

27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



8 BALANCE SHEETS (CONTINUED)

8.1 Maxis Communications – Company Balance Sheets (continued)

(vi) Borrowings (current and interest bearing)

	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>Secured</u>						
Zero coupon notes	583,950	-	-	-	-	-
Term loans	300,000	200,000	-	-	-	-
Hire purchase and finance lease liabilities (Paragraph 8.1 Note (viii))	1,688	1,594	1,471	334	3	-
<u>Unsecured</u>						
Bank overdrafts	13,773	13,938	4,908	4,954	22,109	235
Bankers acceptances	13,380	435	-	-	-	-
	<u>912,791</u>	<u>215,967</u>	<u>6,379</u>	<u>5,288</u>	<u>22,112</u>	<u>235</u>

The bank overdrafts were unsecured and interest rates charged during the financial years/period varied according to the lenders' respective prevailing base lending rate which ranged from:

	Year ended 31 December					3 months ended
	1997	1998	1999	2000	2001	31.3.2002
	%	%	%	%	%	%
Interest rates (per annum)	10.20 to 12.10	9.05 to 14.05	8.30 to 9.80	7.80 to 8.55	6.90 to 8.55	6.90 to 8.15

The terms and conditions of the hire purchase and finance lease are disclosed in Paragraph 8.1 Note (viii) and the above balances are the short term balances included under current liabilities.

(vii) Bank balances

The negative bank balances are due to timing differences between processing and clearance of payments and receipts.

27. REPORTING ACCOUNTANTS REPORT (Cont'd)



8 BALANCE SHEETS (CONTINUED)

8.1 Maxis Communications – Company Balance Sheets (continued)

(viii) Borrowings (non-current, secured and interest bearing)

	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>Secured</u>						
Hire purchase and finance lease liabilities	3,689	1,797	362	3	-	-

Hire purchase and finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Hire purchase and finance lease liabilities represent outstanding obligations payable in respect of property, plant and equipment acquired under hire purchase agreements and finance leases are analysed 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
Payable within one year	2,179	2,057	1,900	431	4	-
Payable between one and five years	4,763	2,346	468	4	-	-
	6,942	4,403	2,368	435	4	-
Future finance charges	(1,565)	(1,012)	(535)	(98)	(1)	-
	5,377	3,391	1,833	337	3	-
Representing hire purchase and finance lease liabilities:						
Current (Paragraph 8.1 Note (vi))	1,688	1,594	1,471	334	3	-
Non-current	3,689	1,797	362	3	-	-
	5,377	3,391	1,833	337	3	-

27. REPORTING ACCOUNTANTS REPORT (Cont'd)**8 BALANCE SHEETS (CONTINUED)****8.1 Maxis Communications – Company Balance Sheets (continued)****(ix) Operating lease commitments**

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

	As at <u>31.3.2002</u>
	RM'000
Expiring within one year	18,537
Expiring between one and five years	97,399
Expiring after five years	112,353
	<u>228,289</u>

(x) Contingent liabilities

The following are contingent liabilities which have not been provided for in the financial statements:

	As at <u>31.3.2002</u>
	RM'000
(a) Guarantees given to financial institutions for borrowing facilities granted to subsidiary companies	<u>439,128</u>
(b) Indemnity given to financial institutions in respect of bank guarantees issued at the request of the Company and subsidiary companies	<u>1,008</u>
(c) Guarantee to Telekom Malaysia Berhad in respect of services provided to Maxis Broadband and Maxis International	<u>1,800</u>
(d) The Company received a letter of demand in the amount of RM532,000 for commission fee payable for debt collection and whose services were terminated by the Company. The Directors are of the opinion that the claim is unlikely to be successful and no provision has been made in the financial statements.	

27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated Balance Sheets

The Group's consolidated balance sheets 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
Non-current Assets						
Property, plant and equipment	(i) 2,729,329	2,031,128	2,269,909	2,780,594	3,216,293	3,301,448
Other investments	100	153	125	249	-	-
	<u>2,729,429</u>	<u>2,031,281</u>	<u>2,270,034</u>	<u>2,780,843</u>	<u>3,216,293</u>	<u>3,301,448</u>
Current Assets						
Inventories	(ii) 180,431	131,387	89,436	94,748	90,534	72,578
Debtors	(iii) 234,631	502,991	255,628	346,492	469,466	504,576
Deposits with licensed banks	98,870	720,425	697,355	627,525	791,633	1,000,307
Cash and bank balances	37,241	12,166	13,291	14,482	26,281	19,697
	<u>551,173</u>	<u>1,366,969</u>	<u>1,055,710</u>	<u>1,083,247</u>	<u>1,377,914</u>	<u>1,597,158</u>
Current Liabilities						
Provision for liabilities and charges	(iv) -	20,879	27,291	41,761	58,614	37,927
Creditors	(v) 1,053,007	1,266,303	1,145,874	1,359,700	1,604,082	1,587,106
Borrowings (interest bearing)	(vi) 1,938,625	842,556	107,618	211,226	143,316	120,382
Bank balances	(viii) -	-	-	948	1,233	10,778
Taxation	128	3,360	-	5,414	20,910	16,132
Dividends payable	-	-	-	-	738,400	738,400
	<u>2,991,760</u>	<u>2,133,098</u>	<u>1,280,783</u>	<u>1,619,049</u>	<u>2,566,555</u>	<u>2,510,725</u>
Net Current Liabilities	(2,440,587)	(766,129)	(225,073)	(535,802)	(1,188,641)	(913,567)

27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated Balance Sheets (continued)

	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 Liabilities</u>							
Creditors (interest bearing)	(v)	-	-	-	40,629	199,172	228,191
Borrowings (secured & interest bearing)	(vii)	628,218	360,808	827,796	627,193	339,458	337,575
Deferred taxation	(ix)	-	3,000	5,200	7,776	78,652	110,312
		<u>(339,376)</u>	<u>901,344</u>	<u>1,211,965</u>	<u>1,569,443</u>	<u>1,410,370</u>	<u>1,711,803</u>
<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		(1,419,259)	(1,741,697)	(1,610,649)	(1,253,171)	(1,412,244)	(1,110,811)
		<u>(339,376)</u>	<u>901,344</u>	<u>1,211,965</u>	<u>1,569,443</u>	<u>1,410,370</u>	<u>1,711,803</u>
Net tangible (liabilities)/assets per share (RM)							
		<u>(3.22)</u>	<u>5.71</u>	<u>7.68</u>	<u>9.94</u>	<u>8.93</u>	<u>10.84</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>

27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated Balance Sheets (continued)

(i) Property, plant and equipment

	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>Net book value</u>						
<u>Purchased assets</u>						
Freehold land	17,948	17,948	17,948	17,948	17,948	17,948
Long term leasehold land	2,188	2,822	2,775	2,726	2,677	2,665
Short term leasehold land	1,876	1,181	1,156	7,120	7,044	7,022
Buildings	92,303	65,311	63,731	67,464	66,047	65,671
Telecommunications equipment	2,174,331	1,790,370	1,991,890	2,262,032	2,403,994	2,440,949
Motor vehicles	7,071	3,413	1,737	3,579	3,367	3,026
Office furniture, fittings and equipment	121,941	110,231	84,506	105,841	123,654	118,356
Capital work-in-progress	299,587	31,268	100,887	286,776	576,579	633,628
	<u>2,717,245</u>	<u>2,022,544</u>	<u>2,264,630</u>	<u>2,753,486</u>	<u>3,201,310</u>	<u>3,289,265</u>
<u>Assets acquired under finance leases and hire purchase agreements</u>						
Motor vehicles	12,084	8,584	5,279	1,829	146	30
Office furniture, fittings and equipment	-	-	-	25,279	14,837	12,153
	<u>2,729,329</u>	<u>2,031,128</u>	<u>2,269,909</u>	<u>2,780,594</u>	<u>3,216,293</u>	<u>3,301,448</u>

