



The Board of Directors  
Maxis Communications Berhad  
Level 18, Menara Maxis  
Kuala Lumpur City Centre  
Off Jalan Ampang  
50088 Kuala Lumpur

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24 May 2002

PwC/PH/maz/0797J

Dear Sirs,

## 1 INTRODUCTION

This Report has been prepared by an approved company auditor for the purposes of inclusion in the Prospectus in connection with the listing and quotation of the entire issued and paid up share capital of 2,450,875,000 ordinary shares of RM0.10 each in Maxis Communications on the Main Board of the Kuala Lumpur Stock Exchange.

## 2 GENERAL INFORMATION

### 2.1 BACKGROUND

Maxis Communications was incorporated on 19 December 1986 in Malaysia, under the Companies Act, 1965, as a private limited company under the name of Binariang Sdn. Bhd. On 5 September 1997, it was renamed Binariang Berhad following its conversion to a public limited company. The Company assumed its present name on 12 July 1999. The Company is domiciled in Malaysia.

Maxis had, as at 31 March 2002, 2,474 employees comprising permanent employees and contract staff of over one year term.

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

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



## 2.2 PRINCIPAL ACTIVITIES

The Group is a telecommunications service provider. The principal activities of Maxis Communications are that of investment holding and the provision of services to its subsidiary companies. The principal activities of the subsidiary companies are described in Paragraph 2.4 of this Report.

There was no change in the principal activities of the Company during the five financial years ended 31 December 2001 and the three months ended 31 March 2002. The only significant change in the principal activities of the Group during the period included in this Report were the disposal of a subsidiary company, Binariang Satellite Systems on 30 September 1998 and the commencement of operations as an internet service provider by Maxis Broadband during the financial year ended 31 December 2000. Binariang Satellite Systems is a regional satellite network operator.

## 2.3 SHARE CAPITAL

As at the date of this Report, the share capital of the Company which consists of ordinary shares of RM0.10 each, is analysed as follows:

	RM
Authorised	2,000,000,000
Issued and fully paid up	204,000,000

### Authorised share capital

The movements in the authorised share capital since the Company's incorporation are as follows:

#### Ordinary shares:

<u>Date of creation</u>	<u>Number of ordinary shares of RM1 each created</u> '000	<u>Number of ordinary shares of RM0.10 each created</u> '000	<u>Cumulative authorised share capital</u> RM'000
19.12.1986 (date of incorporation)	25	-	25
11.05.1988	75	-	100
14.12.1990	1,900	-	2,000
14.02.1991	8,000	-	10,000
10.02.1995	90,000	-	100,000
12.08.1997	807,500	-	907,500
12.08.1997	92,500*	-	1,000,000
18.05.2002	203**	-	1,000,203
18.05.2002	-	18,999,797***	2,000,000

## 27. REPORTING ACCOUNTANTS REPORT (Cont'd)



## 2.3 SHARE CAPITAL (CONTINUED)

## Preference shares:

<u>Date of creation</u>		<u>Number of shares</u>
16.06.1993	A series – 4.5% Cumulative Non-voting Redeemable Convertible	'000
06.04.1994	B series – Non-voting Redeemable (6.5% per annum of the paid up amount payable on redemption)	90,000
12.08.1997	Reorganisation of 92,500,000 preference shares of RM1 each into ordinary shares of RM1 each	2,500
06.05.2002	Non-voting Redeemable Preference Shares	(92,500)*
18.05.2002	Reorganisation of 203,300 preference shares of RM1 each into ordinary shares of RM1 each	203
		(203)**

\* The increase in the authorised ordinary share capital on 12 August 1997 of 92,500,000 ordinary shares of RM1 each was due to the reorganisation of 92,500,000 preference shares of RM1 each into ordinary shares of RM1 each.

\*\* The increase in the authorised ordinary share capital on 18 May 2002 of 203,300 ordinary shares of RM1 each was due to the reorganisation of 203,300 preference shares of RM1 each into ordinary shares of RM1 each.

\*\*\* The ordinary share capital was split from RM1 to RM0.10 each.

## 27. REPORTING ACCOUNTANTS REPORT (Cont'd)



## 2.3 SHARE CAPITAL (CONTINUED)

## Issued and paid up share capital

The movements in the issued and paid up share capital of the Company since its incorporation are as follows:

## Ordinary shares:

<u>Date of issue</u>	<u>Terms of issue</u>	Number of ordinary shares issued at <u>RM1 each</u>	Number of ordinary shares issued at <u>RM0.10 each</u>	Cumulative issued and fully paid-up ordinary share capital <u>RM</u>
19.12.1986 (date of incorporation)	Subscribers' shares at nominal value	2	-	2
11.05.1988	Cash at nominal value	24,998	-	25,000
14.12.1990	Cash at nominal value	975,000	-	1,000,000
24.06.1993	Bonus issue from capitalisation of retained profits	3,000,000	-	4,000,000
25.06.1993	Cash (Rights Issue 3:2)	6,000,000	-	10,000,000
10.02.1995	Cash at premium of RM720.0 million	90,000,000	-	100,000,000
02.09.1997	Cash at premium of RM268.4 million	5,263,158	-	105,263,158
09.10.1998	Cash at premium of RM1,510.5 million	52,631,579	-	157,894,737
12.04.1999	Cash at premium of RM86.8 million	1	-	157,894,738
07.10.1999	Cash at premium of RM92.8 million	1	-	157,894,739
16.05.2002	Cash at premium of RM111.2 million	2,790	-	157,897,529
17.05.2002	Cash at premium of RM871.1 million	21,857,463	-	179,754,992
17.05.2002	Bonus issue from application of the share premium account	24,245,008	-	204,000,000
18.05.2002	Reduction in the nominal value of ordinary shares from RM1 each to RM0.10 per share	-	1,836,000,000	<u>204,000,000</u>

## Preference shares:

<u>Date of issue/ redemption</u>	<u>Terms of issue</u>	Number of preference shares of <u>RM1 each issued/ (redeemed)</u> '000	Cumulative issued and fully paid-up preference share capital <u>RM'000</u>
(i)	A series – 4.5% Cumulative Non-voting Redeemable Convertible		
25.06.1993	Cash at par fully paid, with uncalled premium of RM720.0 million	90,000	90,000
10.02.1995	Cash redemption on paid up amount	(90,000)	<u>-</u>

