

8. INFORMATION ON DIRECTORS/SENIOR MANAGEMENT/MAJOR SHAREHOLDERS

8.1 Board of Directors

The Board of Directors has adopted the following six responsibilities for effective discharge of its functions:

- Reviewing and adopting a strategic plan for the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning, including appointing, training, fixing the compensation of and, where appropriate, replacing senior management;
- Developing and implementing an investor relations programme or shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Specifically, and within the limits set by the Company's Articles of Association, the Board of Directors is charged with the review and approval of corporate plans, annual budgets, acquisitions and disposals of undertakings and properties of substantial value, major investments and financial decisions and changes to the management and control structure within the Company and its subsidiaries, including key policies and delegated authority limits. Under its Articles of Association, the Company must have at least three and not more than 15 directors. A director is not required to hold any qualification share in the Company.

As at the date of this Prospectus, the Company's Board of Directors consists of 9 directors. Under the Articles of Association, one third of the directors must retire at each annual general meeting of shareholders but are eligible for re-election. The directors must submit themselves for re-election at least once in three years. The members of the Board of Directors of the Company as at the date of this Prospectus are set forth below:

<u>Name</u>	<u>Age</u>	<u>Address</u>	<u>Nationality</u>	<u>Date of Original Appointment</u>	<u>Designation*/ (Principal Occupation) #</u>
Tun Haji Mohammed Hanif bin Omar	63	No. 74, Jalan USJ 12/3B, 47630 Subang Jaya Selangor Darul Ehsan Malaysia	Malaysian	03.05.1994	Chairman, Non-executive director/(Company Director)
Dato' Seri Syed Anwar Jamalullail ⁽¹⁾	50	Lot 75, Sri Cemerlang Jalan 16/9 46350 Petaling Jaya Selangor Darul Ehsan	Malaysian	18.05.2002	Independent non-executive director (Chartered Accountant/ Company Director)
The Lord Killearn ⁽²⁾	60	Little Sodbury Manor Chipping Sodbury South Gloucestershire BS37 6QA United Kingdom	British	18.05.2002	Independent non-executive director (Company Director)

8. INFORMATION ON DIRECTORS/SENIOR MANAGEMENT/MAJOR SHAREHOLDERS (Cont'd)

<u>Name</u>	<u>Age</u>	<u>Address</u>	<u>Nationality</u>	<u>Date of Original Appointment</u>	<u>Designation*/ (Principal Occupation) #</u>
Timothy Hugh Ling	44	2411, Pesquera Drive Los Angeles CA 90049 United States of America	United States of America	18.05.2002	Independent non-executive director/ (President/Chief Operating Officer)
Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin . .	71	No. 3, Lorong Damai Sembilan 55000 Kuala Lumpur Malaysia	Malaysian	Original appointment on 08.02.1991 Resigned on 31.07.1992 Reappointed on 16.11.1992	Non-executive director/ (Company Director)
Khoo Teng Bin	67	Lot 490, No 2A Pinggir Pelangi Pagi Country Heights 43000 Sungai Ramal Kajang Selangor Darul Ehsan Malaysia	Malaysian	20.12.1986	Non-executive director/ (Company Director)
Augustus Ralph Marshall	50	No. 2, Lorong Lembah Tunku Bukit Tunku 50480 Kuala Lumpur Malaysia	Malaysian	30.06.1993	Non-executive director/ (Executive Director)
Tan Poh Ching	55	99, Jalan Limau Purut Taman Bandaraya Bangsar 59000 Kuala Lumpur Malaysia	Malaysian	10.05.1994	Non-executive director/ (Chief Executive Officer)
Dato' Jamaludin bin Ibrahim	43	247, Jalan Bungor Rosa Sierramas 47000 Sungai Buloh Selangor Darul Ehsan Malaysia	Malaysian	23.04.2002	Executive director/ (Chief Executive Officer)

Notes:

* Designation means position in Maxis

Principal occupation of the director is not necessarily with Maxis

(1) Dato' Seri Syed Anwar Jamalullail's name as per his Identity Card is Syed Zainol Anwar

(2) Previously The Hon. Victor Lampson

8.1.1 Biographies of Directors

Tun Haji Mohammed Hanif bin Omar was appointed as the Chairman of Maxis Communications on 3 May 1994. He obtained a Bachelor of Arts degree in Economics, History and Malay from the University of Malaya, Singapore, in 1959, a Bachelor of Laws degree from the University of Buckingham, United Kingdom, in 1986 and a Certificate of Legal Practice from the Legal Profession Qualifying Board. He was with the Malaysian police force for 35 years and served as Malaysia's Inspector-General of Police for approximately 20 years. On his retirement in January 1994, he was appointed as the Deputy Chairman of Genting Berhad and Resorts World Berhad as well as Chairman of General Corporation Berhad and Park May Berhad. Currently, he also sits on the Boards of Directors of AMMB Holdings Berhad, MBf Finance Berhad and Arab Malaysian Finance Berhad.

8. INFORMATION ON DIRECTORS/SENIOR MANAGEMENT/MAJOR SHAREHOLDERS (Cont'd)

Dato' Seri Syed Anwar Jamalullail is a Chartered Accountant. A graduate from Macquarie University in Sydney, Australia with a Bachelor of Arts degree in Accounting, he qualified as a Certified Public Accountant ("CPA") in 1984. Prior to his last held position as Group Managing Director of Amanah Capital Partners Berhad, Dato' Seri Syed Anwar has held senior positions in the area of Finance with several local and international organisations. Currently, Dato' Seri Syed Anwar is Chairman of the Board for Malaysian Resources Corporation Berhad and Sistem Televisyen Malaysia Berhad. He also sits on the Board of a public-listed company, Nestle (Malaysia) Berhad and various private companies. In September 2001, he was appointed as Chairman of Investment Panel of Lembaga Tabung Haji.

The Lord Killearn (previously The Hon. Victor Lampson) was known for the first fifty five years of his life as The Hon. Victor Lampson before succeeding to the title on the death of his half-brother in 1996.

The Lord Killearn was educated at Eton College. After six years in the Scots Guards, The Lord Killearn spent one year with Chase Manhattan Bank in London before joining Cazenove in 1968.

The Lord Killearn was responsible for establishing the Cazenove & Co. office in Hong Kong in 1974 and worked in Hong Kong for Cazenove & Co. for four years. He became a partner of Cazenove & Co. on 1 May 1979 with responsibility for Asia until his retirement on 30 April 2002. He is the non-executive Chairman of Henderson Global Investors and a non-executive director of AMP Limited.

Timothy Hugh Ling is President and Chief Operating Officer of Unocal Corporation ("Unocal"). He is a member of Unocal's Management Committee and has served as a director since 2000. Previously, he was Executive Vice President, North America Operations, and began his career with Unocal in 1997 as Unocal's Chief Financial Officer.

He earned an undergraduate degree from Cornell University in 1982 and a Masters in Business Administration from the Stanford University Graduate School of Business in 1989. Prior to joining Unocal, he was a Partner at McKinsey and Company, an international management consulting firm, and worked as a research geologist for the United States Geological Survey at Woods Hole, Massachusetts.

Timothy Ling also serves as a Director of Pure Resources, Inc., a Texas based publicly held company focusing on oil and gas exploration and production in the United States. He is a director of the American Petroleum Institute and the Domestic Petroleum Council. He is on the Management Board for the Stanford University Graduate School of Business and serves as an officer and board member for the Los Angeles Philharmonic. He was formerly an independent director of ASTRO ALL ASIA NETWORKS Limited (incorporated in Bermuda).

Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin was appointed as a director to the Board of Maxis Communications on 8 February 1991. After completing his studies, he joined the Malay Administrative Services in 1953 and was initially attached to the Chief Secretary's Office in Kuala Lumpur. He was subsequently appointed as the Assistant District Officer of Tampin and the Assistant District Officer of Jelebu. In 1957, he joined the Royal Customs and Excise Department (Customs) as Superintendent. He was with the Customs for 23 years and rose to the position of Director. In 1980, he retired from the Customs and joined Island and Peninsular Development Berhad as a General Manager where he remained until 1984 after which he became a director of several private and public companies, including Usaha Tegas.

Khoo Teng Bin has been a director of Maxis Communications since 20 December 1986. Between 1963 and 1975, he worked as an external telecommunications executive in the General Post Office, United Kingdom and was involved in computerised switching, delivery and billing for international telegraph and telex systems. In 1976, he was appointed as the Managing Director of Dataprep (Malaysia) Sdn. Bhd., and was a Board member of Dataprep Holdings Ltd, Hong Kong. From 1979 to 1982, he was a shareholder and the Managing Director of a joint venture company with Honeywell Information Systems. In 1988, he founded Perkhidmatan Usaha Tegas Sdn. Bhd., a company involved with the live telecasting of horse racing and other sports. He was involved in conceptualising

8. INFORMATION ON DIRECTORS/SENIOR MANAGEMENT/MAJOR SHAREHOLDERS (Cont'd)

and implementing communications and on-line transaction-oriented operations for Pan Malaysian Pools, a wholly-owned subsidiary of Tanjong, a company listed on the KLSE and the London Stock Exchange, which is principally involved in leisure and entertainment and power generation. Currently, he acts as an adviser and is a Board member of, among others, Usaha Tegas, Binariang Satellite Systems, which is involved in the operation of a regional satellite network, and Communications & Satellite Services Sdn. Bhd. which provides communications and satellite services.

Augustus Ralph Marshall was appointed a director of Maxis Communications on 30 June 1993. He is an Associate of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Association of Certified Public Accountants, and has more than 25 years' experience in financial and general management. He is a director and Chief Executive Officer of ASTRO ALL ASIA NETWORKS Limited (incorporated in Bermuda) which is involved in broadcasting and multimedia. He also serves on the Boards of, among others, Tanjong (a company listed on the KLSE and the London Stock Exchange) which is involved in leisure and entertainment, Powertek Berhad (a subsidiary of Tanjong and a company listed on the KLSE) which is involved in power generation, Malaysian Tobacco Company Berhad (a company listed on the KLSE) which owns Binariang Satellite Systems, the operator of the Malaysia East Asia Satellite (MEASAT) network, Arnhold (a company listed on The Stock Exchange of Hong Kong Limited) which is involved in contracting for the building and construction industry, London International Exhibition Centre PLC, which is the owner and operator of the London International Exhibition Centre (Excel), KLCC (Holdings) Bhd. which is the developer and manager of the Kuala Lumpur City Centre development and Usaha Tegas.

Tan Poh Ching was appointed a director of Maxis Communications on 10 May 1994. Between 1973 and 1990, he held various technical and commercial management positions in the Shell group of companies in Malaysia before joining Pan Malaysian Pools, a wholly-owned subsidiary of Tanjong, a company listed on the KLSE and the London Stock Exchange, as a director in April 1990. He was first appointed to the Board of Tanjong as an executive director in October 1991 and in July 1992 was made the Chief Executive Officer. He is also a director of among others, Powertek Berhad (a company listed on the KLSE) and a subsidiary of Tanjong, which is involved in power generation and ASTRO ALL ASIA NETWORKS Limited (incorporated in Bermuda) which is involved in broadcasting and multimedia, and Usaha Tegas. He holds a First Class Honours degree in Mechanical Engineering from the University of Strathclyde, Scotland and has attended the Advanced Management Program at Harvard University.

Dato' Jamaludin bin Ibrahim was appointed as a director of Maxis Communications on 23 April 2002. He is also Chief Executive Officer of Maxis Communications. He has served with Maxis Communications for about five years having joined in early 1997 as the Director of Corporate Strategies and Development and was promoted to Chief Operating Officer in September of the same year. In October of the following year, Dato' Jamaludin bin Ibrahim was appointed as the Chief Executive Officer of Maxis Communications. He has over 17 years of experience in the IT industry prior to his appointment in Maxis Communications. He was the Managing Director and Chief Executive Officer of Digital Equipment (M) Sdn. Bhd. from 1993 to 1997. He spent 12 years at IBM Malaysia, from 1981 to 1993, initially as a systems engineer and moving on to positions in sales, marketing and management where his last position was Division Manager in charge of all IBM Malaysia's large accounts. He also spent one year as a lecturer at California State University, in the United States.

Dato' Jamaludin bin Ibrahim attended Maktab Sultan Abu Bakar before graduating from California State University in the United States with a Bachelor of Science, Business Administration, and a minor in Mathematics in 1978. He obtained his Masters of Business Administration from Portland State University, Oregon in 1980.

Dato' Jamaludin bin Ibrahim was recently named Malaysia's CEO of the Year 2000. The award was jointly presented by American Express Corporate Services and the Business Times. He was also named Business Person of the Year 2001 by the Asian Academy of Management. He is a director of Malaysia Venture Capital Management Berhad, MAVCAP Debt Ventures Berhad and Hei Tech

8. INFORMATION ON DIRECTORS/SENIOR MANAGEMENT/MAJOR SHAREHOLDERS (Cont'd)

Padu Berhad and otherwise is not, and has not been in the past two years, a major shareholder or director of any public corporation.

8.1.2 Ownership of Directors

The direct and indirect shareholdings of the directors in the Company as at 18 May 2002, and after giving effect to the issue of 410,875,000 Issue Shares and sale of 241,460,000 Offer Shares (being the maximum number of Issue Shares that may be issued and Offer Shares which may be sold pursuant to the Initial Public Offering) are set forth below^(a):

<u>Name</u>	<u>Direct Interest</u>				<u>Indirect Interest</u>				<u>Nationality</u>
	<u>No. of Shares before the Initial Public Offering</u>	<u>%</u>	<u>No. of Shares after the Initial Public Offering</u>	<u>%</u>	<u>No. of Shares before the Initial Public Offering</u>	<u>%</u>	<u>No. of Shares after the Initial Public Offering</u>	<u>%</u>	
Tun Haji Mohammed Hanif bin Omar	–	–	3,000,000	0.1224	598,950,665 ⁽¹⁾	29.36	598,950,665 ⁽¹⁾	24.44	Malaysian
Dato' Seri Syed Anwar Jamalullail ⁽²⁾	–	–	250,000	0.0102	–	–	–	–	Malaysian
The Lord Killearn ⁽³⁾	–	–	250,000	0.0102	–	–	–	–	British
Timothy Hugh Ling	–	–	250,000	0.0102	–	–	–	–	United States of America
Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin	–	–	500,000	0.0204	–	–	–	–	Malaysian
Khoo Teng Bin	–	–	500,000	0.0204	–	–	–	–	Malaysian
Augustus Ralph Marshall	–	–	500,000	0.0204	–	–	–	–	Malaysian
Tan Poh Ching	–	–	500,000	0.0204	–	–	–	–	Malaysian
Dato' Jamaludin bin Ibrahim	–	–	400,000	0.0163	–	–	–	–	Malaysian

Notes:

(1) Deemed to have an interest in the shares of Maxis Communications in which Harapan Nusantara has an interest, by virtue of his interest in Harapan Nusantara. Harapan Nusantara is deemed to have an interest in all of the shares of Maxis Communications in which Mujur Anggun, Cabaran Mujur, Anak Samudra Sdn. Bhd., Dumai Maju Sdn. Bhd., Nusantara Makmur Sdn. Bhd., Usaha Kenanga and Tegas Sari Sdn. Bhd. (the "Harapan Nusantara Subsidiaries") have an interest, by virtue of Harapan Nusantara being entitled to control the exercise of not less than 15 per cent. of the equity interest in the Harapan Nusantara Subsidiaries. However, he does not have any economic interest in these shares

(2) Dato' Seri Syed Anwar Jamalullail's name as per his Identity Card is Syed Zainol Anwar

(3) Previously The Hon. Victor Lampson

The interests of the director as disclosed above is based on the assumption that the director exercises the allocation of the Shares reserved for the director under the preferential share allocation scheme where the director will have to make an application on the Pink Application Forms as referred to elsewhere in this Prospectus.

