What **We Do**

Enabling The Digital Lifestyle

We bring to life our investments in modern mobile and fibre telecommunication and IT infrastructures to enable our customers to participate in an increasingly digitally converged world.

Our customers enjoy a full suite of converged mobile and fixed communication services under our Maxis and Hotlink brands. These services are backed by our award-winning customer service and the best data network.

Enabling The Digital Enterprise

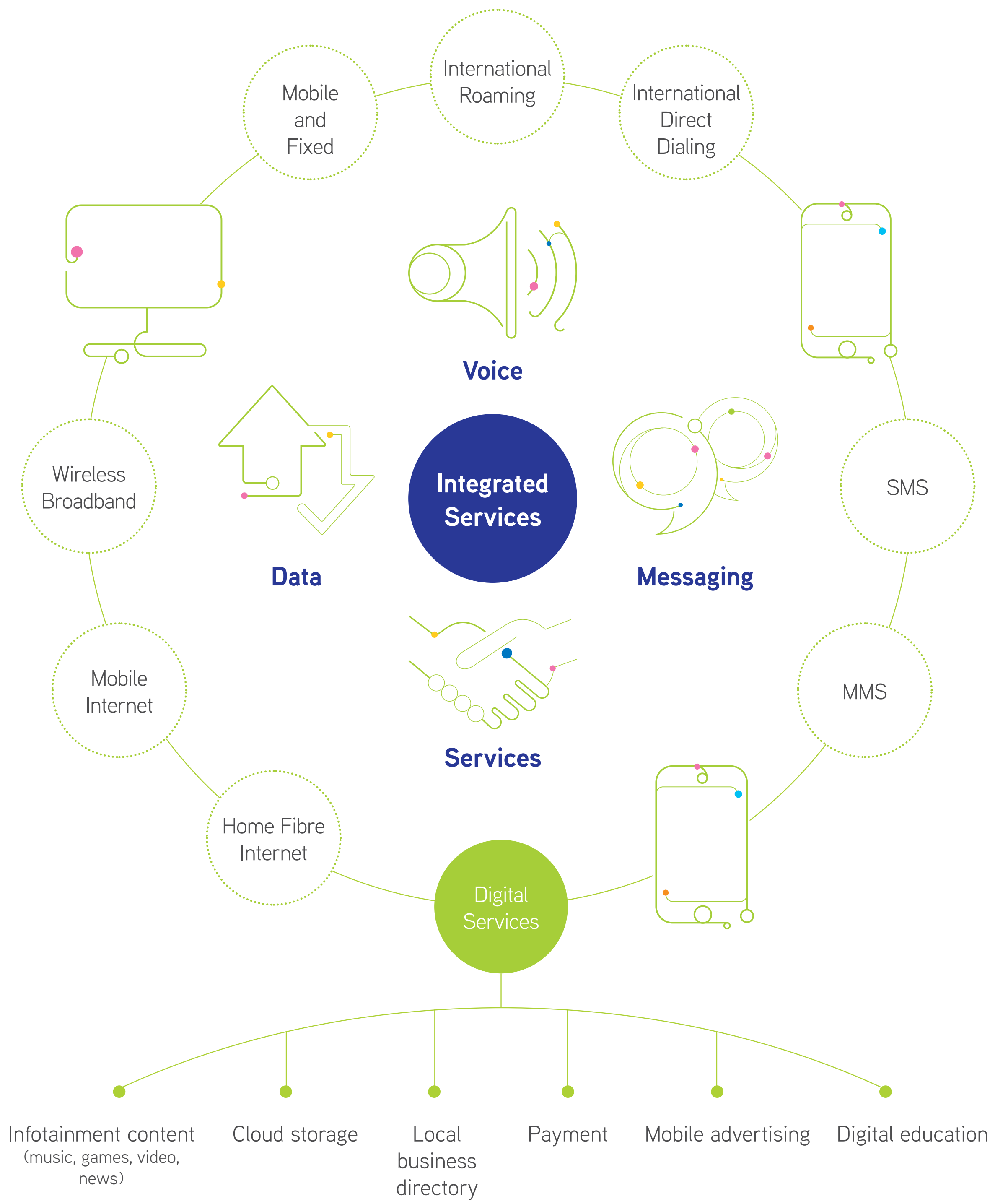
We provide to our over 50,000 Enterprise customers a range of digitally enabling tools for their businesses, as well as tools to digitally engage their customers, over fixed line, mobile connections, and a convergence of these two. Our products and services for our Enterprise customers include:

- Mobile and fixed data, voice and SMS services
- FINDIT, the largest digital business directory in Malaysia
- Mobile Point of Sale (mPOS), enabling businesses to accept credit card payments from their customers
- Machine-to-Machine (M2M) services and solutions, including Managed Connectivity, Track & Trace solutions and Remote Health Monitoring solutions
- Cloud and Managed Services, enabling Enterprises / SMEs to leverage cloud solutions including AWS (Amazon Web Services) Direct Connect
- Digital Advertising, enabling brands to reach out to our customer base for marketing campaigns through various location-based mobile services

All these are delivered to our customers with business grade services that provide them with simplicity and a worry-free experience.

What **We Do**

All these are delivered to our customers with business grade services that provide them with simplicity and a worry-free experience.



Directors' **Profiles**

RAJA TAN SRI DATO' SERI ARSHAD BIN RAJA TUN UDA

Aged 68, a Malaysian, was appointed as Chairman and Director of Maxis on 16 October 2009.
Chairman / Independent Non-Executive Director

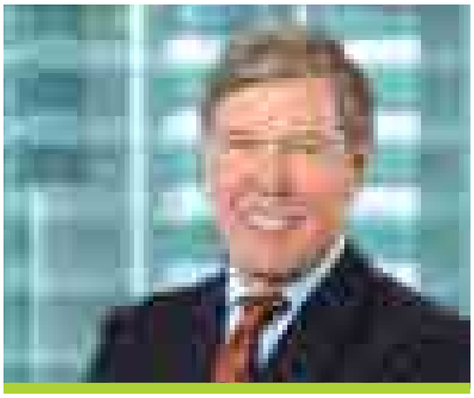
He is presently a director of Khazanah Nasional Berhad, Yayasan DayaDiri and ACR Retakaful Berhad. Raja Arshad isthe chairman of Binariang GSM Sdn. Bhd., ICON Offshore Berhad, Ekuiti Nasional Berhad, Yayasan Raja Muda Selangor and Yayasan Amir. He is also the Chancellor of University Selangor. He was formerly executive chairman and senior partner of PricewaterhouseCoopers ("PwC"), Malaysia, chairman of the Leadership Team of PwC Asia 7, and chairman of the Malaysian Accounting Standards Board and Danamodal Nasional Berhad. His previous international appointments include being a member of the PwC Global Leadership Team, the PwC Global IFRS Board and the Standards Advisory Council of the International Accounting Standards Board.

His previous public appointments include being a member of the Securities Commission, the Malaysian Communications and Multimedia Commission, the Investment Panel of the Employees Provident Fund and the board of trustees of the National Art Gallery. He is a Fellow of the Institute of Chartered Accountants in England and Wales, and a member of the Malaysian Institute of Accountants. He is also a member of the Malaysian Institute of Certified Public Accountants and served on its council for 24 years, including three years as its president.

He sits as Chairman of the Nomination Committee.

Please refer to Note 7.

ROBERT WILLIAM BOYLE



Aged 66, a British citizen, was appointed as a Director of Maxis on 17 September 2009.
Independent Non-Executive Director

He is a non-executive director of Witan Investment Trust plc, Centaur Media plc and Prosperity Voskhod Limited, all London listed companies. Previously, he was a senior partner of PwC in London, with experience in leading and participating in global teams on client and PwC projects, including chairing the PwC European Entertainment and Media and UK Telecommunications Groups. His expertise includes financial reporting, shareholder communications, risk management and corporate governance. During his career, he has worked in France and Africa and been seconded to the UK civil service.

He holds a Master of Arts in Law from Oxford and is a Fellow of the Institute of Chartered Accountants of England and Wales.

He sits as Chairman of the Audit Committee and is a memberof the Remuneration and Nomination Committees.

Directors' **Profiles**

TAN SRI MOKHZANI BIN MAHATHIR

Aged 54, a Malaysian, was appointed as a Director of Maxis on 16 October 2009.
Independent Non-Executive Director

He began work in 1987 as a wellsite operations engineer with Sarawak Shell Berhad and resigned in 1989 to pursue business opportunities in Kuala Lumpur. By investing in Tongkah Holdings Berhad (listed on the then Kuala Lumpur Stock Exchange), he ventured into the component manufacturing, oil and gas, finance and healthcare sectors. He held positions as the group chief executive officer of Pantai Holdings Berhad (healthcare), chairman of THB Industries Berhad (electronics) and group executive chairman of Tongkah Holdings Berhad (oil and gas, finance). A divestment exercise in 2001 saw him relinquish all positions and equity in these companies. Presently, his portfolio of investments includes businesses in IT, oil and gas support services, structural steel engineering and fabrication, the automotive sector and property development. He was the non-independent vice-chairman and director of SapuraKencana Petroleum Berhad up to 4 March 2015.

Through his private holding company, Kencana Capital Sdn. Bhd., he has investments in IT, property and other businesses. He is currently the chairman of Sepang International Circuit Sdn. Bhd., which hosts the FIA Formula One World Championship. He also serves as non-independent non-executive director and chairman of Opcom Holdings Berhad.

He is a qualified petroleum engineer. He pursued his tertiary education at the University of Tulsa, Oklahoma in the USA, where he graduated with a Bachelor of Science in Petroleum Engineering.

He sits as Chairman of the Remuneration and Employee Share Option Scheme Committees and is a member of the Audit and Nomination Committees.

Please refer to Note 7.

LIM GHEE KEONG

Aged 47, a Malaysian, was appointed as a Director of Maxis on 8 May 2014.
Non-Executive Director

He has more than 20 years of experience in treasury and credit management. Prior to joining the Usaha Tegas Sdn. Bhd. ("UTSB") Group in 1995, he was attached to General Electric Capital Corporation in the USA and Ban Hin Lee Bank Berhad in Malaysia. He is currently the chief operating officer of UTSB and serves on the Boards of several other companies in which UTSB Group has interests, such as Astro Malaysia Holdings Berhad (listed on Bursa Securities) in which he is an alternate director, Tanjong Public Limited Company and Bond Pricing Agency Malaysia Sdn. Bhd., a bond pricing agency registered with the Securities Commission Malaysia. He is also a director of Paxys Inc. (listed on the Philippines Stock Exchange) and Yu Cai Foundation.

He holds a Bachelor of Business Administration degree, majoring in Finance, from the University of Hawaii at Manoa, USA.

He is a member of the Audit Committee.

Please refer to Note 7.

Directors' **Profiles**

HAMIDAH NAZIADIN

Aged 51, a Malaysian, was appointed as a Director of Maxis on 1 February 2014.
Independent Non-Executive Director

She joined CIMB Securities, a stockbroking arm of Commerce International Merchant Banker Berhad, in February 1991 to set up its Personnel Unit. In August 2001, Hamidah was transferred to the parent bank, CIMB, to head and manage the Group functions for Human Resource and Administration and had developed those functions from support to strategic ones.

Today, as Head of Group Corporate Resources, Hamidah holds regional responsibilities for Group Human Resource and Group Administration and certain related portfolios. She also oversees the Commerce Leadership Institute and corporate responsibility initiatives. Hamidah provides strategic direction and drives the human capital agenda across the Group.

Hamidah continues to play a critical role in integrating CIMB's resources due to the various mergers and acquisitions within Malaysia, and across ASEAN and APAC region. Previously, Hamidah was also a Commissioner of CIMB Niaga, Indonesia and member of CIMB Niaga's Nomination and Remuneration Committee from 2010 to September 2014.

She has 28 years of experience in human resource, of which 23 years is with the CIMB Group. She has led her team to secure many HR-related awards for CIMB. Prior to joining CIMB, she was with Pacific Bank.

Hamidah holds a Bachelor of Laws from the University of Wolverhampton and a Certificate in Personnel Management, Malaysian Institute of Personnel Management.

She is a member of the Audit and Remuneration Committees.

KRISHNAN RAVI KUMAR

Aged 50, a Singaporean, was appointed as a Director of Maxis on 26 November 2012.
Non-Executive Director

He joined Saudi Telecom Company ("STC") group as its group chief financial officer in May, 2012 till November 2014. Currently, he is the advisor to the chairman of STC. He has over 25 years of experience working for multinational companies and has held a variety of positions at senior management level. He joined STC group from Olam International Ltd ("Olam"), a leading global integrated supply chain manager of agricultural commodities based in Singapore. At Olam, he was the group CFO and led the Finance, Accounting, Corporate Affairs and Strategic Investments functions of the Group. Apart from the CFO responsibilities, he was a member of the Executive Committee ("ExCo"), Risk Committee and Investment Committee in the company. He worked at Olam for more than 20 years in a variety of managerial positions, the last 14 years out of their corporate headquarters in Singapore.

Directors' **Profiles**

He serves on the board of Binariang GSM Sdn. Bhd. and Maxis Communications Berhad.

He obtained a Bachelor of Commerce degree from the University of Delhi, India in 1984 and a Degree in Cost Accountancy from The Institute of Cost and Works Accountants of India in 1985. He became a qualified Company Secretary with the Institute of Company Secretaries in India in 1989 and obtained a postgraduate Diploma in Business Management ("MBA") from Xavier Labour Relations Institute, India in 1990. In 2009, he completed the Advanced Management Program from Harvard Business School, Boston, USA.

He is a member of the Audit Committee.

FRASER MARK CURLEY

Aged 54, a British citizen, was appointed as a Director of Maxis on 8 May 2014.
Non-Executive Director

He is Vice-President ("VP") of Strategic Planning (in addition to acting VP of Local and International Investments) of Saudi Telecom Company.

Fraser has spent over 30 years in telecommunications, the last 22 years in mobile cellular. His extensive experience spans over 40 countries, and he has in-depth knowledge of Europe and the developing markets, particularly the Middle East, CIS and Africa.

His career has seen him playing pivotal roles in large multinational telecommunication companies such as Deutsche Telekom for over eight years, as well as the head ICT partner role for a leading international management consulting company. He has worked in both permanent and interim C-level and shareholder advisory roles for over 10 years, focusing on sustainable growth and turnaround strategies.

His current role is to lead the strategic direction and investment portfolio (over USD5 billion) of the Middle East's largest telecommunication operator, Saudi Telecom. He is a member of the senior executive team within the group.

Previous to this role, he successfully led, as chief executive officer, the financial turnaround of a Middle Eastern listed mobile operator, securing over USD5 billion of mid-term funding and overseeing the region's largest capital restructuring and Rights Issue of USD1.6 billion.

He is also a director of Maxis Communications Berhad.

Fraser holds a B.Sc. in Applied Physics from the University of Manchester and a Masters degree from the University of London (intercollegiate) in Telecommunications and Satellite Communications.

He is a member of the Remuneration Committee.

Please refer to Note 7.

Directors' Profiles

DR. IBRAHIM ABDULRAHMAN H. KADI

Aged 60, a Saudi citizen, was appointed as a Director of Maxis on 26 November 2012.
Non-Executive Director

He is an ICT consultant with wide-ranging experience/expertise in technology, business, policy, regulatory and market perspectives. He has over 36 years of experience in academic, professional, industrial and regulatory fields. His areas of expertise include Communication Engineering, Knowledge Economy, Market Analysis, Risk Management, Security and Socio-economic Impact of Technology.

He currently serves as an independent member of the Risk Management Board Committee at the Saudi Stock Exchange Co. (Tadawul, Riyadh, Saudi Arabia). He is also an independent director of Oger Telecom Limited (Dubai, UAE). He also serves on the Board of Maxis Communications Berhad.

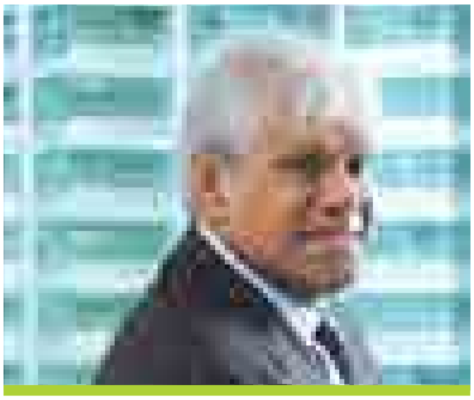
He was a senior advisor at the Communication & Information Technology Commission ("CITC"), the ICT regulatory authority in Saudi Arabia (2004-2011). He served earlier as the International Telecommunications Union ("ITU") Representative to the Arab States and Head of the ITU Arab Regional Office (2002-2003).

He was a professor of communications at King Saud University (1984-2004). He was vice president for Engineering and R&D of Advanced Electronics Company (1991-1994) and served as an executive consultant for the following 10 years (1994-2004). He served in a number of industry boards and committees. He provided consultancy services to government agencies, private sector and international organisations, including Saudi Arabian Monetary Agency (Central Bank), Tadawul, National Commercial Bank, AEC, Al Zamil Group, STC, Gulf Cooperation Council ("GCC"), ITU and the International Finance Corporation of the World Bank.

He holds a PhD. from Stanford University (1984), a M.Sc. from the University of Michigan (1980), and a B.Sc. from Riyadh University (1978), all in Electrical Engineering (Communication). He has published over 130 research papers, general interest and literary works, and spoken at numerous national and international conferences.

He is a member of the Nomination Committee.

AUGUSTUS RALPH MARSHALL



Aged 63, a Malaysian, was appointed as a Director of Maxis on 7 August 2009.
Non-Executive Director

He has more than 30 years of experience in financial and general management. He is an executive director of Usaha Tegas Sdn. Bhd. ("UTSB"), the executive deputy chairman and group chief executive officer of Astro Holdings Sdn. Bhd. group [including his position as non-independent non-executive deputy chairman of Astro Malaysia Holdings Berhad (listed on the Bursa Securities)] and an executive director of Tanjong Public Limited Company, in which UTSB has significant interests. He also serves as a non-executive director on the boards of several other companies in which UTSB also has significant interests such as Maxis Communications Berhad and Johnston Press plc (listed on the London Stock Exchange plc). In addition, he is a director in an independent non-executive capacity and the chairman of the audit committee of KLCC Property Holdings Berhad (listed on the Bursa Securities), a non-executive director of MEASAT Global Berhad and KLCC REIT Management Sdn. Bhd. (the management company of KLCC Real Estate Investment Trust).

Directors' **Profiles**

ALVIN MICHAEL HEW THAI KHEAM

Aged 51, a Malaysian, was appointed as a Director of Maxis on 30 August 2012.
Non-Executive Director

He is an Associate of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Certified Public Accountants.

He is a member of the Nomination, Remuneration and Employee Share Option Scheme Committees.

He is the Managing Director of The Abraaj Group – a Dubai-headquartered private equity firm – in charge of Abraaj's Performance Acceleration Group covering Asia-Pacific, based in Singapore.

His 27 years of corporate experience covers financial advisory and private equity at H2O Capital; commercial banking at TD Bank; investment banking at Lancaster Financial; business development and marketing at P&G in Switzerland, Vietnam, Southeast Asia and Australia; and top management and regional board experience at L'Oreal where he was the president of its companies in Malaysia and Taiwan. He served on the boards of the European Chamber of Commerce in Taipei from 2006-2009 and Taipei American School from 2011-2014.

In 2004, he was conferred the title of Chevalier de l'Ordre Nationale du Merite by French President Jacques Chirac in recognition of his business achievements.

He holds undergraduate degrees from Queen's University, Canada and an MBA from INSEAD France. He is certified with the Canadian Securities Institute and has attended executive programmes at IMD, Stanford, USC and UCSF.

Please refer to Note 7.

Directors' **Profiles**

MORTEN LUNDAL

Aged 50, a Norwegian, was appointed as a Director of Maxis on 1 October 2013.
Chief Executive Officer / Executive Director

Morten joined Maxis as Chief Executive Officer on 1 October 2013, bringing with him more than 16 years of experience in the telecommunications industry. Morten is also a Director of Maxis Berhad and its operational subsidiaries.

Prior to joining Maxis, Morten was Group Chief Commercial Officer of Vodafone Group Plc, a member of the Executive Committee responsible for commercial activities at the group level. Prior to assuming that position in 2010, he was regional chief executive officer responsible for eight operating companies in Central Europe and Africa. He joined Vodafone in 2008.

Prior to Vodafone, he was chief executive officer of DiGi.Com Berhad Group. Morten joined Nordic mobile operator Telenor in 1997 and has held several chief executive officer positions including for the Internet Division and Telenor Business Solutions as well as the position of executive vice president for Corporate Strategy.

Morten holds a Master of Business Administration from IMD Lausanne and a Master of Business and Economics from the Norwegian School of Management, BI.

He is a member of the Employee Share Option Scheme Committee.

NOTES:

1. The total number of Board meetings held during the financial year ended 31 December 2014 was five. The number of Board Meetings attended by the Directors in the financial year is set out on page 52 of this Annual Report.
2. None of the Directors have any family relationships with any directors and/or major shareholders of the Company.
3. None of the Directors have any conflict of interest with the Company.
4. None of the Directors have any convictions for offences within the past 10 years.
5. None of the Directors have any sanctions and/or penalties imposed on them by any regulatory bodies during the financial year ended 31 December 2014.
6. For information on other directorships of public companies, please refer to their respective profiles.
7. Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda, Tan Sri Mokhzani Bin Mahathir, Alvin Michael Hew Thai Kheam, Fraser Mark Curley and Lim Ghee Kheong are standing for re-election as Directors of the Company. The Board of Directors has considered the assessment of the five Directors and collectively agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors, as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Securities.

Maxis **Management Team**

From left to right:

Tan Lay Han
Sales & Services

Morten Bangsgaard
Technology

Adzhar Ibrahim
People & Organisation

Morten Lundal
CEO

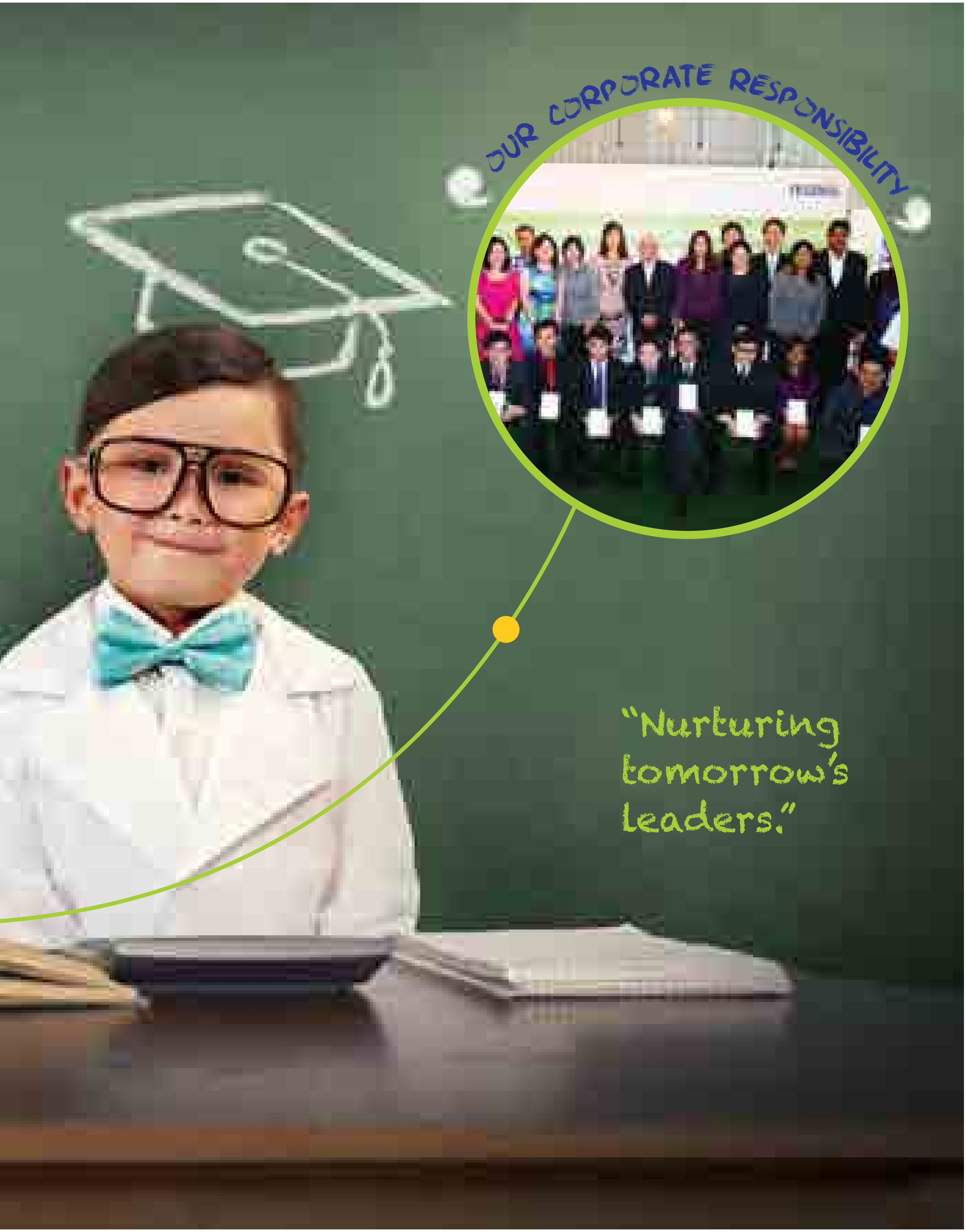
Dushyanthan Vaithiyanathan
Consumer Business

Abraham Foss
Enterprise

Nasution Bin Mohamed
Finance & Strategy

view the full profiles
on maxis.com.my/mmt


» inspiring
brighter futures


OUR CORPORATE RESPONSIBILITY
"Nurturing tomorrow's leaders."

Our **Customers**

As we began our journey to deliver an Unmatched Customer Experience, we knew it had to be done in a way where no stone was left unturned. That meant a holistic and structured Customer Experience Framework, where there were Voice-of-Customer Insights and an "engine" to continuously improve.

That also meant taking a long hard look at the fundamentals, to figure out what's wrong and fix it. We had to get the basics right, and have a strong foundation to build upon.

So, we set up multiple Voice-of-Customer platforms to gain valuable insights and outside-in-views. With customer analyses, we identified customer pain points and even new opportunities. What we learned was that we had to simplify our customers' journey - from the moment customers take up our service to using, paying, engaging, renewing and even leaving us should they choose to do so – and try to create 'LIKE' moments during their journey.

We are customer-centric in our core processes and we took ideas from employees across the organisation to identify improvement fixes. Changes in our customer journey processes have systematically been implemented throughout the year. Even our management team volunteered to 'buddy' with our colleagues at call centres, or attend to our customers at the Maxis Centres to experience the customers' journey and gain on-ground insight.

In a nutshell, we eat, breathe and live everything and anything to do with customer experiences.

CUSTOMER SERVICE EXCELLENCE 2.0

It all boils down to supporting our customers' communication needs, and at the same time bringing them the best value proposition in technology and device innovation.

To support us in doing this, we have expanded our presence, ensuring our service channels and touchpoints are designed to deliver the best standards in service experience. Our modernised Maxis Signature Retail stores are equipped with state-of-the-art systems and facilities to deliver best-in-class services for our customers. We also offer a full suite of services to complement device propositions such as best mobile Internet plans, trade-up offers, device insurance, and product tutorials and live demos. So, walk-in customers can now browse and try out the widest range of latest devices and accessories on display at our stores.

Our **Customers**

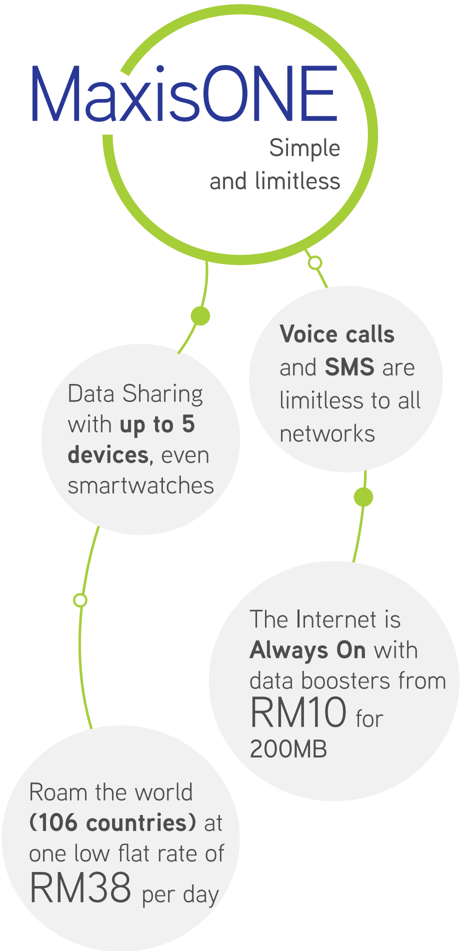
There are also many more ways for our customers to get in touch with us. Besides our Contact Centres, we have other digital touchpoints like our corporate website, Maxis Online Store, social media, livechat channels as well as dedicated apps (MyMaxis & RED App).

In addition, we have a dedicated team of account managers for daily interactions with our Enterprise customers, as well as a direct service management and delivery team to manage complex projects.

Our obsession with customers and valuable insights gained over the years have also driven us to continuously enhance our service standards through many 'LIKE' moments in our quest to simplify the Customer Journey.

maxis.com.my/customers

Our **Products**



THE INTERNET: ALWAYS BETTER WITH MAXIS

We are relentless in making the Internet available to all customers. Our worry-free propositions, relevant Internet packages and an affordable smartphone range are appealing to consumers and will set to drive mobile Internet growth.

POSTPAID

When our customers make connections with other people via voice or text or the Internet, or listen to music, search for information and more, they shouldn't have to be constantly checking the minutes and quota, but instead be immersed in the connections they are making.

We believe our customers should feel free when they communicate, so in May 2014, we made a significant breakthrough by launching our new postpaid **MaxisONE plan**.

It is the ONE Internet plan with limitless talk and text and worry-free roaming, allowing our customers to truly feel free when they use their phones.

Worry-free Promise

Postpaid customers get the most out of mobile Internet when they subscribe to one of our many relevant packages. However, those who decide to continue with pay-per-use mobile Internet can do so with our worry-free proposition introduced in July 2014, where total charges are capped at RM50 (250MB). Any usage beyond 250MB will still be free at lower speeds (64kbps).

We also provide a safety net for any accidental usage. This means that if you accidentally turn on mobile data on your phone, we will not charge you for up to this amount of quota.

So, no matter what, there will be no extra, hidden or unexpected costs.

That's our worry-free promise to our customers.

Device Trade-Up Programme

Our Trade-Up programme made it convenient for our customers to upgrade to the iPhone 5s, HTC One (M8) or Samsung Galaxy S5. Customers could trade in any of their phones and receive rebates when they sign up to a monthly commitment of at least RM78 per month, for 24 months.

PREPAID

#Hotlink is the only prepaid that provides Always Free Social Chat on any chat app, every day. Customers are forever in the know with free basic Internet - even when they run out of high speed Internet quota. Our prepaid customer experience was further amplified this year when we introduced the Hotlink RED App, which amplifies #Hotlink's 'Always On' experience.

Our **Products**

Simply download the App and what you get is a best-in-class self-serve app that allows you to check call and SMS balance and purchase Hot Tickets for your 'wallet', manage your Activ10, upgrade to #Hotlink, get the latest promotions, Facebook passes and boxes of surprises.

Both Android and iPhone users can enjoy one of the most innovative and advanced apps in the world offering epic experiences. The Hotlink RED App lets customers manage their Hotlink accounts in a much easier way and ultimately enjoy a truly rich experience.

For an enhanced experience, any customer with the app automatically gains access to year-round #LiveLifeLoud rewards, which include VIP access to their favourite celebrities, exclusive giveaways such as autographed merchandise and instant daily rewards, epic experiences of going to music festivals and concerts as well as opportunities to be up close & personal with inspiring personalities.

Hotlink also offers affordable smartphone bundles with a free six months Mobile Internet (MI) pass for convenient access to MI for prepaid users.

INTEGRATED SERVICES

On the Home broadband front, our customers enjoy seamless Internet experience at home or on the go. We already provide a good experience with fast speeds at some of the best prices in the market with 10, 20 and 30Mbps plans. Now, customers on the MaxisONE Plan will enjoy even better value, with even more in the pipeline including mobile and home fibre broadband bundled products.

Our Home services are available to more than 1.6 million homes with our own-built fibre footprint, and in partnership with TM.

ENTERPRISE: DIGITALISING BUSINESSES

Maxis Enterprise serves over 50,000 businesses nationwide, across the SME, Corporate and Public Sector segments. This achievement is due to our first mover advantage in the enterprise arena, and our experience over the years stands us in good stead to provide innovative, end-to-end business solutions, across mobile and fixed-line connections.

Our business customers are focused on winning and gaining from business opportunities that are out there in their respective industries.

They want reliable services that they do not need to worry about and require a communications provider, who is also a technology partner, to introduce them to new ways of working and leveraging this digital era with all its digital tools.

Being a business enterprise ourselves, we firmly believe this transition to the new future is essential, and have had to transform ourselves first towards becoming digitally savvier.

We have digitalised the way we operate as a company, and in turn, are digitalising our customer interface, moving from piece-meal to integrated solutions, from rigid and non-scalable solutions to mobile-enabled, flexible tools. Ultimately, we want our business customers to operate in a similar way by recognising the potential of what mobile communication can achieve.

One Decision, Many Solutions

Our Enterprise division provides SMEs and large corporations with seamless mobile and fixed services. In 2014 we launched **MaxisONE Business**, a mobile plan that offers limitless voice, SMS, worry-free data and business grade services.

While designing this plan, we knew scalability was important for small businesses that wanted to grow. We also understood that predictability was important, so not only did our plan have to be limitless, it had to also provide a worry-free experience.

But that isn't all. To be truly valuable to our customers, we also have a range of services that enables them to digitally engage their own customers.

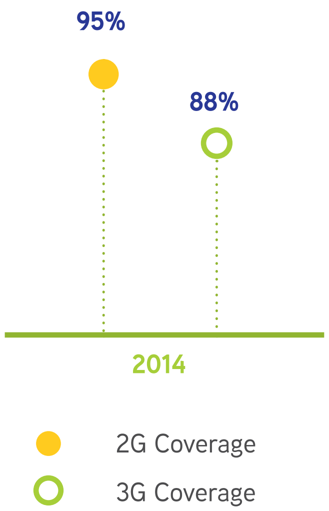
We now have FINDIT, the largest business directory in Malaysia that comprises of our business customers. We also offer mobile point-of-sales solutions for businesses, and even cloud services and Data Centre hosting services.

Our full suite of fixed service runs on our own fibre infrastructure and data centres, and Maxis' Business Fibre Internet is the first in the country that comes with a wireless backup service as a Business Continuity measure.

For 2014, we also continued to drive our Unified Communications and Mobility Solutions. Maxis' Managed M2M enables enterprise customers to have real-time control over their connected machines for improved efficiency, along with the flexibility of data sharing across SIMs and end-to-end mobile and fixed solutions. These include vertical-specific solutions such as Remote Health Monitoring via connected devices.

maxis.com.my/products

Our **Network Transformation**



Mobile data continues to grow exponentially. With an increase of 60% in 2014, data traffic has become the key driver for total traffic in our network. This increase was mainly due to streaming and web browsing which accounted for nearly 80% of the traffic.

To ensure our network has enough capacity, we continued to upgrade our backhaul to direct fibre and IP-based microwave. Since the network remains a critical component of our transformation journey, we invested RM1.1 billion in 2014. We also invested substantially in providing diverse fibre paths to better protect our network against the effects of fibre cuts, theft and vandalism.

Our network is still expanding and as of end 2014, our 2G and 3G networks covered 95% and 88% of the population respectively. Meanwhile, our new and modern 2G and 3G networks cover more than 75% of the population, with emphasis on specific market centres and secondary towns around the country. With 4G LTE device penetration increasing, our 4G LTE coverage is rapidly expanding and approaching a third of the population.

In collaboration with MCMC, we rolled out mobile services to underserved areas. Working together with the industry players, we enabled Domestic Roaming for Maxis at nearly 300 sites under the Time 3 program. In addition, we have activated over 260 sites using RAN technology.

CUSTOMER EXPERIENCE INSIGHTS

During the year, we acquired new capabilities to gauge our network service performance. Tools and systems were upgraded to better understand customers' experience and with these deeper insights, we are now able to enhance and optimise the network to provide an unmatched mobile voice and data experience for our customers.

Our **Network Transformation**

The network was tested for download speeds, website loading times and also YouTube streaming – three key areas important to the customer's network experience. Results indicated that we surpassed our desired targets:

Download speeds of more than **1Mbps**, **80%** of the time

Zero buffering on YouTube, **96%** of the time

Popular web pages loaded in less than **8** seconds

EXTREME NETWORK TESTERS TAKE TO THE STREETS!

Since our network is the single most important driver of customer experience, we obsess over the smallest detail. As part of our ongoing commitment to deliver the best data experience, in November this year, 1,000 of our employees came together to form the biggest army of 'extreme testers' to put our network through high-pressure tests in key market centres across Peninsular Malaysia. The main objective of this exercise was to get first-hand experience of Maxis' newly modernised network coverage and check if our network can withstand this extreme testing.

The test results were critical in serving as an important benchmark to continuously improve and understand what goes into providing an Unmatched Customer Experience. We also engaged an independent global information and measurement company, Nielsen, to conduct a total of 2,120 tests across Klang Valley, Penang, Kuantan and Johor Bahru. While we achieved our targets, we will continue to raise the bar for ourselves and extend a superior network experience to even more areas.

maxis.com.my/transform

Our **People**

PEOPLE AND CULTURE

When we began our transformation journey in late 2013, we knew the focus would be towards creating a great workplace. We spent a huge amount of energy and resources on it, and will continue to do so.

Creating a truly great workplace requires creating a great culture. One that keeps attracting smart and talented people from diverse backgrounds, to come and be part of.

A core part of our efforts was to create a common set of shared values, one that defines what Maxis is and what it stands for. We also clearly outlined our ambition to be a company admired for excellence.

HIGH PERFORMING ORGANISATION

Maxis tightly links rewards to results and behaviours. Instead of seniority and status, we prioritise performance and potential, and promote this through numerous incentives and rewards programmes, and benefits that are standardised across all levels of employees.

This is part of our culture change process – to get our people focused on real achievement and growth. Making employee rewards as competitive as possible and a fair reflection of employees' performance and potential, is a critical part of our efforts.

We also reduced the levels and tiers in our organisational hierarchy to better reflect actual contribution and competence rather than multiple micro-promotions because of seniority. We now have a smaller number of capable managers to lead our teams of individual contributors.

LIVING THE MAXISWAY

We believe through a lot of initiatives over the past year, we are getting closer to becoming a company admired for excellence. We introduced the MaxisWay programme to drive a new culture and a new way of working and we've spent all of 2014 on embedding its values.

MaxisWay describes the new way we work together. It consists of guiding principles that are at the core of everything we do: they drive our decision making, and they guide us in our daily work. MaxisWay is our reference point, always.

We have completed a year-long, company-wide training on the MaxisWay and how we want the new Maxis to work and behave. All employees attended the programme, called Living the MaxisWay, which was facilitated by our own internal "change agents".

MAXISWAY 2014

These are some of the activities we had to cultivate the MaxisWay. For our first year, we have been busy!