## 27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



## 2.3 SHARE CAPITAL (CONTINUED)

## (ii) B series – Non-voting Redeemable

(6.5% per annum of the paid up amount payable on redemption)

06.04.1994	Cash at premium of RM247.5 million	2,500	2,500
10.02.1995	Cash redemption at a premium of 6.5% per annum from the issue date up to the date of payment of the Redemption Amount	(2,500)	-

## (iii) Non-voting Redeemable Preference Shares

06.05.2002	Bonus issue from application of the share premium account	203	203
16.05.2002	Cash redemption at a premium of RM1,139.9 million	(114)	89
17.05.2002	Cash redemption at a premium of RM892.9 million	(89)	-

## 2.4 SUBSIDIARY COMPANIES

The subsidiary companies at the date of this Report were as follows:

	<u>Effective interest</u>	<u>Country of incorporation</u>	<u>Principal Activities</u>
Maxis Mobile Sdn. Bhd. (formerly known as Binariang Communications Sdn. Bhd.) (229892-M)	100%	Malaysia	Operator of a cellular mobile telephony network
Maxis Broadband Sdn. Bhd. (formerly known as Bina Sat-Com Network Sdn. Bhd.) (234053-D)	100%	Malaysia	Operator of a national public switched telephony network and internet service provider
Maxis International Sdn. Bhd. (formerly known as MEASAT Global Telecommunications Sdn. Bhd.) (240071-T)	100%	Malaysia	Operator of an international switched network
Maxis Management Services Sdn. Bhd. (formerly known as Binariang Management Services Sdn. Bhd.) (287998-P)	100%	Malaysia	Management services
Maxis Collections Sdn. Bhd. (383275-M)	100%	Malaysia	Collection of telecommunications revenue for fellow subsidiary companies
Maxis Multimedia Sdn. Bhd. (530188-A)	100%	Malaysia	Multimedia services

## 27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



## 2.4 SUBSIDIARY COMPANIES (CONTINUED)

	<u>Effective interest</u>	<u>Country of incorporation</u>	<u>Principal Activities</u>
Rawa Utara Sdn. Bhd. (270701-A)	100%	Malaysia	Property investment holding
Castle Rock Equity Sdn. Bhd. (95330-K)	100%	Malaysia	Property investment holding
Advanced Wireless Technologies Sdn. Bhd. (517551- U)	100%	Malaysia	Wireless multimedia services
<u>Subsidiary company of Maxis Broadband Sdn. Bhd.</u>			
Maxis Online Sdn. Bhd. (formerly known as BSB Online Sdn. Bhd.) (235849-A)	100%	Malaysia	Investment holding
<u>Subsidiary company of Maxis Mobile Sdn. Bhd.</u>			
Maxis Mobile (L) Ltd. (formerly known as Binariang Mobile (L) Ltd.)* (LL-01709)	100%	Malaysia	Investment holding
<u>Subsidiary company of Advanced Wireless Technologies Sdn. Bhd.</u>			
UMTS (Malaysia) Sdn. Bhd. (520422-D)	100%	Malaysia	Wireless multimedia services

\* MM(L) is a company registered under the Offshore Companies Act, 1990, with shares issued in USD.

Binariang Satellite Systems, a wholly owned subsidiary of Maxis Communications, was disposed of on 30 September 1998 pursuant to an agreement dated 7 October 1998. The principal activity of Binariang Satellite Systems is the operator of a regional satellite network.

Maxis Communications, Maxis Mobile, Maxis Broadband, Maxis International, Maxis Management Services and Maxis Online assumed their present names on 12 July 1999. MM(L) assumed its present name on 7 July 1999.



### 3 FINANCIAL STATEMENTS AND AUDITORS

The financial statements included in this Report have been prepared under the historical cost convention and in accordance with the applicable approved Accounting Standards in Malaysia. This requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the revenues and expenses during the reported financial year/period. Actual results could differ from those estimates.

These financial statements are the responsibilities of the Company's Directors. The financial statements of the Group for the financial years ended 31 December 1997 to 2001 and the three months ended 31 March 2002 have been audited in accordance with approved auditing standards in Malaysia and reported on by us without qualification.

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of consolidation

The Group financial statements include the financial statements of the Company and its subsidiary companies made up to the end of the financial year/period. Subsidiary companies are consolidated using the acquisition method of accounting. Under this method, the results of subsidiary companies acquired or disposed during the financial year/period are included in the consolidated income statement from the date of acquisition or up to the date of their disposal.

The difference between the consideration paid for the shares in the subsidiary companies and the fair value of the net separable assets acquired is treated as goodwill or reserve on consolidation as appropriate. Goodwill and reserve on consolidation are taken to the income statement.

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

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



#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (b) Property, plant and equipment

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

Freehold land is stated at cost and is not depreciated.

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

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

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

Buildings	2%
Telecommunications equipment	10% - 17%
Motor vehicles	20%
Office furniture, fittings and equipment	15% - 20%

Capital work-in-progress is not depreciated.

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

Where the carrying amount of a category of asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. In determining the recoverable amount of property, plant and equipment, expected future cash flows have been discounted to their present value.

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





#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (b) Property, plant and equipment (continued)

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

##### (c) Deferred taxation

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

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

##### (d) Foreign currencies

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

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

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

Foreign currency	← As at 31 December →					As at
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>31.3.2002</u>
	RM	RM	RM	RM	RM	RM
1 USD	3.89	3.80	3.80	3.80	3.80	3.80
1 GBP	6.50	6.33	6.15	5.66	5.51	5.41
1 DEM*	2.18	2.26	1.97	1.81	1.72	N/A
1 SDR	5.27	5.35	5.21	4.95	4.77	4.74
1 EURO	-	-	-	-	-	3.31

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



#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (e) Investments in subsidiary companies

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

Investments in subsidiary companies are stated at cost unless the Directors are of the opinion that there has been a permanent diminution in value of the investment, in which case, an allowance is made for the diminution in value. Permanent diminution in value of an investment is recognised as an expense in the period in which the diminution is identified.