27. REPORTING ACCOUNTANTS REPORT (Cont'd)



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated Balance Sheets (continued)

(i) Property, plant and equipment (continued)

Details of movements in property, plant and equipment for the three months 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	Assets <u>written off</u> RM'000	As at <u>31.3.2002</u> RM'000
<u>At cost</u>						
<u>Purchased assets</u>						
Freehold land	17,948	-	-	-	-	17,948
Long term leasehold land	2,892	-	-	-	-	2,892
Short term leasehold land	7,299	-	-	-	-	7,299
Buildings	74,221	-	-	-	-	74,221
Telecommunications equipment	3,993,515	124,148	35	-	-	4,117,698
Motor vehicles	15,627	3,166	-	-	-	18,793
Office furniture, fittings and equipment	307,836	661	4,162	-	(33)	312,626
	<u>4,419,338</u>	<u>127,975</u>	<u>4,197</u>	<u>-</u>	<u>(33)</u>	<u>4,551,477</u>
Capital work- in-progress	613,519	(124,809)	181,858	-	-	670,568
	<u>5,032,857</u>	<u>3,166</u>	<u>186,055</u>	<u>-</u>	<u>(33)</u>	<u>5,222,045</u>
<u>Assets acquired under finance leases and hire purchase agreements</u>						
Motor vehicles	5,491	(3,166)	-	-	-	2,325
Office furniture, fittings and equipment	26,608	-	-	-	-	26,608
	<u>5,064,956</u>	<u>-</u>	<u>186,055</u>	<u>-</u>	<u>(33)</u>	<u>5,250,978</u>

27. REPORTING ACCOUNTANTS REPORT (Cont'd)



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated Balance Sheets (continued)

(i) Property, plant and equipment (continued)

Accumulated depreciation and allowance for write down of identified network costs

	As at 1.1.2002 RM'000	Reclassi- fications RM'000	Charge for the period RM'000	Disposals RM'000	Assets written off RM'000	As at 31.3.2002 RM'000
<u>Accumulated depreciation</u>						
<u>Purchased assets</u>						
Long term leasehold land	215	-	12	-	-	227
Short term leasehold land	255	-	22	-	-	277
Buildings	8,174	-	376	-	-	8,550
Telecommunications equipment	1,410,205	-	87,228	-	-	1,497,433
Motor vehicles	12,260	3,166	341	-	-	15,767
Office furniture, fittings and equipment	184,182	-	10,121	-	(33)	194,270
	1,615,291	3,166	98,100	-	(33)	1,716,524
<u>Assets acquired under finance leases and hire purchase agreements</u>						
Motor vehicles	5,345	(3,166)	116	-	-	2,295
Office furniture, fittings and equipment	11,771	-	2,684	-	-	14,455
	1,632,407	-	100,900	-	(33)	1,733,274
<u>Allowance for write down of identified network costs</u>						
Telecommunications equipment	179,316	-	-	-	-	179,316
Capital work-in-progress	36,940	-	-	-	-	36,940
	216,256	-	-	-	-	216,256
Total	1,848,663	-	100,900	-	(33)	1,949,530



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated Balance Sheets (continued)

(i) Property, plant and equipment (continued)

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

The title deed pertaining to a freehold land of a subsidiary company is in the process of being transferred to the name of the subsidiary company since its purchase on 12 April 1997.

Included in the long term leasehold land of the Group is leasehold land which was acquired at fair value by the Company upon the acquisition of a subsidiary company on 27 July 1996.

Freehold land, leasehold land, buildings and other property, plant and equipment with net book value amounting to RM943,922,000 of the Group have been charged as security for the term loans disclosed in Paragraph 8.2 Note (vii).

The title to telecommunications equipment and capital work-in-progress amounting to RM609,194,000 will be transferred to a subsidiary company upon payment in accordance with the terms of the deferred payment schemes disclosed in Paragraph 8.2 Note (v).

An additional depreciation charge of RM31,753,000 was made to the financial statements of a subsidiary company for the financial year ended 31 December 2000 in respect of certain telecommunications equipment whose economic useful life was reassessed.

Interest capitalised during the financial years ended 31 December 1998 and 1997 amounted to RM9,255,000 and RM15,936,000 respectively.

27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated Balance Sheets (continued)

(ii) Inventories

	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>At cost</u>						
Telecommunications materials and supplies	60,587	47,486	46,026	33,241	24,290	37,944
Telecommunications equipment	105,305	70,129	43,084	61,025	54,450	23,181
Goods-in-transit	14,539	13,772	326	482	4,829	4,237
	<u>180,431</u>	<u>131,387</u>	<u>89,436</u>	<u>94,748</u>	<u>83,569</u>	<u>65,362</u>
<u>At net realisable value</u>						
Telecommunications materials and supplies	27,200	27,193	27,193	58,134	56,384	55,470
Allowance for inventories' obsolescence	(27,200)	(27,193)	(27,193)	(58,134)	(54,487)	(53,641)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,897</u>	<u>1,829</u>
Telecommunications equipment	-	12,007	20,768	30,720	37,540	34,438
Allowance for inventories' obsolescence	-	(12,007)	(20,768)	(30,720)	(32,472)	(29,051)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,068</u>	<u>5,387</u>
	<u>180,431</u>	<u>131,387</u>	<u>89,436</u>	<u>94,748</u>	<u>90,534</u>	<u>72,578</u>

27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated 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
Trade debtors						
- Subscribers	155,011	196,827	223,187	231,677	256,440	242,034
- Intercarrier and roaming	25,958	70,007	47,927	78,490	108,569	122,425
- Distributors	-	-	7,613	32,995	42,324	36,206
	<u>180,969</u>	<u>266,834</u>	<u>278,727</u>	<u>343,162</u>	<u>407,333</u>	<u>400,665</u>
Allowance for doubtful debts						
- subscribers	(37,621)	(67,533)	(77,242)	(53,967)	(66,248)	(69,399)
- intercarrier and roaming	-	(3,366)	(5,458)	(10,738)	(14,324)	(15,198)
	<u>143,348</u>	<u>195,935</u>	<u>196,027</u>	<u>278,457</u>	<u>326,761</u>	<u>316,068</u>
Amounts due from related parties	36,709	266,415	15,547	7,396	7,183	12,356
Other receivables	3,515	8,851	2,366	1,729	88,523	87,231
Deposits	25,222	20,907	22,158	30,465	27,594	28,372
Prepayments	25,837	10,883	19,530	28,445	19,405	27,250
Prepayment of taxation	-	-	-	-	-	28,259
Prepayment of share issue expenses	-	-	-	-	-	5,040
	<u>91,283</u>	<u>307,056</u>	<u>59,601</u>	<u>68,035</u>	<u>142,705</u>	<u>188,508</u>
	<u>234,631</u>	<u>502,991</u>	<u>255,628</u>	<u>346,492</u>	<u>469,466</u>	<u>504,576</u>

