTANGIBLE ASSETS

	Goodwill RM'000	3G spectrum assignment and other license fees RM'000	Total RM'000
Group			
As at 1 January 2003	–	–	–
Acquisition of a subsidiary (Note 30)	1,282,145	–	1,282,145
Acquisition of 3G spectrum assignment and other license fees	–	95,000	95,000
Amortisation charge for the financial year	(85,476)	–	(85,476)
As at 31 December 2003	1,196,669	95,000	1,291,669

Intangible assets are amortised on the straight line basis over their estimated useful lives, as follows:

(a) Goodwill	10 years
(b) 3G spectrum assignment and other license fees	10 years

107

16 INVESTMENTS IN SUBSIDIARIES

	Company 2003 RM'000	2002 RM'000
As at 1 January	8,732	8,732
Additions in the financial year (Note 30)	1,328,975	–
	1,337,707	8,732
Allowance for impairment on subsidiaries	(200)	(200)
As at 31 December	1,337,507	8,532

The Company acquired the entire equity interest in Malaysian Mobile on 7 May 2003, details of which are shown in Note 30 to the financial statements.

On 1 November 2003, the Group undertook an internal reorganisation of certain wholly owned subsidiaries to realise the synergies from the acquisition of Malaysian Mobile, which include the additional spectrum, subscriber base, network equipment and site reuse. The objectives of the internal reorganisation was to align sales and marketing strategies, ensuring the efficient provision of network and applications services, whilst at the same time eliminate the duplication of customer service and administration functions.

The internal reorganisation also resulted in aligning the operations of the subsidiaries to the licensing regime under the Communications and Multimedia Act, 1998, with entity roles being redefined according to network facilities, network services and applications services provisions.

16 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
	2003	2002	
Maxis Mobile Sdn. Bhd. (229892-M)	100%	100%	Operator of mobile telecommunications and provider of corporate support and service functions for the Group as well as carrying out special niche project(s) such as Universal Service Provision
Maxis Broadband Sdn. Bhd. (234053-D)	100%	100%	Operator of a national public switched network and provider of internet and internet application services and include owning, maintaining, building and operating radio facilities and associated switches
Maxis International Sdn. Bhd. (240071-T)	100%	100%	Operator of an international gateway
Malaysian Mobile Services Sdn. Bhd. (formerly known as TIMECel Sdn. Bhd.) (73315-V)	100%	–	Provider of mobile telecommunications products and services
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%	100%	Provider of wireless multimedia related services

16 INVESTMENTS IN SUBSIDIARIES (Continued)

Name	Group's interest		Principal activities
	2003	2002	
Subsidiary of Maxis Mobile Sdn. Bhd.			
Maxis Mobile (L) Ltd * (LL-01709)	100%	100%	Holder of investments (dormant)
Subsidiary of Maxis Broadband Sdn. Bhd.			
Maxis Online Sdn. Bhd. (235849-A)	100%	100%	Holder of investments (dormant)
Subsidiary of Advanced Wireless Technologies Sdn. Bhd.			
UMTS (Malaysia) Sdn. Bhd. (520422-D)	100%	100%	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.

109

17 DEFERRED TAXATION

	Group	
	2003	2002
	RM'000	RM'000
Deferred tax assets	828,000	–
Deferred tax liabilities	(12,056)	(141,345)
	815,944	(141,345)
As at 1 January	(141,345)	(78,652)
(Charged)/credited to income statement:		
- tax losses and capital allowances	969,959	–
- provisions	(17,237)	48,775
- deferred income	3,832	19,188
- property, plant and equipment	418	(130,656)
- others	317	–
As at 31 December	815,944	(141,345)

17 DEFERRED TAXATION (Continued)

	Group	
	2003	2002
	RM'000	RM'000
Deferred tax assets (before offsetting)		
- tax losses and capital allowances	969,959	–
- provisions	122,164	139,401
- deferred income	48,967	45,135
- others	317	–
	1,141,407	184,536
Offsetting	(313,407)	(184,536)
Deferred tax assets (after offsetting)	828,000	–
Deferred tax liabilities (before offsetting)		
- property, plant and equipment	(325,463)	(325,881)
Offsetting	313,407	184,536
Deferred tax liabilities (after offsetting)	(12,056)	(141,345)

18 INVENTORIES

	Group	
	2003	2002
	RM'000	RM'000
At cost		
Telecommunications materials and supplies	82,992	129,957
Telecommunications equipment	54,511	66,641
Goods-in-transit	75	16,534
	137,578	213,132
At net realisable value		
Telecommunications materials and supplies	54,694	46,756
Allowance for inventories' obsolescence	(45,669)	(45,418)
	9,025	1,338
Telecommunications equipment	81,656	49,130
Allowance for inventories' obsolescence	(63,548)	(48,068)
	18,108	1,062
Total	164,711	215,532

19 DEBTORS

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Trade debtors				
- Subscribers	280,965	253,159	—	—
- Interconnect and roaming	251,322	182,013	—	—
- Distributors	60,236	66,743	—	—
	592,523	501,915	—	—
Allowance for doubtful debts				
- Subscribers	(74,000)	(75,524)	—	—
- Interconnect and roaming	(36,461)	(22,356)	—	—
	482,062	404,035	—	—
Amounts due from related parties	3,876	10,722	660	518
Other debtors	89,263	5,065	52	1,624
Deposits	47,248	82,739	3,847	53,760
Prepayments	38,223	101,782	3,029	1,783
Total	660,672	604,343	7,588	57,685

The currency exposure profile of debtors are as follows:

- Ringgit Malaysia	561,945	553,678	7,588	57,679
- USD	21,671	1,112	—	5
- SDR	76,991	49,540	—	—
- Others	65	13	—	1
Total	660,672	604,343	7,588	57,685

- (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. Significant credit and recovery risks associated with debtors have been provided for in the financial statements.
- (b) Other debtors and deposits of the Company are shown net of allowance for doubtful debts of RM46,000 (2002: RM46,000) and RM80,000 (2002: 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 RM50,000 (2002: RM1,447,000), RM18,002,000 (2002: RM29,045,000) and RM2,392,000 (2002: RM4,420,000) respectively.
- (d) Included in other debtors is a receivable balance of RM80,610,000 (2002: RMNil) being an amount receivable for the disposal of telecommunications assets to a vendor.

20 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

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

21 DEPOSITS WITH LICENSED BANKS

Deposits with licensed banks are held in short term money market.

The weighted average interest rates of deposits with licensed banks for the Group and for the Company were 2.71% (2002: 2.74%) per annum and 2.77% (2002: 2.74%) per annum respectively.

Deposits of the Group and of the Company at the end of the financial year have an average maturity of 26 days (2002: 30 days) and 30 days (2002: 30 days) respectively.

22 CASH AND BANK BALANCES

Included in cash and bank balances in the previous financial year was an amount of RM83,000 from a subsidiary which was pledged as security for a term loan secured by the subsidiary. The security has been discharged during the current financial year as the term loan had been fully repaid.

23 PROVISIONS FOR LIABILITIES AND CHARGES

	Site rectification works RM'000	Legal claims and network construction costs RM'000	Staff incentive scheme RM'000	Total RM'000
Group				
As at 1 January 2002	–	29,362	29,252	58,614
Charged to the income statement	20,441	14,305	28,115	62,861
Reversed from the 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
As at 1 January 2003	20,441	36,644	29,947	87,032
Charged to the income statement	55,254	143	39,680	95,077
Reversed from the income statement	(146)	(5,100)	(11,262)	(16,508)
Paid during the financial year	–	(900)	(22,502)	(23,402)
As at 31 December 2003	75,549	30,787	35,863	142,199

Descriptions on the above provisions are as disclosed in Note 4(l) to the financial statements.

24 CREDITORS

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Current				
Intercarrier and roaming creditors	149,879	118,433	–	–
Intercarrier and roaming accruals	210,470	207,961	160,120	–
Subscribers' deposits	135,085	110,242	–	–
Trade creditors	812,544	704,633	109,743	42,382
Trade accruals	505,954	410,137	–	–
Other creditors	87,975	95,530	753	439
Other accruals	56,557	69,082	32,710	30,776
Advance payments from subscribers	15,529	14,546	–	–
Deferred income	180,729	161,196	–	–
Amounts due to related parties	19,331	23,037	10,958	9,580
Payroll liabilities	10,898	9,926	5	–
Total	2,184,951	1,924,723	314,289	83,177

Non-current (secured and interest bearing)

Trade creditors	315,614	250,179	–	–
-----------------	---------	---------	---	---

The currency exposure profile of creditors are as follows:

- Ringgit Malaysia	2,367,434	2,071,640	313,934	83,021
- USD	40,344	31,248	33	65
- GBP	751	1,062	119	85
- SDR	90,574	68,362	179	–
- EURO	649	1,086	–	–
- Others	813	1,504	24	6
Total	2,500,565	2,174,902	314,289	83,177

Included in current trade creditors are creditors under deferred payment schemes, which are repayable within the next 12 months, amounting to RM227,129,000 (2002: RM100,087,000). The non-current trade creditors are creditors under deferred payment schemes, which are repayable between 13 to 24 months. The weighted average interest rate on these balances are 4.50% (2002: 4.58%) per annum.

Trade creditors and other creditors provide the Group and the Company with 60 days credit period.

25 BORROWINGS (INTEREST BEARING)

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Current (interest bearing)				
Secured:				
Syndicated loan	114,000	38,000	—	—
Term loan	—	398	—	—
Promissory notes	—	14,538	—	—
Finance lease and hire purchase liabilities	—	4,770	—	—
Unsecured:				
Bank overdraft (Note 28)	658	—	187	—
Total	114,658	57,706	187	—
Non-current (secured and interest bearing)				
Syndicated loan	608,000	722,000	—	—
Term loan	—	5,300	—	—
Finance lease and hire purchase liabilities	—	—	—	—
Total	608,000	727,300	—	—

The syndicated loan is secured by way of a 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.

The syndicated loan represents a borrowing of USD200,000,000 which is fully hedged (see Note 29(b) to the financial statements). It is repayable in 8 semi-annual instalments commencing 18 months after the draw down date of 16 May 2002. The principal repayment for each instalment is as follows:

Repayment Instalment	Percentage of principal amount of loan for individual instalment
1 and 2	5%
3 and 4	10%
5 and 6	15%
7 and 8	20%

The term loan was secured by a fixed charge over the freehold land and building of a subsidiary and a deposit in a licensed bank of RM83,000 as disclosed in Note 22 to the financial statements. This loan has been repaid during the financial year.

25 BORROWINGS (INTEREST BEARING) (Continued)

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 was subjected to certain covenants imposed by the financial institutions in accordance with the terms of the agreement. Prior to maturity, interest was paid on a quarterly basis to the supplier. At maturity date, the principal sum of the promissory notes was paid to the financial institutions.

	Group	
	2003	2002
	%	%
Weighted average effective interest rates:		
Syndicated loan	4.54	4.75
Term loans	10.25	10.25
Finance lease and hire purchase liabilities	3.10	3.10
Promissory notes	4.32	4.46

115

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

	Group	
	2003	2002
	RM'000	RM'000
Due within 12 months	114,000	38,398
Due after 12 months	608,000	727,300
Total	722,000	765,698

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

	Group	
	2003	2002
	RM'000	RM'000
Finance lease and hire purchase liabilities:		
Payable within one year	–	4,820
Payable between one and five years	–	–
	–	4,820
Future finance charges	–	(50)
Total	–	4,770

25 BORROWINGS (INTEREST BEARING) (Continued)

Representing finance lease and hire purchase liabilities:

	Group	
	2003	2002
	RM'000	RM'000
Current	–	4,770
Non-current	–	–
Total	–	4,770

26 SHARE CAPITAL

(a) Share Capital

	Group and Company	
	2003	2002
	RM'000	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 each		
As at 1 January	2,000,000	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	2,000,000

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.