##### (f) Other investments

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

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

##### (g) Inventories

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

##### (h) Operating leases

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



#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (i) Finance lease and hire purchase

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

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

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

##### (j) Cash and cash equivalents

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

##### (k) Debtors

Debtors are carried at anticipated realisable value. Allowance is made for doubtful debts based on specific review of outstanding balances at the balance sheet date. General allowances are made to cover possible losses which are not specifically identified. Bad debts are written off during the financial year/period in which they are identified.



#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### (l) Revenue recognition

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

Amounts unutilised on certain mobile postpaid rate plans are deferred up to an amount equivalent to three months' fees, upon which such revenue will be recognised as breakage revenue.

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

Mobile prepaid revenues comprise sales of starter packs and prepaid top-up-tickets. Revenues from sales of starter packs are recognised at the point of sale to customers and distributors. Revenues from sales of prepaid top-up-tickets are recognised on usage. Any amounts not utilised are deferred up to a maximum of sixty days from the date of activation of prepaid top-up-tickets, failing which such revenue will be recognised as breakage revenue.

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

##### (m) Deferred income

Deferred income from 1997 represents quarterly advance billings under the Transponder Lease Agreements entered into by Binariang Satellite Systems with its customers.

From 1999, deferred income represents unutilised airtime of prepaid top-up-tickets sold to customers and distributors and unutilised airtime on certain postpaid rate plans.

##### (n) Defined contribution plan

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



#### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) **Provisions for liabilities and charges**

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

Provision is made for potential legal claims in respect of terminated network construction projects.

(p) **Deferred expenditure**

Deferred expenditure was fully amortised during the financial year ended 31 December 1997.

(q) **Financial instruments**

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

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

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

Fair value estimation for disclosure purposes

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

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



## 5 BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The financial statements included in this Report are based on the audited financial statements for the respective years/period. The comparative figures for the financial years ended 31 December 1997 to 2001 have been reclassified and incorporate additional disclosures in accordance with the requirements of the new accounting standards issued by the Malaysian Accounting Standards Board that are applicable for the financial period ended 31 March 2002.

## 6 INCOME STATEMENTS

### 6.1 Maxis Communications – Company Income Statements

The income statements for the five financial years ended 31 December 1997 to 2001 and the three months ended 31 March 2002 are as follows:

	Note	← Year ended 31 December →					3 months ended
		1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	31.3.2002 RM'000
Revenue	(i)	-	-	-	-	881,900	-
Direct cost of sales		-	-	-	-	-	-
Gross profit		-	-	-	-	881,900	-
Other operating income	(ii)	49,257	87,920	35,711	15,378	7,294	999
Administrative expenses		(19,249)	(5,473)	(28,196)	(11,276)	(29,573)	(1,647)
Other operating expenses		(212,825)	(41,529)	(153)	(3,127)	(365)	(17)
(Loss)/profit from operations	(iii)	(182,817)	40,918	7,362	975	859,256	(665)
Finance cost	(iv)	(33,062)	(94,825)	(8,177)	(460)	(122)	(805)
(Loss)/profit before taxation		(215,879)	(53,907)	(815)	515	859,134	(1,470)
Taxation	(v)	-	-	-	(2,237)	(97,025)	(6)
(Loss)/profit after taxation		(215,879)	(53,907)	(815)	(1,722)	762,109	(1,476)



## 6 INCOME STATEMENTS (CONTINUED)

### 6.1 Maxis Communications – Company Income Statements (continued)

#### (i) Revenue

Revenue for 31 December 2001 comprised dividend income received from subsidiary companies.

#### (ii) Other operating income

Other operating income comprises:

	← Year ended 31 December →					3 months ended
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>31.3.2002</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Interest income on deposits	-	12,472	24,262	7,990	621	90
Reimbursement of interest expense from subsidiary companies	27,578	75,448	4,388	427	101	1
Management fees charged to subsidiary companies	21,463	-	-	-	-	-
Rental of shared assets	-	-	6,709	6,917	5,703	900
Others	216	-	352	44	869	8
	<u>49,257</u>	<u>87,920</u>	<u>35,711</u>	<u>15,378</u>	<u>7,294</u>	<u>999</u>



## 6 INCOME STATEMENTS (CONTINUED)

### 6.1 Maxis Communications – Company Income Statements (continued)

#### (iii) (Loss)/profit from operations

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

	← Year ended 31 December →					3 months ended
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>31.3.2002</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration	80	80	80	90	84	18
Depreciation of property, plant and equipment	9,463	8,007	9,239	8,311	7,150	1,376
Directors' remuneration						
- other emoluments	235	-	10	18	12	3
- fees charged by a third party for services rendered by a Director to the Company and its subsidiary companies	1,039	240	360	360	360	90
Loss/(gain) on foreign exchange						
- realised	-	-	316	(69)	134	4
- unrealised	211,659	(204)	(19)	(12)	148	-
Allowance for:						
- amount owing by a subsidiary company	-	-	-	1,575	-	-
- doubtful debts	-	935	(67)	721	-	-
- diminution in value of investment in a subsidiary company	-	-	-	200	-	-
Loss on disposal of a subsidiary company	-	46,361	-	-	-	-
Rental of land and buildings	2,195	13,050	18,402	14,971	18,227	4,569
Staff cost	4,521	1,208	3,049	1,943	1,517	176

The estimated monetary value of benefits-in-kind provided to the Directors of the Company during financial period ended 31 March 2002 by way of usage of the Group's assets amounted to RM3,075.





## 6 INCOME STATEMENTS (CONTINUED)

### 6.1 Maxis Communications – Company Income Statements (continued)

#### (iv) Finance cost

	← Year ended 31 December →					3 months ended
	1997 RM'000	1998 RM'000	1999 RM'000	2000 RM'000	2001 RM'000	31.3.2002 RM'000
Interest expense						
- bank borrowings	10,853	87,715	7,694	23	12	2
- hire purchase and finance lease	491	517	472	436	109	1
- discount on zero coupon notes	21,718	6,593	-	-	-	-
- others	-	-	11	1	1	802
	<u>33,062</u>	<u>94,825</u>	<u>8,177</u>	<u>460</u>	<u>122</u>	<u>805</u>

#### (v) Taxation

There was no taxation charged for the years ended 1997 and 1998 due to the utilisation of capital allowances.