Other receivables and deposits for the Group 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 doubtful debts						
- other receivables	-	(2,448)	(810)	(1,853)	(2,858)	(2,230)
- deposits	(4,130)	(10,032)	(11,967)	(19,645)	(33,712)	(33,747)
	<u>(4,130)</u>	<u>(12,480)</u>	<u>(12,777)</u>	<u>(21,498)</u>	<u>(36,570)</u>	<u>(35,977)</u>

27. REPORTING ACCOUNTANTS REPORT (Cont'd)



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated Balance Sheets (continued)

(iv) Provision for liabilities and charges

	Legal claims RM'000	Staff incentive scheme RM'000	Total RM'000
As at 1 January 1997	-	3,485	3,485
Charged to income statement	-	14,098	14,098
Paid during the year	-	(17,583)	(17,583)
As at 31 December 1997	-	-	-
Charged to income statement	20,879	9,237	30,116
Paid during the year	-	(9,237)	(9,237)
As at 31 December 1998	20,879	-	20,879
(Credited)/charged to income statement	(44)	6,456	6,412
Paid during the year	-	-	-
As at 31 December 1999	20,835	6,456	27,291
Charged to income statement	3,409	16,135	19,544
Paid during the year	-	(5,074)	(5,074)
As at 31 December 2000	24,244	17,517	41,761
Charged to income statement	5,607	25,203	30,810
Paid during the year	(489)	(13,468)	(13,957)
As at 31 December 2001	29,362	29,252	58,614
Reversed from income statement	-	(10,373)	(10,373)
Charged to income statement	-	4,915	4,915
Paid during the financial period	-	(15,229)	(15,229)
As at 31 March 2002	29,362	8,565	37,927

27. REPORTING ACCOUNTANTS REPORT (Cont'd)



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated Balance Sheets (continued)

(v) Creditors

	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>Short term</u>						
Trade creditors	417,228	574,612	627,956	652,688	565,592	491,532
Trade accruals	316,800	123,706	139,143	211,803	358,451	382,819
Intercarrier and roaming creditors	18,383	112,828	46,453	38,668	79,535	81,780
Intercarrier and roaming accruals	70,667	32,071	43,476	108,690	191,755	205,068
Other creditors	53,926	36,908	79,083	84,419	100,709	87,665
Other accruals	47,927	55,649	45,491	74,399	75,685	89,517
Subscribers' deposits	66,385	91,288	112,864	106,383	109,140	109,088
Advance payments from subscribers	-	3,483	5,887	13,863	13,994	12,205
Deferred income	33,377	-	10,370	40,838	92,668	111,232
Amounts due to related parties	28,314	61,335	35,151	27,949	16,553	16,200
Retention account	-	174,423	-	-	-	-
	<u>1,053,007</u>	<u>1,266,303</u>	<u>1,145,874</u>	<u>1,359,700</u>	<u>1,604,082</u>	<u>1,587,106</u>
<u>Long term</u>						
Trade creditors (interest bearing)	-	-	-	40,629	199,172	228,191

The non-current trade creditors are creditors under deferred payment schemes which are repayable between 13 to 30 months.

Included in current trade creditors are creditors under deferred payment schemes, which are repayable within the next 12 months, amounting to:

	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
Creditors under deferred payment schemes	-	257,986	301,427	278,164	107,789	94,937

27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated Balance Sheets (continued)

(v) Creditors (continued)

Interest rates on creditors under deferred payment schemes during the financial years/period 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>
	%	%	%	%	%	%
Interest rates (per annum)		5.71 to	5.18 to	4.31 to	4.59 to	4.55 to
	-	13.00	10.05	8.11	6.67	5.93

The balance of the Retention Account in 1998 was held for the payment of three (3) additional shares and any deductions for claims by British Telecommunications plc.

(vi) Borrowings (current and interest bearing)

	← 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>Secured</u>						
Zero coupon notes	583,950	-	-	-	-	-
Term loans (Paragraph 8.2 Note (vii))	1,324,678	820,221	100,309	194,668	110,407	110,413
Hire purchase and finance lease liabilities (Paragraph 8.2 Note (vii))	2,844	2,698	2,401	11,604	10,800	9,734
<u>Unsecured</u>						
Bank overdrafts	13,773	19,202	4,908	4,954	22,109	235
Bankers acceptances	13,380	435	-	-	-	-
	<u>1,938,625</u>	<u>842,556</u>	<u>107,618</u>	<u>211,226</u>	<u>143,316</u>	<u>120,382</u>

27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated Balance Sheets (continued)

(vi) Borrowings (current and interest bearing) (continued)

The bank overdrafts were unsecured and interest rates charged during the financial years/period varied according to the lender's prevailing base lending rate which 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)	10.20 to 12.10	9.05 to 14.05	8.30 to 9.80	7.80 to 8.55	6.90 to 8.55	6.90 to 8.15

The terms and conditions of the term loans, hire purchase and finance lease are disclosed in Paragraph 8.2 Note (vii).

(vii) Borrowings (non-current, secured and interest bearing)

	← 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>Secured</u>						
Term loans	621,000	356,720	826,226	611,922	334,688	334,593
Hire purchase and finance lease liabilities	7,218	4,088	1,570	15,271	4,770	2,982
	<u>628,218</u>	<u>360,808</u>	<u>827,796</u>	<u>627,193</u>	<u>339,458</u>	<u>337,575</u>

27. REPORTING ACCOUNTANTS REPORT (Cont'd)



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated Balance Sheets (continued)

(vii) Borrowings (non-current, secured and interest bearing) (continued)

Borrowings comprise primarily term loans, hire purchase and finance lease liabilities. The security and repayment terms of the term loans are as follows:

	<u>Security</u>	<u>Repayment terms</u>
(a)	Debenture covering a first fixed and floating charge over the property, plant and equipment of Maxis Mobile and a pledge of fixed deposits. The loan was fully repaid in year 2001 and the pledged property, plant and equipment and fixed deposits have been discharged accordingly.	Half yearly installments of RM25 million for the first year, RM50 million for year 2 to 3 and RM75 million for year 4 commencing May 1999. The loan was fully repaid in year 2001.
(b)	Debenture covering a first fixed and floating charge over the property, plant and equipment of Maxis Broadband and Maxis International	Half yearly installments of RM55 million commencing from May 2001 to November 2005.
(c)	Fixed charge over the freehold land and building of RUSB and a pledge of fixed deposits of RM83,000.00 (31.12.2001: RM83,000.00).	180 monthly equal installments commencing December 1996.

