



• Leadership • Innovation •



At Maxis, we believe technology is
not all that special, **LIFE** is.

INTRODUCTION	2
Overview	2
Our Vision	2
Corporate Information	3
CORPORATE PROFILE	
Financial Calendar	4
Share Performance	5
Milestones 2004	6
Products and Services	10
Five-Year Group Financial Highlights	14
Five-Year Operating Performance Indicators	16
Awards and Recognition 2004	20
BOARD OF DIRECTORS AND SENIOR MANAGEMENT	
Directors' Profile	22
Senior Management Profile	26
CHAIRMAN'S STATEMENT	32
CHIEF EXECUTIVE OFFICER'S REVIEW OF OPERATIONS	36
CORPORATE SOCIAL RESPONSIBILITY	44
CORPORATE GOVERNANCE DISCLOSURES	
- STATEMENTS AND REPORTS	
Audit Committee Report	46
Statement on Corporate Governance	50
Statement on Internal Control	58
Statement on Directors' Responsibility	61
FINANCIAL STATEMENTS	63
ANALYSIS OF SHAREHOLDINGS	
Size of Shareholdings	126
Distribution Table According to Category of Shareholders	126
Directors' Interests in Shares based on the Register of Directors' Shareholdings	127
List of 30 Largest Shareholders	128
Information on Substantial Shareholders	129
OTHER INFORMATION	
List of Properties Held	132
Disclosure of Recurrent Related Party Transactions	134
Additional Disclosures	146
Glossary	148
Contact Information and Maxis Centres	151
THE EIGHTEENTH (18TH) ANNUAL GENERAL MEETING	
Notice of Annual General Meeting	152
Statement Accompanying the Notice of Annual General Meeting	155
Form of Proxy	

Overview

MAXIS COMMUNICATIONS BERHAD ("THE COMPANY" OR "MAXIS") AND ITS SUBSIDIARIES ("THE GROUP") IS THE LEADING TELECOMMUNICATIONS SERVICE PROVIDER IN MALAYSIA. THE GROUP PROVIDES A WIDE RANGE OF MOBILE, FIXED AND INTERNATIONAL NETWORK SERVICES TO CUSTOMERS.

Our mobile services, the principal driver of the Group's business, are marketed under the *maxis* brand for postpaid mobile services and *Hotlink* for prepaid services. Both offer basic voice and data services, as well as, advanced mobile data services on GPRS. Our fixed line network offers voice, data and other specialised solutions to the enterprise market like WLAN and VSAT. Our international network provides international connectivity for our mobile and fixed line services, as well as, wholesale international services to others.

Maxis, which started commercial operations in 1995, was listed on Bursa Malaysia on 8 July 2002. The Company is the fifth largest public company in Malaysia with a market capitalisation of RM23.9 billion as at the date

of this report. The Group has also been recognised for its quality and innovative communications solutions. In 2004, Maxis won several international and domestic awards for its products and services.

The Group aims to stay at the forefront of innovation and creativity in communications. Our 3G services were launched on 1 January 2005 to enhance our range and scope of operations and provide new opportunities for growth.

As we forge ahead, we will continue to focus on creating value for our customers and shareholders while maintaining the highest standards of professionalism and integrity.

Our Vision

TO BE THE MOST PREFERRED AND SUCCESSFUL COMMUNICATIONS GROUP.

At Maxis, we believe in achieving high goals and standards. In our pursuit of excellence, we remain focused on our key objectives:

- To be the communications group every customer prefers above all others
- To be the organisation every employee aspires to work for, where they can maximise their full potential
- To be the corporation every investor seeks to invest in
- To be the partner every company want to do business with
- To be recognised domestically and internationally by everyone, within and across all industries
- To be the success story every Malaysian can be proud of

BOARD OF DIRECTORS

Datuk Megat Zaharuddin bin Megat Mohd. Nor (*Chairman/ Independent Non-Executive Director*)

Dato' Jamaludin bin Ibrahim (*Chief Executive Officer*)

Dato' Seri Syed Anwar Jamalullail (*Independent Non-Executive Director*)

Lord Killearn (*Independent Non-Executive Director*)

Augustus Ralph Marshall (*Non-Executive Director*)

Tan Poh Ching (*Non-Executive Director*)

Chan Chee Beng (*Non-Executive Director*)

COMPANY SECRETARY

Dipak Kaur

AUDITORS

PricewaterhouseCoopers

11th Floor, Wisma Sime Darby

Jalan Raja Laut

50350 Kuala Lumpur

Malaysia

Tel : (603) - 2693 1077

Fax : (603) - 2693 0997

REGISTERED OFFICE

Maxis Communications Berhad

(Company 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

HOMEPAGE

Main homepage : <http://www.maxis.com.my>

e-mail : contactus@maxis.com.my

SHARE REGISTRAR

Symphony Share Registrars Sdn Bhd

(formerly known as Malaysian Share Registration Services Sdn Bhd)

Level 26, Menara Multi-Purpose

Capital Square

No. 8 Jalan Munshi Abdullah

50100 Kuala Lumpur

Malaysia

Tel : (603) - 2721 2222

Fax : (603) - 2721 2530/1

STOCK EXCHANGE LISTING

Main Board of Bursa Securities

(Listed since 8 July 2002)

(Stock code: 5051)

April 2004

Interim dividend of 10.00 sen per ordinary share, tax exempt, was paid on 14 April 2004 in respect of the financial year ended 31 December 2003.

May 2004

Announcement on 25 May 2004 of the unaudited consolidated 1st quarter results for the three months ended 31 March 2004.

June 2004

17th Annual General Meeting of the Company was held on 7 June 2004.

July 2004

Final gross dividend of 13.89 sen per ordinary share, less Malaysian income tax at 28%, was paid on 21 July 2004 in respect of the financial year ended 31 December 2003.

First interim gross dividend of 6.94 sen per ordinary share, less Malaysian income tax at 28%, was paid on 28 July 2004 in respect of the financial year ended 31 December 2004.

August 2004

Announcement on 25 August 2004 of the unaudited consolidated 2nd quarter results for the six months ended 30 June 2004.

October 2004

Second interim gross dividend of 6.94 sen per ordinary share, less Malaysian income tax at 28%, was paid on 5 October 2004 in respect of the financial year ended 31 December 2004.

November 2004

Announcement on 30 November 2004 of the unaudited consolidated 3rd quarter results for the nine months ended 30 September 2004.

December 2004

Third interim gross dividend of 6.94 sen per ordinary share, less Malaysian income tax at 28%, was paid on 29 December 2004 in respect of the financial year ended 31 December 2004.

February 2005

Announcement on 23 February 2005 of the unaudited consolidated 4th quarter results and for the financial year ended 31 December 2004.

Announcement on 23 February 2005 of the proposed final dividend of 10.00 sen per ordinary share, tax exempt, and 8.33 sen per ordinary share, less Malaysian income tax at 28%, in respect of the financial year ended 31 December 2004.

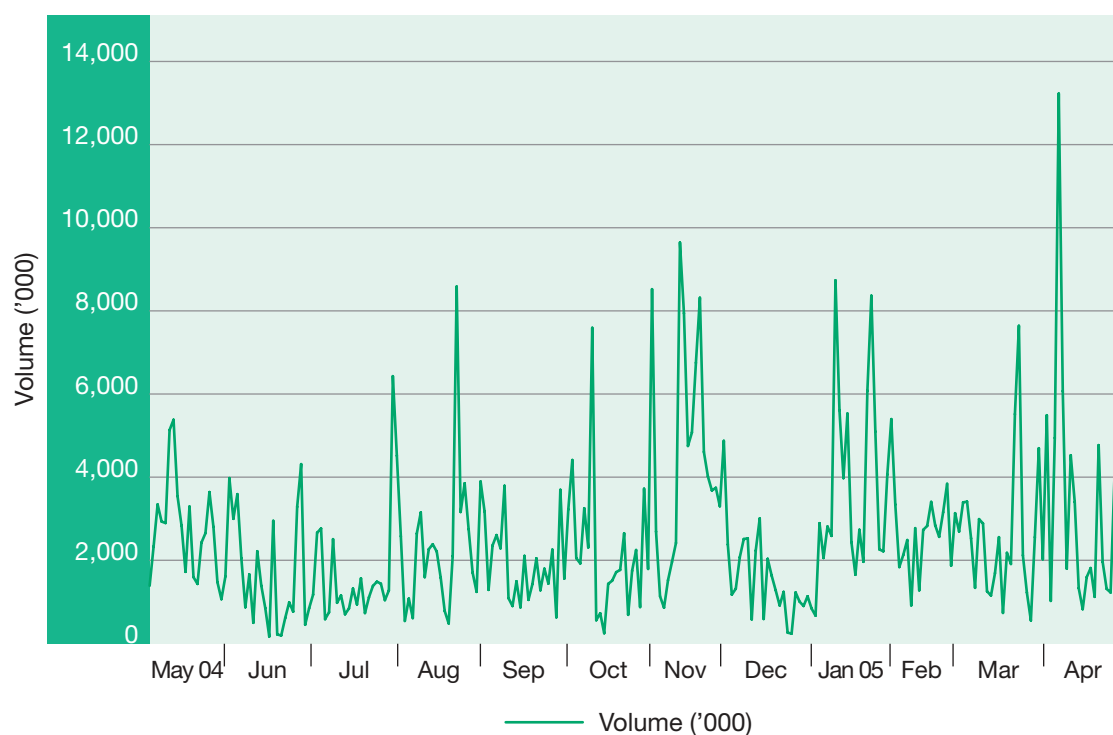
March 2005

Fourth interim gross dividend of 6.94 sen per ordinary share, less Malaysian income tax at 28%, was paid on 31 March 2005 in respect of the financial year ended 31 December 2004.

SharePerformance



	5 May 2004 to 31 December 2004	3 January 2005 to 29 April 2005
Highest Traded	9.44	10.08
Lowest Traded	8.19	9.30



Milestones2004



8 January ▲



▲ 2 April



▲ 10 April



◀ 20 February

29 April ▶



JANUARY

- 8 Maxis launched Skystream VSAT service, a high speed satellite-based communications solution.
- 12 Maxis launched GPRS, MMS and Enhanced Download services for *Hotlink* customers.

20



First in Malaysia

Maxis launched Video Live, which enables live streaming of CNBC, hitz.TV and other television programmes via mobile phone.

FEBRUARY



First in Malaysia

Maxis launched Friend Finder, Malaysia's first permission-based location tracking service. This service enables *maxis* and *Hotlink* customers to locate their friends and loved ones via the mobile phone.

- 12 Maxis collaborated with *Suruhanjaya Pilihanraya* to facilitate enquiries via SMS on voting status and real-time election results.

- 20 Maxis officially launched Maxis Volunteer Brigade (MVB) in Penang. MVB consists of Maxis staff volunteers who participate in regular charity activities.

MARCH

- 27 Maxis Team Golf Tour 2004 kicked-off at Tasik Puteri Golf & Country Resort.



First in Malaysia

Maxis launched the first Prepaid SMS Roaming in Malaysia.

- 31 Maxis began 3G trials at selected locations in Kuala Lumpur and Selangor.

APRIL

- 1 *Hotlink* became the first prepaid mobile operator to offer international SMS roaming in 8 countries, namely, Singapore, Thailand, the Philippines, Taiwan, Hong Kong, Australia, Britain and France.

- 2 Dato' Jamaludin Ibrahim was voted one of the Top Ten Malaysian CEOs who are 'brands' in their own right in the Corporate Image & Leadership survey conducted by Alpha Platform, a Malaysian advertising and research company.

2



First in Malaysia

Maxis was the first telecommunications operator in Malaysia to offer SMS service to China.



▲ 13 May



◀ 7 June



12 July ▲

13 June ▶



▼ 24 July



- 2 Maxis launched SnapMaster Challenge, an MMS contest that captures funny, unusual and interesting moments via the mobile phone.
- 6 Maxis launched Mobile Office, a mobile solution that connects users to their desktops while on the move.
- 10 Maxis was appointed official broadcast sponsor (with TV3) for the UEFA EURO football tournament.
- 10 Maxis launched Desktop SMS, which offers SMS via the desktop to customers, employees and suppliers.
- 13 Maxis conducted a 3G trial for the Chairman of the Malaysian Communications and Multimedia Commission.
- 27 Maxis hosted the Vendors' Appreciation Dinner.

JUNE

21



First in Malaysia

Maxis launched True Tunes, a selection of original songs as ringtones on the mobile phone.

29

Hotlink launched its Talk and SMS Plan, an innovation that enables customers to switch effortlessly between two prepaid services (*Hotlink* Talk and SMS plans) on a single SIM card.

29

Maxis participated in the National Innovation Summit in Kuala Lumpur organised by the Ministry of Science, Technology and Innovation.

7

Maxis held its 17th Annual General Meeting.

13



First in Malaysia

Maxis launched MMS push services, SMS Easy Alerts in MMS with pictures and longer text information.

13

Maxis sponsored Siti Nurhaliza's Fantasia Tour in 15 locations in West Malaysia, Sabah and Sarawak.

16

Dato' Jamaludin Ibrahim, Maxis CEO, received the Hall of Fame award for Services to the Mobile Telecommunications Industry at the Asian Mobile News Awards 2004.

MAY

2

Maxis launched Traffic Check, a service that enables city motorists to check real-time traffic conditions at selected locations, via MMS.



28 July ▲



▲ 2 September



▲ 7 October



◀ 31 August



◀ 3 October

JULY

12



First in Malaysia

Maxis launched Maxis Stock Live, a service offering real time trading and monitoring of stocks via the mobile phone.

22



First in Malaysia

Maxis launched Caller Ringtones, which enables Maxis users to customise the standard 'toot-toot' tone with hundreds of songs, sound effects and voice clips.

24

The U-16 Futsal Challenge final organised by Maxis/ Astro/ Sports Unite was held at the Sports Planet, Petaling Jaya, Selangor.

28

Maxis One Club sponsored 150 children from charity homes to Barney's Big Surprise Live show.

AUGUST

14

Maxis and *Hotlink* sponsored Akademi Fantasia 2 Finals at Bukit Jalil Stadium, Kuala Lumpur.

22

Maxis, Astro and Tanjong sponsored the Kuala Lumpur Mountain Bike Carnival at Bukit Kiara, Kuala Lumpur.

26

Maxis participated in Invest Malaysia 2004 Exhibition and Conference at Putra World Trade Centre, Kuala Lumpur.

31

Maxis staff participated in the Merdeka Day Parade at Dataran Merdeka, Kuala Lumpur.

SEPTEMBER

2

Maxis participated in the Asean Communications & Multimedia Exposition, South East Asia's premier communications and multimedia exposition.

6



First in the World

Maxis launched its 256k SIM card, which can store up to 1,000 contact numbers, 100 SMS and organise 50 appointments.

OCTOBER

3

Maxis organised a Charity Futsal Challenge for charity homes. 120 children from 12 charity homes participated.

7

Maxis sponsored the M2USIC Symposium at Cyberjaya.



▲ 4 November



▲ 23 November



3 December ►



◀ 2 December

26



First in Asia

Maxis launched Mobile Music Portal, an intelligent music portal with the ability to download personalised music content onto the mobile phone.

23

Maxis hosted a Hari Raya open house for charity homes during the day and for its business partners in the evening.

26

Maxis launched e-reload, an over-the-air reload system that permits greater flexibility with reload denominations starting from RM5.

NOVEMBER

2



First in Malaysia

Maxis launched Push To Talk communication, a walkie-talkie function available on the mobile phone with the push of a button.

3

Maxis together with Bharti (India), Globe Telecom (Philippines), Optus (Australia), SingTel (Singapore), Taiwan Cellular Corp (Taiwan) and Telkomsel (Indonesia) signed a partnership agreement to establish a regional mobile infrastructure and common service platform to serve a combined subscriber base of more than 59 million. The group is called the Bridge Mobile Alliance.

4

Maxis hosted a *buka puasa* reception for charity homes, with Siti Nurhaliza as the celebrity guest.

DECEMBER

2

Maxis conducted a 3G demonstration for the Minister of Energy, Water & Communications, YB Dato' Seri Dr Lim Keng Yaik.

3

Maxis launched BlackBerry, a single integrated mobile handheld data and voice service with mobile access to the e-mail while on the move.

15

Maxis launched Share-A-Top-Up and Easy-Top-Up services for greater flexibility when topping up credit balances.

22

Maxis launched its Travellers Pack which offers foreign travellers a local mobile number to help them stay connected when in Malaysia. They can also call home at the lowest IDD rates.

27

Maxis was one of the first few corporate donors to contribute to the Tsunami Disaster Fund. The initial donation of RM300,000 was followed by other contributions in cash and kind amounting to a total of RM1.0 million.

At MAXIS, we are committed to providing our customers with the most innovative and extensive range of communications solutions.

CONSUMER PRODUCTS

MAXIS POSTPAID MOBILE SERVICES

Postpaid Rate Plans

- Package 75
- Package 138
- Package 238
- Package 500
- Standard Plan

Postpaid Services

- Supplementary Line
- Caller Line/ Number Identification Presentation (CLIP)
- Caller Line/ Number Identification Restriction (CLIR)
- Call Forwarding
- Call Waiting

- Call Conferencing
- Call Barring
- Voicemail
- Missed Call Notification
- MultiLine 1 SIM
- Itemised Billing
- International Direct Dial (IDD)
- SMS Roaming
- Automatic International Roaming
- Roam *120*
- Push To Talk Over Cellular
- BlackBerry
- Maxis 3G Connect



HOTLINK PREPAID MOBILE SERVICES

Prepaid Rate Plans

- Talk Plan
- SMS Plan

Prepaid Services

- Caller Line/ Number Identification Presentation (CLIP)
- Call Waiting
- Missed Call Notification
- International Direct Dial (IDD)
- SMS Roaming
- Prepaid Roaming
- Activ5
- Push To Talk Over Cellular
- Campuszone
- USSD and IVR Balance Retrieval
- Top-Up Options
 - Top-Up Tickets
 - Easy-Top-Up
 - Share-a-Top-Up
 - Top-Up via Maxis Postpaid Account

- Top-Up via Credit Card
- Top-Up via ATM
- Top-Up via Bank Account
- E-Reload

MOBILE DATA SERVICES (applicable to both Postpaid and Prepaid)

- SMS
- MMS – Picture Messaging, Video Messaging, MMS Gallery
- WAP, GPRS, EDGE
- Content Downloads – Games, Ringtones, Video Clips, News, Sports, Mobile Karaoke
- Ringtones – Monophonic, Polyphonic, True Tunes, Caller Ringtone
- Easy Access
- Easy Alerts
- Friend Finder – Location Based Services (LBS)
- Video Streaming/ Video Live
- Music Zone

MAXIS LOYALTY PROGRAMMES

- Advantage Savings – a rebate programme that provides customer savings based on tenure, usage and payment patterns (Stay, Call & Pay).
- Maxis One Club – a 3-tier membership programme that offers a world of exclusivity and recognition privileges, from personalised services to savings and lifestyle rewards. Membership is by invitation only.
- Maxis Team Golf Tour – an amateur golf tournament exclusive to Maxis postpaid customers.
- BonusLink – point collection through a special usage programme and a redemption scheme that includes Hotlink starter packs and top-up tickets with denominations of RM30, RM60 and RM100.
- Hotlink Club – a lifestyle club open to all *Hotlink* subscribers that offers great value and special partner merchant deals (membership fee applicable).

ENTERPRISE PRODUCTS

Maxis strives to provide communications solutions to help businesses remain efficient and productive within and beyond office boundaries. Maxis Business Answers ("MBA") provides both large corporations and small and medium enterprises (SME) a single point of customised solutions that work on wireless broadband, fixed or satellite platforms to help them remain competitive.

The services offered under MBA include:

BUSINESS SOLUTIONS

Maxis works with technology and applications partners to deliver customised mobile enterprise solutions that enhance mobility capabilities of their processes.

Mobile Enterprise solutions include:

- Sales Force Automation
- Field Force Automation
- Mobile Banking
- Mobile Marketing
- Mobile Reservation
- Maxis 3G Connect
- Mobile Office
- BlackBerry
- Mobile Imaging Solution



- Enterprise SMS
 - Desktop SMS
 - SMS Campaign Manager
 - Enterprise Direct SMS

VOICE SERVICES

- Mobile Voice Corporate Plans
- Business Telephone Services
 - Single Line
 - Multi-Line
- Trunk Services
 - ISDN Primary Rate Interface (PRI) 30 Channels
 - Multi-Frequency-Codes-Register-2-Digital (MFCR2-D)
- ValueCall
- ValueCall Plus
- VoiceAway
- Value Added Services:
 - Freefone 1800
 - Call Management Services
 - Caller Line Identification Presentation (CLIP)
 - Voice Mail
 - Call Waiting
 - Call Forwarding
 - 3-Way Calling
 - Call Barring
 - Maxis Bill Auditor

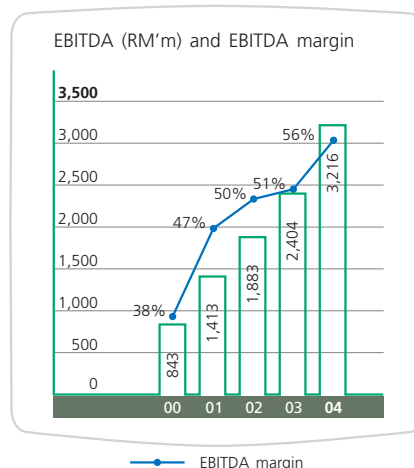
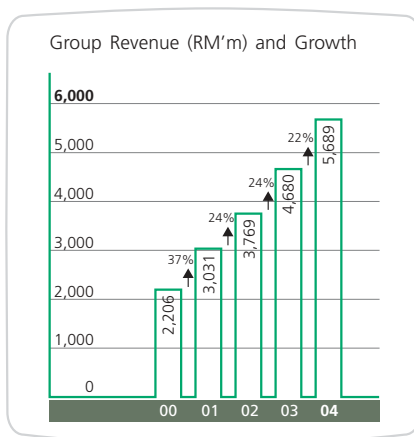
DATA SERVICES

- Mobile Data Access
 - SMS
 - MMS
 - GPRS
 - 3G
- Domestic Private Leased Circuit
- International Private Leased Circuit
- VSAT Services
 - SkyStream
 - SkyLine
 - SkyLine Plus
 - SkyNet (TDM/ TDMA)
 - SkyReach
 - Gyro-Stabilised VSAT
- Value Added Services:
 - IPVPN

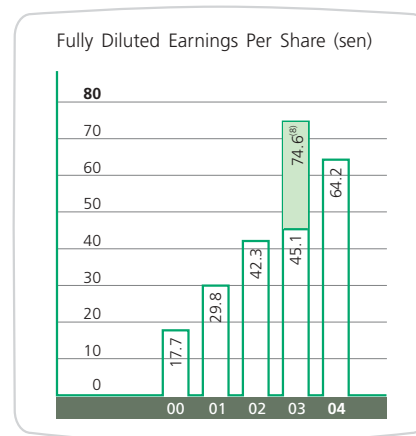
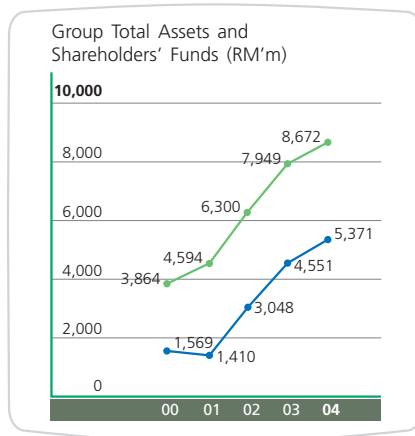
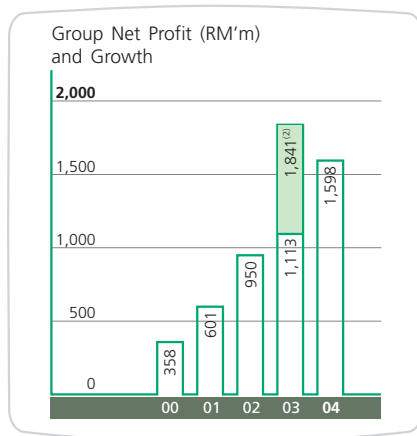
BROADBAND INTERNET

- WLAN
- iLink - Asymmetric Digital Subscriber Line (ADSL)
- Internet Leased Line

Five-year Group Financial Highlights



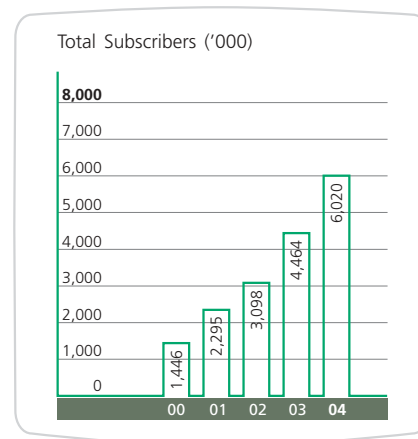
	2004 RM'm	2003 RM'm	2002 RM'm	2001 RM'm	2000 RM'm
GROUP FINANCIAL INDICATORS					
Revenue	5,689.0	4,680.1	3,768.7	3,031.3	2,205.8
Operating Profits	2,315.7	1,387.9	1,371.5	845.5	461.5
EBITDA ⁽¹⁾	3,215.6	2,404.4	1,882.9	1,412.7	842.6
EBITDA margin	56.5%	51.4%	50.0%	46.6%	38.2%
Profit before taxation	2,337.8	1,274.5	1,280.8	777.6	369.2
Net Profit	1,597.5	1,841.4 ⁽²⁾	949.7	600.9	357.5
Total shareholders' funds	5,371.3	4,550.9	3,047.6	1,410.3	1,569.4
Total assets	8,672.1	7,948.5	6,299.9	4,594.2	3,864.0
Long term borrowings (including vendor financing)	493.4	923.6	977.5	538.6	667.8
Long term borrowings (excluding vendor financing)	418.0	608.0	727.3	339.5	627.2



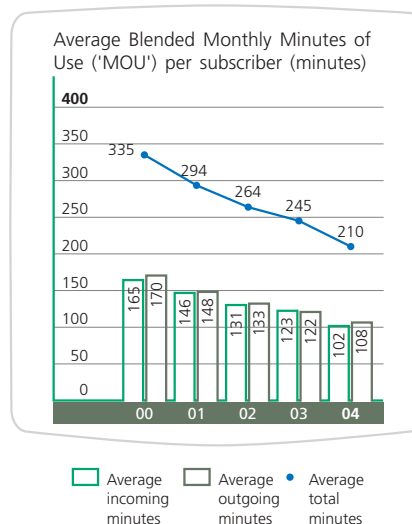
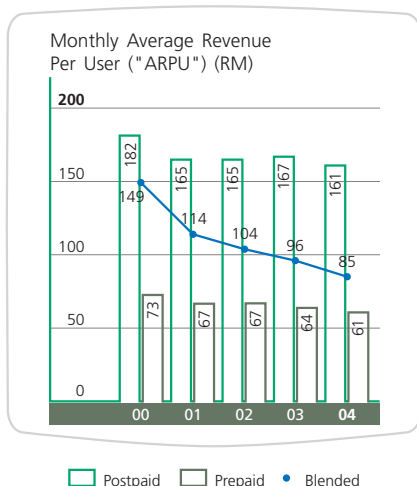
• Total Shareholders' Fund • Total Assets

	2004	2003	2002	2001	2000
FINANCIAL RATIOS					
Return on Average Equity (%) ⁽³⁾	32.2	48.5	42.6	40.3	25.7
Return on Average Assets (%) ⁽⁴⁾	19.8	26.4	18.6	15.4	11.8
Interest cover ratio ⁽⁵⁾	37.2	23.2	15.1	12.5	5.0
Gearing ratio ⁽⁶⁾	0.1	0.2	0.3	0.3	0.5
Dividend per share (gross) (RM)	0.46	0.24	0.19	5.36	N/A ⁽⁷⁾
Earnings per share (sen)					
– basic ⁽⁸⁾	64.83	75.07	42.42	29.77	17.71
– fully diluted ⁽⁸⁾	64.22	74.64	42.34	29.77	17.71
Net tangible assets per share (RM)					
– RM1.00 nominal value	N/A	N/A	N/A	8.93	9.94
– RM0.10 nominal value	1.70	1.33	1.24	N/A	N/A

Five-year Operating Performance Indicators



	2004	2003	2002	2001	2000
MOBILE OPERATIONAL PERFORMANCE INDICATORS					
Net mobile subscribers ('000)					
– Postpaid	1,261	1,210	1,100	1,036	790
– Prepaid	4,759	3,254	1,998	1,259	656
Total	6,020	4,464	3,098	2,295	1,446
Monthly ARPU (RM)					
– Postpaid	161	167	165	165	182
– Prepaid	61	64	67	67	73
– Blended	85	96	104	114	149
Total average monthly MOU per subscriber (minutes)					
– Postpaid	446	436	405	439	411
– Prepaid	138	160	177	161	186
– Blended	210	245	264	294	335



	2004	2003	2002	2001	2000
MOBILE OPERATIONAL PERFORMANCE INDICATORS (CONTINUED)					
Average monthly incoming MOU per subscriber (minutes)					
– Postpaid	184	180	161	209	192
– Prepaid	77	98	112	89	110
– Blended	102	123	131	146	165
Average monthly outgoing MOU per subscriber (minutes)					
– Postpaid	261	257	244	230	219
– Prepaid	61	62	65	72	76
– Blended	108	122	133	148	170
Average monthly churn rate (%)	2.2	2.1	1.6	1.6	2.2

	2004	2003	2002	2001	2000
GROUP CAPITAL EXPENDITURE					
Total capital expenditure (RM'm)					
– Mobile	968.3	928.2 ⁽⁹⁾	844.5	687.8	691.5
– Fixed	101.4	93.7	87.2	290.8	196.7
– International gateway	1.4	17.3	32.8	52.1	23.4
– Others	10.4	6.0	0.5	0.4	4.2
Total	1,081.5	1,045.2	965.0	1,031.1	915.8
FIXED LINE OPERATIONAL PERFORMANCE INDICATORS					
Average revenue per line (RM)					
– Business (POTS)	143	140	172	176	166
– Residential (POTS)	82	86	88	99	101
Number of POTS lines	34,778	35,433	35,165	34,851	32,033
Leased lines (64kps multiples) ⁽¹⁰⁾	6,286	4,076	2,712	2,618	1,934
VSAT terminals	1,198	784	565	465	404
Lease lines access (64kps multiples)	528	358	462	401	351
INTERNATIONAL GATEWAY OPERATIONAL PERFORMANCE INDICATORS					
– Incoming minutes ('000)	509,303	368,159	254,388	167,943	156,657
– Outgoing minutes ('000) ⁽¹¹⁾	367,722	337,517	168,224	151,915	125,823
Total	877,026	705,676	422,612	319,858	282,480

NOTE:

- (1) EBITDA is defined as profit before interest income, finance cost, taxation, depreciation, amortisation and allowance for writedown of identified network costs.
- (2) Net profit for 2003 of RM1,841 million includes the effects of the deferred tax assets and reversal of deferred tax liability amounting to RM960 million and a one-time cost relating to Malaysian Mobile's network assets write-off and costs relating to the integration of Malaysian Mobile of RM145 million and RM87 million respectively. Excluding these items, the adjusted profit is RM1,113 million.
- (3) Return on average equity is defined as net profit divided by the average of the opening and closing equity for the period.
- (4) Return on average assets is defined as the net operating profit after tax divided by the average opening and closing total assets for the period.
- (5) Interest cover ratio is defined as profit from operations divided by finance cost.
- (6) Gearing ratio is defined as total long term and short term debt divided by shareholders' equity.
- (7) There were no dividends declared in 2000.
- (8) The earnings per share for 2000 and 2001 have been restated to a comparable basis with that of 2002 after taking into account the effects of the bonus issue and share split (splitting the RM1 nominal value share to RM0.10 nominal value share). In 2003, the earnings per share includes the effects that impacted net profit as stated in Note 2.
- (9) Mobile capital expenditure for 2003 excludes RM1,282.1 million of goodwill arising from the acquisition of Malaysian Mobile, RM95.0 million paid for the acquisition of spectrum rights and special discounts received from a supplier of telecommunications equipment.
- (10) Leased lines comprise domestic and international leased lines.
- (11) Wholesale services was launched in 2001. As such, the international outgoing minutes from 2001 to 2004 includes wholesale traffic.