No allowance has been made for Malaysian income tax in respect of business income earned by the Company for the financial year ended 31 December 1999 pursuant to Section 8 of the Income Tax (Amendment) Act, 1999. The taxation waived for the Company amounted to approximately RM4,798,000.

The taxation charged for year ended 2000 and three months ended 31 March 2002 was principally in respect of interest income. Taxation charged for year ended 2001 was principally in respect of interest income and dividend income.

As at 31 March 2002, subject to the agreement by the tax authorities, the Company's unabsorbed tax losses and capital allowances carried forward, for which the related tax effects have not been included in the financial statements, are as follows:

	As at 31 March 2002 RM'000
Tax losses	33,944
Capital allowances	<u>20,096</u>

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

## 27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



## 6 INCOME STATEMENTS (CONTINUED)

## 6.2 Maxis – Consolidated Income Statements

The Group's consolidated income statements for the five financial years ended 31 December 1997 to 2001 and the three months ended 31 March 2002 are as follows:

	Note	← Year ended 31 December →					3 months
		1997	1998	1999	2000	2001	ended
		RM'000	RM'000	RM'000	RM'000	RM'000	31.3.2002
							RM'000
Revenue							
- continuing operations		611,866	1,060,471	1,448,750	2,205,785	3,031,305	863,634
- discontinued satellite operations		122,640	165,443	-	-	-	-
	(ii)	734,506	1,225,914	1,448,750	2,205,785	3,031,305	863,634
Interconnect expenses and direct cost of sales		(217,812)	(315,630)	(369,034)	(600,409)	(805,079)	(208,094)
Gross profit		516,694	910,284	1,079,716	1,605,376	2,226,226	655,540
Other operating income		9,258	25,346	41,211	28,322	24,580	6,203
Administrative expenses		(460,331)	(581,915)	(545,118)	(631,488)	(772,182)	(172,852)
Network operation cost		(395,669)	(351,008)	(310,184)	(511,456)	(596,384)	(95,978)
Other operating expenses		(627,444)	(7,602)	(16,364)	(29,264)	(36,761)	(1,070)
(Loss)/profit from operations from:	(iii)	(957,492)	(4,895)	249,261	461,490	845,479	391,843
- continuing operations		(929,778)	(94,034)	249,261	461,490	845,479	391,843
- gain on disposal of a subsidiary company		-	699	-	-	-	-
- discontinued satellite operations		(27,714)	88,440	-	-	-	-
Finance cost	(iv)	(137,974)	(311,213)	(115,651)	(92,293)	(67,868)	(12,011)
(Loss)/profit before taxation		(1,095,466)	(316,108)	133,610	369,197	777,611	379,832
Taxation	(v)	(128)	(6,330)	(2,562)	(11,719)	(176,684)	(78,399)
(Loss)/profit after taxation		(1,095,594)	(322,438)	131,048	357,478	600,927	301,433
Basic (loss)/earnings per share (RM)	(vi)	(10.77)	(2.72)	0.83	2.26	3.81	1.91
Dividend per share (sen)		-	-	-	-	5.36	-



## 6 INCOME STATEMENTS (CONTINUED)

### 6.2 Maxis – Consolidated Income Statements

#### (i) Segment Reporting

The Group is organised into three main business segments:

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

The business segments of fixed line and internet and international gateway support the operations of the mobile business segment. Other operations of the Group which represents the other operating subsidiaries within the Group, include investment holding, property investment holding and management services, none of which are currently of a sufficient size to be reported separately.

Inter-segment sales comprise leased line charges, interconnect charges and charges for share of common assets and common expenses transacted on an arms length basis.

Other operations of the Group for 1997 and 1998 includes the revenue and results of Binariang Satellite Systems, a wholly owned subsidiary of Maxis Communications, which was disposed of on 30 September 1998.

## 27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



## 6 INCOME STATEMENTS (CONTINUED)

## 6.2 Maxis – Consolidated Income Statements (continued)

## (i) Segment Reporting (continued)

## (a) Business segments

	← Year ended 31 December →					3 months ended
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>31.3.2002</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>Revenue</u></b>						
<b><u>Mobile</u></b>						
External revenue	571,014	960,641	1,292,803	1,954,793	2,780,303	799,060
Inter-segment revenue	3,312	5,837	10,648	18,435	23,475	3,573
	<u>574,326</u>	<u>966,478</u>	<u>1,303,451</u>	<u>1,973,228</u>	<u>2,803,778</u>	<u>802,633</u>
<b><u>Fixed line and internet</u></b>						
External revenue	21,818	54,372	101,427	160,128	150,966	35,776
Inter-segment revenue	3,532	11,833	24,631	85,475	210,323	66,084
	<u>25,350</u>	<u>66,205</u>	<u>126,058</u>	<u>245,603</u>	<u>361,289</u>	<u>101,860</u>
<b><u>International gateway</u></b>						
External revenue	19,034	45,458	54,520	90,864	100,036	28,798
Inter-segment revenue	79,505	124,271	141,988	179,734	199,376	27,077
	<u>98,539</u>	<u>169,729</u>	<u>196,508</u>	<u>270,598</u>	<u>299,412</u>	<u>55,875</u>
<b><u>Other Operations</u></b>						
External revenue	122,640	165,443	-	-	-	-
Inter-segment revenue	5,603	3,511	704	1,056	1,054	264
	<u>128,243</u>	<u>168,954</u>	<u>704</u>	<u>1,056</u>	<u>1,054</u>	<u>264</u>
Total reportable segments	826,458	1,371,366	1,626,721	2,490,485	3,465,533	960,632
Eliminations	(91,952)	(145,452)	(177,971)	(284,700)	(434,228)	(96,998)
Total Group Revenue	<u><u>734,506</u></u>	<u><u>1,225,914</u></u>	<u><u>1,448,750</u></u>	<u><u>2,205,785</u></u>	<u><u>3,031,305</u></u>	<u><u>863,634</u></u>

## 27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



## 6 INCOME STATEMENTS (CONTINUED)

## 6.2 Maxis – Consolidated Income Statements (continued)

(i) Segment Reporting (continued)

(a) Business segment (continued)

