

Chairman's Statement

TAN SRI DATO' MEGAT ZAHARUDDIN
BIN MEGAT MOHD. NOR



chairman's statement



Maxis Chairman, Tan Sri Dato' Megat Zaharuddin (seated, centre) with Aircel CEO, V. Srinivasan (seated, left)

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2005 was a year when our Company took significant steps to seize opportunities that steered Maxis towards realising its aspiration to be a regional communications leader of choice. We continue to be Malaysia's leading mobile telecommunications player with healthy market and revenue shares, in a business environment marked by 5.5% GDP growth and stiff price competition. This has been essentially due to our agility to tap new customer segments while still delighting the customers we retained with products and services they value. With focus remaining for our continuing success in the home market, the Board has been pleased that our Company had in 2005, secured two regional expansion opportunities in Indonesia and India. These two countries have low mobile telecommunications penetration, thus ensuring vast growth potential for us. The significant influence we have over management in these two overseas operations, will enable us to further enhance our organisational capabilities to create differentiated value over time.

Last year was the first time we reported consolidated financial results for our operations in Malaysia and Indonesia. I am pleased to report an excellent subscriber growth in 2005, principally from the Malaysian market, bringing our total customer base to 7.86 million, a 31% increase over the preceding year. The addition of 1.84 million subscribers also marked the highest-ever annual net subscriber additions for any operator in Malaysia.

Resulting from this, Group revenue increased 12% to RM6,371 million, Profit Before Tax was higher by 6% to RM2,480 million and Net Profit was also up 5% to RM1,674 million from the preceding year. Earnings per share also improved to 67 sen from 65 sen in 2004. For our Malaysian operations, we continued to improve on our overall efficiency. This was reflected in our industry-leading EBITDA margin of 55.6%, albeit slightly lower than the preceding year's 56.5%, which had benefited from a reversal of Universal Service Obligation provision of RM106 million. Excluding this reversal and other one-off items, the normalised EBITDA margin for the preceding year was 54.3%.

Our sterling performance last year and the strong free cash flows generated meant we have been able to reward our shareholders with healthy dividends. The Board has thus declared interim dividends totaling 41.68 sen gross per share and has proposed a final dividend of 16.67 sen gross per share to be approved at the forthcoming Annual General Meeting in June 2006. This translates to a payout ratio of 62.7% as compared to 55.7% for 2004.

The Group remains committed to pursuing a progressive dividend policy and is confident that it will be able to at least maintain comparable levels in the coming year, while balancing the need to preserve cash for future growth.



Our "Cyber" community programmes are extended to rural communities and remote areas in Malaysia



Our subsidiary in Indonesia

On our community development front, we continue to mainly focus on helping the less privileged to acquire skills and confidence in handling information and communications technologies. Our "Cyber" programmes are well-known for their features and have won wide acclaim and acceptance from numerous quarters, including the Government and other stakeholders. Through virtual networking via the community website that we set up, we believe national integration amongst those who participated in these programmes are being fostered. Our Universal Service Obligation last year to enable the Malaysian Government to extend telecommunications reach to remote areas amounted to RM280 million. We also launched our Maxis Scholarship for Excellence scheme aimed at individuals wanting to continue post-graduate studies at world-class universities overseas. We believe this initiative will help build a cadre of individuals wanting to excel in their chosen areas of contribution to society in due course.

The organisational capabilities of the Maxis Group of Companies in Malaysia, Indonesia and India are therefore evolving, as we tackle the challenges ahead to continue to create value for all our stakeholders. We remain diligent in our customer focus for our revenue-generating operations whilst

we pursue all avenues to manage opportunities and risks in our build-up of our new operations. We are encouraged by the faster take-up in mobile telecommunications penetration levels in our new markets in Indonesia and India. For our home market, we are confident we can maintain our competitive edge with quality products and services and customer responsiveness.

Finally, I wish to thank the Governments, the regulators, our stakeholders, our loyal customers, dealers, suppliers, business partners, shareholders and employees in all of the jurisdictions we operate in, for their continuing support in making our business a success over the last year.