(a) The number and percentage of Shares held after the Initial Public Offering includes 18,000,000 Shares which is the maximum number of Shares that may be preferentially issued to and subscribed for by Maxis employees including directors in the Initial Public Offering

8. INFORMATION ON DIRECTORS/SENIOR MANAGEMENT/MAJOR SHAREHOLDERS (Cont'd)

Maxis has also entered into a service contract with Tun Haji Mohammed Hanif bin Omar (“Tun Hanif”) for him to be a director and chairman of Maxis Communications. Under the terms of the service contract, Tun Hanif is entitled to an option of three million shares in the Company (subject to certain adjustments) which will be fully satisfied by the preferential share allocation scheme where Tun Hanif will have to make an application on the Pink Application Forms. In the event that Tun Hanif were to resign prior to the listing of the Company, he would be entitled to receive a certain amount of cash in lieu of the options over the shares in the Company.

8.1.3 Directorships and Major Shareholdings in all Other Public Corporations for the Past Two Years

The directorships and major shareholdings of the directors in other public corporations held in the two years preceding 18 May 2002 are set forth below:^(a)

<u>Names</u>	<u>Directorships</u>	<u>Major Shareholdings in Other Public Corporations</u>
Tun Haji Mohammed Hanif bin Omar	Genting Berhad ⁽¹⁾ Resorts World Berhad ⁽¹⁾ General Corporation Berhad ⁽¹⁾ Park May Berhad ⁽¹⁾ AMMB Holdings Berhad ⁽¹⁾ Arab-Malaysian Finance Berhad ⁽¹⁾ MBf Finance Berhad ⁽¹⁾ Fullmark Manufacturing Bhd. ⁽¹⁾ Majlis Ekuin Malaysia ⁽¹⁾ Renong Berhad (resigned on 3 October 2001) ⁽¹⁾ Linkedua (M) Bhd. (resigned on 16 November 2001) ⁽¹⁾	
Dato' Seri Syed Anwar Jamalullail	Malaysian Resources Corporation Bhd ⁽¹⁾ Sistem Televisyen Malaysia Berhad ⁽¹⁾ Nestle (Malaysia) Berhad ⁽¹⁾ Amanah SSCM Asset Management Berhad ⁽¹⁾ Bangkok Bank Berhad ⁽¹⁾ Amanah Capital Partners Berhad (resigned on 1 March 2002) ⁽¹⁾ Amanah Smallcap Fund Berhad (resigned on 1 March 2002) ⁽¹⁾ Alliance Merchant Bank Berhad (formerly Amanah Merchant Bank Berhad) (resigned on 23 April 2001) ⁽¹⁾ Amanah Capital Malaysia Berhad (resigned on 1 March 2002) ⁽¹⁾ Asia Unit Trust Berhad (resigned on 1 March 2002) ⁽¹⁾ Amanah General Insurance Bhd (resigned on 22 March 2002) ⁽¹⁾ Malaysia Discount Berhad (resigned on 15 May 2002) ⁽¹⁾	
The Lord Killearn	AMP Limited ⁽³⁾	
Timothy Hugh Ling	Unocal Corporation ⁽⁵⁾ Pure Resources ⁽⁵⁾	
Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin	Malaysian Community & Education Foundation ⁽¹⁾ Inter-community Welfare Foundation ⁽¹⁾ PWE Industries Berhad ⁽¹⁾ Tamadam Bonded Warehouse Berhad ⁽¹⁾ UCP Resources Berhad ⁽¹⁾	Ceased to be a major shareholder of Tamadam Bonded Warehouse on 21 June 2000

(a) These do not include directorships in foreign corporations which are not distinguishable as public or private corporations within the laws of their jurisdiction unless shares in such corporations are listed on a stock exchange

8. INFORMATION ON DIRECTORS/SENIOR MANAGEMENT/MAJOR SHAREHOLDERS (Cont'd)

<u>Names</u>	<u>Directorships</u>	<u>Major Shareholdings in Other Public Corporations</u>
Khoo Teng Bin	None	A direct interest of less than five per cent. as at 18 May 2002 and an indirect interest of 30,356,320 shares of 7.5 pence each which arises from his deemed interest in Ultimate Corporation Sdn. Bhd., which in turn holds the shares in Tanjong (representing 7.874 per cent. of the total issued share capital thereof)
Augustus Ralph Marshall	KLCC (Holdings) Bhd. ⁽¹⁾ Powertek Berhad ⁽¹⁾ Tanjong ⁽²⁾ Australian Equities Limited ⁽³⁾ London International Exhibition Centre PLC ⁽²⁾ Arnhold ⁽⁴⁾ Malaysian Tobacco Company Berhad ⁽¹⁾	
Tan Poh Ching	Powertek Berhad ⁽¹⁾ Malaysian Community & Education Foundation ⁽¹⁾ Tanjong ⁽²⁾	
Dato' Jamaludin bin Ibrahim	Hei Tech Padu Berhad ⁽¹⁾ Malaysia Venture Capital Management Berhad ⁽¹⁾ MAVCAP Debt Ventures Berhad ⁽¹⁾	

Notes:

(1) Incorporated in Malaysia

(2) Incorporated in the United Kingdom

(3) Incorporated in Australia

(4) Incorporated in Bermuda. This corporation is not distinguishable as private or public corporation under the laws of its jurisdiction, but is publicly listed on The Stock Exchange of Hong Kong Limited

(5) Incorporated in the State of Delaware, United States of America

8.1.4 Remuneration and Benefits of Directors and Chief Executive Officer (CEO)

The aggregate remuneration and benefits paid and proposed to be paid to the directors and CEO of Maxis for services rendered to Maxis in all capacities was approximately RM1,648,510 for the financial year ended 31 December 2001 and estimated at RM2,400,000 for the financial year ending 31 December 2002.

Details of the aggregate remuneration and benefits are as follows:

<u>Remuneration Band</u>	<u>Financial year ended/ending 31 December</u>	
	<u>2001</u>	<u>2002</u>
	<u>Number of directors and CEO</u>	<u>Number of directors and CEO</u>
RM200,000 and below	4	7
RM200,001 to RM1.5 million	2	2

The remuneration of the directors of the Company is approved by the Board and the shareholders of the Company, following recommendations made by the Remuneration Committee and the Board.

As at the date of this Prospectus, save as disclosed in Sections 8 and 21 of this Prospectus, none of the directors of the Company has any interest, direct or indirect (i) in the promotion of, or in any material assets which have been, within the two years preceding the date of this Prospectus, acquired or disposed of by or leased to or proposed to be acquired, disposed of by or leased to the Group, or (ii) in any contract or arrangement which is material in relation to the business of the Company or the Group subsisting as at the date hereof.

8. INFORMATION ON DIRECTORS/SENIOR MANAGEMENT/MAJOR SHAREHOLDERS (Cont'd)

Under the Company's Articles of Association, no director may vote in respect of any contract or proposed contract or arrangement in which he is directly or indirectly interested.

8.1.5 Audit Committee

The Audit Committee of the Company, reconstituted on 18 January 2002, is appointed by the Board of Directors and is responsible for reviewing issues of accounting policies and presentation for external financial reporting, monitoring the work of the internal audit function and ensuring that an objective and professional relationship is maintained with the external auditors. The Audit Committee has full access to both internal and external auditors who in turn have access at all times to the Chairman of the Audit Committee. The composition of the Audit Committee of the Company was further revised on 18 May 2002 to conform to paragraph 15.10 of the KLSE Listing Requirements and comprises three members, the majority of whom are independent non-executive directors. The Chairman is an independent non-executive director. The Audit Committee also reviews any related party transaction and conflict of interest that may arise within Maxis. The current members of the Audit Committee of the Company are set forth below.

<u>Name</u>	<u>Position</u>	<u>Date of Appointment</u>	<u>Directorship</u>
Timothy Hugh Ling	Chairman	18 May 2002	Independent non-executive director
Dato' Seri Syed Anwar Jamalullail	Member	18 May 2002	Independent non-executive director
Augustus Ralph Marshall	Member	18 May 2002	Non-executive director

8.1.6 Remuneration Committee

The Remuneration Committee of the Company, reconstituted on 18 January 2002, is appointed by the Board of Directors and comprises three members, the majority of whom are independent non-executive directors. The composition of the Remuneration Committee of the Company was further revised on 18 May 2002 to conform to the Malaysian Code of Corporate Governance. The Chairman is an independent non-executive director. The Remuneration Committee is charged with the responsibility of (i) recommending to the Board of Directors the policy and framework for directors' remuneration as well as the remuneration and terms of service of executive directors and (ii) evaluating performance and reward for executive directors. The current members of the Remuneration Committee are set forth below.

<u>Name</u>	<u>Position</u>	<u>Date of Appointment</u>	<u>Directorship</u>
Dato' Seri Syed Anwar Jamalullail	Chairman	18 May 2002	Independent non-executive director
The Lord Killearn	Member	18 May 2002	Independent non-executive director
Tan Poh Ching	Member	18 May 2002	Non-executive director

8.1.7 Nomination Committee

The Nomination Committee of the Company, established on 18 January 2002, is appointed by the Board of Directors and comprises three members, the majority of whom are independent non-executive directors. The composition of the Nomination Committee of the Company was further revised on 18 May 2002 to conform to the Malaysian Code of Corporate Governance. The Nomination Committee is responsible for (i) recommending to the Board of Directors the optimum size of the Board of Directors, and formalising a transparent procedure for proposing new nominees to the Board of Directors and committees of the Board of Directors; (ii) assisting the Board of Directors in reviewing on an annual basis the required mix of skills and experience of non-executive directors; (iii) assessing the effectiveness of the Board of Directors as a whole and each individual director and member of each committee of the Board of Directors; and (iv) ensuring that the investments of minority shareholders of the Company are fairly reflected in the Board of Directors. The

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recommendations of the Committee are subject to the approval of the Board of Directors. The current members of the Nomination Committee are set forth below.

<u>Name</u>	<u>Position</u>	<u>Date of Appointment</u>	<u>Directorship</u>
The Lord Killearn	Chairman	18 May 2002	Independent non-executive director
Dato' Seri Syed Anwar Jamalullail	Member	18 May 2002	Independent non-executive director
Augustus Ralph Marshall	Member	18 May 2002	Non-executive director

8.2 Senior Management

The senior management of Maxis is set forth below.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Dato' Jamaludin bin Ibrahim	43	Chief Executive Officer
James Edward Alexander Brodie	53	Chief Financial Officer
Ross Chia ⁽¹⁾	53	Head of Consumer Business
Jeremy John Saville	52	Head of Organisational Resource Development
Gregory John Drayton	52	Head of Technology Development
Richard Casimir Zawila	40	Chief Technical Officer
Lee Chin Yik	50	Chief Information Officer
Meha Sivamohan ⁽²⁾	43	General Counsel
Amdan bin Mat Din	45	Head of Corporate Affairs
Kiang Chew Peng	47	Head of Customer Services
Azmi bin Ujang	42	Head of Human Resources
Darke bin Mohamed Sani	46	Head of Enterprise Business
Chow Chee Yan	47	Head of Internal Audit
Dipak Kaur a/p Sangat Singh	32	Company Secretary

Notes:

(1) Ross Chia's name as per his Identity Card is Chia Boon Khim

(2) Meha Sivamohan's name as per her Identity Card is Meharani a/p Ramasamy

8.2.1 Biographies of Senior Management

Dato' Jamaludin bin Ibrahim is a director and Chief Executive Officer of Maxis Communications. For information on his biography refer to Section 8.1.1 of this Prospectus.

James Edward Alexander Brodie was appointed Chief Financial Officer in July 2001. He was also formerly the Chief Financial Officer of Maxis from March 1997 to March 2000. Prior to joining Maxis in 1997, he was the General Manager, Planning and Finance for Sarawak Shell Bhd., Miri, Sarawak. He has approximately 28 years' experience in the financial sector working for companies such as the Shell Group of Companies in Venezuela, Mexico, United Kingdom, Brazil and Malaysia (from 1981 to 1997), Texaco Limited, United Kingdom (from 1980 to 1981), Sheerness Steel Co., United Kingdom (from 1979 to 1980), Price Waterhouse, Spain (from 1976 to 1979), Turquands Barton Mayhew, Spain (from 1974 to 1976) and Price Waterhouse, Manchester (from 1970 to 1974). He earned a Bachelor of Laws from the University of Manchester, United Kingdom and is a Fellow of the Institute of Chartered Accountants in England and Wales.

Ross Chia was appointed Head of Consumer Business in 1999. He has spent the past five years working for Maxis. Prior to joining Maxis, he spent 10 years at Procter & Gamble in Malaysia, Singapore and Indonesia. His last held position in Procter & Gamble was as Sales Director for

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Malaysia and Singapore. He started his career with Hagemeyer Trading Sdn. Bhd., serving in various positions for seven years. He earned a Bachelor of Economics from the University of Malaya, Malaysia.

Jeremy John Saville was appointed as Head of Organisational Resource Development in February 2002. He spent 27 years with the various Shell Group of companies worldwide where he took on the roles of Head of Strategic Planning, Retail Network Development Manager, Personnel Director, Head of Human Resources Advice & Appraisal, Head of Human Resources & Vice President. Prior to joining Maxis, he established Saville & Associates, an independent management consultancy firm in the United Kingdom specialising in performance, coaching and motivation. He completed the Sloan Program in the London Business School before obtaining his Diploma in Industrial Relations from the Open University, UK. Thereafter he continued his studies as an IBM Scholar at Oxford University where he obtained his Master of Arts degree in philosophy & psychology.

Gregory John Drayton was appointed Head of Technology Development in May 2002. He spent 30 years with Telstra in Australia. His most recent position was as General Manager of Mobile Network Engineering responsible for all mobile network development and the five year strategic mobile technology plan. This has included evaluating the technology roadmaps for Telstra's GSM and CDMA networks, their support of future voice and data applications and their fit with Telstra's strategic marketing and product plans. He was also responsible for the lifecycle system engineering and product engineering and change management for all Telstra's mobile technologies. Operational responsibilities included continuous service and cost improvements to the existing network. He has spent 15 years in the mobile telecommunications business as a Regional Manager, Systems Engineering Manager and National Manager. Earlier in his career, he spent 15 years in the wireline business. He has a Master of Science degree from the University of Melbourne and a Bachelor of Engineering Honours degree in Electrical Engineering from Monash University.