Awards and Recognition 2004



FINANCE ASIA AWARDS

Asia's Best Companies 2004 - Malaysia

- Best Managed Company – Ranked No. 2
- Best Investor Relations – Ranked No. 1
- Most Committed to Strong Dividend Policy – Ranked No. 2
- Best Corporate Governance – Ranked No. 3

ASIA EQUITY MARKET REPORT 2004

Institutional Investor Research Group

- Malaysia's Best Investor Relations – Sell-side View
- Malaysia's Best Investor Relations – Buy-side View

IR MAGAZINE AWARDS 2004 ASIA WINNER

Best Investor Relations from a Malaysian Company

NATIONAL ANNUAL CORPORATE REPORT AWARDS

Certificate of Merit

- Qualified for the NACRA Finals 2004

THE ASIAN WALL STREET JOURNAL 200 ANNUAL SURVEY 2004

(Formerly known as Review 200)

- Malaysia's Top Companies – Ranked No. 2
- High Quality Products/ Services – Ranked No. 1
- Innovative in Responding to Customer Needs – Ranked No. 1

MALAYSIAN DESIGN TECHNOLOGY CENTRE Anugerah Kreativiti & Inovasi

- National Creativity & Innovation Award 2004

READER'S DIGEST

Super Brand 2005

- Category: Mobile Service Provider – Platinum
- Category: Telecom Company – Gold

SUPERBRANDS AWARD 2003/ 2004

- Awarded by Superbrands Malaysia

BRAND EQUITY MAGAZINE AWARD 2004 Best Brand Visibility Award

- Maxis emerged as top brand with maximum visibility across all TV stations



ASIAMONEY POLLS 2004

- Corporate Governance – Clearest and Most Informative Reports In Malaysia
- Overall Leadership Position in Malaysia – Ranked No. 2

NAMA BEST PRACTICE 2004

Finalist, National Award for Management Accounting Best Practice 2004

- Awarded by the Malaysian Institute of Accountants & the Chartered Institute of Management Accountants, Malaysia Division

FROST & SULLIVAN

Malaysia Telecoms Awards 2005

- Service Provider of the Year
- Mobile Service Provider of the Year

ANUGERAH KUALITI MENTERI TENAGA, AIR & KOMUNIKASI

Best Counter Practice Award

- Awarded to Maxis Centre, Taipan, Subang Jaya

ACCA MALAYSIA ENVIRONMENTAL AND SOCIAL REPORTING AWARDS 2004

Special Mention by the Judges

- Maxis Bridging Communities Programme

MALAYSIA ICT WEEK 2004

BEST @ SHOW AWARDS

Most Popular Booth

ASIAN MOBILE NEWS AWARDS 2004

Hall of Fame for Services to the Mobile Telecommunications Industry

- Awarded to Dato' Jamaludin Ibrahim
Maxis Chief Executive Officer

KPMG SHAREHOLDER VALUE AWARDS 2004

Finalist

- Information and Communications Technology

PC.COM 2004 BEST PRODUCTS AWARDS

Best Mobile Network Service Provider

Directors' Profile



DATUK MEGAT ZAHARUDDIN BIN MEGAT MOHD. NOR

Chairman/ Independent Non-Executive Director

Y.Bhg. Datuk Megat Zaharuddin, aged 56, a Malaysian, was appointed as Chairman and Director of Maxis on 1 January 2004. He holds a B. Sc. (Honours) in Mining Engineering from The Royal School of Mines, Imperial College of Science and Technology, London University, United Kingdom (1972), and he is also an Associate of the Royal School of Mines.

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 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.

From 1995 to 1999, Datuk Megat 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, the National Information Technology Council, University Malaysia Sarawak, Danaharta, as well as, being the Chairman of the National Science Centre.

From 1973 to 1995, Datuk Megat held various positions in Shell and was based in various locations such as Brunei, Turkey, Netherlands, Malaysia and Scotland.

He is the Chairman of Mayban General Assurance Berhad, Mayban Life Assurance Berhad and Mayban Life International (Labuan) Ltd and also sits on the Boards of Malayan Banking Berhad, Mayban Fortis Holdings Berhad and Labuan International Offshore Financial Center Advisory Panel.

He has attended all eight (8) Board meetings held in the financial year ended 31 December 2004.

DATO' JAMALUDIN BIN IBRAHIM

Chief Executive Officer

Y.Bhg. Dato' Jamaludin, aged 46, a Malaysian, was appointed as Chief Executive Officer ("CEO") of Maxis in October 1998, and later, became a Director in April 2002. He has been with the Company for about 8 years.

Prior to Maxis, Dato' Jamaludin spent 17 years in the IT industry. He was the Managing Director and CEO of Digital Equipment (M) Sdn Bhd (subsequently acquired by Compaq in 1999) from 1993 to 1997.

Preceding that, he spent 12 years in IBM Malaysia, with the first 5 years as a systems engineer and subsequently, in various positions in sales, marketing and support. His last position in IBM Malaysia was as a Division Manager.

Dato' Jamaludin attended Maktab Sultan Abu Bakar before graduating in 1978 from California State University, USA with a B. Sc. in Business Administration, and minor in Mathematics. He obtained his MBA from Portland State University, Oregon in 1980, specialising in Quantitative Methods. With his academic qualifications, Dato' Jamaludin spent a year lecturing at California State University, USA in 1981.

Dato' Jamaludin also sits on the Board of Directors of local and international organisations. In Malaysia, he is the Chairman of the Advisory Board of the National Science Centre, and a board member of the Malaysia Venture Capital Management Berhad ("MAVCAP"), a government-owned venture capital firm, as well as, HeiTech Padu Berhad, an IT solutions provider. At international level, he is a board member of Bridge Mobile Pte. Ltd., a strategic alliance of 8 regional telecommunications providers. He had also served as a board member of the World's GSM Association for 2 years.

In addition, Dato' Jamaludin has received several awards. He was inducted into the Hall of Fame for Services to the Mobile Telecommunications Industry by ASIAN MOBILE NEWS in Singapore (June 2004), and named Malaysia's CEO of the Year 2000 by American Express Corporate Services and the Business Times (November 2001).

He has attended seven (7) out of eight (8) Board meetings held in the financial year ended 31 December 2004.

DATO' SERI SYED ANWAR JAMALULLAIL

Independent Non-Executive Director

Y.A.M. Dato' Seri Syed Anwar Jamalullail, aged 53, a Malaysian, is a Chartered Accountant and Certified Practising Accountant, Australia. He holds a Bachelor of Arts (Accounting) degree from Macquarie University, Sydney, Australia.

He served as the Chairman of Malaysian Resources Corporation Berhad and Media Prima Berhad until his resignation on 12 January 2005 and 12 March 2005 respectively. He started his career as a financial accountant with Malaysia Airlines System Berhad in 1975. He joined Price Waterhouse (Australia) as Senior Auditor in 1979 and 3 years later he joined D & C Nomura Merchant Bank Berhad as Manager, Investment. In 1985, he joined Amanah Merchant Bank Berhad as Manager, Corporate Finance. He pursued his own business from 1989 until October 1998 when he joined Amanah Capital Partners Berhad as Group Managing Director. He resigned from Amanah Capital Partners Berhad on 1 March 2002.

He also sits on the Boards of Nestlé (Malaysia) Berhad, Bangkok Bank Berhad and various private companies. In September 2001, he was appointed Chairman of the Investment Panel of Lembaga Tabung Haji.

He was appointed a Director of Maxis on 18 May 2002.

He has attended all eight (8) Board meetings held in the financial year ended 31 December 2004.

LORD KILLEARN (previously The Honourable Victor Lampson)

Independent Non-Executive Director

Lord Killearn, aged 63, a British citizen, was educated at Eton College, United Kingdom. After 6 years in the Scots Guards, he spent a year with Chase Manhattan Bank in London before joining Cazenove in 1968.

He was responsible for establishing the Cazenove office in Hong Kong in 1974 and worked in Hong Kong for Cazenove for 4 years. He became a partner of Cazenove on 1 May 1979 with responsibility for Asia until his retirement on 30 April 2002. He served as the Non-Executive Chairman of Henderson Global Investors until his resignation on 10 March 2005. He is currently a Non-Executive Director of Shanghai Real Estate Limited and Acting Chairman of Asia House.

He was appointed a Director of Maxis on 18 May 2002.

He has attended all eight (8) Board meetings held in the financial year ended 31 December 2004.

AUGUSTUS RALPH MARSHALL

Non-Executive Director

Encik Augustus Ralph Marshall, aged 53, a Malaysian, is an Associate of the Institute of Chartered Accountants in England and Wales, and a Member of the Malaysian Institute of Certified Public Accountants and has some 30 years' experience in financial and general management.

He is currently the Deputy Chairman and Group Chief Executive Officer of ASTRO ALL ASIA NETWORKS plc (listed on the Bursa Securities), which is a leading regional cross-media operator. He is also an Executive Director of Tanjong Public Limited Company (listed on the Bursa Securities and the London Stock Exchange plc), which is involved in leisure and entertainment and power generation and Usaha Tegas Sdn Bhd, which has significant interests in the aforesaid companies.

His other directorships include MEASAT Global Berhad (listed on the Bursa Securities), which is the owner and operator of the Malaysia East Asia Satellite System, KLCC (Holdings) Berhad, the developer and manager of the Kuala Lumpur City Centre development and Arnhold Holdings Limited (listed on the Stock Exchange of Hong Kong Limited), which is involved in supplying products for the building and construction industry.

He was appointed a Director of Maxis on 30 June 1993.

He has attended seven (7) out of eight (8) Board meetings held in the financial year ended 31 December 2004.

TAN POH CHING

Non-Executive Director

Encik Tan Poh Ching, aged 58, a Malaysian, holds a First Class (Hons) Degree in Mechanical Engineering from the University of Strathclyde, Scotland. He has attended the Advanced Management Programme at the Harvard Business School.

Between 1973 and 1990, he held various management positions in the Shell group of companies in Malaysia, before joining Pan Malaysian Pools Sdn Bhd, a wholly-owned subsidiary of Tanjong Public Limited Company ("Tanjong") (listed on the Bursa Securities and the London Stock Exchange plc), in April 1990. He was appointed as Executive Director of Tanjong in October 1991 and subsequently as the Chief Executive Officer of Tanjong in July 1992, a position he held until his retirement on 1 May 2003. He continues to be a Non-Executive Director of Tanjong and Powertek Berhad. He also holds directorships in AAAN (Bermuda) Limited, ASTRO ALL ASIA NETWORKS plc (listed on the Bursa Securities), Usaha Tegas Sdn Bhd and the Malaysian Community & Education Foundation.

He was appointed a Director of Maxis on 10 May 1994.

He has attended all eight (8) Board meetings held in the financial year ended 31 December 2004.

CHAN CHEE BENG

Non-Executive Director

Encik Chan Chee Beng, aged 49, a Malaysian, holds a Degree in Economics and Accounting and is a Fellow of the Institute of Chartered Accountants in England and Wales. He has more than 26 years of experience in investment banking, financial management and accounting including stints with Ernst & Young and Morgan Grenfell & Co. Ltd.

His other directorships include Usaha Tegas Sdn Bhd (which has significant interests in Maxis, Tanjong Public Limited Company ("Tanjong") and ASTRO ALL ASIA NETWORKS plc), Powertek Berhad (a wholly-owned subsidiary of Tanjong) and Bumi Armada Berhad Group.

He was appointed a Director of Maxis on 7 June 2004.

For the financial year ended 31 December 2004, he has attended five (5) out of five (5) Board meetings held since the date of his appointment.

MEMBERSHIP OF COMMITTEES

Please refer to pages 54 and 55 of the Statement on Corporate Governance for the memberships of the respective Directors in the Audit, Nomination, Remuneration and ESOS Committees.

GENERAL INFORMATION IN RELATION TO THE BOARD OF DIRECTORS

1. None of the Directors have any family relationship with any directors and/ or major shareholders of the Company.
2. None of the Directors have any conflict of interest with the Company.
3. None of the Directors have had any convictions for offences within the past 10 years.
4. None of the Directors have had any sanction and/ or penalties imposed on them by any regulatory bodies during the financial year ended 31 December 2004.

Senior Management Profile





1. Dato' Jamaludin bin Ibrahim
2. Edward Ying Siew Heng
3. Rossana Annizah bt Mohd Rashidi
4. Geoff Shelley
5. Gregory John Drayton
6. Chua Seok Theng

7. Rolf Marthinusen
8. Azmi bin Ujang
9. Chow Chee Yan
10. Tan Lay Han
11. Ng Keng Ming
12. Dipak Kaur

DATO' JAMALUDIN BIN IBRAHIM

Chief Executive Officer

Dato' Jamaludin's profile is contained in the "Profile of Directors" section as set out on page 23 of this Annual Report.

EDWARD YING SIEW HENG

Chief Operating Officer

Edward was appointed Maxis' Chief Operating Officer in May 2003. He is responsible for managing all aspects of the day-to-day operations of the Company including marketing, sales, customer service, product development and the engineering functions within Maxis' overall business strategies.

Prior to joining Maxis, Edward was the Chief Operating Adviser of Globe Telecom, a Singapore Telecom International (STI) investment. Initially overseeing fixed and international operations, he later took on the role of managing Globe Telecom's mobile business operations.

Prior to Globe Telecom, Edward's previous posts included being the Managing Director of Cambridge Cable Group (UK), STI's UK joint venture telephone and cable television services and the Managing Director of MTV Channel Ltd/ MBC Networks Ltd, STI's joint venture in Sri Lanka which operates a television and two commercial radio stations. Edward has over 23 years of management experience in the telecommunications and media industry.

ROSSANA ANNIZAH BT MOHD RASHIDI

Chief Financial Officer and Head of Finance and Administration

Rossana was appointed Chief Financial Officer with effect from 1 January 2004. She joined Maxis in May 2003 as Deputy Chief Financial Officer. Rossana brings with her more than 15 years of working experience in the financial services sector. Prior to this, she was with RHB Bank where her last held position was Head of Enterprise Banking. In this capacity, she was responsible for managing the bank's corporate and commercial banking portfolios, debt capital market activities, trade financing and Islamic banking products. Rossana was also a member of the bank's management committee and the Information Technology Steering Committee. In addition, she was a Director of RHB (Labuan) and Chairperson for a number of Corporate Debt Restructuring Committee debt restructuring initiatives.

Rossana was previously with Citibank, Kuala Lumpur where she rose to the rank of Assistant Vice-President before she left to join RHB in 1994.

Rossana holds a Bachelor of Arts degree in banking and finance from Canberra University, Australia.

GREGORY JOHN DRAYTON

Executive Vice-President and Head of Technology Development

Greg was appointed Executive Vice-President, Head of Technology Development in May 2002. He has been leading the evaluation and introduction of new technology infrastructure such as EDGE, 3G and Wireless Broadband for Maxis. He joined Maxis after having spent 30 years with Telstra, in Australia. Prior to joining Maxis, he was General Manager of Mobile Network Engineering and was responsible for all mobile network development and strategic mobile technology planning in Telstra. He has a Master of Science degree from the University of Melbourne and a Bachelor of Engineering (Honours) degree in Electrical Engineering from Monash University.

ROLF MARTHINUSEN

Senior General Manager and Head of Network Engineering & Operations

Rolf was appointed Head of Network Engineering & Operations on 2 August 2004. He is responsible for the operations of the Maxis telecommunications network.

Prior to joining Maxis, Rolf was Deputy Chief Technology Officer with DTAC in Thailand.

Before that, Rolf was with Telenor Mobile Communications, Norway as Senior Vice-President for Network and Technology. He was simultaneously Head of Telenor Mobile's Global Procurement Team. He was previously also a consultant with Norconsult Telematics in Saudi Arabia, working as the GSM Project Manager for Saudi Telecom's GSM build-up. Prior to this, he was with Telenor Mobil AS and Norwegian Telecom leading network planning, project management and telecommunications engineering.

Rolf holds a Bachelor of Science degree in Electronic Engineering from Ostfold Technical College, Norway and a Master of Science degree in Electronic and Computer Engineering from University of Trondheim, Norway.

CHUA SEOK THENG

Chief Information Officer (CIO) and Head of IT Services

Seok Theng was appointed Chief Information Officer of Maxis on 12 July 2004. She is responsible for the overall management of the Information Services Division.

Prior to joining Maxis, Seok Theng was with DiGi for more than 9 years as their CIO.

Seok Theng has 22 years of working experience. She was a System Integration Manager with Bass Consulting, Software Manager at Far East Computers and Systems Analyst with Dataprep.

Seok Theng holds a Bachelor's degree in Computer Science from the National University of Taiwan and Masters degree in Engineering from the Asian Institute of Technology, Thailand.

GEOFF SHELLEY

General Counsel and Head of Legal

Geoff was appointed General Counsel on 1 January 2005 after joining Maxis on 1 October 2004 as Senior General Manager and Deputy General Counsel. He joined Maxis after having been with Minter Ellison Lawyers, one of the largest legal firms in Australia with offices throughout the Asia Pacific region. He had been with Minter Ellison for over 8 years, the last 3 as Partner.

Before joining Minter Ellison, Geoff was a solicitor for the Australian Government in Canberra and prior to that a professional engineer for the Shell Company of Australia for 3 years.

Geoff holds a Bachelor of Laws from the Australian National University, Canberra and a degree in Mechanical Engineering from the University of New South Wales.

AZMI BIN UJANG

Senior General Manager and Head of Human Resources

Azmi was appointed Head of Human Resources in October 1999 and has been with Maxis for 12 years. Prior to joining Maxis, he was a Dealer Representative at Seagrott & Campbell, a stock broking firm, for a year and spent 7 years at Standard Chartered Bank Berhad as a Covenanted Officer/ National Officer in banking operations and human resources. He earned a Bachelor of Science (Finance) degree and a Masters of Business Administration degree from Indiana State University in the United States.

CHOW CHEE YAN

Senior General Manager and Head of Internal Audit

Chee Yan was appointed Head of Internal Audit in June 2002. Prior to joining Maxis, he was Director of Risk Management of MEASAT Broadcast Network Systems Sdn Bhd and was responsible for internal audit and change management activities. He has 13 years' experience with the Schlumberger Group as International Financial Controller in Singapore, Indonesia and the United States. Prior to this, he was with Ernst & Whinney, Singapore (from 1981 to 1982) and Turquands Barton Mayhew, Manchester (from 1977 to 1981). He is a Chartered Accountant (England & Wales) and holds a Master of Business Administration degree from Cranfield Institute of Science and Technology in the United Kingdom.

TAN LAY HAN

Senior General Manager and Head of Channel Distribution and Customer Service

Lay Han was appointed Head of Channel Distribution and Customer Service on 1 February 2004. He is responsible for ensuring highly effective sales channels and distribution networks for the consumer market segment and to ensure high quality delivery of customer service to all Maxis customers.

Lay Han joined Maxis in October 1999 as Head of Sales and Distribution.

Prior to joining Maxis, Lay Han was General Manager at Tanjong Golden Village Sdn Bhd (now known as TGV Cinemas Sdn Bhd). He was also involved in various business development projects for Tanjong plc.

Lay Han was previously with BP Malaysia Sdn Bhd in various marketing and operations positions for 9 years.

Lay Han holds a Bachelor of Engineering degree from Royal Melbourne Institute of Technology, Australia and a Master of Business Administration degree from Cranfield Institute of Technology, UK.

NG KENG MING

Senior General Manager and Head of Consumer Marketing

Keng Ming was appointed Head of Consumer Marketing Division on 3 January 2005. He is responsible for providing strategic marketing leadership to ensure Maxis remains the No. 1 mobile brand in Malaysia in terms of market share, brand preference, brand awareness, customer satisfaction and ARPU.

Keng Ming brings with him over 20 years of working experience. He was previously Marketing Manager for Gillette, Service Establishment Marketing Manager for American Express, Marketing Manager (Malaysia/ Singapore) for PepsiCo International, Director of Marketing for RJ Reynolds, and Managing Director of Ogilvy & Mather Malaysia. Keng Ming joined Maxis from a CEO position with Pos Ad Sdn Bhd & Demo Power Sdn Bhd, companies involved in conducting in-store media and in-store demonstrations respectively.

Keng Ming holds a Bachelor of Science in Business Administration (Finance) degree and a Master of Business Administration degree from the University of Central Florida, USA.

DIPAK KAUR

Company Secretary

Dipak was appointed Company Secretary in September 2001. Prior to joining Maxis, she spent 6 years at DMIB Berhad as Company Secretary/ Legal Advisor and 2 years at Arab Malaysian Corporation Berhad. She earned a Bachelor of Laws degree from University of Leicester, United Kingdom and a Masters of Law degree from University of Malaya. She also obtained a Certificate of Legal Practice from the Legal Profession Qualifying Board and a Certified Diploma in Accounting and Finance from the Association of Chartered Certified Accountants. She was admitted to the High Court of Malaya as an Advocate and Solicitor in 1993.

Chairman's

Statement



"Maxis had an excellent year in 2004, with its position as the number one mobile service provider reinforced"



Datuk Megat Zaharuddin interacting with under-privileged children at the Maxis Hari Raya open house

On behalf of the Board of Directors, I am pleased to present the Annual Report of Maxis Communications Berhad, or Maxis as it will be referred to hereafter, for the financial year ended 31 December 2004.

HIGHLIGHTS

The Malaysian economy continued to perform well with GDP growth of 7.1%. This was driven primarily by high private consumption and strong, multi-sectoral growth. This growth was aided by the smooth political transition resulting in a conducive business environment for investment.

Maxis had an excellent year in 2004, with its position as the number one mobile service provider reinforced. Revenue increased 22% to RM5,689 million, and net profit was RM1,598 million. Mobile segment revenue grew 23% to RM5,414 million, with mobile data continuing to provide a significant component of this growth. The fixed line, wireless broadband, international gateway, and enterprise data and solutions businesses also registered encouraging results.

Your Company's performance continued to benefit from rigorous internal cost control and focused productivity improvement efforts, resulting in the highest ever EBITDA margin of 56.5%. Armed with our strong business fundamentals, ethics, commitment to excellence and continuous efforts to introduce new and innovative products and services, we are firmly positioned as the

country's preferred choice for mobile services. This provides a strong foundation to seek and grasp international expansion opportunities, an aspiration we began to realise in 2005.

DIVIDEND

In view of the Company's outstanding performance, Maxis' Board of Directors declared the fourth interim dividend of 6.94 sen gross per share less tax (5.00 sen net per share) which was paid on 31 March 2005. The Board has also proposed, for shareholders' approval, a final dividend of 18.33 sen gross per share (16.00 sen net per share) to be paid on 6 July 2005.

Hence, the total dividend for the financial year ended 31 December 2004 of 46.09 sen gross per share (36.00 sen net per share) would be significantly higher than the 23.89 sen gross per share (20.00 sen net per share) in 2003. The 2004 dividend payout ratio would amount to 55.7%, compared to a payout ratio of 44.2% for 2003.

AWARDS AND RECOGNITION

I am pleased to inform you that Maxis has yet again been the recipient of a number of prestigious awards during the year 2004. These awards bear testimony not just to our strong financial performance, but also to our commitment to good corporate governance, product quality and innovation, and responsibility to society.



Contributions collected via SMS from Maxis subscribers for the Malaysian Tsunami Disaster Fund



Our Indonesian partner from left, Mr James T. Riady and Mr Mochtar Riady, Honorary Chairman of Lippo Bank Indonesia with Datuk Megat Zaharuddin

COMMUNITY COMMITMENT

Your Company's key contribution to the development of society is through its "Maxis Bridging Communities" programme with a focus on youth, education and technology. In 2004, we spent RM9.5 million on these programmes.

The flagship **Cyberkids Camps**, which are run jointly with the Ministry of Energy, Water and Communications, have been particularly successful. Children and teachers who have been through the programme continue to network through the community portal www.maxis.communities.com.my. Beyond such programmes, Maxis is also a major contributor to the Government's Universal Services Obligation aimed at enhancing the coverage of telecommunications services in underserved areas.

At the end of December 2004, the world witnessed a terrifying force of nature when 12 Asian and African countries were ravaged by devastating tsunamis that hit coastal communities and cities. To help alleviate the suffering of those affected, Maxis and its employees donated RM1.0 million in aid.

CORPORATE DEVELOPMENTS

I am also pleased to advise that on 29 April 2005, Maxis completed its acquisition of a 51% equity stake in PT Natrindo Telepon Seluler (NTS). NTS will pursue investments to provide both 2G and 3G services in the vast under penetrated Indonesian market and is expected to be a major contributor to growth in Maxis' future financial performance.

Maxis also took a Syndicated Term Loan facility of up to USD360 million to facilitate the achievement of lower cost of borrowings, improved financing terms and the pursuit of growth opportunities.