The interest rates in relation to these term loans during the financial years/period 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>
	%	%	%	%	%	%
Interest rates (per annum)	6.53 to 17.00	7.25 to 21.75	6.60 to 12.02	6.20 to 10.50	6.85 to 10.00	6.85 to 10.25

27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated Balance Sheets (continued)

(vii) Borrowings (non-current, secured and interest bearing) (continued)

The repayment of the term loans can be analysed 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
Due within twelve months						
(Paragraph 8.2 Note (vi))	1,324,678	820,221	100,309	194,668	110,407	110,413
Due after twelve months	621,000	356,720	826,226	611,922	334,688	334,593
	<u>1,945,678</u>	<u>1,176,941</u>	<u>926,535</u>	<u>806,590</u>	<u>445,095</u>	<u>445,006</u>

Hire purchase and finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Hire purchase and finance lease liabilities represent outstanding obligations payable in respect of property, plant and equipment acquired under hire purchase agreements and finance leases and are analysed 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
Payable within one year	3,670	3,486	3,132	12,651	11,198	9,988
Payable between one and five years	9,298	5,331	2,026	15,712	4,820	3,012
	<u>12,968</u>	<u>8,817</u>	<u>5,158</u>	<u>28,363</u>	<u>16,018</u>	<u>13,000</u>
Future finance charges	(2,906)	(2,031)	(1,187)	(1,488)	(448)	(284)
	<u>10,062</u>	<u>6,786</u>	<u>3,971</u>	<u>26,875</u>	<u>15,570</u>	<u>12,716</u>

Representing hire purchase and finance lease liabilities:

Current (Paragraph 8.2 Note (vi))	2,844	2,698	2,401	11,604	10,800	9,734
Non-current	7,218	4,088	1,570	15,271	4,770	2,982
	<u>10,062</u>	<u>6,786</u>	<u>3,971</u>	<u>26,875</u>	<u>15,570</u>	<u>12,716</u>

27. REPORTING ACCOUNTANTS REPORT (Cont'd)



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated Balance Sheets (continued)

(viii) Bank balances

The negative bank balances are due to timing differences between processing and clearance of payments and receipts.

(ix) Deferred taxation

	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
As at the beginning of the year/period	-	-	3,000	5,200	7,776	78,652
Charged to income statement	-	3,000	2,200	2,576	70,876	31,660
As at the end of the year/period	-	3,000	5,200	7,776	78,652	110,312

The deferred taxation balances mainly comprise of timing differences from excess of capital allowances over depreciation.

(x) Financial Instruments

Treasury Risk Management

The Group is exposed to financial risk arising from its business activities, mainly exchange risk and credit risk. Straightforward plain vanilla derivative financial instruments are utilised by the Group to lower funding costs and to achieve greater certainty of future costs. These financial instruments are entered into in accordance with objectives and policies approved by the Board of Directors.

The policy restricts the use of derivative financial instruments to forward foreign exchange contracts and swaps. Details of the financial instruments used for foreign exchange exposure management together with the related exposures are listed below:



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated Balance Sheets (continued)

(x) Financial Instruments (continued)

(a) Currency Exchange Risk Management

The objectives of the Group's foreign exchange policies are to allow the Group to manage exposures that arise from trading activities effectively within a framework of controls that does not expose the Group to unnecessary foreign exchange risks. The Group covers substantially all foreign exchange exposures arising from its foreign payables and on cash flows to be used in anticipated transactions denominated in foreign currencies and operate to the extent of the Group's foreign exchange commitment. Under the Group's policy, exposures with a maximum of 12 months of maturity are generally hedged and this is achieved through the use of forward exchange contracts.

As at 31 March 2002, the settlement dates on open forward contracts falls on 30 April 2002. The contractual exchange rates and amounts of the Group's outstanding contracts are as follows:

<u>Hedge items</u>	<u>Currency to be paid</u>	<u>RM equivalent</u>	<u>Contractual rate</u>
Trade payables USD 60,000	US Dollar	277,430	1 USD = RM 3.7905

The fair value of outstanding forward contracts of the Group as at 31 March 2002 (see paragraph 8.2 Note (x)(c)) was a favourable net position of RM 277,000.

The net gain as at 31 March 2002 on open contracts which hedge anticipated foreign currency purchases amounted to RM600. These net exchange gains and losses are deferred until the related purchases are transacted, at which time they are included in the measurement of such transactions.

27. REPORTING ACCOUNTANTS REPORT (Cont'd)



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated Balance Sheets (continued)

(x) Financial Instruments (continued)

(b) Credit Risk Management

The Group is exposed to credit risk related losses in the event of non-performance by third parties to financial instruments but it does not expect any third parties to fail to meet their obligations given the Group's policy of selecting only third parties with high credit ratings.

The Group has no significant concentration of credit risk. The majority of its deposits are placed with financial institutions that are creditworthy in Malaysia.

(c) Fair values

The carrying amounts of financial assets and liabilities of the Group as at 31 March 2002 approximated their fair values as set out below:

	<u>Carrying amounts</u> RM'000	<u>Fair values</u> RM'000
Borrowings	457,722	457,722
Derivative financial instruments held to manage currency exposures		
Foreign currency forward exchange contract	-	277

In assessing the fair value of borrowings, the discounting cash flow method were applied using current market interest rates. As the interest rates on the borrowings approximates the current market interest rates, the carrying value approximates the fair value.

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

27. REPORTING ACCOUNTANTS REPORT (Cont'd)



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated Balance Sheets (continued)

(xi) Capital commitments

Capital expenditure for property, plant and equipment approved by the Board and not provided for in the financial statements are set out below:

	As at <u>31.3.2002</u> RM'000
Contracted for	187,190
Not contracted for	2,229,888
	<u>2,417,078</u>

(xii) Operating lease commitments

The future minimum lease payments under non-cancellable operating leases are set out below:

	As at <u>31.3.2002</u> RM'000
Expiring within one year	27,932
Expiring between one and five years	100,843
Expiring after five years	112,353
	<u>241,128</u>

27. REPORTING ACCOUNTANTS REPORT (Cont'd)



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated Balance Sheets (continued)

(xiii) Contingent liabilities

The following are contingent liabilities which have not been provided for in the financial statements:

	As at 31.3.2002 RM'000
(a) Indemnity given by the Company to financial institutions in respect of bank guarantees issued at the request of the Company and subsidiary companies	
- custom duties	1,456
- others	9,759
	<u>11,215</u>
(b) A subsidiary company had in the past entered into tenancy agreements for the benefit of Binariang Satellite Systems who at that time was a subsidiary of the Company. On the expiration of the tenancy agreements, a claim was made for the recovery of security deposits amounting to RM132,000 from a particular landlord. A counter claim was then raised by the landlord against the subsidiary company for an amount of RM974,000 in respect of costs incurred and loss of earnings as a result of certain alleged non-performance of obligations. Binariang Satellite Systems has since been disposed by the Company and in accordance with the terms and conditions of the Sale and Purchase agreement of Binariang Satellite Systems, the purchaser of Binariang Satellite Systems shall cause Binariang Satellite Systems to indemnify the Company against all liabilities and claims in respect of agreements and arrangements entered into by the Company or any of its subsidiaries on behalf of Binariang Satellite Systems. On that basis, the Directors are of the view that no provision is required to be made in the financial statements as the Company will be reimbursed for any payments made, if any.	