**Tan Sri Dato' Megat Zaharuddin
bin Megat Mohd. Nor
Chairman**

on behalf of the Board of Directors
14 April 2006

Chief Executive Officer's

Review of Operations



DATO' JAMALUDIN BIN IBRAHIM



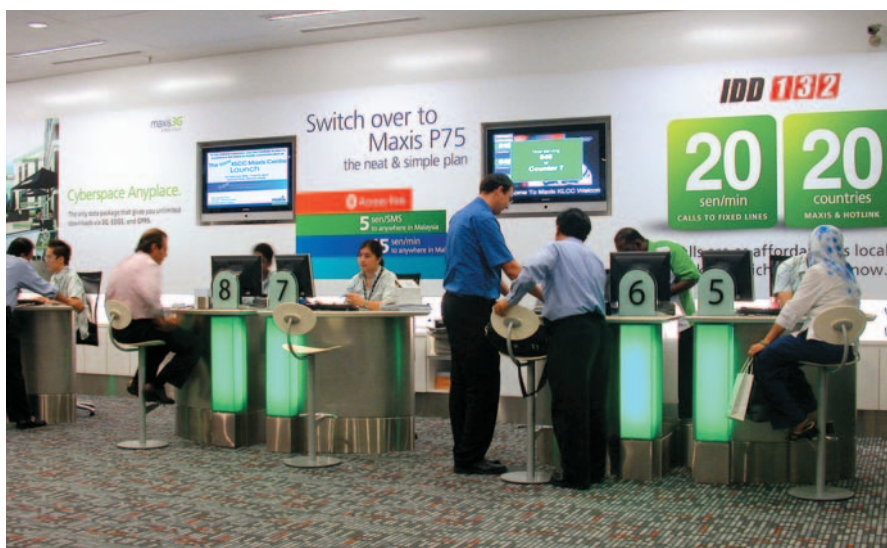
2005 was a watershed year for Maxis, with the Company aggressively expanding its regional presence and investing in a new generation technology while maintaining its market leadership.

2005 was a watershed year for Maxis, with the Company aggressively expanding its regional presence and investing in a new generation technology while maintaining its market leadership.

We gained a foothold in two of the most populous nations in the world – India and Indonesia – setting the stage for significant growth in these low mobile penetration countries. The year also witnessed the launch of our 3G services with a new generation of mobile technology. Maxis is now poised to transform itself from a domestic to a regional company, and from a predominantly voice and basic data service provider into a leading advanced data and infotainment provider.

It was also an intensely challenging year as the Company's resources were focused on establishing its new overseas operations while undertaking major business transformation initiatives in Malaysia to drive the above changes and to stay ahead in the industry.

With our strong business fundamentals, cost management and continuous learning culture, we were able to emerge positively, producing attractive financial and operational results this year.



The "new look" Maxis centre: providing premium customer service and an enhanced staff working environment

We are thus proud to share our achievements in 2005.

- **We recorded our highest ever annual net subscribers.**

The addition of 1.84 million subscribers in 2005 marked the highest ever annual net subscriber addition for any operator in Malaysia. This brought our total subscriber base to 7.86 million, a 31% increase over 2004.

- **We continued to deliver strong financial performance.**

Group revenue increased 12% to RM6,371 million. Normalised Profit Before Tax¹ increased 12% to RM2,465 million and normalised Net Profit¹ grew by 15% to RM1,659 million from the preceding year. Earnings per share² ("EPS") improved to 67 sen, from 65 sen in 2004.

- **We continued to record consistently high EBITDA margins.**

Malaysian operations continued to improve on its overall efficiency. This was reflected in our industry-leading normalised EBITDA³ margin of 55.6%, slightly higher than the preceding year's normalised EBITDA⁴ margin of 54.3%.

- **We recorded impressive growth in mobile data revenues.**

Mobile data uptake continued to be aggressive, up 37% from the preceding year, and contributed 17% of mobile segment revenue compared to 14% the year before.

- **We proved our leadership by being the FIRST in the market to launch various innovative products and services.**

We were the first to launch Multi-Line SIM, CampusZone, Full Song Download, Video Mail, Radio Streaming and M-blog. Working closely with our pan-Asian Bridge Mobile Alliance partners, we were also first to introduce regional concierge and regional prepaid top-up services.

Maxis also pioneered the introduction of 3G services in Malaysia. Maxis 3G Connect Data Card was launched in April 2005. This was quickly followed by the launch of postpaid and prepaid services in the Klang Valley in July 2005. Maxis also partnered with various local and international content and music providers in our pursuit to become a leading infotainment service provider.

¹ Normalised in 2005 for unrealised foreign exchange gains of RM15 million. Actual 2005 Profit Before Tax of RM2,480 million (up 6% year-on-year) and actual 2005 Net Profit of RM1,674 million (up 5% year-on-year). Normalised in 2004 primarily for Universal Service Obligation (USO) provision reversal of RM106 million.

² Basic EPS

³ Normalised for unrealised foreign exchange gains of RM5 million. Actual 2005 EBITDA margin of 55.6%.

⁴ Normalised in 2004 for Universal Service Obligation (USO) provision reversal of RM106 million and other one-off items amounting to RM19 million. Actual 2004 EBITDA margin of 56.5%.



We were the first to market several innovative and exciting products, services and offerings

- **We expanded our operations overseas.**

We began our regional expansion with the acquisition of PT Natrindo Telepon Seluler (NTS) in Indonesia in April 2005. In December 2005, we began the acquisition of Aircel Limited ("Aircel"), a profitable mobile operator in Tamil Nadu, including Chennai.