During the course of the year, we formed the Bridge Mobile Alliance with regional telecommunications providers, aimed at bringing products to our customers, quickly and in a cost competitive way.

Maxis continued to be first to market with many new products and services. Maxis customers were the beneficiaries of more than 90 new products and enhancements in 2004. Your Company has already rolled out 3G services in the Klang Valley, Malaysia, with a view to a full launch in 2005 leading to new sources of revenue in the future.

"Your Company expects to make healthy additions to its customer base to maintain its leadership position in Malaysia"



The Maxis 3G Connect data card meets the demand of the data-hungry business community



We strive to excel in customer service and provide added value to our customers

CORPORATE GOVERNANCE

Maxis endeavours to keep abreast of the best practices in corporate governance. In 2004, improvements in corporate governance were focused on training and taking actions to enhance controls in certain risk areas. The Board also carried out a self-assessment on its effectiveness as part of self-improvement efforts.

PROSPECTS AND FUTURE DIRECTION

Your Company expects to make healthy additions to its customer base in the coming years to maintain its leadership position in Malaysia through continuing focus on being the most efficient and cost-effective operator, whilst actively investing in new technologies to ensure we are at the leading edge of the ever-evolving wireless landscape, providing differentiated services to our customers. Specifically, Maxis is fast gaining expertise in new high speed mobile technologies like 3G and successes in Malaysia will be quickly replicated in our operations overseas. Further expansion opportunities will be pursued diligently with the view to strengthen your Company's business portfolio in a timely manner, commensurate with its evolving organisational capabilities.

Your Company aspires to become a Malaysian corporate leader, respected not only for its financial success but one which leaves a mark through contributions to society, human capital development and pursuing excellence in provision of customer services and stakeholder relations.

CHANGES TO THE BOARD

On behalf of my colleagues on the Board, I would like to warmly welcome Encik Chan Chee Beng as a new non-independent, non-executive director. Encik Chan's vast experience in corporate finance activities will be invaluable in assisting the Company's expansion drive.

IN GRATITUDE

Maxis looks forward to continuing to create value for our stakeholders and the Board and I thank shareholders and others – the government and regulatory authorities, our customers, business partners and last but not least our valued employees – for their continuing support.

DATUK MEGAT ZAHARUDDIN BIN MEGAT MOHD NOR
Chairman

29 April 2005

Chief Executive Officer's

Review of Operations



"We experienced the highest subscriber growth in Maxis' history, bringing our total customer base to 6.02 million"



Experience live video streaming on your Maxis mobile phone with Video Live



Bridge Mobile Alliance is a regional alliance that serves a combined base of 59 million subscribers

2004 PROVED TO BE ANOTHER BANNER YEAR FOR MAXIS, WITH EXCELLENT RESULTS DRIVEN BY OUR STRONG CUSTOMER FOCUS AND OPERATIONAL EFFICIENCY.

HIGHLIGHTS

- We experienced the highest subscriber growth in Maxis' history, bringing our total customer base to 6.02 million, a 35% increase over the previous year. It was also the single largest annual subscriber number growth for a single operator in the industry's history.
- We continued to maintain strong underlying fundamentals with high ARPUs, relatively low customer churn and low bad debt levels, comparing favourably with the best operators in the region.
- On the back of this, we increased revenue by 22% to RM5,689 million. Net profit for the year was RM1,598 million, which is 13% lower than the previous year. This was mainly because 2003 benefited from a one-off recognition of deferred tax assets of RM828 million. However, on a pre-tax basis, profit rose a healthy 83% to RM2,338 million.
- We greatly improved our overall efficiency, with across the board reductions in every major cost category as a percentage of revenue. This is reflected in our higher EBITDA margin of 56.5%, a 5.1% point improvement over 2003.

- We recorded strong mobile data uptake with revenue in 2004 growing 41% from the previous year. Mobile data contributed to 14% of mobile segment revenue. Advanced data services (non-SMS) also grew strongly with revenue reaching RM107 million.
- We continued to innovate, introducing new products and services to our customers while further differentiating ourselves within the industry. During the year, we introduced over 90 new products and service enhancements. In many instances, we were the first to market them.
- We joined the Bridge Mobile Alliance in 2004.

This year's results reinforced our belief that we have made further progress in achieving our vision of becoming the most preferred communications group for the benefit of our shareholders, customers, employees and partners, and, to be amongst the most successful mobile operators in the region.

MOBILE SERVICES

The Group's mobile revenue for the year rose 23% to RM5,414 million from RM4,416 million in 2003, driven mainly by strong subscriber growth and higher mobile data usage.

"This year's results reinforced our belief that we have made further progress toward achieving our vision of becoming the most preferred communications group"



We added 1.556 million subscribers in 2004, a single largest addition in Maxis history

Mobile data revenue grew 41% to RM761 million in 2004, driven by continued rapid growth in basic SMS usage. During the year Maxis customers sent over 4.6 billion SMS messages, or an average of 75 messages per subscriber per month. Advanced data services like downloads, Java games, and SMS-TV also drew strong interests during the year, as a result, advanced data revenue more than doubled to RM107 million in 2004, contributing to 14% of total mobile data revenue.

Competition intensified in 2004. In spite of this, we recorded the highest subscriber growth to date with net additions of 1.556 million subscribers, bringing our total customer base to 6.02 million. Our share of net market subscriber addition was 46%, increasing our overall market share to 41% from 40% in the previous year. We continued to experience positive growth in postpaid subscribers, adding 51,000 net subscribers. Our prepaid base grew strongly through focused marketing programmes, strong brand preference, and competitively priced prepaid starter packs. As a result, we added 1.505 million net prepaid subscribers.

Postpaid and prepaid ARPUs continued to remain strong at RM161 and RM61 respectively. ARPUs were driven by the sustained high quality of new subscribers and our ability to retain our most valuable subscribers. As a

result, we experienced the lowest churn in the industry of 26.3%, and low bad debt levels of 1.4% of postpaid subscriber revenue.

FIXED LINE AND INTERNATIONAL GATEWAY SERVICES

In 2003, we realigned our fixed and mobile network assets to better reflect actual network utilisation. Consequently, fixed line revenue for the year fell 58% to RM211 million due to significant inter-segmental revenues previously recognised now ceasing to be included. However, more importantly, our fixed segment *external* revenue (revenue derived from external customers) for the year rose 40% to RM184 million. The strong performance was the direct result of our continuous efforts to provide targeted solutions through total account management for large enterprise customers. The areas experiencing strongest demand were VSAT, enterprise data, higher bandwidth products, and voice services.

Our international gateway operated in a challenging environment with intense competition from both domestic and international operators. In spite of this, revenue in 2004 grew 17% to RM313 million, resulting from significant increases in both outbound and inbound IDD traffic.



Stock Live enables our users to trade and get stock updates in real-time



Maxis is awarded the National Creativity and Innovation award

ENTERPRISE SEGMENT

In 2004, we continued to strengthen our relationships with key enterprise customers. During the year, our top 100 customers spent 39% more on their telecommunication needs with us. Overall, we won over RM60 million worth of new enterprise contracts in competitive bidding situations.

NETWORK

Our network coverage was expanded further in 2004 with another 500 base stations coming on air, resulting in a total of 3,500 base stations located strategically throughout the country. Surveys, both independent and those commissioned by Maxis, indicate that our network quality is amongst the best in the country.

We successfully completed 3G technology trials in 2004 and launched our Maxis 3G data card service in April 2005. We will also be launching full 3G services by mid-2005. 3G will allow Maxis to introduce new video-based services such as video calls, video mail, video clips and video streaming. The timing is very opportune as global 3G momentum is growing with attractive and more affordable handsets also becoming available.

We also piloted wireless broadband internet access services to residents in Subang Jaya, Puchong, and other areas in the Klang Valley. To date, we have received encouraging response from these trials.

ORGANISATIONAL DEVELOPMENT AND HUMAN RESOURCES

In 2004, we invested more than RM10 million to develop our employees' skills. The Maxis Academy, tasked to upgrade the skills of our employees, delivered more than 100,000 training hours over the year, primarily in the areas of management and technical knowledge, and recently in business communication as well. In addition, we established a formal three-tier rigorous leadership development programme, seeking to nurture potential at all levels in Maxis. This programme will fast become an important foundation to harvest managerial and technical talents.

We also continued to revitalise our leadership team by appointing new senior management staff from within Maxis and from external sources. In preparation for the next stage of growth, we added five new members to our senior leadership team. They include our Chief Technology Officer, Chief Information Officer, and Head of Consumer Marketing.

"Surveys, both independent and those commissioned by Maxis, indicate that our network quality is amongst the best in the country"



We offer 24-hour customer service via our Express Payment Kiosks

INNOVATION

At Maxis, we strive continually to innovate. In 2004, we continued to win industry recognition for our efforts. We were ranked by the Far Eastern Economic Review as the most innovative company in Malaysia in responding to customer needs. We also received the National Creativity & Innovation award from the Malaysian Design Technology Centre.

Throughout the year, we introduced more than 90 new products and service enhancements to our customers. We were the first to market BlackBerry, Caller Ring-Tones, prepaid SMS roaming, personalised music portal, Friend Finder, Push To Talk over cellular, video-streaming, and were the first in the world to introduce the use of the 256K SIM card. We also rolled out Maxis Stock Live and wireless LAN prepaid card services. During the year, we experienced encouraging uptake of these services.

In servicing our customers, we expanded the number of 24-hour Express Payment Kiosks, a first in the industry, for our postpaid customers. This payment option is fast gaining popularity and has significantly reduced the traffic volume at our customer centres, and helped reduce the overall waiting time for our customers.

ALLIANCE

In line with our strategy of developing international synergy, Maxis became a founding member of the Bridge Mobile Alliance (BMA) in 2004. The BMA consists of eight top-tier mobile operators (including Maxis) across the Asia Pacific. Together, they serve a combined base of more than 59 million subscribers. BMA's objective is to establish a regional mobile infrastructure with a common service platform to deliver seamless cross border experiences for customers, faster product development, and cost reduction through the combined economies of scale.

CHALLENGES AND OPPORTUNITIES

To sustain our leadership position requires us to be nimble as we face challenges and seize opportunities ahead. We believe operators will have to respond to the following changes, amongst others, in the next few years:

- **Growth:** Growth will continue to be strong with many analysts now expecting domestic cellular penetration to reach 70% by 2008, but slowing down to a low single digit year-on-year subscriber growth rate thereafter. The future growth of the market will increasingly come from the lower income segments of the market.

"In 2004, we invested more than RM10 million
to develop our employees' skills"



The youth market will drive our new growth segment



Push To Talk over cellular phone combines the features of a walkie-talkie and mobile phone

- **Competition:** An increasing focus amongst competitors is to actively take attractive customers away from each other. Operators will also face possible competition from new entrants who are not traditional operators.
- **Technology:** There will be a wider array of new convergent telecommunication technologies including wireless broadband, IP-based next generation networks, and mobile service platforms.
- **Network Rollout:** The government requiring operators to significantly extend nationwide coverage to cover areas with a low population density, many of which are economically less attractive. New ways to reach customers are required.
- **Cost Management:** In the face of increasing competition and slower growth, cost control will become an important capability to deliver strong margins.

STRATEGIES

In view of the above, we have developed four growth strategies. They are as follows:

1. **Maintain the current customer base through loyalty management, superior network quality and coverage, and better customer service:** Maxis is investing in service and technology platforms to ensure we keep our customers satisfied. We are undertaking a major effort to develop personalised tools to deliver unique experiences for our customers. At the same time, we will continue to invest in enhancing our network quality comparable to the best in the region. Towards this end, we will be introducing new network planning processes and tools, and a combination of advanced technologies to deliver better network quality.
2. **Increase our customer base by focusing on the mass consumer market and first time users:** Maxis wants to deliver value and a lower cost of ownership to these segments. We have already made it easier for them to participate in the market through innovations like micro reload, and in the medium term, we will continue to innovate in order to deepen our reach in these segments. Maxis will also expand its coverage along the East Coast and across Sabah and Sarawak.

"Maxis is investing in service and technology platforms to ensure we keep our customers satisfied"



At work or at play, go online anywhere and anytime with Maxis 3G Connect mobility

3. **Enhance ARPU by growing voice-based value-added services, and basic and advanced data services:** SMS is fast becoming a common social and business communication tool. We aim to develop a major capability by working with partners to develop SMS, GPRS and 3G based services and solutions for all market segments. We are also pioneering different ways for our customers to experience our voice products. One such example is *campuszone™* billing for students.

4. **Grow new revenue streams through the exploration of new and related businesses, and prudently seek out international opportunities:** Towards this end, 3G and wireless broadband are important initiatives with potentially significant revenue contribution in the medium term. In international markets, we recently completed our acquisition of PT Natrindo Telepon Seluler, thus establishing our presence in Indonesia. While we are not ruling out other opportunities, our main international focus in 2005 will predominantly be on our Indonesian investment.

In support of these four strategies, we are putting in place a number of enablers designed to ensure the realisation of our goals over the next five years. These

enablers are focussed on three principal areas – our customers, our technology and our processes.

Becoming a more cost-efficient operator is critical to our overall success in going forward in all the markets we choose to serve. It includes:

- Improving the way we do business in general. We have put in place an internal consulting organisation, the Process Improvement Team, to continuously drive process and quality improvements across the entire organisation;
- Undertaking network rollout responsibly and expeditiously through infrastructure sharing and selective domestic roaming with other operators, introducing process improvements, and vendor renegotiations;
- Leveraging on our growing economies of scale as well as further pooling of activities among global and regional alliance partners;
- Increasing employee productivity through relevant skill development and organisational development while maintaining existing staff strength over the medium term; and

"Maxis wants to deliver value and a lower cost of ownership to its customers"



Our BlackBerry service enables customers to access e-mail while on the move



We continue to bring innovative products and services to our customers

- Outsourcing more non-core activities to enhance efficiency and agility, allowing us to be more focused on our core business.

All our efforts are part of an ongoing change management initiative, designed to increase our competitiveness and transform Maxis into a company on par with the best communications providers in the region. To ensure speedy reforms and lasting impact, these changes will be coordinated by a recently established change management team reporting to the Chief Executive.

INVESTMENT IN PT NATRINDO TELEPON SELULER ("NTS")

In April 2005, we completed our acquisition of a 51% equity stake in NTS, an Indonesian cellular operator. NTS currently operates only in Surabaya. However, we intend to grow the company into a credible national player. While NTS is essentially a new entrant, we see great promise in the Indonesian market. The number of subscribers is likely to triple in the next five to six years, making Indonesia one of the fastest growing markets globally. With both 2G and 3G spectrum licences, NTS is well positioned to serve all major segments in the market. Maxis will actively pursue synergies between its Malaysian and Indonesian operations to

ensure NTS benefits from our overall experiences and planned improvements.

CONCLUSION

I look back on 2004 with a strong sense of pride at the many achievements of our dedicated employees. However, we are not standing still, and we are already gearing up for the challenges to come. We will continue to strengthen our market position while seeking new growth opportunities, increase investment in our people, work closely with our partners, play a leading and innovative role in technology and service deployments, reduce our cost structure, and drive changes across the Company to achieve the above. In short, we intend to be even more competitive and efficient than ever before.

I wish to thank our Board of Directors, government authorities, shareholders, customers, employees, distributors, dealers and partners for your support and contribution to our success in 2004. I look forward to working with you again in 2005.

DATO' JAMALUDIN BIN IBRAHIM
Chief Executive Officer

29 April 2005



CORPORATE SOCIAL RESPONSIBILITY REPORT

Maxis believes that its Corporate Social Responsibility ("CSR") programmes should focus on youth, education and technology. The youth of today are the leaders of tomorrow, with education as the blueprint of nation building and technology the catalyst for growth. We are also of the opinion that the rural areas will benefit more from our efforts as this will narrow the gap between communities.

Our flagship **CyberKids Camps** target rural primary school children. Incorporating classroom and outdoor activities, the camp works on a "*Train the Trainer*" concept that enables participating teachers and students to effectively use the computer and internet, paving the way for them to become leaders and knowledge-sharing catalysts for the benefit of others within their communities. Since inception until December 2004, the programme has trained 675 teachers and 1,386 school children from 383 primary schools throughout Sabah, Sarawak and Peninsular Malaysia. The resounding success of our Cyberkids Camps was also due to the strong partnership with the Ministry of Energy, Water and Communications and the support of several State Education Departments.

As an extension to the Cyberkids Camps, **Maxis Cyberlab** facilities were set up in several towns and villages in partnership with local authorities and NGOs to provide convenient Information, Communication and Technology ("ICT") access to more children and adults. These sites are located in Kuala Pilah in Negeri Sembilan, Dungun in Terengganu, Kepala Batas in Penang, Tanah Merah in Kelantan, Serian in Sarawak and Keningau in Sabah. Each Cyberlab has three



local community trainers who receive continuous education and guidance from Maxis, keeping them abreast with the latest technology developments. Each lab is equipped with high-powered PCs with internet access and applications.

With the strong support of its partners, each Maxis Cyberlab organises complimentary ICT courses for the benefit of the people in the local community. These activities have enhanced employment opportunities of participants from the respective local communities.

A natural next step is the formation of the **CyberKids Club**, with the primary objective of enabling participants to stay in touch and share their skills and knowledge with others, thus promoting virtual integration across geographical boundaries. Participants have the benefit of sharing information online via the *Cyberkids Club Newsletter* at www.maxis.communities.com.my. This portal also has the e-learning site Learn@Maxis, which provides school children from Standard 1 to Form 5 with free tutorials. The portal now hosts several hundreds of school websites built with our encouragement and support.

In our effort to further enhance human capital development, we made two other contributions to our

community – RM2 million was given to a higher education fund locally whilst RM4.2 million was spent in 2004 under the Maxis Developer Programme. The latter effort is an industry-related initiative to foster the growth and development of skills in local mobile applications and services. More than 20 products have been successfully commercialised and are generating revenue for local Malaysian developers.

Maxis also encourages and supports its employees to embrace the spirit of volunteerism through the **Maxis Volunteer Brigade** ("MVB"). The brigade has grown to more than 350 staff nation-wide, who actively participate in charity programmes in their local community. We have touched the hearts of many children in our community through programmes such as Maxis Charity FUTSAL tournament, football clinic, wall climbing activity, participation in festive season celebrations and visits to charity homes, and more recently, towards the victims of the devastating tsunami. For six weeks, 64 MVB members took turns helping out at the Malaysian Red Crescent Society Head Quarters involved in tsunami relief operations.

We hope life is more special and meaningful for the communities that we reached out to with our CSR initiatives. And we are committed to continue bridging the gap between communities.

Audit Committee Report

The Board of Maxis is pleased to present the Report on the Audit Committee (the "Committee") for the financial year ended 31 December 2004.

MEMBERS AND MEETINGS

The members of the Committee during the financial year comprised the following members:

Name	Status	Independent
Dato' Seri Syed Anwar Jamalullail (Chairman of the Committee)	Non-Executive Director	Yes
Lord Killearn	Non-Executive Director	Yes
Augustus Ralph Marshall	Non-Executive Director	No

During the financial year, the Committee conducted four (4) meetings on 26 February 2004, 24 May 2004, 24 August 2004 and 29 November 2004, which were attended by all members.

The Group's internal and external auditors and certain members of senior management attended all the meetings during the financial year. The Committee met with the internal and external auditors in separate private sessions four (4) times during the financial year.

Details of the Committee members' profiles are contained in the "Directors Profile" set out on pages 22 to 25 of this Annual Report.

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Committee carried out the following activities in discharging their duties and responsibilities:

Risks and Controls

- Reviewed the risk profile of the Group prepared by Enterprise Risk Management;
- Reviewed the progress of the risk management function in its on-going identification and monitoring of key risks, and the controls implemented by the respective departments in managing these risks;
- Evaluated the overall effectiveness of the system of internal controls through a review of the results of work performed by internal and external auditors and discussions with key senior management;

Financial Results

- Reviewed with appropriate officers of the Group the quarterly financial results and annual audited financial statements of the Group including the announcements pertaining thereto, before recommending to the Board for their approval and release of the Group's results to Bursa Securities focusing on the matters set out in Section 6 of the Terms of Reference, "Responsibilities and Duties of the Committee" under the heading "Financial Reporting" and the following areas, where relevant:
 - Listing Requirements of Bursa Securities;
 - Provisions of the Companies Act, 1965 and other legal requirements;
 - MASB approved accounting standards.

External Audit

- Reviewed with the external auditors, their terms of engagement, proposed audit remuneration and audit plan for the financial year that ended on 31 December 2004 to ensure that their scope of work adequately covers the activities of the Group;
- Reviewed the results and issues arising from their audit of the financial year end statements and the resolution of issues highlighted in their report to the Committee;
- Reviewed their performance and independence before recommending to the Board their re-appointment and remuneration;

Internal Audit

- Reviewed with the internal auditors, their audit plan for the financial year that ended on 31 December 2004 ensuring that principal risk areas and key processes (identified by Enterprise Risk Management and Internal Audit) are adequately identified and covered in the plan;
- Reviewed the recommendations by internal audit, representations made and corrective actions taken by management in addressing and resolving issues, as well as, ensuring that all issues are adequately addressed on a timely basis;
- Reviewed the results of ad-hoc investigations performed by internal audit and the actions taken relating to those investigations;
- Reviewed the adequacy of resources and the competencies of staff within the internal audit department to execute the plan, as well as, the audit programmes used in the execution of internal auditors' work and the results of their work;
- Reviewed the results of the external assessment performed on the internal audit department;
- Reviewed the adequacy of the terms of reference of internal audit;

Related Party Transactions

- Reviewed related party transactions for compliance with the Listing Requirements of Bursa Securities and the appropriateness of such transactions before recommending them to the Board for its approval;
- Reviewed the procedures for securing the shareholders' mandate for Recurrent Related Party Transactions;

Employee Share Option Scheme

- Verified the allocation of options pursuant to the criteria disclosed to the employees of the Group and established pursuant to the Employee Share Option Scheme for the financial year which ended on 31 December 2004;

Others

- Reviewed with management quarterly reports on new laws and regulations, material litigation, revenue assurance and Enterprise Risk Management;
- Reviewed the adequacy of the terms of reference of the Committee; and
- Conducted a self-assessment to monitor the Committee's overall effectiveness in meeting its responsibilities.

INTERNAL AUDIT FUNCTION

The Group has an internal audit function whose primary responsibility is to undertake regular and systematic reviews of the system of internal controls so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively within the Group. The internal audit function adopts a risk-based audit methodology, which is aligned with the risks of the Group to ensure that relevant controls addressing those risks are reviewed on a rotational basis.

The activities carried out by internal audit include among others, the review of the adequacy of risk management, system of internal controls for effectiveness and efficiency, compliance with established rules, guidelines, laws and regulations, reliability and integrity of information and means of safeguarding assets.

The Head of Internal Audit is responsible for enhancing the quality assurance and improvement programme of the internal audit function. In order to achieve this, the monitoring of its effectiveness is done through internal self-assessment tools and independent external assessment. The results will then be communicated to the Committee. The Head of Internal Audit reports directly to the Chairman of the Committee.

TERMS OF REFERENCE OF THE COMMITTEE

The Committee is governed by the following terms of reference:

1. Function of the Committee

The Committee is a committee of the Board with the function of assisting the Board in fulfilling its oversight responsibilities. The Committee will review the Group's financial reporting process, the system of internal control and management of enterprise risk, the audit process and the Group's process for monitoring compliance with laws and regulations and its own code of business conduct, as well as such other matters, which may be specifically delegated to the Committee by the Board.

2. Composition of the Committee

The Committee shall consist of at least three (3) Board members, a majority of whom shall be independent non-executive Directors. Alternate directors will not be appointed to the Committee. A quorum of the Committee shall be two (2) members, a majority of whom must be independent Directors. The Chairman shall be an independent non-executive Director elected by the members of the Committee. The Chairman will, in consultation with the other members of the Committee, the Group's external auditors and the appropriate officers of the Group, be responsible for calling meetings of the Committee, establishing agenda and supervising the conduct thereof. The Board will review the term of office and performance of the members of the Committee at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

At least one member of the Committee shall fulfil any one of the following qualifications:

- Be a member of the Malaysian Institute of Accountants; or
- Have at least three (3) years working experience and:
 - (i) have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or

- (ii) be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

- Have a degree/ masters/ doctorate in accounting or finance and at least three (3) years post qualification experience in accounting or finance; or
- Have at least seven (7) years experience of being a Chief Financial Officer of a corporation or have the function of being primarily responsible for the management of the financial affairs of a corporation.

Such member shall also fulfil any other additional requirements, which Bursa Securities may from time to time prescribe.

In the event of any vacancy in the Committee resulting in non-compliance to Committee composition, the Company must fill the vacancy within three (3) months.

3. Meetings of the Committee

The Committee shall meet at least four (4) times during each financial year and may regulate its own procedure in lieu of convening a formal meeting by means of video or teleconference. In addition to its four (4) meetings each financial year, the Committee may take action by way of circular resolutions. Due notice of the issues to be discussed must be given to the Committee and the conclusions of such discussions must be recorded.

The Committee may request to meet other Board members, any officer or employee of the Group, external legal counsel, internal or external auditors and consultants and if necessary, in separate private sessions. The Committee shall meet with the external and internal auditors in separate private sessions at least once in each financial year.

The Chairman of the Committee shall provide to the Board a report of the Committee meetings.

4. Secretary of the Committee

The Company Secretary shall be the secretary of the Committee and as a reporting procedure, the minutes of each meeting of the Committee shall be circulated to all members of the Board.

5. Authority of the Committee

The Committee is authorised by the Board, in accordance with the procedures to be determined by the Board (if any) and at the cost of the Company, to:

- Investigate any matter within its terms of reference;
- Have adequate resources to perform its duties;
- Have full and unrestricted access to the Group's information;
- Have direct communication channels with external and internal auditors and all employees of the Group;
- Obtain external independent and professional advice; and
- Convene meetings with internal and external auditors, if and when, deemed necessary.

6. Responsibilities and Duties of the Committee

The Committee shall undertake the following responsibilities and duties:

Risk Management and Internal Control. Review with internal and external auditors, general counsel, appropriate members of the staff, the adequacy of the Group's processes to identify, monitor and manage key risks and internal controls with respect to business practices.

Financial Reporting. Review with or without the presence of appropriate officers of the Group and the external auditors, the annual and quarterly financial statements of the Group including the announcements pertaining thereto, prior to Board approval, focusing on, inter alia; quality and financial disclosures, changes in accounting policies and practices and implementation of such changes, significant and unusual events, going concern assumption, compliance with applicable approved accounting standards and legal requirements and other matters as defined by the Board.

Related Party Transactions. Review any related party transactions, including the monitoring of recurrent related party transactions, entered into by the Group to ensure they are undertaken on normal commercial terms and the internal control procedures with regard to these transactions are sufficient and have been complied with.

Employee Share Option Scheme. Verify the allocation of share options to the Group's eligible employees in accordance to the Listing Requirements of Bursa Securities at the end of each financial year.

Internal Audit. Review with the internal audit department their plans, scope, authority, independence and adequacy of resources to carry out its function; results of the internal audit work and the appropriate actions taken on their recommendations; any appraisal or assessment of the performance of the internal auditors; approve the appointment or termination of the Head of Internal Audit; approve the terms of reference of internal audit; and inform itself of staff resignations of the internal audit department and provide the resigning staff an opportunity to submit his/ her reason for resigning.

External Audit. Review and report to the Board its recommendation on the proposed appointment, terms of engagement and proposed audit remuneration of the external auditor, and any questions on resignation or dismissal; their plans, scope of their annual audit and other examinations, results of the external audit work including adjustments to the financial statements of the Group, if any, the accompanying management letters and responses; any factors related to the independence of the external auditors and extent of assistance given by the Group and the Group's employees.

Reporting Responsibilities. Report its activities to the Board in such manner and at such times, as it deems appropriate; and report to Bursa Securities where the Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements of Bursa Securities.

Other Responsibilities. Review matters in relation to compliance with legal, regulatory and statutory requirements, conflicts of interest and unethical conduct; review with the external auditors the Group's Statement on Internal Control; examine such other matter, as the Committee considers appropriate or as defined by the Board; review and reassess its terms of reference and conduct a self-assessment to monitor their overall effectiveness in meeting their responsibilities once a year; and prepare the annual Committee report to the Board.