8 BALANCE SHEETS (CONTINUED)

8.2 Maxis – Consolidated Balance Sheets (continued)

(xiii) Contingent liabilities (continued)

- (c) A subsidiary company received a mandatory injunction filed by a customer for reinstatement of premium number mobile telephone services, a prohibitory injunction restraining the subsidiary company from barring his mobile telephone line, and a claim for damages. The subsidiary company is disputing the claim. The Directors are of the opinion that the claim is unlikely to be successful and no provision has been made in the financial statements.
- (d) The Company received a demand notice in the amount of RM532,000 for a commission fee payable for debt collection and whose services were terminated by the Company. The Directors are of the opinion that the claim is unlikely to be successful and no provision has been made in the financial statements.
- (e) A subsidiary company entered into a number of network construction contracts with developers who have since terminated these contracts for alleged breach of contract without prejudice to the developers' rights to claim against the subsidiary company. The subsidiary company has to date received some claims in respect of these contracts and in some of the cases, negotiations for settlement are on-going. The total amount of the liability could not be determined due to the on-going negotiation which is being settled progressively. A provision of RM29,362,000 has been made in the financial statements and the Directors are of the opinion that this provision is adequate to cover potential liabilities in respect of these claims.
- (f) A subsidiary company is claiming that one of its principal suppliers has failed to meet certain agreed equipment and software delivery milestones and performance standards for the supply of base stations and network switching systems. There are also issues between the subsidiary company and the supplier regarding the price payable for certain goods and services. The parties are attempting to resolve the dispute by way of negotiation. Based on the present negotiations, the Directors are of the opinion that no provision is required in the financial statements.

27. REPORTING ACCOUNTANTS REPORT (Cont'd)**8 BALANCE SHEETS (CONTINUED)****8.2 Maxis – Consolidated Balance Sheets (continued)****(xiv) Significant related party disclosures**

Related parties are those as defined under MASB Standard 8 “Related Party Disclosures”.

The holding and ultimate holding company is Maxis Holdings. Usaha Tegas together with certain entities controlled by or in which Ananda Krishnan Tatparanandam is deemed to have an interest, have the ability to exercise significant influence over the Group.

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant transactions and balances. The related party transactions described below were carried out on terms and conditions obtainable in transactions with unrelated parties.

(a) Sales of goods and services

	Group	
	3 months ended	Year ended
	31.3.2002	31.12.2001
	RM'000	RM'000
Sales of telecommunication services to:		
- MEASAT Broadcast Network Systems	1,949	10,201

(b) Purchases of goods and services

	Group	
	3 months ended	Year ended
	31.3.2002	31.12.2001
	RM'000	RM'000
Purchases of services from:		
- Tanjong Property Management (rentals and utility charges)	6,197	22,495
- Binariang Satellite Systems (transponder lease rentals)	3,050	8,941
- MEASAT Broadcast Network Systems (CATV, advertising and printing services)	244	5,647
- UTSB Management Sdn. Bhd. (secondment and consultancy services)	6,581	16,079

The year ended 31 December 2001 was the first reporting period in which the Group applied MASB Standard 8 and therefore comparative information prior to 31 December 2001 was not required.

27. REPORTING ACCOUNTANTS' REPORT (Cont'd)



9 STATEMENTS OF CHANGES IN EQUITY

9.1 Company statement of changes in equity

COMPANY	Issued and fully paid ordinary shares of RM1 each		Non- distributable	Accumulated losses	Total
	Number of shares '000	Nominal value RM'000	Share premium RM'000		
At 1 January 1997	100,000	100,000	706,199	(31,896)	774,303
Issue of ordinary shares	5,263	5,263	-	-	5,263
Premium on ordinary shares issued	-	-	268,421	-	268,421
Net loss for the financial year	-	-	-	(215,879)	(215,879)
At 31 December 1997	105,263	105,263	974,620	(247,775)	832,108
Issue of ordinary shares	52,632	52,632	-	-	52,632
Premium on ordinary shares issued	-	-	1,510,526	-	1,510,526
Net loss for the financial year	-	-	-	(53,907)	(53,907)
At 31 December 1998	157,895	157,895	2,485,146	(301,682)	2,341,359
Issue of ordinary shares	*	*	-	-	*
Premium on ordinary shares issued	-	-	179,573	-	179,573
Net loss for the financial year	-	-	-	(815)	(815)
At 31 December 1999	157,895	157,895	2,664,719	(302,497)	2,520,117
Net loss for the financial year	-	-	-	(1,722)	(1,722)
At 31 December 2000	157,895	157,895	2,664,719	(304,219)	2,518,395
Net profit for the financial year	-	-	-	762,109	762,109
Dividends for the financial year ended 31 December 2001	-	-	-	(760,000)	(760,000)
At 31 December 2001	157,895	157,895	2,664,719	(302,110)	2,520,504
Net loss for the financial period	-	-	-	(1,476)	(1,476)
At 31 March 2002	157,895	157,895	2,664,719	(303,586)	2,519,028

* Issue of 2 ordinary shares of RM1 each.

27. REPORTING ACCOUNTANTS REPORT (Cont'd)



9 STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

9.2 Group statement of changes in equity

GROUP	Issued and fully paid ordinary shares of RM1 each		Non- distributable Share premium	Accumulated losses	Total
	Number of shares '000	Nominal value RM'000			
At 1 January 1997	100,000	100,000	706,199	(323,665)	482,534
Issue of ordinary shares	5,263	5,263	-	-	5,263
Premium on ordinary shares issued	-	-	268,421	-	268,421
Net loss for the financial year	-	-	-	(1,095,594)	(1,095,594)
At 31 December 1997	105,263	105,263	974,620	(1,419,259)	(339,376)
Issue of ordinary shares	52,632	52,632	-	-	52,632
Premium on ordinary shares issued	-	-	1,510,526	-	1,510,526
Net loss for the financial year	-	-	-	(322,438)	(322,438)
At 31 December 1998	157,895	157,895	2,485,146	(1,741,697)	901,344
Issue of ordinary shares	*	*	-	-	*
Premium on ordinary shares issued	-	-	179,573	-	179,573
Net profit for the financial year	-	-	-	131,048	131,048
At 31 December 1999	157,895	157,895	2,664,719	(1,610,649)	1,211,965
Net profit for the financial year	-	-	-	357,478	357,478
At 31 December 2000	157,895	157,895	2,664,719	(1,253,171)	1,569,443
Net profit for the financial year	-	-	-	600,927	600,927
Dividends for the financial year ended 31 December 2001	-	-	-	(760,000)	(760,000)
At 31 December 2001	157,895	157,895	2,664,719	(1,412,244)	1,410,370
Net profit for the financial period	-	-	-	301,433	301,433
At 31 March 2002	157,895	157,895	2,664,719	(1,110,811)	1,711,803

* Issue of 2 ordinary shares of RM1 each.

27. REPORTING ACCOUNTANTS REPORT (Cont'd)



10 CASH FLOW STATEMENTS

The cash flow statements of the Group and the Company below are based on the audited financial statements for the financial year ended 31 December 2001 and for the three months ended 31 March 2002.