With this, we planted the seeds for Maxis to be a regional communications leader of choice. This new vision will shape our future, which has tremendous upside potential in the years ahead.

MOBILE SERVICES

The Group's mobile revenue continued to be strong. For the year ended 31 December 2005, it rose 12% to RM6,071 million from RM5,414 million in 2004, driven mainly by strong subscriber growth and higher mobile data usage.

Total mobile voice MoU (minutes of use) increased by 13% year-on-year to more than 14.5 billion minutes, from 12.8 billion minutes in 2004.

International mobile roaming also recorded healthy revenues facilitated by our seamless network roaming capabilities with our extensive roaming partners consisting of 292 2G partners, 116 GPRS/EDGE partners and 47 3G partners. This is unmatched in Malaysia.

Mobile data revenue grew 37% to RM1,044 million in 2005. Billable SMS grew 146% year-on-year, with Maxis subscribers sending over 11 billion SMS messages, an

average of 138 messages per subscriber per month. Advanced data services, that is, non peer-to-peer SMS, continued to draw strong interest throughout the year. As a result, our advanced data services revenue grew to RM184 million in 2005, contributing 18% of total mobile data revenue, up from 14% the previous year. Active GPRS users also increased 82% to over 1 million users.

Competition intensified and we responded by repositioning our products and service offerings by launching new mobile packages and tariffs. We also entered new non-traditional markets in rural areas. These marketing strategies were rewarding, allowing us to maintain our leadership position as well as record the highest subscriber growth to date with total net additions of 1.84 million subscribers, bringing our total subscriber base to 7.86 million. We added 1.68 million subscribers to our prepaid total base of 6.44 million through focused marketing programmes, strong brand preference and competitively-priced prepaid starter packs. We also managed to increase sales in the more matured postpaid segment. Our postpaid base grew by 158,000 to 1.42 million subscribers.

Stiff competition put downward pressures on ARPU as competitors vied for more growth and higher market share throughout 2005. Our postpaid subscribers responded very positively to our new offerings. Although postpaid ARPUs declined to RM143 (from RM161 in 2004), our customer mobile usage increased by 3%, and we managed to reduce annual churn rates by 2% points to 17%. Owing to increasing market penetration, the majority



BlackBerry™, Maxis' exclusive mobile e-mail, facilitates well-informed decision-making

of our new prepaid subscribers came from non-traditional growth segments that tended to have lower usage. As a result, prepaid ARPU declined to RM54 from RM61 in 2004. However, we still managed to maintain industry-leading ARPU for prepaid and postpaid and lower churn rates.

Maxis continued to be the preferred operator of choice among dealers due to our strong support and aggressive sales & marketing programmes. We increased the number of dealers by more than 4 times during the year.

The year also witnessed further enhancements in customer service. We implemented 24-hour electronic payment kiosks in all of our branches, increased payment channels through SMS and internet and extended flexible electronic reload services.

Independent customer surveys conducted by leading international market researcher Synovate showed that throughout 2005, Maxis continued to be ranked by the Malaysian public as the preferred operator of choice in key consumer indices such as Brand Share Preference, Customer Satisfaction and Top-of-Mind awareness. These acknowledgements are a testimony of Maxis' success in creating compelling value for customers.

FIXED LINE AND INTERNATIONAL GATEWAY SERVICES

In 2005, we remained focused on our existing range of fixed products and services. Total fixed line revenue declined marginally by 5%, from RM211 million in 2004 to

RM201 million in 2005 due to slower market growth, tariff erosion and stiff competition. However, corporate and business data services increased by 12%.

Our VSAT products focused on the plantation, oil & gas and distribution sectors, resulting in the acquisition of more than RM9 million worth of contracts that included a single multi-year contract to upgrade the largest private sector VSAT network in the country with over 600 sites.

Our international gateway had another great year in 2005 despite aggressive competition from domestic and international operators. Revenue grew 29% year-on-year to RM405 million, with total MoUs exceeding 1 billion minutes for the first time, up 18% year-on-year.

ENTERPRISE SEGMENT

Our enterprise segment aspires to become the leading provider of converged communications and mobility solutions. In 2005, we stepped up partnership initiatives with key corporate customers. These included a large local bank for the 3G launch promotion and a global insurer in the roll-out of its largest mobile sales force using 3G in Malaysia.

In addition, stronger and deeper customer focus helped to increase spending by 12% year-on-year to over RM100 million by our Top 25 enterprise customers. The Enterprise team also won several new multi-year service contracts exceeding RM40 million for our corporate voice and data solutions. Meanwhile, regional partnerships arising from



The Maxis Academy conducts diverse courses for staff at its 5 faculties – the Colleges of Technology, Sales & Marketing, Service Management, Management Development and Professional Development

the Bridge Mobile Alliance began to bear fruit, with Maxis given new regional business mandates from several of our enterprise customers. Another highlight of the year was our success in delivering mobile e-mail to our corporate customers via BlackBerry™, by far the most widely used mobile e-mail in the world.