- A series of motivational talks by prominent speakers to emphasise our MaxisWay values and embed them into our DNA.
- Monthly themes to encourage living our values and a 'happy hour' at work at the end of the month where employees meet and mingle with their fellow colleagues.
- Organised our first Maxis Sports Carnival and sponsored regular sports events and friendly sports tournaments across the company.
- Our Management team was deployed on the ground to engage with our customers, employees and dealers, to better understand and improve customer experience.
- We've even designed the "Netbuster Speedtest App" for 1,000 of our employees to gain invaluable insights on Customer Experience of our network during the Maxis New Network Testdrive around Malaysia.
- 200 teams of employees from all levels personally delivering the newly-launched iPhone 6 devices to various locations.

DEVELOPING OUR PEOPLE

We are completing a physical workspace makeover that is giving us the most vibrant, modern, (and fun!) office in the country! The offices of Maxis now are a true reflection of the culture we want to create – open and transparent, flexible and a joy to be in!

There is no fixed seating and every day, employees start anew by choosing new workspaces. This also helps to improve collaboration and cross-functional teamwork.

Our **People**

Maxis Academy, our training ground offers rich learning content that supports the needs of the business through structured processes and measurements. Learning is supported by modern facilities and the latest technologies.

Our investment in online learning, coaching and mentoring through subject matter experts and senior leaders is in line with our commitment to human capital development in delivering quality learning initiatives to our employees.

NURTURING OUR FUTURE

We are especially enthusiastic about developing young talents, as well as rewarding and supporting excellence. The future of Maxis depends on us giving challenging opportunities to aspiring young talents who have proven their capabilities to work hard and excel beyond academic levels.

MAXIS MANAGEMENT ASSOCIATE PROGRAM (M-MAP)

Maxis has a rigorous, award-winning, two-year long and highly structured management associate programme. We choose the best young talents – whether fresh graduates or those with a year or two of working experience elsewhere, to come into the programme. The Management Associates are given thorough exposure on various aspects of the business before they are assigned to their preferred departments.

The programme also includes shadowing the senior most members of the Maxis Management Team (MMT), including the CEO. This gives them an unparalleled look into how a large and fast moving company such as Maxis, is run.

The program has been specially honoured as the Best Management Trainee/Graduate Program by GradMalaysia and Talentcorp in 2013. In 2014, Maxis was once again awarded the telecommunications sector winner titlein Malaysia's 100 Leading Graduate Employers Awards.

Our Management Associate Programme (M-MAP) has won awards from TalentCorp, GradMalaysia and Malaysia's 100 Leading Graduate Employers Awards

MAXIS STRUCTURED INTERNSHIP PROGRAMME

We offer undergraduates opportunities to gain on-the-job exposure in the telecommunication industry through this programme, which is open to Malaysian students studying locally and overseas.

Annually, Maxis recruits 90 to 120 interns majoring in either Engineering, IT, Human Resources, Accounting Finance, Psychology, Public Relations and Communications. This programme offers a useful glimpse into our fast-paced and ever-evolving industry and ultimately provides a potential talent pool for the M-MAP programme.

RELATIONSHIP WITH EDUCATIONAL INSTITUTIONS

Maxis has hosted high school and university students to our premises, through collaborations with universities and student bodies. In all instances, the students have had the opportunity to engage with Maxis senior leaders and be involved in group projects sponsored by Maxis.

In some of these programmes, we work closely with TalentCorp, Malaysia's governmentagency tasked with helping develop talent in the country.

Harvard Business School, Melbourne University, Swinburne University of Technology and Vellore Institute of Technology, are among some of the schools that Maxis has hosted.

WORKFORCE DIVERSITY

Diversity in people is of great importance for growing our business. Our 2,900 employees come from diverse backgrounds including age, gender, race, nationality and knowledge, all of which play a critical role in building the new MaxisWay culture that is underpinned by the values of being positive, passionate and collaborative. An environment that encourages mutual respect, working well together and having fun will help us realise our aspiration of being an organisation admired for excellence. We believe that a culture that inspires true innovation in Maxis can only come from a healthy interplay of diverse backgrounds and demographics.

maxis.com.my/people

Our **Corporate Responsibility**

CONNECTING THE UNCONNECTED

Maxis recognises the importance of doing good work with the aim of developing and enriching the community through education, using technology. As an enabler, technology is making a difference in our everyday lives. Recognising this, our flagship programme, Maxis Cyberkids was designed to provide ICT training to students, teachers and the rural communities. The objective of the programme is to empower individuals with skills to adopt and use technology effectively.

MAXIS CYBERKIDS CAMPS

During the year, we conducted 10 camps for schools located in six states namely, Penang, Kedah, Perak, Selangor, Negeri Sembilan and Johor. Out of the 10 camps, five were for Special Needs Schools (Sekolah Pendidikan Khas). A total of 229 students and 207 teachers participated in the camps this year.

The Maxis Cyberkids programme which began in 2002, has reached out to over 9,000 students and teachers, across 1,525 schools throughout the country. For the hearing impaired children from the Special Needs Schools, the training module was customised to suit their needs. The 10 schools that participated in the camps were also given the opportunity to showcase their creative projects at the Maxis Cyberkids Challenge 2014 in November. For the Challenge, the participating students created mobile apps, video animation and short films.

MAXIS CYBERKIDS WITH COMMUNITY

In May 2014, we extended the Maxis Cyberkids programme to Pusat Internet 1Malaysia (Community Broadband Centres) in three underserved locations. Two training sessions were held in Kedah and one session in Negri Sembilan. During the training, the participants had the opportunity to learn how to create emails, blogs and videos. They also learnt about Google applications.

MAXIS CYBERKIDS WITH EMPLOYEES' CHILDREN

Children of our employees had fun attending the holiday camps conducted at our Maxis Academy. A total of 210 kids aged from 9 to 12 participated in three camps. They were able to explore and learn about the Internet, Microsoft Office applications and cyber safety. An exciting part of the camp was the team-building exercises where the kids had a chance to interact and make new friends.

Here's what some of the students have said about our camps:

"I learnt how to make paper roller coaster movies together with my friends! But it doesn't stop there – everything else about the camp is fun!" *Amirul Asyraaf bin Mohd Khaidzir, SMPKV Indahpura, Johor*

"I'm so excited! I got to learn how to create a phone application with App Inventor!" *Nurul Nadhirah bt Razak, SMK Dato' Undang Musa Al-Haj, Negeri Sembilan*

"I learnt how to write stories in a more creative way, and Storybird is great for people like me who love writing!" *Nada Natasha, SMK Dato' Bentara Dalam*

MAXIS SCHOLARSHIPS FOR EXCELLENCE AWARDS (MSEA)

The MSEA programme which offers scholarship opportunities to all

Malaysians, awarded 10 scholarships to deserving student in 2014 to pursue their undergraduate studies in the fields of Engineering, Technology and Social Sciences at top institutions overseas. Besides the scholarships, Maxis has put in place a continuous engagement and development programme with the scholars, to enable them to launch their career journey with the Company upon graduation. To date, Maxis has invested RM47.9 million which has enabled 254 young Malaysians to benefit from education at prestigious universities.

BRIDGING THE DIGITAL DIVIDE

During the year, we ramped up the number of *Pusat Internet 1Malaysia* (PI1M) and *Kampung Tanpa Wayar* (KTW) sites in Malaysia – setting up, operating and managing these wired and wireless sites, and doing our part in bridging the digital divide. To date, we have 68 PI1Ms, of which 39 are under construction; and 550 KTWs, of which 280 are under construction.

GIVING BACK TO THE COMMUNITY

In 2014, Maxis celebrated the festive seasons by engaging with the community through several activities. These included hosting a Chinese New Year celebration for the senior citizens at Jenjarom Old Folks' Home in Banting, a charity event in Kuantan for several homes during Hari Raya Puasa, and celebrating Christmas with charity homes in Kuching, Sarawak. A total of RM90,000 was contributed to these homes.

For Deepavali, we partnered with LINE and introduced our 'Share the Light' campaign to encourage and empower Malaysians to donate digitally for charity. The public could download free Deepavali stickers from LINE, where for every single download, Maxis donated RM1. A total of RM100,000 was raised and contributed to 10 children's homes around the country.

DISASTER RELIEF

Towards the end of 2014, the country faced some of the worst floods in decades. When it hit the East Coast states, our priority was to expedite the restoration of communication services. We deployed mobile transmitters in areas that were affected by electricity disruptions to mitigate the situation and restore connectivity.

We provided free minutes and SMS for customers in the affected states to stay in touch with their loved ones. In addition, we provided 35 free lines at selected relief centres – 10 in Kota Bahru, 15 in Ipoh and 10 in Kuantan. Further to that, we provided relief aid to flood victims in three areas by distributing essential items at relief centres at Sekolah Kebangsaan Getting, Tumpat, Kelantan, as well as SK Teluk Kepayang and SK Muzafar Shah in Bota, Perak.

Our dealers were also not spared from the floods. More than 100 Hotlink dealers' shops were damaged and our partners suffered varying degrees of losses. We helped to clean up their outlets, refurbish their display cabinets, restore IT systems and replenish point-of-sale materials to help them resume operations.

In addition, Maxis employees who were affected by the floods were given monetary aid to get them back on their feet, as well as hotel accommodation. A Flood Donation Drive for affected employees was launched during this period.

ENVIRONMENT

Resource Efficiency

Various energy efficiency solutions that we have adopted over the years are helping us to continue to improve our energy usage at our base stations and Technical Operations Centres (TOCs). The solutions include installation of free cooling systems, energy efficient air conditioners, LED lighting and the use of solar technology. In 2014, our total network energy usage was 289 GWh, an improvement from 295 GWh in 2013.

Going paperless is one of the main initiatives of our new work culture. This year in our Menara Maxis office we have reduced the number of printers per floor from four to two, to discourage staff from printing and where possible to avoid unnecessary use of paper. This does not only reduce waste, but saves overhead costs and supports an environmentally friendly practice.

Carbon Management

We manage our carbon emissions by modernising our 2G and 3G legacy networks, and introducing energy efficient "Single RAN" or multi-technology radio platforms. We have also replaced diesel power with solar power at remote base stations and advocated the sharing of networks to avoid resource duplication. With these initiatives in place, we have recorded a cumulative reduction of 56,052 tonnes of carbon dioxide (CO2) emissions from 2010 to 2014, resulting in a total reduction of about 6% over five years.

OPERATING RESPONSIBLY AND ETHICALLY

Maxis operates responsibly and ethically through our "Code of Business Practice", which guides Board members, Management and employees in upholding the highest standards of ethical business conduct. This means being a responsible employer, maintaining the health and safety of our employees and contractors, ensuring high standards of labour and environmental protection in our supply chain, and transparent and ethical business practices.

Maxis also ensures that the highest standards of conduct and integrity are always at the core of the Company through the guidance of the Malaysian Code of Corporate Governance, steered by the Board of Directors.

Corporate **Governance**

The Board supports the Principles and relevant recommendations of corporate governance as set out in the Malaysian Code of Corporate Governance 2012 ("the Code") and is committed to ensuring that the highest standards of corporate governance are implemented and maintained. The Code sets a strong foundation for boards and committees to carry out their roles effectively, promote timely and balanced disclosure, safeguard the integrity of financial reporting, emphasise the importance of risk management and internal controls and encourage shareholder participation in general meetings.

The Board is pleased to advise that the Company has complied with the recommendations of the Code and is pleased to share the manner in which the Principles of the Code have been applied within the Group in respect of the financial year ended 31 December 2014 and the extent to which the Company has complied with the Recommendations of the Code during the financial year ended 31 December 2014.

The Board approved this Statement on 4 March 2015.

I. ROLES AND RESPONSIBILITIES OF THE BOARD

The Board Charter continues to provide reference for Directors in relation to the Board's role, powers and duties and functions, processes and procedures for the Board and its Committees in discharging its stewardship effectively and efficiently.

The Board Charter is accessible at www.maxis.com.my/corp.

All Board members are aware of their duties and responsibilities. The Board Charter acts as a source of reference and primary induction literature for prospective Board members and Management. It is also intended to assist the Board in assessing its collective performance and that of each individual Director.

The Board Charter if necessary, will be reviewed periodically to ensure that any updates on relevant laws and regulations are duly incorporated.

The Board assumes the following duties and responsibilities:
- Reviewing, adopting and monitoring the implementation of a strategic business plan for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed. This includes ensuring that there are measures in place against which management's performance can be assessed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage and mitigate these risks;
- Succession planning, including appointing, training, fixing the compensation of and where appropriate, replacing key management;
- Developing and implementing an investor relations programme or shareholder communications policy for the Group and encouraging the use of information technology for effective dissemination of information;
- Reviewing the adequacy and integrity of the Group's systems of internal control and of management information, including ensuring that a sound risk management framework, reporting framework and systems for compliance with applicable laws, regulations, rules, directives and guidelines are in place; and
- Reviewing, adopting and implementing appropriate corporate disclosure policies and procedures.

The respective roles and responsibilities of the Board and management have been clearly defined. The following matters (including changes to any such matters) require approval from the Board, except where they are expressly delegated by the Board to a Committee, the Chairman, Chief Executive Officer ("CEO") or another nominated member of the Management team:
- approval of corporate/strategic directions/plans and programmes;
- approval of annual budgets, including major capital commitments and capital expenditure budgets;
- approval of new ventures;

- approval of material acquisitions, and disposals of undertakings and properties or any significant Maxis Group expenditure which exceeds the authority limits delegated to the CEO or the Chief Financial and Strategy Officer ("CFSO") or members of Management.
- changes to the management and control structure within the Company and its subsidiaries, including key policies and delegated authority limits;
- appointment of all other Board members, Board Committee members, CEO and the Company Secretary;
- any matters in excess of any discretions that it may have delegated from time to time to the CEO and Management, including in relation to credit transactions, market risk limits and expenditures; and
- any matters and/or transactions that fall within the ambit of the Board pursuant to the Companies Act, 1965, the Main Market Listing Requirements of Bursa Securities ("MMLR"), Maxis' Articles of Association ("Articles"), Terms of Reference of the respective Board Committees, Group's Limits of Authority ("LOA") Manual (such as transactions with value in excess of RM60 million and Long Range Plan) or any other applicable rule.

The Directors have delegated limits of authority to the CEO and Management as specified in the Group's LOA Manual. Adherence to the LOA is reported to the Audit Committee.

Code of Business Practice

The Group's Code of Business Practice ("the Code of Business Practice") which is periodically reviewed by the Board applies to all Directors and all employees of the Group who are required to affirm, on a yearly basis, their commitment to observing its prescriptions. It serves as documentation of the Directors' and employees' commitment to do business in a manner that is efficient, ethical, effective and fair, and is meant to be a reference point for all Directors and all levels of employees as well as for all parties that engage in business dealings with the Group.

The Code of Business Practice is a guide to assist the Group's Directors and all levels of employees in living up to the Group's high ethical business standards, and provides guidance on the way employees should conduct themselves when dealing with other parties doing business with the Group. It also sets out and identifies the appropriate communication and feedback channels which facilitate whistle-blowing. Please refer to the sections on whistle-blowing on page 64.

A summary of the Code of Business Practice is available on www.maxis.com.my/corp.

Promoting Sustainability

The Board has taken steps to ensure that the Group's strategies continue to promote sustainability, with attention given to environmental, social and governance ("ESG") aspects of the Group's business. The Board has approved Maxis' Corporate Responsibility ("CR") framework in 2011 which clearly outlines Maxis' CR mission, strategic pillars, philosophies and governance structure. The CR framework provides a clear guiding principle in implementing CR programmes that are consistent with the Company's strategic goals and facilitates a structured approach in delivering the Company's efforts in the marketplace, workplace, community and environment. Maxis' 2013/2014 Sustainability Report is available for download at www.maxis.com.my/sr.

Board meetings and access to information

The Board meets at least four times a year, with additional meetings convened on an ad-hoc basis as and when the Board's approval and guidance are required. All directors are given due notice of proposed dates of meetings during the financial year and standard agenda and matters to be tabled to the Board. Meetings are set before the beginning of the year to allow Directors to plan ahead and to maximise their participation. The Agenda is set in consultation with the Chairman and the CEO.

Corporate **Governance**

As also stated in section VI of this report, technology and information technology are effectively used in Board meetings and communications with the Board, where Directors may participate in meetings by audio or video conference, and Board materials are shared electronically.

Five Board meetings were held during the financial year ended 31 December 2014 and details of the attendance of each Director are as follows:

	Director	Designation	Number of Meetings attended during the year	Percentage
1	Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	Chairman/Independent Non-Executive Director	5/5	100%
2	Robert William Boyle	Independent Non-Executive Director	5/5	100%
3	Tan Sri Mokhzani bin Mahathir	Independent Non-Executive Director	5/5	100%
4	Hamidah Naziadin	Non-Executive Director	5/5	100%
5	Krishnan Ravi Kumar	Non-Executive Director	4/5	80%
6	Fraser Mark Curley (appointed on 8 May 2014 and there were three Board Meetings held after his appointment)	Non-Executive Director	3/3	100%
7	Dr Fahad Hussain S. Mushayt (resigned on 7 May 2014 and there were two Board Meetings held prior to his resignation)	Non-Executive Director	1/2	50%
8	Dr. Ibrahim Abdulrahman H. Kadi	Non-Executive Director	5/5	100%
9	Augustus Ralph Marshall	Non-Executive Director	5/5	100%
10	Lim Ghee Keong (appointed on 8 May 2014 and there were three Board Meetings held after his appointment)	Non-Executive Director	3/3	100%
11	Chan Chee Beng (retired on 7 May 2014 and there were two Board Meetings held before his retirement)	Non-Executive Director	2/2	100%
12	Alvin Michael Hew Thai Kheam	Non-Executive Director	5/5	100%
13	Morten Lundal	Chief Executive Officer/ Executive Director	5/5	100%

The Board has unrestricted and immediate access to Management and all information on the affairs of the Group. At the request of the Board, the Management is obliged to supply all relevant information relating to the business and operations of the Group and governance matters, including customer satisfaction and quality surveys, market share and market reactions in a timely manner to enable the Board to discharge its duties effectively. A set of Board papers (together with a detailed agenda in the case of a meeting) is furnished to the Board members in advance of each Board meeting or Directors' Circular Resolution for consideration, guidance and where required, for decision. The Board papers include, among others, the following documents or information:

- Reports of meetings of all committees of the Board including matters requiring the full Board's deliberation and approval;
- Performance reports of the Group, which include information on financial, industry and strategic business issues and updates;
- Major operational, financial, technical, legal, regulatory and corporate issues;
- Technological developments and updates;
- Reports on risk management;
- Reports on human capital, organisational and talent management; and
- Board papers for other matters for discussion/approval.

Additionally, the Board is furnished with ad-hoc reports to ensure that it is apprised of key business, financial, operational, corporate, legal, regulatory and industry matters, as and when the need arises. Management are also invited to join Board meetings to provide explanation or engage in dialogue with Board members as may be required. All deliberations, discussions and decisions of the Board meetings are minuted and recorded accordingly.

The Directors also have full and unrestricted access to the advice and services of the Head of Legal, Head of Internal Audit and Company Secretary in addition to other members of Management. Each of the individual Directors is constantly advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities. Members of the Board may collectively or individually consult advisers and, where necessary, seek external and independent professional advice and assistance from experts in furtherance of their duties at the Group's expense.

Company Secretary

The Board is supported by the Company Secretary who facilitates overall compliance with the MMLR and Companies Act, 1965 and other relevant laws and regulations. In performing this duty, the Company Secretary carries out, among others, the following tasks:

- Statutory duties as specified under the Companies Act, 1965 and MMLR;
- Facilitating and attending Board and Board Committee meetings and ensuring that the Board meetings are properly convened and proceedings are properly recorded;
- Ensuring timely communication of Board level decisions to Management;
- Ensuring that all appointments to the Board and Committees are properly made;
- Maintaining records for the purposes of meeting statutory obligations;
- Facilitating the provision of information as may be requested by the Directors from time to time; and
- Supporting the Board in ensuring adherence to Board policies and procedures.

II. BOARD STRENGTH AND EFFECTIVENESS

Appointments to the Board

The Nomination Committee ("NC") makes independent recommendations for appointments to the Board, based on criteria which they develop, maintain and review. The NC may consider the use of external consultants in the identification of potential Directors. In making these recommendations, the NC assesses the suitability of candidates, taking into account the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval. The Board makes clear at the outset its expectations of its new Directors in terms of their time commitment as recommended by the Code, and those appointments to other directorships are notified to the Chairman.

Corporate **Governance**

Re-election of Directors

In accordance with the Company's Articles, all Directors who are appointed may only hold office until the next following 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 one-third of the Directors, or if their number is not three or a multiple of three, then the number nearest to one-third, are subject to retirement by rotation at every AGM but are eligible for re-election provided always that all Directors including the Managing Director and Executive Directors shall retire from office at least once in every three years. Pursuant to Section 129 of the Companies Act, 1965, the office of a director of or over the age of 70 years becomes vacant at every AGM unless he is reappointed by a resolution passed at 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.

Fraser Mark Curley and Lim Ghee Keong, who were appointed as Directors on 8 May 2014, shall hold office until the forthcoming AGM scheduled to be held on 28 April 2015, and are eligible for re-election pursuant to Article 121 of the Company's Articles, whilst Directors who are due for retirement by rotation and eligible for re-election pursuant to Article 114 of the Company's Articles at the forthcoming AGM are Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda, Tan Sri Mokhzani Bin Mahathir and Alvin Michael Hew Thai Kheam.

An assessment of the independence of all independent Directors including Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda and Tan Sri Mokhzani Bin Mahathir was undertaken as part of the Board's assessment in 2014. The Nomination Committee and the Board considered the assessment results of the independence of Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda and Tan Sri Mokhzani Bin Mahathir which was undertaken pursuant to criteria as prescribed by the MMLR and Code and are satisfied that they meet the criteria for independence. Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda and Tan Sri Mokhzani Bin Mahathir were appointed as Directors on 16 October 2009 and both do not exceed the tenure of nine years.

The profiles of the Directors who are due for re-election are set out on pages 30 to 36 of this Annual Report. The Board has considered the assessment of the five (5) Directors standing for re-election and collectively agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors as prescribed by the MMLR.

The Board delegates certain responsibilities to the respective Committees of the Board which operate within clearly defined terms of reference and limits of authority. These Committees have the authority to examine particular issues and report their proceedings and deliberations to the Board. On Board reserved matters, Committees shall deliberate and thereafter state their recommendations to the Board for its consideration.

During Board meetings, the Chairmen of the various Committees provide summary reports of the decisions and recommendations made at respective committee meetings, and highlight to the Board any further deliberation that is required to take place at Board level. These Committee reports and deliberations are incorporated into the minutes of the Board meetings.

Board Diversity Policy

The Board recognises that diversity in its composition is critical in ensuring its effectiveness and good corporate governance. A truly diverse board will include and make use of the variation in the age, skills, experience, background, gender, ethnicity and nationality of its members to ensure effective governance and robust decision making by the Board. The Nomination Committee and Board regularly reviews the composition of the Board to ensure the proper discharge of its functions and obligations.

Underpinning the Maxis Board Diversity Policy is Maxis' commitment to ensuring that all Directors are appointed on merit, in line with the standards as set out in Para 2.20A of the MMLR. The background of each Director can be found on pages 30 to 36 which demonstrates the Board's diversity policy.

Board Effectiveness Assessment

The NC facilitates and organises the yearly Board Effectiveness Assessment for assessment and evaluation of the Board of Directors, Board Committees and individual Directors. The objective of the exercise is to improve the Board's effectiveness, identify gaps, maximise strengths and address weaknesses of the Board. Self-assessment and peer assessment methodologies are used, and issues put forth for assessment are presented in a customised questionnaire.

The Chairman of the Board oversees the overall evaluation process and responses are analysed by the NC, before being constructively tabled and communicated to the Board. In addition, the individual Directors also conducted self-assessments, the results of which were also shared with the Board.

The criteria on which assessment of the Board's effectiveness is carried out is developed, maintained and reviewed by the NC. They include, inter alia, each director's effectiveness, Board's and Board Committees' composition, Board's roles and responsibilities, performance which comprises strategy planning and performance, risk and human capital management, regulatory requirements, Board communications and conduct of the Board and Board Committees.

During the year, the Board Committees were, inter alia, assessed based on their roles and scope, frequency and length of meetings, supply of sufficient and timely information to the Board and also their overall effectiveness and efficiency in discharging their function. During the year the Board of Directors, in accordance with Para 15.20 of the MMLR also reviewed the term of office and performance of the Audit Committee ("AC") and each of the members and was satisfied that the Audit Committee and members have carried out their duties in accordance with their terms of reference.

The individual Directors each undertook self-assessment of their individual performance during the financial year ended 31 December 2014 based on the criteria of character, experience, integrity, competence and time in order to discharge their respective roles as Directors of Maxis Berhad.

Members of the Board Committees

The Company has three principal Board Committees and the composition is as follows:

Audit Committee	Nomination Committee	Remuneration Committee
Robert William Boyle Chairman, Independent Non-Executive Director	**Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda** Chairman, Independent Non-Executive Director	**Tan Sri Mokhzani bin Mahathir** Chairman, Independent Non-Executive Director
Tan Sri Mokhzani bin Mahathir Member, Independent Non-Executive Director	**Robert William Boyle** Member, Independent Non-Executive Director	**Robert William Boyle** Member, Independent Non-Executive Director
Hamidah Naziadin Member, Independent Non-Executive Director	**Tan Sri Mokhzani bin Mahathir** Member, Independent Non-Executive Director	**Hamidah Naziadin** Member, Independent Non-Executive Director
Krishnan Ravi Kumar Member, Non-Executive Director	**Dr. Ibrahim Abdulrahman H. Kadi** Member, Non-Executive Director	**Augustus Ralph Marshall** Member, Non-Executive Director
Lim Ghee Keong Member, Non-Executive Director	**Augustus Ralph Marshall** Member, Non-Executive Director	**Fraser Mark Curley** Member, Non-Executive Director

Corporate **Governance**

Each of the Terms of Reference of the Committees can be found at www.maxis.com.my/corp

Board Committees

- All Board Committees consist of members who are Non-Executive Directors, a majority of whom are independent.
- The terms of reference of all Board Committees can be viewed on the Company's website.
- All Board Committees meet as and when necessary and decisions on recommendations can also be made via circular resolutions.
- In carrying out its duties and responsibilities, the Board Committees have:
  (i) full, free and unrestricted access to any information, records, properties and personnel of the Maxis Group; and
  (ii) the power to obtain independent professional advice and expertise necessary in order to enable them to discharge their duties effectively for the performance of its duties.
- All members of the Board Committees have access to the advice and services of the Company Secretary.

Meetings and activities of the Board Committees

Audit Committee ("AC")

The details of meetings and activities of the AC can be found in the Audit Committee Report on pages 65 to 68 of this Annual Report.

Nomination Committee ("NC")

The NC met five times during the financial year 2014 and all members of the Committee attended all meetings.

During the financial year 2014, the NC has undertaken the following activities:
(i) Reviewed the proposed format of the Self-Assessment of individual Directors;
(ii) Considered the appointment of new Directors and members of the Committee;
(iii) Reviewed the composition of the Board and the Board Committees;
(iv) Annual Assessment of the Independent Directors;
(v) Considered the timetable, process and methodology and outcome of the assessment of the Board, Directors and Board Committees and Directors' training for 2014; and
(vi) Trainings required by the Board members.

During the year, the Company did not engage any external party in respect of the annual review of the Board and/or individual Director or Board Committees.

Remuneration Committee

- During the financial year ended 31 December 2014 the Remuneration Committee ("RC") met three times and all members of the Committee (except Dr. Fahad Hussain S. Mushyat) attended the meetings.
- During the year, the RC reviewed its Terms of Reference, new organisation structure, CEO's recommendations for the bonus and performance of the Senior Management Team and also proposal for Long-Term Incentive for Top Management.

Employee Share Option Scheme ("ESOS") Committee

In addition to the three principal committees, the Board also established an ESOS Committee on 20 April 2011 with delegated authority to administer the ESOS and to decide on all relevant matters incidental thereto in accordance with the ESOS Bye-Laws including, but not limited to, the power to determine the criteria for eligible employees, the entitlement for eligible employees and the granting of options to such eligible employees.

Allocations to Directors, if any, shall be reviewed and recommended by the RC and then approved by the Board as a whole with the relevant individual Director abstaining in respect of his individual allocation and subject to the approval of the shareholders of the Company at a general meeting. To date none of the directors have been granted options.

The ESOS Committee consists of the following Directors:

- Tan Sri Mokhzani bin Mahathir (Independent Non-Executive Director and Chairman of the ESOS Committee);
- Augustus Ralph Marshall (Non-Executive Director);
- Morten Lundal (Executive Director and Chief Executive Officer).

In undertaking its responsibilities, the ESOS Committee will give due consideration to:

(i) the overall financial performance of the Company relative to the business plan agreed by the Board;
(ii) the competitiveness of the total compensation package for each grade of employee;
(iii) the individual contribution and strategic importance of current and potential key senior employees;
(iv) changes in the regulatory framework governing share option grants to employees; and
(v) the ESOS Bye-Laws of the Company as approved by the shareholders.

The ESOS Committee meets as and when necessary at least once in every calendar year and can also make decisions by way of circular resolutions.

The ESOS Committee met once during the financial year ended 31 December 2014 with all members attending the meeting. The ESOS Committee reviewed and discussed the terms, criteria and overall assessment for the ESOS allocation for eligible employees.

Remuneration of Directors and Senior Management

The objectives of the Group's policy on Directors' remuneration are to ensure that formal and transparent remuneration policies and procedures have been put in place to attract and retain Directors of the calibre needed to run the Group successfully. In Maxis, the component parts of remuneration for the Executive Directors are structured so as to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned.

1. Remuneration procedures

The RC recommends to the Board, the policy and framework of the Directors' remuneration and the remuneration package for the Executive Director (who is also the CEO) and Maxis Management Team ("MMT"). In recommending the Group's remuneration policy, the RC may receive advice from external consultants. It is nevertheless the ultimate responsibility of the Board to approve the remuneration of the Directors, the CEO and MMT.

The RC also reviews the overall performance of the Company and the specific KPIs of the CEO and MMT. In determining the bonus, the RC reviews their performance based on the overall performance of the Company, and the specific KPIs. Unless otherwise determined by an ordinary resolution of the Company in a general meeting, the total fees of all Directors in any year shall be a sum not exceeding in aggregate RM6,000,000.00 and divisible among the Directors as they may agree, or in the absence of an agreement, divided equally. The determination of the remuneration packages of Non-Executive Directors (whether in addition to or in lieu of their fees as Directors), is a matter for the Board as a whole. Individual Directors do not participate in decisions regarding their own remuneration package.

Corporate Governance

2. Directors' Remuneration Package

Executive Director

Basic Salary
The basic salary of the Executive Director is fixed for the duration of his contract. Any revision to the basic salary will be reviewed and recommended by the RC.

Bonus Scheme
The Group operates a bonus scheme for all employees including the Executive Director. Specific KPIs on financial performance and operational performance were set to assess the performance of the Executive Director. Bonuses payable to the Executive Director are reviewed by the Remuneration Committee and approved by the Board.

Benefits-in-Kind and Others
Other customary benefits (such as private medical cover, car, etc.) and other benefits are made available to the Executive Director as appropriate.

Non-Executive Directors

Fees
In accordance with the Company's Articles, the total fees of all the Directors in any year shall be a fixed sum not exceeding in aggregate RM6,000,000.00 unless otherwise determined by an ordinary resolution of the Company in a general meeting.

Benefits-in-Kind (such as car, etc.) are also made available to Non-Executive Directors as appropriate.

The aggregate emoluments received by the Directors of the Company during the financial year ended 31 December 2014 and the total Directors' remuneration analysed in the band of RM50,000 are disclosed in the financial statements, as set out on page 120 of this Annual Report.

Details of the remuneration for each of the Non-Executive Directors of the Company, including Directors who resigned during the year categorised into appropriate components for the financial year ended 31 December 2014 were as follows:

Name of Directors	Fee (RM)	Benefit in Kind (RM)	Total Amount (RM)
YM Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	452,500	45,345	497,845
Robert William Boyle	370,000	-	370,000
Tan Sri Mokhzani bin Mahathir	330,000	-	330,000
Hamidah Naziadin Note 3	256,667	-	256,667
Krishnan Ravi Kumar	262,957	-	262,957
Dr Ibrahim Abdulrahman H. Kadi	260,000	-	260,000
Dr Fahad Hussain S. Mushayt Note 2	98,602	-	98,602

Name of Directors	Fee (RM)	Benefit in Kind (RM)	Total Amount (RM)
Fraser Mark Curley Note 3	168,441	-	168,441
Augustus Ralph Marshall	266,479	-	266,479
Chan Chee Beng Note 2	98,602	8,040	106,642
Lim Ghee Keong Note 3	174,920	-	174,920
Alvin Michael Hew Thai Kheam	250,000	-	250,000
Morten Lundal (Executive Director) Note 1			

Notes:

(1) The Executive Director's remuneration can be found on page 120 of this Annual Report.

(2) Retired/resigned during the year 2014.

(3) Appointed during the year 2014.

(4) Save as disclosed above, no other remuneration has been paid to the Directors by the Company and/or its subsidiaries.

III. BOARD BALANCE AND INDEPENDENCE

There are 11 members of the Board, comprising an Executive Director (who is also the CEO) and 10 Non-Executive Directors (including the Chairman). Four of the Non-Executive Directors including the Chairman are independent and hence fulfil the prescribed requirements for one-third of the membership of the Board to be Independent Board Members. The Board comprises members of high calibre and integrity from diverse professional backgrounds, skills, extensive experience and knowledge in the areas of telecommunications, information technology, entertainment, finance, business, general management strategy, sales and distribution as well as human resources as required for the successful direction of the Group.

With its diversity of skills, the Board has been able to provide clear and effective collective leadership to the Group and has brought informed and independent judgment to the Group's strategy and performance to ensure that the highest standards of conduct and integrity are always at the core of the Group. None of the Non-Executive Directors participate in the day-to-day management of the Group.

The presence of the Independent Non-Executive Directors is essential in providing unbiased and impartial opinion, advice and judgment to Board deliberations to ensure that the interests, not only of the Group, but also of its shareholders, employees, customers, suppliers and other communities in which the Group conducts its business are well represented and taken into account. The Independent Non-Executive Directors thus play a key role in corporate accountability. The assessment of the independence of each of its Independent Non-Executive Directors is undertaken twice a year according to set criteria as prescribed by the MMLR.

As part of the Board's yearly appraisal and self-assessment, the Board is of the view that its size is adequate for the effective discharge of its functions and responsibilities. As recommended by the Code, the tenure of Directorship should form also part of the assessment criteria for independence of a Director. The relevant process and procedures have been provided for in the Board Charter and terms of reference of the NC. In the event that shareholders' approval is sought to enable an independent director to retain his designation as an independent director after having served a tenure of nine years, the NC is tasked to assess and assist the Board in recommending and providing justification for shareholders' consideration and approval in such instances. The Independent Directors also meet the criteria of independence.

A brief description of the background of each Director is contained in the "Board of Directors Profiles" section as set out on pages 30 to 36 of this Annual Report.

Corporate **Governance**

Division of roles and responsibilities between the Chairman and the CEO

The Board appreciates the distinct roles and responsibilities of the Chairman of the Board and the CEO. This division ensures that there is a clear and proper balance of power and authority. As such, the role of the Chairman and CEO is separate and this division of roles is made clear in the Board Charter. In addition to the above, the Chairman was not previously a CEO of the Company.

The Chairman's main responsibility is to ensure effective conduct of the Board and that all Directors, both Executive and Non-Executive, have unrestricted and timely access to all relevant information necessary for informed decision-making. The Chairman encourages participation and deliberation by all Board members to enable the wisdom of all the Board members to be tapped and to promote consensus building as much as possible.

The CEO has overall responsibilities over the Group's operational and business units, organisational effectiveness and implementation of Board policies, directives, strategies and decisions. In addition, the CEO also functions as the intermediary between the Board and Management.

Matters which are reserved for the Board's approval and delegation of powers to the Board Committees, the CEO and Management are expressly set out in an approved framework on limits of authority. Business affairs of the Group are governed by the Group's LOA Manual. The Board is guided by the Board Charter (please refer to Section 1 of this statement). Any non-compliance issues are brought to the attention of Management, Audit Committee and/or the Board, for effective supervisory decision-making and proper governance.

As the Group is expanding and its business growing, the division of authority is constantly reviewed to maintain the best levels of management efficiency and performance.

IV. COMMITMENT OF THE BOARD

All Board members shall notify the Chairman of the Board before accepting any new directorships in any other organisation. The notification shall include an indication of time commitment required under the new appointment as recommended by the Code.

Training and Development of Directors

The NC and the Board assess the training needs of each of its Directors on an ongoing basis, by determining areas that would best strengthen their contributions to the Board.

Orientation and familiarisation programmes that include visits to the Group's business operations and meetings with key management, where appropriate, are organised for newly appointed Directors to facilitate their understanding of the Group's operations and businesses. Regular talks are scheduled on various topics for the Board and these sessions are held together with Management in order to encourage open discussion and comments.

Throughout the financial year under review, regular briefings/updates (some by external advisers) on various subjects such as industry trends, operational, legal, regulatory, technology and organisational and talent were held at Board meetings and other sessions have been part of the Maxis Board agenda and this will continue into 2015 and beyond with greater intensity.

Directors have also participated in various external training programmes which they have collectively or individually considered as useful for them to discharge their responsibilities.

The Board has taken steps to ensure that its members have ongoing access to appropriate continuing education programmes in order to effectively discharge their functions effectively as directors . The Company Secretary facilitates the organisation of internal training programmes and keeps Directors informed of relevant external training programmes. All of the Directors have undergone training during the financial year. The records of internal and external training programmes attended by Directors are maintained by the Company Secretary.

As at the date of the Report, all Directors have attended and completed the Mandatory Accreditation Programme ("MAP") prescribed by Bursa Securities. Fraser Mark Curley who was appointed a Director on 8 May 2014 has completed his MAP on 27 and 28 August 2014, which is within the prescribed period of four months from the date of his appointment. Lim Ghee Keong who was also appointed on 8 May 2014 has completed his MAP prior to his appointment.

V. BOARD INTEGRITY IN FINANCIAL REPORTING, RISK RECOGNITION AND MANAGEMENT

ACCOUNTABILITY AND AUDIT

1. Financial reporting

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors will endeavour to present a clear, balanced and comprehensive 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 Directors' Responsibility Statement as set out on page 75 of the Annual Report.

2. Related Party Transaction ("RPT")

The Group has put in place review and approval processes and procedures for RPT to ensure that the transaction prices, terms and conditions of the agreement and the quality of the products/services are comparable with those prevailing in the market. The quality of the products/services must meet industry standards. The transaction should be entered into on normal commercial terms, and on terms that are consistent with the Group's usual business practices and policies. This will ultimately ensure that the terms of the transactions are not favourable to the related party and are not detrimental to the minority shareholders of the Group.

The RPT review and approval processes and procedures focus on four areas:

(i) Create RPT Awareness

All Heads of business units, Finance, Legal, Company Secretary and Internal Audit teams are made aware of all related parties to enable the Group to capture information on RPTs at source.

(ii) RPT approval process

All RPTs (irrespective of their values) must be tabled to the AC for review and to the Board for approval. Any new RPT proposed for the AC's recommendation and the Board's approval will be reviewed by various internal parties including the Company Secretary, Finance and Internal Audit departments, all of which are tasked with monitoring and reviewing transactions before the Board paper is submitted to the AC and the Board.