26 SHARE CAPITAL (Continued)

(b) Employee Share Option Scheme

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

The ESOS Committee comprising certain appointed Directors was set up to administer the ESOS, who may from time to time offer share options to eligible employees and full-time Executive Directors of the Group and the Company to subscribe for new ordinary shares of RM0.10 each in the Company.

The salient features of the ESOS are as follows:

- (a) The total number of shares which may be issued under the ESOS shall not exceed in aggregate 10% of the Company's issued and paid-up share capital at any time during the existence of the ESOS;
- (b) Subject to the discretion of the Directors, any employee of the Company or its subsidiaries whose employment has been confirmed in writing and any Executive Directors holding office in a full-time executive capacity in the Company or its subsidiaries, shall be eligible to participate in the ESOS;
- (c) The number of new shares that may be offered under the ESOS 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 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 (1/3rd) of the shares granted on each of the first three anniversaries from the date the option was granted provided the optionee have been in continuous service with the Group throughout the period except for the options granted to a certain employee whereby the actual number of options to be vested in and exercisable by this employee in any particular year shall depend on his meeting the performance targets in the preceding period. The basis on which the options may be exercised by virtue of Clause 7.1 of the ESOS's Bye-Laws is as follows:

Number of options granted and unexercised as at 31 December 2003	Number of options exercisable		
	2004	2005	2006
67,147,578	29,823,000	23,389,578	13,935,000

26 SHARE CAPITAL (Continued)

(b) Employee Share Option Scheme (continued)

- (g) Subject to paragraph (f), 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; and
- (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 Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the name of employees to whom options have been granted during the financial year together with their details of their holdings below 150,000 ordinary shares of RM0.10 each.

The list of employees to whom exemption has not been granted by the Companies Commission of Malaysia with number of options granted 150,000 ordinary shares of RM0.10 each and above during the financial year are as follows:

Name of Employee	Number of options over ordinary shares of RM0.10 each in the Company				As at 31.12.2003 '000
	As at 1.1.2003 '000	Granted '000	Exercised '000	Lapsed '000	
Y. Bhg. Dato' Jamaludin bin Ibrahim	2,294 ⁽¹⁾	368 ⁽²⁾	–	–	2,662
Meharani a/p Ramasamy	216 ⁽¹⁾	162 ⁽²⁾	–	–	378
Kiang Chew Peng	180 ⁽¹⁾	162 ⁽²⁾	(60)	–	282
James Edward Alexander Brodie	150 ⁽¹⁾	150 ⁽²⁾	(25)	–	275
Gregory John Drayton	75 ⁽¹⁾	150 ⁽²⁾	–	–	225
Ying Siew Heng	–	4,000 ⁽³⁾	–	–	4,000
	2,915	4,992	(85)	–	7,822

Notes:

The share options were granted pursuant to the ESOS and entitled the employees to subscribe for new ordinary shares of RM0.10 each at the following exercise price:

- ⁽¹⁾ RM4.36 per ordinary share.
⁽²⁾ RM5.13 per ordinary share.
⁽³⁾ RM5.34 per ordinary share.

26 SHARE CAPITAL (Continued)

(b) Employee Share Option Scheme (continued)

The movements during the financial year in the number of options over the ordinary shares of RM0.10 each in the Company are as follows:

Number of options over ordinary shares of RM0.10 each in the Company							
Grant date	Expiry date	Exercise price RM/share	As at 1 January '000	Granted '000	Exercised '000	Lapsed '000	As at 31 December '000
2003							
1.7.2002	30.6.2012	4.36	35,013	—	(6,820)	(306)	27,887
23.1.2003	30.6.2012	5.13	—	1,211	—	(15)	1,196
25.4.2003	30.6.2012	4.80	—	795	—	—	795
3.6.2003	30.6.2012	5.34	—	4,000	—	—	4,000
1.7.2003	30.6.2012	5.13	—	32,547	—	(9)	32,538
13.10.2003	30.6.2012	6.47	—	822	—	(90)	732
			35,013	39,375	(6,820)	(420)	67,148
2002							
1.7.2002	30.6.2012	4.36	—	35,264	—	(251)	35,013
						2003	2002
Number of share options vested as at the balance sheet date ('000)						5,325	—

26 SHARE CAPITAL (Continued)

(b) Employee Share Option Scheme (continued)

Details relating to share options over ordinary shares of RM0.10 each exercised during the financial year were as follows:

Exercise date	Fair value of shares at share issue date RM/share	Exercise price RM/share	Number of shares issued	
			2003 '000	2002 '000
July 2003	5.80 - 6.00	4.36	1,533	—
August 2003	5.95 - 6.65	4.36	2,143	—
September 2003	6.25 - 6.60	4.36	1,310	—
October 2003	6.55 - 7.70	4.36	1,036	—
November 2003	7.15 - 7.75	4.36	419	—
December 2003	7.25 - 7.55	4.36	345	—
			6,786	—

The ordinary shares relating to 34,000 exercised options on ordinary shares of RM0.10 each have not been allotted to the optionees at the balance sheet date.

	Group and Company	
	2003 RM'000	2002 RM'000
Ordinary share capital at par	678	—
Share premium	28,908	—
Proceeds received on exercise of share options	29,586	—
Fair value at exercise date of shares issued	44,135	—

27 NON-CASH TRANSACTION

The principal non-cash transaction of the Group for the previous financial year was in respect of the purchase of certain property, plant and equipment by means of an asset trade-in amounting to RM949,000.

28 CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2003 RM'000	2002 RM'000	2003 RM'000	2002 RM'000
Deposits with licensed banks	1,013,124	1,821,119	225,712	1,570,111
Cash and bank balances (net of balances pledged as disclosed in Note 22)	54,664	28,553	691	146
Bank overdraft (Note 25)	(658)	–	(187)	–
Total	1,067,130	1,849,672	226,216	1,570,257

The currency exposure profile of deposits with licensed banks and cash and bank balances are as follows:

121

- Ringgit Malaysia	1,063,051	1,845,989	226,211	1,568,685
- USD	4,079	3,683	5	1,572
Total	1,067,130	1,849,672	226,216	1,570,257

29 FINANCIAL INSTRUMENTS

(a) Forward foreign exchange contracts

There were no outstanding forward exchange contracts as at 31 December 2003.

(b) Currency hedge

The USD200,000,000 (RM760,000,000) syndicated loan were fully hedged 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.

29 FINANCIAL INSTRUMENTS (Continued)

(d) Fair values

The carrying values for financial 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	Group Fair values RM'000
Trade creditors	315,614	313,453
Borrowings	608,000	608,000

In assessing the fair value of long term trade creditors and borrowings, the discounting cash flow method was applied using current market interest rates available to the Group.

30 ACQUISITION OF SUBSIDIARY

- (a) On 7 May 2003, the Company completed the acquisition of the entire equity interest in Malaysian Mobile for a cash consideration of RM1,325,000,000 and incurred an amount of RM3,975,000 for incidental expenses which was directly attributable to the acquisition. The details of net assets acquired, goodwill and cash flow arising from the acquisition are as follows:

	As at 7.5.2003 (date of acquisition) RM'000
Property, plant and equipment	447,218
Inventories	25,213
Debtors	40,657
Bank overdraft	(3,806)
Creditors	(462,452)
Fair value of total net assets acquired	46,830
Goodwill	1,282,145
Total purchase consideration discharged by cash	1,328,975
Cash and cash equivalents of subsidiary acquired	3,806
Cash outflow of the Group on acquisition	1,332,781
Cash outflow of the Company on acquisition	1,328,975

30 ACQUISITION OF SUBSIDIARY (Continued)

- (b) On 1 November 2003, the Group completed an internal reorganisation of certain of its wholly owned subsidiaries to realise synergies from its acquisition of Malaysian Mobile. The details of the internal reorganisation are described in Note 16 to the financial statements.

The effect of the acquisition of Malaysian Mobile on the Group's financial results for the period from 7 May 2003 (date of acquisition) to 31 October 2003, prior to the internal reorganisation are shown below.

	Period from 7.5.2003 (date of acquisition) to 31.10.2003 RM'000
Income statement	
Revenue	102,900
Operating costs (including goodwill amortisation)	(332,758)
Loss before taxation	(229,858)
Taxation	(195)
Loss after taxation	(230,053)
Group's share of net loss	(230,053)

123

- (c) The internal reorganisation was completed on 1 November 2003 and aligned the operations of the subsidiaries. Due to this internal reorganisation as disclosed in Note 16 to the financial statements, the effect on the Group's financial results for November and December 2003, and hence the financial year and the financial position as at the financial year end arising solely from the acquisition of Malaysian Mobile could not be separately identified.

As a result of the internal reorganisation, an amount of RM532,000,000 in the form of a deferred tax asset was recognised due to the crystallisation of the unutilised tax losses and capital allowances in Malaysian Mobile in compliance with MASB 25 - Income Taxes.

The effect of the acquisition of Malaysian Mobile on the Group's financial results for the financial year and the Group's financial position as at the financial year end after the internal reorganisation, are shown below.

	Period from 7.5.2003 (date of acquisition) to 31.12.2003 RM'000
Income statement	
Revenue	834,045
Operating costs (including goodwill amortisation)	(575,477)
Profit before taxation	258,568
Taxation	531,805
Profit after taxation	790,373
Group's share of net profit	790,373

30 ACQUISITION OF SUBSIDIARY (Continued)

	As at 31.12.2003 RM'000
Balance sheet	
Property, plant and equipment	118,553
Deferred tax assets	532,000
Inventories	9,029
Debtors	277,931
Deposits with licensed banks, cash and bank balances	307,993
Creditors	(619,677)
Group's share of net tangible assets	625,829
Goodwill on acquisition of Malaysian Mobile less amortisation for the financial year	1,196,669
Increase in Group's net assets	1,822,498

124

31 CAPITAL COMMITMENTS

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

	Group 2003 RM'000	2002 RM'000
Contracted for	254,622	297,814
Not contracted for	1,661,606	868,189
Total	1,916,228	1,166,003

32 OPERATING LEASE COMMITMENTS

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

	Group 2003 RM'000	2002 RM'000	Company 2003 RM'000	2002 RM'000
Expiring within one year	35,192	25,720	22,278	19,383
Expiring between one and five years	152,371	85,816	137,850	82,049
Expiring after five years	106,928	123,136	106,928	123,136
Total	294,491	234,672	267,056	224,568

33 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are those defined under MASB 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 favorable than that available to other third parties.

	Group
	2003
	2002
	RM'000
	RM'000
(a) Sales of goods and services	
Sales of telecommunications services to:	
- MEASAT Broadcast Network Systems Sdn. Bhd. (VSAT, telephony and international bandwidth services)	7,653
	9,769

125

(b) Purchases of goods and services

Purchases of services from:

- Tanjong City Centre Property Management Sdn. Bhd. (rental and utility charges)	22,723	21,867
- Binariang Satellite Systems Sdn. Bhd. (transponder lease rental)	16,208	13,726
- MEASAT Broadcast Network Systems Sdn. Bhd. (CATV, advertising and printing services)	708	6,407
- UTSB Management Sdn. Bhd. (secondment and consultancy services)	36,659	30,146

(c) Proposed grant of an option to MEASAT Broadcast Network Systems Sdn. Bhd. ("MBNS")

On 29 September 2003, the Company's shareholders had approved the proposed grant of an option to MBNS to subscribe for ordinary shares of RM1 each in a subsidiary, Advanced Wireless Technologies Sdn. Bhd. ("AWT"), as would represent up to 25% of the enlarged share capital of AWT at a price of RM1 each.