Richard Casimir Zawila was appointed Chief Technical Officer of Maxis in January 2001. Prior to joining Maxis, he worked for Motorola for 11 years in various capacities including as Regional Engineering Services Director and as Regional China Engineering Manager. Prior to this, he spent three years at Hughes Aircraft as an engineer. His last held position was as Director of Technology and Services for Motorola Cellular Infrastructure based in Beijing. He earned a Bachelor of Science (EE) from the University of Illinois, Chicago, in the United States, a Master of Science from California State University, in the United States and an International Executive Masters of Business Administration (Hons.) from Rutgers University, New Jersey, in the United States.

Lee Chin Yik was appointed Chief Information Officer of Maxis in August 1998. He has 25 years' experience in the IT industry having also worked for Digital Equipment Corporation for three years and IBM for 18 years. Prior to joining Maxis he worked for Digital Equipment Corporation where his last held position was as Large Accounts Support Manager. At IBM, he worked in local operations and regional headquarters at various management levels, most recently as Business Development Manager. He earned a Bachelor of Science in Physics from the University of Malaya, Malaysia.

Meha Sivamohan was appointed General Counsel in January 2001 and heads the Legal and Regulatory Division. She has spent the last 10 years working for Maxis. Prior to joining Maxis in April 1992, she spent three years at Messrs Shearn Delamore & Co as a Legal Assistant and seven years as a lecturer/tutor at Universiti Pertanian Malaysia, Malaysia ("UPM") and University of Malaya, Malaysia. She earned a Bachelor of Science (Agribusiness) from UPM, a Master of Science (Accounting and Finance) from the London School of Economics, United Kingdom, a Bachelor of Laws (Honours) from the University of London, United Kingdom and a Certificate of Legal Practice from the Legal Profession Qualifying Board.

Amdan bin Mat Din was appointed Head of Corporate Affairs in January 2001 and has spent the past eight years working for Maxis. Prior to joining Maxis in January 1994, he had served the Government in various capacities in the Judicial and Legal Service for a period of 13 years; these included Sessions Court Judge (1989-1990, 1993) Senior Federal Counsel (1990-1993) and Deputy Public Prosecutor, Wilayah Persekutuan (1993). He earned his Bachelor of Laws (Honours) from the University of Malaya, Malaysia.

8. INFORMATION ON DIRECTORS/SENIOR MANAGEMENT/MAJOR SHAREHOLDERS (Cont'd)

Kiang Chew Peng was appointed Head of Customer Services in January 1998 and has spent the last seven years working at Maxis. Prior to joining Maxis in August 1994, she worked for four years at Public Bank Berhad and Citibank as Marketing Manager/Asst. Vice President and Sales & Marketing Manager respectively. Prior to this she also spent 13 years in advertising firms (Lintas and Ogilvy & Mather). She earned a Bachelor of Arts (majoring in Mass Communications) from The Universiti Sains Malaysia, Malaysia.

Azmi bin Ujang was appointed Head of Human Resources of Maxis in October 1999 and has spent the last nine years working at Maxis. Prior to joining Maxis in September 1992, he worked for a year as a Dealer Representative at Seagrott & Campbell, a stock broking firm, and seven years at Standard Chartered Bank as a Covenanted Officer/National Officer in banking operations and human resources. He earned a Bachelor of Science (Finance) and a Masters of Business Administration from Indiana State University in the United States.

Darke bin Mohamed Sani was appointed Head of Enterprise Business in December 2001. Prior to joining Maxis, he spent three years in Apple Computer South Asia as Managing Director for the ASEAN region. He spent 12 years with Digital Equipment Corporation, the last three as the Managing Director for Singapore. He is a board member of the Land Transport Authority of Singapore and has a Bachelor of Engineering (Civil) degree from the University of Singapore.

Chow Chee Yan is a Chartered Accountant (England & Wales) and holds an MBA from the Cranfield Institute of Science and Technology (UK). Prior to joining Maxis, Chow Chee Yan was Director of Risk Management of MEASAT Broadcast Network Systems, where he was responsible for the Internal Audit and Change Management departments in the company. Chee Yan also has had considerable experience (13 years) with the Schlumberger group in strategic planning, business development, internal audit, cost management and the planning and implementation of corporate changes. His previous positions included International Financial Controller (Asia & Middle East) for Sedco-Forex, based in Singapore, Regional Finance Controller for Dowell-Schlumberger based in Denver (U.S.) and International Finance Controller (Indonesia) for Schlumberger (Wireline) based in Jakarta.

Dipak Kaur a/p Sangat Singh was appointed Company Secretary in September 2001. Prior to joining Maxis in August 2001, she spent two years at Arab Malaysian Corporation Berhad and six years at DMIB Berhad group of companies as Company Secretary/Legal Advisor. She earned a Bachelor of Law from University of Leicester, United Kingdom and a Masters in Law from University of Malaya, Malaysia. She also obtained a Certificate of Legal Practice from the Legal Profession Qualifying Board and a Certified Diploma in Accounting and Finance from the Association of Chartered Certified Accountants.

8.2.2 Ownership of Executive Directors and Senior Management

As at the date of this Prospectus, no member of the senior management owns, directly or indirectly, any shares or option to purchase any shares in the Company. However, Dato' Jamaludin bin Ibrahim, subject to his remaining in the service of the Company and to satisfactory performance as determined by the Board of Directors, is entitled to options over the ordinary shares in the Company which will be granted prior to the listing of the Company. The number of ordinary shares to which he will be entitled to be allocated will depend on the Final Retail Price. On the assumption that the Final Retail Price is RM4.80, the number of options to be granted to Dato' Jamaludin bin Ibrahim in contemplation of the Initial Public Offering will relate to about 2.083 million ordinary shares in the Company. The options are exercisable over a period of ten years. The proposal is that the options will be granted under the Company's Employee Share Option Scheme.

8.2.3 Senior Management Employment Contracts

Maxis has entered into employment contracts with the senior management. Certain of the employment contracts of senior management are fixed term contracts which are subject to early termination provisions. All employment contracts with senior management contain confidentiality provisions.

8. INFORMATION ON DIRECTORS/SENIOR MANAGEMENT/MAJOR SHAREHOLDERS (Cont'd)**8.3 Other Matters**

Each of the directors and senior management of Maxis has confirmed to the Company that he is not and has not been involved in any of the following events:

- (i) a petition under any bankruptcy or insolvency laws being filed (and not struck out) against such person or any partnership in which he was a partner or any company of which he was a director or key personnel;
- (ii) a conviction in a criminal proceedings or is a named subject of a pending criminal proceedings; and
- (iii) the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

None of the directors of the Company other than Tun Hanif and Dato' Jamaludin bin Ibrahim has any existing or proposed service agreements with Maxis at the date of this Prospectus.

None of the directors have any interest, direct or indirect, in other businesses or corporations carrying on a similar trade as Maxis Communications or any subsidiaries of Maxis Communications.

8.4 Promoter

Usaha Tegas is the Promoter of the Initial Public Offering.

Usaha Tegas was incorporated in 1984 in Malaysia pursuant to the Companies Act as a private limited company. Usaha Tegas is an investment holding company ultimately controlled by the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam and foundations including those for charitable purposes. Usaha Tegas has been involved in the affairs and business of the Company since 1995, when it became a major shareholder of the Company.

The principal activities of Usaha Tegas are investment holding and provision of management services. The UT Group and its associates are involved in a diverse range of industries such as telecommunications, media and broadcasting, leisure, power generation, property development, exhibition centre operations and management. Among the principal companies within the UT Group or associated with the UT Group are:

- Tanjong, a company listed on the London Stock Exchange and the KLSE. The principal activity of Tanjong is investment holding and the principal activities of its subsidiaries in Malaysia are numbers forecast and racing totalisator businesses, power generation and property investment. The principal activities of its subsidiaries in China are the importation, bottling, sale and distribution of liquefied petroleum gas;
- Powertek Berhad, a subsidiary of Tanjong and an independent power producer in Malaysia, which is listed on the KLSE;
- MEASAT Broadcast Network Systems, Malaysia's sole provider of digital direct-to-home satellite pay television services, offered under the ASTRO brand name;
- Nusa Pasifik Sdn. Bhd. which, through its subsidiaries and associated companies, is principally involved in the operation of a sweepstake and an exhibition centre; and
- Celestial Pictures Ltd, a subsidiary involved in film production and licensing of film rights.

The directors of Usaha Tegas are Tunku Dato' Seri Mahmud bin Tunku Besar Burhanuddin, Khoo Teng Bin, Tan Poh Ching and Augustus Ralph Marshall. None of these directors have any shareholding or interests, whether direct or indirect, in Usaha Tegas.

8. INFORMATION ON DIRECTORS/SENIOR MANAGEMENT/MAJOR SHAREHOLDERS (Cont'd)

Usaha Tegas currently has an authorised share capital of RM10,045,000 divided into 10,000,000 ordinary shares of RM1.00 each and 4,500,000 cumulative redeemable preference shares ("CRPS") of RM0.01 each, which have all been issued and are fully paid-up. Two of the ordinary shares are owned by First City Resources Sdn. Bhd. whilst the remaining 9,999,998 are owned by Pacific States Investment Limited. The CRPS were redeemed on 29 March 2002.

Details of the major shareholders of Usaha Tegas as at 18 May 2002 are set out below:

<u>Name</u>	<u>Place of incorporation/ nationality</u>	<u>Direct Number of shares over which interest is held</u>	<u>%</u>	<u>Indirect Number of shares over which interest is held</u>	<u>%</u>
Pacific States	Jersey, Channel Islands	9,999,998	99.999	–	–
Excorp Holdings N.V	Netherlands Antilles			9,999,998 ⁽¹⁾	99.999
PanOcean Management Limited	Jersey, Channel Islands	–	–	9,999,998 ⁽¹⁾	99.999
Ananda Krishnan Tatparanandam	Malaysian	–	–	9,999,998 ⁽¹⁾	99.999

Notes:

(1) PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam and foundations including those for charitable purposes. The shares in Pacific States are held by Excorp Holdings N.V. which is in turn held by PanOcean. Although PanOcean and Ananda Krishnan Tatparanandam are deemed to have an interest by virtue of the trust and related arrangements, they do not have any economic or beneficial interest in the shares.

Refer to Annex B of this Prospectus for further details of the major shareholders of Usaha Tegas.

As at 18 May 2002, Usaha Tegas, through its wholly-owned subsidiaries, owns approximately 27.1 per cent. of the issued ordinary shares of Maxis Communications. As such, Usaha Tegas, Pacific States, Excorp Holdings N.V., PanOcean and Ananda Krishnan Tatparanandam (by virtue of their deemed interests in Usaha Tegas) are deemed to have an interest in all of the issued and outstanding ordinary shares of Maxis Communications in which Wilayah Resources Sdn. Bhd., Tegas Puri Sdn. Bhd., Besitang Barat Sdn. Bhd., Besitang Selatan Sdn. Bhd. (collectively, "UT Subsidiaries") have an interest by virtue of Section 6A of the Companies Act.

No amount has been paid or benefit given within the two years preceding the date of this Prospectus, nor is it intended to be so paid or given, to the Promoter by the Company.

As at 18 May 2002, save for their direct or indirect interest in the Company, none of Usaha Tegas, Pacific States, Excorp Holdings N.V., PanOcean or Ananda Krishnan Tatparanandam has any interest, direct or indirect, in any other businesses or corporations carrying on a similar trade as Maxis Communication or any other subsidiaries of Maxis Communications.

8. INFORMATION ON DIRECTORS/SENIOR MANAGEMENT/MAJOR SHAREHOLDERS (Cont'd)**8.5 Selling Shareholder and Other Major Shareholders****8.5.1 Selling Shareholder**

The Selling Shareholder in the Initial Public Offering is Maxis Holdings, which is the beneficial owner of 31.3 per cent. shares of the Company. Following the Initial Public Offering, the Selling Shareholder will own 397,849,171 ordinary shares, representing approximately 16.2 per cent. of the outstanding ordinary shares of the Company. The following table sets forth information regarding the ownership by the Selling Shareholder of ordinary shares of the Company before and after giving effect to the Initial Public Offering. In relation to the 16.2 per cent. of the ordinary shares of the Company held by the Selling Shareholder, Usaha Tegas and the Selling Shareholder have agreed to consult each other prior to the exercise of the voting rights attached to such shares.

	Existing ownership of ordinary shares of RM1.00 each as at <u>31 December 2001</u>	Ownership of ordinary shares of RM0.10 each before the <u>Initial Public Offering</u>	Number of Offer Shares of RM0.10 each offered in the <u>Initial Public Offering</u>	Ownership of ordinary shares of RM0.10 each after the <u>Initial Public Offering</u>
Maxis Holdings	157,894,739	639,309,171	241,460,000	397,849,171

Pursuant to the lock-up agreement referred to in Section 23 of this Prospectus, the Selling Shareholder will agree not to transfer or dispose of, directly or indirectly, any ordinary shares other than the Offer Shares or any securities convertible into or exercisable or exchangeable for ordinary shares, from the date of this Prospectus until 180 days have elapsed following the date of commencement of trading on the KLSE. Transfers or dispositions can be made sooner with the prior written consent of the Global Co-ordinator. The Selling Shareholder has indicated to Usaha Tegas that, in the event the Selling Shareholder decides to sell its shares in Maxis Communications at any time after the expiry of the lock-up period to be imposed pursuant to the lock-up agreement and after repayment by the Selling Shareholder of its debt obligations, it intends to offer such shares for purchase by Usaha Tegas, subject to mutual agreement on price.

The Selling Shareholder was incorporated in Malaysia on 7 August 1995 as a private limited company. The principal activity of the Selling Shareholder is investment holding. The directors of the Selling Shareholder are Augustus Ralph Marshall, Lim Ghee Keong and Mohamad Shahrin bin Merican. None of these directors have any shareholding, whether direct or indirect, in the Selling Shareholder.

Neither the Selling Shareholder nor any of the major shareholders of the Company disclosed herein have any interest direct or indirect in other businesses or corporations carrying on a similar trade as Maxis Communications or other subsidiaries of Maxis Communications.

The major shareholders of Maxis Holdings (being persons who have an interest in not less than five per cent. of the voting shares in Maxis Holdings) and their respective shareholdings in Maxis Holdings are as set out in Annex B of this Prospectus.