	<u>Group</u>		<u>Company</u>	
	3 months ended	Year ended	3 months ended	Year ended
<u>Note</u>	<u>31.3.2002</u>	<u>31.12.2001</u>	<u>31.3.2002</u>	<u>31.12.2001</u>
	RM'000	RM'000	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit after taxation	301,433	600,927	(1,476)	762,109
Adjustments for:				
Bad debts written off	781	1,073	-	-
Depreciation of property, plant and equipment	100,900	399,670	1,376	7,150
Dividend income	-	-	-	(881,900)
Gain on disposal of property, plant and equipment	(32)	(1,695)	-	(839)
Interest income	(6,062)	(22,430)	(91)	(722)
Interest expense	12,011	67,868	805	122
(Write back of allowance)/allowance for:				
- inventories' obsolescence	3,504	(1,834)	-	-
- diminution in value of other investments	-	(2,475)	-	-
- doubtful debts	19,463	81,169	-	-
- write down of identified network costs	-	189,861	-	-
Taxation	78,399	176,684	6	97,025
Property, plant and equipment written off	-	4,852	-	-
Net (write back of provision)/provision for staff incentive scheme	(5,458)	25,203	-	-
Provision for legal claims	-	5,607	-	-
Unrealised loss/(gain) on foreign exchange	339	(7,998)	-	148
Gain on disposal of other investments	-	(68)	-	-
	<u>505,278</u>	<u>1,516,414</u>	<u>620</u>	<u>(16,907)</u>
Decrease in inventories	14,452	6,048	-	-
Increase in debtors	(26,535)	(205,210)	(4,074)	(291)
Increase/(decrease) in creditors	11,293	418,849	(1,671)	45,147
Increase/(decrease) in intercompany balances	-	-	13,641	(173,909)
Cash generated from/(used in) operations	<u>504,488</u>	<u>1,736,101</u>	<u>8,516</u>	<u>(145,960)</u>

27. REPORTING ACCOUNTANTS REPORT (Cont'd)**10 CASH FLOW STATEMENTS (CONTINUED)**

	<u>Group</u>		<u>Company</u>	
	3 months ended	Year ended	3 months ended	Year ended
<u>Note</u>	<u>31.3.2002</u>	<u>31.12.2001</u>	<u>31.3.2002</u>	<u>31.12.2001</u>
	RM'000	RM'000	RM'000	RM'000
Cash generated from/(used in) operations (continued)	504,488	1,736,101	8,516	(145,960)
Interest received	5,502	22,424	85	621
Taxation paid	(79,776)	(90,312)	(1,724)	(499)
Staff incentive scheme paid	(15,229)	(13,468)	-	-
Payment out of provision for legal claims	-	(489)	-	-
Dividend received	-	-	-	51,840
Net cash flow from operating activities	414,985	1,654,256	6,877	(93,998)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(186,055)	(1,031,084)	(37)	(432)
Proceeds from disposal of property, plant and equipment	32	2,989	-	856
Proceeds from promissory notes redeemed and disposal of other investments	-	2,792	-	-
Net cash flow from investing activities	(186,023)	(1,025,303)	(37)	424
CASH FLOWS FROM FINANCING ACTIVITIES				
Decrease in deposits, cash and bank balances pledged as security	-	61,947	-	-
Repayment of hire purchase and finance lease principals	(2,854)	(11,597)	(2)	(334)
Repayment of hire purchase and finance lease interests	(164)	(1,029)	(1)	(97)
Repayment of term loans	(89)	(361,495)	-	-
Interest paid	(11,436)	(74,765)	(3)	(20)
Dividends paid	-	(21,600)	-	(21,600)
Net cash flow from financing activities	(14,543)	(408,539)	(6)	(22,051)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	214,419	220,414	6,834	(115,625)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD/YEAR	794,489	574,075	23,193	138,818
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD/YEAR (i)	1,008,908	794,489	30,027	23,193

27. REPORTING ACCOUNTANTS REPORT (Cont'd)**10 CASH FLOW STATEMENTS (CONTINUED)**

(i) Cash and cash equivalents at the end of the financial period/year comprise:

	<u>Group</u>		<u>Company</u>	
	As at <u>31.3.2002</u>	As at <u>31.12.2001</u>	As at <u>31.3.2002</u>	As at <u>31.12.2001</u>
	RM'000	RM'000	RM'000	RM'000
Deposits with licenced banks	1,000,307	791,633	30,200	45,350
Cash and bank balances (net of balances pledged as disclosed in Paragraph 8.2 Note (vii))	19,614	26,198	62	27
Deposits, cash and bank balances	1,019,921	817,831	30,262	45,377
Bank overdraft	(235)	(22,109)	(235)	(22,109)
Bank balances	(10,778)	(1,233)	-	(75)
	<u>1,008,908</u>	<u>794,489</u>	<u>30,027</u>	<u>23,193</u>

The negative bank balances are due to timing differences between processing and clearance of payments and receipts.

11 DETAILED STATEMENT OF ASSETS AND LIABILITIES

The Detailed Statement of Assets and Liabilities based on the audited financial statements of the Group as at 31 March 2002 have been included in the Consolidated Balance Sheet as stated in Paragraph 8.2 above.



12 FINANCIAL STATEMENTS

No audited financial statements have been prepared in respect of any period subsequent to 31 March 2002.

13 SIGNIFICANT POST BALANCE SHEET EVENTS

Subsequent to the date of the last audited financial statements made up to 31 March 2002, the following events in connection with the listing and quotation of the entire issued and paid up share capital of Maxis Communications on the Main Board of the Kuala Lumpur Stock Exchange occurred:

- (a) On 6 May 2002, the Company issued 203,300 Redeemable Preference Shares ('RPS') of RM1.00 each at a premium of RM9,999 each by application of the share premium account.
- (b) One of the subsidiary companies obtained a syndicated multi-tranche term loan facility comprising a facility of USD200 million and term loan of RM640 million on 13 May 2002 and on 16 May 2002 it had drawn down an amount of RM1,060 million on that facility.
- (c) The Company has also entered into a USD235 million term loan facility with a syndicate of banks on 13 May 2002. All the shares of one of its subsidiary companies have been pledged as security for the loan.
- (d) On 16 May 2002, the Company redeemed 114,000 of the issued RPS of RM1.00 each at a premium of RM9,999 each. The par value of the RPS of RM1.00 each was redeemed by the proceeds from the issuance of 2,790 new ordinary shares of RM1.00 each at a premium of approximately RM39.86 each and the premium of RM9,999 each on the RPS was redeemed by the application of the share premium account for the RPS.
- (e) On 17 May 2002, the Company redeemed the remaining 89,300 of the issued RPS of RM1.00 each at a premium of RM9,999 each by the proceeds from the issuance of 21,857,463 new ordinary shares of RM1.00 each at a premium of approximately RM39.86 each, where the premium of RM9,999 each on the RPS was redeemed by the application of the share premium account for the RPS.
- (f) The Company made a bonus issue of 24,245,008 new ordinary shares of RM1.00 each on the basis of approximately 135 new ordinary shares for every 1,000 ordinary shares held subsequent to the redemption of the RPS, by application of the share premium account on 17 May 2002.

27. REPORTING ACCOUNTANTS REPORT (Cont'd)



13 SIGNIFICANT POST BALANCE SHEET EVENTS (CONTINUED)

- (g) The shareholders of the Company authorised a share split to convert the par value of the ordinary shares of Maxis Communications from RM1.00 per ordinary share to RM0.10 per ordinary share on 18 May 2002.

Yours faithfully,

A handwritten signature in black ink that reads "PricewaterhouseCoopers".

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

A handwritten signature in black ink that reads "Uthaya Kumar".