The expiry date of the option is the date on which the Company and/or any of its subsidiaries except for AWT and its wholly own subsidiary, UMTS (Malaysia) Sdn. Bhd., first commits its capital expenditure on the 3G network.

34 CONTINGENT LIABILITIES

The following contingent liabilities have not been provided for in the financial statements except as disclosed in note (vi) below:

	Company	
	2003	2002
	RM'000	RM'000
(i) Guarantees given to financial institutions for borrowing facilities granted to a subsidiary	722,000	760,000
(ii) Guarantee given to a third party in respect of services provided to subsidiaries	1,800	1,800

	Group		Company	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
(iii) Indemnity given to financial institutions in respect of bank guarantees issued at the request of the Company and subsidiaries				
- custom duties	16,726	28,721	—	—
- others	72,012	21,293	185	730
Total	88,738	50,014	185	730

(iv) Irrevocable bank guarantee given to the Malaysian Communications and Multimedia Commission	50,000	—	—	—
---	---------------	---	---	---

- (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.

34 CONTINGENT LIABILITIES (Continued)

- (vi) 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 RM17,307,000 (2002: RM23,164,000) 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. On 2 December 2003, the subsidiary agreed to an out of court settlement of RM900,000 in respect of a claim made by a developer following its termination of a contract with the developer.
- (vii) The Company together with certain of its subsidiaries (collectively referred to as the "Affected Parties") filed a defense and counterclaim in relation to a suit that has been commenced by one Maxis Sdn. Bhd. ("MSB") against the Affected Parties concerning the use of the name "Maxis" and against the Companies Commission of Malaysia ("CCM") for the approval of the use of such name ("Suit"). The application for injunctive relief by the Affected Parties was heard and judgement was delivered granting interim injunction in favour of the Affected Parties on 3 September 2003. The trial dates fixed on 6, 7 and 8 July 2004 were postponed to 18, 19 and 20 January 2005. All applications including (i) MSB's application for summary judgement under Order 14 of the Rules of the High Court 1980; (ii) CCM's and the Affected Parties' appeal against the dismissal of their applications to strike out the Suit; and (iii) the appeal filed by MSB and CCM in the Affected Parties' counterclaim against the decision of the Judge in granting the interim injunction in favour of the Affected Parties were adjourned *sine die* pending the outcome of the full trial. Given the opinion of the Company's solicitors, the Directors are of the opinion that the Suit can be successfully defended.

127

35 SUBSEQUENT EVENT

On 15 March 2004, the Company acquired two subsidiaries, Hotlink Prepaid Sdn. Bhd. and Hotlink Services Sdn. Bhd.. These companies have yet to commence operations.

36 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 26 April 2004.

statement by directors

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

We, Datuk Megat Zaharuddin bin Megat Mohd Nor 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 72 to 127 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 2003 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 26 April 2004.

DATUK MEGAT ZAHARUDDIN BIN MEGAT MOHD NOR
CHAIRMAN

DATO' JAMALUDIN BIN IBRAHIM
DIRECTOR

Kuala Lumpur

128

declaration

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

I, Tan Hoon San, 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 72 to 127 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.

TAN HOON SAN

Subscribed and solemnly declared by the above named Tan Hoon San at Kuala Lumpur in Malaysia on 26 April 2004, before me.

NGUI KEE HEONG
(No. W-231)
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 72 to 127. 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 the 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 2003 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.

Our 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

ERIC OOI LIP AUN

(No. 1517/06/04 (J))
Partner of the firm

26 April 2004

129

analysis of shareholdings

size of shareholdings as at 15 april 2004

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	103	0.81	1,783	0.00
100 - 1,000	7,949	62.65	7,552,378	0.31
1,001 - 10,000	3,412	26.89	12,753,901	0.52
10,001 - 100,000	642	5.06	23,254,789	0.94
100,001 - 122,971,449 *	579	4.56	1,582,835,093	64.36
122,971,450 and above **	4	0.03	833,031,056	33.87
Total	12,689	100.00	2,459,429,000	100.00

* - Less than 5% of issued shares

** - 5% and above of issued shares

130

distribution table according to category of shareholders

as at 15 april 2004

Category of Shareholders				
Individuals	10,681	84.18	25,341,743	1.03
Bank/Finance Companies	36	0.28	108,575,300	4.41
Investments Trusts/ Foundations/Charities	23	0.18	47,867,800	1.95
Other Types of Companies	244	1.92	1,251,359,646	50.88
Government Agencies/Institutions	10	0.08	68,843,800	2.80
Nominees	1,695	13.36	957,440,711	38.93
Total	12,689	100.00	2,459,429,000	100.00

directors' interests in shares

based on the register of directors' shareholdings as at 15 april 2004

The interests of the Directors of 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
Datuk Megat Zaharuddin bin Megat Mohd Nor	–	–	–	–
Dato' Seri Syed Anwar Jamalullail	210,000	–	0.0085	–
Lord Killearn	100,000 ⁽¹⁾	–	0.0041	–
Khoo Teng Bin	500,000	–	0.0203	–
Augustus Ralph Marshall	500,000 ⁽²⁾	–	0.0203	–
Tan Poh Ching	500,000 ⁽³⁾	–	0.0203	–
Dato' Jamaludin bin Ibrahim	350,000 ⁽⁴⁾	–	0.0142	–

131

	Option over number of shares of RM0.10 each	
	No. of Options Over Shares	Price per Option Over Share
Dato' Jamaludin bin Ibrahim	2,293,578	RM4.36
	368,000	RM5.13

Notes:

- ⁽¹⁾ 85,000 ordinary shares of RM0.10 each held through a nominee, namely, HSBC Nominees (Asing) Sdn. Bhd.
- ⁽²⁾ Held through a nominee, namely, CIMSEC Nominees (Tempatan) Sdn. Bhd.
- ⁽³⁾ Held through a nominee, namely, RHB Capital Nominees (Tempatan) Sdn. Bhd.
- ⁽⁴⁾ 150,000 ordinary shares of RM0.10 each held through a nominee, namely, RHB Capital Nominees (Tempatan) Sdn. Bhd. and the remaining 200,000 ordinary shares of RM0.10 each held through a nominee, namely, Citicorp Nominees (Tempatan) Sdn. Bhd.

analysis of shareholdings (continued)

list of 30 largest shareholders
as at 15 april 2004

Nos	Name	No. of shares held	% of issued capital
1	Maxis Holdings Sdn. Bhd.	397,849,171	16.18
2	Cartaban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tegas Puri Sdn. Bhd.	167,378,718	6.81
3	Wilayah Resources Sdn. Bhd.	133,901,584	5.44
4	Besitang Barat Sdn. Bhd.	133,901,583	5.44
5	Cartaban Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Besitang Selatan Sdn. Bhd.	117,164,175	4.76
6	Ria Utama Sdn. Bhd.	83,689,359	3.40
7	Tetap Emas Sdn. Bhd.	83,689,359	3.40
8	Nusantara Makmur Sdn. Bhd.	74,514,359	3.03
9	HSBC Nominees (Asing) Sdn. Bhd. Emerging Markets Growth Fund	69,703,900	2.83
10	Cabaran Mujur Sdn. Bhd.	61,665,722	2.51
11	Wangi Terang Sdn. Bhd.	59,732,025	2.43
12	Employees Provident Fund Board	54,442,700	2.21
13	Mujur Anggun Sdn. Bhd.	50,214,543	2.04
14	Lembaga Tabung Haji	48,739,300	1.98
15	CIMSEC Nominees (Tempatan) Sdn. Bhd. Security Trustee (KCW Issue 2)	48,500,000	1.97
16	Anak Samudra Sdn. Bhd.	43,689,359	1.78
17	Dumai Maju Sdn. Bhd.	43,689,359	1.78
18	Tegas Sari Sdn. Bhd.	35,148,789	1.43
19	Kumpulan Wang Amanah Pencen	23,491,500	0.96
20	Kumpulan Wang Amanah Pencen	23,380,100	0.95
21	Kumpulan Wang Amanah Pencen	23,310,000	0.95
22	Kumpulan Wang Amanah Pencen	23,058,600	0.94
23	HSBC Nominees (Asing) Sdn. Bhd. Capital International Emerging Markets Investment Fund	22,234,700	0.90
24	Usaha Kenanga Sdn. Bhd.	20,853,534	0.85
25	Cartaban Nominees (Asing) Sdn. Bhd. Government Of Singapore Investment Corporation Pte Ltd for Government Of Singapore (C)	16,671,200	0.68
26	HSBC Nominees (Asing) Sdn. Bhd. New World Fund Incorporated	12,904,900	0.52
27	Kumpulan Wang Amanah Pencen	12,689,100	0.52
28	HSBC Nominees (Asing) Sdn. Bhd. Abu Dhabi Investment Authority	11,376,700	0.46
29	HSBC Nominees (Asing) Sdn. Bhd. HSBC BK Plc for Prudential Assurance Company Ltd	11,076,900	0.45
30	Cartaban Nominees (Asing) Sdn. Bhd. SSBT Fund HG05 for the New Economy Fund	10,208,800	0.42
	Total	1,918,870,039	78.02

information on substantial shareholders

(excluding bare trustees) as at 15 april 2004

The direct and indirect shareholdings of the shareholders holding more than 5% in Maxis based on the Register of Substantial Shareholders as at 15 April 2004 are as follows:

Name	No. of ordinary shares of RM0.10 each Direct	%	No. of ordinary shares of RM0.10 each Indirect	%
Maxis Holdings Sdn. Bhd.	397,849,171	16.18	—	—
Harapan Nusantara Sdn. Bhd.	—	—	329,775,665 ⁽¹⁾	13.41
Tun Haji Mohammed Hanif bin Omar	1,000,000	0.0407	331,775,665 ^{(2) & (3)}	13.49
Dato' Haji Badri bin Haji Masri	—	—	329,775,665 ⁽²⁾	13.41
Hj. Affendi bin Tun Hj Mohd Fuad Stephens	—	—	329,775,665 ⁽²⁾	13.41
Mohamad Shahrin bin Merican	130,000	0.0053	329,775,665 ⁽²⁾	13.41
Pacific Fortune Sdn. Bhd.	—	—	167,378,718 ⁽⁴⁾	6.81
MAI Holdings Sdn. Bhd.	—	—	167,378,718 ⁽⁵⁾	6.81
Ananda Krishnan Tatparanandam	—	—	779,456,803 ^{(6) & (7)}	31.69
Wilayah Resources Sdn. Bhd.	133,901,584	5.44	—	—
Tegas Puri Sdn. Bhd.	167,378,718	6.81	—	—
Besitang Barat Sdn. Bhd.	133,901,583	5.44	—	—
Wilayah Bintang Sdn. Bhd.	—	—	133,901,584 ⁽⁸⁾	5.44
Tegas Mahsuri Sdn. Bhd.	—	—	167,378,718 ⁽⁹⁾	6.81
Besitang (M) Sdn. Bhd.	—	—	133,901,583 ⁽¹⁰⁾	5.44
Usaha Tegas Equity Sdn. Bhd.	—	—	552,346,060 ⁽¹¹⁾	22.46
Usaha Tegas Sdn. Bhd.	—	—	552,346,060 ⁽¹²⁾	22.46
Pacific States Investment Limited	—	—	552,346,060 ⁽¹³⁾	22.46
Excorp Holdings N.V.	—	—	552,346,060 ⁽⁷⁾	22.46
PanOcean Management Limited	—	—	552,346,060 ⁽⁷⁾	22.46
East Asia Telecommunications Ltd	—	—	397,849,171 ⁽¹⁴⁾	16.18
Global Multimedia Technologies (BVI) Ltd	—	—	397,849,171 ⁽¹⁴⁾	16.18
Worldwide Communications Technologies Ltd	—	—	397,849,171 ⁽¹⁴⁾	16.18
First East Asia Investments N.V.	—	—	397,849,171 ⁽¹⁵⁾	16.18
The Capital Group Companies, Inc	—	—	139,664,700 ⁽¹⁶⁾	5.68

information on substantial shareholders

as at 15 april 2004 (continued)