Where transactions are on single source quotation and where benchmarking is not possible, justification by business units must be provided to ensure that the transactions are at arm's length basis, not favourable to the related party and not detrimental to the minority shareholders. Interests of Directors and conflict of interests are disclosed to the AC and the Board and the interested Directors will abstain from deliberating and voting on the RPT.

Corporate **Governance**

The non-interested Directors of the Board will consider the transaction as proposed in the Board paper and if deemed appropriate, approve the RPT upon recommendation by the AC. In respect of the recurrent related party transactions ("RRPTs") which are within the shareholders' mandate ("Mandate") obtained at the Company's Extraordinary General Meeting, additional review and approval procedures are adopted.

Any individual RRPTs exceeding RM60 million each in value will be reviewed and considered by the AC prior to recommendation to the Board for approval, before the transaction can be entered into. Any variations to the terms and conditions of the individuals RRPTs will be reviewed and approved in accordance with the Company's Limits of Authority.

(iii) Monitoring Compliance and Reporting

The Group has a process for monthly reporting on the status of mandated RRPTs whereby the mandated RRPTs amount will be tracked on a monthly basis to ensure that the actual value of the mandated RRPTs entered into with parties within the same related party group does not exceed the aggregated estimated value of such mandated RRPTs. Where the value of transaction(s) exceeds the aggregated estimated value by 10% or more, a disclosure will be made to Bursa Securities.

Disclosure on the RRPTs for which the Mandate has been obtained together with the breakdown of the aggregate value of the RRPTs which had been conducted during the financial year ended 31 December 2014 is provided on pages 201 to 202 of this Annual Report.

(iv) Disclosures in securities and interests

In addition, all disclosures on trading in shares and securities of the Company by Directors and principal officers are tabled at the Board.

3. Risk Management and Internal Control

The Group's Statement on Risk Management and Internal Control is set out on pages 69 to 74 of this Annual Report.

4. Relationship with Auditors

The statement on roles, duties and responsibilities of the AC in relation to both the internal and external auditors is described in the Audit Committee Report as set out on pages 65 to 68 of this Annual Report.

VI. TIMELY AND HIGH QUALITY DISCLOSURE

The Board has also established and adopted the Corporate Disclosure Policy which inclusive of feedback from management as recommended by the Code and the policies and procedures therein has been formulated with reference to the Best Practices published in the Corporate Disclosure Guide issued by Bursa Securities.

As recommended by the Code, the Company will seek to leverage on the latest and most innovative information technology available to promote more efficient and effective ways to communicate with both its shareholders and stakeholders. The Company's Annual Reports, announcements to Bursa Securities, media releases, a Corporate Governance section including the Board Charter and Terms of Reference of the AC and NC and presentations relating to its quarterly financial results has been made available on the Company's website.

Various contact details are provided on the Company's website to address queries from customers, shareholders and other public. A dedicated Intranet has also been provided for ease of communication with employees and serves as a reference point for the employees.

VII. RELATIONSHIP WITH SHAREHOLDERS

1. Shareholders and Investor Relations

The Board believes that the Group should at all times be transparent and accountable to its shareholders and investors and the Board is proactive in evaluating the effectiveness of information dissemination to Maxis' shareholders and the wider investing community.

Other than through the issuance of its Annual Reports, Maxis has been actively promoting proactive engagements and communications with its shareholders and stakeholders through the following channels:

- Release of financial results on a quarterly basis;
- Press releases and announcements to Bursa Securities and subsequently to the media; and
- An online Investor Relations section and online Press Room, the "Maxis Media Centre", which can be accessed by shareholders and the general public via the Company's website at www.maxis.com.my.

The Group's website is updated regularly to provide current and comprehensive information about the Group.

Please also refer to the Investor Relations section on pages 22 to 24 of this Annual Report.

The Board has identified Tan Sri Mokhzani bin Mahathir as the Senior Independent Director to whom queries or concerns regarding the Group may be conveyed.

(i) Tan Sri Mokhzani bin Mahathir can be contacted as follows:
Telephone number: +603 2330 7000 Facsimile number: +603 2330 0590
Email address: mmokhza@maxis.com.my

Queries or concerns regarding the Group may be also conveyed to the following persons:

(ii) Nasution bin Mohamed
Chief Financial and Strategy Officer, for financial related matters
Telephone number: +603 2330 7000 Facsimile number: +603 2330 0555

(iii) Audrey Ho Swee Fong
Head of Investor Relations, for investor relations matters
Telephone number: +603 2330 7000 Facsimile number: +603 2330 0594
Email: ir@maxis.com.my

(iv) Dipak Kaur
Company Secretary, for shareholders' enquiries
Telephone number: +603 2330 7000 Facsimile number: +603 2330 0590

2. AGM

The AGM is the principal forum for dialogue with all shareholders who are encouraged and given sufficient opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns. The Board has taken reasonable steps to encourage shareholder participation at general meetings. Shareholders are encouraged to participate in the Question and Answer session on the resolutions being proposed or on the Group's operations in general.

Corporate **Governance**

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 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 only at the AGM.

The Companies Act, 1965 and the Company's Articles require 21 days' notice for the AGM but the Company has gone beyond the prescribed requirement to issue a notice with 28 days' notice period. Notice of the annual general meeting is advertised in national circulated daily newspapers. The notice of the 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.

An email account has also been created to attend to all queries from shareholders pertaining to this Annual Report, including any queries relating to the use of CD-ROM, form of proxy and all other matters relating to the forthcoming AGM. The email address is agm2015@maxis.com.my and this will be valid from 30 March 2015 to 28 April 2015 for this purpose.

The Board considers electronic poll voting as a viable voting option for its shareholders to be implemented in the future provided that it is able to satisfy itself that the infrastructure is reliable and cost effective. The Chairman would at the outset of general meetings inform the shareholders of their right to request to vote by poll.

3. Whistle-Blowing

In light of the requirements stipulated under the Capital Markets and Services Act 2007, the Bursa Securities' Corporate Governance Guide and the Companies Act, 1965, the Board recognises the importance of whistle-blowing and is committed to maintaining the highest standards of ethical conduct within the Group.

A secure reporting mechanism for employees and third parties called the 'Ethics Hotline' has been established to report any alleged unethical behavior, actual or suspected fraud within the Group. Dedicated channels for reporting have been set up.

These channels, under the custodian of the Internal Audit Department, are:

(i) Call or SMS to Ethics Hotline number (03-2330 6678 or 017-200 3922);

(ii) Email to ethics@maxis.com.my;

(iii) Send letters/documents to the Ethics Hotline Office c/o Internal Audit Department (Level 21, Menara Maxis, Kuala Lumpur City Centre, 50088 Kuala Lumpur, Malaysia).

The Board and the Management give their assurance that employees' and third parties' identities are kept confidential and that whistle-blowers will not be at risk to any form of victimisation or retaliation from their superiors or any member of the Management provided that they act in good faith in their reporting. All concerns raised will be investigated by a team comprising Internal Audit, Human Resource personnel and/or line management. All fraud and cases of unethical conduct will be deliberated at the Defalcation Committee (an internal committee comprising Senior Management as members) which meets regularly on matters pertaining to fraud and unethical practices. A report and updates on the fraud and cases of unethical conduct are provided to the Audit Committee on a quarterly basis.

Audit Committee **Report**

As at 31 December 2014

The Board of Maxis is pleased to present the Audit Committee Report for the financial year ended 31 December 2014.

MEMBERS AND MEETINGS

The Audit Committee ("the Committee") has five members, all of whom are Non-Executive Directors and a majority of whom are independent, including the Chairman of the Committee.

All members of the Committee are financially literate and are able to read, analyse, interpret and understand financial statements in order to effectively discharge their duties and responsibilities as members of the Committee. Robert William Boyle is a Fellow of the Institute of Chartered Accountants in England and Wales meeting the requirement under the Main Market Listing Requirements of Bursa Securities ("MMLR") that an Audit Committee must have at least one qualified accountant as its member.

Details of the Committee members and the attendance of each member at Committee meetings during the financial year ended 31 December 2014 are set out below:

NAME	STATUS	INDEPENDENT	MEETINGS ATTENDED
Robert William Boyle, Chairman of the Committee *(Appointed as Chairman on 16 October 2009)*	Non-Executive Director	Yes	5 out of 5
Tan Sri Mokhzani bin Mahathir *(Appointed as Member on 16 October 2009)*	Non-Executive Director	Yes	5 out of 5
Hamidah Naziadin *(Appointed as Member on 1 February 2014)*	Non-Executive Director	Yes	5 out of 5
Krishnan Ravi Kumar *(Appointed as Member on 8 May 2014)*	Non-Executive Director	No	2 out of 3
Lim Ghee Keong *(Appointed as Member on 8 May 2014)*	Non-Executive Director	No	3 out of 3

During the financial year, the Committee conducted five meetings. The Group's internal and external auditors and certain members of Senior Management attended all the meetings.

The Committee also held two separate private sessions with internal auditors and external auditors respectively without the presence of the Management.

Deliberations during the Committee meetings were minuted. Minutes of the meetings were circulated to all members of the Board and significant issues were brought up and discussed at Board meetings.

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Chairman of the Committee reports regularly to the Board on the activities carried out by the Committee in the discharge of its duties and responsibilities, as set out in its Terms of Reference which is available on Maxis' website. During the financial year, the Committee reviewed and updated its Terms of Reference to be in line with the Statement on Risk Management and Internal Controls (Bursa Securities, 2013). The major activities undertaken by the Committee during the year are as follows:

Audit Committee **Report**

Risk Management and Internal Control

- Reviewed with Management, the quarterly status reports on Enterprise Risk Management including risk profile and key risks of the Group;
- Reviewed the progress of the risk management function in its ongoing identification and monitoring of key risks and the controls implemented by the respective departments in managing these risks;
- Evaluated the overall adequacy and effectiveness of the system of internal controls including information technology and network controls, the Group's financial, auditing and accounting organisations and personnel and the Group's policies and compliance procedures with respect to business practices, through a review of the results of work performed by internal and external auditors and discussions with key Senior Management;
- Reviewed with Management, the half-yearly status report on revenue assurance and subscriber fraud management;
- Reviewed with Management, the half-yearly status report on business continuity plan;
- Reviewed with Management, the annual report on system and information security; and
- Reviewed the Employee Code of Business Practice, Vendor Code of Business Practice, compliance with the Personal Data Protection Act, the Whistle-Blowing policy and the outcome of any defalcation cases investigated.

Financial Reporting

- Reviewed with the appropriate officers of the Group, the quarterly financial results and annual audited financial statements of the Group, including the announcements pertaining thereto, before recommending their approval and the release of the Group's financial results to Bursa Securities to the Board;
- The reviews focused on the matters set out in Section 5 of the Terms of Reference, "Responsibilities" under the heading "Financial Reporting" as well as the following areas, where relevant:
  - MMLR (Bursa Securities Main Market Listing Requirements);
  - Provisions of the Companies Act, 1965 and other legal and regulatory requirements;
  - Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board;
- Reviewed and ensured corporate disclosure policies and procedures of the Group (as they pertain to accounting, audit and financial matters) comply with the disclosure requirements as set out in the MMLR;
- Reviewed related party transactions to ensure compliance with the MMLR and the Group's policies and procedures as well as the appropriateness of such transactions before recommending them to the Board for approval; and
- Reviewed the procedures for securing the shareholders' mandate for recurrent related party transactions.

Internal Audit

- Reviewed with the internal auditors, their audit plan for the financial year, ensuring that principal risk areas and key processes (identified by the Enterprise Risk Management department and Internal Audit department) were adequately identified and covered in the plan;
- Reviewed the recommendations by the internal auditors, the representations made and the corrective actions taken by Management in addressing and resolving issues and ensured that all issues were adequately addressed on a timely basis;
- Reviewed the results of ad-hoc investigations performed by the internal auditors 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 audit plan, as well as the audit programmes used in the execution of the internal auditors' work and the results of their work;
- Reviewed the results of the internal assessment performed on the internal audit function;
- Reviewed the performance of Internal Audit department staff; and
- Reviewed the adequacy of the charter of the internal audit function.

External Audit

- Reviewed with the external auditors, their terms of engagement, proposed audit remuneration and the audit plan for the financial year to ensure that their scope of work adequately covers the activities of the Group;
- Reviewed the results and issues arising from the external auditors' review of the quarterly financial results and audit of the year-end financial statements and the resolution of issues highlighted in their report to the Committee;
- Reviewed the independence, suitability, objectivity and cost effectiveness of the external auditors before recommending their re-appointment and remuneration to the Board;
- Reviewed the level of compliance of the external auditors with the Maxis External Audit Independence policy; and
- Obtained written assurance from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement.

Employee Share Option Scheme

- The ESOS Allocation review was not required as there were no ESOS allocations for the current financial year.

Others

- Reviewed with Management, the quarterly reports on relevant new laws and regulations, material litigation, contingencies and claims and Regulatory;
- Reviewed the Report of the Audit Committee, the Statement on Risk Management and Internal Control and the Statement on Corporate Governance prior to their inclusion in the Company's Annual Report;
- Reviewed the adequacy of the terms of reference of the Committee; and
- Conducted a self-assessment exercise to evaluate the Committee's overall effectiveness in discharging its responsibilities and reported the results of the self-assessment to the Board.

TRAINING

The training attended by the Committee members during the financial year is reported under the Statement on Corporate Governance on pages 60 to 61.

INTERNAL AUDIT FUNCTION

The Group has an independent internal audit function which reports directly to the Committee, the primary responsibility of which is to provide independent and objective assessment of the adequacy and effectiveness of the risk management, internal control and governance processes established by management and/or the Board 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 the relevant controls addressing those risks are reviewed on a timely basis.

The activities carried out by the Internal Audit department include among others, the review of the adequacy and effectiveness of risk management and the system of internal controls, compliance with established rules, guidelines, laws and regulations, reliability and integrity of information and the means of safeguarding assets. Such reviews are performed with a view to making recommendations to further improve existing controls and processes. On a quarterly basis, the Internal Audit department monitors and reports to the Committee the implementation of recommendations by Management to ensure all key risks are properly addressed.

The Head of the Internal Audit department reports directly to the Chairman of the Committee, and is responsible for enhancing the quality assurance and improvement programme of the internal audit function. Its effectiveness is monitored through continuous internal self-assessment and independent external assessment, and the results are communicated to the Committee.

Audit Committee **Report**

The major internal audit activities undertaken during the year are as follows:

- Reviewed the adequacy and effectiveness of critical processes, IT systems and network elements;
- Reviewed compliance with established policies and procedures and statutory requirements;
- Recommended improvements and enhancements to the existing system of internal control, risk management and governance processes;
- Carried out ad-hoc assignments and investigations requested by the Committee and/or Management;
- Followed up on the implementation of recommendations by Management to ensure all key risks are addressed; and
- Developed a risk-based annual audit plan.

The total costs incurred for the internal audit function for the financial year ended 31 December 2014 amounted to RM4.6 million (2013: RM4.8 million).

The internal audit function fully abides by the provisions of its charter. The internal audit charter is reviewed and approved by the Committee annually and complies fully with the Institute of Internal Auditors' International Professional Practices Framework.

TERMS OF REFERENCE OF THE COMMITTEE

The terms of reference of the Committee can be viewed on the Company's website.

Statement on **Risk Management and Internal Control**

INTRODUCTION

The Board affirms its overall responsibility for the Group's system of internal control and risk management and for reviewing the adequacy and effectiveness of the system. The Board is pleased to share the main features of the Group's risk management and internal control system in respect of the financial year ended 31 December 2014.

In discharging its stewardship responsibilities, the Group has established a sound risk management framework and procedures of internal control. These procedures, which are embedded into the culture, processes and structures of the Group are subject to regular review by the Board, provide an ongoing process for identifying, evaluating and managing the significant risks faced by the Group that may affect the achievement of its business objectives and strategies. The Group's risk management framework and internal control procedures, in all material aspects, are consistent with the guidance provided to Directors as set out in the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

BOARD RESPONSIBILITY

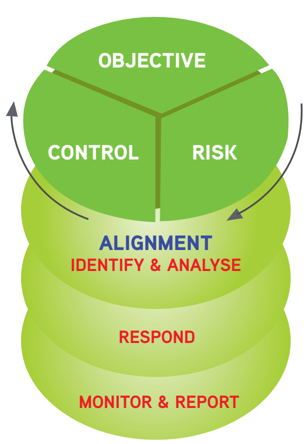
The Board of Maxis, in discharging its responsibilities, is fully committed to articulating, implementing and reviewing a sound risk management and internal control environment. The Board is responsible for determining the Group's level of risk tolerance and in conjunction with Management, to actively identify, assess and monitor key business risks in order to safeguard shareholders' investments and the Group's assets. The risk management and internal control systems are designed to identify, assess and manage risks that may impede the achievement of the Group's business objectives and strategies rather than to eliminate these risks. They can only provide reasonable and not absolute assurance against fraud, material misstatement or loss, and this is achieved through a combination of preventive, detective and corrective measures.

RISK MANAGEMENT

The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the Audit Committee. The Audit Committee, supported by the Internal Audit department, provides an independent assessment of the effectiveness of the Maxis Enterprise Risk Management ("ERM") framework and reports to the Board on a yearly basis.

The Maxis ERM framework is consistent with the ERM framework of the Committee of Sponsoring Organisations ("COSO") and involves systematically identifying, analysing, measuring, monitoring and reporting on the risks that may affect the achievement of its business objectives. This framework helps to reduce the uncertainties surrounding the Group's internal and external environment, thus allowing it to maximise opportunities and minimise adverse incidences that may arise. The major risks to which the Group is exposed to are strategic, operational, regulatory, financial, market, technological, products and reputational risks.

MAXIS' ENTERPRISE RISK MANAGEMENT FRAMEWORK

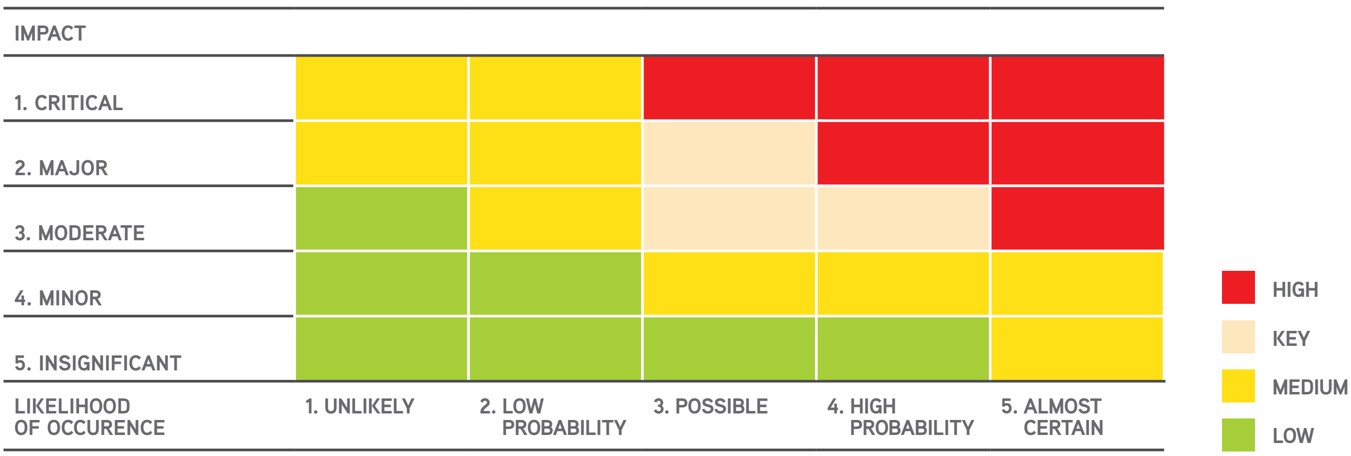


The ERM process is based on the following principles:
- Consider and manage risks enterprise-wide;
- Integrate risk management into business activities;
- Manage risk in accordance with the Risk Management framework;
- Tailor responses to business circumstances; and
- Communicate risks and responses to Management.

Statement on
Risk Management and Internal Control

All identified risks are displayed on a 5 by 5 risk matrix based on their risk ranking to assist Management in prioritising their efforts and appropriately managing the different classes of risks.

RISK RATING SCALE - 5 BY 5 MATRIX



The Board and Management drive a pro-active risk management culture and regular risk awareness and coaching sessions are held to ensure that the Group's employees have a good understanding and application of risk management principles.

There is a dedicated ERM department which works closely with the Group's operational managers to continuously strengthen the risk management initiatives within the Group so that it responds effectively to the constantly changing business environment and thus is able to protect and enhance shareholder value.

CONTROL ENVIRONMENT AND STRUCTURE

The Board and Management have established numerous processes for identifying, evaluating and managing the significant risks faced by the Group. These include periodic testing of the effectiveness and efficiency of the internal control procedures and updating the system of internal controls when there are changes to the business environment or regulatory guidelines. These processes have been in place for financial year ended 31 December 2014 and up to the date of approval of this Statement on Risk Management and Internal Control for inclusion in the Annual Report.

The key elements of the Group's control environment include:

1. **Organisation Structure**
   The business of the Group is managed by the Board which provides direction and oversight to the Group and Chief Executive Officer ("CEO") who is supported by Management. The Board is supported by a number of established Board committees, namely the Audit, Nomination, Remuneration and Employee Share Option Scheme Committees, and ad-hoc committees formed from time to time, all of which facilitate the Board in the discharge of its duties. Each Committee has clearly defined terms of reference and responsibilities, and activities of each Committee are reported back to the Board for information or decision where relevant (please refer to the Statement of Corporate Governance for further details).

   Responsibility for implementing the Group's strategies, operations and day-to-day businesses, including implementing the system of risk management and internal control, is delegated to the CEO who is supported by Management. The organisation structure sets out a clear segregation of roles and responsibilities, lines of accountability and limits of authority to ensure effective and independent stewardship.

2. Audit Committee

The Audit Committee comprises only non-executive members of the Board, the majority of whom are Independent Directors. The current Audit Committee comprises members who bring with them a wealth of knowledge, expertise and experience from different industries and backgrounds. The Audit Committee reviews the Group's financial reporting process, the system of internal controls 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, from time to time. Throughout the financial year, Audit Committee members are briefed on corporate governance practices, updates to Malaysian Financial Reporting Standards, as well as legal and regulatory requirements in addition to key matters affecting the financial statements of the Group.

The Audit Committee also reviews and reports to the Board the engagement and independence of the external auditors and their audit plan, nature, approach, scope and other examinations of the external audit matters. It also reviews the effectiveness of the internal audit function which is further described in the following section on Internal Audit.

The Audit Committee continues to meet regularly and has full and unimpeded access to the internal and external auditors and all employees of the Group. The Chairman of the Audit Committee provides the Board with reports on all meetings of the Audit Committee. Further details of the activities undertaken by the Audit Committee are set out in the Audit Committee Report on pages 65 to 68.

3. Internal Audit

The Internal Audit department continues to independently, objectively and regularly review key processes, check compliance with policies/procedures, evaluate the adequacy and effectiveness of internal control, risk management and governance processes established by Management and/or the Board within the Group. It highlights significant findings and corrective measures in respect of any non-compliance to Senior Management and the Audit Committee on a timely basis. Its work practices are governed by the Internal Audit Charter, which is subject to revision on an annual basis. The annual audit plan, established primarily on a risk-based approach, is reviewed and approved by the Audit Committee annually and an update is given to the Audit Committee every quarter. The Audit Committee oversees the Internal Audit department's function, its independence, scope of work and resources. The Internal Audit department also maintains a quality assurance and improvement programme and continuously monitors its overall effectiveness through internal self-assessment and independent external assessment.

The Internal Audit function meets the requirements of the latest International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors Inc. Further activities of the Internal Audit function are set out in the Audit Committee Report on pages 65 to 68.

4. 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 are two detailed Maxis Code of Business Practices ("the Code"); one for Directors and employees and another for third parties, which stipulate how Directors and employees as well as external parties such as vendors, dealers and business partners should conduct themselves in all business matters. All Directors and employees are required to declare that they are in compliance with the Code upon joining the Group and on an annual basis. External parties such as vendors, dealers and business partners who conduct business with the Group are required to sign a declaration that they have read and will adhere to the contents of the Code.

Statement on
Risk Management and Internal Control

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. The Office of Business Practice will continuously look at ways to enhance the Group's highest standards of business conduct and ethics, and to benchmark these against best practices. In addition, there is also an Ethics Hotline, which serves as a safe and effective channel to allow employees or parties dealing with us to report any observed behavioural inconsistencies which are not in accordance with the general standards and business ethics.

5. 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 on a rotational basis to ensure they function effectively and efficiently. This includes performance and examination of regular test calls, reconciliations of chargeable transactions from network and IT systems to the billing systems and independent rating of key services via automated tools. These findings and corresponding actions taken are reported to the Management on a monthly basis. Key issues on identified revenue leakages and mitigation action taken are reported to the Audit Committee on a half-yearly basis. The Revenue Assurance department meets key stakeholders on an ongoing basis to address key revenue assurance issues and drive revenue assurance initiatives across the Group.

6. Subscriber Fraud Management

The Subscriber Fraud Management ("SFM") function complements the Revenue Assurance function. While the Revenue Assurance function reviews controls within the revenue cycle as indicated above, the SFM function monitors daily subscriber calls on a near real-time basis. Appropriate actions are taken immediately for suspected fraudulent calls, using an industry developed system to monitor call patterns on a 24/7 basis throughout the financial year and other manual reporting investigations. It also reviews key new services and products for possible fraud risk and recommends counter-measures. Fraud findings with remedial actions taken are reported on a half-yearly basis to Management and presented half-yearly to the Audit Committee.

7. Business Continuity Planning

The Business Continuity Planning ("BCP") function is responsible for identifying activities and operations that are critical to sustain business operations in the event of a disaster. These include facilitating the building of additional redundancies in network infrastructure, establishing alternate sites where key operational activities can be resumed and mitigating the risk of high-impact loss events through appropriate insurance coverage. A risk-based approach is applied in identifying the key initiatives and their levels of importance by reviewing critical systems and single-point of failures as well as their impact on the business of the Group as a whole. During the financial year, selected critical areas as identified by risk priority were tested to assess the effectiveness of the implemented BCP initiatives. These tests were successfully executed and the progress of these initiatives was presented half-yearly to the Audit Committee. Since January 2014, Maxis is also certified under ISO 22301, the international certification standard for Business Continuity Management systems.

8. Regulatory

The Regulatory function ensures compliance with the Communications and Multimedia Act 1998 ("CMA"), and its applicable rules and regulations, which governs 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, MCMC.

The Regulatory function also frequently engages MCMC and KKMM in discussions on pertinent industry issues.

9. 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 ensures that the Group's operations and transactions with third parties are in compliance with all laws. It also plays a key role in advising the Board and Management on legal and strategic matters. The Board is briefed through reports to the Audit Committee on material litigation and any changes in law affecting the Group's operations.

10. Company Secretary

Please refer to Statement on Corporate Governance on pages 50 to 64 of this Annual Report.

11. Limits of Authority

A Limits of Authority ("LOA") manual sets out the authorisation limits for various levels of Maxis' Management and staff and also those matters requiring Board approval to ensure accountability, segregation of duties and control over the Group's financial commitments. The LOA manual is reviewed and updated periodically to align with business, operational and structural changes.

12. Policies and Procedures

There is extensive documentation of policies, procedures, guidelines and service level agreements in manuals and on the Group's intranet site including those relating to Finance, Contract Management, Marketing, Procurement, Human Resources, Information Systems, Network Operations, Legal, System and Information Security Controls. Continuous control enhancements are made to cater for business environment changes and in line with Maxis' new and growing business strategy.

13. Financial and Operational Information

A detailed budgeting and reporting process has been 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 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 the Directors to gauge the Group's overall performance compared to the approved budgets and prior periods.

14. Systems and Information Security

The Systems and Information Security department ("SIS") has an assurance function and is responsible for continuously monitoring and resolving security threats to the Group both internally and externally. This includes conducting security awareness, vulnerability assessment and penetration test programmes, and compliance audits on IT systems and Networks of Maxis to reduce the impact of service interruption due to malicious activities, cyber-attacks, negligence and malware. The effectiveness of the security programme is validated by auditors and external security consulting companies.

Apart from the internal security compliance programmes, SIS is also required to maintain and assist in the compliance of the following regulatory and industry security programmes, namely: MS/ISO27001:2013, Payment Card Industry/Data Security Standard, and the Personal Data Protection Act 2010.

SIS is governed by a group of Maxis Senior Management team members who meet periodically to direct and approve the corporate security policies and standards set by the department and security projects undertaken by the department. It is also responsible for updating the Audit Committee at least annually on the Group's security status.

Statement on
Risk Management and Internal Control

MONITORING AND REVIEW

The processes that monitor and review the effectiveness of the system of risk management and internal controls include:

1. **Management Representations made to the Board** by the CEO and Chief Financial and Strategy Officer ("CFSO"), based on representations made to them by Management on the adequacy and effectiveness of the Group's risk management and internal control system in their respective areas. Any material exceptions identified are highlighted to the Board.

2. **Internal Audit** in their quarterly report to the Audit Committee and Senior Management continues to highlight significant issues and exceptions identified during the course of their review on processes and controls compliance.

3. **The 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 are channeled to this committee for deliberation. Appropriate actions are then taken based on the findings.

4. **Enterprise Risk Management department** reports to the Board on a half-yearly basis through the Audit Committee on the risk profile of the Group and the progress of action plans to manage and mitigate the risks.

Management has taken the necessary actions to remediate weaknesses identified for the period under review. The Board and Management will continue to monitor the effectiveness and take measures to strengthen the risk management and internal control environment.

CONCLUSION

For the financial year under review and up to the date of issuance of the financial statements, the Board is satisfied with the adequacy and effectiveness of the Group's system of risk management and internal control to safeguard the interest of shareholders. 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 CEO and CFSO have provided assurance to the Board that the Group's risk management and internal control system, in all material aspects, is operating adequately and effectively.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirement, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants. RPG 5 (Revised) does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Directors' **Responsibility Statement**

The Companies Act, 1965 ("the Act") requires the Directors to prepare financial statements for each financial year in accordance with the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, and the provisions of the Act and the Main Market Listing Requirements of Bursa Securities, and to lay these before the Company at its Annual General Meeting.

The Directors are responsible for ensuring that the financial statements provide a true and fair view of the financial position of the Group and the Company as at 31 December 2014 and of their financial performance and cash flows for the financial year ended 31 December 2014.

The Act also requires the Directors to keep such accounting and other records in a manner that enables them to sufficiently explain the transactions and financial position of the Company and the Group and to prepare true and fair financial statements and any documents required to be attached, as well as to enable such accounting records to be audited conveniently and properly.

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 true and fair financial statements and documents required by the Act to be attached, are prepared for the financial year to which these financial statements relate.

Incorporated on pages 83 to 188 of this Annual Report are the financial statements of the Group and the Company for the financial year ended 31 December 2014.

Directors' **Report**

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 2014.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding, whilst the principal activities of the Group, comprising the Company and its subsidiaries, are the provision of mobile, fixed line and international gateway telecommunications services as well as Internet and broadband services, and corporate support functions for the Group. Details of the principal activities of the subsidiaries are shown in Note 18 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 for the financial year attributable to:		
- equity holders of the Company	1,717,442	1,620,899
- non-controlling interest	7,382	-
Profit for the financial year	1,724,824	1,620,899

DIVIDENDS

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

	RM'000
In respect of the financial year ended 31 December 2013:	
(a) Fourth interim single-tier tax-exempt dividend of 8.0 sen per ordinary share on 7,504,853,100 ordinary shares of RM0.10 each, paid on 8 April 2014	600,388
(b) Final single-tier tax-exempt dividend of 8.0 sen per ordinary share on 7,505,664,800 ordinary shares of RM0.10 each, paid on 27 June 2014	600,453
	1,200,841
In respect of the financial year ended 31 December 2014:	
(a) First interim single-tier tax-exempt dividend of 8.0 sen per ordinary share on 7,505,664,800 ordinary shares of RM0.10 each, paid on 27 June 2014	600,453
(b) Second interim single-tier tax-exempt dividend of 8.0 sen per ordinary share on 7,506,109,800 ordinary shares of RM0.10 each, paid on 26 September 2014	600,489
(c) Third interim single-tier tax-exempt dividend of 8.0 sen per ordinary share on 7,506,350,500 ordinary shares of RM0.10 each, paid on 26 December 2014	600,508
	1,801,450

DIVIDENDS (CONTINUED)

Subsequent to the financial year, on 6 February 2015, the Directors declared a fourth interim single-tier tax-exempt dividend of 8.0 sen per ordinary share in respect of the financial year ended 31 December 2014 which will be paid on 27 March 2015. The financial statements for the financial year ended 31 December 2014 do not reflect these dividends. Upon declaration, the cash dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2015.

The Directors recommend the payment of a final single-tier tax-exempt dividend of 8.0 sen per ordinary share in respect of the financial year ended 31 December 2014, which is subject to shareholders' approval at the forthcoming Annual General Meeting, and will be paid on a date to be determined.

RESERVES AND PROVISIONS

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

SHARE CAPITAL

During the financial year, the issued and paid-up share capital of the Company was increased from 7,503,454,800 ordinary shares of RM0.10 each to 7,506,580,900 ordinary shares of RM0.10 each by the issuance of 3,126,100 new ordinary shares for cash pursuant to the exercise of share options under the Employee Share Option Scheme ("ESOS"). The detail of the new ordinary shares issued during the financial year is as follows:

Exercise price per share	Number of issued and paid-up ordinary shares of RM0.10 each '000
RM5.45	1,661
RM6.41	1,355
RM6.78	110
	3,126

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

EMPLOYEE SHARE OPTION SCHEME

Pursuant to the ESOS implemented on 17 September 2009, the Company will make available new shares, not exceeding in aggregate 250,000,000 shares during the existence of the ESOS, to be issued under the share options granted. The ESOS is for the benefit of eligible employees and eligible directors (executive and non-executive) of the Group and of the Company. The ESOS is for a period of 10 years and is governed by the ESOS Bye-Laws as set out in the Company's Prospectus dated 28 October 2009 issued in relation to its initial public offering.

Directors' **Report**

EMPLOYEE SHARE OPTION SCHEME (CONTINUED)

An ESOS Committee comprising Directors of the Company has been set up to administer the ESOS. The ESOS Committee may from time to time, offer share options to eligible employees and eligible 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 disclosed in Note 31(b) to the financial statements.

During the financial year, there were no new share options under the ESOS granted to the employees of the Group and the Company. The movements of the total share options issued under the ESOS are as follows:

	Quantity '000
Total outstanding as at 1 January 2014	38,588
Total granted	-
Total exercised	(3,126)
Total forfeited/lapsed	(1,603)
Total outstanding as at 31 December 2014	33,859

An analysis of the percentage of share options granted to key management personnel including directors is as follows:

	Aggregate maximum allocation		Actual allocation[(1)]	
	Since 17.9.2009	Financial year 31.12.2014	Since 17.9.2009	Financial year 31.12.2014
Key management personnel	50%	50%	15.5%	-

Note:
(1) The Directors and Chief Executive Officer of the Company have not, since the implementation of the ESOS, been granted any share options.

Directors' **Report**

DIRECTORS

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

Non-Executive Directors

Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda
Robert William Boyle
Tan Sri Mokhzani bin Mahathir
Augustus Ralph Marshall
Alvin Michael Hew Thai Kheam
Dr. Ibrahim Abdulrahman H. Kadi
Krishnan Ravi Kumar
Hamidah Naziadin
Fraser Mark Curley (appointed with effect from 8 May 2014)
Lim Ghee Keong (appointed with effect from 8 May 2014)
Dr. Fahad Hussain S. Mushayt (resigned with effect from 7 May 2014)
Chan Chee Beng (retired with effect from 7 May 2014)

Executive Director

Morten Lundal

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements 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 those arising from an incentive arrangement, the details of which are disclosed in Note 3 on Directors' Interests below.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than remuneration received or due and receivable by the Directors as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest.

Directors' **Report**

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings, particulars of interests of the Directors who held office at the end of the financial year in shares in the Company are as follows:

	Number of ordinary shares of RM0.10 each in the Company			
	As at 1.1.2014	Acquired	Sold	As at 31.12.2014
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	750,000[(1)]	-	-	750,000[(1)]
Robert William Boyle	100,000	-	-	100,000
Tan Sri Mokhzani bin Mahathir	751,000[(2)]	-	-	751,000[(2)]
Augustus Ralph Marshall	750,000[(1)]	-	-	750,000[(1)]
Morten Lundal	-	687,175[(3)]	-	687,175[(3)]

Notes:
(1) Held through a nominee, namely CIMSEC Nominees (Tempatan) Sdn. Bhd.
(2) Includes deemed interest in 1,000 shares in the Company held by spouse pursuant to Section 134(12)(c) of the Companies Act, 1965.
(3) These shares are currently held by CIMB Commerce Trustee Berhad or its nominee pursuant to the terms and conditions of the incentive arrangement which forms part of the employment contract the Director has entered into with the Company, where the cash incentives payable to the Director were used to acquire shares from the open market and subject thereto, will vest in the Director on a deferred basis, in accordance with the terms and conditions of the said incentive arrangement. In addition to his interest in these shares, the Director is also deemed interested in such additional number of shares in the Company which shall only be determinable in the future, to be acquired using future cash incentives payable to the director, pursuant to the terms and conditions of such incentive arrangement.

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

IMMEDIATE HOLDING, INTERMEDIATE HOLDING, PENULTIMATE HOLDING AND ULTIMATE HOLDING COMPANIES

The Directors regard BGSM Equity Holdings Sdn. Bhd. as the immediate holding company, BGSM Management Sdn. Bhd. as the intermediate holding company, Maxis Communications Berhad as the penultimate holding company and Binariang GSM Sdn. Bhd. as the ultimate holding company. All these companies are incorporated and domiciled in Malaysia.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statements of profit or loss, statements of comprehensive income and statements of financial position 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 impairment and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment; 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 had been written down to an amount 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 impairment 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 12 months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or of the Company to meet their obligations when they fall due.

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

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.

Directors' **Report**

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 6 February 2015.

RAJA TAN SRI DATO' SERI ARSHAD BIN RAJA TUN UDA
DIRECTOR

MORTEN LUNDAL
DIRECTOR

Kuala Lumpur

Statements of **Profit or Loss**

For the financial year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Revenue	6	**8,388,502**	9,084,452	**1,985,000**	2,079,000
Interconnect expenses, Universal Service Provision contributions and other direct cost of sales		**(2,706,965)**	(3,089,268)	**-**	-
Gross profit		**5,681,537**	5,995,184	**1,985,000**	2,079,000
Other income		**106,801**	62,456	**-**	2
Administrative expenses		**(1,702,619)**	(1,900,483)	**(12,928)**	(16,825)
Network operation costs		**(1,175,175)**	(1,186,066)	**-**	-
Other expenses		**(95,059)**	(145,901)	**(4,732)**	(5,215)
Profit from operations	7	**2,815,485**	2,825,190	**1,967,340**	2,056,962
Finance income	11(a)	**44,344**	29,361	**71,477**	66,729
Finance costs	11(b)	**(423,805)**	(358,076)	**(417,328)**	(354,398)
Profit before tax		**2,436,024**	2,496,475	**1,621,489**	1,769,293
Tax expenses	12	**(711,200)**	(724,220)	**(590)**	(1,142)
Profit for the financial year		**1,724,824**	1,772,255	**1,620,899**	1,768,151
Attributable to:					
- equity holders of the Company		**1,717,442**	1,765,462		
- non-controlling interest		**7,382**	6,793		
		1,724,824	1,772,255		
Earnings per share for profit attributable to the equity holders of the Company:					
- basic (sen)	13(a)	**22.88**	23.53		
- diluted (sen)	13(b)	**22.88**	23.53		

The notes on pages 94 to 188 form part of these financial statements.