THE BOARD OF MAXIS RECOGNISES THE IMPORTANCE OF GOOD CORPORATE GOVERNANCE IN DIRECTING THE BUSINESSES OF THE GROUP. THE BOARD IS FULLY COMMITTED TO ENSURE THAT THE HIGHEST STANDARD OF CORPORATE GOVERNANCE AS ARTICULATED IN THE PRINCIPLES AND BEST PRACTICES SET OUT IN THE MALAYSIAN CODE OF CORPORATE GOVERNANCE ("THE CODE") IS PRACTISED THROUGHOUT THE GROUP AS THE UNDERLYING PRINCIPLE IN DISCHARGING THE BOARD'S RESPONSIBILITIES AND TO ENSURE TRANSPARENCY AND CORPORATE ACCOUNTABILITY. THIS COMMITMENT IS REFLECTIVE OF THE BOARD'S UNDERSTANDING THAT CORPORATE GOVERNANCE IS SYNONYMOUS WITH THE KEY CONCEPTS OF TRANSPARENCY, ACCOUNTABILITY, INTEGRITY AND CORPORATE PERFORMANCE.

COMPLIANCE WITH THE CODE

The Board is pleased to state how the Company has applied the Principles of the Code and the extent to which the Company has complied with the Best Practices of the Code during the financial year ended 31 December 2004. The Board is of the opinion that it has adhered to the Principles and complied in all material respects with the Best Practices outlined in the Code.

I BOARD OF DIRECTORS

1. Composition of the Board and Board Balance

i. Current Board

The current Board has seven (7) members, comprising six (6) Non-Executive Directors (including the Chairman) and one (1) Executive Director.

ii. Composition of the Board

Three (3) of the six (6) Non-Executive Directors are independent, in keeping with the Best Practices set out in the Code and the Listing Requirements of Bursa Securities that independent Non-Executive Directors need to make up at least one third of the membership of the Board.

iii. Balance of the Board

The Non-Executive Directors do not participate in the day-to-day management of the Group. The composition of the Board reflects a mix of members with diverse backgrounds, skills and experiences in the areas of finance, business, general management and strategy that has been vital to the successful direction of the Group.

A brief description of the background of each Director is contained in the "Profile of Directors" section as set out on pages 22 to 25 of this Annual Report.

The number and the mix of skills of the Directors bring to the Board the necessary range of experiences and expertise along with the core competencies to enable the Board to effectively discharge its responsibilities and perform its functions with due regard to the shareholders' interests. There is also a balance in the Board with the presence of Non-Executive Directors of the necessary calibre, credibility and skills to carry sufficient weight in the Board's decisions. Although all Directors have responsibility for the Group, the roles of these Non-Executive Directors, especially Independent Non-Executive Directors, are important as they provide independent views, advice and judgements in ensuring that the strategies proposed by management are fully discussed and examined, and take into account the long term interests, not only of the Group and the shareholders, but also of employees, customers, suppliers and other communities in which the Group conducts its business.

2. Division of roles and responsibilities between the Chairman and the Chief Executive Officer

There is a clear division of the roles and responsibilities between the Chairman of the Board and the Group's Chief Executive Officer ("CEO") to ensure that there is a balance of power and authority. The Chairman of the Board is responsible for ensuring the Board's effectiveness and conduct whilst the Group's CEO has overall responsibility for the operational and business units, organisational

effectiveness and implementation of Board policies, directives, strategies and decisions.

In respect of running the Board, the Chairman is responsible for the following:-

- i. the working of the Board;
- ii. the balance of membership, subject to Board and shareholders' approval;
- iii. ensuring that all relevant issues are on the agenda;
- iv. ensuring that all Directors, Executive and Non-Executive alike, are enabled and encouraged to play their full part in the Board's activities. This includes making certain that Directors, especially the Non-Executive Directors receive timely and relevant information tailored to their needs and that they are properly briefed on issues arising at Board meetings; and
- v. ensuring that the Executive Director looks beyond his executive function and accepts his full share of responsibilities of governance.

3. Board meetings

The Board intends to meet at least four (4) times a year, with additional meetings convened as and when necessary. Due notice is given of all issues to be discussed at Board meetings.

During the financial year ended 31 December 2004, eight (8) Board meetings were held and the details of the attendance of the Directors are as follows:

Director	Designation	Number of Meetings attended during the year	Percentage
Datuk Megat Zaharuddin bin Megat Mohd. Nor	Chairman, Independent Non-Executive Director	8 out of 8 meetings	100%
Dato' Seri Syed Anwar Jamalullail	Independent Non-Executive Director	8 out of 8 meetings	100%
Lord Killearn	Independent Non-Executive Director	8 out of 8 meetings	100%
Khoo Teng Bin (retired from office on 7 June 2004)	Non-Executive Director	3 out of 3 meetings	100%
Augustus Ralph Marshall	Non-Executive Director	7 out of 8 meetings	87.5%
Tan Poh Ching	Non-Executive Director	8 out of 8 meetings	100%
Chan Chee Beng (appointed on 7 June 2004)	Non-Executive Director	5 out of 5 meetings	100%
Dato' Jamaludin bin Ibrahim	Chief Executive Officer	7 out of 8 meetings	87.5%

4. Specific Responsibilities of the Board

The Board has adopted the following six (6) specific responsibilities, for effective discharge of its functions:

- reviewing and adopting a strategic business plan for the Group;
- overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing senior management;
- developing and implementing an investor relations programme or shareholders' communications policy for the Group; and
- reviewing the adequacy and integrity of the Group's system of internal controls and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Specifically and within the limits set by the Company's Articles of Association ("the Articles"), the Board is charged with the development of corporate objectives and the review and approval of corporate plans, annual budgets, acquisitions and disposals of undertakings and properties of substantial value, major investments and financial decisions and changes to the management and control structure within the Group including key risk management, treasury, financial and operational policies and delegated authority limits.

5. Appointments to the Board

The Nomination Committee recommends the appointment of new Directors to the Board.

New appointees to the Board undergo an orientation and familiarisation programme, which includes visits to the Group's business operations and meetings with senior management where appropriate, to facilitate their understanding of the Group's operations and businesses.

6. Retirement and Re-election of Directors

In accordance with the Company's Articles, all Directors who are appointed by the Board may only hold office until the first Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that AGM.

- The Articles also provide that all directors (including a Managing Director and Executive Directors) shall retire from office once at least in each three (3) years and one-third of the Directors are subject to retirement by rotation at every AGM but are eligible for re-election.
- Pursuant to Section 129(2) of the Companies Act, 1965, the office of a director of or over the age of seventy (70) years becomes vacant at every AGM unless he is reappointed by a resolution passed in such an AGM of which no shorter notice than that required for the AGM has been given and the majority by which such resolution is passed is not less than three fourths of all members present and voting at such AGM.

7. Directors' Training

All members of the Board have attended the Mandatory Accreditation Programme ("MAP") as required under the Listing Requirements of Bursa Securities.

During the financial year which ended on 31 December 2004, all Directors attended various training programmes organised by the Company, conferences, seminars and courses organised by the relevant regulatory authorities and professional bodies on, inter-alia, areas relevant to the telecommunications industry, directors' roles, responsibilities, effectiveness and corporate governance issues. All Directors have complied with the Practice Note 15/ 2003 (now repealed) and have all obtained the requisite Continuing Education Programme points.

Throughout the year, Directors also received updates and briefings from time to time, particularly on regulatory, industry, technology and legal developments, including information on significant changes in business risks and procedures instituted to mitigate such risks. All Directors are also encouraged to attend programmes and seminars to keep abreast with the developments in the industry and market place.

8. Directors' Assessment

During the year, the Board undertook a self assessment to assess the Board of Directors, Committee and individual Directors' effectiveness. The Nomination Committee facilitated the said assessment, and the report was tabled to the Board. The Directors have identified certain areas for training so as to facilitate the Directors in the discharge of their duties.

9. Supply of Information

All Directors are provided with a set of Board papers prior to each Board Meeting. These, together with the agenda of the Board Meeting, are usually provided in sufficient time prior to the meeting to enable the Directors to obtain further information, where necessary, in order to be properly briefed before the meeting. The Board papers include, among others, the following documents or information:

- reports of meetings of all committees of the Board;
- monthly performance reports of the Group, which include information on financial, industry and strategic business issues;
- major operational, financial, technical, legal and regulatory issues;
- technological developments and updates;
- customer satisfaction reports;
- reports on risk management; and
- Board papers on other matters for discussion/ approval.

In addition, ad hoc reports and information papers are provided to all Directors to ensure that they are appraised on key business, operational, corporate, legal, regulatory and industry matters, as and when the need arises.

In the furtherance of their duties and at the Company's expense, all Directors, whether in their individual capacities or as a group, as and when required, may seek additional information or clarification on any matters and, where necessary, may take independent professional advice and assistance.

The Directors may contact the Head of Internal Audit or the Group Company Secretary to facilitate the provision of additional information or clarification so required, or may on their own obtain independent professional advice in the furtherance of their duties, at the Company's expense.

All Directors have direct access to the advice and services of the Head of Internal Audit and Group Company Secretary in carrying out their duties.

10. Group Company Secretary

The Group Company Secretary's services include ensuring that all appointments are properly made, that all necessary information is obtained from Directors, both for the records of the Group and for the purposes of meeting statutory obligations, as well as ensuring that obligations arising from the Listing Requirements of Bursa Securities or other regulatory requirements are met. The Group Company Secretary also facilitates the provision of information as may be requested by the Directors from time to time. The Board may remove the Group Company Secretary.

11. Committees

Four (4) committees [namely Audit, Nomination, Remuneration and Employee Share Option Scheme ("ESOS")] have been established to assist the Board in the execution of its responsibilities, the details of which are set out in this statement. In addition, the Board delegates operational and management matters to other committees of the Board from time to time.

Apart from the ESOS Committee, the other committees do not have executive powers but only the power to make recommendations to the Board. The terms of reference of each of the committees have been approved by the Board and those of the Audit, Nomination and Remuneration Committees reflect the Principles and comply with Best Practices of the Code, as applicable.

(a) Audit Committee

The Committee is a committee of the Board with the function of assisting the Board in fulfilling its oversight responsibilities. The Committee will review the Group's financial reporting process, the system of internal control and management of enterprise risk, the audit process and the Group's process for monitoring compliance with laws and regulations and its own code of business conduct, as well as such other matters, which may be specifically delegated to the Committee by the Board.

The Audit Committee comprises the following Non-Executive Directors, the majority of whom are independent:

- Dato' Seri Syed Anwar Jamalullail (Independent Non-Executive Director and Chairman of the Audit Committee);
- Lord Killearn (Independent Non-Executive Director); and
- Augustus Ralph Marshall (Non-Executive Director).

The report on the Audit Committee by the Board (the "Audit Committee Report") for the financial year ended 31 December 2004 is set out on pages 46 to 49 of this Annual Report.

(b) Nomination Committee

The Nomination Committee has the responsibility for proposing and recommending new nominees to the Board and for assessing Directors on an on-going basis.

The functions of the Nomination Committee include reviewing and recommending to the Board:

- the optimum size of the Board;
- the required mix of skills, experience and other qualities, including core competencies of Non-Executive Directors; and
- appointments to and membership of other Board committees.

In addition, the Nomination Committee also has the function of assessing:

- the transparency of procedures for proposing new nominees to the Board and committees of the Board;
- the effectiveness of the Board as a whole and the contribution of each individual Director and Board Committee member; and
- whether the investments of the minority shareholders are fairly reflected on the Board.

The Nomination Committee consists of the following Non-Executive Directors, the majority of whom are independent:

- Lord Killearn (Independent Non-Executive Director and Chairman of the Nomination Committee);
- Dato' Seri Syed Anwar Jamalullail (Independent Non-Executive Director); and
- Augustus Ralph Marshall (Non-Executive Director).

The Nomination Committee meets as and when necessary and can also make decisions by way of circular resolutions. The Nomination Committee held three (3) meetings during the financial year ended 31 December 2004. The meetings were attended by all members.

(c) ESOS Committee

The ESOS Committee was established with delegated authority by the Board to administer the ESOS of the Group in accordance with the Bye-Laws thereof and to exercise any discretion under the Bye-Laws with regard to the eligibility of employees to participate in the ESOS, option offers and option allocations (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) and also to take all necessary actions to give effect to the ESOS Bye-Laws and to ensure effective administration of the Scheme. The Committee appraises the Board on principal matters relating to the Scheme.

The ESOS Committee consists of the following Directors:-

- Tan Poh Ching (Non-Executive Director and Chairman of the ESOS Committee);
- Augustus Ralph Marshall (Non-Executive Director); and
- Dato' Jamaludin bin Ibrahim (Chief Executive Officer).

The ESOS Committee meets as and when necessary and can also make decisions by way of circular resolutions. During the financial year ended 31 December 2004, the ESOS Committee met twice. The meetings were attended by all its members.

(d) Remuneration Committee

The Remuneration Committee is charged with the following responsibilities:

- recommending to the Board the policy and framework for Directors' remuneration as well as the remuneration and terms of service of the Executive Director;
- evaluating the performance and reward of the Executive Director, including ensuring performance targets are established to achieve consistency with the interests of shareholders of the Company, with an appropriate balance between long and short term goals;
- designing and implementing an evaluation procedure for the Executive Director;
- designing an evaluation procedure for Non-Executive Directors;
- reviewing on a yearly basis, the individual remuneration packages of the Executive Director and to make appropriate recommendations to the Board.

The Remuneration Committee consists of the following Non-Executive Directors, the majority of whom are independent:

- Dato' Seri Syed Anwar Jamalullail (Independent Non-Executive Director and Chairman of the Remuneration Committee);
- Lord Killearn (Independent Non-Executive Director); and
- Tan Poh Ching (Non-Executive Director).

The Remuneration Committee meets as and when necessary and can also make decisions by way of circular resolutions. The Remuneration Committee held two (2) meetings during the financial year ended 31 December 2004, which were attended by all members.

II DIRECTORS' REMUNERATION

The fees of the Directors are determined by an ordinary resolution of the Company and divisible among the Directors as they may agree or equally if agreement fails to be reached. The determination of the remuneration packages of Non-Executive Directors is a matter for the Board as a whole. The remuneration packages for the Executive Director is reviewed by the Remuneration Committee and is approved by the Board. Individual Directors do not participate in decisions regarding their own remuneration packages.

Details of the Directors' remuneration for the financial year ended 31 December 2004 are disclosed in the financial statements, as set out on pages 92 and 93 of this Annual Report.

III SHAREHOLDERS AND OTHER STAKEHOLDERS

1. Shareholders and Investor Relations

The Board recognises the importance of transparency and accountability to its shareholders. Maxis communicates with its shareholders and stakeholders regularly through the release of its financial results on a quarterly basis, press releases, announcements and press conferences, which provide shareholders with an overview of the Group's performance and operations. In addition, the Company maintains dialogues with its shareholders as and when required. The Company has a dedicated investor relations team which is tasked with dealing with all queries from investors and facilitating responses.

The Group maintains a website at www.maxis.com.my, which can be conveniently accessed by shareholders and the general public. The Group's website is updated from time to time to provide the latest comprehensive information about the Group, including press releases and quarterly announcements of the Group's results.

Any queries or concerns regarding the Group may be conveyed to the following persons:-

- i. Dato' Seri Syed Anwar Jamalullail
Senior Independent Director
Telephone number:
603-2279 8995
Facsimile number:
603-2274 6299
- ii. Rossana Annizah bt Mohd Rashidi
Chief Financial Officer
for financial related matters
Telephone number:
603-2330 7000
Facsimile number:
603-2330 0555
- iii. Chua Tze Meng
Head of Corporate Finance
for investor relations matters
Telephone number:
603-2330 7000
Facsimile number:
603-2330 6078
- iv. Dipak Kaur
Group Company Secretary
for shareholders' enquiries
Telephone number:
603-2330 7000
Facsimile number:
603-2330 0590

2. Annual General Meeting ("AGM")

The AGM is the principal forum for dialogue with all shareholders who are encouraged and are given sufficient opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns. Shareholders are provided with an opportunity to participate in the Question and Answer session on the resolutions being proposed or about the Group's operations in general. Shareholders who are unable to attend are allowed to appoint proxies in accordance with the Company's Articles to attend and vote on their behalf. The Chairman and the Board members are in attendance to provide clarification on shareholders' queries. Where appropriate, the Chairman of the Board will endeavour to provide the shareholders with written answers to any significant questions that cannot be readily answered during the AGM. Shareholders are welcome to raise queries by contacting Maxis at any time throughout the year and not just at the AGM.

Each notice of a general meeting, which includes any item of special business will be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. Separate resolutions are proposed for substantially separate issues at the AGM.

IV ACCOUNTABILITY AND AUDIT

1. Financial reporting

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors aim to present a balanced and understandable assessment of the Group's financial position, performance and prospects. This also applies to other price-sensitive public reports and reports to regulators. The assessment is provided in this Annual Report through the Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965 set out on page 124 of this Annual Report.

2. Internal Control

The Group's Statement on Internal Control is set out on pages 58 to 60 of this Annual Report.

3. Relationship With Auditors

The role of the Audit Committee in relation to both the internal and external auditors is described in the Audit Committee Report as set out on pages 46 to 49 of this Annual Report.

Statement on Internal Control

THE BOARD IN DISCHARGING ITS RESPONSIBILITIES IS FULLY COMMITTED TO THE MAINTENANCE OF A SOUND INTERNAL CONTROL ENVIRONMENT TO SAFEGUARD SHAREHOLDERS' INVESTMENTS AND THE GROUP'S ASSETS.

INTRODUCTION

The Board in discharging their stewardship responsibilities has established procedures of internal control that are in accordance with the guidelines for directors, the "Statement on Internal Control: Guidance for Directors of Public Listed Companies". These procedures, which are subject to regular review, provide an ongoing process for identifying, evaluating and managing significant risks faced by the Group that may affect the achievement of its business objectives.

Set out below is the Board's Statement on Internal Control prepared in accordance with paragraph 15.27(b) of the Listing Requirements of Bursa Securities. The external auditors have reviewed this Statement on Internal Control as required by paragraph 15.24. Their review was performed in accordance with recommended Practice Guide 5 ("RPG 5") issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the internal control of the Group. RPG 5 does not require the external auditors to and they did not consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

BOARD RESPONSIBILITY

The Board has an overall responsibility for the Group's system of internal control and its effectiveness, as well as reviewing its adequacy and integrity. The system of internal control is designed to manage risks that may impede the achievement of the Group's business objectives rather than to eliminate these risks. Internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT

The Board regards risk management as an integral part of the Group's business operations. There is an established process for identifying, analysing, measuring, monitoring and reporting on the significant risks that may affect the achievement of its business objectives.

Management is responsible for creating a risk-aware culture and for ensuring the necessary knowledge for risk management. The Enterprise Risk Management department in conjunction with the Group's operational managers continuously monitor and evaluate the progress of the identified risks and report the results to Senior Management. The Audit Committee is also provided with a quarterly report on the enterprise risk map and the status of progress toward mitigating the high risk areas.

Workshops are also conducted periodically to help sustain a risk-aware culture and inculcate the importance of risk management across the Group. In addition, existing key processes are reviewed and enhanced to embed the risk based approach towards the Group's business activities.

CONTROL ENVIRONMENT AND STRUCTURE

The Board and Management have established numerous processes for identifying, evaluating and managing the significant risks faced by the Group. This process includes updating the system of internal controls when there are changes to the business environment or regulatory guidelines. The key elements of the Group's control environment include:

- **Organisation structure**

The Board is supported by a number of established Board committees in the execution of its responsibilities, namely Audit, Nomination, Remuneration and Employee Share Option Scheme ("ESOS"); the details of which are set out in the Statement on Corporate Governance. Each committee has clearly defined terms of reference.

Responsibility for implementing the Group's strategies and day-to-day businesses are delegated to Management. The organisation structure sets out clear segregation of roles and responsibilities, lines of accountability and levels of authority to ensure effective and independent stewardship.

- **Audit Committee**

The Audit Committee comprises non-executive members of the Board, the majority of whom are independent directors. The Audit Committee reviews internal control issues identified by internal auditors, external auditors and Management and evaluates the

adequacy and effectiveness of the Group's risk management and internal control systems. Throughout the financial year, the Audit Committee members were briefed on corporate governance practices and legal and regulatory requirements. It also reviewed the effectiveness of the internal audit function with particular emphasis on the scope and quality of audits, and independence of the Internal Audit department.

The current composition of the Audit Committee consist of members who bring with them a wide variety of experience from different industries and backgrounds. They continue to meet and have full and unimpeded access to both the internal as well as external auditors.

Further activities of the Audit Committee are set out in the Audit Committee Report.

- **Internal Audit**

The Internal Audit department continues to independently monitor compliance with policies and procedures and the effectiveness of the internal control systems and highlights significant findings and corrective measures in respect of any non-compliance. Its work practices are governed by the Internal Audit Charter, which is subject to revision on an annual basis. The annual audit plan, established on a risk based approach, is reviewed and approved by the Audit Committee annually before the commencement of the following financial year and a quarterly update is given.

The Audit Committee oversees the Internal Audit department's independence, scope of work and resources. The Internal Audit function meets the requirements of the Guidelines on the Internal Audit Function issued by the Institute of Internal Auditors Malaysia in July 2002.

Further activities of the Internal Audit function are set out in the Audit Committee Report.

- **Code of Business Practice**

The Group is committed to conducting business fairly, impartially and ethically and in full compliance with all laws and regulations. To this end there is a detailed Code of Business Practice ("the Code"), which stipulates how employees as well as external parties such as vendors, suppliers and contractors who do business with us should conduct themselves in all business matters.

All employees and external parties such as vendors, suppliers and contractors who do business with the Group are required to sign a declaration that they have read and will adhere to the contents of the Code.

To support the implementation and effectiveness of the Code there is an established Office of Business Practice to provide policy guidance and to facilitate compliance with the Code.

- **Revenue Assurance**

The Revenue Assurance department is responsible for the continuous monitoring of potential revenue leakage that may arise from day to day operations. Processes and controls within the revenue cycle are reviewed to ensure they function effectively and efficiently, which includes performance and examination of regular automated test calls. Reports of findings are submitted to Management. Key issues and action plans to address identified revenue leakages are also reported to the Audit Committee each quarter. During the financial year, a cross-functional Revenue Assurance Working Committee was formed with the objective of acting as a central point for coordinating and driving all revenue assurance initiatives. A departmental self-assessment was also performed on potential revenue leakage and risk areas were identified. In addition, an independent revenue assurance review was carried out on mobile data during the financial year.

- **Fraud Management**

The Fraud Management control function complements the Revenue Assurance department. Whilst the revenue assurance function looks at controls within the revenue cycle as indicated above, the fraud management function monitors daily subscriber call patterns based on set parameters between Maxis' subscribers with other domestic and international operators on a real time basis and appropriate actions are taken immediately for suspected call fraud. It uses an industry developed system to monitor call patterns on a 24/ 7 basis throughout the financial year. All findings are reported to Management each month.

- **Business Continuity Planning**

The Business Continuity Planning ("BCP") function is responsible for identifying activities and operations that are critical to sustaining business operations in the event of a disaster. These activities include facilitating the building of additional redundancies in network infrastructure and establishing alternate sites where key operational activities can be resumed. A risk based approach is applied in identifying the key initiatives and their levels of importance by reviewing critical systems, single point failures as well as their impact on the business of the Group as a whole. During the financial year, various critical areas were tested via simulations to assess the effectiveness of BCP initiatives. The progress of these initiatives was

reported monthly to Senior Management and presented quarterly to the BCP Steering committee.

- **Regulatory**

The Regulatory function ensures compliance with the Communications and Multimedia Act 1998 ("CMA"), and its subsidiary legislation, which regulates the Group's core business in the communications and multimedia sector in Malaysia. As a licensee under the CMA, the Group adheres to its licensing conditions, as well as economic, technical, social and consumer protection regulations embedded in the CMA and its subsidiary legislation. The Group actively participates in new regulatory and industry development consultations initiated by the regulator, the Malaysian Communications and Multimedia Commission ("MCMC"). The regulatory function also frequently engages the MCMC in discussions on pertinent industry issues.

- **Legal**

The Legal department plays a pivotal role in ensuring that the interests of the Group are preserved and safeguarded from a legal perspective. It also plays a key role in advising the Board and Management on legal matters. The Board is briefed as and when there are any changes in applicable provisions of the law.

- **Limits of Authority**

There is a Limits of Authority ("LOA") manual that delineates authorisation limits for various levels of Management and those requiring Board approval to ensure accountability, segregation of duties and control of the Group's commitments. The LOA manual is subject to periodic review and was updated during the year to reflect operational and structural changes. Changes to the LOA manual require approval of the Chief Executive Officer & Chief Financial Officer.

- **Policies and Procedures**

Extensive written policies, procedures, guidelines and service level agreements are documented in manuals and on the Group's intranet site and are reviewed and revised periodically to meet changing business, operational and statutory reporting needs.

- **Financial and Operational Information**

A detailed budgeting and reporting process is established. Comprehensive budgets are prepared by the operating units and presented to the Board before the commencement of a new financial year. Upon approval of the budget, the Group's performance is then tracked and measured against the approved budget on a monthly basis. Reporting

systems which highlight significant variances against plan are in place to track and monitor performance. These variances in financial as well as operational performance indices are incorporated in detail in the monthly management reports. On a quarterly basis, the results are reviewed by the Board to enable them to gauge the Group's overall performance compared to the approved budgets and prior periods.

MONITORING AND REVIEW

The processes adopted to monitor and review the effectiveness of the system of internal control include:

- **Management Representation to the Board** by the Chief Executive Officer on the control environment of the Group continues to be made during the financial year. His representation to the Board is based on representations made to him by Management on the control environment in their respective areas. Any exceptions identified are highlighted to the Board.
- **Internal Audit** in their quarterly report to the Audit Committee continue to highlight significant issues and exceptions identified during the course of their review on processes and controls compliance. The Chairman of the Audit Committee provides the Board with a report of all meetings of the Audit Committee, of which there were four in the financial year under review.
- **Defalcation Committee** meets and deals regularly on matters pertaining to fraud and unethical practices. All issues arising from work carried out by the investigation team within the Internal Audit department and Management is channeled to this committee for deliberation. Appropriate actions are then taken based on the findings.
- **Risk Management Function** reports to the Board quarterly through the Audit Committee on the risk profile of the Group and the progress of action plans to manage and mitigate the risks.

CONCLUSION

For the financial year under review and up to the date of issuance of the Annual Report and Financial Statements, the Board is satisfied with the adequacy and integrity of the Group's system of risk management and internal control. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group's system of internal control that would require separate disclosure in the Group's Annual Report.

The Companies Act, 1965 (the "Act") requires the financial statements (which include the consolidated balance sheet and the consolidated income statement) of the Group for each financial year, which have been prepared in accordance with MASB approved accounting standards and the provisions of the Act, to be laid by the Directors before the Company at its Annual General Meeting.

Incorporated on pages 64 to 123 of this Annual Report, are the financial statements of the Company and the Group for the financial year ended 31 December 2004.

The Act places responsibility on the Directors to ensure that the consolidated balance sheet provides a true and fair view of the state of affairs of the Group as at 31 December 2004 and the consolidated income statement provides a true and fair view of the results of the Group for the financial year ended 31 December 2004. The Directors are also required by law to ensure that such consolidated balance sheet and income statement have been prepared in accordance with MASB approved accounting standards and provisions stipulated by the Act.

In undertaking the responsibility placed upon them by law, the Directors have relied upon the Group's system of internal control to provide them with reasonable grounds to believe that the Group's accounting records, as well as other relevant records, have been maintained by the Group in a manner that enables them to sufficiently explain the transactions and financial position of the Group. This also enables the Directors to ensure that a true and fair consolidated balance sheet and income statement and documents required by the Act to be attached thereto are prepared for the financial year to which these financial statements relate.

The Act also requires the Directors to cause the Company to keep such accounting and other records in such manner that enables the Directors to sufficiently explain the transactions and financial position of the Company and the Group, preparation of true and fair income statement and balance sheet and any documents required to be attached thereto, as well as to enable such accounting records to be audited conveniently and properly.



FINANCIAL STATEMENTS

64	Directors' Report
70	Income Statements
71	Balance Sheets
73	Statements of Changes in Equity
75	Cash Flow Statements
77	Notes to the Financial Statements
124	Statement by Directors
124	Declaration
125	Report of the Auditors

DIRECTORS' REPORT

for the Financial Year Ended 31 December 2004

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 2004.