Notes:

- (1) Harapan Nusantara Sdn. Bhd. ("Harapan Nusantara") is deemed to have an interest in all of the shares of Maxis in which Mujur Anggun Sdn. Bhd. ("MASB"), Cabaran Mujur Sdn. Bhd. ("CMSB"), 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 100% of the votes attached to the voting shares in each of the Harapan Nusantara Subsidiaries. MASB, CMSB, ASSB, DMSB, NMSB, UKSB and TSSB hold their respective interests in Maxis as trustees under discretionary trusts for Bumiputera objects. As such, Harapan Nusantara does not have any economic interest in these shares held by the Harapan Nusantara Subsidiaries as such interest is held subject to the terms of the discretionary trusts for Bumiputera objects.
- (2) Tun Haji Mohammed Hanif bin Omar is deemed to have an interest in the shares of Maxis in which Harapan Nusantara has an interest by virtue of his 25% equity interest in Harapan Nusantara. See Note (1) above. However, he does not have any economic interest in these shares held by the Harapan Nusantara Subsidiaries as such interest is held subject to the terms of the discretionary trusts for Bumiputera objects.
- (3) Tun Haji Mohammed Hanif bin Omar is 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 of 99% in DTSB.
- (4) Pacific Fortune Sdn. Bhd. ("PFSB")'s deemed interest arises by virtue of its direct interest of 1,339,288 and 803,574 ordinary shares of RM1.00 each representing 100% each in Ria Utama Sdn. Bhd. ("RUSB") and Tetap Emas Sdn. Bhd. ("TESB") respectively (collectively, "PFSB Subsidiaries"). The PFSB Subsidiaries hold in aggregate 6.81% direct equity interest in Maxis.

PFSB is deemed to have an interest in all of the shares in Maxis in which the PFSB Subsidiaries have an interest, by virtue of PFSB's direct interests in the PFSB Subsidiaries.
- (5) MAI Holdings Sdn. Bhd. ("MAIH") is deemed to have an interest in all of the shares in Maxis in which PFSB has an interest, by virtue of MAIH's direct interest of 100% in PFSB. See Note (4) above.
- (6) Ananda Krishnan Tatparanandam ("TAK") is deemed to have an 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 of 100% in Wangi Terang Sdn. Bhd. ("WTSB"); and
 - (ii) MAIH, the immediate holding company of PFSB which in turn has a direct interest of 100% each in RUSB and TESB respectively. See Note (5) above.
- (7) 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 TAK and foundations including those for charitable purposes. Although PanOcean and TAK are deemed to have an interest in the shares of Maxis, they do not have any economic or beneficial interest over such shares, as such interest is held subject to the terms of the discretionary trust.
- (8) Wilayah Bintang Sdn Bhd is deemed to have an interest by virtue of its direct interest in Wilayah Resources Sdn. Bhd.
- (9) Tegas Mahsuri Sdn Bhd is deemed to have an interest by virtue of its direct interest in Tegas Puri Sdn. Bhd.
- (10) Besitang (M) Sdn Bhd is deemed to have an interest by virtue of its direct interest in Besitang Barat Sdn. Bhd.

- (11) 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 22.46% equity interest in Maxis. See Notes (8) to (10) above.

UTES is deemed to have an interest in all of the shares in Maxis in which the UT Subsidiaries have an interest by virtue of UTES being entitled to exercise of 100% of the votes attached to the voting shares of the UT Subsidiaries.

- (12) Usaha Tegas Sdn. Bhd. ("UTSB") is deemed to have an interest in all of the shares in Maxis in which UTES has an interest by virtue of UTSB being entitled to exercise of 100% of the votes attached to the voting shares of UTES. See Note (11) above.

- (13) PSIL is deemed to have an interest in all of the shares in Maxis in which UTSB has an interest, by virtue of PSIL being entitled to exercise 99.999% of the votes attached to the voting shares of UTSB. See Note (12) above.

- (14) Global Multimedia Technologies (BVI) Ltd is deemed to have an interest by virtue of its direct interest in Maxis Holdings Sdn. Bhd.

- (15) First East Asia Investments N.V. ("FEAI") is deemed to have an interest by virtue of FEAI being entitled to exercise of 100% of the votes attached to the voting shares in each of Global Multimedia Technologies (BVI) Ltd, East Asia Telecommunications Ltd and Worldwide Communications Technologies Ltd. The shares of FEAI are bearer shares.

135

- (16) The Capital Group Companies, Inc. is deemed to have an interest in 139,664,700 ordinary shares in Maxis by virtue of the shares held by the following registered holders:

- i. Chase Manhattan (Malaysia) Nominees Sdn. Bhd. in respect of 99,241,000 ordinary shares in Maxis;
- ii. JP Morgan Chase Bank in respect of 4,188,600 ordinary shares in Maxis;
- iii. Northern Trust in respect of 1,309,200 ordinary shares in Maxis;
- iv. Hong Kong Bank Malaysia in respect of 17,311,300 ordinary shares in Maxis;
- v. Standard Chartered Bank Malaysia Bhd in respect of 16,743,200 ordinary shares in Maxis; and
- vi. HSBC Malaysia Bhd in respect of 871,400 ordinary shares in Maxis.

list of properties held

Postal Address	Approximate Age of Building	Tenure Date of Acquisition	Remaining Lease Period (Expiry of lease)	Current Use	Land Area (sq. metre)	Built-up Area (sq. metre)	Net Book Value as at 31 December 2003 (RM'000)
Plot 12155 (Lot 13) Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam Selangor Darul Ehsan	8 years	Freehold (land and building) 9 May 1994	–	Telecommunications operations centre and office	11,230	10,061	29,834
Lot 4059 Jalan Riang 20 Taman Gembira Industrial Estate 81100 Johor Baru	11 years	Freehold (land and building) 21 July 1994	–	Telecommunications operations centre and office	2,022	2,531	6,543
Lot 4046 Jalan Riang 20 Taman Gembira Industrial Estate 81100 Johor Baru	6 years	Freehold (land and building) 21 July 1994	–	Telecommunications operations centre and office	2,042	1,546	
No. 127-527, Jalan SS6/12 Kelana Jaya Petaling Jaya 47301 Selangor Darul Ehsan	19 years	Freehold (land and building) 12 December 1994	–	Telecommunications operations centre	372	1,858	4,170
No. 26, Jalan Perdagangan 10 Taman Universiti 81300 Skudai Johor Darul Takzim	9 years	Freehold (land and building) 2 March 1995	–	Telecommunications operations centre	2,294	409	1,367
Lot 2537 & 2538 Lorong Jelawat 6 Kawasan Perusahaan Seberang Jaya 13700 Seberang Jaya Penang	7 years	Leasehold (land and building) 5 January 1995	70 years (18 August 2073)	Telecommunications operations centre and office	3,661	2,259	9,356
Lot 11301 Jalan Lebuhraya Kuala Lumpur - Seremban Batu 8 Mukim Petaling 57000 Kuala Lumpur	7 years	Sub-lease (land and building) 9 August 1999	21 years (28 July 2025)	Telecommunications operations centre and office	11,592	5,634	18,981
Lot 25, Lorong Burung Keleto Inanam Industrial Estate Inanam 88450, Kota Kinabalu Sabah	3 years	Leasehold (land and building) 11 May 2000	93 Years (31 December 2096)	Telecommunications operations centre and office	16,149	3,372	22,146
Lot 2323, Off Jalan Daya Pending Industrial Estate Bintawa, 93450 Kuching Sarawak	3 years	Leasehold (land and building) 28 September 2000	39 years (17 February 2042)	Telecommunications operations centre and office	10,122	3,382	18,351

Postal Address	Approximate Age of Building	Tenure Date of Acquisition	Remaining Lease Period (Expiry of lease)	Current Use	Land Area (sq. metre)	Built-up Area (sq. metre)	Net Book Value as at 31 December 2003 (RM'000)
PT 31093 Taman Perindustrian Tago Jalan KL-Sg. Buluh Mukim Batu Gombak	6 years	Freehold (land and building) 2 July 1996	–	Telecommunications operations centre	2,830	3,290	2,800
Lot 943 & 1289 No. Lot Pemaju - 46 Rawang Integrated Industrial Park Selangor	6 years	Freehold (land and building) ⁽¹⁾ 12 April 1997	–	Central Technical Office	10,611	1,535	3,370
8101 Taman Desa Jasmin Block 12B Bandar Baru Nilai Labu, Negeri Sembilan	6 years	Freehold (land and building) 28 December 1996	–	Central Technical Office	2,378	1,736	1,375
No. 1 Taman Perindustrial Subang (Lion Industrial Park) Seksyen 22 40000 Shah Alam Selangor	9 years	Freehold (land and building) 24 October 1995	–	Warehouse	17,721	1,886	7,458
Plot 80 C Bayan Lepas Industrial Park IV Penang	5 years	Leasehold (land and building) 27 July 1996	54 years (10 July 2057)	Incomplete Building	8,106	5,416	1,964
Lot 26A, Jalan Kilang SEDCO Industrial Estate Kolombong 88450 Kota Kinabalu	19 years	Leasehold (land and building) 27 January 1996	31 years (31 December 2034)	Telecommunications operations centre	2,840	1,178	2,580
Lot 989, Section 66 Jalan Jentera, Pending Industrial Estate 93450 Kuching Sarawak	26 years	Leasehold (land and building) 9 May 1996	31 years (2 February 2035)	Telecommunications operations centre	2,614	800	1,639
No. 997, Solik Perusahaan 3 Perai Industrial Estate 13600 Perai Pulau Pinang	24 years	Leasehold (land and building) 13 March 1995	67 years (28 September 2071)	Telecommunications operations centre	1,784	699	897

137

Notes:

Revaluations 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 Broadband Sdn. Bhd. .

disclosure of recurrent related party transactions

At the Extraordinary General Meeting held on 29 September 2003, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Paragraph 4.1.5 of Practice Note No. 12/2001 of Listing Requirements of Bursa Malaysia, the details of recurrent related party transactions conducted during the financial year ended 31 December 2003 pursuant to the shareholders' mandate are disclosed as follows:

Company in the Maxis Group involved	Transacting Parties	Nature of transaction	Related party
Maxis Broadband Sdn. Bhd. ("MBSB")	MEASAT Broadcast Network Systems Sdn. Bhd. ("MBNS")	♦ Supply of services – the provision of services to MBNS for 2 skyline VSAT links and 2 leased lines to Kuching and Kota Kinabalu.	♦ <u>Major Shareholders</u> Usaha Tegas Sdn. Bhd. ("UTSB"), Pacific States Investment Limited ("PSIL"), Excorp Holdings N.V. ("Excorp"), PanOcean Management Limited ("PanOcean"), Ananda Krishnan Tatparanandam ("TAK"), Tun Haji Mohammed Hanif bin Omar ("THO"), Dato' Haji Badri bin Haji Masri ("Dato' Badri"), Hj. Affendi bin Tun Hj. Mohd Fuad Stephens ("AF"), Mohamad Shahrin bin Merican ("MSM")
Maxis Mobile Sdn. Bhd. ("MMSB")	Tanjong Golden Village Sdn. Bhd. ("TGV")	♦ Promotional activities involving the subsidising of movie tickets purchased by 'Maxis One Club' members on specified days and times named 'Movie Day Promotion'.	♦ <u>Directors</u> THO (resigned on 1.1.2004), Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin ("TM") (retired on 19.6.2003), Khoo Teng Bin ("KTB"), Augustus Ralph Marshall ("RM"), Tan Poh Ching ("TPC"), Chan Chee Beng ("CCB") (a director of certain subsidiaries of Maxis) and James Edward Alexander Brodie ("James Brodie") (resigned on 1.12.2003 as a director of certain subsidiaries of Maxis)
			♦ <u>Major Shareholders</u> UTSB, PSIL, Excorp, PanOcean, TAK, AF
			♦ <u>Directors</u> TM, KTB, RM, TPC, CCB, James Brodie