8.5.2 Corporate Restructuring Exercise Undertaken by the Selling Shareholder

In May 2002, Maxis Holdings redeemed part of its redeemable preference shares held by certain shareholders (the "Outgoing Shareholders") in exchange for ordinary shares in Maxis Communications and cash, and in addition, the Outgoing Shareholders disposed of their respective entire shareholding in Maxis Holdings to the remaining shareholders of Maxis Holdings. As a result

8. INFORMATION ON DIRECTORS/SENIOR MANAGEMENT/MAJOR SHAREHOLDERS (Cont'd)

of the foregoing, the direct ownership of the Outgoing Shareholders in Maxis Communications, after giving effect to the Initial Public Offering, will be as follows:

	After the Initial Public Offering	
	No. of shares of RM0.10 each	% of enlarged share capital
Mujur Anggun	50,214,543	2.049
Anak Samudra Sdn. Bhd.	83,689,359	3.415
Dumai Maju Sdn. Bhd.	83,689,359	3.415
Nusantara Makmur Sdn. Bhd.	83,689,359	3.415
Usaha Kenanga	200,853,534	8.195
Tegas Sari Sdn. Bhd.	35,148,789	1.434
Cabaran Mujur	61,665,722	2.516
Wilayah Resources	133,901,584	5.463
Tegas Puri	167,378,718	6.829
Besitang Barat	133,901,583	5.463
Besitang Selatan	117,164,175	4.781
Wangi Terang Sdn. Bhd.	82,015,386	3.346
Ria Utama	83,689,359	3.415
Tetap Emas	83,689,359	3.415
Total	<u>1,400,690,829</u>	<u>57.151</u>

8.5.3 Details of Major Shareholders

Further information concerning Maxis Communications' major shareholders is set forth in Section 9.2 and Annex B of this Prospectus.

8.5.4 Redemption of Redeemable Preference Shares in Maxis Communications Held for the Benefit of the Selling Shareholder and Dividend Payments for the Benefit of the Selling Shareholder

On 6 May 2002, Maxis Communications issued 203,300 Redeemable Preference Shares ("RPS") of RM1.00 each at a premium of RM9,999 each for the benefit of the Selling Shareholder. Prior to the Initial Public Offering, these RPS were redeemed partly from the proceeds of the issuance of new ordinary shares of Maxis Communications and partly in cash.

Maxis Communications declared dividends totalling RM760 million for the benefit of the Selling Shareholder in respect of the financial year ended 31 December 2001. These dividends were paid on 31 December 2001 and 22 April 2002 for the benefit of the Selling Shareholder.

The impact of the redemption of the RPS and the payment of the 2001 dividends on the financial statements of Maxis Communications is reflected in the Proforma Balance Sheet as of 31 March 2002 – as described in Section 4.11 of this Prospectus.

8.6 Relationships or associations between major shareholders, the Promoter, directors, key management and key technical personnel of the Company

Save as disclosed in Annex C, there are no relationships/associations between the major shareholders, the Promoter, directors, key management and key technical personnel of the Company.

9. SHARE OWNERSHIP

9.1 Introduction

As at the date of this Prospectus, the authorised share capital of the Company is RM2,000,000,000 comprising 20,000,000,000 ordinary shares of RM0.10 each, of which 2,040,000,000 are issued and outstanding and are fully paid.

9.1.1 Changes in Authorised Share Capital

Details of the significant changes in the authorised capital of the Company since incorporation are set forth below.

<u>Date</u>	<u>Authorised Capital</u>
19.12.1986	RM25,000 divided into 25,000 shares of RM1.00 each
11.05.1988	RM100,000 divided into 100,000 shares of RM1.00 each
14.12.1990	RM2,000,000 divided into 2,000,000 ordinary shares of RM1.00 each
14.02.1991	RM10,000,000 divided into 10,000,000 shares of RM1.00 each
16.06.1993	RM100,000,000 divided into 90,000,000 4½ per cent. cumulative non-voting redeemable convertible preference shares of RM1.00 each and 10,000,000 ordinary shares of RM1.00 each
06.04.1994	RM102,500,000 divided into 90,000,000 4½ per cent. cumulative non-voting redeemable convertible preference shares of RM1.00 each, 2,500,000 non-voting redeemable preference shares of RM1.00 each and 10,000,000 ordinary shares of RM1.00 each
10.02.1995	RM192,500,000 divided into 90,000,000 4½ per cent. cumulative non-voting redeemable convertible preference shares of RM1.00 each, 2,500,000 non-voting redeemable preference shares of RM1.00 each and 100,000,000 ordinary shares of RM1.00 each
12.08.1997	RM1,000,000,000 divided into 1,000,000,000 ordinary shares of RM1.00 each
06.05.2002	RM1,000,203,300 divided into 203,300 non-voting redeemable preference shares of RM1.00 each and 1,000,000,000 ordinary shares of RM1.00 each
18.05.2002	RM2,000,000,000 divided into 20,000,000,000 ordinary shares of RM0.10 each

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9. SHARE OWNERSHIP (Cont'd)

9.1.2 Changes in Issued and Paid-up Share Capital

Details of the changes in the issued and paid-up share capital of the Company since incorporation are set forth below.

Ordinary Shares

<u>Date of Allotment</u>	<u>Total Number of Shares Allotted</u>	<u>Nominal Value (RM)</u>	<u>Consideration</u>	<u>Total (RM)</u>
19.12.1986	2	1.00	Cash	2
11.05.1988	24,998	1.00	Cash	25,000
14.12.1990	975,000	1.00	Cash	1,000,000
24.06.1993	3,000,000	1.00	Otherwise than in cash	4,000,000
25.06.1993	6,000,000	1.00	Cash	10,000,000
10.02.1995	90,000,000	1.00	Cash	100,000,000
02.09.1997	5,263,158	1.00	Cash	105,263,158
09.10.1998	52,631,579	1.00	Cash	157,894,737
12.04.1999	1	1.00	Cash	157,894,738
07.10.1999	1	1.00	Cash	157,894,739
16.05.2002	2,790	1.00	Cash	157,897,529
17.05.2002	21,857,463	1.00	Cash	179,754,992
17.05.2002	24,245,008	1.00	Bonus issue from application of the share premium account	204,000,000
18.05.2002	1,836,000,000	0.10	Reduction in the nominal value of ordinary shares from RM1.00 to RM0.10 per share	204,000,000

Preference Shares

4.5 per cent. Cumulative Non-Voting Redeemable Convertible Preference Shares

<u>Date of Allotment/ Redemption</u>	<u>Total Number of Shares Allotted/ (Redeemed)</u>	<u>Nominal Value (RM)</u>	<u>Consideration</u>	<u>Total (RM)</u>
25.06.1993	90,000,000	1.00	Cash	90,000,000 ⁽¹⁾
10.02.1995	(90,000,000)	1.00	Cash	Nil

Notes:

(1) These shares were paid-up on the date they were redeemed

Non-Voting Redeemable Preference Shares

<u>Date of Allotment/ Redemption</u>	<u>Total Number of Shares Allotted/ (Redeemed)</u>	<u>Nominal Value (RM)</u>	<u>Consideration</u>	<u>Total (RM)</u>
06.04.1994	2,500,000	1.00	Cash	2,500,000
10.02.1995	(2,500,000)	1.00	Cash	Nil
06.05.2002	203,300	1.00	Otherwise than in cash (Bonus Issue from application of share premium account)	203,300
16.05.2002	(114,000)	1.00	Cash and otherwise than in cash	89,300
17.05.2002	(89,300)	1.00	Cash and otherwise than in cash	Nil

9. SHARE OWNERSHIP (Cont'd)

Save as disclosed in the Prospectus, there are no issued and outstanding preference shares as at the date of this Prospectus.

9.2 Shareholdings of the Promoter and Major Shareholders

As at 18 May 2002, the list of persons who have an interest in not less than five per cent. of the voting shares in Maxis Communications and their shareholding interests are as set forth below and their detailed information is as set forth in Annex B of this Prospectus.

Name	Number of ordinary shares of RM0.10 each over which interest subsisting is direct	Percentage of shareholding (%)	Number of ordinary shares of RM0.10 each over which interest subsisting is indirect	Percentage of shareholding (%)
Mujur Anggun Sdn. Bhd.	50,214,543	2.461	61,665,722 ⁽¹⁾	3.023
Tenaga Tegap Sdn. Bhd.	–	–	111,880,265 ⁽²⁾	5.484
Desa Bidara Sdn. Bhd.	–	–	111,880,265 ⁽³⁾	5.484
Angsana Kukuh Sdn. Bhd.	–	–	111,880,265 ⁽⁴⁾	5.484
Beduk Selatan Sdn. Bhd.	–	–	111,880,265 ⁽⁵⁾	5.484
Indomurni Sdn. Bhd.	–	–	111,880,265 ⁽⁶⁾	5.484
Badai Jaya Sdn. Bhd.	–	–	111,880,265 ⁽⁷⁾	5.484
Badai Maju Sdn. Bhd.	–	–	111,880,265 ⁽⁸⁾	5.484
Bagan Budiman Sdn. Bhd.	–	–	167,378,718 ⁽⁹⁾	8.205
Usaha Kenanga Sdn. Bhd.	200,853,534	9.846	35,148,789 ⁽¹⁰⁾	1.723
Nusantara Tegas Sdn. Bhd.	–	–	236,002,323 ⁽¹¹⁾	11.569
Harapan Nusantara Sdn. Bhd.	–	–	598,950,665 ⁽¹²⁾	29.360
Tun Haji Mohammed Hanif Bin Omar	–	–	598,950,665 ⁽¹³⁾	29.360
Dato' Haji Badri Bin Haji Masri	–	–	598,950,665 ⁽¹³⁾	29.360
Hj. Affendi Bin Tun Hj. Mohd Fuad Stephens	–	–	598,950,665 ⁽¹³⁾	29.360
Mohamad Shahrin Bin Merican	–	–	598,950,665 ⁽¹³⁾	29.360
Pacific Fortune Sdn. Bhd.	–	–	167,378,718 ⁽¹⁴⁾	8.205
MAI Holdings Sdn. Bhd.	–	–	167,378,718 ⁽¹⁵⁾	8.205
Ananda Krishnan Tatparanandam	–	–	801,740,164 ^{(16) & (24)}	39.301
Wilayah Resources Sdn. Bhd.	133,901,584	6.564	–	–
Tegas Puri Sdn. Bhd.	167,378,718	8.205	–	–
Besitang Barat Sdn. Bhd.	133,901,583	6.564	–	–
Besitang Selatan Sdn. Bhd.	117,164,175	5.743	–	–
Wilayah Bintang Sdn. Bhd.	–	–	133,901,584 ⁽¹⁷⁾	6.564
Tegas Mahsuri Sdn. Bhd.	–	–	167,378,718 ⁽¹⁸⁾	8.205
Besitang (M) Sdn. Bhd.	–	–	133,901,583 ⁽¹⁹⁾	6.564
Besitang Utara Sdn. Bhd.	–	–	117,164,175 ⁽²⁰⁾	5.743
Usaha Tegas Equity Sdn. Bhd.	–	–	552,346,060 ⁽²¹⁾	27.076
Usaha Tegas Sdn. Bhd.	–	–	552,346,060 ⁽²²⁾	27.076
Pacific States Investment Limited	–	–	552,346,060 ⁽²³⁾	27.076
Excorp Holdings N.V.	–	–	552,346,060 ⁽²⁴⁾	27.076
PanOcean Management Limited	–	–	552,346,060 ⁽²⁴⁾	27.076
Maxis Holdings Sdn. Bhd.	639,309,171 ⁽²⁵⁾	31.339	–	–

9. SHARE OWNERSHIP (Cont'd)

Name	Number of ordinary shares of RM0.10 each over which interest subsisting is direct	Percentage of shareholding (%)	Number of ordinary shares of RM0.10 each over which interest subsisting is indirect	Percentage of shareholding (%)
Global Multimedia Technologies (BVI) Ltd	–	–	639,309,171 ⁽²⁶⁾	31.339
East Asia Telecommunications Ltd	–	–	639,309,171 ⁽²⁶⁾	31.339
Worldwide Communications Technologies Ltd	–	–	639,309,171 ⁽²⁶⁾	31.339
First East Asia Investments N.V.	–	–	639,309,171 ⁽²⁷⁾	31.339

Notes:

- (1) Deemed interest by virtue of its interest in Cabaran Mujur
- (2) Deemed interest by virtue of its interest in Mujur Anggun, the immediate holding company of Cabaran Mujur
- (3) Deemed interest by virtue of its interest in Tenaga Tegas which in turn has a direct interest in Mujur Anggun. See Note (2) above
- (4) Deemed interest by virtue of its interest in Desa Bidara Sdn. Bhd. which in turn has a direct interest in TTSB. See Note (3) above
- (5) Deemed interest by virtue of its interest in TTSB which in turn has a direct interest in Mujur Anggun. See Note (2) above
- (6) Deemed interest by virtue of its interest in Beduk Selatan Sdn. Bhd. which in turn has a direct interest in TTSB. See Note (5) above
- (7) Deemed interest by virtue of its interest in TTSB which in turn has a direct interest in Mujur Anggun. See Note (2) above
- (8) Deemed interest by virtue of its interest in Badai Jaya Sdn. Bhd. which in turn has a direct interest in TTSB. See Note (7) above
- (9) Deemed interest by virtue of its interests in Samudra Capital Sdn. Bhd. and Alam Nakhoda Sdn. Bhd. which are immediate holding companies of Anak Samudra Sdn. Bhd. (“ASSB”) and Dumai Maju Sdn. Bhd. (“DMSB”) respectively
- (10) Deemed interest by virtue of its interest in Citra Cekal Sdn. Bhd. (“CCSB”), the immediate holding company of Tegas Sari Sdn. Bhd. (“TSSB”)
- (11) Deemed interest by virtue of its interest in UKSB which in turn has a direct interest in CCSB. See Note (10) above
- (12) Deemed interest by virtue of its interests in:
 - (i) Angsana Kukuh Sdn. Bhd., Indomurni Sdn. Bhd. and Badai Maju Sdn. Bhd. which in turn have a deemed interest in Mujur Anggun. Mujur Anggun is the immediate holding company of Cabaran Mujur;
 - (ii) Bagan Budiman Sdn. Bhd., the intermediate holding company of ASSB and DMSB;
 - (iii) Nusantara Saga Sdn. Bhd., the immediate holding company of Nusantara Makmur Sdn. Bhd. (“NMSB”); and
 - (iv) Nusantara Tegas Sdn. Bhd., the immediate holding company of UKSB which in turn is the immediate holding company of CCSB. CCSB in turn is the immediate holding company of TSSB.