NETWORK AND IT

We expanded our network with existing and new technologies to provide subscribers with the most comprehensive mobile voice and data networks in the country, from 2G, 2.75G (or “EDGE”) to 3G.

Maxis 2G coverage was expanded to reach over 84% of the Malaysian population via more than 4,000 2G-sites nationwide, bringing us generally better than, or at least on par with, competitors in all key markets. We also extended EDGE service coverage to over 40% of the population by upgrading and enabling more than 1,800 sites to offer data speeds higher than 2G. This coverage is more extensive than any other service provider in Malaysia. We launched 3G services in the Klang Valley on 1 July, 2005 and in Penang on 9 December, 2005. For customer convenience, we facilitated unparalleled seamless connectivity between our 2G, GPRS/EDGE and 3G networks.

Maxis was ahead of the competition in overall network quality. These are the findings of the NQI Test (Network Quality Index developed by Nokia) undertaken by an independent party to measure signal strength, signal

quality, hand-overs, drop calls and set-up success rate in the Maxis network. Out of the 11 areas benchmarked in the Klang Valley, Maxis led in eight of them. It was also the best in the North-South Highway, KL-Kuantan Highway and a few key cities.

We successfully cut-over two major platforms – we migrated our Intelligent Network (IN) and completed implementation of a new billing system for prepaid subscribers. These platforms offer greater flexibility in developing more personalised and targeted products & services for customers which position us to develop more innovative and cutting-edge offerings in the future.

ORGANISATIONAL DEVELOPMENT AND HUMAN RESOURCE

Given our vision to be a regional communications leader of choice, we embarked on change management initiatives for employees to meet immediate and long-term business goals and challenges. Key human resource initiatives under the Change Management programme included inculcating a service excellence mindset and high performance culture among staff. This would increase agility in everything we do and create clearer linkages between employee activities and positive customer experience.

We continued to invest significantly in leadership development programmes and new performance management initiatives to groom the next succession of leaders. To further strengthen the management team, our

TOWARDS BECOMING AN INFOTAINMENT PROVIDER

	At 3G Launch (July 2005)	Q1, 2006
Video	<ul style="list-style-type: none"> ✓ 7 TV channels ✓ 15 video-on-demand and video alert channels ✓ 150 video clips 	<ul style="list-style-type: none"> ✓ 8 TV channels ✓ 24 video-on-demand and video alert channels ✓ 250 video clips
Music	<ul style="list-style-type: none"> ✓ 8,000 ringtones ✓ 600 full songs 	<ul style="list-style-type: none"> ✓ 25,000 tunes (ringtones & full songs) ✓ 5 radio channels
Games	<ul style="list-style-type: none"> ✓ 200 games 	<ul style="list-style-type: none"> ✓ >1,000 games ✓ V-Girl (virtual girlfriend)
Others	<ul style="list-style-type: none"> ✓ Video mail ✓ Traffic check ✓ Video surveillance ✓ Friend / family finder ✓ M-Blog 	<ul style="list-style-type: none"> ✓ Traffic check (more locations) ✓ 10 additional news channels ✓ Push email ✓ Indian & Bollywood Portal ✓ Disney Portal ✓ Her Maxis Portal ✓ Hotlink Club

With the convergence of communication systems, Maxis is poised to offer a wide range of video, music, games and other advanced data services

Company appointed new members to the Senior Leadership Team. They include the Head of Products & New Businesses, Head of Enterprise Business and Head of Consumer Business.

We also conducted diverse training programmes to manage our business better, with each staff averaging 32 training hours for the year. We spent more than RM13 million on developing employee skills, which included learning new technologies such as Internet Protocol ("IP") and Next Generation Networks.

Meanwhile, the Maxis Academy continued to drive the Company as a learning organisation, with readily available resources for self-advancement. In addition to providing a library with more than 250 active e-learning titles, the Academy drew up a curriculum based on the needs of the Company. It conducts a wide range of courses for staff at its five dedicated faculties: the College of Technology, College of Sales and Marketing, College of Service Management, College of Management Development and College of Professional Development.

These efforts helped raise Maxis' profile as one of the top Malaysian employers, attracting more than 15,000 applications, or 60 applications per vacancy advertised, in 2005. Employee surveys conducted by an independent researcher showed that Maxis compared very favourably with the Malaysian norm and even global telecommunications companies in key performance attributes that included empowerment, leadership,

employee engagement, personal & career development, manager effectiveness, work environment, pay & benefits, performance management and communication.