	Nature of relationship	Approved/ mandated RM	Incurred up to 31 December 2003 RM	Unutilised amount as at 31 December 2003 RM
	Please refer to Note 1.	2,100,000	(517,596)	1,582,404
	Please refer to Note 2.	(230,000)	59,901	(170,099)

disclosure of
recurrent related party transactions (continued)

Company in the Maxis Group involved	Transacting Parties	Nature of transaction	Related party
Maxis	Tanjong City Centre Property Management Sdn. Bhd. ("TCCPM")	<ul style="list-style-type: none"> Rental payable by Maxis to TCCPM for Maxis' right to name the building i.e. Menara Maxis and to have signage space. 	<ul style="list-style-type: none"> <u>Major Shareholders</u> UTSB, PSIL, Excorp, PanOcean, TAK, AF <u>Directors</u> TM, KTB, RM, TPC, CCB, James Brodie
MBSB	Binariang Satellite Systems Sdn. Bhd. ("BSS")	<ul style="list-style-type: none"> Rental of assets – Transponder lease rental payable by MBSB for the use of satellite bandwidth of MEASAT 1 and MEASAT 2. 	<ul style="list-style-type: none"> <u>Major Shareholders</u> TAK, MAI Holdings Sdn. Bhd. ("MAIH"), THO <u>Directors</u> THO, KTB, RM, CCB
MMSB	BSS	<ul style="list-style-type: none"> Rental of assets – Rental payable by MMSB to BSS for BTS site. 	<ul style="list-style-type: none"> <u>Major Shareholders</u> TAK, MAIH, THO <u>Directors</u> THO, KTB, RM, CCB
Maxis Management Services Sdn. Bhd. ("MMGS")	BSS	<ul style="list-style-type: none"> Rental payable by BSS to MMGS for the use of certain vehicles owned by MMGS. 	<ul style="list-style-type: none"> <u>Major Shareholders</u> TAK, MAIH, THO <u>Directors</u> THO, KTB, RM, CCB
Maxis	BSS	<ul style="list-style-type: none"> Rental payable by BSS to Maxis for the use of certain vehicles owned by Maxis. 	<ul style="list-style-type: none"> <u>Major Shareholders</u> TAK, MAIH, THO <u>Directors</u> THO, KTB, RM, CCB
MMSB	SRG Asia Pacific Sdn. Bhd. ("SRGAP")	<ul style="list-style-type: none"> Purchase of services – the provision of call handling and other telemarketing services to MMSB by SRGAP. 	<ul style="list-style-type: none"> <u>Major Shareholders</u> UTSB, PSIL, Excorp, PanOcean, TAK, MSM <u>Directors</u> TM, KTB, RM, TPC, CCB, James Brodie

	Nature of relationship	Approved/ mandated RM	Incurred up to 31 December 2003 RM	Unutilised amount as at 31 December 2003 RM
	Please refer to Note 3.	(290,400)	66,000	(224,400)
	Please refer to Note 4.	(18,600,000)	5,018,230	(13,581,770)
	Please refer to Note 4.	(26,000)	6,300	(19,700)
	Please refer to Note 4	87,000	(21,750)	65,250
	Please refer to Note 4	31,000	(7,530)	23,470
	Please refer to Note 5	(10,000,000)	2,821,520	(7,178,480)

disclosure of
recurrent related party transactions (continued)

Company in the Maxis Group involved	Transacting Parties	Nature of transaction	Related party
Maxis	UT Projects Sdn. Bhd. ("UTP")	<ul style="list-style-type: none"> ◆ Development Management Fees for dining facility on Level 24 and an Auditorium on Level 25, Menara Maxis 	<ul style="list-style-type: none"> ◆ <u>Major Shareholders</u> UTSB, PSIL, Excorp, PanOcean, TAK, MSM ◆ <u>Directors</u> TM, KTB, RM, TPC, CCB, James Brodie
MMSB	Arena Johan Sdn. Bhd. ("AJSB")	<ul style="list-style-type: none"> ◆ Rental of assets – Rental payable by MMSB to AJSB for BTS site. ◆ Electricity charges incurred by MMSB payable to AJSB. 	<ul style="list-style-type: none"> ◆ <u>Major Shareholder</u> TAK ◆ <u>Director</u> RM
MBSB	HeiTech Padu Berhad ("HTP")	<ul style="list-style-type: none"> ◆ Supply of services – the provision of SkyNet and SkyLine VSAT and leased lines to HTP. 	<ul style="list-style-type: none"> ◆ <u>Director</u> Dato' Jamaludin bin Ibrahim ("DJI")
MBSB	Oakwood Sdn. Bhd. ("OSB")	<ul style="list-style-type: none"> ◆ Rental payable by MBSB to OSB for one equipment room for Fixed Network. 	<ul style="list-style-type: none"> ◆ <u>Director</u> THO
MBSB	Arab Malaysian Property Trust Management Bhd ("AMPT")	<ul style="list-style-type: none"> ◆ Rental of assets – Rental of equipment room payable by MBSB to AMPT. ◆ Payment of electricity bill by MBSB to AMPT. 	<ul style="list-style-type: none"> ◆ <u>Director</u> THO

	Nature of relationship	Approved/ mandated RM	Incurred up to 31 December 2003 RM	Unutilised amount as at 31 December 2003 RM
	Please refer to Note 6	(480,000)	113,400	(366,600)
	Please refer to Note 7	(24,000)	6,000	(18,000)
		(7,000)	1,500	(5,500)
	DJI is a Director of Maxis and HTP. He is also a shareholder of Maxis and HTP.	870,000	(310,520)	559,480
	THO is a past Director of Maxis and a major shareholder of Maxis and he is also a director and shareholder of Genting Berhad, the holding company of OSB.	(18,000)	4,500	(13,500)
	THO is a past Director of Maxis and a major shareholder of Maxis and he is also a director of AMMB Holdings Bhd, the ultimate holding company of AMPT. THO does not have any equity interests in AMMB Holdings Bhd and AMPT.	(20,000)	5,200	(14,800)
		(3,000)	223	(2,777)

disclosure of
recurrent related party transactions (continued)

Company in the Maxis Group involved	Transacting Parties	Nature of transaction	Related party
MMSB	MBf Property Holdings Sdn. Bhd. ("MBf Property")	♦ Rental of assets – Rental payable by MMSB to MBf Property for BTS site.	♦ <u>Director</u> THO
MMSB	AmFinance Bhd ("AMF") <i>(formerly known as MBf Finance Berhad)</i>	♦ Rental of assets – Rental payable by MMSB to AMF for BTS site.	♦ <u>Director</u> THO
MMSB	Genting Highlands Berhad ("GHB")	♦ Rental of assets – Rental payable by MMSB to GHB for BTS site.	♦ <u>Director</u> THO
MMSB	Genting Property Management Sdn Bhd ("GPM")	♦ BTS electricity charges incurred by MMSB payable to GPM.	♦ <u>Director</u> THO
MMSB	Genting Golf Course Berhad ("GCC")	♦ Rental of assets – Rental payable by MMSB to GCC for BTS site. ♦ Electricity charges incurred payable to GCC by MMSB.	♦ <u>Director</u> THO
MMSB	Resorts World Berhad ("RW")	♦ Rental of assets – Rental payable by MMSB to RW for BTS site. ♦ Electricity charges incurred by MMSB payable to RW for the rental of two equipment rooms.	♦ <u>Director</u> THO

	Nature of relationship	Approved/ mandated RM	Incurred up to 31 December 2003 RM	Unutilised amount as at 31 December 2003 RM
	THO is a past Director of Maxis and a major shareholder of Maxis and he is also a director of AMMB Holdings Bhd, the ultimate holding company of MBf Property. THO does not have any equity interest in MBf Property.	(18,000)	4,500	(13,500)
	THO is a past Director of Maxis and a major shareholder of Maxis and he is also a director of AMF. THO does not have any equity interest in AMF.	(12,000)	3,000	(9,000)
	THO is a past Director of Maxis and a major shareholder of Maxis and he is also a director and shareholder of RW, the holding company of GHB.	(60,000)	17,628	(42,372)
	THO is a past Director of Maxis and a major shareholder of Maxis and he is also a director and shareholder of Genting Berhad ("GB"), the ultimate holding company of GPM. He is also a shareholder of GB.	(11,000)	3,597	(7,403)
	THO is a past Director of Maxis and a major shareholder of Maxis and he is also a director and shareholder of RW, the holding company of GCC.	(87,000)	21,750	(65,250)
		(8,000)	4,414	(3,586)
	THO is a past Director of Maxis and a major shareholder of Maxis and he is also a director and shareholder of RW.	(298,000)	87,801	(210,199)
		(27,000)	10,538	(16,462)

145

Notes:

(1) MBNS

MBNS is a wholly-owned subsidiary of AAAN (Bermuda) Limited (*formerly known as ASTRO ALL ASIA NETWORKS Limited*) ["AAANL"] which in turn is a wholly-owned subsidiary of ASTRO ALL ASIA NETWORKS plc ("Astro").

Usaha Tegas Sdn. Bhd. ("UTSB"), Pacific States Investment Limited ("PSIL"), Excorp Holdings N.V. ("Excorp"), PanOcean Management Limited ("PanOcean") and Ananda Krishnan Tatparanandam ("TAK") who are major shareholders of Maxis are also major shareholders of MBNS via Astro, which is the ultimate holding company of MBNS. In addition, TAK is a director of PanOcean, Excorp and UTSB and was a director of AAANL within the 12 months preceding the date on which the terms of the transaction are to be agreed upon.

Tun Haji Mohammed Hanif bin Omar ("THO") who was a Director of Maxis, within the 12 months preceding the date on which the terms of the transaction are to be agreed upon and major shareholder of Maxis is also a major shareholder of Astro.

Khoong Teng Bin ("KTB"), Augustus Ralph Marshall ("RM") and Tan Poh Ching ("TPC") who are Directors of Maxis are also Directors of UTSB. Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin ("TM") who was a Director of Maxis within the 12 months preceding the date on which the terms of the transaction are to be agreed upon, is a director of UTSB. TM, KTB, RM and TPC do not have any equity interest in UTSB and in MBNS.

RM and TPC are directors of Astro and AAANL. RM is also a director of MBNS while TPC was a director of MBNS within the 12 months preceding the date on which the terms of the transaction are to be agreed upon. In addition, RM is the Deputy Chairman and the Group Chief Executive Officer of Astro and the Chief Executive Officer of AAANL and MBNS.

Dato' Haji Badri bin Haji Masri ("Dato' Badri") who is a director of Astro, AAANL and MBNS and Hj. Affendi bin Tun Hj. Mohd Fuad Stephens ("AF"), a director of MBNS are also major shareholders of Maxis and Astro.

Mohamad Shahrin bin Merican ("MSM"), a major shareholder of Maxis is also a major shareholder of Astro. MSM was a director of several subsidiaries of MBNS within the 12 months preceding the date on which the terms of the transaction are to be agreed upon.

Dato' Mohamed Khadar bin Merican, a director of Astro is a person connected to MSM.

Chan Chee Beng ("CCB") is a director of certain subsidiaries of Maxis is also a director of UTSB. CCB does not have any equity interest in UTSB or in MBNS.