Statements of **Comprehensive Income**

For the financial year ended 31 December 2014

	Note	Group		Company	
		2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Profit for the financial year		**1,724,824**	1,772,255	**1,620,899**	1,768,151
Other comprehensive income					
Items that will be reclassified subsequently to profit or loss:					
- currency translation differences	32(c)	**49**	(29)	**-**	-
- net change in cash flow hedge	32(c)	**(18,691)**	166,944	**(18,691)**	166,944
Other comprehensive (expense)/ income for the financial year		**(18,642)**	166,915	**(18,691)**	166,944
Total comprehensive income for the financial year		**1,706,182**	1,939,170	**1,602,208**	1,935,095
Attributable to:					
- equity holders of the Company		**1,698,800**	1,932,377		
- non-controlling interest		**7,382**	6,793		
		1,706,182	1,939,170		

The notes on pages 94 to 188 form part of these financial statements.

Statements of **Financial Position**

As at 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	15	**4,008,811**	4,038,431	**-**	-
Intangible assets	16	**11,176,121**	11,166,578	**-**	-
Investments in subsidiaries	17	**-**	-	**35,022,142**	35,019,383
Loan to a subsidiary	17	**-**	-	**1,205,763**	1,205,703
Available-for-sale investment	20	**50**	50	**-**	-
Derivative financial instruments	21	**244,452**	144,750	**244,452**	144,750
Deferred tax assets	22	**102,045**	127,618	**-**	-
TOTAL NON-CURRENT ASSETS		**15,531,479**	15,477,427	**36,472,357**	36,369,836
CURRENT ASSETS					
Inventories	23	**12,440**	70,433	**-**	-
Receivables, deposits and prepayments	24	**970,453**	946,720	**1,815**	448
Amounts due from subsidiaries	17	**-**	-	**81**	124
Amounts due from penultimate holding company	25	**259**	302	**-**	36
Amounts due from related parties	26	**26,584**	23,519	**-**	-
Loan to a subsidiary	17	**-**	-	**-**	150,000
Tax recoverable		**37,874**	3,238	**554**	238
Cash and cash equivalents	27	**1,530,519**	807,946	**185,960**	160,639
TOTAL CURRENT ASSETS		**2,578,129**	1,852,158	**188,410**	311,485
TOTAL ASSETS		**18,109,608**	17,329,585	**36,660,767**	36,681,321

The notes on pages 94 to 188 form part of these financial statements.

Statements of **Financial Position**

As at 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
LESS: CURRENT LIABILITIES					
Provisions for liabilities and charges	28	**65,012**	135,473	**-**	-
Payables and accruals	29	**3,001,627**	2,433,751	**893**	2,543
Amounts due to subsidiaries	17	**-**	-	**1,160**	2,616
Amounts due to fellow subsidiaries	25	**487**	3,648	**-**	-
Amounts due to related parties	26	**24,429**	23,225	**-**	-
Loan from a related party	26	**28,875**	-	**-**	-
Loans from a subsidiary	17	**-**	-	**400,000**	400,000
Borrowings	30	**879,695**	910,103	**865,644**	903,946
Derivative financial instruments	21	**15,848**	83,609	**15,848**	83,609
Taxation		**167,275**	70,635	**-**	-
TOTAL CURRENT LIABILITIES		**4,183,248**	3,660,444	**1,283,545**	1,392,714
NET CURRENT LIABILITIES		**(1,605,119)**	(1,808,286)	**(1,095,135)**	(1,081,229)
NON-CURRENT LIABILITIES					
Provisions for liabilities and charges	28	**134,130**	109,554	**-**	-
Payables and accruals	29	**453,722**	371,620	**-**	-
Loan from a related party	26	**-**	28,875	**-**	-
Borrowings	30	**8,118,389**	6,613,172	**8,106,534**	6,601,377
Derivative financial instruments	21	**-**	33,519	**-**	33,519
Deferred tax liabilities	22	**482,352**	495,585	**-**	-
TOTAL NON-CURRENT LIABILITIES		**9,188,593**	7,652,325	**8,106,534**	6,634,896
NET ASSETS		**4,737,767**	6,016,816	**27,270,688**	28,653,711
EQUITY					
Share capital	31	**750,658**	750,345	**750,658**	750,345
Reserves	32	**3,964,747**	5,251,491	**26,520,030**	27,903,366
Equity attributable to equity holders of the Company		**4,715,405**	6,001,836	**27,270,688**	28,653,711
Non-controlling interest		**22,362**	14,980	**-**	-
TOTAL EQUITY		**4,737,767**	6,016,816	**27,270,688**	28,653,711

The notes on pages 94 to 188 form part of these financial statements.

Statements of **Changes in Equity**

For the financial year ended 31 December 2014

		Attributable to equity holders of the Company									
		Issued and fully paid ordinary shares of RM0.10 each									
Group	Note	Number of shares '000	Nominal value RM'000	Share premium RM'000	Merger relief (Note 32(a)) RM'000	Reserve arising from reverse acquisition (Note 32(b)) RM'000	Other reserves (Note 32(c)) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
As at 1 January 2014		7,503,455	750,345	20,233	27,758,000	(22,728,901)	120,904	81,255	6,001,836	14,980	6,016,816
Profit for the financial year		-	-	-	-	-	-	1,717,442	1,717,442	7,382	1,724,824
Other comprehensive expense for the financial year		-	-	-	-	-	(18,642)	-	(18,642)	-	(18,642)
Total comprehensive (expense)/ income for the financial year		-	-	-	-	-	(18,642)	1,717,442	1,698,800	7,382	1,706,182
Dividends for the financial year ended 2013	14	-	-	-	(625,000)	-	-	(575,841)	(1,200,841)	-	(1,200,841)
Dividends for the financial year ended 2014	14	-	-	-	(1,801,450)	-	-	-	(1,801,450)	-	(1,801,450)
Employee Share Option Scheme ("ESOS"):											
- share-based payment expense	31(b)	-	-	-	-	-	2,389	-	2,389	-	2,389
- shares issued		3,126	313	18,779	-	-	(607)	-	18,485	-	18,485
- share options lapsed		-	-	-	-	-	(69)	69	-	-	-
Incentive arrangement:											
- share-based payment expense	31(c)	-	-	-	-	-	977	-	977	-	977
- shares acquired		-	-	-	-	-	(4,791)	-	(4,791)	-	(4,791)
Total transactions with owners, recognised directly in equity		3,126	313	18,779	(2,426,450)	-	(2,101)	(575,772)	(2,985,231)	-	(2,985,231)
As at 31 December 2014		7,506,581	750,658	39,012	25,331,550	(22,728,901)	100,161	1,222,925	4,715,405	22,362	4,737,767

The notes on pages 94 to 188 form part of these financial statements.

Statements of **Changes in Equity**

For the financial year ended 31 December 2014

		Attributable to equity holders of the Company									
		Issued and fully paid ordinary shares of RM0.10 each									
Group	Note	Number of shares '000	Nominal value RM'000	Share premium RM'000	Merger relief (Note 32(a)) RM'000	Reserve arising from reverse acquisition (Note 32(b)) RM'000	Other reserves (Note 32(c)) RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
As at 1 January 2013		7,500,573	750,057	3,199	28,989,000	(22,728,901)	(49,662)	85,425	7,049,118	8,187	7,057,305
Profit for the financial year		-	-	-	-	-	-	1,765,462	1,765,462	6,793	1,772,255
Other comprehensive income for the financial year		-	-	-	-	-	166,915	-	166,915	-	166,915
Total comprehensive income for the financial year		-	-	-	-	-	166,915	1,765,462	1,932,377	6,793	1,939,170
Dividends for the financial year ended 2012	14	-	-	-	(546,000)	-	-	(654,108)	(1,200,108)	-	(1,200,108)
Dividends for the financial year ended 2013	14	-	-	-	(685,000)	-	-	(1,115,532)	(1,800,532)	-	(1,800,532)
ESOS:											
- share-based payment expense	31(b)	-	-	-	-	-	4,353	-	4,353	-	4,353
- shares issued		2,882	288	17,034	-	-	(694)	-	16,628	-	16,628
- share options lapsed		-	-	-	-	-	(8)	8	-	-	-
Total transactions with owners, recognised directly in equity		2,882	288	17,034	(1,231,000)	-	3,651	(1,769,632)	(2,979,659)	-	(2,979,659)
As at 31 December 2013		7,503,455	750,345	20,233	27,758,000	(22,728,901)	120,904	81,255	6,001,836	14,980	6,016,816

The notes on pages 94 to 188 form part of these financial statements.

Statements of **Changes in Equity**

For the financial year ended 31 December 2014

Company	Note	Issued and fully paid ordinary shares of RM0.10 each: Number of shares '000	Issued and fully paid ordinary shares of RM0.10 each: Nominal value RM'000	Share premium RM'000	Other reserves (Note 32(c)) RM'000	Merger relief (Note 32(a)) RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 January 2014		7,503,455	750,345	20,233	120,953	27,758,000	4,180	28,653,711
Profit for the financial year		-	-	-	-	-	1,620,899	1,620,899
Other comprehensive expense for the financial year		-	-	-	(18,691)	-	-	(18,691)
Total comprehensive (expense)/income for the financial year		-	-	-	(18,691)	-	1,620,899	1,602,208
Dividends for the financial year ended 2013	14	-	-	-	-	(625,000)	(575,841)	(1,200,841)
Dividends for the financial year ended 2014	14	-	-	-	-	(1,801,450)	-	(1,801,450)
ESOS:								
- share-based payment expense	31(b)	-	-	-	2,389	-	-	2,389
- shares issued		3,126	313	18,779	(607)	-	-	18,485
- share options lapsed		-	-	-	(69)	-	69	-
Incentive arrangement:								
- share-based payment expense	31(c)	-	-	-	977	-	-	977
- shares acquired		-	-	-	(4,791)	-	-	(4,791)
Total transactions with owners, recognised directly in equity		3,126	313	18,779	(2,101)	(2,426,450)	(575,772)	(2,985,231)
As at 31 December 2014		7,506,581	750,658	39,012	100,161	25,331,550	1,049,307	27,270,688

The notes on pages 94 to 188 form part of these financial statements.

Statements of **Changes in Equity**

For the financial year ended 31 December 2014

Company	Note	Issued and fully paid ordinary shares of RM0.10 each: Number of shares '000	Issued and fully paid ordinary shares of RM0.10 each: Nominal value RM'000	Share premium RM'000	Other reserves (Note 32(c)) RM'000	Merger relief (Note 32(a)) RM'000	Retained earnings RM'000	Total equity RM'000
As at 1 January 2013		7,500,573	750,057	3,199	(49,642)	28,989,000	5,661	29,698,275
Profit for the financial year		-	-	-	-	-	1,768,151	1,768,151
Other comprehensive income for the financial year		-	-	-	166,944	-	-	166,944
Total comprehensive income for the financial year		-	-	-	166,944	-	1,768,151	1,935,095
Dividends for the financial year ended 2012	14	-	-	-	-	(546,000)	(654,108)	(1,200,108)
Dividends for the financial year ended 2013	14	-	-	-	-	(685,000)	(1,115,532)	(1,800,532)
ESOS:								
- share-based payment expense	31(b)	-	-	-	4,353	-	-	4,353
- shares issued		2,882	288	17,034	(694)	-	-	16,628
- share options lapsed		-	-	-	(8)	-	8	-
Total transactions with owners, recognised directly in equity		2,882	288	17,034	3,651	(1,231,000)	(1,769,632)	(2,979,659)
As at 31 December 2013		7,503,455	750,345	20,233	120,953	27,758,000	4,180	28,653,711

The notes on pages 94 to 188 form part of these financial statements.

Statements of **Cash Flows**

For the financial year ended 31 December 2014

	Group		Company	
	2014	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the financial year	**1,724,824**	1,772,255	**1,620,899**	1,768,151
Adjustments for:				
Allowance for:				
- impairment of property, plant and equipment	**-**	81,971	**-**	-
- impairment of receivables, deposits and prepayments	**96,584**	109,331	**-**	-
- inventories obsolescence	**2,515**	20,276	**-**	-
Amortisation of intangible assets	**248,417**	265,163	**-**	-
Bad debts recovered	**(17,889)**	(18,045)	**-**	-
Depreciation of property, plant and equipment	**1,155,866**	1,101,287	**-**	-
Dividend income	**-**	-	**(1,985,000)**	(2,079,000)
Finance costs	**423,805**	358,076	**417,328**	354,398
Finance income	**(44,344)**	(29,361)	**(71,477)**	(66,729)
Gain on disposal of property, plant and equipment	**(4,359)**	(960)	**-**	-
Inventories written down	**3,871**	-	**-**	-
Loss on liquidation of a subsidiary	**49**	-	**-**	-
Property, plant and equipment written off, net of adjustment	**14,770**	37,712	**-**	-
Provision for:				
- Career Transition Scheme ("CTS") costs	**-**	40,712	**-**	-
- contract obligations and legal claims	**11,484**	64,820	**-**	-
- site rectification and decommissioning works	**2,660**	191	**-**	-
- staff incentive scheme	**48,914**	38,745	**-**	-
Reversal of allowance for:				
- impairment of property, plant and equipment	**(1,165)**	-	**-**	-
- impairment of receivables, deposits and prepayments	**(24,449)**	(25,576)	**-**	-
- inventories obsolescence	**(14,620)**	(19,687)	**-**	-
Share-based payments	**3,366**	4,353	**-**	-
Tax expenses	**711,200**	724,220	**590**	1,142
Unrealised loss on foreign exchange	**43,542**	14,475	**-**	-
Write-back of provision for:				
- CTS costs	**(793)**	-	**-**	-
- contract obligations and legal claims	**(22,093)**	(7,292)	**-**	-
- site rectification and decommissioning works	**(2,636)**	(1,599)	**-**	-
- staff incentive scheme	**(40,820)**	(18,300)	**-**	-
	4,318,699	4,512,767	**(17,660)**	(22,038)

The notes on pages 94 to 188 form part of these financial statements.

Statements of **Cash Flows**

For the financial year ended 31 December 2014

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES (continued)					
Payment for CTS costs	28	**(18,576)**	(21,343)	**-**	-
Payment for contract obligations and legal claims	28	**(8,004)**	(1,800)	**-**	-
Payment under staff incentive scheme	28	**(38,569)**	(31,881)	**-**	-
Payments for site rectification and decommissioning works	28	**(1,887)**	(1,619)	**-**	-
Operating cash flows before working capital changes		**4,251,663**	4,456,124	**(17,660)**	(22,038)
Changes in working capital:					
Inventories		**66,227**	18,795	**-**	-
Receivables		**(75,594)**	(90,350)	**121**	92
Payables		**462,597**	(198,213)	**70**	(75)
Related parties balances		**(1,861)**	(13,293)	**-**	-
Fellow subsidiaries balances		**(3,161)**	5,293	**-**	-
Penultimate holding company balances		**43**	144	**36**	(35)
Subsidiaries balances		**-**	-	**(5,716)**	1,939
Cash flows from/(used in) operations		**4,699,914**	4,178,500	**(23,149)**	(20,117)
Dividends received		**-**	-	**1,985,000**	2,104,000
Interest received		**43,314**	29,675	**71,465**	67,066
Tax paid		**(636,856)**	(731,257)	**(906)**	(1,656)
Net cash flows from operating activities		**4,106,372**	3,476,918	**2,032,410**	2,149,293
CASH FLOWS FROM INVESTING ACTIVITIES					
Loan to a subsidiary		**-**	-	**-**	(150,000)
Loan repayment from a subsidiary		**-**	-	**150,000**	120,000
Purchase of intangible assets		**(257,960)**	(267,286)	**-**	-
Purchase of property, plant and equipment		**(978,370)**	(540,246)	**-**	-
Proceeds from disposal of property, plant and equipment		**4,393**	6,117	**-**	-
Net cash flows (used in)/from investing activities		**(1,231,937)**	(801,415)	**150,000**	(30,000)

The notes on pages 94 to 188 form part of these financial statements.

Statements of **Cash Flows**

For the financial year ended 31 December 2014

	Note	Group		Company	
		2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issuance of shares pursuant to ESOS		**18,485**	16,628	**18,485**	16,628
Shares acquired pursuant to incentive arrangement		**(4,791)**	-	**-**	-
Drawdown of borrowing		**2,150,000**	500,000	**2,150,000**	500,000
Loans received from a subsidiary		**-**	-	**-**	400,000
Repayment of loan from a related party		**-**	(4,185)	**-**	-
Repayment of borrowings		**(920,750)**	-	**(920,750)**	-
Repayment of lease financing		**(2,181)**	(2,060)	**-**	-
Payments of finance costs		**(390,645)**	(345,028)	**(402,533)**	(344,442)
Ordinary share dividends paid		**(3,002,291)**	(3,000,640)	**(3,002,291)**	(3,000,640)
Net cash flows used in financing activities		**(2,152,173)**	(2,835,285)	**(2,157,089)**	(2,428,454)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**722,262**	(159,782)	**25,321**	(309,161)
EFFECTS OF EXCHANGE RATE CHANGES		**311**	230	**-**	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		**807,946**	967,498	**160,639**	469,800
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	27	**1,530,519**	807,946	**185,960**	160,639

The notes on pages 94 to 188 form part of these financial statements.

Notes to the **Financial Statements**

31 December 2014

1 GENERAL INFORMATION

The principal activity of the Company is investment holding, whilst the principal activities of the Group, comprising the Company and its subsidiaries, are the provision of mobile, fixed line and international gateway telecommunications services as well as Internet and broadband services, and corporate support functions for the Group. Details of the principal activities of the subsidiaries are shown in Note 18 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 Directors regard BGSM Equity Holdings Sdn. Bhd. as the immediate holding company, BGSM Management Sdn. Bhd. as the intermediate holding company, Maxis Communications Berhad ("MCB") as the penultimate holding company and Binariang GSM Sdn. Bhd. ("BGSM") as the ultimate holding company. All these companies are incorporated and domiciled in Malaysia.

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

Level 21, 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, 10, 11, 14 - 25, Menara Maxis
Kuala Lumpur City Centre
Off Jalan Ampang
50088 Kuala Lumpur

2 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The financial statements have been prepared under the historical cost convention except as disclosed in the summary of significant accounting policies in Note 3 to the financial statements.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and 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. It also requires Directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgments are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

2 BASIS OF PREPARATION (CONTINUED)

(a) Amendments to published standards and Issues Committee ("IC") Interpretation to existing standard that are effective and applicable to the Group and the Company

The amendments to published standards and IC Interpretation to existing standard that are effective for the Group's and the Company's financial year beginning on or after 1 January 2014 are as follows:

- Amendments to MFRS 10, MFRS 12, MFRS 127 "Investment Entities"
- Amendments to MFRS 132 "Offsetting Financial Assets and Financial Liabilities"
- Amendments to MFRS 139 "Novation of Derivatives and Continuation of Hedge Accounting"
- IC Interpretation 21 "Levies"

The adoption of the above amendments to published standards and IC Interpretation to existing standard did not have any significant effect on the consolidated and separate financial statements of the Group and the Company respectively upon their initial application.

(b) Standards and amendments to published standards that are applicable to the Group and the Company but not yet effective

A number of new standards and amendments to published standards are effective for annual periods beginning after 1 January 2014. None of these is expected to have a significant effect on the consolidated and separate financial statements of the Group and the Company respectively, except for standards set out below:

- MFRS 15 "Revenue from Contracts with Customers" (effective from 1 January 2017) deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a goods or service and thus has the ability to direct the use and obtain the benefits from the goods or service. The standard replaces MFRS 118 "Revenue" and MFRS 111 "Construction Contracts" and related interpretations. The Group and Company are currently assessing the impact of MFRS 15.

- MFRS 9 "Financial Instruments" (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement". The complete version of MFRS 9 was issued in November 2014.

  MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

Notes to the **Financial Statements**

31 December 2014

2 BASIS OF PREPARATION (CONTINUED)

(b) Standards and amendments to published standards that are applicable to the Group and the Company but not yet effective (continued)

A number of new standards and amendments to published standards are effective for annual periods beginning after 1 January 2014. None of these is expected to have a significant effect on the consolidated and separate financial statements of the Group and the Company respectively, except for those standards set out below: (continued)

For financial liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

There is now a new expected credit losses model on impairment for all financial assets that replaces the incurred loss impairment model used in MFRS 139. The expected credit losses model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The Group and Company are currently assessing the impact of MFRS 9.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

There is no presentation for segmental reporting following the Group's refinement of its operations and management reporting structure as disclosed in Note 5 to the financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

If the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date, any gains or losses arising from such re-measurement are recognised in the statement of profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in the statement of profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired, in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss. See accounting policy Note 3(d)(ii) on goodwill.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

All earnings and losses of the subsidiary are attributed to the parent and the non-controlling interests, even if the attribution of losses to the non-controlling interests results in a debit balance in the shareholders' equity. Profit or loss attributable to non-controlling interests for prior years is not restated.

(ii) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the statement of profit or loss.

Notes to the **Financial Statements**

31 December 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

When there is a change in an entity's functional currency, the entity shall apply the translation procedures applicable to the new functional currency prospectively from the date of the change.

(ii) Transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities using the exchange rates prevailing at the date of the transactions.

Monetary assets and liabilities in foreign currencies at the reporting date are translated into the functional currency at exchange rates ruling at the date.

Exchange differences arising from the settlement of foreign currency transactions and the translation of monetary assets and liabilities denominated in foreign currencies at year end are recognised in the statement of profit or loss.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is disposed of, exchange differences that were recorded in equity are recognised in the statement of profit or loss as part of the gain or loss on sale.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currencies (continued)

(iv) Closing rates

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

Foreign currencies	2014 RM	2013 RM
1 Singapore Dollar ("SGD")	**2.65**	2.59
1 Special Drawing Rights ("SDR")[(1)]	**5.08**	5.05
1 United States Dollar ("USD")	**3.50**	3.28

Note:
(1) Represents the closing international accounting settlement rate with international carriers.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment. The cost of certain property, plant and equipment items include the costs of dismantling and removing the item and restoring the sites on which these items are located. These costs are due to obligations incurred either when the items were installed or as a consequence of having used these items during a particular period.

Certain telecommunications 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. Included in telecommunications equipment are purchased computer software costs which are integral to such equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss during the financial year in which they are incurred.

Freehold land is not depreciated as it has an indefinite life.

Leasehold lands and buildings held for own use are classified as operating or finance leases in the same way as leases of other assets.

Notes to the **Financial Statements**

31 December 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment (continued)

Long-term leasehold land is land with a remaining lease period exceeding 50 years. Leasehold land is amortised over the lease term on a straight line method, summarised as follows:

Long-term leasehold land	77 – 90 years
Short-term leasehold land	50 years

All property, plant 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	42 – 50 years
Telecommunications equipment	2 – 25 years
Submarine cables (included within telecommunications equipment)	10 – 25 years
Site decommissioning works (included within telecommunications equipment)	15 years
Motor vehicles	5 years
Office furniture, fittings and equipment	3 – 7 years

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

Residual values and useful lives are reassessed and adjusted, if appropriate, at each reporting date.

At each reporting date, the Group assesses whether there is any indication of 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 3(g)(i) on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the statement of profit or loss.

(d) Intangible assets

The Group acquires intangible assets either as part of a business combination or through separate acquisition. Intangible assets acquired in a business combination are recorded at their fair value at the date of acquisition and recognised separately from goodwill. On initial acquisition, management judgment is applied to determine the appropriate allocation of purchase consideration to the assets being acquired, including goodwill and identifiable intangible assets.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Intangible assets (continued)

(i) Spectrum rights

The Group's spectrum rights consist of telecommunications licences with allocated spectrum rights which were acquired as part of a business combination and other spectrum rights. Spectrum rights that are considered to have an indefinite economic useful life are not amortised but tested for impairment on an annual basis, and where an indication of impairment exists. Spectrum rights that are considered to have a finite life are amortised on a straight line basis over the period of expected benefit and assessed at each reporting date whether there is any indication of impairment exists.

See accounting policy Note 3(g)(i) on impairment of non-financial assets.

The estimated useful lives of the spectrum rights of the Group are as follows:

Telecommunications licences with allocated spectrum rights	Indefinite life
Other spectrum rights	4 years

Management assesses the indefinite economic useful life assumption applied to the acquired intangible assets annually.

(ii) Goodwill

Goodwill arises on the acquisition of subsidiaries and it represents the excess of the aggregation of the consideration transferred for purchase of subsidiaries or businesses, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previously held equity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill is measured at cost less any accumulated impairment losses. Negative goodwill is recognised immediately in the statement of profit or loss.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units ("CGUs") for the purpose of impairment testing and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. See accounting policy Note 3(g)(i) on impairment of non-financial assets. Each CGU or a group of CGUs represents the lowest level within the Group at which goodwill is monitored for internal management purposes and which is expected to benefit from the synergies of the combination.

(iii) Customer acquisition costs

Expenditures incurred in providing the customer a free or subsidised device including installation costs, provided the customer signs a non-cancellable contract for a predetermined contractual period of one to two years, are capitalised as intangible assets and amortised over the contractual period on a straight line method. Customer acquisition costs are assessed at each reporting date whether there is any indication that the customer acquisition costs may be impaired. See accounting policy Note 3(g)(i) on impairment of non-financial assets.

Notes to the **Financial Statements**

31 December 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are stated at cost plus the fair value of share options granted and shares acquired, over the Company's equity instruments for employees (including full-time executive directors) of the subsidiaries during the vesting period, deemed as capital contribution. See accounting policy Note 3(t)(iv) on share-based compensation benefits. 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 3(g)(i) on impairment of non-financial assets.

(f) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(i) Classification and measurement

Financial assets

The Group and the Company classify their financial assets in the following categories: at fair value through profit or loss, held-to-maturity, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

The Group and the Company do not hold any financial assets carried at fair value through profit or loss (except for derivatives that are designated as effective hedging instruments) and held-to-maturity. See accounting policy Note 3(h) on derivative financial instruments and hedging activities.

Financial assets are classified as current assets; except for maturities greater than 12 months after the reporting date, in which case they are classified as non-current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets in this category are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method. Changes in the carrying value of these assets are recognised in the statement of profit or loss.

The Group's and the Company's loans and receivables comprise receivables (including inter-companies and related parties balances), cash and cash equivalents in the statement of financial position.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

(i) Classification and measurement (continued)

Financial assets (continued)

<u>Available-for-sale</u>

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. Financial assets in this category are initially recognised at fair value plus transaction costs and subsequently, at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments, interest and dividends are recognised in the statement of profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments for which the fair value cannot be reliably measured are recognised at cost less impairment loss.

The Group's available-for-sale financial asset comprises investment in unquoted shares.

Financial liabilities

The Group and the Company classify their financial liabilities in the following categories: at fair value through profit or loss, other financial liabilities and financial guarantee contracts. Management determines the classification of financial liabilities at initial recognition.

The Group and the Company do not hold any financial liabilities carried at fair value through profit or loss (except for derivatives that are designated as effective hedging instruments) and financial guarantee contracts. See accounting policy Note 3(h) on derivative financial instruments and hedging activities.

Other financial liabilities are non-derivative financial liabilities. Other financial liabilities are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method. Changes in the carrying value of these liabilities are recognised in the statement of profit or loss.

The Group's and the Company's other financial liabilities comprise payables (including inter-companies and related parties balances) and borrowings in the statement of financial position. Financial liabilities are classified as current liabilities; except for maturities greater than 12 months after the reporting date, in which case they are classified as non-current liabilities.

(ii) Recognition of financial assets and financial liabilities

Financial assets and financial liabilities are recognised when the Group and the Company become party to the contractual provisions of the instrument.

Notes to the **Financial Statements**

31 December 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Financial instruments (continued)

(iii) Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the risks and rewards relating to the financial assets have expired or have been fully transferred or have been partially transferred with no control over the same.

Financial liabilities are derecognised when the liability is either discharged, cancelled, has expired or has been restructured with substantially different terms.

(iv) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(g) Impairment of assets

(i) Non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite economic useful life are subject to amortisation and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An 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 fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Any impairment loss is charged to the statement of profit or loss. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the statement of profit or loss to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortisation, if no impairment loss had been recognised.

(ii) Financial assets

Financial assets carried at amortised cost

Financial assets are impaired when there is objective evidence as a result of one or more events that the present value of estimated discounted future cash flows is lower than the carrying value. Any impairment losses are recognised immediately in the statement of profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of assets (continued)

(ii) Financial assets (continued)

Financial assets carried at amortised cost (continued)

Financial assets are continuously monitored and allowances applied against financial assets consist of both specific impairments and collective impairments based on the Group's and the Company's historical loss experiences for the relevant aged category and taking into account general economic conditions. Historical loss experience allowances are calculated by line of business in order to reflect the specific nature of the financial assets relevant to that line of business.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

Financial assets classified as available-for-sale

Significant or prolonged decline in fair value below cost and significant financial difficulties of the issuer or obligor are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is reclassified from equity to the statement of profit or loss. Impairment losses in the statement of profit or loss on available-for-sale equity investments are not reversed through the statement of profit or loss in the subsequent period. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

(h) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group and the Company designate and document at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group and the Company assess both at hedge inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items and apply hedge accounting only where effectiveness tests are met on both a prospective and retrospective basis. The fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The Group and the Company do not have any fair value hedges and net investment hedges.

Notes to the **Financial Statements**

31 December 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Derivative financial instruments and hedging activities (continued)

Cash flow hedge

The Group and the Company use cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency and/or interest rate fluctuations over the hedging period on the Group's and the Company's borrowings. Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains and losses on remeasuring the fair value of the hedging instrument is recognised in other comprehensive income and accumulated in equity in the cash flow hedging reserve until such time as the hedged items affect profit or loss, then the gains or losses are reclassified to the statement of profit or loss. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the statement of profit or loss. The application of hedge accounting will create some volatility in equity reserve balances.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gains or losses existing in equity at that time remain in equity and are recognised when the forecast transaction is ultimately recognised in the statement of profit or loss. Where a forecast transaction is no longer expected to occur, the cumulative gains or losses that were reported in equity are immediately reclassified to the statement of profit or loss.

(i) Fair value estimates

The fair value of the financial assets, financial liabilities and derivative financial instruments is estimated for recognition and measurement or for disclosure purposes.

In assessing the fair value of financial instruments, the Group and the Company make certain assumptions and apply 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 the current interest rate available to the respective companies.

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

For derivative financial instruments that are measured at fair value, the fair values are determined using a valuation technique which utilises data from recognised financial information sources. Assumptions are based on market conditions existing at each reporting date. The fair value is calculated as the present value of estimated future cash flow using an appropriate market-based yield curve.

(j) Inventories

Inventories, which comprise telecommunications components, incidentals and devices, 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. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Receivables

Receivables are carried at invoice amount and/or income earned less an allowance for impairment. The allowance is established when there is objective evidence that the Group and the Company will not be able to collect all amounts due according to the original terms of receivables. When the debt becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in the statement of profit or loss.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with licensed banks, other short-term, highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the statement of financial position. For the purposes of the statement of cash flows, cash and cash equivalents are presented net of pledged deposits.

(m) Share capital

(i) Classification

Ordinary shares and redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument. Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

(ii) Share issue costs

External costs directly attributable to the issue of new shares are deducted, net of tax, against proceeds and shown in equity.

(iii) Dividends to shareholders of the Company

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(n) Payables

Payables, including accruals, represent liabilities for goods received and services rendered to the Group and the Company prior to the end of the financial year and which remain unpaid. Payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

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31 December 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Borrowings

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets. Other borrowing costs are recognised as an expense in the statement of profit or loss when incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Interest expense, redeemable preference shares dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the statement of profit or loss.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(i) Borrowings in a designated hedging relationship

Borrowings subject to cash flow hedges are recognised initially at fair value based on the applicable spot price plus any transaction costs that are directly attributable to the issue of borrowing. These borrowings are subsequently carried at amortised costs, translated at applicable spot exchange rate at reporting date. Any difference between the final amount paid to discharge the borrowing and the initial proceeds is recognised in the statement of profit or loss over the borrowing period using the effective interest method.

Currency gains or losses on the borrowings are recognised in the statement of profit or loss, along with the associated gains or losses on the hedging instrument, which have been reclassified from the cash flow hedging reserve to the statement of profit or loss.

(ii) Borrowings not in a designated hedging relationship

Borrowings not in a designated hedging relationship are initially recognised at fair value plus transaction costs that are directly attributable to the issue of borrowing. These borrowings are subsequently carried at amortised costs. Any difference between the final amount paid to discharge the borrowing and the initial proceeds is recognised in the statement of profit or loss over the borrowing period using the effective interest method.

(p) 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. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Provisions for liabilities and charges (continued)

(i) Site rectification and decommissioning works

Provision for site rectification works is based on management's best estimate and the 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.

Provision for decommissioning works is the estimated costs of dismantling and removing the structures on identified sites and restoring these sites. This obligation is incurred either when the items are installed or as a consequence of having used the items during a particular period.

(ii) Contract obligations and legal claims

Provisions for contract obligations and legal claims are made in respect of network and content costs. Contract obligations are measured at the lower of cost to fulfil the contract or the cost to exit it.

(iii) Staff incentive scheme

Provision for staff incentive scheme is based on management's best estimate of the total amount payable as at reporting date based on the performance of individual employees and/or financial performance of the Group.

(iv) Restructuring costs

Provision for restructuring costs is made in respect of employees termination payments under the Career Transition Scheme ("CTS") based on management's best estimate of the amount payable as at reporting date offered to selected employees. See accounting policy Note 3(t)(ii) on employee termination benefits.

(q) Income taxes

The tax expenses for the period comprise current and deferred tax. Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on behalf of their parent on distribution of retained earnings to companies in the Group), 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. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

Notes to the **Financial Statements**

31 December 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Income taxes (continued)

Deferred tax liability is recognised for all taxable temporary differences arising on investments in subsidiaries except for deferred tax liability where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the deductible temporary difference can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred and current tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority or either the taxable entity or different taxable entities when there is an intention to settle the balances on a net basis.

(r) Finance leases and hire purchase agreements

Leases and hire purchases of assets where the Group assumes substantially all benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest 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 statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets acquired under finance leases or hire purchase agreements are depreciated or amortised over the shorter of the estimated useful life of the asset and the lease term.

(s) Operating leases

Leases of assets where a significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of profit or loss on a straight line basis over the lease period.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) 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 and of the Company. The Group and the Company recognise provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(ii) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts an offer of benefits in exchange for termination of employment. The Group and the Company recognise 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 the employee. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(iii) Post-employment benefits

Defined contribution plans

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's and the Company's contributions to defined contribution plans are charged to the statement of profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(iv) Share-based compensation benefits

The Group and the Company operate equity-settled, share-based compensation plans for eligible employees (including full-time executive directors) of the Group and of the Company, pursuant to the Employee Share Option Scheme ("ESOS") and incentive arrangement. Where the Group and the Company pay for services of employees using the share options and shares, the fair value of the employee services rendered in exchange for the share options granted and shares acquired are recognised as an expense in the statement of profit or loss over the vesting periods, with the corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options and shares at grant date and the number of share options and shares to be vested by the vesting date. At each reporting date, the Group and the Company revise their estimates of the number of share options and shares that are expected to be vested by the vesting date. Any revision of this estimate is included in the statement of profit or loss and with the corresponding adjustment in equity.

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31 December 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Employee benefits (continued)

(iv) Share-based compensation benefits (continued)

The fair value of share options is measured using a modified Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historical volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on maturity of the share options), expected dividends and the risk-free interest rate (based on data from recognised financial information sources). The fair value of shares acquired is measured using the observable market price of the shares at the grant date. Non-market vesting conditions attached to the transactions are not taken into account in determining fair value.

When share options are exercised, the proceeds received from the exercise of the share options together with the corresponding share-based payments reserve, net of any directly attributable transaction costs are transferred to share capital (nominal value) and share premium. If the share options expire or lapse, the corresponding share-based payments reserve attributable to the share options are transferred to retained earnings.

When shares of the Company are acquired from the open market at market price, the transactions are recorded in share-based payments reserve.

In the separate financial statements of the Company, the share options granted and shares acquired, over the Company's equity instruments for the employees of subsidiary undertakings in the Group, is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(u) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's and of the Company's activities. The Group's revenue is shown net of service tax, returns, rebates, discounts and after eliminating sales within the Group.

The Group and the Company recognise revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's and of the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group and the Company base their estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Telecommunications revenue

Revenues from mobile postpaid services and fixed line 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.

Unutilised amounts on certain mobile postpaid rate plans are deferred up to one month. Unutilised amounts exceeding one month are recognised as breakage revenue.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) Revenue recognition (continued)

(i) Telecommunications revenue (continued)

Revenue from 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 third parties while the revenue from the preloaded talk time within the pack is recognised when services are rendered. Revenue from sales of prepaid top-up tickets is recognised when services are rendered. The credits on preloaded talk time within the starter packs and prepaid top-up tickets can be deferred up to the point of customer churn or upon expiry, after which such amounts are recognised as revenue.

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

Revenues from the provision of network facilities, public switched services, Internet services and Internet application services are recognised at the time of customer usage and when services are rendered. Service discounts and incentives are accounted as a reduction of revenue when granted.

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

Revenue from the sale of devices is recognised upon the transfer of significant risks and rewards of ownership of the goods to the customer which generally coincides with delivery and acceptance of the goods sold.

Where the Group's role in a transaction is that of a principal, revenue is recognised on a gross basis. This requires revenue to comprise the gross value of the transaction billed to the customer, after trade discounts, with any related expenditure charged as an operating cost. Where the Group's role in a transaction is that of an agent, revenue is recognised on a net basis and represents the margin earned.

(ii) Dividend income

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

(iii) Interest income

Interest income is recognised on a time proportion basis, taking into account the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the Group and the Company.

(v) Government grants

As a Universal Service Provider ("USP"), the Group is entitled to claim certain qualified expenses from the relevant authorities in relation to USP projects. 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.

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3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Government grants (continued)

Government grants relating to costs are deferred and recognised in the statement of profit or loss 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 payables and accruals as government grant and are credited to the statement of profit or loss on a straight line basis over the expected useful lives of the related assets.

(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 the occurrence of one or more 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.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interests.

The Group recognises separately the contingent liabilities of the acquiree as part of allocating the cost of a business combination where their fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisition.

Subsequent to the initial recognition, the Group measures the contingent liabilities that are recognised separately at the date of acquisition at the higher of the amount that would be recognised in accordance with the provisions of MFRS 137 and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with MFRS 118.

(x) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers comprising the Chief Executive Officer and the Chief Financial and Strategy Officer. The chief operating decision-makers are responsible for allocating resources, assessing performance of the operating segments and making strategic decisions.

During the financial year, the Group refined its operations and management reporting structure in providing integrated telecommunication services to its customers. Consequently, segmental reporting is not presented as there are no reportable segments as disclosed in Note 5 to the financial statements.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have material impact on the Group's and the Company's results and financial position are tested for sensitivity to changes in the underlying parameters. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Intangible assets

The telecommunications licences with allocated spectrum rights are not subject to amortisation and are tested annually for impairment as the Directors are of the opinion that the licences can be renewed in perpetuity at negligible cost and the associated spectrum rights, similar to land, have an indefinite economic useful life. Correspondingly, deferred tax has not been recognised.