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 telecommunications provider for mobile, fixed and international gateway services. Details of the principal activities of the subsidiaries are shown in Note 16 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit after tax	1,597,141	893,809
Minority interest	370	–
Net profit for the year	1,597,511	893,809

DIVIDENDS

The dividends on ordinary shares paid or declared 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 2003 as shown in the Directors' Report of that year, adjusted for the actual number of shares in issue as at the entitlement dates:	
– Interim dividend of 10.00 sen per ordinary share, tax exempt, paid on 14 April 2004	245,768
– Final gross dividend of 13.89 sen per ordinary share, less Malaysian income tax at 28%, paid on 21 July 2004	245,788
	491,556

In respect of the financial year ended 31 December 2004:

– First interim gross dividend of 6.94 sen per ordinary share, less Malaysian income tax at 28%, paid on 28 July 2004	122,924
– Second interim gross dividend of 6.94 sen per ordinary share, less Malaysian income tax at 28%, paid on 5 October 2004	123,471
– Third interim gross dividend of 6.94 sen per ordinary share, less Malaysian income tax at 28%, paid on 29 December 2004	123,773
	370,168

DIRECTORS' REPORT

for the Financial Year Ended 31 December 2004 (continued)

DIVIDENDS (continued)

The Directors have declared in respect of the financial year ended 31 December 2004, a fourth interim gross dividend of 6.94 sen per ordinary share, less Malaysian income tax at 28%, amounting to RM123,931,000 which was paid on 31 March 2005.

The Directors now recommend the payment of the following final dividends subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company, which will be paid on a date to be determined:

- (i) 10.00 sen per ordinary share, tax exempt, amounting to RM247,862,000; and
- (ii) 8.33 sen per ordinary share, less Malaysian income tax at 28%, amounting to RM148,718,000.

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 2,457,661,000 ordinary shares of RM0.10 each to 2,475,755,000 ordinary shares of RM0.10 each by the issuance of 18,094,000 new ordinary shares for cash pursuant to the exercise of options under the Employee Share Option Scheme at exercise prices of between RM4.36 and RM6.47 per ordinary share.

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 of the Company. The ESOS is for a period of ten years for which it is governed by the ESOS Bye-Laws. The ESOS Bye-Laws were amended and restated on 7 June 2004.

The ESOS 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 of 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.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose in this Report the names of employees who have been granted options in aggregate of less than 150,000 options during the financial year.

DIRECTORS' REPORT

for the Financial Year Ended 31 December 2004 (continued)

EMPLOYEE SHARE OPTION SCHEME (continued)

The name of employees who have been granted options in aggregate of 150,000 options or more during the financial year are as follows:

Name of Employee	Number of options granted '000
Y. Bhg. Dato' Jamaludin bin Ibrahim	304 ⁽¹⁾
Tan Lay Han	174 ⁽²⁾
	478

The options over shares 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⁾ RM8.15 per ordinary share.

⁽²⁾ RM7.99 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

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

The Lord Killearn

Augustus Ralph Marshall

Tan Poh Ching

Y. Bhg. Dato' Jamaludin bin Ibrahim

Chan Chee Beng (appointed on 7 June 2004)

Khoo Teng Bin (retired on 7 June 2004)

In accordance with Article 114 of the Company's Articles of Association, Y. Bhg. Dato' Jamaludin bin Ibrahim and Augustus Ralph Marshall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with Article 121 of the Company's Articles of Association, Chan Chee Beng, 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 of the Company pursuant to the ESOS.

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' REPORT

for the Financial Year Ended 31 December 2004 (continued)

DIRECTORS' INTERESTS IN SHARES

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 1.1.2004/ date of appointment '000	Bought '000	Sold '000	As at 31.12.2004 '000
Direct interest				
Y.A.M. Dato' Seri Syed Anwar Jamalullail	210	–	(201)	9
The Lord Killearn	100	–	–	100 ⁽¹⁾
Augustus Ralph Marshall	500	–	–	500 ⁽²⁾
Tan Poh Ching	500	–	–	500 ⁽³⁾
Chan Chee Beng	500	–	–	500
Y. Bhg. Dato' Jamaludin bin Ibrahim	350 ⁽⁴⁾	100	(100)	350 ⁽⁵⁾
	2,160	100	(301)	1,959

⁽¹⁾ 85,000 ordinary shares of RM0.10 each are held through a nominee, namely, HSBC Nominees (Asing) Sdn. Bhd.

⁽²⁾ The entire 500,000 ordinary shares of RM0.10 each are held through a nominee, namely, CIMSEC Nominees (Tempatan) Sdn. Bhd.

⁽³⁾ The entire 500,000 ordinary shares of RM0.10 each are held through a nominee, namely, RHB Capital Nominees (Tempatan) Sdn. Bhd.

⁽⁴⁾ The entire 350,000 ordinary shares of RM0.10 each were held through a nominee, namely, RHB Capital Nominees (Tempatan) Sdn. Bhd.

⁽⁵⁾ 150,000 ordinary shares of RM0.10 each are held through a nominee, namely, RHB Capital Nominees (Tempatan) Sdn. Bhd. and 200,000 ordinary shares of RM0.10 each are held through a nominee, namely, Citicorp Nominees (Tempatan) Sdn. Bhd.

DIRECTORS' REPORT

for the Financial Year Ended 31 December 2004 (continued)

DIRECTORS' INTERESTS IN SHARES (continued)

	Number of options over ordinary shares of RM0.10 each in the Company				As at 31.12.2004 '000
	As at 1.1.2004 '000	Granted '000	Exercised '000	Lapsed '000	
Y. Bhg. Dato' Jamaludin bin Ibrahim	2,662 ⁽¹⁾	304 ⁽²⁾	(100) ⁽³⁾	–	2,866

The options over shares 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⁾ 2,293,578 and 368,000 options over ordinary shares at RM4.36 and RM5.13 per ordinary share respectively.
- ⁽²⁾ RM8.15 per ordinary share.
- ⁽³⁾ RM4.36 per ordinary share.

Other than those disclosed above, and according to the register of Directors' shareholdings, none of the other Directors in office at the end of the financial year held any interest in shares and options over shares in the Company or shares and options over shares of its 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.

DIRECTORS' REPORT

for the Financial Year Ended 31 December 2004 (continued)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (continued)

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.

In the opinion of the Directors,

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

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 25 April 2005.

DATUK MEGAT ZAHARUDDIN BIN MEGAT MOHD NOR
CHAIRMAN

DATO' JAMALUDIN BIN IBRAHIM
DIRECTOR

Kuala Lumpur

INCOME STATEMENTS

for the Financial Year Ended 31 December 2004

	Note	Group 2004 RM'000	2003 RM'000	Company 2004 RM'000	2003 RM'000
Revenue	6	5,689,011	4,680,077	1,149,076	608,682
Interconnect expenses, Universal Service Provision contributions and direct cost of sales		(1,411,631)	(1,257,429)	–	–
Gross profit		4,277,380	3,422,648	1,149,076	608,682
Other operating income		3,593	1,953	4,703	4,341
Administrative expenses		(1,131,056)	(1,064,983)	(20,210)	(30,727)
Network operation costs		(813,207)	(936,439)	–	–
Other operating expenses		(20,991)	(35,270)	(564)	(6,853)
Profit from operations	7	2,315,719	1,387,909	1,133,005	575,443
Finance (cost)/income (net)	10	(14,011)	(26,162)	9,133	19,883
Integration cost	7	36,107	(87,247)	–	–
Profit before taxation		2,337,815	1,274,500	1,142,138	595,326
Taxation	11	(740,674)	566,921	(248,329)	(103,794)
Profit after taxation		1,597,141	1,841,421	893,809	491,532
Minority interest		370	–	–	–
Net profit		1,597,511	1,841,421	893,809	491,532
Earnings per share:					
- Basic (sen)	12	64.83	75.07		
- Diluted (sen)	12	64.22	74.64		
Gross dividend per share (sen)	13	46.09	23.89	46.09	23.89

The notes on pages 77 to 123 form part of these financial statements.

BALANCE SHEETS

as at 31 December 2004

	Note	Group		Company	
		2004	2003	2004	2003
		RM'000	RM'000	RM'000	RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	14	4,250,092	3,935,707	32,280	26,543
Intangible assets	15	1,158,454	1,291,669	–	–
Investments in subsidiaries	16	–	–	1,340,030	1,337,507
Other investment	17	3,804	–	3,804	–
Deferred tax assets	18	326,600	828,000	–	–
		5,738,950	6,055,376	1,376,114	1,364,050
CURRENT ASSETS					
Inventories	19	113,713	164,711	–	–
Debtors	20	555,700	653,849	5,360	3,981
Tax recoverable		20,747	2,947	7,540	2,947
Amounts due from related parties		4,730	3,876	1,723	660
Amounts due from subsidiaries	21	–	–	2,876,903	2,678,816
Deposits with licensed banks	22	2,172,457	1,013,124	196,510	225,712
Cash and bank balances		65,814	54,664	1,853	691
		2,933,161	1,893,171	3,089,889	2,912,807
CURRENT LIABILITIES					
Provisions for liabilities and charges	23	89,308	142,199	–	–
Creditors	24	2,271,250	2,165,620	13,340	303,331
Amounts due to related parties		17,292	19,331	4,311	10,958
Amounts due to subsidiaries	21	–	–	599,316	229,747
Borrowings (interest bearing)	25	190,000	114,658	–	187
Taxation		171	20,143	–	–
		2,568,021	2,461,951	616,967	544,223
NET CURRENT ASSETS/(LIABILITIES)		365,140	(568,780)	2,472,922	2,368,584
NON-CURRENT LIABILITIES					
Creditors	24	75,396	315,614	–	–
Borrowings (secured and interest bearing)	25	418,000	608,000	–	–
Deferred tax liabilities	18	239,409	12,056	–	–
		732,805	935,670	–	–
		5,371,285	4,550,926	3,849,036	3,732,634

BALANCE SHEETS

as at 31 December 2004 (continued)

	2004 RM'000	Group 2003 RM'000	2004 RM'000	Company 2003 RM'000
CAPITAL AND RESERVES				
Share capital	247,576	245,766	247,576	245,766
Share premium	3,376,455	3,293,948	3,376,455	3,293,948
Capital redemption reserve	890	890	–	–
Proposed dividend reserve	520,511	491,532	520,511	491,532
Retained earnings/(accumulated losses)	1,225,598	518,790	(295,506)	(298,612)
	5,371,030	4,550,926	3,849,036	3,732,634
MINORITY INTEREST	255	–	–	–
	5,371,285	4,550,926	3,849,036	3,732,634

The notes on pages 77 to 123 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2004

	Note	Issued and fully paid ordinary shares of RM0.10 each		Non-distributable		Distributable (Accumulated losses)/ retained earnings		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		
Group								
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
Net profit		–	–	–	–	–	1,841,421	1,841,421
Dividends for the financial year ended 31 December 2002								
– Interim		–	–	–	–	(147,052)	–	(147,052)
– Final		–	–	–	–	(220,579)	–	(220,579)
Transfer to proposed dividend reserve for the financial year ended 31 December 2003		–	–	–	–	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
As at 1 January 2004		2,457,661	245,766	3,293,948	890	491,532	518,790	4,550,926
Issue of ordinary shares:								
– 18,094,000 ordinary shares of RM0.10 each pursuant to the ESOS		18,094	1,810	82,507	–	–	–	84,317
Net profit		–	–	–	–	–	1,597,511	1,597,511
Dividends for the financial year ended 31 December 2003								
– Interim	13	–	–	–	–	(245,766)	(2)	(245,768)
– Final	13	–	–	–	–	(245,766)	(22)	(245,788)
Dividends for the financial year ended 31 December 2004								
– First interim	13	–	–	–	–	–	(122,924)	(122,924)
– Second interim	13	–	–	–	–	–	(123,471)	(123,471)
– Third interim	13	–	–	–	–	–	(123,773)	(123,773)
Transfer to proposed dividend reserve for the financial year ended 31 December 2004								
– Fourth interim	13	–	–	–	–	123,931	(123,931)	–
– Proposed final	13	–	–	–	–	396,580	(396,580)	–
As at 31 December 2004		2,475,755	247,576	3,376,455	890	520,511	1,225,598	5,371,030

The notes on pages 77 to 123 form part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the Financial Year Ended 31 December 2004 (continued)

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
Net Profit		–	–	–	–	–	491,532	491,532
Dividends for the financial year ended 31 December 2002								
– Interim		–	–	–	–	(147,052)	–	(147,052)
– Final		–	–	–	–	(220,579)	–	(220,579)
Transfer to proposed dividend reserve for the financial year ended 31 December 2003		–	–	–	–	491,532	(491,532)	–
As at 31 December 2003		2,457,661	245,766	3,293,948	–	491,532	(298,612)	3,732,634
As at 1 January 2004		2,457,661	245,766	3,293,948	–	491,532	(298,612)	3,732,634
Issue of ordinary shares:								
– 18,094,000 ordinary shares of RM0.10 each pursuant to the ESOS		18,094	1,810	82,507	–	–	–	84,317
Net profit		–	–	–	–	–	893,809	893,809
Dividends for the financial year ended 31 December 2003								
– Interim	13	–	–	–	–	(245,766)	(2)	(245,768)
– Final	13	–	–	–	–	(245,766)	(22)	(245,788)
Dividends for the financial year ended 31 December 2004								
– First interim	13	–	–	–	–	–	(122,924)	(122,924)
– Second interim	13	–	–	–	–	–	(123,471)	(123,471)
– Third interim	13	–	–	–	–	–	(123,773)	(123,773)
Transfer to proposed dividend reserve for the financial year ended 31 December 2004								
– Fourth interim	13	–	–	–	–	123,931	(123,931)	–
– Proposed final	13	–	–	–	–	396,580	(396,580)	–
As at 31 December 2004		2,475,755	247,576	3,376,455	–	520,511	(295,506)	3,849,036

The notes on pages 77 to 123 form part of these financial statements.

CASH FLOW STATEMENTS

for the Financial Year Ended 31 December 2004

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit	1,597,511	1,841,421	893,809	491,532
Adjustments for:				
Bad debts written off	60,311	39,517	–	–
Depreciation of property, plant and equipment	766,723	697,713	4,349	4,920
Dividend income	–	–	(1,149,076)	(608,682)
(Gain)/Loss on disposal of property, plant and equipment	(1,515)	3,473	(311)	–
Interest income	(48,165)	(33,665)	(9,147)	(19,888)
Interest expense	62,004	59,311	14	5
Syndicated loans documentation fees	172	516	–	–
Allowance for:				
– doubtful debts	405	8,874	–	–
– inventories' obsolescence	33,197	–	–	–
– write down of identified network costs	–	88,000	–	–
Write-back of allowance for:				
– doubtful debts	(35,976)	(23,093)	–	–
– inventories' obsolescence	–	(23,171)	–	–
Taxation	740,674	(566,921)	248,329	103,794
Amortisation of intangible assets	133,215	85,476	–	–
Property, plant and equipment written off	381	145,786	–	–
Provision for:				
– staff incentive scheme	46,714	39,680	–	–
– site rectification works	11,493	55,254	–	–
– network construction costs and settlements	–	143	–	–
Write-back of provision for:				
– staff incentive scheme	(13,947)	(11,262)	–	–
– site rectification works	(46,828)	(146)	–	–
– network construction costs and settlements	(13,022)	(5,100)	–	–
Unrealised (gain)/loss on foreign exchange	(857)	(592)	2	–
Gain on deemed disposal of a subsidiary	(208)	–	–	–
Minority interest share in results of a subsidiary company	(370)	–	–	–
	3,291,912	2,401,214	(12,031)	(28,319)
Decrease/(increase) in inventories	17,801	99,205	–	–
Decrease/(increase) in debtors	76,447	(12,205)	(871)	51,422
(Decrease)/increase in creditors	(71,915)	(226,836)	(289,993)	229,734
(Increase)/decrease in related parties	(2,893)	3,140	(7,710)	1,236
Decrease/(increase) in intercompany balances	–	–	186,818	(309,147)
Cash flow from operations	3,311,352	2,264,518	(123,787)	(55,074)
Interest received	44,787	33,665	8,639	19,888
Taxation paid	(104,683)	(379,953)	(582)	(3,360)
Payments under staff incentive scheme	(24,275)	(22,502)	–	–
Payments of settlements	(2,735)	(900)	–	–
Payment under site rectification works	(10,291)	–	–	–
Dividends received	–	–	881,400	367,631
Net cash flow from operating activities	3,214,155	1,894,828	765,670	329,085

CASH FLOW STATEMENTS

for the Financial Year Ended 31 December 2004 (continued)

		Group		Company	
	Note	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(1,081,539)	(877,170)	(10,086)	(6,101)
Proceeds from disposal of property, plant and equipment		1,565	3,376	311	–
Acquisition of subsidiaries	29	–	(1,332,781)	(23)	(1,328,975)
Subscription for shares in a subsidiary	16	–	–	(2,500)	–
Partial payment of the 3G spectrum assignment license fees		(8,000)	(10,000)	–	–
Purchase of an investment	17	(3,804)	–	(3,804)	–
Net cash flow from investing activities		(1,091,778)	(2,216,575)	(16,102)	(1,335,076)
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)	–	–
Repayment of term and syndicated loans		(114,000)	(43,698)	–	–
Repayment of promissory notes		–	(14,538)	–	–
Interest paid		(60,490)	(59,261)	(14)	(5)
Syndicated loans documentation fees paid		(172)	(516)	–	–
Dividends paid		(861,724)	(367,631)	(861,724)	(367,631)
Proceeds from issuance of shares pursuant to ESOS		84,317	29,586	84,317	29,586
Proceeds from issuance of shares to minority interest		833	–	–	–
Net cash flow from financing activities		(951,236)	(460,795)	(777,421)	(338,050)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,171,141	(782,542)	(27,853)	(1,344,041)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		1,067,130	1,849,672	226,216	1,570,257
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	27	2,238,271	1,067,130	198,363	226,216

The notes on pages 77 to 123 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

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 telecommunications provider for mobile, fixed and international gateway services. Details of the principal activities of the subsidiaries are shown in Note 16 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

The Group had, as at 31 December 2004, 2,765 (2003: 2,822) employees comprising 2,666 (2003: 2,760) permanent employees and 99 (2003: 62) 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 Securities Berhad.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Credit Risk Management (continued)

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.

3 BASIS OF ACCOUNTING

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies. The financial statements comply with MASB approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The preparation of financial statements in conformity with the MASB 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 4(t) on intangible assets.

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree. Separate disclosure is made of minority interest.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

Certain telecommunication assets are stated at the amount of cash or cash equivalent that would have to be paid if the same or an equivalent asset was acquired.

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 to their residual values, summarised as follows:

Long term leasehold land	60 – 96 years
Short term leasehold land	37 – 50 years

Long term leasehold land is land with a remaining lease period exceeding fifty years.

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 assets to its residual value over its estimated useful life, summarised as follows:

Buildings	50 years
Telecommunications equipment	4 – 12 years
Submarine cables (included within telecommunications equipment)	10 – 25 years
Motor vehicles	5 years
Office furniture, fittings and equipment	5 – 7 years

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

During the financial year, the estimated useful lives of a certain category of telecommunications equipment were revised which resulted in a change in useful lives for those assets from 10 years to between 4 and 7 years. The financial impact from the change in depreciation rate to the Group is additional depreciation charge of RM48,166,000.

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 4(v) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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 included in profit/(loss) from operations.

(iii) Closing rates

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

Foreign currency	2004 RM	2003 RM
1 USD	3.80	3.80
1 GBP	7.31	6.76
1 SGD	2.32	2.23
1 EURO	5.17	4.77
1 AUD	2.96	2.84
100 SEK	57.35	52.48
1 SDR*	5.88	5.65

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

(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 4(v) on impairment of assets.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Other investment

Long term investment is shown at cost and allowance is only made where, in the opinion of the Directors, there is a decline other than temporary in the value of such investments. Where there has been a decline other than temporary in the value of an investment, such a decline is recognised as an expense in the period in which the decline is identified.

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

(g) Inventories

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

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

(h) 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 lease 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.

(i) 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.

(j) Cash and cash equivalents

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

(k) Revenue recognition

(i) Telecommunications revenue

Revenues of mobile postpaid services and fixed 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Revenue recognition (continued)

(i) Telecommunications revenue (continued)

Amounts unutilised on certain mobile postpaid rate plans are deferred up to one month, 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 4(q)(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.

(l) Debtors

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

(m) 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) Network construction costs and settlements

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) 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 makes certain assumptions and applies the estimated discounted value of future cash flows to determine the fair value of financial instruments. The fair values of financial assets and 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.

(o) 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.

(p) 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.

(q) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Share capital (continued)

(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.

(r) 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.

(s) 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 12 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.

(t) 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.

(ii) *Spectrum rights*

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Intangible assets (continued)

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 4(v) on impairment of assets.

(u) 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 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.

(v) 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.

(w) 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.

(x) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

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 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.

The segment information for the financial year ended 31 December 2004 reflects a realignment of assets supporting the mobile and fixed business segments. This is the result of the internal reorganisation implemented by the Group in the financial year ended 31 December 2003. In line with this, the use of certain assets were reorganised to realise network operation efficiencies as well as to reflect the current network utilisation. Consequently, the inter-segment revenue previously recognised by the fixed business segment has ceased.

(a) Business segments

Revenue

	External revenue RM'000	Inter- segment revenue RM'000	Total revenue RM'000
2004			
Mobile services	5,366,047	48,430	5,414,477
Fixed services	184,390	26,223	210,613
International gateway services	138,574	174,623	313,197
Other operations	–	95,801	95,801
Eliminations	–	(345,077)	(345,077)
Group	5,689,011	–	5,689,011
2003			
Mobile services	4,376,455	40,035	4,416,490
Fixed 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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

5 SEGMENT REPORTING (continued)

(a) Business segments (continued)

Results

	2004 RM'000	2003 RM'000
Mobile services	2,243,370	1,119,176
Fixed services	19,479	252,604
International gateway services	71,752	26,419
Other operations	(18,210)	(10,432)
Eliminations	(672)	142
Profit from operations	2,315,719	1,387,909
Finance cost	(14,011)	(26,162)
Integration cost	36,107	(87,247)
Profit before taxation	2,337,815	1,274,500
Taxation	(740,674)	566,921
Profit after taxation	1,597,141	1,841,421
Minority Interest	370	–
Net profit	1,597,511	1,841,421

Other information

Segment assets

Mobile services	6,489,361	5,039,974
Fixed services	1,177,265	1,512,181
International gateway services	206,747	217,518
Other operations	451,391	347,928
	8,324,764	7,117,601
Unallocated assets	347,347	830,946
Group	8,672,111	7,948,547

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

5 SEGMENT REPORTING (continued)

(a) Business segments (continued)

	2004 RM'000	2003 RM'000
Segment liabilities		
Mobile services	1,966,253	2,097,846
Fixed services	344,357	133,392
International gateway services	36,426	57,160
Other operations	106,210	354,450
	2,453,246	2,642,848
Unallocated liabilities	847,580	754,773
Group	3,300,826	3,397,621
Capital expenditure		
Mobile services	968,328	2,137,285*
Fixed services	101,435	93,726
International gateway services	1,374	17,278
Other operations	10,402	6,026
Group	1,081,539	2,254,315
Depreciation and amortisation		
Mobile services	805,976	646,566
Fixed services	60,340	116,363
International gateway services	16,497	15,365
Other operations	17,125	4,895
	899,938	783,189
Allowance for write down of identified network costs	–	88,000
Group	899,938	871,189

* Capital expenditure included intangible assets resulting from the acquisition of Malaysian Mobile Services Sdn. Bhd. ("Malaysian Mobile") on 7 May 2003.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

5 SEGMENT REPORTING (continued)

(a) Business segments (continued)

Significant non-cash items are as follows:

	Mobile services RM'000	Fixed services RM'000	International gateway services RM'000	Group RM'000
2004				
Bad debts written off	50,766	6,925	2,620	60,311
Provision/(write-back of provision) for:				
– staff incentive scheme	20,098	12,203	466	32,767
– site rectification works	(35,335)	–	–	(35,335)
– network construction costs and settlements	–	(13,022)	–	(13,022)
Allowance/(write-back of allowance) for:				
– doubtful debts	(29,326)	(3,096)	(3,149)	(35,571)
– inventories' obsolescence	36,493	(3,296)	–	33,197
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
– network construction costs and settlements	–	(4,957)	–	(4,957)
(Write-back of allowance)/allowance for:				
– doubtful debts	(19,357)	999	4,139	(14,219)
– inventories' obsolescence	(2,719)	(20,452)	–	(23,171)

(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
2004			
Malaysia	5,399,850	1,080,754	7,090,150
Other countries	289,161	785	166,160
	5,689,011	1,081,539	7,256,310
Unallocated assets			1,415,801
			8,672,111

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

5 SEGMENT REPORTING (continued)

(b) Geographical segments (continued)

	Revenue RM'000	Capital expenditure RM'000	Total assets RM'000
2003			
Malaysia	4,431,028	2,254,022	5,709,088
Other countries	249,049	293	211,844
	4,680,077	2,254,315	5,920,932
Unallocated assets			2,027,615
			7,948,547

6 REVENUE

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Analysis of revenue:				
Mobile services	5,366,047	4,376,455	–	–
Fixed services	184,390	131,635	–	–
International gateway services	138,574	171,987	–	–
Dividend income from a subsidiary	–	–	1,149,076	608,682
	5,689,011	4,680,077	1,149,076	608,682

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

7 PROFIT FROM OPERATIONS

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

	Note	Group		Company	
		2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Amortisation of intangible assets		133,215	85,476	–	–
Auditors' remuneration					
– fees for statutory audits		727	688	145	145
– fees for other services					
– auditors ⁽¹⁾		1,685	6,280	710	2,055
– others ⁽²⁾		1,143	8,634	186	2,980
Bad debts written off		60,311	39,517	–	–
Depreciation of property, plant and equipment		766,723	697,713	4,349	4,920
(Gain)/loss on disposal of property, plant and equipment		(1,515)	3,473	(311)	–
Loss/(gain) on foreign exchange					
– realised		190	1,068	9	51
– unrealised		(857)	(592)	2	–
Property, plant and equipment written off		381	145,786	–	–
Provision for:					
– staff incentive scheme		46,714	39,680	–	–
– site rectification works		11,493	55,254	–	–
– network construction costs and settlements		–	143	–	–
Write-back of provision for:					
– staff incentive scheme		(13,947)	(11,262)	–	–
– site rectification works		(46,828)	(146)	–	–
– network construction costs and settlements		(13,022)	(5,100)	–	–
Rental income from property, plant and equipment		(117)	(87)	(4,389)	(3,917)
Rental of land and buildings		33,524	32,823	20,271	19,101
Rental of equipment		30,792	31,005	99	505
Rental of network cell sites		95,782	80,751	–	–
Staff costs	9	305,361	269,416	1,565	849
Allowance for:					
– doubtful debts		405	8,874	–	–
– inventories' obsolescence		33,197	–	–	–
– write down of identified network costs		–	88,000	–	–
Write-back of allowance for:					
– doubtful debts		(35,976)	(23,093)	–	–
– inventories' obsolescence		–	(23,171)	–	–
– wayleave deposits		(2,915)	(11,081)	–	–
Write-back of USP contribution		(106,405)	–	–	–
Government grant		(1,752)	(550)	–	–

The write-back of integration cost totaling RM36,107,000 for the financial year ended 31 December 2004 arises from lower actual costs as compared to estimates.

⁽¹⁾ Fees incurred in connection with performance of quarterly reviews, financial due diligence, revenue assurance and asset management reviews and regulatory compliance audits paid or payable to PricewaterhouseCoopers ("PwC") Malaysia, auditors of the Group and of the Company.

⁽²⁾ Fees incurred for assisting the Group in connection with revenue assurance reviews, conducting of directors and management workshops and tax compliance and advisory services paid or payable to member firms of PwC International Limited which is a separate and independent legal entity from PwC Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

7 PROFIT FROM OPERATIONS (continued)

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	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Fees	1,351	833	1,351	833
Salaries and other emoluments*	2,234	1,792	122	58
Fees charged by a third party for services rendered by a Director of the Company	–	360	–	360
Estimated money value of benefits-in-kind	39	93	6	2
	3,624	3,078	1,479	1,253

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

	Group	
	2004	2003
	RM'000	RM'000
Executive Director		
– salaries	950	950
– other emoluments*	1,284	842
– estimated money value of benefits-in-kind	35	70
Non-executive Directors		
– fees	1,351	833
– estimated money value of benefits-in-kind	4	23
– fees charged by a third party for services rendered by a Director of the Company	–	360
	3,624	3,078

* Other emoluments include bonus, employer's contribution to retirement benefits, and other benefits.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

8 DIRECTORS' REMUNERATION (continued)

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

	2004	
	Executive	Non-Executive
Range of remuneration*		
Below RM50,000	–	1
RM50,001 – RM100,000	–	2
RM100,001 – RM150,000	–	3
RM150,001 – RM200,000	–	1
RM200,001 – RM250,000	–	1
RM250,001 – RM300,000	1	–

* Remuneration paid to the Directors of the Company include fees, salaries, other emoluments including bonus, employer's contribution to retirement benefits and other benefits, and estimated money value of benefits-in-kind.