James Edward Alexander Brodie ("James Brodie") who was a director of certain subsidiaries of Maxis within the 12 months preceding the date on which the terms of the transaction are to be agreed upon is also a director of a subsidiary of UTSB. James Brodie does not have any equity interest in UTSB or in MBNS.

(2) TGV

TGV is a joint venture company of Tanjong Public Limited Company ("Tanjong"), via Tanjong Entertainment Sdn. Bhd., a wholly-owned subsidiary of Tanjong.

UTSB, PSIL, Excorp, PanOcean and TAK are major shareholders of Maxis and Tanjong. TAK is also a director of PanOcean, Excorp and UTSB.

KTB, RM and TPC who are Directors of Maxis are also directors of UTSB. TM who was a Director of Maxis within the 12 months preceding the date on which the terms of the transaction are to be agreed upon, is a director of UTSB. TM, KTB, RM and TPC do not have any equity interest in UTSB. In addition, RM and TPC are also Executive Director and Non-Executive Director of Tanjong respectively whilst KTB is a major shareholder of Tanjong.

AF, a major shareholder of Maxis, also has deemed equity interest in Tanjong.

CCB is a director of certain subsidiaries of Maxis and a subsidiary of Tanjong. He is also a director of UTSB. CCB has a direct equity interest but he does not have any equity interest in UTSB or in Tanjong.

James Brodie who was a director of certain subsidiaries of Maxis within the 12 months preceding the date on which the terms of the transaction are to be agreed upon is also a director of a subsidiary of UTSB. James Brodie does not have any equity interest in UTSB or in TGV.

(3) TCCPM

TCCPM is a wholly-owned subsidiary of Tanjong Property Management Sdn. Bhd. which in turn is a wholly-owned subsidiary of Tanjong through Tanjong Asset Holdings Sdn. Bhd..

UTSB, PSIL, Excorp, PanOcean and TAK are major shareholders of Maxis and Tanjong. TAK is also a director of PanOcean, Excorp and UTSB.

KTB, RM and TPC who are Directors of Maxis are also directors of UTSB. TM who was a Director of Maxis within the 12 months preceding the date on which the terms of the transaction are to be agreed upon, is a director of UTSB. TM, KTB, RM and TPC do not have any equity interest in UTSB. In addition, RM and TPC are also Executive Director and Non-Executive Director of Tanjong respectively while KTB is a major shareholder of Tanjong.

AF, a major shareholder of Maxis, also has deemed equity interest in Tanjong.

CCB is a director of certain subsidiaries of Maxis and a subsidiary of Tanjong. He is also a director of UTSB. CCB does not have any equity interest in UTSB or in Tanjong.

James Brodie who was a director of certain subsidiaries of Maxis within the 12 months preceding the date on which the terms of the transaction are to be agreed upon is also a director of a subsidiary of UTSB. James Brodie does not have any equity interest in UTSB or in TCCPM.

(4) BSS

BSS is a wholly-owned subsidiary of MEASAT Global Berhad (*formerly known as Malaysian Tobacco Company Berhad*) ("MGB"), the ultimate holding company of which is MAI Holdings Sdn. Bhd. ("MAIH").

TAK and MAIH who are major shareholders of Maxis, are also major shareholders of MGB and hence of BSS.

KTB and RM are Directors of Maxis and also directors of BSS. KTB and RM do not have any equity interest in MGB. In addition, RM is also a director of MGB while KTB is also a director of MAIH.

THO who was a Director of Maxis, within the 12 months preceding the date on which the terms of the transaction are to be agreed upon, and a major shareholder of Maxis is also a director of BSS. THO does not have any equity interest in MGB.

CCB is a director of certain subsidiaries of Maxis and a subsidiary of BSS. CCB does not have any equity interest in MGB or in BSS.

(5) SRGAP

SRGAP is a wholly-owned subsidiary of UTSB.

UTSB, PSIL, Excorp, PanOcean and TAK are major shareholders of Maxis and SRGAP. TAK is also a director of PanOcean, Excorp and UTSB.

KTB, RM and TPC who are Directors of Maxis, are also directors of UTSB. TM who was a Director of Maxis within the 12 months preceding the date on which the terms of the transaction are to be agreed upon, is a director of UTSB. TM, KTB, RM and TPC do not have any equity interest in UTSB and in SRGAP.

MSM, a major shareholder of Maxis is also a director of SRGAP. MSM does not have any equity interest in UTSB or in SRGAP.

CCB is a director of certain subsidiaries of Maxis is also a director of UTSB. CCB does not have any equity interest in UTSB or in SRGAP.

James Brodie who was a director of certain subsidiaries of Maxis within the 12 months preceding the date on which the terms of the transaction are to be agreed upon is also a director of a subsidiary of UTSB. James Brodie does not have any equity interest in UTSB or in SRGAP.

(6) UTP

UTP is a wholly-owned subsidiary of UTSB.

UTSB, PSIL, Excorp, PanOcean and TAK are major shareholders of Maxis and SRGAP. TAK is also a director of PanOcean, Excorp and UTSB.

KTB, RM and TPC who are Directors of Maxis, are also directors of UTSB. TM who was a Director of Maxis within the 12 months preceding the date on which the terms of the transaction are to be agreed upon, is a director of UTSB. TM, KTB, RM and TPC do not have any equity interest in UTSB and in UTP.

MSM, a major shareholder of Maxis is also a director of UTP. MSM does not have any equity interest in UTSB or in UTP.

CCB is a director of certain subsidiaries of Maxis is also a director of UTSB. CCB does not have any equity interest in UTSB or in UTP.

James Brodie who was a director of certain subsidiaries of Maxis within the 12 months preceding the date on which the terms of the transaction are to be agreed upon is also a director of a subsidiary of UTSB. James Brodie does not have any equity interest in UTSB or in UTP.

(7) AJSB

AJSB is a wholly-owned subsidiary of KLCC (Holdings) Berhad ("KLCCH").

TAK who is a major shareholder of Maxis, is also a director of KLCCH but he does not have any equity interest in KLCCH.

RM who is a Director and shareholder of Maxis, is also a director of KLCCH. He has a direct equity interest in Maxis but he does not have any equity interest in KLCCH or in AJSB.

additional disclosures

The following disclosures are made in compliance with Part A of Appendix 9C of the Listing Requirements of Bursa Malaysia:

I. Material Contracts

No	Parties		Subject Matter
	Maxis' Company	Related Party	
1)	Maxis Communications Bhd. ("Maxis")	MEASAT Broadcast Network Systems Sdn. Bhd. ("MBNS")	<p>(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").</p> <p>(b) Letter of Offer issued by Maxis to MBNS whereby Maxis agreed to procure AWT to grant an option to MBNS to subscribe up to 25% of the enlarged issued and paid-up share capital of AWT.</p>
2)	Advanced Wireless Technologies Sdn. Bhd. ("AWT")	MBNS	Letter of Offer issued by AWT to MBNS granting MBNS the option to subscribe up to 25% of the enlarged issued and paid-up share capital of AWT.

	Consideration Value (for year ending 31.12.2003)	Date of Agreement/Duration	Mode of Satisfaction of Consideration	Relationship
	Nil	MoU is dated 24 May 2002 and continues until terminated in accordance with the terms of the MoU	N/A	Please refer to Notes
	Consideration for grant of option is MBNS' agreement to jointly submit UMTS (Malaysia) Sdn Bhd ("UMTS (Malaysia)")'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 (Malaysia).	Letter of Offer is dated 28 April 2003 (as amended by letters dated 11 August 2003 and 4 December 2003)	Non-Cash	
	AWT grants an option to MBNS to subscribe up to 25% of the enlarged issued and paid-up share capital in AWT by 25 May 2004 on terms and conditions therein.	Letter of Offer is dated 3 March 2004 (as amended by letter dated 26 April 2004)	Non-Cash	Please refer to Notes

Notes:

MBNS is a wholly-owned subsidiary of AAAN (Bermuda) Limited (*formerly known as ASTRO ALL ASIA NETWORKS Limited*) ["AAANL"] which in turn is a wholly-owned subsidiary of ASTRO ALL ASIA NETWORKS plc ("Astro").

Usaha Tegas Sdn Bhd ("UTSB"), Pacific States Investment Limited ("PSIL"), Excorp Holdings N.V. ("Excorp"), PanOcean Management Limited ("PanOcean") and Ananda Krishnan Tatparanandam ("TAK") who are major shareholders of Maxis ("Major Shareholders") are also major shareholders of MBNS via Astro, which is the ultimate holding company of MBNS. In addition, TAK is a director of PanOcean, Excorp and UTSB and was also a director of AAANL within the 12 months preceding the date on which the terms of the transaction are to be agreed upon.

Tun Haji Mohammed Hanif bin Omar who was a Director of Maxis, within the 12 months preceding the date on which the terms of the transaction are to be agreed upon and Major Shareholder is also a major shareholder of Astro.

Khoo Teng Bin ("KTB"), Augustus Ralph Marshall ("RM") and Tan Poh Ching ("TPC") who are Directors of Maxis are also Directors of UTSB. Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin ("TM") who was a Director of Maxis within the 12 months preceding the date on which the terms of the transaction are to be agreed upon, is a director of UTSB. TM, KTB, RM and TPC do not have any equity interest in UTSB and in MBNS.

RM and TPC are directors of Astro and AAANL. RM is also a director of MBNS while TPC was a director of MBNS within the 12 months preceding the date on which the terms of the transaction are to be agreed upon. In addition, RM is the Deputy Chairman and the Group Chief Executive Officer of Astro and the Chief Executive Officer of AAANL and MBNS.

Dato' Haji Badri bin Haji Masri who is a director of Astro, AAANL and MBNS and Hj. Affendi bin Tun Hj. Mohd Fuad Stephens, a director of MBNS are also major shareholders of Maxis and Astro.

Mohamad Shahrin bin Merican ("MSM"), a Major Shareholder is also a major shareholder of Astro. MSM was a director of several subsidiaries of MBNS within the 12 months preceding the date on which the terms of the transaction are to be agreed upon.

Dato' Mohamed Khadar bin Merican, a director of Astro is a person connected to MSM.

Chan Chee Beng ("CCB") is a director of certain subsidiaries of Maxis is also a director UTSB. CCB does not have any equity interest in UTSB or in MBNS.

James Edward Alexander Brodie ("James Brodie") who was a director of certain subsidiaries of Maxis within the 12 months preceding the date on which the terms of the transaction are to be agreed upon is also a director of a subsidiary of UTSB. James Brodie does not have any equity interest in UTSB or in MBNS.