	← Year ended 31 December →					3 months ended
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>31.3.2002</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Result</b>						
<b>Segment Results</b>						
Mobile	(67,641)	138,665	342,985	584,549	913,161	322,227
Fixed line and internet	(682,952)	(303,040)	(161,138)	(223,794)	(181,538)	53,434
International gateway	11,964	50,249	55,934	86,103	113,832	10,676
Other Operations	(234,043)	40,399	(20,696)	(6,840)	(22,558)	(580)
Net eliminations	5,921	43,486	49	1,821	152	24
	<u>(966,751)</u>	<u>(30,241)</u>	<u>217,134</u>	<u>441,839</u>	<u>823,049</u>	<u>385,781</u>
Interest income	9,259	25,346	32,127	19,651	22,430	6,062
(Loss)/profit from operations	<u>(957,492)</u>	<u>(4,895)</u>	<u>249,261</u>	<u>461,490</u>	<u>845,479</u>	<u>391,843</u>
Interest expense	(137,974)	(311,213)	(115,651)	(92,293)	(67,868)	(12,011)
(Loss)/profit from ordinary activities before taxation	<u>(1,095,466)</u>	<u>(316,108)</u>	<u>133,610</u>	<u>369,197</u>	<u>777,611</u>	<u>379,832</u>
Taxation	(128)	(6,330)	(2,562)	(11,719)	(176,684)	(78,399)
(Loss)/profit after taxation	<u><u>(1,095,594)</u></u>	<u><u>(322,438)</u></u>	<u><u>131,048</u></u>	<u><u>357,478</u></u>	<u><u>600,927</u></u>	<u><u>301,433</u></u>

## 27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



## 6 INCOME STATEMENTS (CONTINUED)

## 6.2 Maxis – Consolidated Income Statements (continued)

## (i) Segment Reporting (continued)

## (a) Business segment (continued)

	As at 31 December					As at
	1997	1998	1999	2000	2001	31.3.2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Other information</b>						
<u>Segment assets</u>						
Mobile	1,305,591	1,408,218	1,784,792	2,641,014	3,459,279	3,673,031
Fixed line and internet	1,133,656	975,383	915,151	906,447	870,057	923,699
International gateway	50,502	58,905	66,433	81,336	145,265	162,909
Other Operations	778,769	947,160	554,089	208,185	104,623	98,525
	<u>3,268,518</u>	<u>3,389,666</u>	<u>3,320,465</u>	<u>3,836,982</u>	<u>4,579,224</u>	<u>4,858,164</u>
<u>Segment liabilities</u>						
Mobile	395,083	519,857	767,861	1,071,221	1,466,093	1,539,343
Fixed line and internet	470,356	443,031	330,260	292,191	241,536	183,953
International gateway	61,267	81,691	46,230	57,727	88,180	74,338
Other Operations	126,301	242,603	28,814	21,899	805,692	804,768
	<u>1,053,007</u>	<u>1,287,182</u>	<u>1,173,165</u>	<u>1,443,038</u>	<u>2,601,501</u>	<u>2,602,402</u>
<b>Capital expenditure</b>						
<u>Capital expenditure</u>						
Mobile	594,077	195,690	434,603	665,172	687,773	147,010
Fixed line and internet	668,981	56,960	86,240	196,676	290,782	26,376
International gateway	21,389	13,776	14,214	23,388	52,099	12,594
Other Operations	24,393	18,556	861	4,170	430	75
	<u>1,308,840</u>	<u>284,982</u>	<u>535,918</u>	<u>889,406</u>	<u>1,031,084</u>	<u>186,055</u>
<u>Depreciation</u>						
Mobile	83,097	121,827	148,937	215,206	256,808	70,350
Fixed line and internet	84,697	119,566	128,079	184,623	116,715	23,328
International gateway	3,420	3,634	4,366	5,530	6,919	2,891
Other Operations	62,611	46,730	6,621	6,583	7,197	1,531
	<u>233,825</u>	<u>291,757</u>	<u>288,003</u>	<u>411,942</u>	<u>387,639</u>	<u>98,100</u>

(22)

## 27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



## 6 INCOME STATEMENTS (CONTINUED)

## 6.2 Maxis – Consolidated Income Statements (continued)

## (i) Segment Reporting (continued)

## (a) Business segment (continued)

	← Year ended 31 December →					3 months ended
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>31.3.2002</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Allowance/(write back of allowance) for write down of identified network costs</u>						
Mobile	-	-	-	-	-	-
Fixed line and internet	50,000	80,000	-	(15,347)	189,861	-
International gateway	-	-	-	-	-	-
Other Operations	-	-	-	-	-	-
	<u>50,000</u>	<u>80,000</u>	<u>-</u>	<u>(15,347)</u>	<u>189,861</u>	<u>-</u>

Capital expenditure comprise additions to property, plant and equipment (Paragraph 8.2 Note (i)).

## (b) Geographical segments

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

	← Year ended 31 December →					3 months ended
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>31.3.2002</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>						
Malaysia	683,439	1,135,260	1,336,293	2,015,571	2,829,291	808,722
Others	51,067	90,654	112,457	190,214	202,014	54,912
	<u>734,506</u>	<u>1,225,914</u>	<u>1,448,750</u>	<u>2,205,785</u>	<u>3,031,305</u>	<u>863,634</u>
<u>Total Capital Expenditure</u>						
Malaysia	1,289,096	278,403	525,935	885,829	999,651	176,935
Others	19,744	6,579	9,983	3,577	31,433	9,120
	<u>1,308,840</u>	<u>284,982</u>	<u>535,918</u>	<u>889,406</u>	<u>1,031,084</u>	<u>186,055</u>

## 27. REPORTING ACCOUNTANTS REPORT (Cont'd)



## 6 INCOME STATEMENTS (CONTINUED)

## 6.2 Maxis – Consolidated Income Statements (continued)

## (i) Segment Reporting (continued)

## (a) Business segment (continued)

	← Year ended 31 December →					3 months ended
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>31.3.2002</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Allowance/(write back of allowance) for write down of identified network costs</u>						
Mobile	-	-	-	-	-	-
Fixed line and internet	50,000	80,000	-	(15,347)	189,861	-
International gateway	-	-	-	-	-	-
Other Operations	-	-	-	-	-	-
	<u>50,000</u>	<u>80,000</u>	<u>-</u>	<u>(15,347)</u>	<u>189,861</u>	<u>-</u>

Capital expenditure comprise additions to property, plant and equipment (Paragraph 8.2 Note (i)).