The estimated economic useful life reflects the Group's expectation of the period over which the Group will continue to recover benefits from the licence.

The economic useful life is periodically reviewed, taking into consideration such factors as changes in technology and the regulatory environment. See Note 16 to the financial statements for the key assumptions on the impairment assessment of intangible assets.

(b) Estimated useful lives and impairment assessment of property, plant and equipment

The Group reviews annually the estimated useful lives and assesses for indicators of impairment of property, plant and equipment based on factors such as business plans and strategies, historical sector and industry trends, general market and economic conditions, expected level of usage, future technological developments and other available information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. Any impairment or reduction in the estimated useful lives of property, plant and equipment would increase charges to the statement of profit or loss and decrease their carrying value. A detailed impairment assessment was carried out for dedicated telecommunications equipment during the financial year. See Note 15 to the financial statements for the impact of the changes in the estimated useful lives and impairment of property, plant and equipment.

(c) Provisions for liabilities and charges

The Group recognises provisions for liabilities and charges when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provision requires the application of judgments about the ultimate resolution of these obligations. As a result, provisions are reviewed at each reporting date and adjusted to reflect the Group's current best estimate. See Note 28 to the financial statements for the impact on change in estimate in relation to the provision for site rectification and decommissioning works.

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5 SEGMENT REPORTING

Segment reporting is not presented as the Group is primarily engaged in providing integrated telecommunication services in Malaysia, whereby the measurement of profit or loss including EBITDA[1] that is used by the chief operating decision-makers is on Group basis.

In the previous year, the Group disclosed four key operating segments namely Mobile, International gateway, Enterprise fixed and Home services. During the financial year, the Group refined its operations and management reporting structure in providing integrated telecommunication services to its customers. International gateway, Enterprise fixed and Home services are currently not managed as separate standalone businesses and are managed together with Mobile services. Hence, there are no separate segments.

The Group's operations are mainly in Malaysia. In determining the geographical segments of the Group, revenues are based on the country in which the customer or international operator is located. Non-current assets by geographical segments are not disclosed as all operations of the Group are based in Malaysia.

	Group	
	2014 RM'000	**2013 RM'000**
Malaysia	**8,122,353**	8,677,236
Other countries[2]	**266,149**	407,216
Total revenue	**8,388,502**	9,084,452

Notes:

(1) Defined as profit before finance income, finance costs, tax, depreciation, amortisation and allowance for write down of identified network costs.

(2) Represents revenue from roaming partners and hubbing revenue.

6 REVENUE

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Telecommunication services	**8,333,854**	8,765,614	**-**	-
Sale of devices	**54,648**	318,838	**-**	-
Dividend income from subsidiaries	**-**	-	**1,985,000**	2,079,000
	8,388,502	9,084,452	**1,985,000**	2,079,000

7 PROFIT FROM OPERATIONS

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

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Allowance for:					
- impairment of property, plant and equipment	15	**-**	81,971	**-**	-
- impairment of receivables, deposits and prepayments	24	**96,584**	109,331	**-**	-
- inventories obsolescence		**2,515**	20,276	**-**	-
Amortisation of intangible assets	16	**248,417**	265,163	**-**	-
Auditors' remuneration:[1]					
- fees for statutory audits:					
- auditors of the Group		**1,197**	1,297	**48**	49
- others		**-**	16	**-**	-
- fees for audit related services:					
- auditors of the Group[2]		**746**	843	**618**	624
- others		**34**	30	**-**	-
- fees for other services:					
- member firms of PwC Malaysia[3]		**2,088**	4,390	**53**	5
Bad debts recovered		**(17,889)**	(18,045)	**-**	-
Commissions, sales and marketing expenses		**581,824**	566,630	**-**	-

Notes:

(1) The Audit Committee, in ensuring the independence of the Group's external auditors is 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 by the Group's external auditors if the Group can realise efficiencies and value-added benefits from such services.

(2) Fees incurred in connection with performance of quarterly reviews, agreed-upon procedures and regulatory compliance reporting paid or payable to PricewaterhouseCoopers ("PwC") Malaysia, auditors of the Group and of the Company.

(3) Fees incurred for assisting the Group in connection with tax compliance and advisory services paid or payable to member firms of PwC Malaysia, auditors of the Group and of the Company.

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7 PROFIT FROM OPERATIONS (CONTINUED)

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

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Depreciation of property, plant and equipment	15	**1,155,866**	1,101,287	**-**	-
Device expense:					
- handset expense		**61,131**	278,446	**-**	-
- other device expense		**47,870**	70,945	**-**	-
Gain on disposal of property, plant and equipment		**(4,359)**	(960)	**-**	-
Loss on foreign exchange:					
- realised		**1,921**	4,911	**30**	7
- unrealised		**43,542**	14,475	**-**	-
Government grant		**(96,772)**	(52,868)	**-**	-
Interconnect expenses		**779,705**	940,875	**-**	-
Inventories written down		**3,871**	-	**-**	-
Licenses and spectrum related fees, and other regulatory fees under the Communications and Multimedia Act, 1998		**177,368**	153,535	**-**	-
Loss on liquidation of a subsidiary		**49**	-	**-**	-
Management fees charged by a subsidiary		**-**	-	**10,981**	14,335
Property, plant and equipment written off, net of adjustment		**14,770**	37,712	**-**	-
Provision for:					
- CTS costs (included in staff cost)	28	**-**	40,712	**-**	-
- contract obligations and legal claims	28	**11,484**	64,820	**-**	-
- site rectification and decommissioning works	28	**2,660**	191	**-**	-
- staff incentive scheme (included in staff cost)	28	**48,914**	38,745	**-**	-
Rental income from network cell sites (included in telecommunication services revenue)		**(82,065)**	(82,905)	**-**	-
Rental of land and buildings		**60,323**	55,940	**-**	-
Rental of equipment		**15,320**	13,709	**-**	-
Rental of network cell sites		**252,640**	247,786	**-**	-
Reversal of allowance for:					
- impairment of property, plant and equipment	15	**(1,165)**	-	**-**	-
- impairment of receivables, deposits and prepayments	24	**(24,449)**	(25,576)	**-**	-
- inventories obsolescence		**(14,620)**	(19,687)	**-**	-

7 PROFIT FROM OPERATIONS (CONTINUED)

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

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Roaming expense		**147,598**	150,167	**-**	-
Service tax on mobile prepaid services		**204,250**	214,792	**-**	-
Staff cost:					
- Directors' fees	8	**2,989**	2,843	**2,989**	2,843
- staff cost (including Executive Directors' salaries, other short-term employee benefits and share-based payments)	10	**399,129**	595,750	**-**	-
Universal Service Provision contributions		**433,855**	434,860	**-**	-
Write-back of provision for:					
- CTS costs (included in staff cost)	28	**(793)**	-	**-**	-
- contract obligations and legal claims	28	**(22,093)**	(7,292)	**-**	-
- site rectification and decommissioning works	28	**(2,636)**	(1,599)	**-**	-
- staff incentive scheme (included in staff cost)	28	**(40,820)**	(18,300)	**-**	-

8 DIRECTORS' REMUNERATION

The Directors of the Company in office during the financial year are as follows:

Non-Executive Directors

Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda
Robert William Boyle
Tan Sri Mokhzani bin Mahathir
Augustus Ralph Marshall
Alvin Michael Hew Thai Kheam
Dr. Ibrahim Abdulrahman H. Kadi
Krishnan Ravi Kumar
Hamidah Naziadin (appointed with effect from 1 February 2014)
Fraser Mark Curley (appointed with effect from 8 May 2014)
Lim Ghee Keong (appointed with effect from 8 May 2014)
Dr. Fahad Hussain S. Mushayt (resigned with effect from 7 May 2014)
Chan Chee Beng (retired with effect from 7 May 2014)

Executive Director

Morten Lundal

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8 DIRECTORS' REMUNERATION (CONTINUED)

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

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Non-Executive Directors					
Fees	7	**2,989**	2,843	**2,989**	2,843
Estimated monetary value of benefits-in-kind		**53**	67	**53**	67
		3,042	2,910	**3,042**	2,910
Executive Directors(1)					
Salaries and other short-term employee benefits		**16,695**	5,807	**509**	255
Incentive arrangement	31(c)	**977**	-	**-**	-
Estimated monetary value of benefits-in-kind		**328**	317	**10**	14
		18,000	6,124	**519**	269
Total Directors' remuneration		**21,042**	9,034	**3,561**	3,179

The remuneration of the Company's Directors analysed in bands of RM50,000 are as follows:

Range of remuneration(2)	**Executive**	**Non-Executive**
RM50,001 – RM100,000	-	1
RM100,001 – RM150,000	-	1
RM150,001 – RM200,000	-	2
RM200,001 – RM250,000	-	1
RM250,001 – RM300,000	-	4
RM300,001 – RM350,000	-	1
RM350,001 – RM400,000	-	1
RM450,001 – RM500,000	-	1
RM17,950,001 – RM18,000,000	1	-

Notes:

(1) The remunerations for the Executive Directors were paid by Maxis Mobile Sdn. Bhd., a wholly-owned subsidiary of the Company and provider of corporate support and services functions for the Group, and was charged to the Company as management fees.

(2) Remuneration paid to the Directors of the Company includes fees, salaries, other emoluments including bonuses and other benefits, incentive arrangement and estimated monetary value of benefits-in-kind.

9 KEY MANAGEMENT PERSONNEL REMUNERATION

Key management personnel comprise persons including Directors of the Company, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

The aggregate amount of emoluments received/receivable by key management personnel excluding Directors of the Company during the financial year is as follows:

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Salaries and other short-term employee benefits	**11,279**	29,607	**196**	903
CTS costs[1]	**-**	1,429	**-**	63
Defined contribution plan	**965**	2,275	**17**	61
Share-based payments	**23**	1,055	**-**	-
Estimated monetary value of benefits-in-kind	**569**	1,578	**15**	60
	12,836	35,944	**228**[2]	1,087[2]

Notes:

(1) The Group had undertaken an organisational refinement exercise to make it more agile and cohesive in delivering its integrated propositions, as well as support its growth strategies. As part of this exercise, the Group had offered CTS to selected employees.

(2) Key management personnel remuneration was paid by Maxis Mobile Sdn. Bhd., a wholly-owned subsidiary of the Company and provider of corporate support and services functions for the Group, and was charged to the Company as management fees.

The total key management personnel remuneration of the Group and of the Company for the financial year is RM33,878,000 (2013: RM44,978,000) and RM3,789,000 (2013: RM4,266,000) respectively.

10 STAFF COST (INCLUDING EXECUTIVE DIRECTORS' SALARIES, OTHER SHORT-TERM EMPLOYEE BENEFITS AND SHARE-BASED PAYMENTS)

	Group	
	2014 RM'000	**2013 RM'000**
Wages, salaries and bonuses	**317,214**	355,859
CTS costs	**(793)**	143,267
Defined contribution plan	**32,367**	41,236
Other employee benefits	**46,975**	51,035
Incentive arrangement and ESOS	**3,366**	4,353
	399,129	595,750

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11 FINANCE INCOME AND COSTS

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
(a) Finance income					
Interest income on:					
- deposits with licensed banks		**44,344**	29,361	**4,014**	4,650
- loans due from subsidiaries		**-**	-	**67,463**	62,079
		44,344	29,361	**71,477**	66,729
(b) Finance costs					
Accretion of site rectification and decommissioning works costs and changes in costs estimate on provision (net)	28	**8,816**	6,643	**-**	-
Loss on foreign exchange on bank borrowings		**218,431**	230,593	**218,431**	230,593
Interest expense on:					
- bank borrowings		**229,350**	219,994	**229,350**	219,994
- deferred payment creditors		**13,376**	3,504	**-**	-
- finance leases		**1,785**	926	**-**	-
- loan from a related party		**2,228**	2,273	**-**	-
- loans from subsidiaries		**-**	-	**20,026**	9,668
- others		**487**	1,186	**189**	1,186
Net fair value gain on cross currency interest rate swaps and interest rate swaps: cash flow hedge, reclassified from equity	32(c)	**(219,673)**	(230,518)	**(219,673)**	(230,518)
Profit on:					
- Commodity Murabahah Term Financing		**45,486**	-	**45,486**	-
- Islamic Medium Term Notes		**123,519**	123,475	**123,519**	123,475
		423,805	358,076	**417,328**	354,398

12 TAX EXPENSES

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Current tax (Malaysian):					
- current year		**699,308**	781,165	**900**	1,100
- (over)/under accrual in prior years		**(448)**	2,155	**(310)**	42
		698,860	783,320	**590**	1,142
Deferred tax:					
- origination and reversal of temporary differences		**32,697**	(43,480)	**-**	-
- recognition and reversal of prior years' temporary differences		**(150)**	1,280	**-**	-
- changes in tax rate		**(20,207)**	(16,900)	**-**	-
	22	**12,340**	(59,100)	**-**	-
Tax expenses		**711,200**	724,220	**590**	1,142

The Malaysian income tax is calculated at the statutory tax rate of 25% (2013: 25%) on the estimated chargeable profit for the financial year. Subsequent to the announcement of reduction in the corporate tax rate to 24% with effect from year of assessment 2016 in the Malaysian Budget 2014, the computation of deferred tax assets and deferred tax liabilities has been adjusted accordingly to reflect such changes. Taxes in foreign jurisdictions are calculated at the rates prevailing in the respective jurisdictions.

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

	Group 2014 %	Group 2013 %	Company 2014 %	Company 2013 %
Numerical reconciliation between the Malaysian tax rate and average effective tax rate				
Malaysian tax rate	**25**	25	**25**	25
Tax effects of:				
- expenses not deductible for tax purposes	**5**	5	**6**	4
- income not subject to tax	**-**	-	**(31)**	(29)
- changes in tax rate	**(1)**	(1)	**-**	-
Average effective tax rate	**29**	29	**-**	-

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13 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share of the Group is calculated by dividing the profit attributable to ordinary equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2014	**2013**
Profit attributable to the equity holders of the Company (RM'000)	**1,717,442**	1,765,462
Weighted average number of issued ordinary shares ('000)	**7,504,923**	7,501,629
Basic earnings per share (sen)	**22.88**	23.53

(b) Diluted earnings per share

Diluted earnings per share of the Group is calculated by dividing the profit attributable to ordinary equity holders of the Company for the financial year by the weighted average number of shares in issue and issuable under the share options granted to employees. The weighted average number of issued ordinary shares has been adjusted to assume full conversion of all dilutive potential ordinary shares, which consists of share options granted to employees.

	Group	
	2014	**2013**
Profit attributable to the equity holders of the Company (RM'000)	**1,717,442**	1,765,462
Weighted average number of issued ordinary shares ('000)	**7,504,923**	7,501,629
Adjustment for share options granted ('000)	**2,099**	2,564
Adjusted weighted average number of ordinary shares for diluted earnings per share ('000)	**7,507,022**	7,504,193
Diluted earnings per share (sen)	**22.88**	23.53

14 DIVIDENDS

	Group and Company			
	2014		2013	
	Single-tier tax-exempt dividend per share Sen	Amount of dividends, single-tier tax-exempt RM'000	Single-tier tax-exempt dividend per share Sen	Amount of dividends, single-tier tax-exempt RM'000
Dividends paid in respect of the financial year ended 31 December 2012:				
- fourth interim ordinary	-	-	8.0	600,052
- final ordinary	-	-	8.0	600,056
	-	-	16.0	1,200,108
Dividends paid in respect of the financial year ended 31 December 2013:				
- first interim ordinary	-	-	8.0	600,059
- second interim ordinary	-	-	8.0	600,208
- third interim ordinary	-	-	8.0	600,265
- fourth interim ordinary	**8.0**	**600,388**	-	-
- final ordinary	**8.0**	**600,453**	-	-
	16.0	**1,200,841**	24.0	1,800,532
Dividends paid in respect of the financial year ended 31 December 2014:				
- first interim ordinary	**8.0**	**600,453**	-	-
- second interim ordinary	**8.0**	**600,489**	-	-
- third interim ordinary	**8.0**	**600,508**	-	-
	24.0	**1,801,450**	-	-
Dividend per share recognised as distribution to ordinary equity holders of the Company	**40.0**	**3,002,291**	40.0	3,000,640

Subsequent to the financial year, on 6 February 2015, the Directors declared a fourth interim single-tier tax-exempt dividend of 8.0 sen per ordinary share in respect of the financial year ended 31 December 2014 which will be paid on 27 March 2015.

The Directors recommend the payment of a final single-tier tax-exempt dividend of 8.0 sen per ordinary share in respect of the financial year ended 31 December 2014, which is subject to the shareholders' approval at the forthcoming Annual General Meeting, and will be paid on a date to be determined.

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15 PROPERTY, PLANT AND EQUIPMENT

Group	As at 1.1.2014 RM'000	Additions RM'000	Adjustment/ changes in costs estimate RM'000	Reclassi- fications RM'000	Disposals RM'000	Assets written off RM'000	Currency translation differences RM'000	As at 31.12.2014 RM'000
2014								
At cost								
Long-term leasehold land	3,111	-	-	-	-	-	-	3,111
Short-term leasehold land	3,490	-	-	-	-	-	-	3,490
Freehold land	18,260	-	-	-	-	-	-	18,260
Buildings	76,756	-	-	-	-	-	-	76,756
Telecommunications equipment	6,837,084	26,751	6,669	767,735	-	(763,927)	-	6,874,312
Motor vehicles	11,297	2,143	-	-	(1,528)	-	-	11,912
Office furniture, fittings and equipment	881,935	15,938	-	210,375	-	(4,499)	-	1,103,749
	7,831,933	44,832	6,669	978,110	(1,528)	(768,426)	-	8,091,590
Capital work-in-progress	315,677	1,011,888	9,223	(902,984)	-	-	-	433,804
Capital inventories	26,828	76,496	-	(75,126)	-	(4,634)	-	23,564
	8,174,438	1,133,216	15,892[1]	-	(1,528)	(773,060)	-	8,548,958

Note:
(1) Includes changes in costs estimate of RM6,669,000 as disclosed in Note 28 to the financial statements.

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	As at 1.1.2014 RM'000	Charge for the financial year RM'000	Adjustment/ changes in costs estimate RM'000	Reclassi- fications RM'000	Released on disposals RM'000	Assets written off RM'000	Currency translation differences RM'000	As at 31.12.2014 RM'000
2014								
Accumulated depreciation								
Long-term leasehold land	159	36	-	-	-	-	-	195
Short-term leasehold land	343	82	-	-	-	-	-	425
Buildings	8,968	1,997	-	-	-	-	-	10,965
Telecommunications equipment	3,498,258	1,011,598	-	-	-	(740,445)	-	3,769,411
Motor vehicles	6,038	2,717	-	-	(1,494)	-	-	7,261
Office furniture, fittings and equipment	541,763	139,436	-	-	-	(3,988)	-	677,211
	4,055,529	1,155,866	-	-	(1,494)	(744,433)	-	4,465,468
Impairment loss								
Telecommunications equipment	70,131	-	-	-	-	-	-	70,131
Capital inventories	10,347	(1,165)	-	-	-	(4,634)	-	4,548
	80,478	(1,165)	-	-	-	(4,634)	-	74,679
Accumulated depreciation and impairment loss	4,136,007	1,154,701	-	-	(1,494)	(749,067)	-	4,540,147

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15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	As at 1.1.2013 RM'000	Additions RM'000	Changes in costs estimate (Note 28) RM'000	Reclassi-fications RM'000	Disposals RM'000	Assets written off RM'000	Currency translation differences RM'000	As at 31.12.2013 RM'000
2013								
At cost								
Long-term leasehold land	3,111	-	-	-	-	-	-	3,111
Short-term leasehold land	3,490	-	-	-	-	-	-	3,490
Freehold land	18,260	-	-	-	-	-	-	18,260
Buildings	76,756	-	-	-	-	-	-	76,756
Telecommunications equipment	6,396,017	22,863	1,015	712,097	(9,878)	(285,034)	4	6,837,084
Motor vehicles	10,989	308	-	-	-	-	-	11,297
Office furniture, fittings and equipment	699,713	632	88	197,596	-	(16,094)	-	881,935
	7,208,336	23,803	1,103	909,693	(9,878)	(301,128)	4	7,831,933
Capital work-in-progress	485,727	695,696	-	(852,948)	-	(12,798)	-	315,677
Capital inventories	-	57,053	-	(28,732)	-	(1,493)	-	26,828
	7,694,063	776,552	1,103	28,013	(9,878)	(315,419)	4	8,174,438

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	As at 1.1.2013 RM'000	Charge for the financial year RM'000	Changes in costs estimate (Note 28) RM'000	Reclassi-fications RM'000	Released on disposals RM'000	Assets written off RM'000	Currency translation differences RM'000	As at 31.12.2013 RM'000
2013								
Accumulated depreciation								
Long-term leasehold land	123	36	-	-	-	-	-	159
Short-term leasehold land	261	82	-	-	-	-	-	343
Buildings	6,970	1,998	-	-	-	-	-	8,968
Telecommunications equipment	2,782,003	983,583	-	(770)	(4,721)	(261,837)	-	3,498,258
Motor vehicles	3,596	2,442	-	-	-	-	-	6,038
Office furniture, fittings and equipment	442,224	113,146	-	770	-	(14,377)	-	541,763
	3,235,177	1,101,287	-	-	(4,721)	(276,214)	-	4,055,529
Impairment loss								
Telecommunications equipment	-	70,131	-	-	-	-	-	70,131
Capital inventories	-	11,840	-	-	-	(1,493)	-	10,347
	-	81,971	-	-	-	(1,493)	-	80,478
Accumulated depreciation and impairment loss	3,235,177	1,183,258	-	-	(4,721)	(277,707)	-	4,136,007

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15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Group	
	2014 RM'000	**2013 RM'000**
<u>Net book value</u>		
Long-term leasehold land	**2,916**	2,952
Short-term leasehold land	**3,065**	3,147
Freehold land	**18,260**	18,260
Buildings	**65,791**	67,788
Telecommunications equipment	**3,034,770**	3,268,695
Motor vehicles	**4,651**	5,259
Office furniture, fittings and equipment	**426,538**	340,172
Capital work-in-progress	**433,804**	315,677
Capital inventories	**19,016**	16,481
	4,008,811	4,038,431

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

In previous year, the Group recognised allowance for impairment of property, plant and equipment amounting to RM81,971,000 (included within network operation costs in the statement of profit or loss). This comprises RM11,840,000 of capital inventories which were written down to their recoverable amount of RM16,841,000, based on their planned usage. The remaining balance of RM70,131,000 relates to dedicated telecommunications equipment which was fully impaired arising from a review of the projected cash flows. During the financial year, reversals of impairment of property, plant and equipment for capital inventories amounting to RM1,165,000 (included within network operation costs in the statement of profit or loss) was made, upon identification of their planned usage.

During the financial year, the Group had written off property, plant and equipment, net of adjustment, of RM14,770,000 (2013: RM37,712,000) arising from decommissioning of assets and discontinuing of projects.

For the current financial year, the Group revised the useful lives of certain telecommunications equipment ranging from 2 years to 20 years to a remaining useful lives ranging from one month to eight years as part of the network modernisation programme to support the business. The revision was accounted as a change in accounting estimate and as a result, the depreciation charge for the current financial year has increased by RM260,585,000.

For the financial year ended 31 December 2013, the Group revised the useful lives of certain telecommunications equipment ranging from 4 years to 10 years to a remaining useful lives ranging from one month to six years as part of the network modernisation programme to support the business. The revision was accounted as a change in accounting estimate and as a result, the depreciation charge for the financial year ended 31 December 2013 had increased by RM59,485,000.

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Additions in property, plant and equipment during the financial year include purchases by means of finance leases and deferred payment schemes amounting to RM8,578,000 (2013: RM Nil) and RM149,546,000 (2013: RM245,776,000) respectively.

The net book value of property, plant and equipment held under finance leases at the reporting date are as follows:

	Group	
	2014 RM'000	2013 RM'000
Motor vehicles	2,380	4,475
Office furniture, fittings and equipment	8,090	-
	10,470	4,475

16 INTANGIBLE ASSETS

		Spectrum rights			
Group	Goodwill RM'000	Telecommu-nications licences with allocated spectrum rights RM'000	Other spectrum rights RM'000	Customer acquisition costs RM'000	Total RM'000
2014					
As at 1 January 2014	219,087	10,707,381	34,956	205,154	11,166,578
Additions during the financial year	-	-	-	257,960	257,960
Amortisation charge for the financial year	-	-	(7,490)	(240,927)	(248,417)
As at 31 December 2014	219,087	10,707,381	27,466	222,187	11,176,121
Cost	219,087	10,707,381	37,453	487,771 [1]	11,451,692
Accumulated amortisation	-	-	(9,987)	(265,584) [1]	(275,571)
As at 31 December 2014	219,087	10,707,381	27,466	222,187	11,176,121

Note:
[1] During the year, the Group wrote off customer acquisition costs of RM723,209,000 that had been fully amortised.

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16 INTANGIBLE ASSETS (CONTINUED)

Group	Goodwill RM'000	Spectrum rights: Telecommunications licences with allocated spectrum rights RM'000	Spectrum rights: Other spectrum rights RM'000	Customer acquisition costs RM'000	Total RM'000
2013					
As at 1 January 2013	219,087	10,707,381	-	225,534	11,152,002
Additions during the financial year	-	-	37,453	242,286	279,739
Amortisation charge for the financial year	-	-	(2,497)	(262,666)	(265,163)
As at 31 December 2013	219,087	10,707,381	34,956	205,154	11,166,578
Cost	219,087	10,707,381	37,453	953,020	11,916,941
Accumulated amortisation	-	-	(2,497)	(747,866)	(750,363)
As at 31 December 2013	219,087	10,707,381	34,956	205,154	11,166,578

Amortisation charge was included in the statements of profit or loss in the following line items:

	Group 2014 RM'000	Group 2013 RM'000
Administrative expenses	**240,927**	262,666
Network operation costs	**7,490**	2,497
	248,417	265,163

16 INTANGIBLE ASSETS (CONTINUED)

The remaining amortisation periods at the reporting date are as follows:

	Group	
	2014 RM'000	**2013 RM'000**
Customer acquisition costs	**1 to 23 months**	1 to 23 months
Other spectrum rights	**36 months**	48 months

Additions in intangible assets during the financial year include purchase by means of finance lease amounting to RM Nil (2013: RM12,453,000). The carrying amount of intangible assets held under a finance lease at the reporting date is RM9,132,000 (2013: RM11,623,000).

Impairment testing for CGU containing goodwill and telecommunications licenses with allocated spectrum rights

For the purpose of impairment testing, carrying amounts of goodwill and telecommunications licenses with allocated spectrum rights are allocated to the Group's CGUs identified as Mobile services.

The recoverable amount of a CGU is determined based on value in use calculations. These calculations use pre-tax cash flow projections based on internally approved financial budgets covering five years (2013: five years) period which reflect management's expectations of revenue and EBITDA based on past experience and future expectations of business performance.

The key assumptions used in the value in use calculations are as follows:

(a) revenue and EBITDA growth rates for five years (2013: five years) financial budget period;

(b) post-tax discount rate of 8.0% (2013: 8.0%). In accordance with the requirements of MFRS 136 "Impairment of Assets", this translates into pre-tax discount rate of 15.2% (2013: 16.0%); and

(c) terminal growth rate of 2.0% (2013: 1.0%).

The key assumptions represent management's assessment of future trends in the regional mobile telecommunications industry and are based on both external sources and internal sources.

The discount rates used are pre-tax and reflect specific risks relating to the Mobile services.

The forecasts are most sensitive to changes in discount rates in the forecast period. Based on the sensitivity analysis performed, the Directors have concluded that any variation of 10% in the base case assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

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17 INTEREST IN SUBSIDIARIES

	Note	Company 2014 RM'000	Company 2013 RM'000
Non-current assets:			
- investments in subsidiaries	18	**35,022,142**	35,019,383
- loan to a subsidiary	(a)	**1,205,763**	1,205,703
Current assets:			
- amounts due from subsidiaries	(b)	**81**	124
- loan to a subsidiary	(a)	**-**	150,000
Current liabilities:			
- amounts due to subsidiaries	(b)	**(1,160)**	(2,616)
- loans from a subsidiary	(a)	**(400,000)**	(400,000)
		35,826,826	35,972,594

17 INTEREST IN SUBSIDIARIES (CONTINUED)

(a) Loans to/(from) subsidiaries - Interest bearing

The terms of the loans are as follows:

Company					
2014		2013			
Principal amount RM'000	Loans outstanding RM'000	Principal amount RM'000	Loans outstanding RM'000	Currency denomination	Repayment terms
1,200,000	**1,205,763**	1,200,000	1,205,703	RM	The loan is repayable based on a scheduled repayment as below:
					Months after the first drawdown / **Instalment %**
					72 / 27.8
					78 / 35.1
					84 / 37.1
-	**-**	150,000	150,000	RM	The loan was fully repaid during the financial year ended 31 December 2014.
1,200,000	**1,205,763**	1,350,000	1,355,703		
(400,000)	**(400,000)**	(400,000)	(400,000)	RM	These loans which are repayable in the current financial year, were extended for another year.

The loans to/(from) subsidiaries are unsecured and carry interest rates ranging from 5.00% to 5.18% per annum (2013: 4.85% to 5.00%) as at the reporting date.

(b) Amounts due from/(to) subsidiaries - Non-interest bearing

The amounts due from/(to) subsidiaries are unsecured and with 30 days credit period (2013: 30 days).

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18 INVESTMENTS IN SUBSIDIARIES

	Note	Company 2014 RM'000	Company 2013 RM'000
Unquoted shares, at cost		**35,012,760**	35,012,760
Fair value of share options granted and shares acquired, over the Company's equity instruments for employees of subsidiaries, net of shares issued		**9,382**	6,623
	17	**35,022,142**	35,019,383

The information on the subsidiaries is as follows:

Name	Country of incorporation and place of business	Principal activities	Proportion of ownership interests held by the Group 2014	Proportion of ownership interests held by the Group 2013	Proportion of ownership interests held by non-controlling interests 2014	Proportion of ownership interests held by non-controlling interests 2013	Paid-up capital 2014	Paid-up capital 2013
Advanced Wireless Technologies Sdn. Bhd. (517551-U)	Malaysia	Provider of wireless multimedia related services	**75%**	75%	**25%**	25%	**RM3,333,336**	RM3,333,336
Maxis Broadband Sdn. Bhd. (234053-D)	Malaysia	Operator of a national public switched network and provider of Internet and Internet application services and includes owning, maintaining, building and operating radio facilities and associated switches	**100%**	100%	**-**	-	**RM1,000,002**	RM1,000,002
Maxis Collections Sdn. Bhd. (383275-M)	Malaysia	Collector of telecommunications revenue for fellow subsidiaries	**100%**	100%	**-**	-	**RM2**	RM2

18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The information on the subsidiaries is as follows: (continued)

Name	Country of incorporation and place of business	Principal activities	Proportion of ownership interests held by the Group		Proportion of ownership interests held by non-controlling interests		Paid-up capital	
			2014	**2013**	**2014**	**2013**	**2014**	**2013**
Maxis International Sdn. Bhd. (240071-T)	Malaysia	Operator of an international gateway	**100%**	100%	**-**	-	**RM2,500,002**	RM2,500,002
Maxis Mobile Sdn. Bhd. (229892-M)	Malaysia	Operator of mobile telecommunications for special niche projects such as Universal Service Provision, provider of corporate support and services functions to the intermediate holding companies and fellow subsidiaries and provider of hire purchase facility to a fellow subsidiary	**100%**	100%	**-**	-	**RM2,500,002**	RM2,500,002
Maxis Mobile Services Sdn. Bhd. (73315-V)	Malaysia	Provider of mobile telecommunications products and services	**100%**	100%	**-**	-	**RM1,293,884,000**	RM1,293,884,000
Maxis Multimedia Sdn. Bhd. (530188-A)	Malaysia	Provider of multimedia related services (dormant)	**100%**	100%	**-**	-	**RM2**	RM2
<u>Subsidiary of Advanced Wireless Technologies Sdn. Bhd.</u>								
UMTS (Malaysia) Sdn. Bhd. (520422-D)	Malaysia	3G spectrum assignment holder	**75%**	75%	**25%**	25%	**RM2,500,002**	RM2,500,002

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18 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The information on the subsidiaries is as follows: (continued)

Name	Country of incorporation and place of business	Principal activities	Proportion of ownership interests held by the Group		Proportion of ownership interests held by non-controlling interests		Paid-up capital	
			2014	**2013**	**2014**	**2013**	**2014**	**2013**
Subsidiary of Maxis Broadband Sdn. Bhd.								
Maxis Online Sdn. Bhd. (235849-A)	Malaysia	Holder of investments (dormant)	**100%**	100%	**-**	-	**RM2**	RM2
Subsidiary of Maxis Mobile Sdn. Bhd.								
Maxis Mobile (L) Ltd (LL-01709)[1]	Malaysia	Holder of investments	**100%**	100%	**-**	-	**USD10,000**	USD10,000
Subsidiary of Maxis International Sdn. Bhd.								
Maxis Asia Access Pte. Ltd. (200001826C)[2][3]	Republic of Singapore	Provider of international telecommunications services	**-**	100%	**-**	-	**-**	SGD2

Notes:
(1) Maxis Mobile (L) Ltd is a company registered under the Labuan Companies Act, 1990, with shares issued in USD.
(2) Maxis Asia Access Pte. Ltd. ("MAA") is a company established under the Companies Act, Cap. 50 of the Republic of Singapore, with shares issued in SGD. MAA was voluntarily dissolved on 1 December 2014.
(3) Not audited by PwC.

As at the reporting date, the total non-controlling interest is RM22,362,000 (2013: RM14,980,000) in respect of Advanced Wireless Technologies Sdn. Bhd. and its wholly-owned subsidiary, which is not material to the Group.

19 FINANCIAL INSTRUMENTS BY CATEGORY

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Financial assets:					
Loans to subsidiaries	17	**-**	-	**1,205,763**	1,355,703
Receivables and deposits	24	**797,542**	800,898	**79**	29
Amounts due from subsidiaries	17	**-**	-	**81**	124
Amount due from penultimate holding company	25	**259**	302	**-**	36
Amounts due from related parties	26	**26,584**	23,519	**-**	-
Cash and cash equivalents	27	**1,530,519**	807,946	**185,960**	160,639
Loans and receivables		**2,354,904**	1,632,665	**1,391,883**	1,516,531
Available-for-sale investment	20	**50**	50	**-**	-
Derivative financial instruments	21	**244,452**	144,750	**244,452**	144,750
Financial liabilities:					
Payables and accruals	29	**2,253,301**	1,600,851	**893**	2,543
Amounts due to subsidiaries	17	**-**	-	**1,160**	2,616
Amounts due to fellow subsidiaries	25	**487**	3,648	**-**	-
Amounts due to related parties	26	**24,429**	23,225	**-**	-
Loans from a subsidiary	17	**-**	-	**400,000**	400,000
Loan from a related party	26	**28,875**	28,875	**-**	-
Borrowings	30	**8,998,084**	7,523,275	**8,972,178**	7,505,323
Other financial liabilities		**11,305,176**	9,179,874	**9,374,231**	7,910,482
Derivative financial instruments	21	**15,848**	117,128	**15,848**	117,128

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20 AVAILABLE-FOR-SALE INVESTMENT

	Group	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost	50	50

The Group has one-twenty fourth (1/24th) interest in Konsortium Rangkaian Serantau Sdn. Bhd. This entity was formed for the purpose of implementing one of the entry point projects to lower the costs of Internet Protocol transit and domestic bandwidths by aggregating capacity of its shareholders to secure lower prices from suppliers. The fair value cannot be reliably measured as there is no active market upon which it is traded. Hence, it is carried at cost.

21 DERIVATIVE FINANCIAL INSTRUMENTS

		Group and Company			
	Note	2014		2013	
		Assets RM'000	Liabilities RM'000	Assets RM'000	Liabilities RM'000
Current					
Cross Currency Interest Rate Swaps ("CCIRS"):	(a)				
- cash flow hedge on USD denominated borrowings		-	15,848	-	83,609
		-	15,848	-	83,609
Non-current					
CCIRS:	(a)				
- cash flow hedge on USD denominated borrowings		192,668	-	70,139	33,519
- cash flow hedge on SGD denominated borrowings		18,751	-	18,379	-
		211,419	-	88,518	33,519
Interest Rate Swaps ("IRS"):	(b)				
- cash flow hedge on RM denominated borrowings		33,033	-	56,232	-
		244,452	-	144,750	33,519
		244,452	15,848	144,750	117,128

21 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The details of the derivative financial instruments are set out as below:

(a) CCIRS

Commencement date	Contract/ Notional amount 2014 RM'000	2013 RM'000	Exchange Rate	Interest Rate
24 February 2010	**2,129,250**	2,550,000	The Group and Company pay RM in exchange for receiving USD at a predetermined exchange rate of RM3.40 to USD1.00 according to the scheduled principal and interest repayment of the syndicated loan in which principal exchange occurs semi-annually commencing from the fourth year of the syndicated loan.	The Group and Company pay a fixed interest rate of 4.75% per annum in exchange for receiving London Interbank Offered Rate ("LIBOR") plus a spread on the amortising outstanding principal amount.
13 August 2010	**314,500**	314,500	The Group and Company pay RM in exchange for receiving USD at a predetermined exchange rate of RM3.145 to USD1.00 for its principal and interest in which at the end of the tenure, principal is on bullet repayment basis.	The Group and Company pay a fixed interest rate of 5.25% per annum in exchange for receiving LIBOR plus a spread on the notional principal amount.
28 February 2011	**304,900**	304,900	The Group and Company pay RM in exchange for receiving USD at a predetermined exchange rate of RM3.048 to USD1.00 and RM3.050 to USD1.00 on each USD50 million respectively for its principal and interest in which at the end of the tenure, principal is on bullet repayment basis.	The Group and Company pay Kuala Lumpur Interbank Offered Rate ("KLIBOR") plus a spread in exchange for receiving LIBOR plus a spread on the notional principal amount.
28 February 2011	**167,300**	167,300	The Group and Company pay RM in exchange for receiving SGD at a predetermined exchange rate of RM2.39 to SGD1.00 for its principal and interest in which at the end of the tenure, principal is on bullet repayment basis.	The Group and Company pay KLIBOR plus a spread in exchange for receiving Singapore Swap Offer Rate ("SOR") plus a spread on the notional principal amount.
14 June 2011	**227,250**	227,250	The Group and Company pay RM in exchange for receiving USD at a predetermined exchange rate of RM3.03 to USD1.00 for its principal and interest in which at the end of the tenure, principal is on bullet repayment basis.	The Group and Company pay a fixed interest rate of 4.99% in exchange for receiving LIBOR plus a spread on the notional principal amount.

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21 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The details of the derivative financial instruments are set out as below: (continued)

(b) IRS

Com-mencement date	Contract/ Notional amount 2014 RM'000	Contract/ Notional amount 2013 RM'000	Interest Rate
17 July 2012	**200,000**	200,000	The Group and Company pay a fixed interest rate of 3.50% per annum in exchange for receiving KLIBOR on the notional principal amount.
25 July 2012	**500,000**	500,000	The Group and Company pay a fixed interest rate of 3.43% per annum in exchange for receiving KLIBOR on the notional principal amount.