Mujur Anggun, Cabaran Mujur, ASSB, DMSB, NMSB, UKSB and TSSB (collectively, “Harapan Nusantara Subsidiaries”) collectively hold 29.360 per cent. equity interest in Maxis Communications

Mujur Anggun, ASSB, DMSB, NMSB and UKSB hold their respective interests in Maxis Communications as trustees under the discretionary trusts for Bumiputera objects. However Harapan Nusantara does not have economic interest in these shares
- (13) Deemed to have an interest in the shares of Maxis Communications in which Harapan Nusantara Sdn. Bhd. (“HNSB”) has an interest, by virtue of his interest in HNSB. See Note (12) above. However, he does not have any economic interest in these shares
- (14) Deemed interest by virtue of its interests in Ria Utama and Tetap Emas respectively. The shares of these companies are held by ABN AMRO Bank Berhad pursuant to Ria Utama – legal charge and Tetap Emas – legal charge, respectively
- (15) MAI Holdings Sdn. Bhd. (“MAIH”) is deemed to have an interest in the shares of Maxis Communications in which Pacific Fortune Sdn. Bhd. (“PFSB”) has an interest, by virtue of MAIH’s direct interest in PFSB. See Note (14) above
- (16) Deemed interest by virtue of his interest in:-
 - (i) MAI Sdn. Berhad, the immediate holding company of Terang Equity Sdn. Bhd. which in turn has a direct interest in Wangi Terang Sdn. Bhd. (“WTSB”). The shares of WTSB are held by ABN AMRO Bank Berhad pursuant to the WTSB – legal charge; and
 - (ii) MAIH, the immediate holding company of PFSB which in turn has a direct interest in Ria Utama and Tetap Emas respectively. See Note (15) above
- (17) Deemed interest by virtue of its direct interest in Wilayah Resources
- (18) Deemed interest by virtue of its direct interest in Tegas Puri Sdn. Bhd.

9. SHARE OWNERSHIP (Cont'd)

- (19) Deemed interest by virtue of its direct interest in Besitang Barat
- (20) Deemed interest by virtue of its direct interest in Besitang Selatan
- (21) Deemed interest arises by virtue of its interests in Wilayah Bintang, Tegas Mahsuri, Besitang (M) and Besitang Utara which are the holding companies of Wilayah Resources, Tegas Puri, Besitang Barat, and Besitang Selatan respectively (collectively, "UT Subsidiaries"). The UT Subsidiaries hold in aggregate 27.076 per cent. equity interest in Maxis Communications. Usaha Tegas Equity Sdn. Bhd. ("UTES") is deemed to have an interest in the shares in Maxis Communications in which the UT Subsidiaries have an interest, by virtue of UTES being entitled to control the exercise of not less than 15 per cent. of the voting shares in the UT Subsidiaries
- (22) Usaha Tegas is deemed to have an interest in the shares in Maxis Communications in which UTES has an interest, by virtue of Usaha Tegas being entitled to control the exercise of not less than 15 per cent. of the voting shares in UTES. See Note (21) above
- (23) Pacific States is deemed to have an interest in the shares in Maxis Communications in which Usaha Tegas has an interest, by virtue of Pacific States being entitled to control the exercise of not less than 15 per cent. of the voting shares in Usaha Tegas. See Note (22) above
- (24) The shares in Pacific States are held by Excorp Holdings N.V. which is in turn held by PanOcean. PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam and foundations including those for charitable purposes. Although PanOcean and Ananda Krishnan Tatparanandam are deemed to have an interest in the shares of Maxis Communications by virtue of the trust and related arrangements, they do not have any economic or beneficial interest in the shares
- (25) 19.5% of Maxis Holdings' interest in Maxis Communications is held by ABN AMRO Bank Berhad under a legal charge pursuant to a financing facility obtained by Maxis Holdings
- (26) Deemed interest by virtue of its direct interest in Maxis Holdings
- (27) First East Asia Investments N.V. ("FEAI") is deemed to have an interest in the shares of Maxis Communications by virtue of its aggregated interests in Global Multimedia Technologies (BVI) Ltd, East Asia Telecommunications Ltd and Worldwide Communications Technologies Ltd respectively. See Note (25) above. The shares of FEAI are bearer shares

9.3 Changes in Shareholdings of the Promoter and Major Shareholders

Prior to 18 May 2002, the nominal value for each ordinary share was RM1.00 each. The nominal value of each ordinary share as at 18 May 2002 is RM0.10 each following the reduction in the nominal value of ordinary shares from RM1.00 to RM0.10 each.

Details of changes in the shareholdings of the Company's major shareholders and the Promoter in the three years preceding 18 May 2002 are as follows:

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9. SHARE OWNERSHIP (Cont'd)

MAJOR SHAREHOLDERS				CHANGES IN SHAREHOLDINGS				BALANCE			
NAME	DATE	NO. OF SHARES OVER WHICH SUBSTANTIAL INTEREST SUBSISTS		%	DATE	NO. OF SHARES ACQUIRED/OVER SUBSTANTIAL INTEREST INCREASED		NO. OF SHARES DISPOSED/OVER WHICH SUBSTANTIAL INTEREST CEASED		NO. OF SHARES OVER WHICH SUBSTANTIAL INTEREST SUBSISTS AFTER CHANGE	
		Direct	Indirect			Direct	Indirect	Direct	Indirect	Direct	%
Tunku Dato' Seri Mahmud Bin Tunku Besar Burhanuddin	19.05.1999	-	22,000,000	13.933	19.11.1999	-	-	-	22,000,000	-	-
Hj. Affendi Bin Tun Hj. Mohd Fuad Stephens	19.05.1999	-	15,000,000	9.500	19.11.1999	-	-	-	15,000,000	-	-
					02.05.2002	-	157,894,739	-	-	-	100
					18.05.2002	-	-	-	979,996,725	-	29,360
Dato' Syed Hussein Bin Syed Abu Bakar	19.05.1999	-	8,000,000	5.067	19.11.1999	-	-	-	8,000,000	-	-
MediaOne Far East Telecommunications, Inc	19.05.1999	20,000,000	-	12.667	15.11.2001	-	-	20,000,000	-	-	-
Far East Investment Company	19.05.1999	-	20,000,000	12.667	15.11.2001	-	-	-	20,000,000	-	-
MediaOne International Holdings, Inc	19.05.1999	-	20,000,000	12.667	15.11.2001	-	-	-	20,000,000	-	-
MediaOne Group, Inc	19.05.1999	-	20,000,000	12.667	15.11.2001	-	-	-	20,000,000	-	-
BT Netherlands Holdings BV	19.05.1999	52,631,579	-	33.333	12.04.1999	1	-	-	-	52,631,580	33.333
					07.10.1999	1	-	-	-	52,631,581	33.333
					15.11.2001	-	-	52,631,581	-	-	-
BT Fifty-One Limited	19.05.1999	-	52,631,579	33.333	12.04.1999	-	1	-	-	-	33.333
					07.10.1999	-	1	-	-	-	33.333
					15.11.2001	-	-	-	52,631,581	-	-

9. SHARE OWNERSHIP (Cont'd)

NAME	MAJOR SHAREHOLDERS			CHANGES IN SHAREHOLDINGS				BALANCE			
	DATE	NO. OF SHARES OVER WHICH SUBSTANTIAL INTEREST SUBSISTS		%	DATE	NO. OF SHARES ACQUIRED/OVER WHICH SUBSTANTIAL INTEREST INCREASED		NO. OF SHARES DISPOSED/OVER WHICH SUBSTANTIAL INTEREST CEASED		NO. OF SHARES OVER WHICH SUBSTANTIAL INTEREST SUBSISTS AFTER CHANGE	
		Direct	Indirect			Direct	Indirect	Direct	Indirect	Direct	%
BT (International) Holdings Limited	19.05.1999	-	52,631,579	33.333	12.04.1999	-	1	-	-	-	33.333
					07.10.1999	-	1	-	-	-	33.333
					15.11.2001	-	-	52,631,581	-	-	-
BT (Worldwide) Limited	19.05.1999	-	52,631,579	33.333	12.04.1999	-	1	-	-	-	33.333
					07.10.1999	-	1	-	-	-	33.333
					15.11.2001	-	-	52,631,581	-	-	-
BT Holdings Limited	19.05.1999	-	52,631,579	33.333	12.04.1999	-	1	-	-	-	33.333
					07.10.1999	-	1	-	-	-	33.333
					15.11.2001	-	-	52,631,581	-	-	-
British Telecommunications Plc	19.05.1999	-	52,631,579	33.333	12.04.1999	-	1	-	-	-	33.333
					07.10.1999	-	1	-	-	-	33.333
					15.11.2001	-	-	52,631,581	-	-	-
Global Multimedia Technologies (BVI) Ltd. ^(A)	19.05.1999	-	-	-	15.11.2001	-	-	52,631,581	-	-	-
					15.11.2001	-	-	-	-	-	-
East Asia Telecommunications Ltd. ^(B)	19.05.1999	-	-	-	15.11.2001	11,842,105	-	-	-	-	-
					18.05.2002	-	639,309,171	-	-	-	31.339
					15.11.2001	25,263,160	-	-	-	-	-
					18.05.2002	-	639,309,171	-	-	-	31.339

9. SHARE OWNERSHIP (Cont'd)

MAJOR SHAREHOLDERS				CHANGES IN SHAREHOLDINGS				BALANCE			
NAME	DATE	NO. OF SHARES OVER WHICH SUBSTANTIAL INTEREST SUBSISTS		%	DATE	NO. OF SHARES ACQUIRED/OVER WHICH SUBSTANTIAL INTEREST INCREASED		NO. OF SHARES DISPOSED/OVER WHICH SUBSTANTIAL INTEREST CEASED		NO. OF SHARES OVER WHICH SUBSTANTIAL INTEREST SUBSISTS AFTER CHANGE	
		Direct	Indirect			Direct	Indirect	Direct	Indirect	Direct	%
Worldwide Communications Technologies Ltd.	19.05.1999	-	-	-	15.11.2001	35,526,316 ^(C1)	-	-	-	35,526,316 ^(C1)	22.500
					15.11.2001	-	157,894,739 ^(C2)	35,526,316 ^(C2)	-	-	157,894,739 ^{(3a) & (3b)}
					18.05.2002	-	-	-	939,638,219	-	639,309,171 ⁽²⁾
Bagan Budiman Sdn. Bhd.	19.05.1999	-	10,000,000	6.333	26.11.2001	-	-	-	10,000,000	-	-
					18.05.2002	-	167,378,718	-	-	-	167,378,718 ⁽⁴⁾
Usaha Kenanga Sdn. Bhd.	19.05.1999	12,000,000	-	7.600	26.11.2001	-	-	12,000,000	-	-	-
					18.05.2002	200,853,534	35,148,789	-	-	200,853,534	9.846
Nusantara Tegas Sdn. Bhd.	19.05.1999	-	12,000,000	7.600	26.11.2001	-	-	-	12,000,000	-	-
					18.05.2002	-	236,002,323	-	-	-	236,002,323 ⁽⁶⁾
MAI Sdn. Berhad ⁽¹⁾	19.05.1999	-	7,900,000	5.003	19.11.1999	-	27,000,000	-	-	-	34,900,000
		-	-	-	26.11.2001	-	122,994,739	-	-	-	157,894,739 ^{(7a) & (7b)}
					02.05.2002	-	-	-	157,894,739	-	-
Ananda Krishnan Tatparanandam ⁽¹¹⁾	19.05.1999	-	7,900,000	5.003	19.11.1999	-	27,000,000	-	-	-	34,900,000
		-	-	-	26.11.2001	-	122,994,739	-	-	-	157,894,739 ^{(8) & (20)}
					18.05.2002	-	-	-	777,207,226	-	801,740,164 ^{(9) & (21)}
Wilayah Resources Sdn. Bhd.	19.05.1999	8,000,000	-	5.067	26.11.2001	-	-	8,000,000	-	-	-
					18.05.2002	133,901,584	-	-	-	133,901,584	6.564

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9. SHARE OWNERSHIP (Cont'd)

MAJOR SHAREHOLDERS				CHANGES IN SHAREHOLDINGS				BALANCE			
NAME	DATE	NO. OF SHARES OVER WHICH SUBSTANTIAL INTEREST SUBSISTS		%	DATE	NO. OF SHARES ACQUIRED/OVER WHICH SUBSTANTIAL INTEREST INCREASED		NO. OF SHARES DISPOSED/OVER WHICH SUBSTANTIAL INTEREST CEASED		NO. OF SHARES OVER WHICH SUBSTANTIAL INTEREST SUBSISTS AFTER CHANGE	
		Direct	Indirect			Direct	Indirect	Direct	Indirect	Direct	%
Pacific States Investment Limited	19.05.1999	-	-	-	26.11.2001	-	157,894,739	-	-	-	100
					18.05.2002	-	-	-	1,026,601,330	-	27.076
Excorp Holdings N.V.	19.05.1999	-	-	-	30.04.2002	-	157,894,739	-	-	-	100
					18.05.2002	-	-	-	1,026,601,330	-	27.076
PanOcean Management Limited ⁽ⁱⁱⁱ⁾	19.05.1999	-	60,000,000	38.000	19.11.1999	-	-	-	27,000,000	-	20.900
					30.03.2001	-	20,000,000	-	-	-	33.567
					25.05.2001	-	52,631,581	-	-	-	66.900
					26.11.2001	-	52,263,158	-	-	-	100
					18.05.2002	-	-	-	1,026,601,330	-	27.076
First East Asia Investments N.V.	19.05.1999	-	-	-	15.11.2001	-	77,894,739	-	-	-	49.333
		-	-	-	15.11.2001	-	80,000,000	-	-	-	100
					18.05.2002	-	-	-	939,638,219	-	31.339
Maxis Holdings Sdn. Bhd.	19.05.1999	-	-	-	10.11.2001	-	157,894,739	-	-	-	100
					18.05.2002	-	-	-	939,638,219	639,309,171 ⁽²⁵⁾	31.339
Harapan Nusantara Sdn. Bhd.	19.05.1999	-	-	-	02.05.2002	-	157,894,739	-	-	-	100
					18.05.2002	-	-	-	979,996,725	-	29.360
Tun Haji Mohammed Hanif Bin Omar	19.05.1999	-	-	-	02.05.2002	-	157,894,739	-	-	-	100
					18.05.2002	-	-	-	979,996,725	-	29.360