## (b) Geographical segments

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

	← Year ended 31 December →					3 months ended
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>31.3.2002</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Revenue</u>						
Malaysia	683,439	1,135,260	1,336,293	2,015,571	2,829,291	808,722
Others	51,067	90,654	112,457	190,214	202,014	54,912
	<u>734,506</u>	<u>1,225,914</u>	<u>1,448,750</u>	<u>2,205,785</u>	<u>3,031,305</u>	<u>863,634</u>
<u>Total Capital Expenditure</u>						
Malaysia	1,289,096	278,403	525,935	885,829	999,651	176,935
Others	19,744	6,579	9,983	3,577	31,433	9,120
	<u>1,308,840</u>	<u>284,982</u>	<u>535,918</u>	<u>889,406</u>	<u>1,031,084</u>	<u>186,055</u>



## 27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



## 6 INCOME STATEMENTS (CONTINUED)

## 6.2 Maxis – Consolidated Income Statements (continued)

## (iii) (Loss)/profit from operations

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

	←————— Year ended 31 December —————→					3 months ended
	1997	1998	1999	2000	2001	31.3.2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration	452	391	401	461	461	200
Depreciation of property, plant and equipment	236,872	295,097	291,264	416,121	399,670	100,900
Directors' remuneration						
- other emoluments	235	-	10	18	12	3
- fees charged by a third party for services rendered by a Director to the Company and its subsidiary companies	1,039	240	360	360	360	90
Loss/(gain) on foreign exchange						
- realised	-	-	(2,180)	(10,634)	4,523	(627)
- unrealised	600,146	(37,179)	(7,230)	10,978	(7,998)	339
Inventories written off	-	-	-	5,821	-	-
Property, plant and equipment written off	-	5,355	4,960	3,924	4,852	-
Interest income on deposits	(9,259)	(25,346)	(32,127)	(19,651)	(22,430)	(6,062)
Allowance/(write back of allowance) for:						
- doubtful debts	33,750	79,243	117,522	62,393	81,169	19,463
- inventory obsolescence	22,000	12,000	8,761	40,893	(1,834)	3,504
- write down of identified network costs	50,000	88,000	-	(15,347)	189,861	-
- demobilisation cost for project consultancy	7,000	(1,810)	-	-	-	-
Provision/(write back of provision) for legal claims	-	20,879	(44)	3,409	5,607	-
Amortisation of deferred expenditure	29,493	-	-	-	-	-
Rental of land and buildings	39,041	32,061	26,488	27,138	30,190	7,583
Staff cost	108,286	116,722	104,992	170,984	184,685	45,576
Included in the staff cost is provision/(write back of provision) for staff incentive scheme as follows:						
- staff incentive scheme	14,098	9,237	6,456	16,135	25,203	(5,458)

(25)



## 6 INCOME STATEMENTS (CONTINUED)

### 6.2 Maxis – Consolidated Income Statements (continued)

#### (iii) (Loss)/profit from operations (continued)

The estimated monetary value of benefits-in-kind provided to the Directors of the Company during the financial period by way of usage of the Group's assets amounted to RM3,075.

#### (iv) Finance cost

	← Year ended 31 December →					3 months ended
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>31.3.2002</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Finance charges on restructuring of term loan facility	-	-	5,698	-	-	-
Interest expense						
- bank borrowings	115,531	237,669	91,528	67,695	52,833	7,572
- hire purchase and finance lease	725	838	813	840	1,029	165
- discount on zero coupon notes	21,718	6,593	-	-	-	-
- deferred repayment schemes	-	62,204	11,177	17,425	6,478	2,632
- others	-	3,909	6,435	6,333	7,528	1,642
	<u>137,974</u>	<u>311,213</u>	<u>115,651</u>	<u>92,293</u>	<u>67,868</u>	<u>12,011</u>

#### (v) Taxation

Current taxation	128	3,330	-	9,143	105,808	46,739
Underprovision in prior year	-	-	362	-	-	-
Deferred taxation	-	3,000	2,200	2,576	70,876	31,660
	<u>128</u>	<u>6,330</u>	<u>2,562</u>	<u>11,719</u>	<u>176,684</u>	<u>78,399</u>

The taxation charge of the Group for the financial years ended 31 December 1997 and 1998 was contributed by a subsidiary company, Maxis International, which was income generating.

The underprovision for taxation in prior year is in respect of financial year ended 31 December 1998.



## 6 INCOME STATEMENTS (CONTINUED)

### 6.2 Maxis – Consolidated Income Statements (continued)

#### (v) Taxation (continued)

No allowance has been made for Malaysian income tax in respect of business income earned by the Group for the financial year ended 31 December 1999 pursuant to Section 8 of the Income Tax (Amendment) Act, 1999. The taxation waived for the Group was approximately RM8,467,000.

For the financial years ended 31 December 2000 and 2001, the Group's effective tax rates were lower than the statutory tax rate due to the utilisation of brought forward tax losses, brought forward capital allowances and investment allowances and exemption on 70% of statutory income under the Approved Service Projects ('ASP') status in the respective subsidiary companies.

The Group's effective tax rate for the three months ended 31 March 2002 was lower than the statutory tax rate due to utilisation of brought forward investment allowances in one of the subsidiary companies.