UTHAYA KUMAR S/O K. VIVEKANANDA
(No. 1455/06/02 (J))
Partner of the firm

28. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2002 AND THE REPORTING ACCOUNTANTS' LETTER THEREON

28.1 Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets as at 31 March 2002

PRICEWATERHOUSECOOPERS 

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

PricewaterhouseCoopers
(AF 1146)
Chartered Accountants
11th Floor Wisma Sime Darby
Jalan Raja Laut
P O Box 10192
50706 Kuala Lumpur, Malaysia
Telephone +60 3 2693 1077
Facsimile +60 3 2693 0997

24 May 2002

PwC/AK/PH/nm/0738J

MAXIS COMMUNICATIONS BERHAD
PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 31 MARCH 2002

Dear Sirs,

- 1 We have reviewed the presentation of the proforma consolidated balance sheets of Maxis Communications Berhad ('Maxis Communications') and its subsidiary companies ('Maxis') as at 31 March 2002, together with the notes and assumptions thereto, for which the Directors are solely responsible, as set out in Section 28.2 of 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 Based on the results of our review, we confirm that the proforma consolidated balance sheets of Maxis as at 31 March 2002, which are provided for illustrative purposes only, have been properly compiled on the bases set out in the notes and assumptions to the proforma consolidated balance sheets.

Yours faithfully,



PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants



UTHAYA KUMAR S/O K. VIVEKANANDA
(No. 1455/06/02 (J))
Partner of the firm

28. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2002 AND THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)
28.2 Proforma Consolidated Balance Sheets as at 31 March 2002 together with the Notes and Assumptions thereto

The proforma consolidated balance sheets of Maxis as set out below have been prepared solely for illustrative purposes to show the effects on the audited consolidated balance sheet as at 31 March 2002, of the transactions referred to in Notes II and III and the Initial Public Offering in Note IV in the notes to the proforma consolidated balance sheets, had these transactions been effected on that date:

		Audited	Proforma I After dividend payment, financing, issuance and redemption of RPS	Proforma II After bonus issue & share split	Proforma III After completion of Initial Public Offering
	Notes	31.3.2002			
		RM (in millions)			
Property, plant and equipment		3,301.4	3,301.4	3,301.4	3,301.4
Current assets	V	1,597.2	778.9	778.9	1,687.2
Current liabilities	VI	(2,510.7)	(1,772.3)	(1,772.3)	(1,317.3)
Net current (liabilities)/assets		(913.5)	(993.4)	(993.4)	369.9
Non-current liabilities	VII	(676.1)	(1,736.1)	(1,736.1)	(1,087.1)
		<u>1,711.8</u>	<u>571.9</u>	<u>571.9</u>	<u>2,584.2</u>
Share capital	VIII	157.9	179.8	204.0	245.1
Share premium	IX	2,664.7	1,502.9	1,478.7	3,449.9
Accumulated losses		<u>(1,110.8)</u>	<u>(1,110.8)</u>	<u>(1,110.8)</u>	<u>(1,110.8)</u>
		<u>1,711.8</u>	<u>571.9</u>	<u>571.9</u>	<u>2,584.2</u>
Net tangible assets per ordinary share (RM)					
— RM1.00 nominal value		<u>10.84</u>	<u>3.18</u>		
— RM0.10 nominal value				<u>0.28</u>	<u>1.05</u>
Number of ordinary shares ('000)					
— RM1.00 nominal value		<u>157,895</u>	<u>179,755</u>		
— RM0.10 nominal value				<u>2,040,000</u>	<u>2,450,875</u>

(The remaining page is intentionally left blank)

28. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2002 AND THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)

I BASIS OF PREPARATION

- 1** The proforma consolidated balance sheets of Maxis have been prepared solely for illustrative purposes to show the effects of the payment of dividend of RM738.4 million approved by the shareholders of Maxis Communications for the financial year ended 31 December 2001, issuance of RPS on 6 May 2002 and draw down of RM1,060 million being part of the syndicated multi-tranche term loan facility comprising a facility of USD200 million and term loan of RM640 million on 16 May 2002 followed by the redemption of the RPS on 16 and 17 May 2002, bonus issue on 17 May 2002, share split on 18 May 2002 and the Initial Public Offering on the assumption that they were effected on 31 March 2002 on the audited consolidated balance sheet of Maxis as at that date.
- 2** The proforma consolidated balance sheets of Maxis have been prepared based on the accounting policies and bases consistent with those adopted in the preparation of the Group's financial statements for the three months ended 31 March 2002.

II EFFECTS ON PROFORMA I CONSOLIDATED BALANCE SHEET

The Proforma I Consolidated Balance Sheet has been presented to include the effects of the following:

- Payment of the dividend for the financial year ended 31 December 2001 of RM738.4 million on 22 April 2002;
- Issuance of 203,300 RPS of RM1.00 each at a premium of RM9,999 each by application of the share premium account on 6 May 2002;
- Draw down of RM1,060 million being part of the syndicated multi-tranche term loan facility comprising a facility of USD200 million and term loan of RM640 million on 16 May 2002;
- Redemption of 114,000 RPS of RM1.00 each at a premium of RM9,999 each. The nominal value of the RPS of RM1.00 each is redeemed by the proceeds from the issuance of 2,790 new ordinary shares of RM1.00 each at a premium of approximately RM39.86 each and the premium of RM9,999 each on the RPS redeemed by the application of the share premium account for the RPS on 16 May 2002; and
- Redemption of 89,300 RPS of RM1.00 each at a premium of RM9,999 each by the proceeds from the issuance of 21,857,463 new ordinary shares of RM1.00 each at a premium of approximately RM39.86 each, where the premium of RM9,999 each on the RPS is redeemed by the application of the share premium account for the RPS on 17 May 2002.

III EFFECTS ON PROFORMA II CONSOLIDATED BALANCE SHEET

The Proforma II Consolidated Balance Sheet has been presented to include the effects of Proforma I and the following:

- Bonus issue of 24,245,008 new ordinary shares of RM1.00 each on the basis of approximately 135 new ordinary shares for every 1,000 ordinary shares held subsequent to the redemption of the RPS, by application of the share premium account on 17 May 2002; and
- Share split to convert the nominal value of the ordinary shares of Maxis Communications from RM1.00 per ordinary share to RM0.10 per ordinary share on 18 May 2002.

28. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2002 AND THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)
IV EFFECTS ON PROFORMA III CONSOLIDATED BALANCE SHEET

The Proforma III Consolidated Balance Sheet has been presented to include the effects of Proforma I, II and the following:

- Proposed issuance of 410,875,000 new ordinary shares of RM0.10 each at an issue price of RM4.80 per ordinary share for the Retail Offering and an illustrative price of RM5.33 per ordinary share for the Institutional Offering. The gross proceeds from the Initial Public Offering is approximately RM2,085.7 million. The allocation of ordinary shares between the Retail Offering and Institutional Offering is proposed as follows:

	No. of new ordinary shares at RM0.10 each ('000)	RM (in millions)
Retail Offering	196,668	944.0
Institutional Offering	214,207	1,141.7
	<u>410,875</u>	<u>2,085.7</u>

- The gross proceeds received from the Initial Public Offering will be utilised as follows:

	RM (in millions)	RM (in millions)
Payments related to prior purchases and/or installation of telecommunications equipment and materials		400.0
Partial repayment of syndicated multi-tranche term loan facility (Maxis Mobile Loans) ..		320.0
Repayment of borrowings		
• current	55.0	
• non-current	<u>329.0</u>	384.0
Estimated expenses for the Initial Public Offering		73.4
Working capital		<u>908.3</u>
		<u>2,085.7</u>

(The remaining page is intentionally left blank)

28. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2002 AND THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)
V CURRENT ASSETS

The effects of the transactions on the current assets are as follows:

	RM (in millions)
As at 31 March 2002	1,597.2
Payment of dividend	(738.4)
Draw down of the syndicated multi-tranche term loan facility (Maxis Mobile Loans)	1,060.0
Issuance of 2,790 new ordinary shares of RM1.00 each at a premium of approximately RM39.86 each	0.1
Redemption of 114,000 RPS at a premium of RM9,999 each	(1,140.0)
Issuance of 21,857,463 new ordinary shares of RM1.00 each at a premium of approximately RM39.86 each	893.0
Redemption of 89,300 RPS of RM1.00 each at a premium of RM9,999 each	(893.0)
Per Proforma Consolidated Balance Sheets I and II	778.9
Net proceeds from Initial Public Offering after payments related to prior purchases and/or installation of telecommunications equipment and materials, partial repayment of syndicated multi-tranche term loan facility (Maxis Mobile Loans), repayment of borrowings and payment of expenses arising from the Initial Public Offering	908.3
Per Proforma Consolidated Balance Sheet III	<u>1,687.2</u>

VI CURRENT LIABILITIES

The effects of the transactions on the current liabilities are as follows:

	RM (in millions)
As at 31 March 2002	2,510.7
Payment of dividend	(738.4)
Issuance of 203,300 RPS of RM1.00 each	0.2
Share premium account provided for the premium on 203,300 RPS of RM9,999 each	2,032.8
Redemption of 203,300 RPS of RM1.00 each at a premium of RM9,999 each	(2,033.0)
Per Proforma Consolidated Balance Sheets I and II	1,772.3
Proposed payments related to prior purchases and/or installation of telecommunications equipment and materials	(400.0)
Proposed repayment of borrowings from proceeds of Initial Public Offering	(55.0)
Per Proforma Consolidated Balance Sheet III	<u>1,317.3</u>

VII NON-CURRENT LIABILITIES

The effects of the transactions on the non-current liabilities are as follows:

	RM (in millions)
As at 31 March 2002	676.1
Draw down of the syndicated multi-tranche term loan facility (Maxis Mobile Loans)	1,060.0
Per Proforma Consolidated Balance Sheets I and II	1,736.1
Proposed partial repayment of syndicated multi-tranche term loan facility (Maxis Mobile Loans) and repayment of borrowings from proceeds of Initial Public Offering	(649.0)
Per Proforma Consolidated Balance Sheet III	<u>1,087.1</u>

28. PROFORMA CONSOLIDATED BALANCE SHEETS AS AT 31 MARCH 2002 AND THE REPORTING ACCOUNTANTS' LETTER THEREON (Cont'd)
VIII SHARE CAPITAL

The effects of the transactions on the issued and paid-up share capital are as follows:

	Number of ordinary shares '000	RM (in millions)
As at 31 March 2002	157,895	157.9
Issuance of 2,790 new ordinary shares of RM1.00 each on redemption of RPS	3	0.0
Issuance of 21,857,463 of new ordinary shares of RM1.00 each on redemption of RPS	21,857	21.9
Per Proforma Consolidated Balance Sheet I	179,755	179.8
Bonus issue of 24,245,008 ordinary shares of RM1.00 each on the basis of approximately 135 new ordinary shares for every 1,000 ordinary shares held	24,245	24.2
Share split to convert the nominal value of the ordinary shares from RM1.00 per ordinary share to RM0.10 per ordinary share	1,836,000	–
Per Proforma Consolidated Balance Sheet II	2,040,000	204.0
Proposed issuance of 410,875,000 new ordinary shares of RM0.10 each arising from the Initial Public Offering	410,875	41.1
Per Proforma Consolidated Balance Sheet III	2,450,875	245.1

IX SHARE PREMIUM

The effects of the transactions on the share premium are as follows:

	RM (in millions)
As at 31 March 2002	2,664.7
Application of share premium account for the issuance of 203,300 RPS of RM1.00 each at nominal value	(0.2)
Application of share premium account for the premium on 203,300 RPS issued of RM9,999 each	(2,032.8)
Issuance of 2,790 new ordinary shares of RM1.00 each at a premium of approximately RM39.86 each ...	0.1
Issuance of 21,857,463 new ordinary shares of RM1.00 each at a premium of approximately RM39.86 each	871.1
Per Proforma Consolidated Balance Sheet I	1,502.9
Bonus issue of 24,245,008 ordinary shares of RM1.00 each on the basis of approximately 135 new ordinary share for every 1,000 ordinary shares held	(24.2)
Per Proforma Consolidated Balance Sheet II	1,478.7
Proposed estimated expenses arising from the Initial Public Offering	(73.4)
Proposed premium of RM4.70 and RM5.23 on 196,668,000 and 214,207,000 ordinary shares of RM0.10 each issued in connection with the Initial Public Offering based on an issue price of RM4.80 per ordinary share for the Retail Offering and an illustrative price of RM5.33 per ordinary share for the Institutional Offering	2,044.6
Per Proforma Consolidated Balance Sheet III	3,449.9

29. DIRECTORS' REPORT



24 May, 2002

Registered Office

Maxis Communications Berhad
Level 18 Menara Maxis
Kuala Lumpur City Centre
off Jalan Ampang
50088 Kuala Lumpur
Malaysia

The Shareholders
Maxis Communications Berhad

Dear Sir/Madam,

On behalf of the Board of Directors of Maxis Communications Berhad, we report after due inquiry that during the period from 31 March 2002 (being the date to which the last audited accounts of the Company and its subsidiary companies have been made up) to 24 May, 2002 (being a date not earlier than 14 days before the issue of this Prospectus), that:

- (i) the business of the Company and its subsidiary companies, in the opinion of the Board of Directors, has been satisfactorily maintained in all material respects;
- (ii) in the opinion of the Board of Directors, no circumstances have arisen since the date of the last audited accounts of the Company and its subsidiary companies which have materially and adversely affected the business and operation or the value of the assets of the Company and its subsidiary companies;
- (iii) the current assets of the Company and its subsidiary companies appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in Section 12.12.3 of this Prospectus, there are no material contingent liabilities which have arisen by reason of any guarantees given by the Company or any of its subsidiary companies; and
- (v) save as disclosed in the proforma consolidated balance sheets as at 31 March 2002 under Section 28 of this Prospectus, there have been no material changes in the published reserves or any unusual factors affecting materially the profits of the Company and its subsidiary companies.

Yours faithfully

A handwritten signature in black ink, appearing to be "A. S. S.", written over a horizontal line.

The Board of Directors

www.maxis.com.my

**Maxis Communications
Berhad** (158400-V)
(formerly known as Binariang Bhd)

Aras 18, Menara Maxis
Kuala Lumpur City Centre
50088 Kuala Lumpur
Malaysia

P.O. Box 13447,
50180 Kuala Lumpur
Malaysia

Tel : (603) 380 7000
Fax : (603) 380 7010