9. SHARE OWNERSHIP (Cont'd)

MAJOR SHAREHOLDERS				CHANGES IN SHAREHOLDINGS						BALANCE			
NAME	DATE	NO. OF SHARES OVER WHICH SUBSTANTIAL INTEREST SUBSISTS		%	DATE	NO. OF SHARES ACQUIRED/OVER WHICH SUBSTANTIAL INTEREST INCREASED		NO. OF SHARES DISPOSED/OVER WHICH SUBSTANTIAL INTEREST CEASED		NO. OF SHARES OVER WHICH SUBSTANTIAL INTEREST SUBSISTS AFTER CHANGE			
		Direct	Indirect			Direct	Indirect	Direct	Indirect	Direct	%	Indirect	%
Dato' Haji Badri Bin Haji Masri	19.05.1999	-	-	-	02.05.2002	-	157,894,739	-	-	-	-	157,894,739 ⁽¹⁾	100
					18.05.2002	-	-	-	979,996,725	-	-	598,950,665 ⁽¹⁾	29,360
Mohamad Shahrin Bin Merican	19.05.1999	-	-	-	02.05.2002	-	157,894,739	-	-	-	-	157,894,739 ⁽¹⁾	100
					18.05.2002	-	-	-	979,996,725	-	-	598,950,665 ⁽¹⁾	29,360
Mujur Anggun Sdn. Bhd.	19.05.1999	-	-	-	18.05.2002	50,214,543	61,665,722	-	-	50,214,543	2,461	61,665,722 ⁽²⁷⁾	3,023
Tenaga Tegap Sdn. Bhd.	19.05.1999	-	-	-	18.05.2002	-	111,880,265	-	-	-	-	111,880,265 ⁽²⁸⁾	5,484
Desa Bidara Sdn. Bhd.	19.05.1999	-	-	-	18.05.2002	-	111,880,265	-	-	-	-	111,880,265 ⁽²⁹⁾	5,484
Angsana Kukuh Sdn. Bhd.	19.05.1999	-	-	-	18.05.2002	-	111,880,265	-	-	-	-	111,880,265 ⁽³⁰⁾	5,484
Beduk Selatan Sdn. Bhd.	19.05.1999	-	-	-	18.05.2002	-	111,880,265	-	-	-	-	111,880,265 ⁽³¹⁾	5,484
Indomurni Sdn. Bhd.	19.05.1999	-	-	-	18.05.2002	-	111,880,265	-	-	-	-	111,880,265 ⁽³²⁾	5,484
Badai Jaya Sdn. Bhd.	19.05.1999	-	-	-	18.05.2002	-	111,880,265	-	-	-	-	111,880,265 ⁽³³⁾	5,484
Badai Maju Sdn. Bhd.	19.05.1999	-	-	-	18.05.2002	-	111,880,265	-	-	-	-	111,880,265 ⁽³⁴⁾	5,484
Pacific Fortune Sdn. Bhd.	19.05.1999	-	-	-	18.05.2002	-	167,378,718	-	-	-	-	167,378,718 ⁽³⁵⁾	8,205
MAI Holdings Sdn. Bhd.	19.05.1999	-	-	-	18.05.2002	-	167,378,718	-	-	-	-	167,378,718 ⁽³⁶⁾	8,205

Notes:

- (1) Deemed to have an interest in the shares of Maxis Communications in which Harapan Nusantara has an interest, by virtue of his interest in HNSB. See Note (26) below. However, he does not have any economic interest in these shares
- (2) Deemed interest by virtue of its interest in Maxis Holdings
- (3a) Deemed interest by virtue of its interest in Maxis Holdings
- (3b) WCT is deemed to have an interest in all of the shares of Maxis Communications in which MHSB has an interest by virtue of WCT being entitled to control the exercise of not less than 15 per cent. of the voting shares of Maxis Holdings

9. SHARE OWNERSHIP (Cont'd)

- (4) Deemed interest by virtue of its interests in Samudra Capital Sdn. Bhd. and Alam Nakhoda Sdn. Bhd. which are immediate holding companies of Anak Samudra Sdn. Bhd. and Dumai Maju Sdn. Bhd. respectively
- (5) Deemed interest by virtue of its interest in Citra Cekal Sdn. Bhd. ("CCSB"), the immediate holding company of Tegas Sari Sdn. Bhd. ("TSSB"). CCSB was acquired by UKSB subsequent to 31 December 2001
- (6) Deemed interest by virtue of its interest in Usaha Kenanga which in turn has a direct interest in CCSB. See Note (5) above
- (7a) Deemed interest by virtue of its interests in:
- (i) Terang Equity Sdn. Bhd., the immediate holding company of Wangi Terang Sdn. Bhd. ("WTSB");
 - (ii) Angsana Kukuh Sdn. Bhd. ("AKSB"), Indomurni and Badai Maju which in turn have a deemed interest in Mujur Anggun;
 - (iii) Bagan Budiman Sdn. Bhd. ("BBSB"), the intermediate holding company of Anak Samudra Sdn. Bhd. ("ASSB") and Dumai Maju Sdn. Bhd. ("DMSB");
 - (iv) Nusantara Saga Sdn. Bhd. ("NSSB"), the immediate holding company of Nusantara Makmur Sdn. Bhd. ("NMSB"); and
 - (v) Nusantara Tegas Sdn. Bhd. ("NTSB"), the immediate holding company of Usaha Kenanga
- WTSB, Mujur Anggun, ASSB, DMSB, NMSB and UKSB (collectively "MAI Subsidiaries") collectively hold more than 15 per cent. equity interest in MHSB. MAI Sdn. Berhad ("MAI") is deemed to have an interest in all of the shares in Maxis in which MHSB has an interest, by virtue of MAI being entitled to control the exercise of not less than 15 per cent. of the voting shares in MHSB via the MAI Subsidiaries
- (7b) Mujur Anggun, ASSB, DMSB, NMSB, and UKSB hold their respective interests in Maxis Communications as trustees under discretionary trusts for Bumiputra objects. As such, MAI does not have any economic interest in these shares
- (8) Ananda Krishnan Tatparanandam is deemed to have an interest in all of the shares in Maxis Communications in which MAI has an interest, by virtue of his interest in MAI. See Note (7) (a) above
- However, Ananda Krishnan Tatparanandam does not have any economic or beneficial interest in the shares held by Mujur Anggun, ASSB, DMSB, NMSB and UKSB, as they have been settled upon discretionary trusts for Bumiputra objects. See Note (7) (b) above
- (9) Deemed interest by virtue of his interest in:
- (i) MAI Sdn. Berhad, the immediate holding company of Terang Equity Sdn. Bhd. which in turn has a direct interest in Wangi Terang Sdn. Bhd. ("WTSB"). The shares of WTSB are held by ABN AMRO Bank Berhad pursuant to the WTSB legal charge; and
 - (ii) MAI Holdings, the immediate holding company of Pacific Fortune which in turn has a deemed interest in Ria Utama Sdn. Bhd. ("RU") and Tetap Emas Sdn. Bhd. ("TESB") respectively. See Note (35) below
- (10) Deemed interest by virtue of its interest in Wilayah Resources
- (11) Deemed interest by virtue of its interest in Tegas Puri
- (12) Deemed interest by virtue of its interest in Besitang Barat
- (13) Deemed interest by virtue of its interest in Besitang Selatan
- (14) Usaha Tegas Equity's deemed interest arises by virtue of its interests in Wilayah Bintang, Tegas Mahsuri, Besitang (M) and Besitang Utara which are the holding companies of Wilayah Resources, Tegas Puri, Besitang Barat and Besitang Selatan respectively (collectively, "UT Subsidiaries"). The UT Subsidiaries hold in aggregate more than 15 per cent. equity interest in MHSB
- UTES is deemed to have an interest in all of the shares in Maxis Communications in which the UT Subsidiaries have an interest, by virtue of UTES being entitled to control the exercise of not less than 15 per cent. of the voting shares in MHSB via the UT Subsidiaries
- (15) Deemed interest arises by virtue of its interests in WBSB, TMSB, BSB and BUSB which are the holding companies of WRSB, TPSB, BBB and BES respectively (collectively, "UT Subsidiaries"). The UT Subsidiaries hold in aggregate 27.076 per cent. equity interest in Maxis Communications
- UTES is deemed to have an interest in the shares in Maxis Communications in which the UT Subsidiaries have an interest, by virtue of Usaha Tegas being entitled to control the exercise of not less than 15 per cent. of the voting shares in the UT Subsidiaries
- (16) Usaha Tegas is deemed to have an interest in all of the shares in Maxis Communications in which UTES has an interest, by virtue of UTES being entitled to control the exercise of not less than 15 per cent. of the voting shares of MHSB via UTES. See Note (14) above
- (17) Usaha Tegas is deemed to have an interest in the shares in Maxis Communications in which UTES has an interest, by virtue of Usaha Tegas being entitled to control the exercise of not less than 15 per cent. of the voting shares in UTES. See Note (15) above

9. SHARE OWNERSHIP (Cont'd)

- (18) Pacific States is deemed to have an interest in all of the shares in Maxis Communications in which Usaha Tegas has an interest, by virtue of Pacific States being entitled to control the exercise of not less than 15 per cent. of the voting shares of Maxis Holdings via Usaha Tegas. See Note (16) above
- (19) Pacific States is deemed to have an interest in the shares in Maxis Communications in which Usaha Tegas has an interest, by virtue of Pacific States being entitled to control the exercise of not less than 15 per cent. of the voting shares in Usaha Tegas. See Note (17) above
- (20) The shares in Pacific States are held in trust for PanOcean, which in turn is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam and foundations including those for charitable purposes. Although PanOcean and Ananda Krishnan Tatparanandam are deemed to have an interest by virtue of the trust and related arrangements, they do not have any economic or beneficial interest in the shares
- (21) The shares in Pacific States are held by Excorp Holdings N.V., which is in turn held by PanOcean. PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam and foundations including those for charitable purposes. Although PanOcean and Ananda Krishnan Tatparanandam are deemed to have an interest in the shares of Maxis by virtue of the trust and related arrangements, they do not have any economic or beneficial interest in the shares
- (22) FEAI is deemed to have an interest in all of the shares in Maxis Communications in which MHSB has an interest by virtue of its aggregated equity interests in GMT, EAT and WCT respectively. The shares of FEAI are bearer shares
- (23) FEAI is deemed to have an interest in the shares of Maxis Communications by virtue of its aggregated interests in GMT, EAT and WCT respectively. See Note (2) above. The shares of FEAI are bearer shares
- (24) All of the shares of Maxis Communications are registered in the name of ABN AMRO Bank N.V., Labuan Branch ("ABN") pursuant to the Maxis Legal Charge dated 8 November 2001
- (25) After the release of the Maxis Legal Charge, Maxis Holdings has an interest of 31.339%, of which 19.5% is held by ABN AMRO Bank Berhad, under a legal charge pursuant to a financing facility obtained by Maxis Holdings.
- (26) Deemed interest by virtue of its interests in:
- (i) AKSB, ISB and BMSB which in turn have a deemed interest in Mujur Anggun. Mujur Anggun is the immediate holding company of Cabaran Mujur;
 - (ii) BBSB, the intermediate holding company of ASSB and DMSB;
 - (iii) NSSB, the immediate holding company of NMSB; and
 - (iv) NTSB, the immediate holding company of UKSB which in turn is the immediate holding company of CCSB. CCSB in turn is the immediate holding company of TSSB. Mujur Anggun, Cabaran Mujur, ASSB, DMSB, NMSB, UKSB and TSSB (collectively, "Harapan Nusantara Subsidiaries") collectively hold 29.360 per cent. equity interest in Maxis Communications
- Mujur Anggun, ASSB, DMSB, NMSB and UKSB hold their respective interests in Maxis Communications as trustees under the discretionary trusts for Bumiputra objects. As such, Harapan Nusantara does not have any economic interest in these shares
- (27) Deemed interest by virtue of its interest in Cabaran Mujur
- (28) Deemed interest by virtue of its interest in Mujur Anggun, the immediate holding company of Cabaran Mujur
- (29) Deemed interest by virtue of its interest in Tenaga Tegar which in turn has a direct interest in Mujur Anggun. See Note (28) above
- (30) Deemed interest by virtue of its interest in Desa Bidara which in turn has a direct interest in TTSB. See Note (29) above
- (31) Deemed interest by virtue of its interest in TTSB which in turn has a direct interest in Mujur Anggun. See Note (28) above
- (32) Deemed interest by virtue of its interest in Beduk Selatan which in turn has a direct interest in TTSB. See Note (31) above
- (33) Deemed interest by virtue of its interest in TTSB which in turn has a direct interest in Mujur Anggun. See Note (28) above
- (34) Deemed interest by virtue of its interest in Badai Jaya which in turn has a direct interest in TTSB. See Note (33) above
- (35) Deemed interest by virtue of its interest in Ria Utama and Tetap Emas respectively. The shares of these companies are held by ABN AMRO Bank Berhad pursuant to the Ria Utama – legal charge and the Tetap Emas – legal charge, respectively
- (36) MAIH is deemed to have an interest in the shares of Maxis Communications in which PFSB has an interest, by virtue of MAIH's direct interest in PFSB. See Note (35) above
- (A) GMT had on 15 November 2001 completed the acquisition of 11,842,105 ordinary shares of RM1.00 each in Maxis Communications from BT (Netherlands) Holdings BV pursuant to the Conditional Share Purchase Agreement dated 25 May 2001. On even date, GMT completed the disposal of the said shares in Maxis Communications to Maxis Holdings in exchange for shares of Maxis Holdings pursuant to the Share Purchase Agreement dated 10 November 2001

9. SHARE OWNERSHIP (Cont'd)

- (B) EAT had on 15 November 2001 completed the acquisition of 20,000,000 ordinary shares of RM1.00 each in Maxis Communications from MediaOne and 5,263,160 ordinary shares from BT (Netherlands) Holdings BV pursuant to the Conditional Share Purchase Agreements dated 30 March 2001 and 25 May 2001 respectively. On even date, EAT completed the disposal of the said shares in Maxis Communications to MHSB in exchange for shares of MHSB pursuant to the Share Purchase Agreement dated 10 November 2001
- (C1) WCT had on 15 November 2001 completed the acquisition of 35,526,316 ordinary shares of RM1.00 each in Maxis Communications from BT (Netherlands) Holdings BV pursuant to the Conditional Share Purchase Agreement dated 25 May 2001
- (C2) On even date, WCT completed the disposal of 35,526,316 ordinary shares of RM1.00 each in Maxis Communications to MHSB in exchange for shares of MHSB pursuant to the Share Purchase Agreement dated 10 November 2001. As such, its deemed interests in the shares of Maxis Communications is held indirectly. See Note (3) above
- (I) (a) MAI's deemed interest includes interest held via Cabaran Mujur. Cabaran Mujur was acquired by Mujur Anggun on 31 December 2001
- (b) MAI's deemed interest in Maxis Communications also includes interest held via UKSB which in turn has a direct interest in CCSB. CCSB in turn has a direct interest in ("TSSB"). CCSB was acquired by UKSB on 14 February 2002
- (II) (c) On 2 May 2002, MAI's substantial interest ceased following the disposal of its direct interests in AKSB, ISB, BMSB, BBSB, NSSB and NTSB to Tun Haji Mohammed Hanif Bin Omar, Dato' Haji Badri Bin Haji Masri, Hj. Affendi Bin Tun Hj. Mohd Fuad Stephens and Mohamad Shahrin Bin Merican respectively ("Disposal"). MAI's deemed interest is held via WTSB only after the Disposal
- (a) As of 31 December 2001 and 14 February 2002, Ananda Krishnan Tatparanandam's deemed interest in Maxis Communications also includes interests held through Cabaran Mujur and CCSB. See Notes (I) (a) and (I) (b) above
- On 18 February 2002, his deemed interest in Maxis Communications also includes interests held via MAIH by virtue of its deemed interests in Ria Utama and TESB upon execution of the Conditional Share Purchase Agreements to acquire shares in MHSB from Asiatel Investments Limited N.V. and Telepac N.V. respectively. The acquisitions were completed on 8 May 2002. See Note (35) above
- On 30 April 2002, his deemed interest in Maxis Communications also includes interest held via Excorp. See Note (21) above
- On 2 May 2002, his deemed interest in Maxis Communications held via MAI is only attributable to that held by MAI's disposal of its direct interests in AKSB, ISB, BMSB, BBSB, NSSB and NTSB. See Note (I) (c) above
- (III) On 30 April 2002, the shares in Pacific States were held by Excorp Holdings N.V. which is in turn held by PanOcean. PanOcean is the trustee of a discretionary trust, the beneficiaries of which are members of the family of Ananda Krishnan Tatparanandam and foundations including those for charitable purposes. Although PanOcean and Ananda Krishnan Tatparanandam are deemed to have an interest in the shares of Maxis Communications by virtue of the trust and related arrangements, they do not have any economic or beneficial interest in the shares

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10. INFORMATION ON SUBSIDIARIES

10.1 Maxis Mobile (229892-M)

10.1.1 History and Business

Maxis Mobile was incorporated in Malaysia under the Companies Act on 28 November 1991 as a private limited company under the name of Binariang Communications Sdn. Bhd. The company subsequently adopted its present name on 12 July 1999.