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:

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
2004							
1.7.2002	30.6.2012	4.36	2,294	–	(100)	–	2,194
1.7.2003	30.6.2012	5.13	368	–	–	–	368
1.4.2004	30.6.2012	8.15	–	304	–	–	304
			2,662	304	(100)	–	2,866
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

	2004	2003
Number of share options vested as at the balance sheet date ('000)	1,553	765

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

9 STAFF COSTS

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Wages, salaries and bonuses	236,456	234,597	1,288	622
Defined contribution plan benefits	24,982	23,837	43	66
Other employee benefits	43,923	10,982	234	161
	305,361	269,416	1,565	849

Termination benefits for the previous financial year amounting to RM6,584,000 have been included as part of integration cost.

10 FINANCE (COST)/INCOME (NET)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Interest expense				
– bank borrowings	(31,724)	(35,523)	–	–
– finance lease and hire purchase	–	(50)	–	–
– deferred payment schemes	(25,665)	(20,028)	–	–
– others	(4,615)	(3,710)	(14)	(5)
Syndicated loans documentation fees	(172)	(516)	–	–
Interest income	48,165	33,665	9,147	19,888
	(14,011)	(26,162)	9,133	19,883

11 TAXATION

Current tax	11,921	390,368	248,329	103,794
Deferred tax (Note 18)	728,753	(957,289)	–	–
	740,674	(566,921)	248,329	103,794
Current tax:				
– Current year	5,488	390,326	248,119	103,794
– Under provision in prior year	6,433	42	210	–
Deferred tax:				
– Origination and reversal of temporary differences	728,753	(563,493)	–	–
– Benefit from previously unrecognised tax losses	–	(393,796)	–	–
	740,674	(566,921)	248,329	103,794

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

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	
	2004	2003	2004	2003
	%	%	%	%
Malaysian tax rate	28	28	28	28
Tax effects of:				
– expenses not deductible for tax purposes	4	8	–	1
– income not subject to tax	–	(6)	(6)	(11)
– previously unrecognised tax losses	–	(49)	–	–
– previously unrecognised capital allowances	–	(16)	–	–
– temporary differences not recognised	–	(11)	–	(1)
– deferred tax asset not recognised	–	2	–	–
Average effective tax rate	32	(44)	22	17

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 RM576,233,000 (2003: RM199,468,000) and RM128,372,000 (2003: RM37,000) respectively. The tax savings arising from the utilisation of brought forward capital allowances for the Company amounted to RMNil (2003: RM2,037,000).

As at 31 December 2004, the amount of deductible temporary difference for which no deferred tax asset is recognised in the financial statements of a subsidiary amounted to RM1,344,000 (2003: RM23,833,000).

Subject to the agreement by the tax authorities, the subsidiaries have sufficient Section 108 tax credits as at 31 December 2004 to frank approximately RM650,791,000 (2003: RM1,058,277,000) 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 RM192,055,000 (2003: RM439,918,000).

12 EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the net profit for the financial year by the weighted average number of issued ordinary shares during the financial year.

	Group	
	2004	2003
Net profit for the financial year (RM'000)	1,597,511	1,841,421
Weighted average number of issued ordinary shares ('000)	2,464,284	2,453,051
Basic earnings per share (sen)	64.83	75.07

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

12 EARNINGS PER SHARE (continued)

(ii) *Diluted earnings per share*

Diluted earnings per share of the Group is calculated by dividing the net profit for the financial year by the adjusted weighted average number of issued ordinary shares during the financial year. The weighted average number of issued ordinary shares 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 2004	2003
Net profit for the financial year (RM'000)	1,597,511	1,841,421
Weighted average number of issued ordinary shares ('000)	2,464,284	2,453,051
Adjusted for share options granted ('000)	23,300	13,945
Adjusted weighted average number of issued ordinary shares ('000)	2,487,584	2,466,996
Diluted earnings per share (sen)	64.22	74.64

13 DIVIDENDS

	Group and Company			
	2004		2003	
	Gross dividend per share Sen	Amount of dividend RM'000	Gross dividend per share Sen	Amount of dividend RM'000
Interim dividends				
– paid	20.82	370,168	10.00	245,768
– proposed dividend reserve	6.94	123,931	–	–
Final dividends				
– paid	–	–	13.89	245,788
– proposed dividend reserve	18.33	396,580	–	–
	46.09	890,679	23.89	491,556

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

13 DIVIDENDS (continued)

The Directors have declared in respect of the financial year ended 31 December 2004, a fourth interim gross dividend of 6.94 sen per ordinary share, less Malaysian income tax at 28%, amounting to RM123,931,000 which was paid on 31 March 2005.

The Directors now recommend the payment of the following final dividends subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company, will be paid on a date to be determined:

- (i) 10.00 sen per ordinary share, tax exempt, amounting to RM247,862,000; and
- (ii) 8.33 sen per ordinary share, less Malaysian income tax at 28%, amounting to RM148,718,000.

14 PROPERTY, PLANT AND EQUIPMENT

	As at 1.1.2004 RM'000	Additions RM'000	Reclassi- fications RM'000	Disposals RM'000	Assets written off RM'000	As at 31.12.2004 RM'000
2004 Group At cost						
Freehold land	21,348	–	–	–	–	21,348
Long term leasehold land	8,549	–	–	–	–	8,549
Short term leasehold land	2,986	–	1,906	–	–	4,892
Buildings	112,496	–	2,685	–	–	115,181
Telecommunications equipment	6,071,071	417	1,037,090	–	(600,809)	6,507,769
Motor vehicles	20,230	1,677	–	(4,631)	–	17,276
Office furniture, fittings and equipment	421,070	1,198	52,754	(30)	(33,073)	441,919
	6,657,750	3,292	1,094,435	(4,661)	(633,882)	7,116,934
Capital work-in-progress	380,360	1,078,247	(1,094,435)	–	(381)	363,791
Total	7,038,110	1,081,539	–	(4,661)	(634,263)	7,480,725

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

14 PROPERTY, PLANT AND EQUIPMENT (continued)

	As at 1.1.2004 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 31.12.2004 RM'000
2004 Group						
Accumulated depreciation						
Long term leasehold land	477	107	–	–	–	584
Short term leasehold land	336	81	–	–	–	417
Buildings	11,735	2,420	–	–	–	14,155
Telecommunications equipment	2,462,625	720,374	–	–	(600,809)	2,582,190
Motor vehicles	16,058	1,738	–	(4,588)	–	13,208
Office furniture, fittings and equipment	306,916	42,003	–	(23)	(33,073)	315,823
	2,798,147	766,723	–	(4,611)	(633,882)	2,926,377
Allowance for write down of identified network costs						
Telecommunications equipment	267,316	–	–	–	–	267,316
Capital work-in-progress	36,940	–	–	–	–	36,940
	304,256	–	–	–	–	304,256
Total	3,102,403	766,723	–	(4,611)	(633,882)	3,230,633

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

14 PROPERTY, PLANT AND EQUIPMENT (continued)

	2004 RM'000	2003 RM'000
Group		
Net book value		
Freehold land	21,348	21,348
Long term leasehold land	7,965	8,072
Short term leasehold land	4,475	2,650
Buildings	101,026	100,761
Telecommunications equipment	3,658,263	3,341,130
Motor vehicles	4,068	4,172
Office furniture, fittings and equipment	126,096	114,154
Capital work-in-progress	326,851	343,420
Total	4,250,092	3,935,707

	As at 1.1.2004 RM'000	Additions RM'000	Reclassi- fications RM'000	Disposals RM'000	As at 31.12.2004 RM'000
2004					
Company					
At cost					
Freehold land	5,509	–	–	–	5,509
Short term leasehold land	1,258	–	–	–	1,258
Buildings	11,373	–	–	–	11,373
Motor vehicles	7,627	1,252	–	(819)	8,060
Office furniture, fittings and equipment	49,230	–	2,472	–	51,702
	74,997	1,252	2,472	(819)	77,902
Capital work-in-progress	2,669	8,834	(2,472)	–	9,031
Total	77,666	10,086	–	(819)	86,933

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

14 PROPERTY, PLANT AND EQUIPMENT (continued)

	As at 1.1.2004 RM'000	Charge for the financial year RM'000	Reclassi- fications RM'000	Released on disposals RM'000	As at 31.12.2004 RM'000
2004					
Company					
Accumulated depreciation					
Short term leasehold land	200	25	–	–	225
Buildings	1,955	219	–	–	2,174
Motor vehicles	7,627	250	–	(819)	7,058
Office furniture, fittings and equipment	41,341	3,855	–	–	45,196
Total	51,123	4,349	–	(819)	54,653

	2004 RM'000	2003 RM'000
Company		
Net book value		
Freehold land	5,509	5,509
Short term leasehold land	1,033	1,058
Buildings	9,199	9,418
Motor vehicles	1,002	–
Office furniture, fittings and equipment	6,506	7,889
Capital work-in-progress	9,031	2,669
Total	32,280	26,543

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

14 PROPERTY, PLANT AND EQUIPMENT (continued)

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 a prior financial year.

The cost of telecommunications equipment and capital work-in-progress amounting to RM659,658,000 (2003: RM680,963,000) were purchased under the terms of the deferred payment schemes as disclosed in Note 24 to the financial statements.

15 INTANGIBLE ASSETS

	Goodwill RM'000	Spectrum rights RM'000	Total RM'000
Group			
As at 1 January 2003	–	–	–
Acquisition of a subsidiary (Note 29(b))	1,282,145	–	1,282,145
Acquisition of spectrum rights	–	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
As at 1 January 2004	1,196,669	95,000	1,291,669
Amortisation charge for the financial year	(128,215)	(5,000)	(133,215)
As at 31 December 2004	1,068,454	90,000	1,158,454

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

- (a) Goodwill 10 years
- (b) Spectrum rights 10 years

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

16 INVESTMENTS IN SUBSIDIARIES

	Company	
	2004	2003
	RM'000	RM'000
As at 1 January	1,337,707	8,732
Additions in the financial year (Note 29)	23	1,328,975
Subscription in shares in a subsidiary	2,500	–
	1,340,230	1,337,707
Allowance for impairment on subsidiaries	(200)	(200)
As at 31 December	1,340,030	1,337,507

During the current financial year, the Company acquired 19 subsidiaries which have yet to commence operations.

In the previous financial year, the Company acquired the entire equity interest in Malaysian Mobile on 7 May 2003.

The information on the subsidiaries are as follows:

Name	Group's effective interest		Principal activities
	2004	2003	
Incorporated in Malaysia			
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. (73315-V)	100%	100%	Provider of mobile telecommunications products and services

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

16 INVESTMENTS IN SUBSIDIARIES (continued)

Name	Group's effective interest		Principal activities
	2004	2003	
Incorporated in Malaysia			
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%	Letting of property
Castle Rock Equity Sdn. Bhd. (95330-K)	100%	100%	Holder of property
Advanced Wireless Technologies Sdn. Bhd. (517551-U)	75%	100%	Provider of wireless multimedia related services
Hotlink Prepaid Sdn. Bhd. (644859-X)	100%	–	Dormant
Hotlink Services Sdn. Bhd. (644926-X)	100%	–	Dormant
Maxis SMS Games Sdn. Bhd. (655460-W)	100%	–	Dormant
Maxis One Club Sdn. Bhd. (655528-D)	100%	–	Dormant
Maxis Events Sdn. Bhd. (655531-D)	100%	–	Dormant
Maxis Lifestyle Sdn. Bhd. (655457-W)	100%	–	Dormant

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

16 INVESTMENTS IN SUBSIDIARIES (continued)

Name	Group's effective interest		Principal activities
	2004	2003	
Incorporated in Malaysia			
Maxis Data Services Sdn. Bhd. (655456-X)	100%	–	Dormant
Hotlink Events Sdn. Bhd. (655574-U)	100%	–	Dormant
Hotlink Entertainment Sdn. Bhd. (655595-P)	100%	–	Dormant
Hotlink Telecommunications Sdn. Bhd. (formerly known as Hotlink Elecommunications Sdn. Bhd.) (655577-A)	100%	–	Dormant
Hotlink Data Services Sdn. Bhd. (655520-M)	100%	–	Dormant
Hotlink Interactive Services Sdn. Bhd. (655533-P)	100%	–	Dormant
Hotlink SMS Games Sdn. Bhd. (655458-K)	100%	–	Dormant
Hotlink One Club Sdn. Bhd. (655573-K)	100%	–	Dormant
Hotlink Communications Berhad (655517-M)	100%	–	Dormant
Hotlink Lifestyle Sdn. Bhd. (655608-V)	100%	–	Dormant
Hotlink Touch Sdn. Bhd. (664297-H)	100%	–	Dormant
Subsidiary of Maxis Mobile Sdn. Bhd.			
Maxis Mobile (L) Ltd * (LL-01709)	100%	100%	Holder of investments (dormant)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

16 INVESTMENTS IN SUBSIDIARIES (continued)

Name	Group's effective interest		Principal activities
	2004	2003	
Incorporated in Malaysia			
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)	75%	100%	Provider of wireless multimedia services
Incorporated in the Netherlands Antilles			
East Asia Communications Holdings N.V. ("EACH") (94983)#	100%	–	Holder of investments (dormant)
Subsidiary of EACH			
East Asia Communications N.V. ("EAC") (94985) #	100%	–	Holder of investments (dormant)

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

EACH and EAC are companies established under the laws of the Netherlands Antilles, with shares issued in US Dollars.

17 OTHER INVESTMENT

	Group and Company	
	2004	2003
	RM'000	RM'000
Unquoted shares at cost	3,804	–

The Group and the Company have a one seventh interest in a Singapore-incorporated entity, Bridge Mobile Pte Ltd. This entity is a regional mobile alliance, established to drive commercial and other benefits for the investors and deliver regional mobile services to their subscribers.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

18 DEFERRED TAXATION

	Group	
	2004 RM'000	2003 RM'000
Deferred tax assets	326,600	828,000
Deferred tax liabilities	(239,409)	(12,056)
	87,191	815,944
As at 1 January	815,944	(141,345)
(Charged)/credited to income statement:		
– tax losses and capital allowances	(704,534)	969,959
– provisions	53,580	(17,237)
– deferred income	10,271	3,832
– property, plant and equipment	(87,830)	418
– others	(240)	317
As at 31 December	87,191	815,944
Deferred tax assets (before offsetting)		
– tax losses and capital allowances	265,425	969,959
– provisions	175,744	122,164
– deferred income	59,238	48,967
– others	77	317
	500,484	1,141,407
Offsetting	(173,884)	(313,407)
Deferred tax assets (after offsetting)	326,600	828,000
Deferred tax liabilities (before offsetting)		
– property, plant and equipment	(413,293)	(325,463)
Offsetting	173,884	313,407
Deferred tax liabilities (after offsetting)	(239,409)	(12,056)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

19 INVENTORIES

	Group	
	2004 RM'000	2003 RM'000
At cost		
Telecommunications materials and supplies	43,700	82,992
Telecommunications equipment	54,442	54,511
Goods-in-transit	–	75
	98,142	137,578
At net realisable value		
Telecommunications materials and supplies	11,673	9,025
Telecommunications equipment	3,898	18,108
	15,571	27,133
Total	113,713	164,711

20 DEBTORS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Trade debtors				
- Subscribers	257,750	280,965	–	–
- Interconnect and roaming	205,718	251,322	–	–
- Distributors	35,025	60,236	–	–
	498,493	592,523	–	–
Allowance for doubtful debts				
- Subscribers	(48,563)	(74,000)	–	–
- Interconnect and roaming	(26,326)	(36,461)	–	–
	423,604	482,062	–	–
Other debtors	48,817	89,263	562	52
Deposits	41,472	47,248	3,817	3,847
Prepayments	41,807	35,276	981	82
Total	555,700	653,849	5,360	3,981

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

20 DEBTORS (continued)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
The currency exposure profile of debtors are as follows:				
– Ringgit Malaysia	498,041	555,122	5,360	3,981
– USD	33,901	21,671	–	–
– SDR	23,758	76,991	–	–
– Others	–	65	–	–
Total	555,700	653,849	5,360	3,981

- (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 (2003: RM46,000) and RM80,000 (2003: 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 RM526,000 (2003: RM476,000), RM15,086,000 (2003: RM18,001,000) and RM6,378,000 (2003: RM6,716,000) respectively.
- (d) Included in other debtors is an amount of RM36,431,000 (2003: RM80,610,000) for the disposal of telecommunications assets to a vendor.

21 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The RM96,667,000 (2003: RMNil) loan to a subsidiary bears interest at 4.46% (2003: Nil) per annum and the rest of the amounts due from/(to) subsidiaries are interest free. All amounts due from/(to) subsidiaries are unsecured and have no fixed terms of repayment.

22 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 2.64% (2003: 2.71%) per annum and 2.67% (2003: 2.77%) per annum respectively.

Deposits of the Group and of the Company at the end of the financial year have an average maturity of 42 days (2003: 26 days) and 66 days (2003: 30 days) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

23 PROVISIONS FOR LIABILITIES AND CHARGES

	Group			
	Site rectification works RM'000	Network construction costs and settlements RM'000	Staff incentive scheme RM'000	Total RM'000
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
As at 1 January 2004	75,549	30,787	35,863	142,199
Charged to the income statement	11,493	–	46,714	58,207
Reversed from the income statement	(46,828)	(13,022)	(13,947)	(73,797)
Paid during the financial year	(10,291)	(2,735)	(24,275)	(37,301)
As at 31 December 2004	29,923	15,030	44,355	89,308

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

24 CREDITORS

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Current				
Intercarrier and roaming creditors	76,671	149,879	–	–
Intercarrier and roaming accruals	195,780	210,470	–	160,120
Subscribers' deposits	142,178	135,085	–	–
Trade creditors	945,941	812,544	2,713	109,743
Trade accruals	516,428	505,954	–	–
Other creditors	87,210	87,975	240	753
Other accruals	36,248	56,557	10,387	32,710
Advance payments from subscribers	15,753	15,529	–	–
Deferred income	241,833	180,729	–	–
Payroll liabilities	13,208	10,898	–	5
Total	2,271,250	2,165,620	13,340	303,331

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

24 CREDITORS (continued)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Non-current				
Trade creditors	75,396	315,614	–	–

The currency exposure profile of creditors are as follows:

– Ringgit Malaysia	2,265,870	2,348,103	12,371	302,976
– USD	60,452	40,344	572	33
– GBP	384	751	381	119
– SDR	19,084	90,574	–	179
– EURO	572	649	–	–
– Others	284	813	16	24
Total	2,346,646	2,481,234	13,340	303,331

Included in current trade creditors are creditors under deferred payment schemes, which are repayable within the next 12 months, amounting to RM442,548,000 (2003: RM227,129,000). 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 4.37% (2003: 4.50%) per annum.

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

25 BORROWINGS (INTEREST BEARING)

	Group		Company	
	2004	2003	2004	2003
	RM'000	RM'000	RM'000	RM'000
Current (interest bearing)				
Secured:				
Syndicated loan	190,000	114,000	–	–
Unsecured:				
Bank overdraft (Note 27)	–	658	–	187
Total	190,000	114,658	–	187

Non-current (secured and interest bearing)

Syndicated loan	418,000	608,000	–	–
-----------------	----------------	---------	---	---

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

25 BORROWINGS (INTEREST BEARING) (continued)

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 28(a) to the financial statements). It is repayable in eight 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%

	Group	
	2004 %	2003 %
Weighted average effective interest rates:		
Syndicated loan	4.31	4.54
Term loans	–	10.25
Finance lease and hire purchase liabilities	–	3.10
Promissory notes	–	4.32

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

	Group	
	2004 RM'000	2003 RM'000
Due within 12 months	190,000	114,000
Due after 12 months	418,000	608,000
Total	608,000	722,000

Subsequent to the financial year, the subsidiary has made full repayment of the existing USD160 million syndicated loan (refer to Note 34(b)).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

26 SHARE CAPITAL

(a) Share capital

	Group and Company	
	2004	2003
	RM'000	RM'000
Authorised:		
Ordinary shares of RM0.10 each	2,000,000	2,000,000

(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 of 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 of the Company to subscribe for new ordinary shares of RM0.10 each in the Company.

The salient features of the ESOS are as follows:

- (i) 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;
- (ii) 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;
- (iii) 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;
- (iv) 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;
- (v) The price at which the optionee may exercise in respect of a share shall be as follows:
 - 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
 - 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, a discount of not more than 10% or the par value of an ordinary share.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

26 SHARE CAPITAL (continued)

(b) Employee share option scheme (continued)

- (vi) 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 2004	Number of options exercisable		
	2005	2006	2007
79,122,578	45,076,578	21,242,000	12,804,000

- (vii) Subject to paragraph (vi) above, an optionee may exercise an option in whole or in part in multiples of 1,000 shares only at such time in accordance with any guidelines as may be prescribed by the Directors from time to time;
- (viii) 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 or bonus issues or dividends or distributions the entitlement date of which precedes the date of the issue of the shares.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

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:

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		
2004								
1.7.2002	30.6.2012	4.36	27,887	–	(11,278)	(1,176)	15,433	
23.1.2003	30.6.2012	5.13	1,196	–	(349)	(100)	747	
25.4.2003	30.6.2012	4.80	795	–	(212)	(58)	525	
3.6.2003	30.6.2012	5.34	4,000	–	(100)	–	3,900	
1.7.2003	30.6.2012	5.13	32,538	–	(6,139)	(1,645)	24,754	
13.10.2003	30.6.2012	6.47	732	–	(124)	–	608	
21.1.2004	30.6.2012	7.05	–	1,953	–	(144)	1,809	
1.4.2004	30.6.2012	8.15	–	304	–	–	304	
23.4.2004	30.6.2012	8.13	–	1,002	–	(126)	876	
1.7.2004	30.6.2012	7.99	–	29,913	–	(1,129)	28,784	
13.10.2004	30.6.2012	7.74	–	1,413	–	(30)	1,383	
			67,148	34,585	(18,202)	(4,408)	79,123	
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	
							2004	2003
Number of share options vested as at the balance sheet date ('000)							11,825	5,325

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

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 2004 '000	2003 '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
January 2004	7.45 - 8.10	4.36 - 5.13	489	—
February 2004	7.80 - 8.50	4.36 - 5.13	454	—
March 2004	8.75 - 9.25	4.36 - 5.34	619	—
April 2004	9.00 - 9.20	4.36 - 5.13	310	—
May 2004	8.30 - 8.90	4.36 - 5.13	208	—
June 2004	8.70 - 9.00	4.36 - 5.13	311	—
July 2004	8.90 - 9.00	4.36 - 5.13	5,068	—
August 2004	8.35 - 8.80	4.36 - 5.13	3,200	—
September 2004	8.50 - 8.75	4.36 - 5.13	1,985	—
October 2004	8.55 - 8.75	4.36 - 6.47	1,390	—
November 2004	8.75 - 9.45	4.36 - 6.47	1,535	—
December 2004	9.15 - 9.45	4.36 - 6.47	2,525	—
			18,094	6,786

The ordinary shares relating to 108,000 (2003: 34,000) exercised options have not been allotted to the optionees at the balance sheet date.

The share options over ordinary shares of RM0.10 each exercised during the year and the fair value, at exercise date, of shares issued are as follows:

	Group and Company	
	2004 RM'000	2003 RM'000
Ordinary share capital at par	1,810	678
Share premium	82,507	28,908
Proceeds received on exercise of share options	84,317	29,586
Fair value at exercise date of shares issued	160,083	44,135

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

27 CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Deposits with licensed banks	2,172,457	1,013,124	196,510	225,712
Cash and bank balances	65,814	54,664	1,853	691
Bank overdraft (Note 25)	–	(658)	–	(187)
Total	2,238,271	1,067,130	198,363	226,216

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

- Ringgit Malaysia	2,234,392	1,063,051	198,309	226,211
- USD	3,879	4,079	54	5
Total	2,238,271	1,067,130	198,363	226,216

28 FINANCIAL INSTRUMENTS

(a) Currency hedge

The Company has entered into an arrangement to fully hedge the USD160 million (RM608 million) syndicated loan which fixes the exchange rate of US Dollar to Ringgit Malaysia at RM3.80 to USD1.00. Subsequent to the financial year, the syndicated loan was refinanced and the currency hedged is replaced for the new syndicated loan (refer to Note 34(b)).

(b) 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:

	Group	
	Carrying amounts RM'000	Fair values RM'000
Trade creditors	75,396	74,240
Borrowings	418,000	418,000

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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

29 ACQUISITION OF SUBSIDIARIES

- (a) During the financial year, the Company acquired 19 subsidiaries which have yet to commence operations, details of which are shown in Note 16 to the financial statements. No financial effects are shown as these acquisitions are immaterial.
- (b)(i) 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 were as follows:

	As at 7 May 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

- (b)(ii) 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 included 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 eliminated 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.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

29 ACQUISITION OF SUBSIDIARIES (continued)

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 were as follows:

	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)

- (b)(iii) 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 29(b)(ii) 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 FRS 112 - Income Taxes.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

29 ACQUISITION OF SUBSIDIARIES (continued)

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 31 December 2003 after the internal reorganisation, were as follow:

	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
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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

30 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	
	2004 RM'000	2003 RM'000
Contracted for	349,214	254,622
Not contracted for	1,060,464	1,661,606
Total	1,409,678	1,916,228

31 OPERATING LEASE COMMITMENTS

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

	Group		Company	
	2004 RM'000	2003 RM'000	2004 RM'000	2003 RM'000
Expiring within one year	35,072	35,192	23,000	22,278
Expiring between one and five years	123,808	152,371	118,313	137,850
Expiring after five years	64,584	106,928	64,584	106,928
Total	223,464	294,491	205,897	267,056

32 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are those defined under FRS 124 – 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	
	2004 RM'000	2003 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)	8,080	7,653

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

32 SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

	Group	
	2004	2003
	RM'000	RM'000
(b) Purchases of goods and services		
Purchases of services from:		
– Tanjong City Centre Property Management Sdn. Bhd. (rental and utility charges)	24,606	22,723
– MEASAT Satellite Systems Sdn. Bhd. (formerly known as Binariang Satellite Systems Sdn. Bhd.) (transponder lease rental)	21,940	16,208
– MEASAT Broadcast Network Systems Sdn. Bhd. (CATV, advertising, printing services and video content)	5,937	708
– UTSB Management Sdn. Bhd. (secondment and consultancy services)	27,574	36,659
– SRG Asia Pacific Sdn. Bhd. (call handling and telemarketing services)	11,210	3,045

(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 grant of an option to MBNS or its affiliate to subscribe for ordinary shares of RM1.00 each in Advanced Wireless Technologies Sdn. Bhd. ("AWT"), a wholly-owned subsidiary of the Company, up to 25% of the enlarged share capital of AWT ("Option").

MBNS' affiliate, MBNS Multimedia Technologies Sdn. Bhd. ("MMT"), had on 25 May 2004 exercised the Option to subscribe for 833,334, ordinary shares in AWT for a total subscription price of RM833,334.

On 19 August 2004, MMT completed the exercise of the Option with the payment of the above subscription monies to AWT. A shareholders' agreement was subsequently entered into between MMT, AWT and the Company on 25 August 2004 to give effect to the parties' intentions and to regulate their relationship as shareholders of AWT and the conduct of business and affairs of AWT and AWT's wholly-owned subsidiary, UMTS (Malaysia) Sdn. Bhd..

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

33 CONTINGENT LIABILITIES

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

	Company 2004 RM'000	2003 RM'000
(i) Guarantee given to a third party in respect of services provided to subsidiaries	1,800	1,800
(ii) Guarantees given to financial institutions for borrowing facilities granted to a subsidiary	608,000	722,000

Subsequent to the financial year, the guarantees given to the financial institutions have been terminated due to full repayment of the borrowing facilities by the subsidiary.

	Group 2004 RM'000	2003 RM'000	Company 2004 RM'000	2003 RM'000
(iii) Indemnity given to financial institutions in respect of bank guarantees issued at the request of the Company and subsidiaries				
- custom duties	1,817	16,726	-	-
- others	17,025	22,012	15	185
Total	18,842	38,738	15	185

(iv) Irrevocable bank guarantee given to the Malaysian Communications and Multimedia Commission	50,000	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.				
(vi) A subsidiary entered into network construction contracts with several developers. Some developers have terminated their contracts for alleged breach of contract and have claimed against the subsidiary. Certain claims have been settled and a provision of RM1,551,000 has been made in respect of remaining claims.				