INNOVATION AND NEW SERVICES

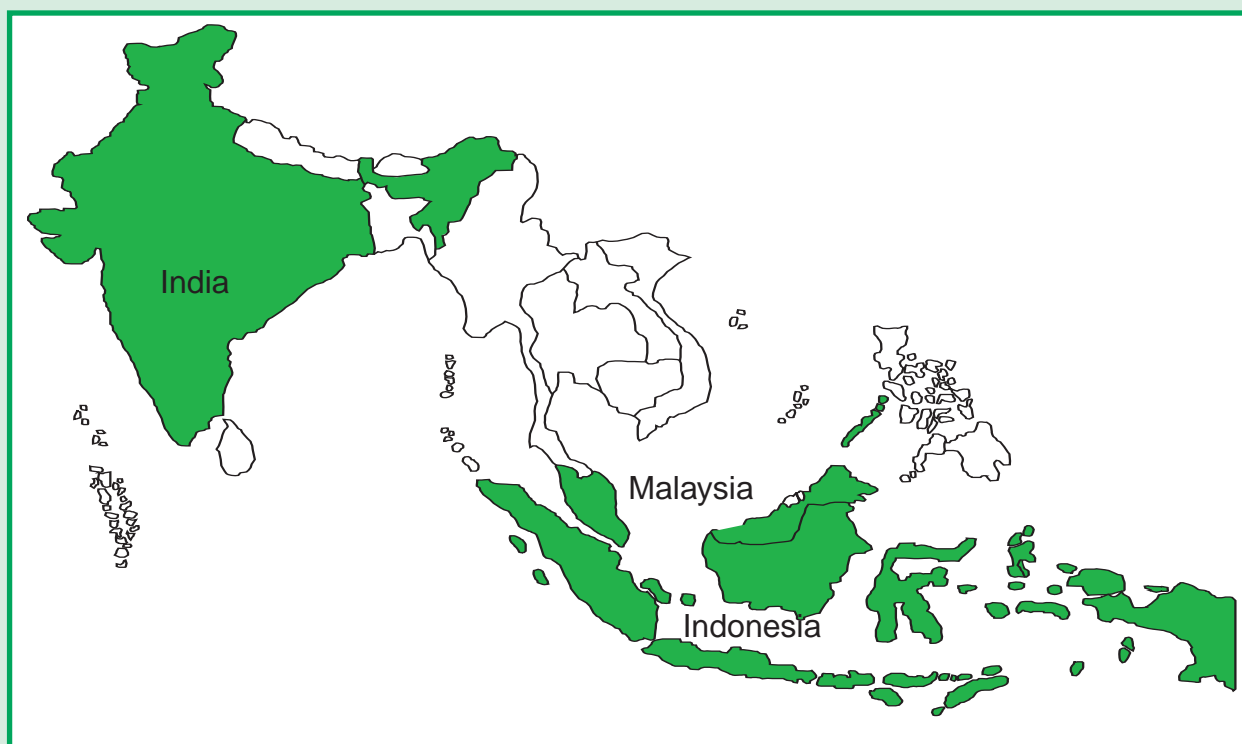
Maxis continued to be at the forefront of innovation, launching a total of 35 new and exciting products during the year. Of this, we were first-to-market with 16 of them. Advanced data services such as music downloads, games, sports, caller ring-tones, voice SMS, colour SMS and Multimedia Messaging Services ("MMS") grew significantly.

Some of our services launched in 2004 enjoyed continued success in 2005. For example, subscribers to our popular caller ring-tones nearly doubled to over 1 million users. Our music footprint also grew steadily as a result of key tie-ups with popular local and international music labels.

This enabled us to provide not only the latest content and music but also user personalisation benefits to all our customers via a growing on-line music library of more than 25,000 full songs & caller ring-tones, an intelligent music portal and exciting new services such as caller background music. Moreover, video streaming and advanced messaging services such as Voice SMS, Colour SMS and, increasingly, MMS and mobile blogging proved to be very popular with customers, young and old alike.

Within eight months of the first roll-out of 3G in April 2005, we offered 8 TV channels, 24 video-on-demand & video alert channels, 5 radio channels, live traffic check in KL,

THE WORLD OF MAXIS



Our new vision: to be a regional communications leader of choice

Penang and Johor Bahru, 10 news channels, over 1,000 games as well as video mail and video surveillance services (see chart on page 24). This is just the beginning, with the company planning to take full advantage of the convergence of communication systems to offer a huge variety of video, music, games and other enhanced data content services.

Customer response was very encouraging. At the end of 2005, more than 100,000 Maxis customers had 3G handsets, of which 30,000 were active 3G subscribers.

INTERNATIONAL OPERATIONS

2005 was our first year abroad. It began in April 2005, when Maxis successfully completed the acquisition of 51% of NTS, which holds a national licence for GSM 1800 and 3G services in Indonesia.

NTS is currently focusing on aggressively rolling-out its 2G and 3G networks. The Indonesian market is projected to expand by a CAGR of 27% per annum between 2005 and 2008. The market size in 2008 is expected to be more than 100 million, which is more than 4 times the size of the Malaysian market by then. The mobile market potential in Indonesia is attractive as current penetration rate is still relatively low at only 23% (see box on page 27).