The principal activity of Maxis Mobile is that of an operator of a cellular mobile telephone network.

10.1.2 Share Capital

The authorised share capital of Maxis Mobile is RM200,890,000 comprising 200,890,000 ordinary shares of RM1.00 each, of which 1,000,002 ordinary shares are issued and fully paid-up. All of the shares of Maxis Mobile are registered in the name of ABN AMRO Bank Berhad pursuant to a legal charge executed by Maxis Communications in favour of ABN AMRO Bank Berhad over 100 per cent. of the ordinary shares of Maxis Mobile as security for the financing facilities granted under the Maxis Mobile Loan and the Maxis Communications Loan. Refer to Section 19.2 of this Prospectus.

Details of the changes in the issued and paid-up share capital of Maxis Mobile since incorporation are as follows:

<u>Date of Allotment</u>	<u>Total No. of Shares Allotted/(Redeemed)</u>	<u>Nominal Value (RM)</u>	<u>Consideration</u>	<u>Cumulative Amount (RM)</u>
Ordinary Shares				
28.11.1991	2	1.00	Cash	2
29.12.1992	1,000,000	1.00	Cash	1,000,002 ⁽¹⁾
Non-Voting Redeemable Preference Shares				
30.12.1995 ⁽²⁾	890,000	1.00	Cash	890,000
19.04.2002	(890,000)	1.00	Cash	(890,000)

Notes:

(1) Paid-up capital as at 29 December 1992 was RM2.00, which was increased to RM1,000,002 on 24 July 1993

(2) The redemption date has been extended from 30 December 2000 to 30 December 2005

Details of the changes in the authorised capital of Maxis Mobile since incorporation are set forth below.

<u>Date</u>	<u>Authorised Capital</u>
28.11.1991	RM25,000 divided into 25,000 ordinary shares of RM1.00 each
30.11.1992	RM200,000,000 divided into 200,000,000 ordinary shares of RM1.00 each
28.12.1995	RM200,890,000 divided into 890,000 non-voting redeemable preference shares of RM1.00 each and 200,000,000 ordinary shares of RM1.00 each
19.04.2002	RM200,890,000 divided into 200,890,000 ordinary shares of RM1.00 each as a result of the reorganisation of the shares into one class of ordinary shares

10.1.3 Substantial Shareholder

Maxis Mobile is a wholly-owned subsidiary company of Maxis Communications.

10. INFORMATION ON SUBSIDIARIES (Cont'd)**10.1.4 Subsidiary and Associated Companies**

The subsidiary company of Maxis Mobile is as follows:

<u>Company</u>	<u>Date of Incorporation</u>	<u>Registration Number</u>	<u>Issued and paid-up share capital (U.S.\$)</u>	<u>Effective equity interest held (%)</u>	<u>Principal Activities</u>
MM(L)	21.05.1998	LL 01709	10,000	100	Investment holdings

Maxis Mobile does not have any associated companies.

10.2 Maxis Broadband (234053-D)**10.2.1 History and Business**

Maxis Broadband was incorporated in Malaysia under the Companies Act on 12 February 1992 as a private limited company under the name of Bina Sat-Com Network Sdn. Bhd. The company subsequently adopted its present name on 12 July 1999.

The principal activity of Maxis Broadband is that of an operator of a national public switched telephone network and internet service provider.

10.2.2 Share Capital

The authorised share capital of Maxis Broadband is RM300,000,000 comprising 300,000,000 ordinary shares of RM1.00 each, of which 1,000,002 ordinary shares are issued and fully paid-up.

Details of the changes in the issued and paid-up share capital of Maxis Broadband since incorporation are as follows:

<u>Date of Allotment</u>	<u>Total No. of Shares Allotted</u>	<u>Nominal Value (RM)</u>	<u>Consideration</u>	<u>Cumulative Amount (RM)</u>
Ordinary Shares				
12.02.1992	2	1.00	Cash	2
29.12.1992	1,000,000	1.00	Cash	1,000,002 ⁽¹⁾

Notes:

(1) Paid-up capital as at 29 December 1992 was RM2.00 and was increased to RM1,000,002 on 24 July 1993

Details of the changes in the authorised capital of Maxis Broadband since incorporation are set forth below.

<u>Date</u>	<u>Authorised Capital</u>
12.02.1992	RM25,000 divided into 25,000 ordinary shares of RM1.00 each
30.11.1992	RM300,000,000 divided into 300,000,000 ordinary shares of RM1.00 each

10.2.3 Substantial Shareholder

Maxis Broadband is a wholly-owned subsidiary company of Maxis Communications.

10.2.4 Subsidiary and Associated Companies

The subsidiary company of Maxis Broadband is as follows:

<u>Company</u>	<u>Date of Incorporation</u>	<u>Registration Number</u>	<u>Issued and paid-up share capital (RM)</u>	<u>Effective equity interest held (%)</u>	<u>Principal Activities</u>
Maxis Online	11.03.1992	235849-A	2	100	Investment holding

10. INFORMATION ON SUBSIDIARIES (Cont'd)

Maxis Broadband does not have any associated companies.

10.3 Maxis International (240071-T)**10.3.1 History and Business**

Maxis International was incorporated in Malaysia under the Companies Act on 12 May 1992 as a private limited company under the name of MEASAT Global Telecommunications Sdn. Bhd. The company subsequently adopted its present name on 12 July 1999.

The principal activity of Maxis International is that of an operator of an international switched network.

10.3.2 Share Capital

The authorised capital of Maxis International is RM500,000,000 divided into 70,000 cumulative redeemable preference shares of RM1.00 each and 499,930,000 ordinary shares of RM1.00 each, of which 1,000,000 ordinary shares and 70,000 cumulative redeemable preference shares are issued and fully paid-up.

Details of the changes in the issued and paid-up share capital of Maxis International since incorporation are as follows:

<u>Date of Allotment</u>	<u>Total No. of Shares Allotted</u>	<u>Nominal Value (RM)</u>	<u>Consideration</u>	<u>Cumulative Amount (RM)</u>
Ordinary Shares				
12.05.1992	2	1.00	Cash	2
29.12.1992	1,000,000	1.00	Cash	1,000,002 ⁽¹⁾

Notes:

(1) Paid-up capital as at 29 December 1992 was RM2.00 and was increased to RM1,000,002 on 24 July 1993

10.3.3 Cumulative Redeemable Preference Shares

<u>Date of Allotment</u>	<u>Total No. of Shares Allotted</u>	<u>Nominal Value (RM)</u>	<u>Consideration</u>	<u>Cumulative Amount (RM)</u>
16.05.02	70,000	1.00	Cash	70,000

Details of the changes in the authorised capital of Maxis International since incorporation are set forth below.

<u>Date</u>	<u>Authorised Capital</u>
12.05.1992	RM25,000 divided into 25,000 ordinary shares of RM1.00 each
30.11.1992	RM500,000,000 divided into 500,000,000 ordinary shares of RM1.00 each
16.05.2002	RM500,000,000 divided into 70,000 cumulative redeemable preference shares of RM1.00 each and 499,930,000 ordinary shares of RM1.00 each

10.3.4 Substantial Shareholder

Maxis International is a wholly-owned subsidiary company of Maxis Communications.

10.3.5 Subsidiary and Associated Companies

Maxis International does not have any subsidiary or associated companies.

10. INFORMATION ON SUBSIDIARIES (Cont'd)

10.4 Maxis Management Services (287998-P)

10.4.1 History and Business

Maxis Management Services was incorporated in Malaysia under the Companies Act on 24 January 1994 as a private limited company under the name of Binariang Management Services Sdn. Bhd. The company subsequently adopted its present name on 12 July 1999.

The principal activity of Maxis Management Services is the provision of management services to fellow subsidiary companies.

10.4.2 Share Capital

The authorised share capital of Maxis Management Services is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which 200,000 ordinary shares are issued and fully paid-up.

Details of the changes in the issued and paid-up share capital of Maxis Management Services since incorporation are as follows:

<u>Date of Allotment</u>	<u>Total No. of Shares Allotted</u>	<u>Nominal Value (RM)</u>	<u>Consideration</u>	<u>Cumulative Amount (RM)</u>
Ordinary Shares				
24.01.1994	2	1.00	Cash	2
09.02.1998	199,998	1.00	Cash	200,000

Details of the changes in the authorised capital of Maxis Management Services since incorporation are set forth below.

<u>Date</u>	<u>Authorised Capital</u>
24.01.1994	RM100,000 divided into 100,000 ordinary shares of RM1.00 each
09.02.1998	RM500,000 divided into 500,000 ordinary shares of RM1.00 each

10.4.3 Substantial Shareholder

Maxis Management Services is a wholly-owned subsidiary company of Maxis Communications.

10.4.4 Subsidiary and Associated Companies

Maxis Management Services does not have any subsidiary or associated companies.

10.5 Maxis Online (235849-A)

10.5.1 History and Business

Maxis Online was incorporated in Malaysia under the Companies Act on 11 March 1992 as a private limited company under the name of Sungai Tembesi (M) Sdn. Bhd. The company subsequently changed its name to BSB Online Sdn. Bhd. on 30 July 1996. The company subsequently adopted its present name on 12 July 1999.

The principal activity of Maxis Online is investment holding but the company is presently dormant.

10.5.2 Share Capital

The authorised share capital of Maxis Online is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which two ordinary shares are issued and fully-paid.

10. INFORMATION ON SUBSIDIARIES (Cont'd)

Details of the changes in the issued and paid-up share capital of Maxis Online since incorporation are as follows:

<u>Date of Allotment</u>	<u>Total No. of Shares Allotted</u>	<u>Nominal Value (RM)</u>	<u>Consideration</u>	<u>Cumulative Amount (RM)</u>
Ordinary Shares				
11.03.1992	2	1.00	Cash	2

Details of the changes in the authorised capital of Maxis Online since incorporation are set forth below.

<u>Date</u>	<u>Authorised Capital</u>
11.03.1992	RM25,000 divided into 25,000 ordinary shares of RM1.00 each
16.09.1996	RM100,000 divided into 100,000 ordinary shares of RM1.00 each

10.5.3 Substantial Shareholder

Maxis Online is a wholly-owned subsidiary company of Maxis Broadband since 2 January 1997. Maxis Broadband is a wholly-owned subsidiary of Maxis Communications.

10.5.4 Subsidiary and Associated Companies

Maxis Online does not have any subsidiary or associated companies.

10.6 CRESB (95330-K)**10.6.1 History and Business**

CRESB was incorporated in Malaysia under the Companies Act on 6 January 1983 as a private limited company under the name of Ejiry (M) Sdn. Bhd. The company subsequently changed its name to Keris Ejiry (M) Sdn. Bhd. on 17 August 1983. On 22 October 1994, the company adopted its present name.

The principal activity of CRESB is a property investment holding.

10.6.2 Share Capital

The authorised share capital of CRESB is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which 281,640 ordinary shares are issued and fully paid-up.

Details of the changes in the issued and paid-up share capital of CRESB since incorporation are as follows:

<u>Date of Allotment</u>	<u>Total No. of Shares Allotted</u>	<u>Nominal Value (RM)</u>	<u>Consideration</u>	<u>Cumulative Amount (RM)</u>
Ordinary Shares				
06.01.1983	2	1.00	Cash	2
06.07.1983	5,000	1.00	Cash	5,002
25.03.1996	54,998	1.00	Cash	60,000
27.12.1996	221,640	1.00	Cash	281,640

Details of the changes in the authorised capital of CRESB since incorporation are set forth below.

<u>Date</u>	<u>Authorised Capital</u>
06.01.1983	RM100,000 divided into 100,000 ordinary shares of RM1.00 each
27.12.1996	RM500,000 divided into 500,000 ordinary shares of RM1.00 each

10. INFORMATION ON SUBSIDIARIES (Cont'd)

10.6.3 Substantial Shareholder

CRESB is a wholly-owned subsidiary company of Maxis Communications.

10.6.4 Subsidiary and Associated Companies

CRESB does not have any subsidiary or associated companies.

10.7 Maxis Collections (383275-M)**10.7.1 History and Business**

Maxis Collections was incorporated in Malaysia under the Companies Act on 10 April 1996 as a private limited company.

The principal activity of Maxis Collections is to facilitate collection of telecommunications revenue for fellow subsidiary companies.

10.7.2 Share Capital

The authorised share capital of Maxis Collections is RM100,000 comprising 100,000 ordinary shares of RM1.00 each, of which two ordinary shares are issued and fully paid-up.

Details of the changes in the issued and paid-up share capital of Maxis Collections since incorporation are as follows:

<u>Date of Allotment</u>	<u>Total No. of Shares Allotted</u>	<u>Nominal Value (RM)</u>	<u>Consideration</u>	<u>Cumulative Amount (RM)</u>
Ordinary Shares				
10.04.1996	2	1.00	Cash	2

There have been no changes in the authorised capital of Maxis Collections since incorporation.

<u>Date</u>	<u>Authorised Capital</u>
10.04.1996	RM100,000 divided into 100,000 ordinary shares of RM1.00 each

10.7.3 Substantial Shareholder

Maxis Collections is a wholly-owned subsidiary company of Maxis Communications.

10.7.4 Subsidiary and Associated Companies

Maxis Collections does not have any subsidiary or associated companies.

10.8 RUSB (270701-A)**10.8.1 History and Business**

RUSB was incorporated in Malaysia under the Companies Act on 21 July 1993 as a private limited company.

The principal activity of RUSB is property investment holding.

10.8.2 Share Capital

The authorised share capital of RUSB is RM200,000 comprising 200,000 ordinary shares of RM1.00 each, of which 200,000 ordinary shares are issued and fully paid-up.

10. INFORMATION ON SUBSIDIARIES (Cont'd)

Details of the changes in the issued and paid-up capital of RUSB since incorporation are as follows:

<u>Date of Allotment</u>	<u>Total No. of Shares Allotted</u>	<u>Nominal Value (RM)</u>	<u>Consideration</u>	<u>Cumulative Amount (RM)</u>
Ordinary Shares				
21.07.1993	2	1.00	Cash	2
03.07.1996	199,998	1.00	Cash	200,000

Details of the changes in the authorised capital of RUSB since incorporation are set forth below.