At the reporting date, the Group and the Company have recognised derivative financial assets and derivative financial liabilities of RM244,452,000 (2013: RM144,750,000) and RM15,848,000 (2013: RM117,128,000) respectively, an increase in fair value gains by RM200,982,000 (2013: a reduction in fair value losses by RM397,462,000) from the prior financial year, on remeasuring the fair values of the derivative financial instruments. The corresponding movement has been included in equity in the cash flow hedging reserve.

For the current financial year, RM219,673,000 was reclassified to the statements of profit or loss to offset the foreign exchange losses of RM218,431,000 which arose from the weakening RM against USD and SGD, and the interest expense of RM1,242,000 as the underlying interest rates were higher than the hedged interest rates on the borrowings. This reduced the credit balance of the cash flow hedging reserve as at 31 December 2014 by RM18,691,000 to RM42,573,000.

For the financial year ended 31 December 2013, RM230,518,000 was reclassified to the statements of profit or loss to offset the foreign exchange losses of RM230,593,000 which arose from the weakening RM against USD and SGD, and recognition of additional interest expense of RM75,000 as the underlying interest rates were lower than the hedged interest rates on the borrowings. This reduced the debit balance of the cash flow hedging reserve as at 31 December 2013 by RM166,944,000 and recorded a credit balance of RM61,264,000.

All derivative financial instruments are used by the Group and the Company for hedging purposes.

The gains or losses recognised in the cash flow hedging reserve in equity will be continuously released to the statements of profit or loss within finance costs until the underlying borrowings are repaid.

As the Group and the Company intend to hold the borrowings and associated derivative financial instruments to maturity, any changes to the fair values of the derivative financial instruments will not impact the statements of profit or loss and will be taken to the cash flow hedging reserve in equity.

The method and assumption applied in determining the fair value of derivatives are disclosed in Note 3(i) to the financial statements.

22 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statements of financial position:

	Group	
	2014 **RM'000**	**2013** **RM'000**
Deferred tax assets	**102,045**	127,618
Deferred tax liabilities	**(482,352)**	(495,585)
	(380,307)	(367,967)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Group	
	2014 **RM'000**	**2013** **RM'000**
Deferred tax assets:		
- to be recovered after more than 12 months	**10**	9
- to be recovered within 12 months	**102,035**	127,609
	102,045	127,618
Deferred tax liabilities:		
- to be recovered after more than 12 months	**(449,710)**	(495,585)
- to be recovered within 12 months	**(32,642)**	-
	(482,352)	(495,585)
Deferred tax liabilities (net)	**(380,307)**	(367,967)

Notes to the **Financial Statements**

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22 DEFERRED TAXATION (CONTINUED)

The movements in deferred tax assets/(liabilities) during the financial year comprise the following:

Group	Note	Property, plant and equipment RM'000	Intangible assets RM'000	Deferred income RM'000	Provisions and accruals RM'000	Investment allowance RM'000	Others RM'000	Total RM'000
As at 1 January 2014		**(784,935)**	**(51,289)**	**95,173**	**306,643**	**64,242**	**2,199**	**(367,967)**
Credited/(charged) to statement of profit or loss:	12							
- relating to origination and reversal of temporary differences		**6,352**	**(4,257)**	**10,263**	**(31,558)**	**(12,475)**	**(872)**	**(32,547)**
- relating to changes in tax rate		**22,596**	**590**	**-**	**(1,463)**	**(1,516)**	**-**	**20,207**
As at 31 December 2014		**(755,987)**	**(54,956)**	**105,436**	**273,622**	**50,251**	**1,327**	**(380,307)**
As at 1 January 2013		(829,466)	(56,383)	84,364	288,317	81,048	5,053	(427,067)
Credited/(charged) to statement of profit or loss:	12							
- relating to origination and reversal of temporary differences		25,551	5,094	10,809	20,406	(16,806)	(2,854)	42,200
- relating to changes in tax rate		18,980	-	-	(2,080)	-	-	16,900
As at 31 December 2013		(784,935)	(51,289)	95,173	306,643	64,242	2,199	(367,967)

22 DEFERRED TAXATION (CONTINUED)

	Group 2014 RM'000	Group 2013 RM'000
Deferred tax assets (before offsetting):		
- deferred income	**105,436**	95,173
- provisions and accruals	**273,622**	306,643
- investment allowance	**50,251**	64,242
- others	**1,675**	2,652
	430,984	468,710
Offsetting	**(328,939)**	(341,092)
Deferred tax assets (after offsetting)	**102,045**	127,618
Deferred tax liabilities (before offsetting):		
- property, plant and equipment	**(755,987)**	(784,935)
- intangible assets	**(54,956)**	(51,289)
- others	**(348)**	(453)
	(811,291)	(836,677)
Offsetting	**328,939**	341,092
Deferred tax liabilities (after offsetting)	**(482,352)**	(495,585)

23 INVENTORIES

	Group 2014 RM'000	Group 2013 RM'000
Telecommunications materials and supplies	**4,350**	6,905
Devices	**8,090**	63,528
	12,440	70,433

The Group reversed RM14,620,000 (2013: RM3,533,000) of inventory write down as the Group was able to utilise those inventories.

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24 RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
	Note	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables	(a)	**624,883**	668,537	**-**	-
Other receivables		**151,875**	106,016	**79**	29
Deposits		**91,279**	96,555	**-**	-
Prepayments		**172,911**	145,822	**1,736**	419
		1,040,948	1,016,930	**1,815**	448
Allowance for impairment:	(b)				
- trade receivables		**(53,086)**	(46,503)	**-**	-
- other receivables		**(7,180)**	(13,020)	**-**	-
- deposits		**(10,229)**	(10,687)	**-**	-
		(70,495)	(70,210)	**-**	-
		970,453	946,720	**1,815**	448

(a) Trade receivables

The Group's credit policy provides trade receivables with credit periods of up to 60 days (2013: up to 60 days). The Group has no significant exposure to any individual customer, geographical location or industry category. Significant credit and recovery risks associated with receivables have been provided for in the financial statements.

Given the varied nature of the Group's customer base, the following analysis of trade receivables by type of customer is considered the most appropriate disclosure of credit concentrations.

	Group	
	2014 RM'000	2013 RM'000
Subscribers:		
- individual	**308,484**	337,204
- corporate	**139,753**	131,419
Interconnect and roaming:		
- domestic	**86,700**	87,358
- international	**32,139**	60,754
Distributors	**57,807**	51,802
	624,883	668,537

Trade receivables are secured by subscribers' deposits and bank guarantees of RM32,137,000 (2013: RM41,024,000) and RM50,950,000 (2013: RM50,950,000) respectively.

24 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

(a) Trade receivables (continued)

The ageing analysis of the Group's gross trade receivables is as follows:

	Group	
	2014 RM'000	**2013 RM'000**
Neither past due nor impaired	**475,289**	503,623
1 to 90 days past due not impaired	**9,340**	8,535
91 to 180 days past due not impaired	**637**	1,107
More than 180 days past due not impaired	**220**	574
	485,486	513,839
Impaired[1]:		
- collectively	**105,094**	128,019
- individually[2]	**34,303**	26,679
	139,397	154,698
	624,883	668,537

Notes:
[1] Represents gross trade receivables which have been either partially or fully impaired.
[2] Individually impaired due to default in payment terms.

Trade receivables that are neither past due nor impaired

With respect to the trade receivables that are neither past due nor impaired, there is no indication as of the reporting date that the debtors will not meet their payment obligations since the Group selects the highest possible quality creditworthy counterparties. The quality of these trade receivables is such that management believes no impairment provision is necessary, except in situations where they are part of individually impaired trade receivables.

Trade receivables that are past due but not impaired

No allowance for impairment was made in respect of these past due trade receivables based on the past historical collection trends.

(b) Allowance for impairment

Movement on the Group allowance for impairment of receivables and deposits is as follows:

		Group	
	Note	**2014 RM'000**	**2013 RM'000**
As at 1 January		**70,210**	76,775
Charged to statement of profit or loss	7	**96,584**	109,331
Reversed from statement of profit or loss	7	**(24,449)**	(25,576)
Amount written off		**(71,850)**	(90,320)
As at 31 December		**70,495**	70,210

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25 FELLOW SUBSIDIARIES AND PENULTIMATE HOLDING COMPANY BALANCES

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current asset:				
- amounts due from penultimate holding company	**259**	302	-	36
Current liability:				
- amounts due to fellow subsidiaries	**(487)**	(3,648)	-	-
	(228)	(3,346)	-	36

The amounts due from/(to) penultimate holding company and fellow subsidiaries are unsecured, non-interest bearing and with 30 days credit period (2013: 30 days).

26 RELATED PARTIES BALANCES

	Note	Group	
		2014 RM'000	2013 RM'000
Current asset:			
- amounts due from related parties	(a)	**26,584**	23,519
Current liabilities:			
- amounts due to related parties	(a)	**(24,429)**	(23,225)
- loan from a related party	(b)	**(28,875)**	-
Non-current liability:			
- loan from a related party	(b)	-	(28,875)

(a) The amounts due from/(to) related parties are trade in nature, unsecured, interest free and with credit periods of up to 60 days (2013: up to 60 days).

(b) Loan from a related party is unsecured and is denominated in RM. The principal and interest of the loan were repayable at the end of five years from the drawdown date of 9 December 2005 and had been extended for another five years, expiring on 9 December 2015, with the outstanding interest at the extension date being capitalised. During the financial year, the Group has repaid the interest of RM2,228,000 (2013: partially repaid the prinicipal and interest of RM11,586,000). The interest rate as at the reporting date is 7.85% per annum (2013: 7.60%).

27 CASH AND CASH EQUIVALENTS

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

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits with licensed banks	**1,422,723**	708,023	**185,824**	160,424
Cash and bank balances	**107,796**	99,923	**136**	215
Cash and cash equivalents	**1,530,519**	807,946	**185,960**	160,639

Deposits with licensed banks are held in short-term money market and fixed deposits.

Deposits with licensed banks of the Group and of the Company at the end of the financial year have an average maturity of 16 days (2013: 9 days) and 17 days (2013: 6 days) respectively. Bank balances are deposits held at call with banks.

The credit quality of bank balances and deposits with licensed banks can be assessed by reference to external credit ratings as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Local licensed banks(1):				
- AAA	**737,738**	407,482	**100,262**	908
- AA1	**135,921**	89,698	**-**	-
- AA2	**652,282**	302,186	**85,698**	159,731
Offshore licensed banks(2):				
- Aa2	**-**	31	**-**	-
- Aa3	**33**	-	**-**	-
- A1	**2,758**	8,220	**-**	-
- A2	**1,389**	-	**-**	-
- BAA2	**5**	-	**-**	-
	1,530,126	807,617	**185,960**	160,639

Note:
Source: Bloomberg with ratings provided by:
(1) RAM Ratings Services Berhad
(2) Moody's

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28 PROVISIONS FOR LIABILITIES AND CHARGES

Group	Note	Site rectification and decommi-ssioning works RM'000	Contract obligations and legal claims RM'000	Staff incentive scheme RM'000	CTS costs RM'000	Total RM'000
As at 1 January 2014		**118,240**	**69,178**	**38,240**	**19,369**	**245,027**
Capitalised during the financial year		**8,950**	**-**	**-**	**-**	**8,950**
Changes in costs estimate on provision for site decommissioning works:						
- included in finance costs	11(b)	**(6,736)**	**-**	**-**	**-**	**(6,736)**
- included in property, plant and equipment		**6,669**	**-**	**-**	**-**	**6,669**
Charged to statement of profit or loss:						
- included in profit from operations	7	**2,660**	**11,484**	**48,914**	**-**	**63,058**
- included in finance costs	11(b)	**15,552**	**-**	**-**	**-**	**15,552**
Paid during the financial year		**(1,887)**	**(8,004)**	**(38,569)**	**(18,576)**	**(67,036)**
Reversed from statement of profit or loss	7	**(2,636)**	**(22,093)**	**(40,820)**	**(793)**	**(66,342)**
As at 31 December 2014		**140,812**	**50,565**	**7,765**	**-**	**199,142**
As at 1 January 2013		111,276	13,450	49,676	-	174,402
Capitalised during the financial year		2,245	-	-	-	2,245
Changes in costs estimate on provision for site decommissioning works:						
- included in finance costs	11(b)	(4,941)	-	-	-	(4,941)
- included in property, plant and equipment		1,103	-	-	-	1,103
Charged to statement of profit or loss:						
- included in profit from operations	7	191	64,820	38,745	40,712	144,468
- included in finance costs	11(b)	11,584	-	-	-	11,584
Paid during the financial year		(1,619)	(1,800)	(31,881)	(21,343)	(56,643)
Reversed from statement of profit or loss	7	(1,599)	(7,292)	(18,300)	-	(27,191)
As at 31 December 2013		118,240	69,178	38,240	19,369	245,027

28 PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

Group	Site rectification and decommi-ssioning works	Contract obligations and legal claims	Staff incentive scheme	CTS costs	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Represented by:					
Current liabilities	**6,682**	**50,565**	**7,765**	**-**	**65,012**
Non-current liabilities	**134,130**	**-**	**-**	**-**	**134,130**
As at 31 December 2014	**140,812**	**50,565**	**7,765**	**-**	**199,142**
Current liabilities	8,686	69,178	38,240	19,369	135,473
Non-current liabilities	109,554	-	-	-	109,554
As at 31 December 2013	118,240	69,178	38,240	19,369	245,027

Descriptions of the above provisions are as disclosed in Note 3(p) to the financial statements.

Site rectification and decommissioning works

As at 31 December 2014, a provision of RM140,812,000 (2013: RM118,240,000) has been recognised for dismantling, removal and site restoration costs. The provision is estimated using the assumption that decommissioning will only take place upon the expiry of the lease terms (inclusive of secondary terms) of 15 to 30 years (2013: 15 to 30 years). The provision has been estimated based on the current conditions of the sites, at the estimated costs to be incurred upon the expiry of lease terms and discounted at the current market interest rate available to the Group.

Contract obligations and legal claims

In the Directors' opinion, the net negotiated cost to exit the contract will not give rise to any significant loss beyond the amounts provided at the reporting date.

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29 PAYABLES AND ACCRUALS

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current				
Intercarrier and roaming payables	**36,507**	70,495	**-**	-
Intercarrier and roaming accruals	**93,133**	70,159	**-**	-
Subscribers' deposits	**109,546**	136,563	**-**	-
Trade payables	**1,100,825**	493,975	**-**	-
Trade accruals	**349,995**	358,818	**-**	-
Other payables	**116,057**	100,209	**284**	285
Other accruals	**507,242**	545,988	**609**	2,258
Advance payments from subscribers	**51,197**	54,923	**-**	-
Deferred income	**413,269**	373,392	**-**	-
Payroll liabilities	**12**	5,681	**-**	-
Government grant	**223,844**	223,548	**-**	-
	3,001,627	2,433,751	**893**	2,543
Non-current				
Trade payables	**448,900**	371,620	**-**	-
Other accruals	**4,822**	-	**-**	-
	453,722	371,620	**-**	-
	3,455,349	2,805,371	**893**	2,543

Current trade payables and other payables of the Group and of the Company carry credit periods of up to 180 days (2013: 120 days). The Group's current and non-current trade payables include an amount of RM557,323,000 (2013: RM237,130,000), denominated in USD, which is payable under deferred payment schemes, repayable on a half-yearly basis in 10 to 11 equal instalments commencing from 30 or 36 months from the commencement dates of the contracts and carry interest rates ranging from 2.19% to 2.56% (2013: 2.19% to 2.55%) per annum as at the reporting date.

The Group's other accruals include lease equalisation for office buildings of RM4,885,000 (2013: RM Nil) with the remaining lease periods of 13 years 5 months (2013: Nil).

30 BORROWINGS

	Note	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 RM'000
Current					
Secured					
Finance lease liabilities	(a)	**14,051**	6,157	**-**	-
Unsecured					
Revolving credit	(b)	**-**	500,000	**-**	500,000
Syndicated term loan	(c)	**865,644**	403,946	**865,644**	403,946
		879,695	910,103	**865,644**	903,946
Non-current					
Secured					
Finance lease liabilities	(a)	**11,855**	11,795	**-**	-
Unsecured					
Syndicated term loans	(c)	**1,670,763**	2,371,836	**1,670,763**	2,371,836
Term loans	(d)	**1,790,997**	1,746,791	**1,790,997**	1,746,791
Islamic Medium Term Notes	(e)	**2,484,105**	2,482,750	**2,484,105**	2,482,750
Commodity Murabahah Term Financing	(f)	**2,160,669**	-	**2,160,669**	-
		8,118,389	6,613,172	**8,106,534**	6,601,377
		8,998,084	7,523,275	**8,972,178**	7,505,323

(a) Finance lease liabilities

The Group leased certain assets under finance lease with terms of three to five years (2013: four to five years). The finance leases have remaining terms of one to three years (2013: two to four years) which the Group has options for another one to five years extension subject to renewal conditions by the lessor for certain leased assets.

The weighted average effective interest rate of the Group's finance lease liabilities is 10.13% (2013: 11.91%) per annum. These leases are effectively secured as the rights to the leased assets revert to the lessor in the event of defaults.

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30 BORROWINGS (CONTINUED)

(a) Finance lease liabilities (continued)

Finance lease liabilities represent outstanding obligations payable in respect of assets acquired under finance lease commitment and are analysed as follows:

	Group	
	2014 RM'000	2013 RM'000
Not later than one year	**15,555**	7,878
Later than one year and not later than five years	**12,858**	13,775
	28,413	21,653
Less: Future finance charges	**(2,507)**	(3,701)
Present value	**25,906**	17,952
Representing lease liabilities:		
- current	**14,051**	6,157
- non-current	**11,855**	11,795
	25,906	17,952

(b) Current unsecured revolving credit

The RM500,000,000 revolving credit facility drawn down in the prior year was fully repaid on its maturity date, 22 September 2014.

(c) Non-current and current unsecured syndicated term loans

(i) USD750,000,000 syndicated term loan

This syndicated term loan was drawn down on 24 February 2010 and is repayable in six semi-annual instalments commencing on 24 August 2014 with final maturity on 24 February 2017. The initial instalment of the loan of USD123,750,000 was repaid on 26 August 2014. As disclosed in Note 21 to the financial statements, the Company has entered into CCIRS where the principal sum and interest under this term loan is hedged against fluctuations in USD/RM exchange rate and in LIBOR.

(ii) USD100,000,000 syndicated term loan

This syndicated term loan was drawn down on 13 August 2010 and is repayable in one lump sum on the loan's maturity date, 13 August 2020. As disclosed in Note 21 to the financial statements, the Company has entered into CCIRS where the principal sum and interest under this term loan is hedged against fluctuations in USD/RM exchange rate and in LIBOR.

30 BORROWINGS (CONTINUED)

(d) Non-current unsecured term loans

(i) RM1,000,000,000 term loan

This term loan was drawn down on 27 December 2011 and is repayable in one lump sum on the loan's maturity date, 27 December 2022. As disclosed in Note 21 to the financial statements, the Company has entered into IRS where the interest under this term loan is partially hedged against fluctuations in KLIBOR.

(ii) USD100,000,000 term loans

These term loans were all drawn down on 28 February 2011 and are repayable in one lump sum on their respective loan maturity dates, 28 February 2021. As disclosed in Note 21 to the financial statements, the Company has entered into CCIRS where the principal sum and interest under these term loans are hedged against fluctuations in USD/RM exchange rate and in LIBOR.

(iii) SGD70,000,000 term loan

This term loan was drawn down on 28 February 2011 and is repayable in one lump sum on the loan's maturity date, 28 February 2021. As disclosed in Note 21 to the financial statements, the Company has entered into CCIRS where the principal sum and interest under this term loan is hedged against fluctuations in SGD/RM exchange rate and in SOR.

(iv) USD75,000,000 term loan

This term loan was drawn down on 14 June 2011 and is repayable in one lump sum on the loan's maturity date, 14 June 2021. As disclosed in Note 21 to the financial statements, the Company has entered into CCIRS where the principal sum and interest under this term loan is hedged against fluctuations in USD/RM exchange rate and in LIBOR.

(e) Islamic Medium Term Notes

On 24 February 2012, the Company established an unrated Islamic Medium Term Notes Programme with an aggregate nominal value of up to RM2.45 billion ("Sukuk Programme") based on the Islamic principle of Musharakah. The Sukuk Programme has a tenure of 30 years from the date of first issue under the Sukuk Programme.

On the same date, the Company made the first issuance under the Sukuk Programme of RM2.45 billion nominal value with a tenure of 10 years ("Sukuk Musharakah"), redeemable on its maturity date on 24 February 2022. The profit is payable semi-annually.

Maxis Mobile Services Sdn. Bhd. and Maxis Broadband Sdn. Bhd., both wholly-owned subsidiaries of the Company provide unconditional and irrevocable corporate guarantees under the Sukuk Programme.

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30 BORROWINGS (CONTINUED)

(f) Non-current and unsecured Commodity Murabahah Term Financing

During the financial year, the Company entered into an agreement for Commodity Murabahah Term Financing facility up to RM2.50 billion based on the Islamic principle of Murabahah. This facility has a tenure of 10 years from its first utilisation, which is repayable in one lump sum on 7 April 2024. As at 31 December 2014, the Company had drawn down RM2.15 billion of the facility amount of which RM500,000,000 and RM420,750,000 were utilised for repayment of the RM500,000,000 revolving credit facility and the initial instalment of the USD750,000,000 syndicated term loan as disclosed in Notes 30(b) and 30(c) to the financial statements respectively.

Contractual terms of borrowings

Group	Contractual interest rate/ profit margin at reporting date (per annum) %	Functional currency/ currency exposure	Total carrying amount RM'000	Maturity profile < 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
At 31 December 2014							
Secured							
Finance lease liabilities		RM/RM	25,906	14,051	6,768	5,087	-
Unsecured							
Syndicated term loans	1.35% - 1.60% + LIBOR[1]	RM/USD	2,536,407	865,644	864,056	459,016	347,691
Term loans	0.75% + COF[2]	RM/RM	996,758	-	-	-	996,758
	1.50% - 1.60% + LIBOR[1]	RM/USD	609,622	-	-	-	609,622
	1.25% + SOR[3]	RM/SGD	184,617	-	-	-	184,617
Islamic Medium Term Notes	5.00%	RM/RM	2,484,105	-	-	-	2,484,105
Commodity Murabahah Term Financing	0.70 + COF[2]	RM/RM	2,160,669	-	-	-	2,160,669
			8,998,084	879,695	870,824	464,103	6,783,462

Notes:

(1) LIBOR denotes London Interbank Offered Rate.

(2) COF denotes Cost of Funds.

(3) SOR denotes Singapore Swap Offer Rate.

30 BORROWINGS (CONTINUED)

Contractual terms of borrowings (continued)

Group	Contractual interest rate/ profit margin at reporting date (per annum) %	Functional currency/ currency exposure	Total carrying amount RM'000	Maturity profile < 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
At 31 December 2013							
Secured							
Finance lease liabilities		RM/RM	17,952	6,157	5,313	6,482	-
Unsecured							
Revolving credit	0.55%+COF[1]	RM/RM	500,000	500,000	-	-	-
Syndicated term loans	1.35% - 1.60% + LIBOR[2]	RM/USD	2,775,782	403,946	807,429	1,239,367	325,040
Term loans	0.75% + COF[1]	RM/RM	996,122	-	-	-	996,122
	1.50% - 1.60% + LIBOR[2]	RM/USD	570,360	-	-	-	570,360
	1.25% + SOR[3]	RM/SGD	180,309	-	-	-	180,309
Islamic Medium Term Notes	5.00%	RM/RM	2,482,750	-	-	-	2,482,750
			7,523,275	910,103	812,742	1,245,849	4,554,581

Notes:
(1) COF denotes Cost of Funds.
(2) LIBOR denotes London Interbank Offered Rate.
(3) SOR denotes Singapore Swap Offer Rate.

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30 BORROWINGS (CONTINUED)

Contractual terms of borrowings (continued)

Company	Contractual interest rate/ profit margin at reporting date (per annum) %	Functional currency/ currency exposure	Total carrying amount RM'000	Maturity profile < 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
At 31 December 2014							
Unsecured							
Syndicated term loans	1.35% - 1.60% + LIBOR[1]	RM/USD	2,536,407	865,644	864,056	459,016	347,691
Term loans	0.75% + COF[2]	RM/RM	996,758	-	-	-	996,758
	1.50% - 1.60% + LIBOR[1]	RM/USD	609,622	-	-	-	609,622
	1.25% + SOR[3]	RM/SGD	184,617	-	-	-	184,617
Islamic Medium Term Notes	5.00%	RM/RM	2,484,105	-	-	-	2,484,105
Commodity Murabahah Term Financing	0.70 + COF[2]	RM/RM	2,160,669	-	-	-	2,160,669
			8,972,178	865,644	864,056	459,016	6,783,462

Notes:

(1) LIBOR denotes London Interbank Offered Rate.
(2) COF denotes Cost of Funds.
(3) SOR denotes Singapore Swap Offer Rate.

30 BORROWINGS (CONTINUED)

Contractual terms of borrowings (continued)

Company	Contractual interest rate/ profit margin at reporting date (per annum) %	Functional currency/ currency exposure	Total carrying amount RM'000	Maturity profile < 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
At 31 December 2013							
Unsecured							
Revolving credit	0.55%+COF[1]	RM/RM	500,000	500,000	-	-	-
Syndicated term loans	1.35% - 1.60% + LIBOR[2]	RM/USD	2,775,782	403,946	807,429	1,239,367	325,040
Term loans	0.75% + COF[1]	RM/RM	996,122	-	-	-	996,122
	1.50% - 1.60% + LIBOR[2]	RM/USD	570,360	-	-	-	570,360
	1.25% + SOR[3]	RM/SGD	180,309	-	-	-	180,309
Islamic Medium Term Notes	5.00%	RM/RM	2,482,750	-	-	-	2,482,750
			7,505,323	903,946	807,429	1,239,367	4,554,581

Notes:
(1) COF denotes Cost of Funds.
(2) LIBOR denotes London Interbank Offered Rate.
(3) SOR denotes Singapore Swap Offer Rate.

31 SHARE CAPITAL

(a) Share capital

	Group and Company 2014 and 2013 Number of shares '000	Nominal value RM'000
Authorised ordinary shares of RM0.10 each		
As at 1 January/31 December	**12,000,000**	**1,200,000**

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31 SHARE CAPITAL (CONTINUED)

(b) ESOS

Pursuant to the ESOS implemented on 17 September 2009, the Company will make available new shares, not exceeding in aggregate 250,000,000 shares during the existence of the ESOS, to be issued under the share options granted. The ESOS is for the benefit of eligible employees and eligible directors (executive and non-executive) of the Group and of the Company. The ESOS is for a period of 10 years and is governed by the ESOS Bye-Laws as set out in the Company's Prospectus dated 28 October 2009 issued in relation to its initial public offering.

An ESOS Committee comprising Directors of the Company has been set up to administer the ESOS. The ESOS Committee may from time to time offer share options to eligible employees and eligible 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 250,000,000 during the existence of the ESOS save and except for any circumstances which may be specified in the Bye-Laws;

(ii) Subject to the discretion of the Directors, any employee of the Company and its subsidiaries who has a written employment contract and any director (executive or non-executive) of the Company, 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 share options price and/or in the number of shares covered by outstanding share options as the Directors at their 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 subscription price upon the exercise of the share options under the ESOS shall be the weighted average market price quoted for the five market days immediately preceding the date on which the share options are granted;

(vi) The ESOS has a contractual term of 10 years. All share options shall become exercisable to the extent of one-third of the shares granted on each of the first three anniversaries from the date the share options were granted provided the optionee has been in continuous service with the Group throughout the period;

(vii) Subject to paragraph (vi) above, an optionee may exercise share options in whole or part in multiples of 100 shares only at such time in accordance with any guidelines as may be prescribed by the Directors from time to time; and

(viii) The optionees have no right to participate by virtue of the share options in any share issue of any other company. However, shares issued upon the exercise of the share options 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 issue of the shares.

31 SHARE CAPITAL (CONTINUED)

(b) ESOS (continued)

Movements in the number of share options outstanding and their exercise prices are as follows:

			Number of options over ordinary shares of RM0.10 each in the Company					
Grant date	**Expiry date**	**Exercise price RM/share**	**Outstanding as at 1.1.2014 '000**	**Granted '000**	**Exercised '000**	**Forfeited/ Lapsed '000**	**Outstanding as at 31.12.2014 '000**	**Exercisable as at 31.12.2014 '000**
2014								
1 July 2011	17 September 2019	**5.45**	**7,729**	-	**(1,661)**	**(95)**	**5,973**	**5,973**
1 July 2012	17 September 2019	**6.41**	**17,791**	-	**(1,355)**	**(603)**	**15,833**	**11,750**
1 July 2013	17 September 2019	**6.78**	**13,068**	-	**(110)**	**(905)**	**12,053**	**5,922**
			38,588	-	**(3,126)**	**(1,603)**	**33,859**	**23,645**
Weighted average exercise price (RM per share)			**6.34**	-	**5.91**	**6.56**	**6.37**	**6.26**

			Number of options over ordinary shares of RM0.10 each in the Company					
Grant date	**Expiry date**	**Exercise price RM/share**	**Outstanding as at 1.1.2013 '000**	**Granted '000**	**Exercised '000**	**Forfeited/ Lapsed '000**	**Outstanding as at 31.12.2013 '000**	**Exercisable as at 31.12.2013 '000**
2013								
1 July 2011	17 September 2019	5.45	10,079	-	(1,930)	(420)	7,729	5,410
1 July 2012	17 September 2019	6.41	19,820	-	(932)	(1,097)	17,791	7,824
1 July 2013	17 September 2019	6.78	-	13,559	(20)	(471)	13,068	1,725
			29,899	13,559	(2,882)	(1,988)	38,588	14,959
Weighted average exercise price (RM per share)			6.09	6.78	5.77	6.29	6.34	6.11

The share options exercised during the financial year resulted in 3,126,100 shares (2013: 2,881,900) being issued and the related weighted average share price at the date of exercise was RM6.86 (2013: RM6.97) per share.

The weighted average remaining contractual life for the share options as at the reporting date is 4 years 8 months (2013: 5 years 8 months).

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31 SHARE CAPITAL (CONTINUED)

(b) ESOS (continued)

The weighted average fair value of share options granted during the financial year ended 31 December 2013 determined using a modified Black Scholes model was RM0.41. The key inputs into the model were:

	Group and Company 2013
Valuation assumptions:	
Weighted average share price at date of grant (per share)	RM6.78
Exercise price (per share)	RM6.78
Expected volatility	10.25%
Expected share option life	6.2 years
Expected dividend yield per annum	5.2%
Risk-free interest rate per annum	3.8%

The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices since the Company's Initial Public Offering ("Listing").

Value of employee services received for issue of share options:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Share-based payment expense	**2,389**	4,353	**2,389**	4,353
Capitalised as investment in subsidiaries for share-based payments allocated to the employees of the subsidiaries	**-**	-	**(2,389)**	(4,353)
Total expense recognised as share-based payments	**2,389**	4,353	**-**	-

(c) Incentive arrangement

Pursuant to the terms and conditions of the incentive arrangement which forms part of the employment contract for an eligible director had entered into with the Company, where the cash incentives payable to the eligible director were used to acquire shares from the open market. During the financial year, 687,175 shares of the Company were acquired from the open market, and are currently held by CIMB Commerce Trustee Berhad or its nominee. Subject to fulfilment of vesting conditions and the terms of the incentive agreement, these shares will vest in the eligible director on a deferred basis, in accordance with the terms and conditions of the said incentive arrangement. In addition to the eligible director's interest in these shares, the eligible director is also deemed interested in such additional number of shares in the Company which shall only be determinable in the future, to be acquired using future cash incentives payable to the eligible director, pursuant to the terms and conditions of such incentive arrangement.

31 SHARE CAPITAL (CONTINUED)

(c) Incentive arrangement (continued)

During the financial year, the total expenses recognised as share-based payments is RM977,000 (2013: RM Nil).

The weighted average fair value of shares acquired under the incentive arrangement during the financial year based on observable market price was RM6.97 (2013: RM Nil).

Movements in the number of shares under the incentive arrangement are as follows:

	Group and Company 2014 '000
As at 1 January	-
Acquired	687
Vested	-
As at 31 December	687

32 RESERVES

(a) Merger relief

Pursuant to Section 60(4)(a) of the Companies Act, 1965, the premium on the shares issued by the Company as consideration for the acquisition of the subsidiaries is not recorded as share premium. The difference between the issue price and the nominal value of shares issued is classified as merger relief.

(b) Reserve arising from reverse acquisition

The difference between the issued equity of the Company and issued equity of Maxis Mobile Services Sdn. Bhd. together with the deemed purchase consideration of subsidiaries other than Maxis Mobile Services Sdn. Bhd. and the cash distribution to MCB, is recorded as reserve arising from reverse acquisition.

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32 RESERVES (CONTINUED)

(c) Other reserves

Group	Note	Share-based payments RM'000	Cash flow hedging RM'000	Currency translation differences RM'000	Total RM'000
2014					
As at 1 January 2014		**59,689**	**61,264**	**(49)**	**120,904**
Currency translation differences					
- reclassified to profit or loss on liquidation of a subsidiary		**-**	**-**	**49**	**49**
Net change in hedging:					
- fair value gains		**-**	**200,982**	**-**	**200,982**
- reclassified to finance costs	11(b)	**-**	**(219,673)**	**-**	**(219,673)**
ESOS:					
- share-based payment expense		**2,389**	**-**	**-**	**2,389**
- shares issued		**(607)**	**-**	**-**	**(607)**
- share options lapsed		**(69)**	**-**	**-**	**(69)**
Incentive arrangement:					
- share-based payment expense		**977**	**-**	**-**	**977**
- shares acquired		**(4,791)**	**-**	**-**	**(4,791)**
As at 31 December 2014		**57,588**	**42,573**	**-**	**100,161**
2013					
As at 1 January 2013		56,038	(105,680)	(20)	(49,662)
Currency translation differences		-	-	(29)	(29)
Net change in hedging:					
- fair value gains		-	397,462	-	397,462
- reclassified to finance costs	11(b)	-	(230,518)	-	(230,518)
ESOS:					
- share-based payment expense		4,353	-	-	4,353
- shares issued		(694)	-	-	(694)
- share options lapsed		(8)	-	-	(8)
As at 31 December 2013		59,689	61,264	(49)	120,904

32 RESERVES (CONTINUED)

(c) Other reserves (continued)

Company	Note	Share-based payments RM'000	Cash flow hedging RM'000	Total RM'000
2014				
As at 1 January 2014		**59,689**	**61,264**	**120,953**
Net change in hedging:				
- fair value gains		**-**	**200,982**	**200,982**
- reclassified to finance costs	11(b)	**-**	**(219,673)**	**(219,673)**
ESOS:				
- share-based payment expense		**2,389**	**-**	**2,389**
- shares issued		**(607)**	**-**	**(607)**
- share options lapsed		**(69)**	**-**	**(69)**
Incentive arrangement:				
- share-based payment expense		**977**	**-**	**977**
- shares acquired		**(4,791)**	**-**	**(4,791)**
As at 31 December 2014		**57,588**	**42,573**	**100,161**
2013				
As at 1 January 2013		56,038	(105,680)	(49,642)
Net change in hedging:				
- fair value gains		-	397,462	397,462
- reclassified to finance costs	11(b)	-	(230,518)	(230,518)
ESOS:				
- share-based payment expense		4,353	-	4,353
- shares issued		(694)	-	(694)
- shares options lapsed		(8)	-	(8)
As at 31 December 2013		59,689	61,264	120,953

The share-based payments reserve comprises of:

(a) discount on shares issued to retail investors in relation to the Listing;

(b) fair value of share options granted less any shares issued under the ESOS; and

(c) fair value of shares less any shares acquired under the incentive arrangement.

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32 RESERVES (CONTINUED)

(c) Other reserves (continued)

The cash flow hedging reserve represents the deferred fair value gains/(losses) relating to derivative financial instruments used to hedge certain borrowings of the Group and of the Company.

The currency translation differences reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign entities.

33 FINANCIAL RISK MANAGEMENT

The Group's and the Company's activities expose them to a variety of financial risks, including market risk (interest rate risk and foreign exchange risk), credit risk, liquidity risk and capital risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performances. The Group and the Company use derivative financial instruments to hedge designated risk exposures of the underlying hedge items and do not enter into derivative financial instruments for speculative purposes.

The Group and the Company have established financial risk management policies and procedures/mandates which provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and use of derivative financial instruments.

(a) Market risk

Market risk is the risk that the fair value or future cash flow of the financial instruments that will fluctuate because of changes in market prices. The various components of market risk that the Group and the Company are exposed to are discussed below.

(i) Foreign exchange risk

The objectives of the Group's and of the Company's currency risk management policies are to allow the Group and the Company to effectively manage the foreign exchange fluctuation against its functional currency that may arise from future commercial transactions and recognised assets and liabilities. Forward foreign currency exchange contracts are used to manage foreign exchange exposures arising from all known material foreign currency denominated commitments as and when they arise and to hedge the movements in exchange rates by establishing the rate at which a foreign currency monetary item will be settled. Gains and losses on foreign currency forward contracts entered into as hedges of foreign currency monetary items are recognised in the financial statements when the exchange differences of the hedged monetary items are recognised in the financial statements. Cross currency interest rate swap contracts are also used to hedge the volatility in the cash flow attributable to variability in the foreign currency denominated borrowings from the inception to maturity of the borrowings.

The currency exposure of financial assets and financial liabilities of the Group and of the Company that are not denominated in the functional currency of the respective companies are set out below. Currency risks in respect of intragroup receivables and payables have been included in the Group's currency exposure table as this exposure is not eliminated at the Group level.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Group	Currency exposure at 31 December 2014			
	SGD RM'000	USD RM'000	SDR RM'000	Others RM'000
Functional currency Ringgit Malaysia				
Receivables	7	3,068	28,377	-
Deposits, bank and cash balances	-	6,739	-	48
Payables	(85)	(646,913)	(16,183)	(773)
Amounts due from related parties, net	-	215	839	100
Syndicated term loans	-	(2,536,407)	-	-
Term loans	(184,617)	(609,622)	-	-
Gross exposure	(184,695)	(3,782,920)	13,033	(625)
CCIRS:				
- syndicated term loans	-	2,536,407	-	-
- term loans	184,617	609,622	-	-
Net exposure	(78)	(636,891)	13,033	(625)

	Currency exposure at 31 December 2013			
	SGD RM'000	USD RM'000	SDR RM'000	Others RM'000
Functional currency Ringgit Malaysia				
Receivables	7	30,397	23,455	-
Deposits, bank and cash balances	-	13,073	-	31
Payables	(118)	(302,901)	(29,747)	(558)
Amounts due from related parties, net	-	7,471	105	49
Syndicated term loans	-	(2,775,782)	-	-
Term loans	(180,309)	(570,360)	-	-
Gross exposure	(180,420)	(3,598,102)	(6,187)	(478)
CCIRS:				
- syndicated term loans	-	2,775,782	-	-
- term loans	180,309	570,360	-	-
Net exposure	(111)	(251,960)	(6,187)	(478)

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33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

Company	Currency exposure at 31 December 2014			
	SGD RM'000	USD RM'000	SDR RM'000	Others RM'000
Functional currency Ringgit Malaysia				
Deposits, bank and cash balances	-	1	-	-
Syndicated term loans	-	(2,536,407)	-	-
Term loans	(184,617)	(609,622)	-	-
Gross exposure	(184,617)	(3,146,028)	-	-
CCIRS:				
- syndicated term loans	-	2,536,407	-	-
- term loans	184,617	609,622	-	-
Net exposure	-	1	-	-

	Currency exposure at 31 December 2013			
	SGD RM'000	USD RM'000	SDR RM'000	Others RM'000
Functional currency Ringgit Malaysia				
Deposits, bank and cash balances	-	1	-	-
Syndicated term loans	-	(2,775,782)	-	-
Term loans	(180,309)	(570,360)	-	-
Gross exposure	(180,309)	(3,346,141)	-	-
CCIRS:				
- syndicated term loans	-	2,775,782	-	-
- term loans	180,309	570,360	-	-
Net exposure	-	1	-	-

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The sensitivity of the Group's and of the Company's profit before tax for the financial year and equity to a reasonably possible change in the USD exchange rate against the Group's and the Company's functional currency, RM, with all other factors remaining constant and based on the composition of assets and liabilities at the reporting date are set out as below.