II. Status of Utilisation of Proceeds raised from Initial Public Offering ("IPO")

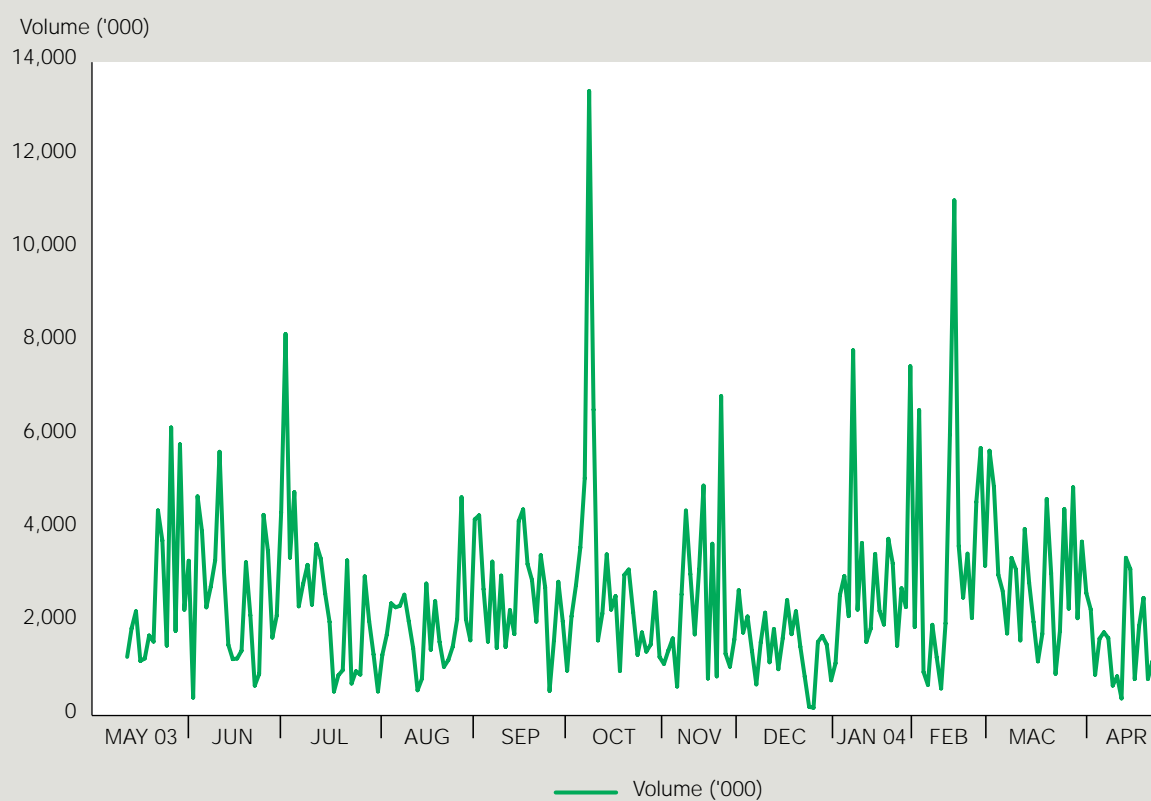
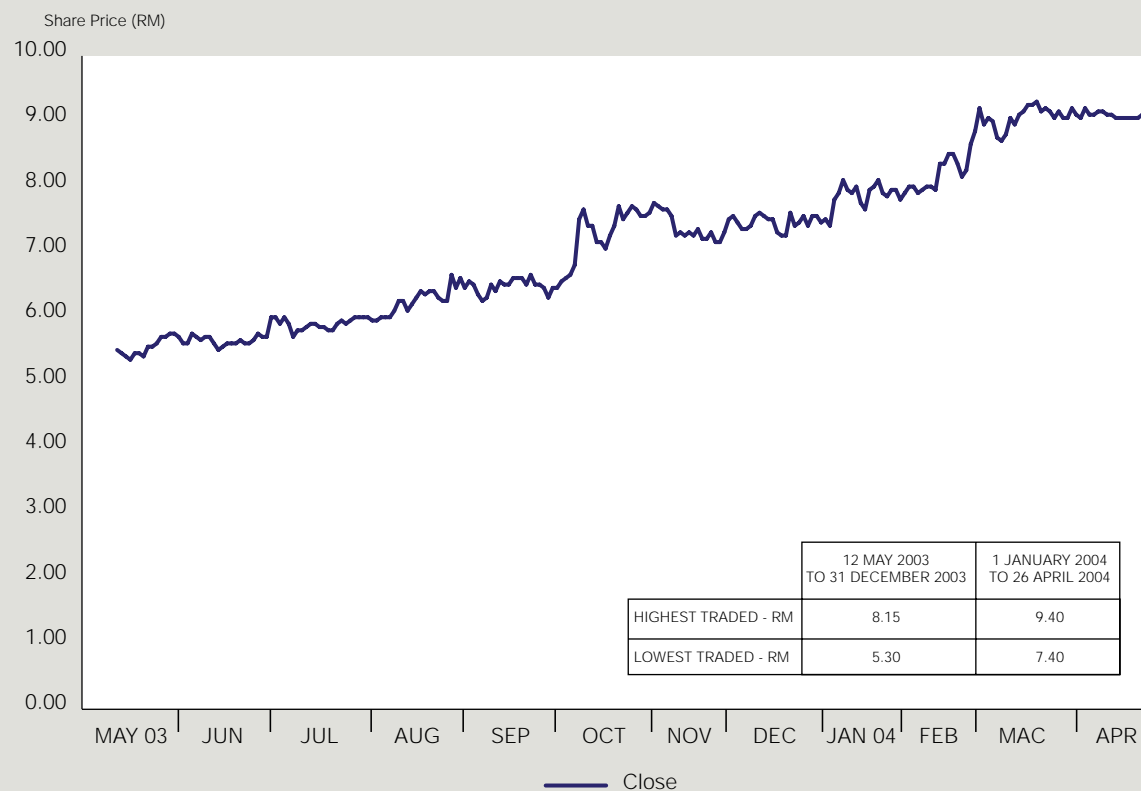
The proceeds raised from the IPO amounting to RM1,896.4 million have been fully utilised as intended as at 31 December 2003.

Glossary

2G/2.5G	Second generation or 2G refers to the digital wireless communications systems which use 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.
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.
Active subscribers	Subscribers who can make outgoing calls / messages and receive incoming calls / messages plus barred subscribers who can only receive incoming calls / messages
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.
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.
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 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.
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 128Kbps, capable of high speed data transmission, not including ISDN.
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.
Bursa Malaysia	Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad).
Blended ARPU	The blended average revenue per user being the weighted average ARPU of postpaid and prepaid average active subscriber in a period
Churn	The termination of service by subscribers, both voluntary and involuntary.
Churn rate	The churn rate is calculated by dividing the monthly termination of subscribers by the monthly average number of total net subscribers
CDMA	Code Division Multiple Access; a digital wireless transmission technology.
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).
EBITDA	EBITDA represents profit before interest income, finance cost, taxation, depreciation, amortisation and allowance for write down of identified network costs. EBITDA should not be viewed as an alternative measure of operating results or cash flows from operating activities. EBITDA has been used as it is commonly used in the telecommunications industry worldwide as an indicator of operating performance, liquidity and as a financial measure of the potential capacity of a company to incur and service debt. EBITDA may not be comparable to similarly titled measures used by other companies
Frequency	The number of cycles per second, measured in hertz, of a periodic oscillation or wave in radio wave propagation.
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.
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.
Group	Maxis Communications Berhad and its subsidiaries

HSDPA	High-Speed Downlink Packet Access; an evolution of wideband code division multiple access (W-CDMA) technology and capable of achieving reduced delays and peak data rates up to 14 Mbps for downlink.
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.
IP	Internet Protocol; a standard that keeps track of network addresses for different nodes, routes outgoing messages, and recognises incoming messages.
ISDN	Integrated Services Digital Network.
IEEE	Institute of Electrical and Electronics Engineers, Inc.
kbps	One thousand bits per second.
LAN	Local Area Network; a short distance data communications network (usually within a building).
MASA	Maxis Authorised Service Agent.
Mbps	One million bits per second.
MHz	Megahertz; one million cycles per second.
MOU	Minutes of use.
Blended MOU	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.
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.
Maxis or the Company	Maxis Communications Berhad
Malaysian Mobile	Malaysian Mobile Services Sdn. Bhd.
MBSB	Maxis Broadband Sdn. Bhd.
MMSB	Maxis Mobile Sdn. Bhd.
MBNS	MEASAT Broadcast Network Systems Sdn. Bhd.
Net subscribers	Active subscribers plus suspended subscribers who cannot make or receive calls / messages
POTs	Plain old telephone service; refers to the standard telephone network.
PTT	Push to Talk; a two-way communication service that works like a "walkie talkie".
Roaming	When mobile customers leave their own mobile carrier's home network and move on to other mobile operators' networks.
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.
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.
TDD	Time Division Duplex; a technology that uses a single channel for both upstream and downstream communications.
UMTS (Malaysia)	UMTS (Malaysia) Sdn. Bhd.
VSAT	Very Small Aperture Terminal; a small earth station for satellite transmission of data handling up to 55
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.
W-CDMA	Wideband Code Division Multiple Access; a CDMA technology for 3G systems and is designed to be backward compatible with GSM standard.
Wi - Fi	Wireless Fidelity; a term used to describe wireless networking.
WiMax	Worldwide Interoperability for Microwave Access; the IEEE 802.16 wireless metropolitan-area network standard.

share performance



contact information and Maxis centres

CUSTOMER SERVICE

- **Enquiries and Assistance for any Maxis services (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) 7492 2950 or email us at customercare@maxis.com.my
- **Enquiries and Assistance for Smart Access**
Dial 1 800 82 8182 on any phone.
- **Pay-by-Phone Service**
Dial 1 800 82 1222 on any phone (registration required).
- **Collections**
Dial 1 800 82 1228 on any phone.

MAXIS BUSINESS SOLUTIONS

- **Enquiries and Assistance for any Maxis Business Solutions**
(24 hours a day, 7 days a week)
Dial 1919 on any Maxis phone or 1 800 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
off Jalan Ampang
50088 Kuala Lumpur
Malaysia
Tel: (603) 2330 7000
Fax: (603) 2330 0590
www.maxis.com.my

154

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
HP Towers
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

18D & E, Wisma Kurnia
Lebuhraya Darulaman
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 Seventeenth (17th) Annual General Meeting of MAXIS COMMUNICATIONS BERHAD ("the Company") will be held on Monday, 7 June 2004 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 consider the Directors' Report and the Financial Statements for the financial year ended 31 December 2003 and the Auditors' Report thereon. *Please refer to Note A.*
- 2 To declare a final gross dividend of 13.89 sen per ordinary share less Malaysian income tax at 28% for the financial year ended 31 December 2003. **Resolution 1**
- 3 To re-elect as a Director, Encik Tan Poh Ching, who retires by rotation pursuant to Article 114 of the Company's Articles of Association. **Resolution 2**
- 4 To re-elect as a Director, Y. Bhg. Datuk Megat Zaharuddin bin Megat Mohd Nor, who retires pursuant to Article 121 of the Company's Articles of Association. **Resolution 3**
- 5 To re-appoint PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 4**

155

As Special Business:

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

6. **Ordinary Resolution** **Resolution 5**
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.
7. **Special Resolution** **Resolution 6**
Proposed Amendment to the Articles of Association of the Company

THAT the existing Article 170 and its heading be deleted in its entirety and that the following new Article 170 and its heading be adopted:

Existing Article 170

Dividends payable by cheque or warrant

Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrant and sent through the post directed to the registered address of the holder of the shares as it appears in the Register and/or the Record of Depositors or, in the case of joint holders, to the registered address of the joint holder first named on the Register or to the extent permissible under the Central Depositories Act and the Rules, in the Record of Depositors or to such person and to such address as the holder or joint holders may in writing direct or, if several persons are entitled thereto in consequence of the death or bankruptcy of the holder, to any one such persons or to such person and to such address as such persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the shares in consequence of the death or bankruptcy of the holder may direct and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the dividend represented thereby. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.

New Article 170

Payment Procedure

Any dividend or other sum payable by the Company in respect of a share may be paid by cheque or warrant sent by post addressed to the holder at his registered address as it appears in the Register or the Record of Depositors or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as it appears in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first in the Register or the Records of Depositors in respect of the shares, and shall be sent at his or their risk and payment of the cheque or warrant by bank on which it is drawn shall constitute a good discharge to the Company. In addition, any such dividend or other sum may (subject to any restrictions which may be imposed by applicable law) be paid by any bank or other funds transfer system or such other means and to or through such person as the holder or joint holders may in writing direct, and the Company shall have no responsibility for any sums lost or delayed in the course of any such transfer or where it has acted on any such directions. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by them. Where a person is entitled by transmission to a share, any dividend or other sum payable by the Company in respect of the share may be paid as if he were a holder of the share and his address noted in the Register or Record of Depositors were his registered address.