The Group's tax savings as a result of utilisation of capital allowances, brought forward losses, investment allowances and exemptions under ASP were as follows:

	← Year ended 31 December →					3 months ended
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>31.3.2002</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Utilisation of brought forward capital allowances	1,957	15,618	62,354	6,767	112	13,350
Utilisation of brought forward tax losses	347	-	-	32,392	3,854	-
Utilisation of investment allowances	-	-	-	75,581	203,083	57,779
Exemption under ASP	1,037	8,690	8,562	15,255	9,521	-



## 6 INCOME STATEMENTS (CONTINUED)

### 6.2 Maxis – Consolidated Income Statements (continued)

#### (v) Taxation (continued)

As at 31 March 2002, subject to the agreement by the tax authorities, the Group has unabsorbed tax losses, capital and investment allowances carried forward for which the related tax effects have not been included in the financial statements, amounted to approximately:

	As at <u>31.3.2002</u> RM'000
Tax losses	652,097
Capital allowances	912,987
Investment allowance	<u>806,943</u>

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

In addition, subject to agreement by the tax authorities and subsequent to the approved final dividends of certain subsidiary companies, the subsidiary companies have sufficient Section 108 tax credits and tax exempt accounts to frank dividends of approximately:

	As at <u>31.3.2002</u> RM'000
Dividends to be declared from:	
- section 108 account	201,156
- tax exempt account	832,493
	<u>1,033,649</u>

## 27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



## 6 INCOME STATEMENTS (CONTINUED)

## 6.2 Maxis – Consolidated Income Statements (continued)

## (vi) Basic (loss)/earnings per share

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

	← Year ended 31 December →					3 months
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>31.3.2002</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net (loss)/profit after taxation (RM'000)	(1,095,594)	(322,438)	131,048	357,478	600,927	301,433
Weighted average number of ordinary shares in issue ('000)	101,755	118,421	157,895	157,895	157,895	157,895
Basic (loss)/earnings per share (RM)	<u>(10.77)</u>	<u>(2.72)</u>	<u>0.83</u>	<u>2.26</u>	<u>3.81</u>	<u>1.91</u>

Net loss after taxation for the financial years ended 31 December 1997 and 1998 includes the results of the discontinued satellite operations.

## 7 DIVIDENDS

No dividends were declared or paid by Maxis Communications in respect of the financial years ended 31 December 1997 to 31 December 2000 and the three months ended 31 March 2002. The amounts of dividend approved for the financial year ended 31 December 2001 are as follows:

	<u>RM'000</u>
Interim dividend of 19.0 sen gross per ordinary share on 157,894,739 ordinary shares less taxation at 28%, paid on 31 December 2001	21,600
Final dividend of RM1.78 gross per ordinary share on 157,894,739 ordinary shares less taxation of 28%, paid on 22 April 2002	202,500
Final dividend of RM3.39 gross per ordinary share on 157,894,739 ordinary shares, tax exempt, paid on 22 April 2002	535,900
	<u>760,000</u>

## 27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



## 8 BALANCE SHEETS

## 8.1 Maxis Communications – Company Balance Sheets

The balance sheets of the Company for the five financial years as at 31 December 1997 to 2001 and for the three months as at 31 March 2002 are as follows:

Note	As at 31 December					As at
	1997	1998	1999	2000	2001	31.3.2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Non-current Assets</u>						
Property, plant and equipment (i)	41,194	50,250	41,519	37,319	30,584	29,245
Investments in subsidiary companies (ii)	95,532	94,732	94,732	94,532	94,532	94,532
	<u>136,726</u>	<u>144,982</u>	<u>136,251</u>	<u>131,851</u>	<u>125,116</u>	<u>123,777</u>
<u>Current Assets</u>						
Debtors (iii)	10,964	271,272	11,849	4,759	5,050	9,130
Amounts due from subsidiary companies (iv)	1,660,412	1,780,559	1,945,223	2,267,322	3,174,540	3,160,899
Deposits with licensed banks	-	602,552	461,633	143,147	45,350	30,200
Cash and bank balances	7,818	2,210	507	625	27	62
	<u>1,679,194</u>	<u>2,656,593</u>	<u>2,419,212</u>	<u>2,415,853</u>	<u>3,224,967</u>	<u>3,200,291</u>
<u>Current Liabilities</u>						
Amount due to a subsidiary company (iv)	3,148	-	-	-	-	-
Creditors (v)	64,184	242,452	28,605	21,786	67,086	66,217
Borrowings (interest bearing) (vi)	912,791	215,967	6,379	5,288	22,112	235
Bank balances (vii)	-	-	-	-	75	-
Taxation	-	-	-	2,232	1,906	188
Dividends payable	-	-	-	-	738,400	738,400
	<u>980,123</u>	<u>458,419</u>	<u>34,984</u>	<u>29,306</u>	<u>829,579</u>	<u>805,040</u>
Net Current Assets	699,071	2,198,174	2,384,228	2,386,547	2,395,388	2,395,251
<u>Non-current Liabilities</u>						
Borrowings (secured and interest bearing) (viii)	3,689	1,797	362	3	-	-
	<u>832,108</u>	<u>2,341,359</u>	<u>2,520,117</u>	<u>2,518,395</u>	<u>2,520,504</u>	<u>2,519,028</u>

## 27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



## 8 BALANCE SHEETS (CONTINUED)

## 8.1 Maxis Communications – Company Balance Sheets (continued)

	← As at 31 December →					As at
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>31.3.2002</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Capital and Reserves</u>						
Share capital	105,263	157,895	157,895	157,895	157,895	157,895
Share premium	974,620	2,485,146	2,664,719	2,664,719	2,664,719	2,664,719
Accumulated losses	(247,775)	(301,682)	(302,497)	(304,219)	(302,110)	(303,586)
	<u>832,108</u>	<u>2,341,359</u>	<u>2,520,117</u>	<u>2,518,395</u>	<u>2,520,504</u>	<u>2,519,028</u>
Net tangible assets per share (RM)	<u>7.91</u>	<u>14.83</u>	<u>15.96</u>	<u>15.95</u>	<u>15.96</u>	<u>15.95</u>
Number of shares outstanding ('000)	<u>105,263</u>	<u>157,895</u>	<u>157,895</u>	<u>157,895</u>	<u>157,895</u>	<u>157,895</u>

## (i) Property, plant and equipment

	← As at 31 December →					As at
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>31.3.2002</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>Net book value</u>						
<u>Purchased assets</u>						
Freehold land	5,509	5,509	5,509	5,509	5,509	5,509
Short term leasehold land	1,206	1,181	1,157	1,132	1,108	1,103
Buildings	10,796	10,565	10,334	10,103	9,871	9,814
Motor vehicles	1,031	743	620	260	127	109
Office furniture, fittings and equipment	15,494	28,147	21,691	19,851	13,891	12,604
Capital work-in-progress	967	1	90	78	78	106
	<u>35,003</u>	<u>46,146</u>	<u>39,401</u>	<u>36,933</u>	<u>30,584</u>	<u>29,245</u>
<u>Assets acquired under hire purchase agreements</u>						
Motor vehicles	6,191	4,104	2,118	386	-	-
	<u>41,194</u>	<u>50,250</u>	<u>41,519</u>	<u>37,319</u>	<u>30,584</u>	<u>29,245</u>