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004 (continued)

34 SUBSEQUENT EVENT

(a) Proposed subscription of new shares representing 51% of the enlarged share capital in PT Natrindo Telepon Seluler ("NTS") for a cash consideration of USD100 million ("Proposed Investment")

The Company announced on 20 January 2005 that on 19 January 2005:

(i) The Company and its wholly-owned subsidiary, East Asia Communications N.V. ("EAC") entered into a conditional Share Subscription Agreement ("SSA") with PT Aneka Tirta Nusa ("Tirta") and NTS for EAC to subscribe for new shares representing 51% of the enlarged share capital in NTS for a cash consideration of USD100 million (equivalent to RM380 million); and

(ii) EAC entered into a conditional Shareholders' Agreement ("SA") with Tirta and NTS.

Pursuant to the SSA, EAC shall also extend a shareholder's loan of USD150 million (equivalent to RM570 million) to NTS at an interest rate of 9% p.a. for a period of 5 years from the first drawdown.

On 7 March 2005, the Company incorporated a company in the Netherlands, known as Teleglobal Investments B.V. ("Teleglobal") Its principal activity is an investment holding company.

On 15 March 2005, the Company announced the following:

(i) The Company and its wholly-owned subsidiaries, EAC and Teleglobal have entered into a Novation Agreement with Tirta and NTS whereby with effect from 15 March 2005, EAC shall cease to be a party to the SSA and Teleglobal shall become a party to the SSA in place of EAC and accordingly, MCB, Tirta and NTS release and discharge EAC from its liabilities and obligations under the SSA; and

(ii) EAC and Teleglobal have entered into a Novation Agreement with Tirta and NTS whereby with effects from 15 March 2005, EAC shall cease to be a party to the SA and Teleglobal shall become a party to the SA in place of EAC and accordingly, Tirta and NTS release and discharge EAC from its liabilities and obligations under the SA.

The Proposed Investment is expected to be completed in the first half of 2005.

(b) USD360 million syndicated term loan facilities

The Company announced on 7 February 2005 that it had obtained syndicated term loan facilities of up to the maximum principal amount of USD360 million loan (the "Facility") from participating lenders with ABN AMRO Bank N.V., Labuan Branch as lead arranger and ABN AMRO Bank Berhad as agent.

The Facility is for the purposes of refinancing the existing USD loan, financing the capital expenditure and working capital requirements and for general corporate purposes of the Group. The Facility will enable the Group to achieve lower cost of borrowings, improved financing terms and to pursue its growth. The Facility has a tenure of up to 5 years from the date of the Facility Agreement.

On 16 February 2005, the Group has made full prepayment of the existing USD160 million syndicated loan (refer to note 25). The legal charge over all the ordinary shares in Maxis Mobile Sdn. Bhd., a subsidiary, is in the process of being discharged as full repayment has been made.

35 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 April 2005.

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 70 to 123 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 2004 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 MASB 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 25 April 2005.

DATUK MEGAT ZAHARUDDIN BIN MEGAT MOHD NOR
CHAIRMAN

DATO' JAMALUDIN BIN IBRAHIM
DIRECTOR

Kuala Lumpur

DECLARATION

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

I, Bartho van Otterdyk, 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 70 to 123 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.

BARTHO VAN OTTERDYK

Subscribed and solemnly declared by the above named Bartho van Otterdyk at Kuala Lumpur in Malaysia on 25 April 2005, before me.

NGUI KEE HEONG
(No. W231)
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 70 to 123. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

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 MASB 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 2004 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 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

Kuala Lumpur

25 April 2005

ERIC OOI LIP AUN

(No. 1517/06/06 (J))

Partner of the firm

SIZE OF SHAREHOLDINGS

as at 29 April 2005

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	262	2.11	2,535	0.00
100 - 1,000	7,421	59.90	6,826,931	0.28
1,001 - 10,000	3,392	27.38	12,971,656	0.52
10,001 - 100,000	701	5.66	24,960,500	1.01
100,001 - 123,960,049 *	609	4.92	1,601,408,322	64.59
123,960,050 and above **	4	0.03	833,031,056	33.60
Total	12,389	100.00	2,479,201,000	100.00

* - Less than 5% of issued shares

** - 5% and above of issued shares

DISTRIBUTION TABLE ACCORDING TO CATEGORY OF SHAREHOLDERS

as at 29 April 2005

Category of Shareholders	No. of shareholders	% of shareholders	No. of shares held	% of issued shares
Individuals	10,176	82.14	25,548,876	1.03
Bank/ Finance Companies	17	0.14	114,880,300	4.64
Investments Trusts/ Foundations/ Charities	31	0.25	799,500	0.03
Other Types of Companies	204	1.64	1,246,372,946	50.27
Government Agencies/ Institutions	11	0.09	98,509,000	3.97
Nominees	1,950	15.74	993,090,378	40.06
Total	12,389	100.00	2,479,201,000	100.00

DIRECTORS' INTERESTS IN SHARES

based on the register of directors' shareholdings as at 29 April 2005

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 shares held		% of issued shares	
	Direct	Indirect	Direct	Indirect
Datuk Megat Zaharuddin bin Megat Mohd. Nor	—	—	—	—
Dato' Seri Syed Anwar Jamalullail	9,000	—	0.0004	—
Lord Killearn	100,000 ⁽¹⁾	—	0.0040	—
Augustus Ralph Marshall	500,000 ⁽²⁾	—	0.0202	—
Tan Poh Ching	500,000 ⁽³⁾	—	0.0202	—
Chan Chee Beng	500,000	—	0.0202	—
Dato' Jamaludin bin Ibrahim	650,000 ⁽⁴⁾	—	0.0262	—

	Option over number of shares of RM0.10 each	
	No. of Option Shares	Price per Option Share
Dato' Jamaludin bin Ibrahim	1,743,578	RM4.36
	368,000	RM5.13
	304,000	RM8.15

NOTES:-

- ⁽¹⁾ Of the 100,000 ordinary shares of RM0.10 each, 85,000 ordinary shares of RM0.10 each are held through a nominee, namely, HSBC Nominees (Asing) Sdn Bhd and 15,000 ordinary shares of RM0.10 each are registered in own name.
- ⁽²⁾ Held through a nominee, namely, CIMSEC Nominees (Tempatan) Sdn Bhd.
- ⁽³⁾ Held through a nominee, namely, RHB Capital Nominees (Tempatan) Sdn Bhd.
- ⁽⁴⁾ Of the 650,000 ordinary shares of RM0.10 each, 320,000 ordinary shares of RM0.10 each are held through a nominee, namely, RHB Capital Nominees (Tempatan) Sdn Bhd, 200,000 ordinary shares of RM0.10 each are held through a nominee, namely, Citicorp Nominees (Tempatan) Sdn Bhd and 130,000 ordinary shares of RM0.10 each are registered in own name.

LIST OF 30 LARGEST SHAREHOLDERS

as at 29 April 2005

Nos	Name	No of shares held	% of issued shares
1	Maxis Holdings Sdn Bhd	397,849,171	16.05
2	Cartaban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tegas Puri Sdn Bhd	167,378,718	6.75
3	Wilayah Resources Sdn Bhd	133,901,584	5.40
4	Besitang Barat Sdn Bhd	133,901,583	5.40
5	Cartaban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Besitang Selatan Sdn Bhd	117,164,175	4.73
6	Ria Utama Sdn Bhd	83,689,359	3.38
7	Tetap Emas Sdn Bhd	83,689,359	3.38
8	Nusantara Makmur Sdn Bhd	74,514,359	3.01
9	Cabaran Mujur Sdn Bhd	61,665,722	2.49
10	Wangi Terang Sdn Bhd	59,732,025	2.41
11	Employees Provident Fund Board	57,018,900	2.30
12	Mujur Anggun Sdn Bhd	50,214,543	2.02
13	CIMSEC Nominees (Tempatan) Sdn Bhd Security Trustee (KCW Issue 2)	48,500,000	1.96
14	HSBC Nominees (Asing) Sdn Bhd Emerging Markets Growth Fund	48,392,000	1.95
15	Lembaga Tabung Haji	45,909,300	1.85
16	Anak Samudra Sdn Bhd	43,689,359	1.76
17	Dumai Maju Sdn Bhd	43,689,359	1.76
18	Tegas Sari Sdn Bhd	35,148,789	1.42
19	Kumpulan Wang Amanah Pencen	25,681,200	1.04
20	HSBC Nominees (Asing) Sdn Bhd JPMCB for Europacific Growth Fund	25,139,600	1.01
21	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	23,073,100	0.93
22	Kumpulan Wang Amanah Pencen	21,437,200	0.86
23	Usaha Kenanga Sdn Bhd	20,853,534	0.84
24	Kumpulan Wang Amanah Pencen	19,841,500	0.80
25	Kumpulan Wang Amanah Pencen	19,398,300	0.78
26	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for GMO Emerging Markets Fund	18,921,100	0.76
27	Amanah Raya Nominees (Tempatan) Sdn Bhd Skim Amanah Saham Bumiputera	18,910,800	0.76
28	HSBC Nominees (Asing) Sdn Bhd Capital International Emerging Markets Investment Fund	18,532,500	0.75
29	HSBC Nominees (Asing) Sdn Bhd JPMCB for Capital Income Builder Inc	17,667,200	0.71
30	HSBC Nominees (Asing) Sdn Bhd New World Fund Incorporated	14,554,300	0.59
		1,930,058,639	77.85

INFORMATION ON SUBSTANTIAL SHAREHOLDERS

(excluding bare trustees) as at 29 April 2005

The direct and indirect shareholdings of the shareholders holding more than 5% in Maxis based on the Register of Substantial Shareholders as at 29 April 2005 are as follows:

Name	No. of shares held Direct	% of issued shares	No. of shares held Indirect	% of issued shares
Maxis Holdings Sdn Bhd	397,849,171	16.05	–	–
Global Multimedia Technologies (BVI) Ltd	–	–	397,849,171 ⁽¹⁾	16.05
East Asia Telecommunications Ltd	–	–	397,849,171 ⁽¹⁾	16.05
Worldwide Communications Technologies Ltd	–	–	397,849,171 ⁽¹⁾	16.05
Eridanes International N.V.	–	–	397,849,171 ⁽²⁾	16.05
Pacific Fortune Sdn Bhd	–	–	167,378,718 ⁽³⁾	6.75
MAI Holdings Sdn Bhd	–	–	167,378,718 ⁽⁴⁾	6.75
Wilayah Resources Sdn Bhd	133,901,584	5.40	–	–
Wilayah Bintang Sdn Bhd	–	–	133,901,584 ⁽⁵⁾	5.40
Tegas Puri Sdn Bhd	167,378,718	6.75	–	–
Tegas Mahsuri Sdn Bhd	–	–	167,378,718 ⁽⁶⁾	6.75
Besitang Barat Sdn Bhd	133,901,583	5.40	–	–
Besitang (M) Sdn Bhd	–	–	133,901,583 ⁽⁷⁾	5.40
Usaha Tegas Equity Sdn Bhd	–	–	552,346,060 ⁽⁸⁾	22.28
Usaha Tegas Sdn Bhd	–	–	552,346,060 ⁽⁹⁾	22.28
Pacific States Investment Limited	–	–	552,346,060 ⁽¹⁰⁾	22.28
Excorp Holdings N.V.	–	–	552,346,060 ⁽¹¹⁾	22.28
PanOcean Management Limited	–	–	552,346,060 ⁽¹¹⁾	22.28
Ananda Krishnan Tatparanandam	–	–	1,177,305,974 ⁽¹²⁾	47.49
Harapan Nusantara Sdn Bhd	–	–	329,775,665 ⁽¹³⁾	13.30
Tun Haji Mohammed Hanif bin Omar	300,000	0.012	331,775,665 ^{(14) & (15)}	13.38
Dato' Haji Badri bin Haji Masri	–	–	329,775,665 ⁽¹⁴⁾	13.30
Mohamad Shahrin bin Merican	130,000	0.0052	329,775,665 ⁽¹⁴⁾	13.30
Hj. Affendi bin Tun Hj Mohd Fuad Stephens	–	–	329,775,665 ⁽¹⁴⁾	13.30
The Capital Group Companies, Inc.	–	–	160,001,100 ⁽¹⁶⁾	6.45

INFORMATION ON SUBSTANTIAL SHAREHOLDERS

(excluding bare trustees) as at 29 April 2005 (continued)

NOTES:-

- 1 Deemed to have an interest by virtue of its direct interest in Maxis Holdings Sdn Bhd ("MHSB").
- 2 Eridanes International N.V. ("EINV") is deemed to have an interest in the shares in Maxis held by MHSB by virtue of EINV being entitled to exercise 100% of the votes attached to the voting shares in each of Global Multimedia Technologies (BVI) Ltd ("GMT"), East Asia Telecommunications Ltd ("EAT") and Worldwide Communications Technologies Ltd ("WCT").
- 3 Pacific Fortune Sdn Bhd ("PFSB")'s deemed interest in the shares in Maxis arises by virtue of its direct equity interest of 100% each in Ria Utama Sdn Bhd ("RUSB") and Tetap Emas Sdn Bhd ("TESB") respectively (collectively, "PFSB Subsidiaries"). The PFSB Subsidiaries hold in aggregate 6.75% direct equity interest in Maxis.
- 4 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 equity interest of 100% in PFSB. See Note (3) above.
- 5 Wilayah Bintang Sdn Bhd is deemed to have an interest in all of the shares in Maxis held by Wilayah Resources Sdn Bhd by virtue of its direct equity interest in Wilayah Resources Sdn Bhd.
- 6 Tegas Mahsuri Sdn Bhd is deemed to have an interest in all of the shares in Maxis held by Tegas Puri Sdn Bhd by virtue of its direct equity interest in Tegas Puri Sdn Bhd.
- 7 Besitang (M) Sdn Bhd is deemed to have an interest in all of the shares in Maxis held by Besitang Barat Sdn Bhd by virtue of its direct equity interest in Besitang Barat Sdn Bhd.
- 8 Usaha Tegas Equity Sdn Bhd ("UTES")'s deemed interest in the shares in Maxis arises by virtue of its direct equity interests of 100% each 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 22.28% direct equity interest in Maxis. See Notes (5) to (7) above.
- 9 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 100% of the votes attached to the voting shares of UTES. See Note (8) above.
- 10 Pacific States Investment Limited ("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 99.99% of the votes attached to the voting shares of UTSB. See Note (9) above.
- 11 The shares in PSIL are held by Excorp Holdings N.V. ("Excorp") which is in turn held by PanOcean Management Limited ("PanOcean"). PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam ("TAK") and foundations including those for charitable purposes. Although PanOcean and TAK are deemed to have an interest in the shares in Maxis in which PSIL has an interest, 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.

INFORMATION ON SUBSTANTIAL SHAREHOLDERS

(excluding bare trustees) as at 29 April 2005 (continued)

12 TAK is deemed to have an interest by virtue of:-

- (i) his controlling interest in MAI Sdn Berhad, the immediate holding company of Terang Equity Sdn Bhd which in turn has a direct equity interest of 100% in Wangi Terang Sdn Bhd;
- (ii) his controlling interest in MAIH, the immediate holding company of PFSB which in turn has a direct equity interest of 100% each in RUSB and TESB respectively. See Note (4) above;
- (iii) the deemed interest of PanOcean. See Note (11) above; and
- (iv) his controlling interest in EINV, the immediate holding company of EAT, GMT and WCT which in turn collectively hold shares in MHSB.

13 Harapan Nusantara Sdn Bhd ("Harapan Nusantara") is deemed to have an interest in all of the shares in Maxis 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 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.

14 Deemed to have an interest in the shares in Maxis in which Harapan Nusantara has an interest by virtue of his 25% direct equity interest in Harapan Nusantara. See Note (13) above. However, he does not have any economic interest in the shares held by the Harapan Nusantara Subsidiaries as such interest is held subject to the terms of the discretionary trusts for Bumiputera objects.

15 Tun Haji Mohammed Hanif bin Omar is deemed to have an interest over an additional 2,000,000 shares in Maxis held by Dian Tiara Sdn Bhd ("DTSB") by virtue of his direct equity interest of 99% in DTSB.

16 The Capital Group Companies, Inc. is deemed to have an interest in 160,001,100 ordinary shares in Maxis by virtue of the shares held by the following registered holders:-

- (i) Chase Nominees Limited in respect of 1,697,100 ordinary shares in Maxis;
- (ii) Chase Manhattan (Malaysia) Nominees Sdn Bhd in respect of 96,628,900 ordinary shares in Maxis;
- (iii) JP Morgan Chase Bank in respect of 2,178,500 ordinary shares in Maxis;
- (iv) Northern Trust in respect of 699,100 ordinary shares in Maxis;
- (v) Hong Kong Bank Malaysia in respect of 28,721,900 ordinary shares in Maxis;
- (vi) HSBC Malaysia Berhad in respect of 18,402,300 ordinary shares in Maxis; and
- (vii) Standard Chartered Bank Malaysia Bhd in respect of 11,673,300 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 2004 (RM'000)
Plot 12155 (Lot 13) Jalan Delima 1/ 1 Subang Hi-Tech Industrial Park 40000 Shah Alam Selangor Darul Ehsan	9 years	Freehold (land and building) 9 May 1994	—	Telecommunications operations centre and office	11,230	10,061	29,227
Lot 4059 Jalan Riang 20 Taman Gembira Industrial Estate 81100 Johor Bahru	12 years	Freehold (land and building) 21 July 1994	—	Telecommunications operations centre and office	2,022	2,531	6,426
Lot 4046 Jalan Riang 20 Taman Gembira Industrial Estate 81100 Johor Bahru	7 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	20 years	Freehold (land and building) 12 December 1994	—	Telecommunications operations centre	372	1,858	4,070
No. 26 Jalan Perdagangan 10 Taman Universiti 81300 Skudai Johor Darul Takzim	10 years	Freehold (land and building) 2 March 1995	—	Telecommunications operations centre	2,294	409	1,334
Lot 2537 & 2538 Lorong Jelawat 6 Kawasan Perusahaan Seberang Jaya 13700 Seberang Jaya Penang	8 years	Leasehold (land and building) 5 January 1995	69 years (18 August 2073)	Telecommunications operations centre and office	3,661	2,259	9,138
Lot 11301 Jalan Lebuhraya Kuala Lumpur – Seremban Batu 8, Mukim Petaling 57000 Kuala Lumpur	8 years	Sub-lease (land and building) 9 August 1999	21 years (28 July 2025)	Telecommunications operations centre and office	11,592	5,634	20,195
Lot 25 Lorong Burung Keleto Inanam Industrial Estate Inanam 88450, Kota Kinabalu, Sabah	4 years	Leasehold (land and building) 11 May 2000	92 Years (31 December 2096)	Telecommunications operations centre and office	16,149	3,372	22,244
Lot 2323, Off Jalan Daya Pending Industrial Estate Bintawa, 93450 Kuching Sarawak	4 years	Leasehold (land and building) 28 September 2000	37 years (17 February 2042)	Telecommunications operations centre and office	10,122	3,382	20,318

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 2004 (RM'000)
PT 31093 Taman Perindustrian Tago Jalan KL-Sg. Buluh Mukim Batu Gombak	7 years	Freehold (land and building) 2 July 1996	—	Telecommunications operations centre	2,830	3,290	2,782
Lot 943 & 1289 No. Lot Pemaju - 46 Rawang Integrated Industrial Park Selangor	7 years	Freehold (land and building) ⁽¹⁾ 12 April 1997	—	Central Technical Office	10,611	1,535	3,369
8101 Taman Desa Jasmin Block 12B Bandar Baru Nilai Labu, Negeri Sembilan	7 years	Freehold (land and building) 28 December 1996	—	Central Technical Office	2,378	1,736	1,373
No 1 Taman Perindustrian Subang (Lion Industrial Park) Seksyen 22 40000 Shah Alam Selangor	10 years	Freehold (land and building) 24 October 1995	—	Warehouse	17,721	1,886	7,418
Plot 80 C Bayan Lepas Industrial Park IV Penang	6 years	Leasehold (land and building) 27 July 1996	53 years (10 July 2057)	Incomplete Building	8,106	5,416	1,925
Lot 26A, Jalan Kilang SEDCO Industrial Estate Kolombong, 88450 Kota Kinabalu	20 years	Leasehold (land and building) 27 January 1996	30 years (31 December 2034)	Telecommunications operations centre	2,840	1,178	2,519
Lot 989, Section 66 Jalan Jentera, Pending Industrial Estate 93450 Kuching Sarawak	27 years	Leasehold (land and building) 9 May 1996	30 years (2 February 2035)	Telecommunications operations centre	2,614	800	1,600
No. 997, Solok Perusahaan 3 Perai Industrial Estate 13600 Perai Pulau Pinang	25 years	Leasehold (land and building) 13 March 1995	67 years (28 September 2071)	Telecommunications operations centre	1,784	699	876

Note:

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 Meetings held on 29 September 2003 and 7 June 2004 respectively, the Company had obtained shareholders' mandates to allow the Group to enter into recurrent related party transactions of a revenue or trading nature.

In accordance with Section 4.1.5 of Practice Note No 12/2001 issued by Bursa Securities, the details of recurrent related party transactions entered into during the financial year ended 31 December 2004 pursuant to the shareholders' mandates are as follows:-

Company in the Maxis Group involved	Transacting Party	Nature of Transaction	Related Party
MMSB	MIT	<ul style="list-style-type: none"> Purchase of services and content by MMSB to be accessed by mobile devices using the MMSB network, including among others the WAP-STK platform granted by MIT. Purchase of services by MMSB – development of Mobile Service Portal and upgrade of the WAP-STK platform by MIT – Development Fee. 	<ul style="list-style-type: none"> <u>Major Shareholders</u> UTSB, PSIL, Excorp, PanOcean, TAK, THO, Dato' Badri, AF, MSM <u>Directors</u> KTB (retired on 7.6.2004), RM, TPC, CCB
MMSSB	MIT	<ul style="list-style-type: none"> Purchase of services by MMSSB – development of Video Streaming Services across 2.5G and 3G network including platform and transaction fee. 	<ul style="list-style-type: none"> <u>Major Shareholders</u> UTSB, PSIL, Excorp, PanOcean, TAK, THO, Dato' Badri, AF, MSM <u>Directors</u> KTB, RM, TPC, CCB
MBSB	MBNS	<ul style="list-style-type: none"> Supply of services – the provision of services to MBNS for 2 skyline VSAT links and 2 leased lines to Kuching and Kota Kinabalu. 	<ul style="list-style-type: none"> <u>Major Shareholders</u> UTSB, PSIL, Excorp, PanOcean, TAK, THO, Dato' Badri, AF, MSM <u>Directors</u> KTB, RM, TPC, CCB
MMSSB	MBNS	<ul style="list-style-type: none"> Purchase of services by MMSSB– right position of video content and production services for Maxis video sharing services. Promotional activities with MBNS involving the provision of broadcast related media services e.g. television and radio bookings, sponsorships, promotional air-time and event packages to MMSSB. 	<ul style="list-style-type: none"> <u>Major Shareholders</u> UTSB, PSIL, Excorp, PanOcean, TAK, THO, Dato' Badri, AF, MSM <u>Directors</u> KTB, RM, TPC, CCB

Nature of Relationship	Shareholders' mandate obtained at the EGM held on 29 September 2003		Shareholders' mandate obtained at the EGM held on 7 June 2004	
	Unutilised mandate as at 1 January 2004 (RM)	Incurred from 1 January 2004 to 6 June 2004 (RM)	Approved/mandated on 7 June 2004 (RM)	Incurred from 7 June 2004 to 31 December 2004 (RM)
Please refer to Note 1	(1,000,000)	(136,115)	(2,000,000)	(154,912)
	(1,900,000)	Nil	(1,900,000)	(100,000)
Please refer to Note 1	N/A	N/A	(3,000,000)	(300,000)
Please refer to Note 2	1,582,404	944,775	2,100,000	1,068,727
Please refer to Note 2	N/A	N/A	(800,000)	(613,870)
	N/A	N/A	(17,000,000)	(6,674,745)

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS (continued)

Company in the Maxis Group involved	Transacting Party	Nature of Transaction	Related Party
MMSB [†]	TGV	<ul style="list-style-type: none"> Promotional activities involving the subsidising of movie tickets, sponsorship of shows and booking of halls for MMSB's customers. 	<ul style="list-style-type: none"> <u>Major Shareholders</u> UTSB, PSIL, Excorp, PanOcean, TAK, AF <u>Directors</u> KTB, RM, TPC, CCB
Maxis	TCCPM	<ul style="list-style-type: none"> Licence fee payable by Maxis to TCCPM for signage space and Maxis' right to name the building i.e. Menara Maxis. 	<ul style="list-style-type: none"> <u>Major Shareholders</u> UTSB, PSIL, Excorp, PanOcean, TAK, AF <u>Directors</u> KTB, RM, TPC, CCB
MBSB	MSS	<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, MAIH, THO <u>Directors</u> KTB, RM, CCB
MMSB [†]	MSS	<ul style="list-style-type: none"> Rental of assets – Rental payable by MMSB to MSS for BTS site. 	<ul style="list-style-type: none"> <u>Major Shareholders</u> TAK, MAIH, THO <u>Directors</u> KTB, RM, CCB
MMGS	MSS	<ul style="list-style-type: none"> Rental payable by MSS 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> KTB, RM, CCB
Maxis	MSS	<ul style="list-style-type: none"> Rental payable by MSS 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> KTB, RM, CCB
MMSB	SRGAP	<ul style="list-style-type: none"> Purchase of services – the provision of call handling and other tele-marketing services to MMSB by SRGAP. 	<ul style="list-style-type: none"> <u>Major Shareholders</u> UTSB, PSIL, Excorp, PanOcean, TAK, MSM <u>Directors</u> KTB, RM, TPC, CCB

Nature of Relationship	Shareholders' mandate obtained at the EGM held on 29 September 2003		Shareholders' mandate obtained at the EGM held on 7 June 2004	
	Unutilised mandate as at 1 January 2004 (RM)	Incurred from 1 January 2004 to 6 June 2004 (RM)	Approved/mandated on 7 June 2004 (RM)	Incurred from 7 June 2004 to 31 December 2004 (RM)
Please refer to Note 3	(170,099)	(63,223)	(600,000)	(118,596)
Please refer to Note 4	(224,400)	(114,400)	(792,000)	(345,600)
Please refer to Note 5	(13,581,770)	(9,409,510)	(26,720,000)	(12,832,856)
Please refer to Note 5	(19,700)	(10,920)	(28,600)	(14,280)
Please refer to Note 5	(65,250)	(37,700)	N/A	N/A
Please refer to Note 5	(23,470)	(13,052)	N/A	N/A
Please refer to Note 6	(7,178,480)	(3,948,016)	(13,000,000)	(7,261,917)

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS (continued)

Company in the Maxis Group involved	Transacting Party	Nature of Transaction	Related Party
Maxis	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> KTB, RM, TPC, CCB
MMSB [#]	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 Shareholders</u> TAK <u>Director</u> RM
MBSB	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> DJI
MBSB	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>Major Shareholder</u> THO
MBSB	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>Major Shareholder</u> THO
MMSB [#]	AmProperty	<ul style="list-style-type: none"> Rental of assets – Rental payable by MMSB to AmProperty for BTS site. 	<ul style="list-style-type: none"> <u>Major Shareholder</u> THO
MMSB	AMF	<ul style="list-style-type: none"> Rental of assets – Rental payable by MMSB to AMF for BTS site. 	<ul style="list-style-type: none"> <u>Major Shareholder</u> THO

Nature of Relationship	Shareholders' mandate obtained at the EGM held on 29 September 2003		Shareholders' mandate obtained at the EGM held on 7 June 2004	
	Unutilised mandate as at 1 January 2004 (RM)	Incurred from 1 January 2004 to 6 June 2004 (RM)	Approved/mandated on 7 June 2004 (RM)	Incurred from 7 June 2004 to 31 December 2004 (RM)
Please refer to Note 7	(366,600)	Nil	(480,000)	(151,200)
Please refer to Note 8	(18,000)	(10,400)	(26,400)	(13,600)
	(5,500)	(2,600)	(7,000)	(3,938)
DJI is a Director of Maxis and a director of HTP. He is also a shareholder of Maxis and HTP.	559,480	505,648	940,000	706,898
THO is a major shareholder of Maxis and also a director of Genting Berhad ("GB"), the holding company of OSB. He is a shareholder of GB.	(13,500)	(7,800)	(22,500)	(10,200)
THO is a major shareholder of Maxis and also a director of AMMB Holdings Bhd ("AMMB") the ultimate holding company of AMPT. THO does not have any equity interests in AMMB and AMPT.	(14,800)	(9,880)	(22,800)	(12,920)
	(2,777)	(390)	(12,000)	(585)
THO is a major shareholder of Maxis and also a director of AMMB, the ultimate holding company of AmProperty. THO does not have any equity interest in AmProperty.	(13,500)	(7,800)	(18,000)	(10,200)
THO is a major shareholder of Maxis and also a director of AMF. THO does not have any equity interest in AMF.	(9,000)	(5,200)	(12,000)	(6,800)

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS (continued)

Company in the Maxis Group involved	Transacting Party	Nature of Transaction	Related Party
MMSB [#]	GHB	<ul style="list-style-type: none"> Rental of assets – Rental payable by MMSB to GHB for BTS site. 	<ul style="list-style-type: none"> <u>Major Shareholder</u> THO
MMSB [#]	RFS	<ul style="list-style-type: none"> BTS electricity charges incurred by MMSB payable to RFS. 	<ul style="list-style-type: none"> <u>Major Shareholder</u> THO
MMSB [#]	GCC	<ul style="list-style-type: none"> Rental of assets – Rental payable by MMSB to GCC for BTS site. Electricity charges incurred payable to GCC by MMSB. 	<ul style="list-style-type: none"> <u>Major Shareholder</u> THO
MMSB [#]	RW	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> <u>Major Shareholder</u> THO
MBSB	AKSB	<ul style="list-style-type: none"> Rental of assets – Rental payable by MBSB to AKSB for BTS site. 	<ul style="list-style-type: none"> <u>Major Shareholder</u> TAK
MBSB	ALDSB	<ul style="list-style-type: none"> Rental of assets – Rental payable by MBSB to ALDSB for BTS site. 	<ul style="list-style-type: none"> <u>Major Shareholder</u> THO

As a result of the reorganisation of the business activities of certain of the subsidiaries of Maxis as announced on 8 August 2003, the transactions have been entered into by another wholly-owned subsidiary of Maxis or the agreements evidencing the transactions have been novated from the Maxis Group company to another wholly-owned subsidiary of Maxis.