	Impact on profit before tax for the financial year				Impact on equity[1]	
	Group		Company		Group and Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
USD/RM						
- strengthened 5% (2013: 5%)	**(31,845)**	(12,598)	**-**	-	**6,785**	8,930
- weakened 5% (2013: 5%)	**31,845**	12,598	**-**	-	**(6,785)**	(8,930)

Note:
(1) Represents cash flow hedging reserve

The impacts on profit before tax for the financial year are mainly as a result of foreign currency gains/losses on translation of USD denominated receivables, deposits, bank balances and payables. For USD denominated borrowings, as these are effectively hedged, the foreign currency movements will not have any impact on the statement of profit or loss.

Other balances denominated in foreign currencies are not significant and hence, profit is not materially impacted.

(ii) Interest rate risk

The Group's and the Company's interest rate risk arises from deposits with licensed banks, deferred payment creditors, borrowings, loan from a related party and inter-company loans carrying fixed and variable interest rates. The objectives of the Group's and of the Company's interest rate risk management policies are to allow the Group and the Company to effectively manage the interest rate fluctuation through the use of fixed and floating interest rates debt and derivative financial instruments. The Group and the Company adopt a non-speculative stance which favours predictability over interest rate fluctuations. The interest rate profile of the Group's and of the Company's borrowings are also regularly reviewed against prevailing and anticipated market interest rates to determine whether refinancing or early repayment is warranted.

The Group and the Company manage their cash flow interest rate risk by using cross currency interest rate swap contracts and interest rate swap contracts. Such swaps have the economic effect of converting certain borrowings from floating rates to fixed rates.

Notes to the Financial Statements

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33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The net exposure of financial assets and financial liabilities of the Group and of the Company to interest rate risk (before and after taking effect of cross currency interest rate swap and interest rate swap contracts) and the periods in which the borrowings mature or reprice (whichever is earlier) are as follows:

Group	Weighted average effective interest rate/ profit margin at reporting date (per annum)	Total carrying amount	Floating interest rate < 1 year	Fixed interest rate/profit margin			
				< 1 year	1-2 years	2-5 years	> 5 years
	%	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2014							
Deposits with licensed banks	3.82	1,422,723	-	1,422,723	-	-	-
Trade payables	2.54	(557,323)	(557,323)	-	-	-	-
Finance lease liabilities	10.13	(25,906)	-	(14,051)	(6,768)	(5,087)	-
Syndicated term loans	1.87	(2,536,407)	(2,536,407)	-	-	-	-
Term loans	3.58	(1,790,997)	(1,790,997)	-	-	-	-
Islamic Medium Term Notes	5.01	(2,484,105)	-	-	-	-	(2,484,105)
Commodity Murabahah Term Financing	4.87	(2,160,669)	(2,160,669)	-	-	-	-
Loan from a related party	7.85	(28,875)	(28,875)	-	-	-	-
Gross exposure		(8,161,559)	(7,074,271)				
CCIRS and IRS:							
- syndicated term loans	4.82		2,536,407	(865,644)	(864,056)	(459,016)	(347,691)
- term loans	4.54		960,028	-	-	-	(960,028)
Net exposure			(3,577,836)				

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The net exposure of financial assets and financial liabilities of the Group and of the Company to interest rate risk (before and after taking effect of cross currency interest rate swap and interest rate swap contracts) and the periods in which the borrowings mature or reprice (whichever is earlier) are as follows: (continued)

Group	Weighted average effective interest rate/ profit margin at reporting date (per annum)	Total carrying amount	Floating interest rate < 1 year	Fixed interest rate/profit margin			
				< 1 year	1-2 years	2-5 years	> 5 years
	%	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2013							
Deposits with licensed banks	3.18	708,023	-	708,023	-	-	-
Trade payables	2.48	(237,130)	(237,130)	-	-	-	-
Finance lease liabilities	11.91	(17,952)	-	(6,157)	(5,313)	(6,482)	-
Revolving credit	4.12	(500,000)	(500,000)	-	-	-	-
Syndicated term loans	1.87	(2,775,782)	(2,775,782)	-	-	-	-
Term loans	3.28	(1,746,791)	(1,746,791)	-	-	-	-
Islamic Medium Term Notes	5.01	(2,482,750)	-	-	-	-	(2,482,750)
Loan from a related party	7.60	(28,875)	(28,875)	-	-	-	-
Gross exposure		(7,081,257)	(5,288,578)				
CCIRS and IRS:							
- syndicated term loans	4.81		2,775,782	(403,946)	(807,429)	(1,239,367)	(325,040)
- term loans	4.33		942,939	-	-	-	(942,939)
Net exposure			(1,569,857)				

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33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The net exposure of financial assets and financial liabilities of the Group and of the Company to interest rate risk (before and after taking effect of cross currency interest rate swap and interest rate swap contracts) and the periods in which the borrowings mature or reprice (whichever is earlier) are as follows: (continued)

Company	Weighted average effective interest rate/ profit margin at reporting date (per annum)	Total carrying amount	Floating interest rate < 1 year	Fixed interest rate/profit margin < 1 year	1-2 years	2-5 years	> 5 years
	%	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2014							
Loans to subsidiaries	5.00	1,205,763	-	-	758,409	447,354	-
Deposits with licensed banks	3.74	185,824	-	185,824	-	-	-
Loans from a subsidiary	5.18	(400,000)	(400,000)	-	-	-	-
Syndicated term loans	1.87	(2,536,407)	(2,536,407)	-	-	-	-
Term loans	3.58	(1,790,997)	(1,790,997)	-	-	-	-
Islamic Medium Term Notes	5.01	(2,484,105)	-	-	-	-	(2,484,105)
Commodity Murabahah Term Financing	4.87	(2,160,669)	(2,160,669)	-	-	-	-
Gross exposure		(7,980,591)	(6,888,073)				
CCIRS and IRS:							
- syndicated term loans	4.82		2,536,407	(865,644)	(864,056)	(459,016)	(347,691)
- term loans	4.54		960,028	-	-	-	(960,028)
Net exposure			(3,391,638)				

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The net exposure of financial assets and financial liabilities of the Group and of the Company to interest rate risk (before and after taking effect of cross currency interest rate swap and interest rate swap contracts) and the periods in which the borrowings mature or reprice (whichever is earlier) are as follows: (continued)

Company	Weighted average effective interest rate/ profit margin at reporting date (per annum)	Total carrying amount	Floating interest rate < 1 year	Fixed interest rate/profit margin < 1 year	1-2 years	2-5 years	> 5 years
	%	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2013							
Loans to subsidiaries	4.98	1,355,703	150,000	-	-	1,205,703	-
Deposits with licensed banks	3.24	160,424	-	160,424	-	-	-
Loans from a subsidiary	4.85	(400,000)	(400,000)	-	-	-	-
Revolving credit	4.12	(500,000)	(500,000)	-	-	-	-
Syndicated term loans	1.87	(2,775,782)	(2,775,782)	-	-	-	-
Term loans	3.28	(1,746,791)	(1,746,791)	-	-	-	-
Islamic Medium Term Notes	5.01	(2,482,750)	-	-	-	-	(2,482,750)
Gross exposure		(6,389,196)	(5,272,573)				
CCIRS and IRS:							
- syndicated term loans	4.81		2,775,782	(403,946)	(807,429)	(1,239,367)	(325,040)
- term loans	4.33		942,939	-	-	-	(942,939)
Net exposure			(1,553,852)				

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33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

The sensitivity of the Group's and of the Company's profit before tax for the financial year and equity to a reasonably possible change in RM and USD interest rates with all other factors held constant and based on composition of liabilities with floating interest rates at the reporting date are as follows:

	Impact on profit before tax for the financial year				Impact on equity[1]	
	Group		Company		Group and Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
RM						
- increased by 0.5% (2013: 0.5%)	**(14,958)**	(3,994)	**(16,958)**	(5,244)	**20,345**	22,735
- decreased by 0.5% (2013: 0.5%)	**14,958**	3,994	**16,958**	5,244	**(20,345)**	(22,735)
USD						
- increased by 0.5% (2013: 0.5%)	**(2,787)**	(1,186)	**-**	-	**26,815**	38,932
- decreased by 0.5% (2013: 0.5%)	**2,787**	1,186	**-**	-	**(26,815)**	(38,932)

Note:
[1] Represents cash flow hedging reserve

The impacts on profit before tax for the financial year are mainly as a result of interest expenses/income on floating rate payables, loan from a related party and borrowings not in a designated hedging relationship. For borrowings in a designated hedging relationship, as these are effectively hedged, the interest rate movements will not have any impact on the statement of profit or loss.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

The objectives of the Group's and of the Company's credit risk management policies are to manage their exposure to credit risk from deposits, cash and bank balances, receivables, derivative financial instruments and inter-company loans. They do not expect any third parties to fail to meet their obligations given the Group's and the Company's policies of selecting creditworthy counterparties.

The Group has no significant concentration of credit risk as the Group's policy limits the concentration of financial exposure to any single counterparty. Credit risk of trade receivables is 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 and customers. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures. At the Company level, inter-company loans exposure to bad debts is not significant since the subsidiaries do not have historical default.

For deposits, cash and bank balances, the Group and the Company seek to ensure that cash assets are invested safely and profitably by assessing counterparty risks and allocating placement limits for various creditworthy financial institutions. As for derivative financial instruments, the Group and the Company enter into the contracts with various reputable counterparties to minimise the credit risks. The Group and the Company consider the risk of material loss in the event of non-performance by the above parties to be unlikely. The Group's and the Company's maximum exposure to credit risk is equal to the carrying value of those financial instruments.

(c) Liquidity risk

The objectives of the Group's and of the Company's liquidity risk management policies are to monitor rolling forecasts of the Group's and of the Company's liquidity requirements to ensure they have sufficient cash to meet operational and financing needs as and when they fall due, availability of funding by keeping committed credit lines and to meet external covenant compliance. Surplus cash held is invested in interest bearing money market deposits and time deposits. The Group and the Company are exposed to liquidity risk where there could be difficulty in raising funds to meet commitments associated with financial instruments.

As at 31 December 2014, the Group and the Company has available financing facility of RM350,000,000 (2013: RM Nil) under the Commodity Murabahah Term Financing as disclosed in Note 30(f) to the financial statements. This available facility together with new facility which the Group and the Company is pursuing, are to be used to part refinance borrowings, capital expenditure and general working capital requirements of the Group and the Company.

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31 December 2014

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The undiscounted contractual cash flow payables under the financial instruments as at the reporting date are as follows:

Group	Total[(1)] RM'000	< 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
At 31 December 2014					
Payables and accruals[(2)]					
- principal	2,248,017	1,799,117	108,423	292,722	47,755
- interest[(3)]	41,891	13,624	10,895	16,752	620
Amounts due to fellow subsidiaries	487	487	-	-	-
Amounts due to related parties	24,429	24,429	-	-	-
Loan from a related party					
- principal	28,875	28,875	-	-	-
- interest[(3)]	2,130	2,130	-	-	-
Finance lease liabilities	28,413	15,555	7,589	5,269	-
Bank borrowings[(2)]					
- principal	4,338,510	865,879	865,879	459,178	2,147,574
- interest[(3)]	565,770	98,245	84,459	211,589	171,477
Islamic Medium Term Notes					
- nominal value	2,450,000	-	-	-	2,450,000
- profit[(3)]	919,925	122,500	122,836	367,500	307,089
Commodity Murabahah Term Financing					
- nominal value	2,150,000	-	-	-	2,150,000
- profit[(3)]	979,581	103,565	103,849	310,695	461,472
Net settled derivative financial instruments (CCIRS and IRS)[(2)(3)]	40,078	55,044	28,584	66,775	(110,325)
	13,818,106	3,129,450	1,332,514	1,730,480	7,625,662

Notes:

(1) As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not reconcile with the amounts disclosed in the statements of financial position.

(2) Foreign denominated financial instruments are translated to RM using closing rate as at the reporting date.

(3) Based on contractual interest rates/profit margin as at the reporting date.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The undiscounted contractual cash flow payables under the financial instruments as at the reporting date are as follows: (continued)

Group	Total[1] RM'000	< 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
At 31 December 2013					
Payables and accruals[2]					
- principal	1,599,262	1,227,642	74,214	204,346	93,060
- interest[3]	22,006	5,905	5,405	9,325	1,371
Amounts due to fellow subsidiaries	3,648	3,648	-	-	-
Amounts due to related parties	23,225	23,225	-	-	-
Loan from a related party					
- principal	28,875	-	28,875	-	-
- interest[3]	4,257	-	4,257	-	-
Finance lease liabilities	21,653	7,878	6,509	7,266	-
Bank borrowings[2]					
- principal	5,040,829	905,591	811,181	1,241,353	2,082,704
- interest[3]	622,458	116,922	88,899	202,574	214,063
Islamic Medium Term Notes					
- nominal value	2,450,000	-	-	-	2,450,000
- profit[3]	1,041,754	121,829	122,500	367,836	429,589
Net settled derivative financial instruments (CCIRS and IRS)[2][3]	394,090	122,901	114,333	151,759	5,097
	11,252,057	2,535,541	1,256,173	2,184,459	5,275,884

Notes:

(1) As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not reconcile with the amounts disclosed in the statements of financial position.

(2) Foreign denominated financial instruments are translated to RM using closing rate as at the reporting date.

(3) Based on contractual interest rates/profit margin as at the reporting date.

Notes to the **Financial Statements**

31 December 2014

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The undiscounted contractual cash flow payables under the financial instruments as at the reporting date are as follows: (continued)

Company	**Total[1] RM'000**	**< 1 year RM'000**	**1-2 years RM'000**	**2-5 years RM'000**	**> 5 years RM'000**
At 31 December 2014					
Payables and accruals	893	893	-	-	-
Amounts due to subsidiaries	1,160	1,160	-	-	-
Loans from a subsidiary	400,000	400,000	-	-	-
Bank borrowings[2]					
- principal	4,338,510	865,879	865,879	459,178	2,147,574
- interest[3]	565,770	98,245	84,459	211,589	171,477
Islamic Medium Term Notes					
- nominal value	2,450,000	-	-	-	2,450,000
- profit[3]	919,925	122,500	122,836	367,500	307,089
Commodity Murabahah Term Financing					
- nominal value	2,150,000	-	-	-	2,150,000
- profit[3]	979,581	103,565	103,849	310,695	461,472
Net settled derivative financial instruments (CCIRS and IRS)[2][3]	40,078	55,044	28,584	66,775	(110,325)
	11,845,917	1,647,286	1,205,607	1,415,737	7,577,287

Notes:

(1) As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not reconcile with the amounts disclosed in the statements of financial position.

(2) Foreign denominated financial instruments are translated to RM using closing rate as at the reporting date.

(3) Based on contractual interest rates/profit margin as at the reporting date.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

The undiscounted contractual cash flow payables under the financial instruments as at the reporting date are as follows: (continued)

Company	Total[1] RM'000	< 1 year RM'000	1-2 years RM'000	2-5 years RM'000	> 5 years RM'000
At 31 December 2013					
Payables and accruals	2,543	2,543	-	-	-
Amounts due to subsidiaries	2,616	2,616	-	-	-
Loans from a subsidiary	400,000	400,000	-	-	-
Bank borrowings[2]					
- principal	5,040,829	905,591	811,181	1,241,353	2,082,704
- interest[3]	622,458	116,922	88,899	202,574	214,063
Islamic Medium Term Notes					
- nominal value	2,450,000	-	-	-	2,450,000
- profit[3]	1,041,754	121,829	122,500	367,836	429,589
Net settled derivative financial instruments (CCIRS and IRS)[2][3]	394,090	122,901	114,333	151,759	5,097
	9,954,290	1,672,402	1,136,913	1,963,522	5,181,453

Notes:
(1) As the amounts included in the table are the contractual undiscounted cash flows, these amounts will not reconcile with the amounts disclosed in the statements of financial position.
(2) Foreign denominated financial instruments are translated to RM using closing rate as at the reporting date.
(3) Based on contractual interest rates/profit margin as at the reporting date.

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33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk management

The Group's and the Company's objective when managing capital is to safeguard the Group's and the Company's abilities to continue as a going concern while at the same time provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders.

Under the requirement of Bursa Malaysia Securities Berhad Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity of more than 25% of the issued and paid-up capital (excluding treasury shares) and maintain such shareholders' equity of not less than RM40 million. The Company has complied with this requirement.

The Company is also required by the external lenders to maintain financial covenant ratios on Group net debt to Group EBITDA and Group EBITDA to Group interest expense. These financial covenant ratios have been fully complied with by the Company for the financial years ended 31 December 2014 and 31 December 2013.

The Group also monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total interest bearing financial liabilities (include loan from a related party, current and non-current borrowings and derivative financial instruments on a net basis as shown in the statements of financial position but exclude deferred payment scheme as disclosed in Note 29 to the financial statements) less cash and cash equivalents. Total equity is calculated as 'equity' as shown in the statements of financial position. The gearing ratios at 31 December 2014 and 31 December 2013 were as follows:

		Group	
	Note	2014 RM'000	2013 RM'000
Total interest bearing financial liabilities		**8,798,355**	7,524,528
Less: Cash and cash equivalents	27	**(1,530,519)**	(807,946)
Net debt		**7,267,836**	6,716,582
Total equity		**4,737,767**	6,016,816
Gearing ratio		**1.5**	1.1

The increase in the gearing ratio as at 31 December 2014 is primarily due to the additional borrowings drawn down during the financial year and reduction in total equity.

(e) Fair value estimation

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value estimation (continued)

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Financial instruments carried at amortised cost

The carrying amounts of financial assets and liabilities of the Group and of the Company at the reporting date approximated their fair values except as set out below measured using Level 3 valuation technique:

		Group		Company	
	Note	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
At 31 December 2014					
Financial asset:					
Loan to a subsidiary	17	**-**	**-**	**1,205,763**	**1,189,095**
Financial liability:					
Borrowings					
- finance lease liabilities	30(a)	**11,855**	**9,602**	**-**	**-**
- Islamic Medium Term Notes	30(e)	**2,484,105**	**2,502,657**	**2,484,105**	**2,502,657**
At 31 December 2013					
Financial asset:					
Loan to a subsidiary	17	-	-	1,205,703	1,191,154
Financial liability:					
Borrowings					
- finance lease liabilities	30(a)	11,795	8,744	-	-
- Islamic Medium Term Notes	30(e)	2,482,750	2,463,073	2,482,750	2,463,073

The valuation technique used to derive the Level 3 disclosure for financial asset is based on the estimated cash flow and discount rate of the underlying counterparty while financial liability is based on the estimated cash flow and discount rate of the Group and Company.

Notes to the **Financial Statements**

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33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value estimation (continued)

(ii) Financial instruments carried at fair value

The following table represents the assets and liabilities measured at fair value, using Level 2 valuation technique, at reporting date:

	Note	Group and Company 2014 RM'000	Group and Company 2013 RM'000
Derivative financial instruments (CCIRS and IRS):			
- assets		**244,452**	144,750
- liabilities		**(15,848)**	(117,128)
	21	**228,604**	27,622

The fair value of the derivative financial instruments is calculated as the present value of estimated future cash flow using an appropriate market-based yield curve.

(f) Offsetting financial assets and financial liabilities

(i) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar arrangements.

Group	Gross amounts of recognised financial assets RM'000	Gross amounts of recognised financial liabilities set-off in the statement of financial position RM'000	Net amounts of financial assets presented in the statement of financial position RM'000	Related amounts not set-off in the statement of financial position: Financial instruments RM'000	Related amounts not set-off in the statement of financial position: Cash collateral received RM'000	Net amount RM'000
At 31 December 2014						
Receivables and deposits	434,701	(87,403)	347,298	-	(32,137)	315,161
Amount due from a fellow subsidiary	508	(66)	442	-	-	442
Amounts due from related parties	590	(391)	199	-	-	199
	435,799	(87,860)	347,939	-	(32,137)	315,802

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Offsetting financial assets and financial liabilities (continued)

(i) Financial assets (continued)

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar arrangements. (continued)

Group	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set-off in the statement of financial position	Net amounts of financial assets presented in the statement of financial position	Related amounts not set-off in the statement of financial position: Financial instruments	Related amounts not set-off in the statement of financial position: Cash collateral received	Net amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2013						
Receivables and deposits	500,076	(116,884)	383,192	-	(41,024)	342,168
Amount due from a fellow subsidiary	594	(594)	-	-	-	-
Amounts due from related parties	8,875	(707)	8,168	-	-	8,168
	509,545	(118,185)	391,360	-	(41,024)	350,336
Company						
At 31 December 2014						
Amounts due from subsidiaries	**81**	**-**	**81**	**-**	**-**	**81**
At 31 December 2013						
Amounts due from subsidiaries	376	(252)	124	-	-	124

Notes to the **Financial Statements**

31 December 2014

33 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Offsetting financial assets and financial liabilities (continued)

(ii) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar arrangements.

Group	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set-off in the statement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set-off in the statement of financial position: Financial instruments	Related amounts not set-off in the statement of financial position: Cash collateral received	Net amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2014						
Payables and accruals	**292,743**	**(87,403)**	**205,340**	**(32,137)**	**-**	**173,203**
Amount due to a fellow subsidiary	**574**	**(66)**	**508**	**-**	**-**	**508**
Amounts due to related parties	**394**	**(391)**	**3**	**-**	**-**	**3**
	293,711	**(87,860)**	**205,851**	**(32,137)**	**-**	**173,714**
At 31 December 2013						
Payables and accruals	322,839	(116,884)	205,955	(41,024)	-	164,931
Amount due to a fellow subsidiary	4,233	(594)	3,639	-	-	3,639
Amounts due to related parties	827	(707)	120	-	-	120
	327,899	(118,185)	209,714	(41,024)	-	168,690
Company						
At 31 December 2014						
Amounts due to subsidiaries	**1,160**	**-**	**1,160**	**-**	**-**	**1,160**
At 31 December 2013						
Amounts due to subsidiaries	2,868	(252)	2,616	-	-	2,616

34 CAPITAL COMMITMENTS

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

	Group	
	2014 RM'000	2013 RM'000
Contracted for	**162,608**	131,863
Not contracted for	**957,622**	953,405
	1,120,230	1,085,268

35 OPERATING LEASE COMMITMENTS

Generally, the Group leases certain network infrastructure, content rights, offices and customer service centres under operating leases. The leases run for a period of 2 to 10 years (2013: 1 to 15 years). Certain operating leases contain renewal options with market review clauses. The Group does not have the option to purchase the leased assets at the expiry of the lease period.

The future minimum lease payments under non-cancellable operating leases are as follows, of which RM26,238,000 (2013: RM40,420,000) has been recognised as disclosed in Note 28 to the financial statements:

	Group	
	2014 RM'000	2013 RM'000
Not later than one year	**201,012**	210,160
Later than one year but not later than five years	**487,450**	503,013
Later than five years	**106,382**	142,248
	794,844	855,421

Included in the future minimum lease payments are lease commitments for network infrastructure which are based on the number of co-sharing parties for each individual site as at the reporting date.

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36 RELATED PARTIES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant transactions, balances and commitments. The related party transactions described below were carried out on agreed terms with the related parties. None of these balances are secured.

Group	Transaction value		Balance outstanding		Commitments		Total balance outstanding, including commitments	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Sales of goods and services to:								
- MEASAT Broadcast Network Systems Sdn. Bhd.(1) (VSAT, telephony, bandwidth and broadband services)	**72,209**	50,821	**20,331**	9,972	**-**	-	**20,331**	9,972
- Saudi Telecom Company ("STC")(2) (roaming and international calls)	**17,032**	19,319	**900**	8,673	**-**	-	**900**	8,673
- MEASAT Global Berhad Group(3) (revenue share for the leasing of satellite bandwidth)	**6,605**	4,451	**3,051**	2,914	**-**	-	**3,051**	2,914
Purchases of goods and services from:								
- Aircel Limited Group(4) (interconnect, roaming and international calls)	**6,102**	7,397	**(489)**	(3,648)	**-**	-	**(489)**	(3,648)
- Tanjong City Centre Property Management Sdn. Bhd.(5) (rental, signage, parking and utility charges)	**37,640**	33,467	**(983)**	4,843	**(6,497)**	(11,474)	**(7,480)**	(6,631)
- MEASAT Global Berhad Group(3) (transponder and teleport lease rental)	**29,155**	27,661	**(7,176)**	-	**(17,214)**	(24,584)	**(24,390)**	(24,584)
- Astro Digital 5 Sdn. Bhd.(1) (content provisioning, publishing and advertising agent)	**4,955**	4,725	**(5,915)**	(4,826)	**-**	-	**(5,915)**	(4,826)
- MEASAT Broadcast Network Systems Sdn. Bhd.(1) (mobile TV and IPTV contents)	**20,178**	15,305	**(100)**	(1,201)	**(6,238)**	(27,248)	**(6,338)**	(28,449)
- UTSB Management Sdn. Bhd.(5) (corporate management services fees)	**25,000**	25,000	**(6,625)**	(6,625)	**(43,750)**	-	**(50,375)**	(6,625)

36 RELATED PARTIES (CONTINUED)

Group	Transaction value		Balance outstanding		Commitments		Total balance outstanding, including commitments	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Purchases of goods and services from: (continued)								
- SRG Asia Pacific Sdn. Bhd.[6] (call handling and telemarketing services)	**19,024**	26,323	**(2,708)**	(5,957)	**-**	-	**(2,708)**	(5,957)
- Getit Infoservices Private Limited Group[1] (purchase of data (Business Listings))	**-**	5,500	**1**	(3,160)	**-**	-	**1**	(3,160)
- UMTS (Malaysia) Sdn. Bhd.[7] (usage of 3G spectrum)	**43,633**	42,236	**29,300**	(3,686)	**-**	-	**29,300**	(3,686)

Notes:
The Group has entered into the above related party transactions with parties whose relationships are set out below.

Usaha Tegas Sdn. Bhd. ("UTSB"), STC and Harapan Nusantara Sdn. Bhd. are parties related to the Company, by virtue of having joint control over BGSM, pursuant to a shareholders' agreement in relation to BGSM. BGSM wholly-owns MCB which in turn is the penultimate holding company of the Company.

The ultimate holding company of UTSB is 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 of the Company through UTSB's deemed interest in BGSM and MCB, they do not have any economic or beneficial interest in such shares, as such interest is held subject to the terms of such discretionary trust.

(1) Subsidiary of a joint venture of UTSB
(2) A major shareholder of BGSM, as described above
(3) Subsidiary of a company in which TAK has a 99% direct equity interest
(4) Subsidiary of MCB
(5) Subsidiary of UTSB
(6) Subsidiary of a company whereby a person connected to TAK has a deemed equity interest
(7) Subsidiary of the Company and associate of a joint venture of UTSB. The transaction values and outstanding balances are eliminated in the consolidated financial statements

Notes to the **Financial Statements**

For the financial year ended 31 December 2014

36 RELATED PARTIES (CONTINUED)

	Company	
	2014 RM'000	**2013 RM'000**
Amount charged by a subsidiary:		
- management fees	**10,981**	14,335
Payment on behalf of operating expenses for subsidiaries	**238**	741

37 CONTINGENT LIABILITIES

In the normal course of business, there are contingent liabilities arising from legal recourse sought by the Group's and the Company's customers or vendors, indemnities given to financial institutions on bank guarantees and claims from the authorities. There were no material losses anticipated as a result of these transactions.

38 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 6 February 2015.

Supplementary Information

DISCLOSURE PURSUANT TO BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The following analysis of realised and unrealised retained earnings at the legal entity level is prepared in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure at the Group level is based on the prescribed format by Bursa Malaysia Securities Berhad.

	Group		Company	
	2014 RM'000	**2013 RM'000**	**2014 RM'000**	**2013 RM'000**
Realised	**1,767,032**	600,074	**1,049,307**	4,180
Unrealised	**(494,420)**	(478,678)	**-**	-
Total retained earnings	**1,272,612**	121,396	**1,049,307**	4,180
Less: Consolidation adjustments	**(49,687)**	(40,141)	**-**	-
Retained earnings as at 31 December	**1,222,925**	81,255	**1,049,307**	4,180

The disclosure of realised and unrealised profits/(losses) above is solely for compliance with the directive issued by Bursa Malaysia Securities Berhad and should not be used for any other purpose.

Statement by **Directors**

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda and Morten Lundal, being two of the Directors of Maxis Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 83 to 188 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and cash flows for the year then ended.

The supplementary information set out on page 189 has been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board of Directors in accordance with their resolution dated 6 February 2015.

RAJA TAN SRI DATO' SERI ARSHAD BIN RAJA TUN UDA
DIRECTOR

MORTEN LUNDAL
DIRECTOR

Kuala Lumpur

Statutory **Declaration**

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Nasution bin Mohamed, the officer primarily responsible for the financial management of Maxis Berhad, do solemnly and sincerely declare that the financial statements set out on pages 83 to 188 and supplementary information set out on page 189 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.

NASUTION BIN MOHAMED

Subscribed and solemnly declared by the above-named Nasution bin Mohamed at Kuala Lumpur in Malaysia on 6 February 2015, before me.

PESURUHJAYA SUMPAH
No: W626
Nama: HAJJAH JAMILAH ISMAIL
MALAYSIA

COMMISSIONER FOR OATHS

Lot 5.30, Tingkat 5
Wisma Central
Jalan Ampang
50450 Kuala Lumpur

Independent Auditors' Report to the **Members of MAXIS BERHAD**

(Incorporated in Malaysia)
(Company No. 867573 A)

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Maxis Berhad on pages 83 to 188 which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out in Notes 1 to 38.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2014 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

(a) In our opinion, 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.

Independent Auditors' Report to the
Members of MAXIS BERHAD

(Incorporated in Malaysia)
(Company No. 867573 A)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (CONTINUED)

(b) 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out on page 189 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PricewaterhouseCoopers

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

TIANG WOON MENG
(No. 2927/05/16 (J))
Chartered Accountant

Kuala Lumpur
6 February 2015

Size of **Shareholdings**

As at 27 February 2015

SHARE CAPITAL

Authorised	:	RM1,200,000,000 divided into 12,000,000,000 ordinary shares of RM0.10 each
Issued and paid-up	:	RM750,713,960 divided into 7,507,139,600 ordinary shares of RM0.10 each
Class of Shares	:	Ordinary Shares of RM0.10 each
Voting Right	:	One vote per ordinary share

SIZE OF HOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF ISSUED SHARES
Less than 100	426	0.98	4,237	0.00
100 - 1000	22,606	52.10	21,329,366	0.28
1001 - 10000	17,163	39.56	67,618,871	0.90
10001 - 100000	2,595	5.98	73,611,932	0.98
100001 - 375356979 (*)	595	1.37	1,427,556,594	19.02
375536980 and above (**)	3	0.01	5,917,018,600	78.82
Total	**43,388**	**100.00**	**7,507,139,600**	**100.00**

* Less than 5% of issued holdings
** 5% and above of issued holdings

Note:
Information in the above table is based on the Record of Depositors dated 27 February 2015

Distribution Table According to **Category of Shareholders**

As at 27 February 2015

CATEGORY OF SHAREHOLDERS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF ISSUED SHARES
Individuals	39,163	90.26	143,531,570	1.91
Bank/Finance Companies	93	0.21	1,183,756,966	15.77
Investment Trusts/Foundations/Charities	4	0.01	150,000	0.00
Other Types Of Companies	332	0.77	4,891,143,607	65.15
Government Agencies/Institutions	5	0.01	6,016,000	0.08
Nominees	3,791	8.74	1,282,541,457	17.08
Total	**43,388**	**100.00**	**7,507,139,600**	**100.0**

Note:
Information in the above table is based on the Record of Depositors dated 27 February 2015

Directors' **Interest in Shares**

As at 27 February 2015

Based on the Register of Directors' Shareholdings and the Record of Depositors, the interests of the Directors in the shares of the Company (both direct and indirect) as at 27 February 2015 are as follows:

NAME	NUMBER OF ORDINARY SHARES OF RM0.10 EACH IN MAXIS ("MAXIS SHARES")		% OF ISSUED SHARES	
	DIRECT*	INDIRECT	DIRECT	INDIRECT
Raja Tan Sri Dato' Seri Arshad bin Raja Tun Uda	750,000[(1)]	–	0.01	–
Robert William Boyle	100,000	–	#	–
Tan Sri Mokhzani bin Mahathir	750,000	1,000[(2)]	0.01	#
Hamidah Naziadin	–	–	–	–
Krishnan Ravi Kumar	–	–	–	–
Fraser Mark Curley	–	–	–	–
Dr Ibrahim Abdulrahman H. Kadi	–	–	–	–
Augustus Ralph Marshall	750,000[(1)]	–	0.01	–
Lim Ghee Kheong	–	–	–	–
Alvin Michael Hew Thai Kheam	–	–	–	–
Morten Lundal	–	687,175[(3)]	0.01	–

* Subscription of Maxis Shares under the preferential share allocation scheme pursuant to Initial Public Offering of Maxis

Notes:

Negligible

(1) Held through a nominee, namely CIMSEC Nominees (Tempatan) Sdn. Bhd.

(2) Deemed interest in shares of the Company held by spouse pursuant to Section 134(12)(c) of the Companies Act, 1965

(3) These shares are currently held by CIMB Commerce Trustee Berhad or its nominee pursuant to the terms and conditions of the incentive arrangement which forms part of the employment contract the Director has entered into with the Company, where the cash incentives payable to the Director were used to acquire shares from the open market and subject thereto, will vest in the Director on a deferred basis, in accordance with the terms and conditions of the said incentive arrangement. In addition to his interest in these shares, the Director is also deemed interested in such additional number of shares in the Company which shall only be determinable in the future, to be acquired using future cash incentives payable to the director, pursuant to the terms and conditions of such incentive arrangement.

30 **Largest Shareholders**

As at 27 February 2015

NO.	NAME	NO. OF SHARES HELD	%
1.	BGSM Equity Holdings Sdn. Bhd.	4,875,000,000	64.94
2.	AmanahRaya Trustees Berhad Skim Amanah Saham Bumiputera	625,528,400	8.33
3.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	416,490,200	5.55
4.	Lembaga TabungHaji	134,812,500	1.80
5.	Kumpulan Wang Persaraan (Diperbadankan)	85,969,500	1.15
6.	AmanahRaya Trustees Berhad Amanah Saham Malaysia	66,126,700	0.88
7.	AmanahRaya Trustees Berhad Amanah Saham Wawasan 2020	59,774,800	0.80
8.	Cartaban Nominees (Asing) Sdn. Bhd. Exempt AN For State Street Bank & Trust Company (West CLT OD67)	58,591,000	0.78
9.	HSBC Nominees (Asing) Sdn. Bhd. BBH And Co Boston For Vanguard Emerging Markets Stock Index Fund	48,903,150	0.65
10.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	40,598,300	0.54
11.	Cartaban Nominees (Tempatan) Sdn. Bhd. Exempt AN For EastSpring Investments Berhad	38,007,500	0.51
12.	AmanahRaya Trustees Berhad AS 1Malaysia	35,996,500	0.48
13.	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad for Public Itikal Fund (N14011970240)	33,000,000	0.44
14.	Citigroup Nominees (Tempatan) Sdn. Bhd. Exempt AN for AIA Bhd.	31,348,700	0.42
15.	AmanahRaya Trustees Berhad Amanah Saham Didik	24,804,200	0.33
16.	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	24,196,800	0.32
17.	AMSEC Nominees (Tempatan) Sdn. Bhd. AmTrustee Berhad for CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	23,442,700	0.31
18.	AmanahRaya Trustees Berhad Public Islamic Dividend Fund	23,226,100	0.31
19.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for JP Morgan Chase Bank, National Association (U.S.A.)	22,073,025	0.29
20.	Cartaban Nominees (Asing) Sdn. Bhd. GIC Private Limited for Government of Singapore (C)	20,431,300	0.27

30 Largest Shareholders

As at 27 February 2015

NO.	NAME	NO. OF SHARES HELD	%
21.	HSBC Nominees (Asing) Sdn. Bhd. Exempt AN for The Bank of New York Mellon (Mellon ACCT)	16,599,275	0.22
22.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board (Nomura)	15,715,900	0.21
23.	AmanahRaya Trustee Berhad Public Islamic Select Enterprises Fund	14,613,300	0.19
24.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. SSBT Fund WTAS For Wisdometree Emerging Markets Equity Incomefund	14,178,662	0.19
25.	AmanahRaya Trustee Berhad Public Islamic Sector Select Fund	14,088,000	0.19
26.	AmanahRaya Trustee Berhad Public Islamic Equity Fund	13,393,100	0.18
27.	Permodalan Nasional Berhad	13,103,700	0.17
28.	HSBC Nominees (Asing) Sdn. Bhd. HSBC BK PLC For Abu Dhabi Investment Authority (AGUS)	11,206,037	0.15
29.	HSBC Nominees (Asing) Sdn. Bhd. PICTET And CIE (Europe) For PICTET Global Selection Fund - Global High Yield Emerging Equities Fund	10,868,800	0.14
30.	Citigroup Nominees (Asing) Sdn. Bhd. Legal & General Assurance (Pensions Management) Limited (A/C 1125250001)	10,062,172	0.13

Note:
Information in the above table is based on the Record of Depositors dated 27 February 2015

Information on **Substantial Shareholders**

The shareholders holding more than 5% interest, direct and indirect, in the ordinary shares of RM0.10 each in Maxis Berhad ("the Company") (Shares) based on the Register of Substantial Shareholders of the Company as at 27 February 2015 are as follows:

	DIRECT		INDIRECT	
NAME OF SUBSTANTIAL SHAREHOLDER	**NO. OF SHARES HELD**	**%**	**NO. OF SHARES HELD**	**%**
BGSM Equity Holdings Sdn. Bhd. ("BGSM Equity")	4,875,000,000	64.94	–	–
BGSM Management Sdn. Bhd. ("BGSM Management") (1)	–	–	4,875,000,000	64.94
Maxis Communications Berhad ("MCB")(2)	–	–	4,875,000,000	64.94
Binariang GSM Sdn. Bhd. ("BGSM")(3)	–	–	4,875,000,000	64.94
Usaha Tegas Equity Sdn. Bhd. ("UTE")(4)	–	–	4,875,000,000	64.94
Usaha Tegas Sdn. Bhd. ("Usaha Tegas")(5)	–	–	4,875,000,000	64.94
Pacific States Investment Limited ("PSIL")(6)	–	–	4,875,000,000	64.94
Excorp Holdings N.V. ("Excorp")(7)	–	–	4,875,000,000	64.94
PanOcean Management Limited ("PanOcean")(7)	–	–	4,875,000,000	64.94
Ananda Krishnan Tatparanandam ("TAK")(8)	–	–	4,875,000,000	64.94
Harapan Nusantara Sdn. Bhd. ("Harapan Nusantara")(9)	–	–	4,875,000,000	64.94
Tun Haji Mohammed Hanif bin Omar(10)	–	–	4,875,000,000	64.94
Dato' Haji Badri bin Haji Masri(10)	–	–	4,875,000,000	64.94
Mohamad Shahrin bin Merican(10)	11,000	*	4,875,000,000	64.94
STC Malaysia Holding Ltd ("STCM")(11)	–	–	4,875,000,000	64.94
STC Asia Telecom Holding Ltd ("STCAT")(12)	–	–	4,875,000,000	64.94
Saudi Telecom Company ("Saudi Telecom")(13)	–	–	4,875,000,000	64.94
Public Investment Fund ("PIF")(14)	–	–	4,875,000,000	64.94
AmanahRaya Trustees Berhad ("ARB")				
- Skim Amanah Saham Bumiputera	625,528,400	8.33	–	–
Employees Provident Fund Board ("EPF")	417,990,200	5.57	31,173,300(15)	0.42

Information on **Substantial Shareholders**

Notes:
* Negligible

(1) BGSM Management's deemed interest in the Shares arises by virtue of BGSM Management holding 100% equity interest in BGSM Equity.