In December 2005, we announced the acquisition of Indian mobile operator Aircel, the market leader in Tamil Nadu including Chennai. In January 2006, we acquired an initial 26% equity stake in Aircel which was further increased to a majority equity stake of 74% in March 2006.

Aircel recently launched 5 new circles with 5 more to be launched by the end of 2006. The Indian market is expected to grow by a CAGR of 33% per annum between 2005 and 2008. The market size in 2008 is expected to be at least 175 million, which is more than 7 times the size of the Malaysian market by then (see box on page 28).

ALLIANCES

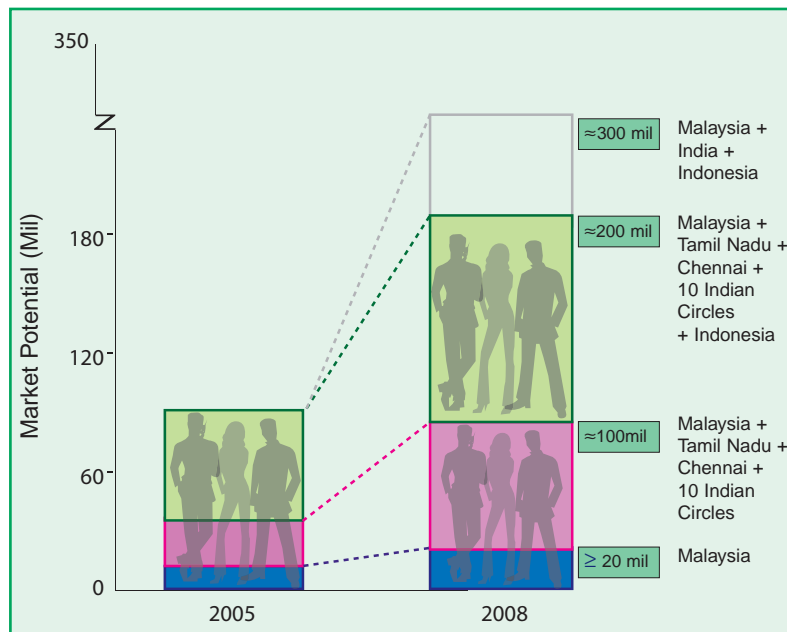
Bridge Mobile Alliance ("BMA")

BMA was established in 2004 with Maxis being one of the eight founding mobile operator members. In 2005, it attracted nine new associate members, comprising major global vendors with technology leadership across the mobile industry value chain, with handsets, network & platform solutions, and SIM card technologies.

The eight founding mobile operator members have a combined base exceeding 70 million subscribers. BMA regional services launched in 2005 include:

- Bridge Roaming – offering greater convenience and more seamless coverage while roaming across the BMA operator network;
- Bridge Prepaid – offering the ability to buy a prepaid top-up while roaming overseas or to top-up for family and friends on the BMA operator network;
- Bridge Concierge – providing customer support services to all BMA operator subscribers while they are visiting a country covered by BMA;
- Bridge Enterprise Services – providing a regional one-stop shop that supports enterprises with regional mobile needs. This means instead of having to liaise

REGIONAL MARKET POTENTIAL



By 2008, Indonesia and India combined are expected to have a market size more than 12 times that of Malaysia then

with multiple parties, customers can approach any alliance member to consolidate their requirements; and

- World Cyber Games Mobile 2005 – offering regional mobile games tournaments whereby subscribers of BMA operators can participate and compete with some of the world's best.

Maxis Developer Programme (“MDP”)

We continued to invest a significant amount of resources in 2005 to nurture and develop our budding local developer community through MDP.

We provided them free access of our technical laboratories and service platform facilities. We also collaborated with leading industry players to help local talent to understand and develop useful applications, services and support systems that would meet both global standards and customer expectations. Like proud parents, we facilitated a platform for some to showcase their achievements at Asia's most prestigious communications event, CommunicAsia 2005 and Asia Communications & Multimedia Expo 2005.

Three developers showcased their Made-in-Malaysia mobile applications at the 3GSM World Congress in Barcelona, Spain in February 2006. Waptech Enterprise was one of eight finalists at the worldwide SIMagine contest.

CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

We continue to play an active part in Malaysia's efforts to

bridge the “digital divide” through our focus on youth, education and technology programmes such as Cyberkids, Cyberlabs, Maxis Bridging Community Portal and Maxis Scholarship for Excellence. We collaborated closely with the Ministry of Energy, Water and Communications and Ministry of Education to help Malaysia transform itself into a knowledge-based society. On the home front, our staff continued to bring much cheer through our Maxis Volunteer Brigade by lending a helping hand to communities-in-need across the country. Collectively, in 2005 we contributed more than RM11 million to CSR programmes and initiatives.