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Seventeenth (17th) Annual General Meeting to be held on Monday, 7 June 2004, a final gross dividend of 13.89 sen per ordinary share less 28% Malaysian Income Tax for the financial year ended 31 December 2003 will be paid on 21 July 2004 to Depositors registered in the Record of Depositors at the close of business on 24 June 2004 except for those Depositors whose shares are quoted as "OA".

Please be advised that in accordance with Clause 8 of the Bye-Laws of the Company's Employee Share Option Scheme ("the Scheme"), the shares quoted as "OA" shall not be entitled to any dividends as the dividends declared are in relation to the financial year ended 31 December 2003 (which precedes the date of exercise of the options granted under the Scheme pursuant to which the shares quoted as "OA" were issued).

A Depositor whose shares are not quoted as "OA" shall qualify for entitlement to the dividend only in respect of:

- (a) shares transferred to such Depositor's securities account before 4.00 p.m. on 24 June 2004 in respect of transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad (formerly known as Malaysia Securities Exchange Berhad) ("Bursa Malaysia") on a cum entitlement basis according to the Rules of Bursa Malaysia.

BY ORDER OF THE BOARD

DIPAK KAUR
LS 5204
Company Secretary

14 May 2004
Kuala Lumpur

NOTES:

- A. This Agenda item is meant for discussion only as the provision of Section 169(1) of the Companies Act, 1965 does not require a formal approval of the shareholders and hence, is not put forward for voting.
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 provided that the number of proxies appointed shall not be more than two except in the circumstances set out in note 4. A proxy need not be a member of the Company.
 2. The instrument appointing a proxy shall:
 - i) in case of an individual, be signed by the appointor or by his attorney; and
 - ii) in 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 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 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 or in case of a poll, not less than 24 hours, before the time appointed for the taking of the poll; otherwise the proxy shall not be treated as valid and the person so named shall not be entitled to vote in respect thereof. Fax copies of the duly executed form of proxy are not acceptable.
 6. A proxy may vote on a show of hands and on a poll. If the form of proxy is returned without an indication as to how the proxy shall vote on any particular matter the proxy may exercise his discretion as to whether to vote on such matter and if so, how.
 7. The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so.

157

Explanatory Notes on Special Business:

Resolution 5 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

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 per cent (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.

Resolution 6 - Proposed Amendment to the Articles of Association of the Company

This Special Resolution, if passed, is to allow the payment of dividends or any other sum payable by the Company in respect of a share by any bank or other funds transfer systems or other means to or through such person as the shareholder may direct and would improve efficiency of and facilitate payment of dividends and other moneys by the Company. The Company intends to extend this service initially to shareholders who maintain bank accounts with a Malaysian-based bank under the Malaysian Electronic Payment System ("MEPS").

Shareholders, however, will be given the option as to whether they wish to opt for this service, or to continue receiving dividend cheques. All shareholders, whether or not they opt for this service, will receive their dividend tax certificates.

statement accompanying the notice of annual general meeting

made pursuant to Paragraph 8.28(2) of the Listing Requirements
of Bursa Malaysia

EXPLANATORY NOTES ON SPECIAL BUSINESS:

Resolution 5 - Authority to issue shares pursuant to Section 132D of the Companies Act, 1965

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 per cent (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.

Resolution 6 - Proposed Amendment to the Articles of Association of the Company

This Special Resolution, if passed, is to allow the payment of dividends or any other sum payable by the Company in respect of a share by any bank or other funds transfer systems or other means to or through such person as the shareholder may direct and would improve efficiency of and facilitate payment of dividends and other moneys by the Company. The Company intends to extend this service initially to shareholders who maintain bank accounts with a Malaysian-based bank under the Malaysian Electronic Payment System ("MEPS").

Shareholders, however, will be given the option as to whether they wish to opt for this service, or to continue receiving dividend cheques. All shareholders, whether or not they opt for this service, will receive their dividend tax certificates.

158

DIRECTORS WHO ARE STANDING FOR RE-ELECTION AT THE SEVENTEENTH (17th) ANNUAL GENERAL MEETING OF THE COMPANY

- (1) Pursuant to Article 114 of the Company's Articles of Association is Encik Tan Poh Ching
- (2) Pursuant to Article 121 of the Company's Articles of Association is Y. Bhg. Datuk Megat Zaharuddin bin Megat Mohd Nor

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year under review, six (6) board meetings were held. The attendance of the Directors were as follows:

	Attendance
Datuk Megat Zaharuddin bin Megat Mohd Nor (appointed w.e.f. 1 January 2004)	Not Applicable. His appointment was after the financial year under review
Tun Haji Mohammed Hanif bin Omar (resigned w.e.f. 1 January 2004)	6 out of 6 meetings
Dato' Seri Syed Anwar Jamalullail	6 out of 6 meetings
Lord Killearn	6 out of 6 meetings
Timothy Hugh Ling (deceased on 28 January 2004)	5 out of 6 meetings
Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin (retired from office on 19 June 2003)	3 out of 3 meetings
Khoo Teng Bin	5 out of 6 meetings
Augustus Ralph Marshall	6 out of 6 meetings
Tan Poh Ching	6 out of 6 meetings
Dato' Jamaludin bin Ibrahim	6 out of 6 meetings

DETAILS OF PLACE, DATE AND TIME OF THE SEVENTEENTH (17th) ANNUAL GENERAL MEETING

Place : Grand Ballroom
Mandarin Oriental, Kuala Lumpur
Kuala Lumpur City Centre
50088 Kuala Lumpur, Malaysia

Date and time : Monday, 7 June 2004 at 10.00 am

Details Of Directors Who Are Standing For Re-Election

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

Name	Tan Poh Ching
Age	57
Nationality	Malaysian
Qualification	He holds a first class honours degree in mechanical engineering from the University of Strathclyde, Scotland. He also attended the Advanced Management Programme at the Harvard Business School.
Position in the Company	Non-Executive Director
Working experience and occupation	Between 1973 and 1990, he held various technical and commercial management positions in the Shell Group of Companies in Malaysia, before joining Tanjong Public Limited Company. He was the Chief Executive Officer of Tanjong Public Limited Company for 12 years until his retirement on 1 May 2003. He continues to be a Director of Tanjong Public Limited Company; Pan Malaysian Pools Sdn. Bhd. and Powertek Berhad. He also holds directorships in AAAN (Bermuda) Limited (<i>formerly known as ASTRO ALL ASIA NETWORKS Limited</i>) (incorporated in Bermuda), ASTRO ALL ASIA NETWORKS plc (incorporated in England & Wales), Usaha Tegas Sdn. Bhd. and the Malaysian Community & Education Foundation.
Any other directorships of public companies	1) Tanjong Public Limited Company, incorporated in the United Kingdom 2) ASTRO ALL ASIA NETWORKS plc, incorporated in England and Wales 3) Powertek Berhad 4) Malaysian Community & Education Foundation
The securities holdings in the Company and its subsidiaries	In the Company: Shareholding of 500,000 ordinary shares of RM0.10 each (0.0203%), held through a nominee, namely RHB Capital Nominees (Tempatan) Sdn. Bhd.
	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

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	Datuk Megat Zaharuddin bin Megat Mohd Nor
Age	55
Nationality	Malaysian
Qualification	He holds a B. Sc (Honours) in Mining Engineering from Royal School of Mines, Imperial College of Science and Technology, London University, U.K. (1972), and he is also an Associate of the Royal School of Mines.
Position in the Company	Chairman / Independent Non-Executive Director
Working experience and occupation	<p>He has 31 years' experience in the international oil, gas and chemicals business. He has been a senior executive of the Shell Group of Companies as Chairman both in Malaysia and overseas. In January 2004, he retired as the Regional Chief Executive Officer and Managing Director of Shell Exploration and Production International B.V., based in The Hague, Netherlands, which was a position he held since 1999.</p> <p>From 1995 to 1999, Datuk Megat Zaharuddin held the position of Chairman and Chief Executive of Shell Companies in Malaysia, based in Kuala Lumpur. During this period, he also sat on the Boards of Directors of MIMOS, National Information Technology Council, University Malaysia Sarawak, Danaharta, as well as being the Chairman of National Science Centre.</p> <p>From 1973 to 1995, Datuk Megat Zaharuddin held various positions in Shell and was based in various locations such as Istanbul, Turkey; The Hague, Netherlands; Kuala Lumpur, Malaysia; Miri, Malaysia and Aberdeen, Scotland.</p>
Any other directorships of public companies	Nil
The securities holdings in the Company and its subsidiaries	In the Company: Nil
	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

form of proxy

Maxis Communications Berhad
(158400-V) (Incorporated in Malaysia)

I/We _____ NRIC No./Company No. _____
(FULL NAME IN BLOCK LETTERS AS PER IDENTITY CARD)

of _____
(ADDRESS)

telephone no. _____ being a member/members of Maxis Communications Berhad ("the Company"), hereby appoint

_____ (FULL NAME IN BLOCK LETTERS AS PER IDENTITY CARD)

of _____
(ADDRESS)

and/or _____
(FULL NAME IN BLOCK LETTERS AS PER IDENTITY CARD)

of _____
(ADDRESS)

or failing him/her, THE CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote for me/us and on my/our behalf at the Seventeenth (17th) Annual General Meeting of the Company to be held on Monday, 7 June 2004 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 "✗" in the spaces below how I/we wish my/our vote to be cast:

Agenda			
1	To consider the Directors' Report and the Financial Statements for the financial year ended 31 Dec 2003 and the Auditors' Report thereon		
	Ordinary Resolutions	For	Against
2	Declaration of final gross dividend of 13.89 sen per ordinary share (Resolution 1)		
3	Re-election of Encik Tan Poh Ching (Resolution 2)		
4	Re-election of Y. Bhg. Datuk Megat Zaharuddin bin Megat Mohd. Nor (Resolution 3)		
5	Re-appointment of Auditors (Resolution 4)		
6	Special Business - Ordinary Resolution Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 (Resolution 5)		
7	Special Business - Special Resolution Proposed Amendment to the Articles of Association of the Company (Resolution 6)		

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 Signed by *individual member/*officer or attorney of member/*authorised nominee of _____ (beneficial owner)	No. of shares held: _____ Securities Account No: _____ Date : _____	The proportions of my/our holding to be represented by my/our proxies are as follows: First Proxy No. of Shares: _____ Percentage: _____% Second Proxy No. of Shares: _____ Percentage: _____%
If appointment of proxy is under seal The Common Seal of _____ was hereto affixed in accordance with its Articles of Association in the presence of : _____ Director _____ Director/Secretary in its capacity as *member/*attorney of member/*authorised nominee of _____ (beneficial owner)	<p style="text-align: center;">Seal</p> No. of shares held: _____ Securities Account No: _____ 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 provided that the number of proxies appointed shall not be more than two except in the circumstances set out in note 4. A proxy need not be a member of the Company.
- The instrument appointing a proxy shall:
 - in case of an individual, be signed by the appointor or by his attorney; and
 - in 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 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 or in case of a poll, not less than 24 hours, before the time appointed for the taking of the poll; otherwise the proxy shall not be treated as valid and the person so named shall not be entitled to vote in respect thereof. Fax copies of the duly executed form of proxy are not acceptable.
- A proxy may vote on a show of hands and on a poll. If the form of proxy is returned without an indication as to how the proxy shall vote on any particular matter the proxy may exercise his discretion as to whether to vote on such matter and if so, how.
- The lodging of a form of proxy does not preclude a member from attending and voting in person at the meeting should the member subsequently decide to do so.

* delete if inappropriate

STAMP

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