(2) MCB's deemed interest in the Shares arises by virtue of MCB holding 100% equity interest in BGSM Management.

(3) BGSM's deemed interest in the Shares arises by virtue of BGSM holding 100% equity interest in MCB.

(4) UTE's deemed interest in the Shares arises through its wholly-owned subsidiaries, namely, Wilayah Resources Sdn. Bhd., Tegas Puri Sdn. Bhd., Besitang Barat Sdn. Bhd. and Besitang Selatan Sdn. Bhd. (collectively, "UT Subsidiaries") which hold in aggregate 37% equity interest in BGSM. See Note (3) above for BGSM's deemed interest in the Shares.

(5) Usaha Tegas' deemed interest in the Shares arises by virtue of Usaha Tegas holding 100% equity interest in UTE. See Note (4) above for UTE's deemed interest in the Shares.

(6) PSIL's deemed interest in the Shares arises by virtue of PSIL holding 99.999% equity interest in Usaha Tegas. See Note (5) above for Usaha Tegas' deemed interest in the Shares.

(7) PanOcean holds 100% equity interest in Excorp which in turn holds 100% equity interest in PSIL. See Note (6) above for PSIL's deemed interest in the Shares. PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of TAK and foundations including those for charitable purposes. Although PanOcean is deemed to have an interest in such Shares, it does not have any economic or beneficial interest in such Shares, as such interest is held subject to the terms of such discretionary trust.

(8) TAK's deemed interest in the Shares arises by virtue of PanOcean's deemed interest in the Shares. See Note (7) above for PanOcean's deemed interest in the Shares. Although TAK is deemed to have an interest in such Shares, he does not have any economic or beneficial interest in such Shares, as such interest is held subject to the terms of a discretionary trust referred to in Note (7) above.

(9) Harapan Nusantara's deemed interest in the Shares arises through its wholly-owned subsidiaries, namely, 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. (collectively, "Harapan Nusantara Subsidiaries"), which hold in aggregate 30% equity interest in BGSM. See Note (3) above for BGSM's deemed interest in the Shares.

The Harapan Nusantara Subsidiaries hold their deemed interest in such Shares under discretionary trusts for Bumiputera objects. As such, Harapan Nusantara does not have any economic interest in such Shares as such interest is held subject to the terms of such discretionary trusts.

(10) His deemed interest in the Shares arises by virtue of his 25% direct equity interest in Harapan Nusantara. However, he does not have any economic interest in such Shares as such interest is held subject to the terms of the discretionary trusts referred to in Note (9) above.

(11) STCM's deemed interest in the Shares arises by virtue of STCM holding 25% equity interest in BGSM. See Note (3) above for BGSM's deemed interest in the Shares.

(12) STCAT's deemed interest in the Shares arises by virtue of STCAT holding 100% equity interest in STCM. See Note (11) above for STCM's deemed interest in the Shares.

(13) Saudi Telecom's deemed interest in the Shares arises by virtue of Saudi Telecom holding 100% equity interest in STCAT. See Note (12) above for STCAT's deemed interest in the Shares.

(14) PIF's deemed interest in the Shares arises by virtue of PIF holding 70% equity interest in Saudi Telecom. See Note (13) above for Saudi Telecom's deemed interest in the Shares.

(15) EPF is deemed to have an interest in 31,173,300 Shares held through nominees.

List of **Properties Held**

	Postal Address	Approximate Age of the Building	Tenure/ Date of Acquisition	Remaining Lease Period (Expiry of Lease)	Current Use	Land Area (Sq. meter)	Build-up Area (Sq. meter)	Net Book Value As At 31 Dec 2014 (RM'000)
1	Plot 12155 (Lot 13) Jalan Delima 1/1 Subang Hi-Tech Industrial Park 40000 Shah Alam Selangor	19 years	Freehold 9 May 1994	-	Telecommunication operations centre and office	11,235	10,061	20,392
2	Lot 4059, Jalan Riang 20 Taman Gembira Industrial Estate 81100 Johor Bahru	22 years	Freehold 21 July 1994	-	Telecommunication operations centre and office	2,201	2,531	4,689
	Lot 4046, Jalan Riang 20 Taman Gembira Industrial Estate 81100 Johor Bahru		Freehold 21 July 1994		Telecommunication operations centre and office	2,041	1,546	
3	Lot 2537 & 2538, Lorong Jelawat 6, Kawasan Perusahaan Seberang Jaya 13700 Seberang Jaya Penang	18 years	Leasehold 5 January 1995	59 years (18 August 2073)	Telecommunication operations centre and office	3,661	2,259	6,040
4	PT 31093 Taman Perindustrian Tago Jalan KL – Sg Buluh Mukim Batu, Gombak	17 years	Freehold 2 July 1996	-	Centre technical office	2,830	3,290	2,599
5	No. 1, Taman Perindustrian Subang (Lion Industrial Park), Seksyen 22 40000 Shah Alam Selangor	20 years	Freehold 24 October 1995	-	Warehouse	17,721	1,886	8,360
6	Lot 943 & 1289 (No. Lot Pemaju – 46) Rawang Integrated Industrial Park Selangor	17 years	Freehold 12 April 1997	-	Centre technical office	10,611	1,535	3,367
7	8101, Taman Desa Jasmin Block 12B, Bandar Baru Nilai Labu Negeri Sembilan	17 years	Freehold 28 December 1996	-	Centre technical office	2,378	1,736	1,347
8	Lot 25, Lorong Burung Keleto Inanam Industrial Estate Inanam, 88450 Kota Kinabalu, Sabah	14 years	Leasehold 11 May 2000	82 years (31 December 2096)	Telecommunication operations centre and office	16,149	3,372	8,986

List of **Properties Held**

	Postal Address	Approximate Age of the Building	Tenure/ Date of Acquisition	Remaining Lease Period (Expiry of Lease)	Current Use	Land Area (Sq. meter)	Build-up Area (Sq. meter)	Net Book Value As At 31 Dec 2014 (RM'000)
9	Lot 2323, Off Jalan Daya Pending Industrial Estate Bintawa 93450 Kuching Sarawak	14 years	Leasehold 28 September 2000	28 years (17 February 2042)	Telecommunication operations centre and office	10,122	3,382	17,872
10	Lot 11301, Jalan Lebuhraya Kuala Lumpur – Seremban Batu 8, Mukim Petaling, 57000 Kuala Lumpur	15 years	Sub-Lease 9 August 1999	11 years (28 July 2025)	Telecommunication operations centre and office	11,592	5,634	15,377
11	No. 26, Jalan Perdagangan 10 Taman Universiti 81300 Skudai Johor	20 years	Freehold 2 March 1995	-	Base Transceiver Station	2,294	409	1,003

Disclosure of
Recurrent Related Party Transactions

At an Extraordinary General Meeting held on 7 May 2014, the Company obtained a mandate from its shareholders ("Shareholders' Mandate") for recurrent related party transactions ("RRPTs") of a revenue or trading nature.

In compliance with Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the MMLR of Bursa Malaysia Securities Berhad, such Shareholders' Mandate is subject to annual renewal and the disclosure in the Annual Report of RRPTs conducted pursuant to the mandate during the financial year ended 31 December 2014 where the aggregate value of such RRPTs is equal to or more than RM1 million or 1% of the relevant percentage ratio for such transactions, whichever is the higher.

Set out below are the relevant RRPTs for which Shareholders' Mandate had been obtained together with a breakdown of the aggregate value of the RRPTs which had been conducted pursuant to the Shareholders Mandate and met the prescribed threshold.

Please refer to the Note on the Interested Related Parties and Nature of Relationship.

No.	Company in the Maxis Group involved	Transacting Parties	Nature of transaction	Value incurred from 1 January 2014 to 6 May 2014 (RM'000)	Value incurred from 7 May 2014 to 31 December 2014 (RM'000)	Aggregate value of transactions during the financial year (RM'000)
Transactions with Astro Holdings Sdn. Bhd. ("AHSB") Group						
1.	Maxis Mobile Services Sdn. Bhd. ("MMSSB")	Astro Digital 5 Sdn. Bhd. ("AD5SB")	Provision of services and content to MMSSB to provide premium SMS/WAP/MMS content to Maxis subsribers	549	1,595	2,144
2.	MMSSB	AD5SB	Provision of services as MMSSB's (i) exclusive content aggregator, publishing and advertising agency services provider across Maxis' Internet properties (other than mobile properties and IPTV services); (ii) exclusive advertising agency services provider for IPTV services; and (iii) non-exclusive content aggregator, publishing and advertising agency services provider across Maxis' mobile properties	1,778	1,033	2,811
3.	Maxis Broadband Sdn. Bhd. ("MBSB")	Measat Broadcast Network Systems Sdn. Bhd. ("MBNS")	Provision of 1300 inbound telephony solutions by MBSB	2,430	1,468	3,898
4.	MBSB	MBNS	Provision of managed communication services by MBSB	9,966	18,794	28,760
5.	MMSSB	MBNS	Provision of external content provider aggregator services to MBNS to provide premium SMS/WAP/MMS/CRT/3G content to Maxis subscribers	66	Nil	66
6.	MBSB	MBNS, AD5SB, Astro Radio Sdn. Bhd. ("ARSB") and AHSB's affiliates	Provision of leased circuits/DIA/Metro-E by MBSB	880	1,716	2,596

Disclosure of
Recurrent Related Party Transactions

No.	Company in the Maxis Group involved	Transacting Parties	Nature of transaction	Value incurred from 1 January 2014 to 6 May 2014 (RM'000)	Value incurred from 7 May 2014 to 31 December 2014 (RM'000)	Aggregate value of transactions during the financial year (RM'000)
7.	MMSSB	ASTRO Entertainment Sdn. Bhd. ("AESB")	Provision of services and contents to MMSSB to provide premium SMS/WAP/MMS content to Maxis subscribers	637	1,095	1,732
8.	MBSB	MBNS, AHSB and/or its affiliates	Provision of bandwidth solutions by MBSB	756	690	1,446
9.	MBSB	MBNS	Strategic partnership on co-marketing and sales of Maxis fibre services, wireless services, broadband services and Astro IPTV services and On-The-Go Services.	17,626	35,948	53,574
Aggregate value of Transactions with AHSB Group				**34,688**	**62,339**	**97,027**

Note:

Interested Related Parties

Major Shareholders
Usaha Tegas Sdn. Bhd. ("UTSB"), Pacific States Investment Limited ("PSIL"), Excorp Holdings N.V. ("Excorp"), PanOcean Management Limited ("PanOcean"), Ananda Krishnan Tatparanandam ("TAK"), Tun Haji Mohammed Hanif bin Omar ("THO"), Dato' Haji Badri bin Haji Masri ("Dato' Badri") and Mohamad Shahrin bin Merican ("MSM")

Director
Augustus Ralph Marshall ("ARM")

Nature of Relationship between Maxis Group and AHSB Group

AD5SB, MBNS, ARSB and AESB are wholly-owned subsidiaries of Astro Malaysia Holdings Berhad ("AMH").

UTSB, PSIL, Excorp and PanOcean who are Major Shareholders with each having a deemed equity interest over 4,875,000,000 Shares representing 64.94% equity interest in Maxis ("Shares") by virtue of their respective deemed interest in Binariang GSM Sdn. Bhd. ("BGSM") which holds 100% equity interest in Maxis Communications Berhad ("MCB") which in turn holds 100% equity interest in BGSM Management Sdn. Bhd. ("BGSM Management"). BGSM Management holds 100% equity interest in BGSM Equity Holdings Sdn. Bhd. ("BGSM Equity") which in turn holds 64.94% equity interest in Maxis. They are also major shareholders of AHSB with each having a deemed interest over 479,619,973 ordinary shares of RM0.10 each in AHSB ("AHSB Shares") representing 34.01% equity interest in AHSB.

PanOcean holds 100% equity interest in Excorp which in turn holds 100% equity interest in PSIL. PSIL holds 99.999% equity interest in UTSB. PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of TAK and foundations, including those for charitable purposes.

TAK who is a Major Shareholder with a deemed interest over 4,875,000,000 Shares representing 64.94% equity interest in Maxis, is also a major shareholder of AHSB with a deemed interest over 819,082,908 AHSB Shares representing 58.08% equity interest in AHSB. In addition, TAK is also a director of PanOcean, Excorp, PSIL and UTSB. Although TAK and PanOcean are deemed to have interests in the Shares and AHSB Shares, they do not have any economic or beneficial interest over such Shares as such interest is held subject to the terms of such discretionary trust.

ARM who is a Director, is also a director of Excorp, PSIL and an executive director of UTSB. He does not have any equity interest in UTSB, in Excorp or in PSIL. In addition, ARM is also a director and group chief executive officer of AHSB, a director and non-executive deputy chairman of AMH as well as a director of MBNS, ARSB, AESB and other companies within the AHSB Group. ARM has a direct equity interest over 750,000 Shares representing 0.01% equity interest in Maxis and 8,500,000 AMH Shares representing 0.16% equity interest in AMH. ARM does not have any equity interests in MMSSB, MBSB nor in the AHSB Group.

THO, Dato' Badri and MSM are Major Shareholders with each having a deemed interest over 4,875,000,000 Shares representing 64.94% equity interest in Maxis in which Harapan Nusantara Sdn. Bhd. ("HNSB") has an interest, by virtue of their respective 25% direct equity interest in HNSB. HNSB's deemed interest in the Shares arises through its wholly-ownec subsidiaries. namely, 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. (collectively, "HNSB Subsidiaries"), which hold in aggregate 30% equity interest in BGSM.

The HNSB Subsidiaries hold their deemed interest in the Shares under discretionary trusts for Bumiputera objects. As such, they do not have any economic interest in such Shares as such interest is held subject to the terms of such discretionary trusts.

THO, Dato' Badri and MSM are major shareholders of AHSB with each having a deemed interest over 177,446,535 AHSB Shares representing 12.58% equity interest in AHSB Shares in which Harapan Terus Sdn. Bhd. ("HTSB") has an interest, by virtue of their respective 25% direct equity interest in HTSB. HTSB's deemed interest in the AHSB Shares arises through its wholly-owned subsidiaries, namely, Berkat Nusantara Sdn. Bhd., Nusantara Cempaka Sdn. Bhd., Nusantara Delima Sdn. Bhd., Mujur Nusantara Sdn. Bhd., Gerak Nusantara Sdn. Bhd. and Sanjung Nusantara Sdn. Bhd. (collectively, "HTSB Subsidiaries").

The HTSB Subsidiaries hold such AHSB Shares under discretionary trusts for Bumiputera objects. As such, they do not have any economic interest in such AHSB Shares as such interest is held subject to the terms of such discretionary trusts.

Dato' Badri who is a director of AHSB, is also a director of MBNS and several other subsidiaries of AHSB.

MSM has a direct equity interest over 11,000 Shares representing 0.00015% equity interest in Maxis.

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

Additional **Disclosures**

TRANSACTIONS THROUGH MEDIA AGENCIES

Some of the media airtimes, publications and programme sponsorship arrangements ("Media Arrangements") of the Maxis Group are concluded on normal commercial terms with independent media-buying agencies whose role is to secure advertising or promotional packages for their clients. These Media Arrangements may involve companies in the AHSB Group which are licensed to operate satellite Direct-to-Home television and FM radio services, and undertake a number of other multimedia services in Malaysia. The transactions between the media-buying agencies and the AHSB Group are based on terms consistent with prevailing rates within the media industry. For the financial year ended 2014 the value of such transactions, which are not related party transactions entered into by the Maxis Group and the AHSB Group and excluded from the related party transactions disclosed elsewhere in this Annual Report, amounted to RM26,900,000.

IMPOSITION OF SANCTIONS/PENALTIES

MCMC issued compounds totalling RM360,000 on Maxis Mobile Services Sdn. Bhd., a subsidiary of Maxis Berhad, on 9 May 2014 for dropped calls that were measured between July and September 2013. Save as disclosed above, there are no public sanctions and penalties imposed on the Company or its subsidiaries, Directors or Management by the relevant regulatory bodies.

EMPLOYEE SHARE OPTION SCHEME (ESOS)

Please refer to the Directors' Report pages 77 to 78 and Note 31(b) pages 160 and 162 of the Audited Financial Statements of this Annual Report. The ESOS implemented on 17 September 2009 is the Company's only employee share option scheme currently in existence during the financial year ended 31 December 2014.

MAXIS' COMPLIANCE WITH THE PERSONAL DATA PROTECTION ACT

The Company recognises the importance of protecting shareholders' and customers' personal data, and has taken steps to be fully compliant with the Personal Data Protection Act 2010 (PDPA 2010). The Company will not disclose information without their consent unless required by the PDPA 2010, any applicable laws, regulations and codes.

Material **Contracts**

Material contracts of Maxis Berhad ("Company") and its subsidiaries, involving Directors' and Major Shareholders' interests, either still subsisting at the end of financial year 2014 or, if not then subsisting, entered into since the end of financial year 2013

No	Contract	Date	Parties	General Nature	Consideration passing to or from the Company or any other corporation in the Group	Mode of satisfaction of consideration	Relationship between director or major shareholder and contracting party (if director or major shareholder is not contracting party)
1	Licence Agreement	20 October 2009	Maxis Berhad Maxis Communications Berhad ("MCB")	Grant by MCB to the Company and its subsidiaries of a perpetual, royalty-free licence to use in Malaysia, trademarks and service marks that are registered in the name of MCB	The consideration of each party for the agreement is the exchange of promises and a cash payment of RM10 payable by the Company	Fulfillment of promises and cash of RM10	MCB is a major shareholder of the Company. The Company is 64.94% indirect subsidiary of MCB Please see Note 1 below for further details of the relationship between the Company and MCB
2	Transponder Lease for Measat-3 supplemented by supplemental letters no. 1 – 12	17 October 2007 Supplemental No. 1: 20 May 2009 Supplemental No. 2: 9 June 2009 Supplemental No. 3: 17 February 2010 Supplemental No. 4: 17 June 2010 Supplemental No. 5: 20 April 2011 Supplemental No. 6: 8 May 2012 Supplemental No. 7: 13 July 2012 Supplemental No. 8: 4 January 2013 Supplemental No. 9: 8 July 2013 Supplemental No. 10: 29 October 2013	Maxis Broadband Sdn. Bhd. ("MB") MEASAT Satellite Systems Sdn. Bhd. ("MSS")	Leasing of transponders for Measat-3 by MB for use of bandwidth capacity	Rental fee payable by MB to MSS	Cash	MB is a wholly-owned subsidiary of the Company Please see Note 2 below for further details on the relationship between MB and MSS

Material **Contracts**

No	Contract	Date	Parties	General Nature	Consideration passing to or from the Company or any other corporation in the Group	Mode of satisfaction of consideration	Relationship between director or major shareholder and contracting party (if director or major shareholder is not contracting party)
		Supplemental No 11: 17 March 2014 Supplemental No 12: 14 October 2014					
3	Teleport Services Agreement (Lease rentals of Measat earth station facility) supplemented by supplemental letter no 1	17 October 2007 Supplemental No 1: 19 April 2013	MB MSS	Lease rentals of MSS teleport and earth station facility by MB	Service fee payable by MB to MSS	Cash	Please see Note 2 below for further details on the relationship between MB and MSS
4	(a) Agreement for 3G Service Level for design, build and operation of 3G MBSB Network and Migration of 3G Wholesale Services Provision (b) Supplemental Agreement to Agreement for 3G Service Level for design, build and operation of 3G MBSB Network and Migration of 3G Wholesale Services Provision dated 11 April 2008 (c) Supplemental Agreement to Agreement for 3G Service Level for design, build and operation of 3G MBSB Network and Migration of 3G Wholesale Services Provision dated 11 April 2008	11 April 2008 12 February 2009 28 October 2011	MB UMTS (Malaysia) Sdn. Bhd. ("UMTS")	The agreements in 4(a), (b) and (c) provide for arrangements relating to the migration by UMTS of provision of 3G wholesale services to MB for MB to provide 3G wholesale services to licensees under the Communications and Multimedia Act 1998 who are authorised to provide 3G mobile services to end users	Undertakings and agreements in the agreements	Fulfillment of undertakings and agreements in the agreements	Please see Note 3 below for further details on the relationship between MB and UMTS

Material **Contracts**

No	Contract	Date	Parties	General Nature	Consideration passing to or from the Company or any other corporation in the Group	Mode of satisfaction of consideration	Relationship between director or major shareholder and contracting party (if director or major shareholder is not contracting party)
5	Services Agreement	28 October 2013 Supplemental Letter No.1 – Letter of Extension: 8 October 2014 Supplemental Letter No. 2 – Letter of Extension : 23 January 2015	Maxis Mobile Services Sdn. Bhd. ("MMS") SRG Asia Pacific Sdn. Bhd. ("SRG")	Procurement of customer call handling and telemarketing services by MMS from SRG	Consideration passing from MMS to SRG is RM 45 million	Cash	MMS is a wholly-owned subsidiary of the Company SRG is a Person Connected to TAK
6*	Extension Agreement	15 December 2010	Maxis Mobile Sdn. Bhd. ("MM") Advanced Wireless Technologies Sdn. Bhd. ("AWT")	Agreement for the extension of the term of a shareholder's loan amounting to RM104,923,583.64 owing by AWT to MM, for a further period of five years from 24 November 2010 The loan was originally granted pursuant to a letter dated 30 September 2003 which was supplemented by an agreement dated 24 November 2005 between MCB and AWT (collectively, "SLA"). The rights, duties, obligations and liabilities of Maxis Communications Berhad under the SLA was novated to MM via a Deed of Novation dated 28 September 2009 between MM, MCB and AWT	Undertakings and agreements in the agreements	Fulfillment of undertakings and agreements in the agreements	MM is a wholly-owned subsidiary of the Company while AWT is a 75% owned subsidiary of the Company Please see Notes 1 and 3 below for further details on the relationship between MM and AWT

Material **Contracts**

No	Contract	Date	Parties	General Nature	Consideration passing to or from the Company or any other corporation in the Group	Mode of satisfaction of consideration	Relationship between director or major shareholder and contracting party (if director or major shareholder is not contracting party)
7*	Extension Agreement	15 December 2010	MBNS Multimedia Technologies Sdn. Bhd. ("MMT") AWT	Agreement for the extension of the term of a shareholder's loan amounting to RM33,059,601.83 owing by AWT to MMT, for a further period of five years from 9 December 2010 The loan was originally granted pursuant to an agreement dated 24 November 2005 between MMT and AWT	Undertakings and agreements in the agreements	Fulfillment of undertakings and agreements in the agreements	Please see Note 3 below for further details on the relationship between AWT and MMT
8	Managed Bandwidth Services Agreement (a) Letter of Agreement for Additional Managed Bandwidth Services	1 July 2011 11 November 2014	MB MEASAT Broadband (International) Ltd ("MBIL")	Lease of bandwidth capacity on IPSTAR-1 satellite by MBIL	Rental fee payable by MB to MBIL	Cash	MBIL is a wholly-owned subsidiary of MEASAT Global Berhad ("MGB") Please see Note 2 below for further details on the relationship between MB and MBIL
9	(a) IPTV Services Agreement (as amended by Termination Letter dated 27 September 2012*)	19 January 2012	MB Media Innovations Pty Ltd ("Media Innovations") Astro Digital 5 Sdn. Bhd. (formerly known as Digital Five Sdn. Bhd.) ("AD5SB")	Provision of IPTV platform and customer premises equipment development services and IPTV related services including operational, consultancy and project (hardware and software) services	Fees payable by MB to Media Innovations and AD5SB	Cash	Please see Note 3 below for further details on the relationship between MB, Media Innovations and AD5SB
	(b) Amendment to IPTV Services Agreement	3 April 2013	MB Media Innovations	Agreement to amend the scope of services of Media Innovations under the IPTV Services Agreement			

Material **Contracts**

No	Contract	Date	Parties	General Nature	Consideration passing to or from the Company or any other corporation in the Group	Mode of satisfaction of consideration	Relationship between director or major shareholder and contracting party (if director or major shareholder is not contracting party)
10	(a) Publishing & Advertising Services Agreement (b) Supplemental Agreement to Publishing and Advertising Services Agreement dated 4 March 2011	4 March 2011 4 March 2011	MMS AD5SB	The agreements in 10(a) and (b) provide for the appointment of AD5SB by MMS as its (i) exclusive content aggregator, publishing and advertising agency services provider across Maxis' Internet properties (other than mobile properties and IPTV services), (ii) exclusive advertising agency services provider for IPTV services; and (iii) non-exclusive content aggregator, publishing and advertising agency services provider across Maxis' mobile properties	Fees payable by MMS to AD5SB	Cash	Please see Note 3 below for further details on the relationship between MMS and AD5SB
11	(a) Fibre Co-Marketing Agreement	30 April 2013	MB MEASAT Broadcast Network Systems Sdn. Bhd. ("MBNS")	To exclusively collaborate and co-market unique customer offers combining Astro B.yond, IPTV and Astro On The Go services with Maxis' fibre service	(a) Content sponsorship fee payable by MB to MBNS (b) Charges payable by MBNS to MB	Cash	MBNS is a wholly-owned subsidiary of AMH Please see Note 3 below for further details on the relationship between MB and AMH
	(b) Assignment Agreement – Maxis Fibre Packaged Service Debts	30 April 2013	MB MBNS	An irrevocable assignment of rights to receive all monies paid by subscribers for the fibre services provided under the Fibre Co-Marketing Agreement	This is an agreement made pursuant to the Fibre Co-Marketing Agreement	Cash	MBNS is a wholly-owned subsidiary of AMH Please see Note 3 below for further details on the relationship between MB and AMH
	(c) Wireless and ADSL Co-marketing Agreement	30 April 2013	MB MBNS	To exclusively collaborate and co-market unique customer offers combining Astro B.yond, IPTV and Astro On The Go services with Maxis' wireless and Internet and Asymmetric Digital Subscriber Line ('ADSL') services	Charges payable by MBNS to MB	Cash	MBNS is a wholly-owned subsidiary of AMH Please see Note 3 below for further details on the relationship between MB and AMH

Material Contracts

No	Contract	Date	Parties	General Nature	Consideration passing to or from the Company or any other corporation in the Group	Mode of satisfaction of consideration	Relationship between director or major shareholder and contracting party (if director or major shareholder is not contracting party)
	(d) Astro B.Yond IPTV Services and Astro OTT Services Dealer Agreement	30 April 2013	MB MBNS	Appointment of MB as an authorised dealer to sell and promote Astro B.Yond IPTV services and Astro OTT (over the top Internet) services	Charges payable by MBNS to MB	Cash	MBNS is a wholly-owned subsidiary of AMH Please see Note 3 below for further details on the relationship between MB and AMH

* Additional information relating to agreements nos. 6 and 7

No.	Contract	Names of Lender & Borrower	Relationship between borrower and director or major shareholder (if director or major shareholder is not the borrower)	Purpose of the loan	Amount of the loan	Interest Rate	Terms as to payment of interest and repayment of principal	Security provided
1	Extension agreement between MM and AWT	Lender: MM Borrower: AWT	Please refer to Notes 1 and 3 below for further details on the relationship between MM and AWT	To provide capital support for AWT, the holding company of UMTS	RM104,923,583.64	1% per annum above the base lending rate of Malayan Banking Berhad	The loan together with interest accrued shall be repaid on 24 November 2015	Nil
2	Extension agreement between MMT and AWT	Lender: MMT Borrower: AWT	Please refer to Note 3 below for further details on the relationship between MMT and AWT	To provide capital support for AWT, the holding company of UMTS	RM33,059,601.83	1% per annum above the base lending rate of Malayan Banking Berhad	The loan together with interest accrued shall be repaid on 9 December 2015	Nil

* Additional information relating to agreements no. 9

No.	Document	Date	Parties	Purpose of Document
1	Termination Letter	27 September 2012	MB AD5SB	Terminating the application of IPTV Services Agreement with respect to AD5SB, effective from 25 October, 2012

Material **Contracts**

Notes:

1. Binariang GSM Sdn. Bhd., Usaha Tegas Equity Sdn. Bhd., Usaha Tegas Sdn. Bhd. ("UTSB"), Pacific States Investment Limited ("PSIL"), Excorp Holdings N.V. ("Excorp"), PanOcean Management Limited ("PanOcean"), Ananda Krishnan Tatparanandam ("TAK"), Harapan Nusantara Sdn. Bhd., Tun Haji Mohammed Hanif bin Omar ("THO"), Dato' Haji Badri bin Haji Masri ("Dato' Badri"), Mohamad Shahrin bin Merican ("MSM"), STC Malaysia Holding Ltd, STC Asia Telecom Holding Ltd, Saudi Telecom Company ("STC") and Public Investment Fund, who are Major Shareholders of the Company are also major shareholders of MCB. The Company is an 64.94% indirect subsidiary of MCB.

   Fraser Mark Curley ("FMC"), Dr. Ibrahim Abdulrahman H. Kadi ("Dr. Ibrahim"), Krishnan Ravi Kumar ("RK"), Augustus Ralph Marshall ("ARM") are Directors of MCB and the Company. FMC is also Director of MMS, MB, MM, AWT and UMTS. FMC is also an employee of STC. In addition, ARM is the shareholder of the Company.

2. MSS and MBIL are the wholly-owned subsidiaries of MGB. TAK who is a Major Shareholder of the Company is also a major shareholder of MGB.

   THO who is a Major Shareholder of the Company is also a director of MSS.

   ARM is also a director of MGB. Please refer to Note 1 above for the relationships and interests of ARM in the Company.

3. UMTS is a wholly-owned subsidiary of AWT which in turn is a 75% owned subsidiary of the Company. The remaining 25% equity interest in AWT is held by MBNS Multimedia Technologies Sdn. Bhd. ("MMT"), which in turn is wholly-owned by Astro Malaysia Holdings Berhad ("AMH").

   AD5SB and MBNS are wholly-owned subsidiaries of AMH whilst Media Innovations is wholly-owned by Media Innovations Pte. Ltd. ("MIPL") which in turn is 48.80% held by All Asia Digital Networks Pte. Ltd. ("AADN"). AADN is an indirect wholly-owned subsidiary of Astro Holdings Sdn. Bhd., while MBNS is a wholly-owned subsidiary of AMH.

   UTSB, PSIL, Excorp, PanOcean and TAK, who are Major Shareholders of the Company are also major shareholders of AMH.

   ARM is also a Director of AHSB, AMH, Media Innovations and MIPL. Please refer to Note 1 above for the relationships and interests of ARM in the Company.

   Dato' Badri who is a Major Shareholder of the Company is also a director of AHSB.

Glossary

2G: Second generation of cellular telecommunications standards.

3G: Third generation of cellular telecommunications standards.

4G LTE: Or Long-Term Evolution; the next generation of mobile communications networks beyond 3G, which will deliver very high bandwidths to the mobile device.

Apps: Or Applications, which are software programmes that can be downloaded and used on smartphones, tablets and computers. Popular Apps include Facebook, Twitter, Waze, Whatsapp etc.

BTS: Base Transceiver Station; which provides cellular coverage and capacity.

Bursa Securities: Bursa Malaysia Securities Berhad

Cloud Solutions: Refers to also cloud computing services or computing resources that are delivered over the Internet for usage as and when they are needed.

Data roaming: Refers to use of mobile data service whilst abroad. Devices are connected to the network of the mobile operator abroad so users can enjoy the same services they use back home.

GWh: Or gigawatt hours, a unit to measure energy consumption.

ICT: Information and Communications Technology; an umbrella term that includes any communications device or application, encompassing radio, television, cellular phones, computer and network hardware and software, satellite systems as well as various services and applications associated with them, such as video conferencing and distance learning.

IP: Internet Protocol; a standard that keeps track of network addresses for different nodes, routes outgoing messages, and recognises incoming messages.

KKMM: Kementerian Komunikasi dan Multimedia Malaysia

M2M: Machine-to-machine; technologies that enable wired and wireless devices to exchange information without the assistance of a human.

Maxis or **the Company:** Maxis Berhad (Company No. 867573-A)

MCMC: Malaysian Communications and Multimedia Commission

MHz band: A megahertz band that is a small section of the spectrum of radio communication frequencies. In Malaysia, GSM frequency bands or ranges, are the cellular frequencies designated by the ITU for the operation of GSM mobile phones.

MMLR: Main Market Listing Requirements of Bursa Securities

OTT: Over-the-top; the provision of video, television, audio and other media that are provided over the Internet.

Pay-Per-Use (PPU): A term to illustrate how data and voice services are charged for. Users will pay for what they use, and charges will not be capped.

RAN: Radio Access Network; which comprises the base station technology and air interface of a cellular network.

SME: Small and Medium Enterprises

SMS: Short Message Service

Spectrum: Or a spectrum of radio communication frequencies, that is sold or licensed to operators of cellular telephone services. For example, Malaysia's telecommunications industry utilises the spectrum frequencies of 800MHz, 1800MHz etc. for provision of cellular services.

USP: Universal Service Provision; an initiative to promote the widespread availability and usage of network and/or applications services by encouraging the installation of network facilities and the provision of network and/or applications services in underserved areas.

Notice of **Annual General Meeting**

NOTICE IS HEREBY GIVEN THAT the Sixth Annual General Meeting of MAXIS BERHAD ("the Company") will be held on Tuesday, 28 April 2015 at 10.00 a.m. at Grand Ballroom, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur, Malaysia, for the following purposes:

AGENDA

1 To consider the Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2014 and the Reports of the Directors and Auditors thereon. **Please refer to Note A.**

2 To declare a final single-tier tax-exempt dividend of 8 sen per ordinary share for the financial year ended 31 December 2014. **Resolution 1**

3 To re-elect the following Directors who retire pursuant to Article 114(1) of the Company's Articles of Association and, being eligible, have offered themselves for re-election:
(i) Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda **Resolution 2**
(ii) Tan Sri Mokhzani Bin Mahathir **Resolution 3**
(iii) Alvin Michael Hew Thai Kheam **Resolution 4**
Please refer to Note B.

4 To re-elect the following Directors who retire pursuant to Article 121 of the Company's Articles of Association and, being eligible, have offered themselves for re-election:
(i) Fraser Mark Curley **Resolution 5**
(ii) Lim Ghee Keong **Resolution 6**
Please refer to Note B.

5 To re-appoint Messrs PricewaterhouseCoopers ("PwC") as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **Please refer to Note C.** **Resolution 7**

NOTICE OF DIVIDEND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of shareholders at the Sixth Annual General Meeting to be held on 28 April 2015, a final single-tier tax-exempt dividend of 8 sen per ordinary share for the financial year ended 31 December 2014 will be paid on 26 June 2015 to Depositors registered in the Record of Depositors at the close of business on 29 May 2015.

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 29 May 2015 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

30 March 2015
Kuala Lumpur

Notice of **Annual General Meeting**

EXPLANATORY NOTES

A. This Agenda item is meant for discussion only as under the provisions of Section 169(1) of the Companies Act, 1965 (Act) and the Company's Articles of Association, the audited accounts do not require the formal approval of shareholders and hence, the matter will not be put forward for voting.

B. Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda, Tan Sri Mokhzani Bin Mahathir, Alvin Michael Hew Thai Kheam, Fraser Mark Curley and Lim Ghee Keong are standing for re-election as Directors of the Company. The Board of Directors ("the Board") has considered the assessment of the five Directors and collectively agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors, as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The profiles of these Directors, are set out on pages 30 to 36 of the Company's Annual Report for the financial year ended 31 December 2014.

   An assessment of the independence of all independent Directors including Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda and Tan Sri Mokhzani Bin Mahathir was undertaken as part of the Board's assessment in 2014. The Nomination Committee and the Board considered the assessment results of the independence of Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda and Tan Sri Mokhzani Bin Mahathir which was undertaken pursuant to criteria as prescribed by the MMLR and Malaysian Code on Corporate Governance 2012 and are satisfied that they meet the criteria for independence. Raja Tan Sri Dato' Seri Arshad Bin Raja Tun Uda and Tan Sri Mokhzani Bin Mahathir were appointed as Directors on 16 October 2009 and both do not exceed the tenure of nine years.

C. The Audit Committee and the Board have considered the re-appointment of PwC as Auditors of the Company and collectively agree that PwC meets the criteria of the adequacy of experience and resources of the firm and the person assigned to the audit as prescribed by Para 15.21 of Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Notes: on Proxy

1. A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two proxies to attend and vote for him/her except in the circumstances set out in notes 2 and 3. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of a proxy and the provision of section 149(1)(b) of the Act shall not apply to the Company.

2. Where a member of the Company is also a substantial shareholder (within the meaning of the Act) per the Record of Depositors, such member shall be entitled to appoint up to (but not more than) five proxies. For an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

3. 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 may be made separately or in one instrument of proxy and shall specify the securities account number and the name of the beneficial owner for whom the authorised nominee is acting.

4. The instrument appointing a proxy shall:
   (i) in the case of an individual, be signed by the appointor or by his/her attorney; and
   (ii) in the case of a corporation, be either under its common seal or under the hand of its duly authorised attorney or officer on behalf of the corporation.

5. Where a member appoints more than one proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her holdings to be represented by each proxy.

6. The instrument appointing a proxy must be deposited at the office of our Company's Share Registrar, Symphony Share Registrars Sdn. Bhd. at Level 6, Symphony House, Block D13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor, Malaysia, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting or in the 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.

7. 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.

8. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.

9. 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.

Notice of **Annual General Meeting**

Members Entitled to Attend

For purposes of determining the entitlement of a member to attend the Sixth Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 81(b) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 22 April 2015. Only a Depositor whose name appears on the General Meeting Record of Depositors as at 22 April 2015 shall be entitled to attend the said meeting or appoint a proxy(ies) to attend and/or vote on such Depositor's behalf.

Email Address

An email account has been set up to attend to all queries from shareholders pertaining to the form of proxy and all other matters relating to the Sixth Annual General Meeting. The email address is agm2015@maxis.com.my and this will be valid from 30 March 2015 to 28 April 2015.

Administrative Details

Please refer to the Administrative Details circulated together with this Notice or at www.maxis.com.my/corp for administrative details on Sixth Annual General Meeting and Extraordinary General Meeting.

Proxy Form

Maxis Berhad

Maxis Berhad
c/o Symphony Share Registrars Sdn Bhd
Level 6, Symphony House
Block D13, Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya, Selangor
Malaysia

www.**maxis**.com.my

Maxis Berhad (867573-A)
Level 21, Menara Maxis
Kuala Lumpur City Centre
Off Jalan Ampang
50088 Kuala Lumpur