SUMMARY

2005 has been another challenging but nonetheless a good year. We delivered strong financial performance which enabled us to provide some of the highest dividends in Malaysia. We positioned ourselves with new growth engines – mobile data, 3G and overseas operations – to provide future growth potential. In short, we have the distinction of being one of the few companies to offer shareholders the twin advantages of good dividends and excellent growth potential.

LOOKING AHEAD

Challenges

The years ahead pose several challenges for our Malaysian operations. Growth in the traditional mobile market is anticipated to be slower than last year as the current market penetration has already exceeded 70%.

MAXIS IN INDONESIA



Market potential

- Projected to grow by a CAGR of 27% per annum between 2005 and 2008;
- Subscribers expected to increase to ≈100 million by the year 2008;
- Overall mobile penetration rate is relatively low at 23%;
- Mobile churn rate is high, ≈10% per month; and
- Increasing market size and high churn provides tremendous opportunities for new players such as NTS.

PT Natrindo Telepon Seluler (NTS): our launch pad in Indonesia

- Currently operating in East Java;
- Local management in place; and
- Coverage expansion and roll-out in progress.

Future subscriber growth is expected to come mainly from the budget segment of the market, although mobile data, content and broadband services are expected to increase significantly. Buying habits and patterns are also rapidly changing. The new budget customer segment is more price-conscious while the high-spend customer seeks advanced value-added services.

We expect the market to remain competitive through aggressive promotional activities and pricing. The market also saw two new 3G entrants, MiTV and TimeDotCom, joining the existing two operators, Maxis and Celcom. However, we believe, this will not have much impact in 2006.

In the light of the increasingly challenging operating landscape, we have adopted several new strategies to maintain and improve the company's performance in the years ahead.

Strategies

• Focus on growth

Greater emphasis on mobile data and infotainment services.

We will continue to move beyond voice and basic data services to become a "triple play" operator – offering advanced and innovative voice, data and video services. We have already laid the foundation to become Malaysia's preferred mobile infotainment operator by offering more compelling lifestyle and entertainment products that will further stimulate organic growth through exciting new services.

We will also continue to invest in new technologies to meet immediate and long term customer needs. Our 3G network will be upgraded to the HSDPA platform to offer higher data speeds, richer content and better customer experience.

Developing a new broadband proposition for enterprise and consumer markets.

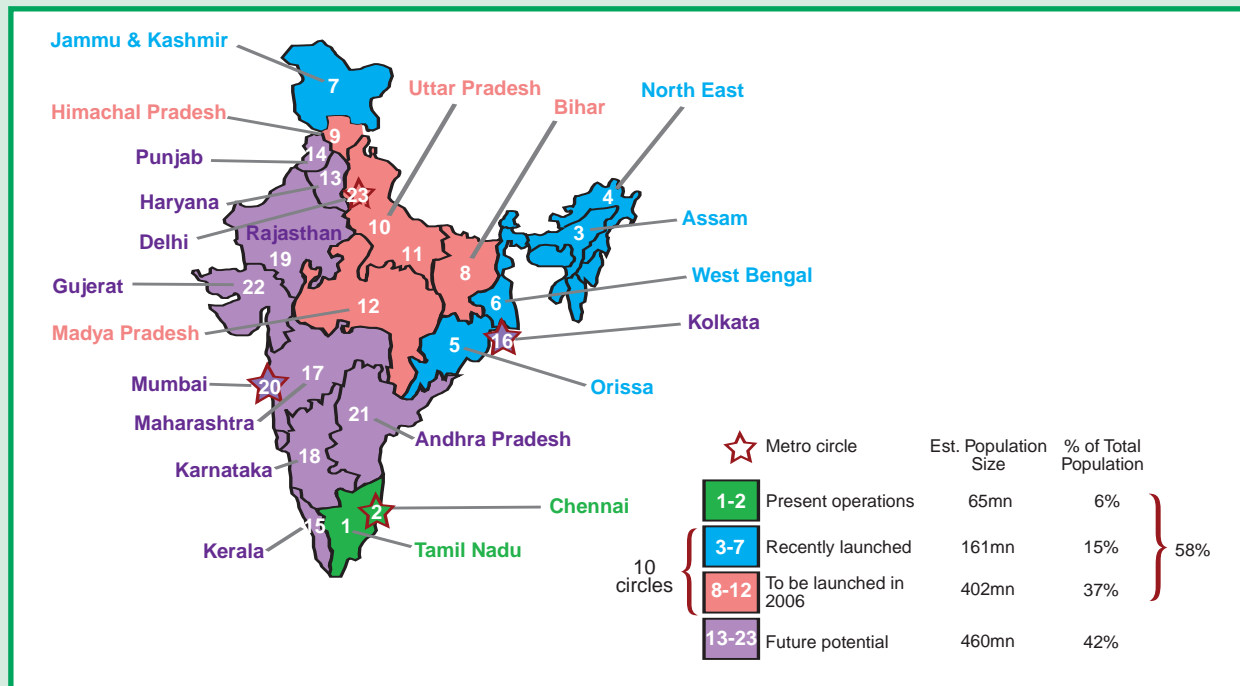
New wireless broadband technologies such 3G/HSDPA and WiMax will allow us to offer higher data speeds and greater mobility to our subscribers as well as stimulate greater internet usage among the general public. We will also selectively expand our fibre coverage in new areas and buildings to cater to the business market.