## 27. REPORTING ACCOUNTANTS REPORT (Cont'd)



## 8 BALANCE SHEETS (CONTINUED)

## 8.1 Maxis Communications – Company Balance Sheets (continued)

## (i) Property, plant and equipment (continued)

Details of movements in property, plant and equipment for the financial period ended 31 March 2002 are as follows:

	As at <u>1.1.2002</u> RM'000	Reclassi- <u>fications</u> RM'000	<u>Additions</u> RM'000	<u>Disposals</u> RM'000	As at <u>31.3.2002</u> RM'000
<u>At cost</u>					
<u>Purchased assets</u>					
Freehold land	5,509	-	-	-	5,509
Short term leasehold land	1,258	-	-	-	1,258
Buildings	11,373	-	-	-	11,373
Motor vehicles	8,376	270	-	-	8,646
Office furniture, fittings and equipment	45,587	-	9	-	45,596
	<u>72,103</u>	<u>270</u>	<u>9</u>	<u>-</u>	<u>72,382</u>
Capital work-in-progress	78	-	28	-	106
	<u>72,181</u>	<u>270</u>	<u>37</u>	<u>-</u>	<u>72,488</u>
<u>Assets acquired under hire purchase agreements</u>					
Motor vehicles	270	(270)	-	-	-
	<u>72,451</u>	<u>-</u>	<u>37</u>	<u>-</u>	<u>72,488</u>



## 27. REPORTING ACCOUNTANTS REPORT (Cont'd)



## 8 BALANCE SHEETS (CONTINUED)

## 8.1 Maxis Communications – Company Balance Sheets (continued)

## (i) Property, plant and equipment (continued)

	As at <u>1.1.2002</u> RM'000	Reclassi- <u>fications</u> RM'000	Charge for <u>the period</u> RM'000	<u>Disposals</u> RM'000	As at <u>31.3.2002</u> RM'000
<u>Accumulated depreciation</u>					
<u>Purchased assets</u>					
Short term leasehold land	150	-	5	-	155
Buildings	1,502	-	57	-	1,559
Motor vehicles	8,249	270	18	-	8,537
Office furniture, fittings and equipment	31,696	-	1,296	-	32,992
	<u>41,597</u>	<u>270</u>	<u>1,376</u>	<u>-</u>	<u>43,243</u>
<u>Assets acquired under hire purchase agreements</u>					
Motor vehicles	270	(270)	-	-	-
	<u>41,867</u>	<u>-</u>	<u>1,376</u>	<u>-</u>	<u>43,243</u>

## (ii) Investments in subsidiary companies

	← As at 31 December →					As at
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>31.3.2002</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Unquoted shares, at cost	95,532	94,732	94,732	94,732	94,732	94,732
Allowance for diminution in value	-	-	-	(200)	(200)	(200)
	<u>95,532</u>	<u>94,732</u>	<u>94,732</u>	<u>94,532</u>	<u>94,532</u>	<u>94,532</u>

Details of subsidiary companies are included in Paragraph 2.4 to this Report.



## 8 BALANCE SHEETS (CONTINUED)

### 8.1 Maxis Communications – Company Balance Sheets (continued)

#### (iii) Debtors

	As at 31 December					As at
	1997	1998	1999	2000	2001	31.3.2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Amounts due from related parties	1,314	263,341	6,918	1,195	963	8
Other receivables	1,534	3,223	995	52	6	10
Deposits	808	3,972	3,840	3,464	3,712	3,709
Prepayments	7,308	736	96	48	369	363
Prepayment of share issue expenses	-	-	-	-	-	5,040
	<u>10,964</u>	<u>271,272</u>	<u>11,849</u>	<u>4,759</u>	<u>5,050</u>	<u>9,130</u>

Other receivables and deposits indicated above are shown net of allowance for doubtful debts as follows:

	As at 31 December					As at
	1997	1998	1999	2000	2001	31.3.2002
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Allowance for:						
- other receivables	-	1,002	-	46	46	46
- deposits	-	-	30	80	80	80
	<u>-</u>	<u>1,002</u>	<u>30</u>	<u>126</u>	<u>126</u>	<u>126</u>

## 27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



## 8 BALANCE SHEETS (CONTINUED)

## 8.1 Maxis Communications – Company Balance Sheets (continued)

## (iv) Amounts due from/(to) subsidiary companies

The amounts due from subsidiary companies are unsecured and have no fixed terms of repayment.

For advances to subsidiary companies for which the Company has obtained the funds from borrowings, the interest rates charged during the financial year/period ranged from:

	← Year ended 31 December →					3 months ended
	<u>1997</u> %	<u>1998</u> %	<u>1999</u> %	<u>2000</u> %	<u>2001</u> %	<u>31.3.2002</u> %
Interest rates (per annum)	7.61 to 17.00	10.90 to 17.00	9.90 to 11.20	-	-	-

The Company has fully repaid the borrowings in 1999.

Other balances due from subsidiary companies are interest free.

The amount due to a subsidiary company was unsecured, interest free and had no fixed terms of repayment.

## (v) Creditors

	← Year ended 31 December →					3 months ended
	<u>1997</u> RM'000	<u>1998</u> RM'000	<u>1999</u> RM'000	<u>2000</u> RM'000	<u>2001</u> RM'000	<u>31.3.2002</u> RM'000
Trade creditors	11,455	8,589	9,093	3,794	4,071	4,368
Trade accruals	8,931	7,309	5,754	-	-	-
Other creditors	8,351	14,721	7,150	332	263	224
Other accruals	7,245	173	-	13,555	55,843	54,215
Amounts due to related parties	28,202	211,660	6,608	4,105	6,909	7,410
	<u>64,184</u>	<u>242,452</u>	<u>28,605</u>	<u>21,786</u>	<u>67,086</u>	<u>66,217</u>