* The exceeded amount has been approved by the Audit Committee and Board of Directors of Maxis.

Nature of Relationship	Shareholders' mandate obtained at the EGM held on 29 September 2003		Shareholders' mandate obtained at the EGM held on 7 June 2004	
	Unutilised mandate as at 1 January 2004 (RM)	Incurred from 1 January 2004 to 6 June 2004 (RM)	Approved/mandated on 7 June 2004 (RM)	Incurred from 7 June 2004 to 31 December 2004 (RM)
THO is a major shareholder of Maxis and also a director of RW, the holding company of GHB. He is also a shareholder of RW.	(42,372)	(30,555)	(91,000)	(50,127)
THO is a major shareholder of Maxis and also a director of GB, the ultimate holding company of RFS. He is also a shareholder of GB.	(7,403)	(7,283)	(18,000)	(10,555)
THO is a major shareholder of Maxis and also a director of RW, the holding company of GCC. He is also a shareholder of RW.	(65,250)	(37,700)	(96,000)	(49,300)
	(3,586)	(4,974)*	(8,000)	(7,573)
THO is a major shareholder of Maxis and also a director of RW. He is also a shareholder of RW.	(210,199)	(170,188)	(362,000)	(306,302)
	(16,462)	(20,154)*	(27,000)	(64,731)
Please refer to Note 9	N/A	N/A	(60,000)	(27,200)
THO is a major shareholder of Maxis and also a director of GB, the holding company of ALDSB. He is a shareholder of GB.	N/A	N/A	(86,400)	(87,924)*

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS (continued)

ABBREVIATIONS

AF	:	Hj. Affendi bin Tun Hj. Mohd Fuad Stephens
AJSB	:	Arena Johan Sdn Bhd
AKSB	:	Asas Klasik Sdn Bhd
ALDSB	:	Asiatic Land Development Sdn Bhd
AMF	:	AmFinance Berhad
AMPT	:	AmProperty Trust Management Sdn Bhd
AmProperty	:	AmProperty Holdings Sdn Bhd
CCB	:	Chan Chee Beng
Dato' Badri	:	Dato' Haji Badri bin Haji Masri
Excorp	:	Excorp Holdings N.V.
GCC	:	Genting Golf Course Berhad
GHB	:	Genting Highlands Berhad
HTP	:	HeiTech Padu Berhad
KTB	:	Khoo Teng Bin
KLCCP	:	KLCC Property Holdings Berhad
MAIH	:	MAI Holdings Sdn Bhd
MBNS	:	MEASAT Broadcast Network Systems Sdn Bhd
MBSB	:	Maxis Broadband Sdn Bhd
MIT	:	Multimedia Interactive Technologies Sdn Bhd
MMGS	:	Maxis Management Services Sdn Bhd
MMSB	:	Maxis Mobile Sdn Bhd
MMSSB	:	Malaysian Mobile Services Sdn Bhd
MSM	:	Mohamad Shahrin bin Merican
MSS	:	MEASAT Satellite Systems Sdn Bhd (formerly known as Binariang Satellite Systems Sdn Bhd)
OSB	:	Oakwood Sdn Bhd
PanOcean	:	PanOcean Management Limited
PSIL	:	Pacific States Investment Limited
RFS	:	Resorts Facilities Services Sdn Bhd
RM	:	Augustus Ralph Marshall
RW	:	Resorts World Berhad
SRGAP	:	SRG Asia Pacific Sdn Bhd
TAK	:	Ananda Krishnan Tatparanandam
TCCPM	:	Tanjong City Centre Property Management Sdn Bhd
TGV	:	TGV Cinemas Sdn Bhd (formerly known as Tanjong Golden Village Sdn Bhd)
THO	:	Tun Haji Mohammed Hanif bin Omar
TPC	:	Tan Poh Ching
UTP	:	UT Projects Sdn Bhd
UTSB	:	Usaha Tegas Sdn Bhd

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS (continued)

NOTES:

(1) MIT

MIT is a wholly-owned subsidiary of ASTRO ALL ASIA NETWORKS plc ("Astro").

UTSB, PSIL, Excorp, PanOcean and TAK, who are major shareholders of Maxis, are also major shareholders of Astro. In addition, TAK is a director of PanOcean, Excorp and UTBS.

THO, a major shareholder of Maxis, is also a major shareholder of Astro.

RM, TPC and CCB, who are Directors and shareholders of Maxis, are also Directors of UTBS. CCB is also a director of certain subsidiaries of Maxis. RM, TPC and CCB do not have any equity interest in UTBS or in MIT.

RM and TPC are directors of Astro. In addition, RM is the Deputy Chairman and the Group Chief Executive Officer of Astro.

KTB, 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 shareholder of Maxis and Astro, is also a Director of UTBS. KTB does not have any equity interest in UTBS or in MIT.

Dato' Badri, who is a director of Astro and AF, who is a director of certain subsidiaries of Astro, are also major shareholders of Maxis.

MSM, a major shareholder of Maxis, is also a major shareholder of Astro.

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

(2) MBNS

MBNS is a wholly-owned subsidiary of Astro.

UTSB, PSIL, Excorp, PanOcean and TAK, who are major shareholders of Maxis, are also major shareholders of Astro. In addition, TAK is a director of PanOcean, Excorp and UTBS.

THO, a major shareholder of Maxis, is also a major shareholder of Astro.

RM, TPC and CCB, who are Directors and shareholders of Maxis, are also directors of UTBS. CCB is also a director of certain subsidiaries of Maxis. RM, TPC and CCB do not have any equity interest in UTBS or in MBNS.

RM and TPC are directors of Astro. RM is also a director and Chief Executive Officer of MBNS. In addition, RM is the Deputy Chairman and the Group Chief Executive Officer of Astro.

KTB, 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 shareholder of Maxis and Astro, is also a Director of UTBS. KTB does not have any equity interest in UTBS or in MBNS.

Dato' Badri, who is a director of Astro and MBNS and AF, who is a director of MBNS and several other subsidiaries of MBNS, are also major shareholders of Maxis.

MSM, a major shareholder of Maxis, is also a major shareholder of Astro.

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

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS (continued)

(3) 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. In addition, TAK is also a director of PanOcean, Excorp and UTSB.

RM, TPC and CCB, who are Directors of Maxis, are also directors of UTSB. RM, TPC and CCB have direct equity interest in Maxis but do not have any equity interest in UTSB. In addition, RM and TPC are also Executive Director and Non-Executive Director of Tanjong respectively. CCB is also a director of certain subsidiaries of Maxis and a subsidiary of Tanjong.

KTB, 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 shareholder of Maxis, is also a Director of UTSB. In addition, KTB is also a major shareholder of Tanjong.

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

(4) 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 ("TAH").

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

RM, TPC and CCB, who are Directors of Maxis, are also directors of UTSB. RM, TPC and CCB have direct equity interest in Maxis but do not have any equity interest in UTSB. In addition, RM and TPC are also Executive Director and Non-Executive Director of Tanjong respectively. CCB is also a director of certain subsidiaries of Maxis and a subsidiary of Tanjong.

KTB, 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 shareholder of Maxis, is also a Director of UTSB. In addition, KTB is also a major shareholder of Tanjong.

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

(5) MSS

MSS is a wholly-owned subsidiary of MEASAT Global Berhad ("MEASAT Global"), the ultimate holding company of which is MAIH.

TAK and MAIH, each being a major shareholder of Maxis, are also major shareholders of MEASAT Global and hence of MSS.

RM, who is a Director of Maxis and KTB, 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, are also directors of MSS. KTB and RM have direct equity interest in Maxis but do not have any equity interest in MEASAT Global. In addition, RM is also a director of MEASAT Global while KTB is also a director of MAIH. In addition, THO, a major shareholder of Maxis, is also a director of MSS. THO does not have any equity interest in MEASAT Global.

CCB, a Director of Maxis and certain subsidiaries of Maxis, is also a director of certain subsidiaries of MSS. CCB has a direct equity interest in Maxis but does not have any equity interest in MEASAT Global or in MSS.

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS (continued)

(6) 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.

RM, TPC and CCB, who are Directors of Maxis, are also directors of UTSB. CCB is also a director of certain subsidiaries of Maxis. RM, TPC and CCB have direct equity interest in Maxis but do not have any equity interest in UTSB or in SRGAP.

KTB, 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 shareholder of Maxis, is also a Director of UTSB. KTB does not have any equity interest in UTSB or 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.

(7) UTP

UTP is a wholly-owned subsidiary of UTSB.

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

RM, TPC and CCB, who are Directors of Maxis, are also directors of UTSB. CCB is also a director of certain subsidiaries of Maxis. RM, TPC and CCB have direct equity interest in Maxis but do not have any equity interest in UTSB or in UTP.

KTB, 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 shareholder of Maxis, is also a Director of UTSB. KTB does not have any equity interest in UTSB or 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.

(8) AJSB

AJSB is a wholly-owned subsidiary of KLCCP.

TAK, who is a major shareholder of Maxis, is also a shareholder of KLCCP.

RM, who is a Director and shareholder of Maxis, is also a shareholder of KLCCP.

(9) AKSB

AKSB is a 75% subsidiary of KLCCP.

TAK, who is a major shareholder of Maxis, is also a shareholder of KLCCP.

RM, who is a Director and shareholder of Maxis, is also a director of AKSB and a shareholder of KLCCP.

ADDITIONAL DISCLOSURES

I) MATERIAL CONTRACT

The following disclosure is made in compliance with Part A of Appendix 9C of the Listing Requirements of Bursa Securities:

Parties		Subject Matter
Maxis' Company	Related Party	
Maxis	Advanced Wireless Technologies Sdn Bhd ("AWT") & MBNS Multimedia Technologies Sdn Bhd ("MMT")	Shareholders' Agreement ("Agreement") pursuant to the completion of the exercise by MMT of the option to subscribe for 833,334 ordinary shares of RM1.00 each ("Option Shares") representing 25% of the enlarged issued and paid-up share capital of AWT.

NOTES:

MMT is a wholly-owned subsidiary of ASTRO ALL ASIA NETWORKS plc ("Astro").

UTSB, PSIL, Excorp, PanOcean and TAK, who are major shareholders of Maxis, are also major shareholders of MMT via Astro. In addition, TAK is a director of PanOcean, Excorp and UTSB.

THO, a major shareholder of Maxis, is also a major shareholder of Astro.

RM, TPC and CCB, who are Directors and shareholders of Maxis, are also directors of UTSB. CCB is also a director of certain subsidiaries of Maxis. RM, TPC and CCB do not have any equity interest in UTSB, AWT or in MMT.

RM and TPC are directors of Astro. In addition, RM is the Deputy Chairman and the Group Chief Executive Officer of Astro. TPC is also a director of a subsidiary of Astro.

KTB, 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 shareholder of Maxis and Astro, is also a director of UTSB. KTB does not have any equity interest in UTSB, AWT or in MMT.

Dato' Badri, who is the Chairman of Astro and a director of MMT and AF, who is a director of certain subsidiaries of Astro, are also major shareholders of Maxis and Astro.

MSM, a major shareholder of Maxis, is also a major shareholder and a person connected to a director of Astro.

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

ADDITIONAL DISCLOSURES (continued)

Consideration Value (for year ending 31.12.2004)	Date of Agreement/ Duration	Mode of Satisfaction of Consideration	Relationship
RM833,334.00 being the consideration paid by MMT for the Option Shares.	Agreement dated 25 August 2004	Cash	Please refer to Notes on page 146

II) TRANSACTIONS THROUGH MEDIA AGENCIES

Media agencies have placed media airtime and programme sponsorship on behalf of Maxis amounting to RM19,763,000 (2003: RM7,208,000) with the ASTRO ALL ASIA NETWORKS plc (Astro) group, which amount is excluded from the related party transactions (RPTs) disclosed elsewhere in this Annual Report. Astro group is licensed to operate satellite Direct-to-Home television and FM radio services, and undertakes a number of other multimedia services in Malaysia. These transactions are negotiated between the media buying agencies and Astro based on terms consistent with prevailing rates within the media industry.

GLOSSARY

2G/2.5G	Second generation or 2G refers to the digital wireless communications systems that use circuit switching technology. GSM is one of the most widely used 2G mobile system. 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	The third generation (3G) digital wireless communications system uses packet switching technology and offers higher speed data transmission rates (between 144 kbps to 2 Mbps) 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.
ADSL	Asymmetric Digital Subscriber Line is a digital subscriber line using copper loop enhanced technologies, which is asymmetric, provides 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 is the 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.
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 a basic unit for data communications.
Broadband	Transmission capacity having a bandwidth greater than 128 kbps, capable of high speed data transmission, not including ISDN.
BSC	In a mobile network, the Base Station Controller (BSC) controls several cells and handles cell set-up and management.
BTS	Base Transceiver Station (BTS) is 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 Securities	Bursa Malaysia Securities Berhad (Company No. 635998-W).
Board	Board of Directors of Maxis.
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 is a digital wireless transmission technology.

GLOSSARY (continued)

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.
EDGE	Enhanced Data Rates for Global Evolution is a 3G technology that delivers broadband-like data speeds to mobile devices.
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 is 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 is 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.
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 is a standard that keeps track of network addresses for different nodes, routes outgoing messages, and recognises incoming messages.
ISDN	Integrated Services Digital Network.
kbps	One thousand bits per second.
LAN	Local Area Network is a short distance data communications network (usually within a building).
Malaysian Mobile	Malaysian Mobile Services Sdn Bhd (Company No. 73315-V).
MASA	Maxis Authorised Service Agent.
MASB	Malaysian Accounting Standard Board.
Maxis or the Company	Maxis Communications Berhad (Company No. 158400-V).
Mbps	One million bits per second.
MBNS	MEASAT Broadcast Network Systems Sdn Bhd (Company No. 240064-A).
MBSB	Maxis Broadband Sdn Bhd (Company No. 234053-D).

GLOSSARY (continued)

MSC	Mobile Switching Centre is a switching centre in a mobile network that keeps track of users, processes calls and routes calls to users through the BSCs.
MMSB	Maxis Mobile Sdn Bhd (Company No. 229892-M).
POTs	Plain old telephone service refers to the standard telephone network.
PTT	Push To Talk is 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 is 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.
VSAT	Very Small Aperture Terminal is a small earth station used in satellite communication for transmission of data, voice and video.
WAP	Wireless Application Protocol is an open, global protocol that is designed to send web pages to wireless devices and allows users to access information instantly.
W-CDMA	Wideband Code Division Multiple Access is CDMA technology for 3G systems and is designed to be backward compatible with GSM standard.

CONTACT INFORMATION AND MAXIS CENTRES

CUSTOMER SERVICE

- **Enquiries and Assistance for any Maxis service (24 hours a day, 7 days a week)**
Dial 123 on any Maxis phone or (603) 7492 2123 on any other phone or fax (603) 7492 2950 or email us at customer@maxis.com.my
- **Enquiries and Assistance for Hotlink Services (24 hours a day, 7 days a week)**
Dial 1 300 820120 on any phone
- **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 Solution**
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/ 6511**
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
www.maxis.com.my

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 KM 12, Jalan Ipoh
68100 Batu Caves

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
34000 Kamunting

JOHOR

Batu Pahat

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

Johor Bahru Maxis i-centre

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

Taman Molek

Ground Floor
Units 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

Units S-1-B and S-2-A
The Northam
55 Jalan Sultan Ahmad Shah
10050 Pulau Pinang

Bayan Baru

Unit 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 (Grd, 1st, 2nd Floor)
Al Idrus Commercial Centre
Jalan Satok, 93400 Kuching

Miri

2377 (Grd 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 Eighteenth (18th) Annual General Meeting of MAXIS COMMUNICATIONS BERHAD ("the Company") will be held on Thursday, 23 June 2005 at 10.00 a.m. at Sapphire Room, Level 1, 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 2004 and the Auditors' Report thereon. **Please refer to Note A.**
- 2 To declare the following final dividends for the financial year ended 31 December 2004: **Resolution 1**
 - (i) 10.00 sen per ordinary share, tax exempt; and
 - (ii) 8.33 sen per ordinary share less Malaysian Income Tax at 28%.
- 3 To re-elect the following Directors who retire by rotation pursuant to Article 114 of the Company's Articles of Association:

 - (i) Y. Bhg. Dato' Jamaludin bin Ibrahim **Resolution 2**
 - (ii) Encik Augustus Ralph Marshall **Resolution 3**
- 4 To re-elect as a Director, Encik Chan Chee Beng, who retires pursuant to Article 121 of the Company's Articles of Association. **Resolution 4**
- 5 To re-appoint Messrs. PricewaterhouseCoopers as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

As Special Business:

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

6. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965** **Resolution 6**

THAT pursuant to Section 132D of the Companies Act, 1965, 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.

NOTICE OF Annual General Meeting (continued)

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Eighteenth (18th) Annual General Meeting to be held on Thursday, 23 June 2005, the following final dividends for the financial year ended 31 December 2004 will be paid on 6 July 2005 to Depositors registered in the Record of Depositors at the close of business on 24 June 2005:

- (i) 10.00 sen per ordinary share, tax exempt; and
- (ii) 8.33 sen per ordinary share less Malaysian Income Tax at 28%.

A Depositor 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 2005 in respect of transfers; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

DIPAK KAUR
LS 5204
Company Secretary

1 June 2005
Kuala Lumpur

NOTICE OF Annual General Meeting (continued)

NOTES:

- A. This Agenda item is meant for discussion only as the provisions of Section 169(1) of the Companies Act, 1965 and the Company's Articles of Association do 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 instrument of 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.

Explanatory Note on Special Business:

Resolution 6 - 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 or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING made pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Securities

EXPLANATORY NOTE ON SPECIAL BUSINESS:

Resolution 6 - 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 or the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

DIRECTORS WHO ARE STANDING FOR RE-ELECTION AT THE EIGHTEENTH (18TH) ANNUAL GENERAL MEETING OF THE COMPANY

- (1) pursuant to Article 114 of the Company's Articles of Association are Y. Bhg. Dato' Jamaludin bin Ibrahim and Encik Augustus Ralph Marshall; and
- (2) pursuant to Article 121 of the Company's Articles of Association is Encik Chan Chee Beng.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year under review, eight (8) board meetings were held. The attendance of the Directors were as follows:

	Attendance
Datuk Megat Zaharuddin bin Megat Mohd. Nor	8 out of 8 meetings
Dato' Seri Syed Anwar Jamalullail	8 out of 8 meetings
Lord Killearn	8 out of 8 meetings
Khoo Teng Bin (retired from office on 7 June 2004)	3 out of 3 meetings
Augustus Ralph Marshall	7 out of 8 meetings
Tan Poh Ching	8 out of 8 meetings
Chan Chee Beng (appointed on 7 June 2004)	5 out of 5 meetings since his appointment
Dato' Jamaludin bin Ibrahim	7 out of 8 meetings

DETAILS OF PLACE, DATE AND TIME OF THE EIGHTEENTH (18TH) ANNUAL GENERAL MEETING

Place : Sapphire Room, Level 1
Mandarin Oriental, Kuala Lumpur
Kuala Lumpur City Centre
50088 Kuala Lumpur, Malaysia

Date and time : Thursday, 23 June 2005 at 10.00 a.m.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

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

DETAILS OF DIRECTORS WHO ARE STANDING FOR RE-ELECTION

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

Name	Dato' Jamaludin bin Ibrahim
Age	46
Nationality	Malaysian
Qualification	He attended Maktab Sultan Abu Bakar before graduating in 1978 from California State University, USA with a B. Sc. in Business Administration, and minor in Mathematics. He obtained his MBA from Portland State University, Oregon in 1980, specialising in Quantitative Methods.
Position in the Company	Chief Executive Officer
Working experience and occupation	<p>Was appointed as Chief Executive Officer ("CEO") of Maxis in October 1998, and later, became a Director in April 2002. He has been with the Company for about 8 years.</p> <p>Prior to Maxis, he spent 17 years in the IT industry. He was the Managing Director and CEO of Digital Equipment (M) Sdn Bhd (subsequently acquired by Compaq in 1999) from 1993 to 1997.</p> <p>Preceding that, he spent 12 years in IBM Malaysia, with the first 5 years as a systems engineer and subsequently, in various positions in sales, marketing and support. His last position in IBM Malaysia was a Division Manager. Prior to that he spent a year lecturing at California State University, USA, in 1981. Dato' Jamaludin also sits on the Board of Directors of local and international organisations. In Malaysia, he is the Chairman of the Advisory Board of the National Science Centre, and a board member of the Malaysia Venture Capital Management Berhad ("MAVCAP"), a government-owned venture capital firm, as well as, HeiTech Padu Berhad, an IT solutions provider. At international level, he is a board member of Bridge Mobile Pte. Ltd., a strategic alliance of 8 regional telecommunications providers. He had also served as a board member of the World's GSM Association for 2 years.</p>
Any other directorships of public companies	<ol style="list-style-type: none"> 1) Malaysia Venture Capital Management Berhad 2) HeiTech Padu Berhad
The securities holdings in the Company and its subsidiaries	<p>In the Company:</p> <ol style="list-style-type: none"> 1) Direct shareholding of 130,000 and 520,000 held through nominees, totalling 650,000 ordinary shares of RM0.10 each (0.0262%). 2) Share options over 2,415,578 ordinary shares of RM0.10 each, which were granted pursuant to Maxis Employee Share Option Scheme. <p>In the subsidiaries: Nil</p>
The family relationship with any director and/ or major shareholder of the Company	None
Any conflict of interest that he has with the Company	He does not have any conflict of interest with the Company
List of convictions for offences within the past 10 years other than traffic offences, if any	None
Participation in Board Committees	ESOS Committee

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING made pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Securities (continued)

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	Augustus Ralph Marshall
Age	53
Nationality	Malaysian
Qualification	An Associate of the Institute of Chartered Accountants in England and Wales, and a Member of the Malaysian Institute of Certified Public Accountants
Position in the Company	Non-Executive Director
Working experience and occupation	He has some 30 years' experience in financial and general management. He is currently the Deputy Chairman and Group Chief Executive Officer of ASTRO ALL ASIA NETWORKS plc (listed on the Bursa Securities), which is a leading regional cross-media operator. He is also an Executive Director of Tanjong Public Limited Company (listed on the Bursa Securities and the London Stock Exchange plc), which is involved in leisure and entertainment and power generation and Usaha Tegas Sdn Bhd, which has significant interests in the aforesaid companies. His other directorships include MEASAT Global Berhad (listed on the Bursa Securities), which is the owner and operator of the Malaysia East Asia Satellite System, KLCC (Holdings) Berhad, the developer and manager of the Kuala Lumpur City Centre development and Arnhold Holdings Limited (listed on the Stock Exchange of Hong Kong Limited), which is involved in supplying products for the building and construction industry.
Any other directorships of public companies	1) MEASAT Global Berhad 2) KLCC (Holdings) Berhad
The securities holdings in the Company and its subsidiaries	In the Company: Shareholding of 500,000 ordinary shares of RM0.10 each (0.0202%) held through nominee. 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
Participation in Board Committees	1) Audit Committee 2) Nomination Committee 3) ESOS Committee

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING made pursuant to Paragraph 8.28(2) of the Listing Requirements of Bursa Securities (continued)

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	Chan Chee Beng
Age	49
Nationality	Malaysian
Qualification	He holds a Degree in Economics and Accounting and is a Fellow of the Institute of Chartered Accountants in England and Wales
Position in the Company	Non-Executive Director
Working experience and occupation	He has more than 26 years of experience in investment banking, financial management and accounting including stints with Ernst & Young and Morgan Grenfell & Co. Ltd. His other directorships include Usaha Tegas Sdn Bhd (which has significant interests in Maxis, Tanjong Public Limited Company ("Tanjong") and ASTRO ALL ASIA NETWORKS plc), Powertek Berhad (a wholly-owned subsidiary of Tanjong) and Bumi Armada Berhad Group.
Any other directorships of public companies	1) Powertek Berhad 2) Bumi Armada Berhad
The securities holdings in the Company and its subsidiaries	In the Company: Direct shareholding of 500,000 ordinary shares of RM0.10 each (0.0202%). 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
Participation in Board Committees	Nil

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/ BUSINESS REGISTRATION CERTIFICATE) (COMPULSORY)
of _____
(ADDRESS)
telephone no. _____ being a member of Maxis Communications Berhad ("the Company"), hereby appoint
_____ NRIC No. _____
(FULL NAME IN BLOCK LETTERS AS PER IDENTITY CARD) (COMPULSORY)
of _____
(ADDRESS)
and/ or _____ NRIC No. _____
(FULL NAME IN BLOCK LETTERS AS PER IDENTITY CARD) (COMPULSORY)
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 Eighteenth Annual General Meeting of the Company to be held on Thursday, 23 June 2005 at 10.00 a.m. at Sapphire Room, Level 1, Mandarin Oriental, Kuala Lumpur, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia and at any adjournment thereof. I/ We indicate with an " " or "x" in the spaces below how I/ we wish my/ our vote to be cast:

	AGENDA		
1	To consider the Financial Statements and the Reports of Directors and Auditors thereon.		
	ORDINARY RESOLUTIONS	FOR	AGAINST
2	Declaration of final dividends (Resolution 1)		
3	Re-election of Y. Bhg. Dato' Jamaludin bin Ibrahim (Resolution 2)		
4	Re-election of Encik Augustus Ralph Marshall (Resolution 3)		
5	Re-election of Encik Chan Chee Beng (Resolution 4)		
6	Re-appointment of Auditors (Resolution 5)		
7	Special Business Authority to issue shares pursuant to Section 132D of the Companies Act, 1965 (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: _____ (CDS Account No.) (COMPULSORY) Date : _____	The proportions of my/ our holding to be represented by my/ our proxies are as follows:
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 in its capacity as *member/ *attorney of member/ *authorised nominee of _____ (beneficial owner)	SEAL No of shares held: _____ Securities Account No: _____ (CDS Account No.) (COMPULSORY) Date: _____	First Proxy No. of Shares: _____ Percentage: _____% Second Proxy No. of Shares: _____ Percentage: _____%

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 (2) 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 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 instrument of 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 hand 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

Maxis Communications Berhad

Level 18, Menara Maxis

Kuala Lumpur City Centre

Off Jalan Ampang

50088 Kuala Lumpur

Malaysia