Large corporates and Small and Medium Enterprises ("SMEs") also stand to benefit from our deployment of new technologies that will help them serve their customers better. The enterprise business segment will also be served by more IP-based services as well as communication solutions through our enterprise business team.

Building a strong regional presence.

We have embarked on a rapid expansion programme that has taken us beyond our border to India and Indonesia. These two countries are expected to have a total market size of almost 300 million customers by 2008, which is more than 12 times the size of the Malaysian market then. We are confident our investments in NTS and Aircel will allow us to successfully participate in two of the most exciting and fast-paced telecommunications growth opportunities in the region (see chart on page 26).

MAXIS IN INDIA



Explosive Indian Market Growth

- Mobile market at inflection point, with an estimated CAGR of 33% (from 2005 – 2008) and currently growing by 4 million subscribers per month;
- The Indian mobile market will be > 7 times the size of the Malaysian market by 2008; and
- Overall mobile penetration rate at the end of 2005 was still very low at <7%

Aircel – A Great Company & Good Fit for Maxis

- Strong management team in place;
- Currently, Aircel has over 2.4 million subscribers across 7 operating telecom circles¹;
- No. 1 mobile operator in 2 telecoms circles, Tamil Nadu and Chennai;
- Recently commenced operations in 5 new telecoms circles in the northern and eastern regions of India;
- Plans to roll-out in another 5 telecom circles this year; and
- Offers future potential in the rest of India to eventually become a pan Indian operator

¹ In India, licences are granted according to areas called "circles", each corresponding generally to a state in India, with a few exceptions being (a) the four metro circles, which are essentially major cities (b) the collection of states in the North East, which are aggregated as a single circle "North East" and (c) circles covering more than one state as a result of reorganisation split in the states.

• Continuously improve on cost management for greater profitability

Maxis will continue its leadership in managing costs efficiently to sustain long term profitability. We have adopted several approaches to achieve this: outsourcing, infrastructure-sharing, enhancing human capital productivity, continuous improvement in our processes and increased company-wide efficiency through our Performance Improvement Team and

6-Sigma improvement projects. Overall staff costs and general and administration costs as a percentage of revenue have also declined and this will be maintained in the future.

• Leverage on our strong fundamentals to meet future challenges

We are a well-established brand leader founded on the bedrock of a high quality network, extensive coverage, superior distribution capabilities, extraordinary service

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culture and innovative products. These collectively provide the Company the edge in the competitive environment. These are rigorously measured and benchmarked domestically and regionally, where our performance has always been amongst the best in the region.

- **Embark on organisational realignment to ensure focus on all in-country operations and to harness the synergies of regional expansion**

We are now a regional player with Malaysian, Indian and Indonesian operations, each with its distinctive business, cultural and operating landscape. We have thus embarked on the process of organisational and operational realignment to manage the overseas operations effectively while ensuring continued focus on our Malaysian operations.

The enlarged Maxis Group will also provide us significant opportunities to realise synergies in technology development, procurement, operations and in many other areas.

Employees will be able to tap into the vast body of experience and expertise now available at the Company's many operating centres. There are also windows of opportunity for knowledge-sharing, process improvements, talent acquisition and skills-upgrading between countries. The dynamic sharing and realignment will help invigorate the Company to achieve new levels of efficiency and profitability.

CONCLUSION

I look back on 2005 with a sense of satisfaction and humility. Satisfied because we have entered a brand new world of Maxis, a world beyond voice and basic data services, and also one beyond our Malaysian border.

The year also reminded us to continue to remain focused and work even harder and smarter. There are still many challenges ahead in the ever-changing landscape of new technologies, varying consumer needs and increasing

competition. We cannot be complacent and have to remain humble and agile.

I am touched by the support and commitment of our employees who have made tremendous contributions, even sacrifices, to steer the Company in this new direction we have chosen. I am also appreciative of the support and confidence of our customers who have stood by us and helped us deliver a strong performance. Thank you very much.

Equally important, I wish to thank our Board of Directors, government authorities, shareholders, distributors, dealers, partners and vendors for their support and contributions in 2005.

With your continued support, I am confident Maxis will realise its new vision to be a regional communications leader of choice.

Dato' Jamaludin bin Ibrahim
Chief Executive Officer

14 April 2006