<u>Date</u>	<u>Authorised Capital</u>
21.07.1993	RM100,000 divided into 100,000 ordinary shares of RM1.00 each
03.07.1996	RM200,000 divided into 200,000 ordinary shares of RM1.00 each

10.8.3 Substantial Shareholder

RUSB is a wholly-owned subsidiary company of Maxis Communications.

10.8.4 Subsidiary and Associated Companies

RUSB does not have any subsidiary or associated companies.

10.9 MM(L) (LL 01709)**10.9.1 History and Business**

MM(L) was incorporated in Federal Territory of Labuan, Malaysia under the Offshore Companies Act, 1990 on 21 May 1998 as a private limited company under the name of Binariang Mobile (L) Ltd. The company subsequently adopted its present name on 7 July 1999.

The principal activity of MM(L) is investment holding but the company is presently dormant.

10.9.2 Share Capital

The authorised share capital of MM(L) is U.S.\$100,000 comprising 100,000 ordinary shares of U.S.\$1.00 each, of which 10,000 ordinary shares are issued and fully paid-up.

Details of the changes in the issued and paid-up capital of MM(L) since incorporation are as follows:

<u>Date of Allotment</u>	<u>Total No. of Shares Allotted</u>	<u>Nominal Value (U.S.\$)</u>	<u>Consideration</u>	<u>Cumulative Amount (U.S.\$)</u>
Ordinary Shares				
21.05.1998	10,000	1.00	Cash	10,000

There have been no changes in the authorised capital of MM(L) since incorporation.

<u>Date</u>	<u>Authorised Capital</u>
21.05.1998	U.S.\$100,000 divided into 100,000 shares with a nominal value U.S.\$1.00 each

10.9.3 Substantial Shareholder

MM(L) is a wholly-owned subsidiary company of Maxis Mobile, which is wholly-owned subsidiary company of Maxis Communications since 10 November 1992.

10.9.4 Subsidiary and Associated Companies

MM(L) does not have any subsidiary or associated companies.

10. INFORMATION ON SUBSIDIARIES (Cont'd)**10.10 Maxis Multimedia (530188-A)****10.10.1 History and Business**

Maxis Multimedia was incorporated in Malaysia under the Companies Act on 27 October 2000 as a private limited company.

The principal activity of Maxis Multimedia is the provision of multimedia related services.

10.10.2 Share Capital

The authorised share capital of Maxis Multimedia is RM500,000 comprising 500,000 ordinary shares of RM1.00 each, of which two ordinary shares are issued and fully paid-up.

Details of the changes in the issued and paid-up share capital of Maxis Multimedia since incorporation are as follows:

<u>Date of Allotment</u>	<u>Total No. of Shares Allotted</u>	<u>Nominal Value (RM)</u>	<u>Consideration</u>	<u>Cumulative Amount (RM)</u>
Ordinary Shares				
27.10.2000	2	1.00	Cash	2

There have been no changes in the authorised capital of Maxis Multimedia since incorporation.

<u>Date</u>	<u>Authorised Capital</u>
27.10.2000	RM500,000 divided into 500,000 ordinary shares of RM1.00 each

10.10.3 Substantial Shareholder

Maxis Multimedia is a wholly-owned subsidiary company of Maxis Communications.

10.10.4 Subsidiary and Associated Companies

Maxis Multimedia does not have any subsidiary or associated companies.

10.11 AWT (517551-U)**10.11.1 History and Business**

AWT was incorporated in Malaysia under the Companies Act, 1965 on 21 June 2000 as a private limited company.

The principal activity of AWT is wireless multimedia services.

10.11.2 Share Capital

The authorised share capital of AWT is RM100,000 divided into 100,000 ordinary shares of RM1.00 each.

Details of the changes in the issued and paid-up capital of AWT since incorporation are as follows:

<u>Date of Allotment</u>	<u>Total No. of Shares Allotted</u>	<u>Nominal Value (RM)</u>	<u>Consideration</u>	<u>Cumulative Amount (RM)</u>
Ordinary shares				
21.06.2000	2	1.00	Cash	2

10. INFORMATION ON SUBSIDIARIES (Cont'd)

Details of the changes in the authorised capital of AWT since incorporation are set forth below.

<u>Date</u>	<u>Authorised Capital</u>
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21.06.2000	RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each
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10.11.3 Substantial Shareholder

AWT is a wholly-owned subsidiary company of Maxis Communications since 15 May 2002.

10.11.4 Subsidiary and Associated Companies

The subsidiary company of AWT is as follows:

<u>Company</u>	<u>Date of Incorporation</u>	<u>Registration Number</u>	<u>Issued and paid-up share capital (RM)</u>	<u>Effective equity interest held (%)</u>	<u>Principal Activities</u>
UMTS (Malaysia) Sdn. Bhd.	17.07.2000	520422-D	2.00	100.00	Wireless Multimedia Services

AWT does not have any associated companies.

10.12 UMTS (520422-D)**10.12.1 History and Business**

UMTS was incorporated in Malaysia under the Companies Act, 1965 on 17 July 2000 as a private limited company.

The principal activity of UMTS is wireless multimedia services.

10.12.2 Share Capital

The authorised share capital of UMTS is RM100,000 divided into 100,000 ordinary shares of RM1.00 each.

Details of the changes in the issued and paid-up capital of UMTS since incorporation are as follows:

<u>Date of Allotment</u>	<u>Total No. of Shares Allotted</u>	<u>Nominal Value (RM)</u>	<u>Consideration</u>	<u>Cumulative Amount (RM)</u>
Ordinary shares				
17.07.2000	2	1.00	Cash	2

Details of the changes in the authorised capital of UMTS since incorporation are set forth below.

<u>Date</u>	<u>Authorised Capital</u>
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17.07.2000	RM100,000.00 divided into 100,000 ordinary shares of RM1.00 each
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10.12.3 Substantial Shareholder

UMTS is a wholly-owned subsidiary company of AWT since 15 May 2002. AWT is a wholly-owned subsidiary of Maxis Communications.

10.12.4 Subsidiary and Associated Companies

UMTS does not have any subsidiary or associated companies.

11. SELECTED HISTORICAL AND PROFORMA FINANCIAL AND OPERATING DATA

The selected historical financial information as at or for the years ended 31 December 1997, 1998, 1999, 2000 and 2001, and as at or for the three months ended 31 March 2002, set forth in Section 11.1 of this Prospectus has been derived from the audited consolidated financial statements of Maxis. Certain comparative figures have been extended to comply with the additional disclosure requirements of the new standards issued by the Malaysian Accounting Standards Board. The following selected unaudited operating data have been derived from Company information. The selected historical financial information is qualified in its entirety by reference to, and should be read in conjunction with, Section 27 of this Prospectus, including Maxis' audited consolidated financial statements and related notes. The following selected historical financial information includes the results of Binariang Satellite Systems, accounted for as a wholly-owned subsidiary of Maxis Communications up to 30 September 1998, and which Maxis Communications disposed of pursuant to an agreement dated 7 October 1998. The historical financial statements as at and for the years ended 31 December 1997, 1998, 1999, 2000 and 2001, and as at or for the three months ended 31 March 2002, of Maxis have been prepared and presented on a consolidated basis and in accordance with MAAS. Refer to Section 3 of this Prospectus.

The unaudited selected proforma financial data as at and for the years ended 31 December 1997 and 1998 set forth in Section 11.2 of this Prospectus has been derived from the audited consolidated financial statements of Maxis as at and for the years ended 31 December 1997 and 31 December 1998, the audited financial statements of Binariang Satellite Systems as at and for the year ended 31 December 1997 and the unaudited management accounts of Binariang Satellite Systems for the nine months ended 30 September 1998, after incorporating the effects of the proforma adjustments deemed appropriate by Maxis as described in the accompanying notes thereto as set out in Section 11.4 of this Prospectus. The unaudited selected proforma financial data for the years ended 31 December 1997 and 1998 exclude Binariang Satellite Systems, a former subsidiary of Maxis Communications, that was disposed of as described above. Refer to Section 21.1 of this Prospectus. Thus, the unaudited selected proforma financial data for the years ended 31 December 1997 and 1998 differ from the information presented in the Accountants' Report with respect to those two years. The unaudited selected proforma financial data are shown for illustrative purposes only.

In addition to the information below, refer to Section 12.4 of this Prospectus for Maxis' first quarter results ended 31 March 2002.

11.1 Selected Historical Financial and Operating Data

	As at or for the year ended 31 December					As at or for the three months ended 31 March 2002 ⁽²⁾
	1997 ⁽¹⁾	1998 ⁽¹⁾	1999 ⁽¹⁾	2000 ⁽²⁾	2001 ⁽²⁾	
	RM	RM	RM	RM	RM	RM
	(in millions)					
Income Statement Data:						
Revenue	734.5	1,225.9	1,448.8	2,205.8	3,031.3	863.6
Interconnect expenses and direct cost of sales	<u>(217.8)</u>	<u>(315.6)</u>	<u>(369.0)</u>	<u>(600.4)</u>	<u>(805.1)</u>	<u>(208.1)</u>
Gross profit	516.7	910.3	1,079.8	1,605.4	2,226.2	655.5
Other income	9.2	25.3	41.2	28.3	24.6	6.2
Administrative expenses	(460.3)	(581.9)	(545.1)	(631.5)	(772.2)	(172.8)
Network operation costs	(395.7)	(351.0)	(310.2)	(511.4)	(596.4)	(96.0)
Other operating expenses	<u>(627.4)</u>	<u>(7.6)</u>	<u>(16.4)</u>	<u>(29.3)</u>	<u>(36.7)</u>	<u>(1.1)</u>
Profit/(loss) from operations	(957.5)	(4.9)	249.3	461.5	845.5	391.8
Finance costs	<u>(138.0)</u>	<u>(311.2)</u>	<u>(115.7)</u>	<u>(92.3)</u>	<u>(67.9)</u>	<u>(12.0)</u>
Profit/(loss) before taxation	(1,095.5)	(316.1)	133.6	369.2	777.6	379.8
Taxation	(0.1)	(6.3)	(2.6)	(11.7)	(176.7)	(78.4)

11. SELECTED HISTORICAL AND PROFORMA FINANCIAL AND OPERATING DATA (Cont'd)

	As at or for the year ended 31 December					As at or for the three months ended 31 March
	1997 ⁽¹⁾	1998 ⁽¹⁾	1999 ⁽¹⁾	2000 ⁽²⁾	2001 ⁽²⁾	2002 ⁽²⁾
	RM	RM	RM	RM	RM	RM
	(in millions)					
Profit/(loss) after taxation	(1,095.6)	(322.4)	131.0	357.5	600.9	301.4
Dividend	—	—	—	—	(760.0)	—
Retained profit/(accumulated losses) for the year	<u>(1,095.6)</u>	<u>(322.4)</u>	<u>131.0</u>	<u>357.5</u>	<u>(159.1)</u>	<u>301.4</u>
Profit/(loss) from operations includes:						
Depreciation of telecommunications assets ⁽³⁾	193.2	255.2	250.7	362.5	344.8	87.2
Depreciation of non-telecommunications assets ⁽⁴⁾	43.7	39.9	40.6	53.6	54.9	13.7
Total depreciation	<u>236.9</u>	<u>295.1</u>	<u>291.3</u>	<u>416.1</u>	<u>399.7</u>	<u>100.9</u>
Amortisation ⁽⁵⁾	30.8	—	—	—	—	—
Allowance for write down of identified network costs ⁽³⁾	<u>50.0</u>	<u>88.0</u>	<u>—</u>	<u>(15.3)</u>	<u>189.9</u>	<u>—</u>
Balance Sheet Data:						
Property, plant and equipment	2,729.3	2,031.1	2,270.0	2,780.6	3,216.3	3,301.4
Other investments	0.1	0.1	0.1	0.2	—	—
Long-term assets	<u>2,729.4</u>	<u>2,031.2</u>	<u>2,270.1</u>	<u>2,780.8</u>	<u>3,216.3</u>	<u>3,301.4</u>
Current assets	551.2	1,367.0	1,055.7	1,083.2	1,377.9	1,597.2
Current liabilities	<u>(2,991.8)</u>	<u>(2,133.1)</u>	<u>(1,280.8)</u>	<u>(1,619.0)</u>	<u>(2,566.6)</u>	<u>(2,510.7)</u>
Net current liabilities	<u>(2,440.6)</u>	<u>(766.1)</u>	<u>(225.1)</u>	<u>(535.8)</u>	<u>(1,188.7)</u>	<u>(913.5)</u>
Long-term borrowings	(628.2)	(360.8)	(827.9)	(627.2)	(339.4)	(337.6)
Creditors	—	—	—	(40.6)	(199.2)	(228.2)
Deferred taxation	—	(3.0)	(5.2)	(7.8)	(78.7)	(110.3)
Net assets/(liabilities)	<u>(339.4)</u>	<u>901.3</u>	<u>1,211.9</u>	<u>1,569.4</u>	<u>1,410.3</u>	<u>1,711.8</u>
Share capital	105.3	157.9	157.9	157.9	157.9	157.9
Share premium	974.6	2,485.1	2,664.7	2,664.7	2,664.7	2,664.7
Accumulated losses	<u>(1,419.3)</u>	<u>(1,741.7)</u>	<u>(1,610.7)</u>	<u>(1,253.2)</u>	<u>(1,412.3)</u>	<u>(1,110.8)</u>
Shareholders' funds/(deficit)	<u>(339.4)</u>	<u>901.3</u>	<u>1,211.9</u>	<u>1,569.4</u>	<u>1,410.3</u>	<u>1,711.8</u>

Notes:

(1) Derived from audited consolidated financial statements of Maxis and have been extended to comply with the additional disclosure requirements of the new standards issued by the Malaysian Accounting Standards Board

(2) Audited

(3) Included in network operation costs

(4) Included in administrative expenses

(5) Included in other operating expenses

11. SELECTED HISTORICAL AND PROFORMA FINANCIAL AND OPERATING DATA (Cont'd)

	As at or for the year ended 31 December					As at or for the three months ended 31 March
	1997	1998	1999	2000	2001	2002
	RM	RM	RM	RM	RM	RM
	(in millions, except per share data)					
Other Selected Financial Data:						
EBITDA ⁽¹⁾	(649.1)	352.9	508.5	842.6	1,412.7	486.6
Cash flow data						
Cash flow from operating activities	258.9 ⁽¹⁾	538.4 ⁽¹⁾	703.7 ⁽¹⁾	1,040.7 ⁽²⁾	1,654.2 ⁽²⁾	415.0 ⁽²⁾
Cash flow from investing activities	(1,307.8) ⁽¹⁾	(293.3) ⁽¹⁾	(535.6) ⁽¹⁾	(888.5) ⁽²⁾	(1,025.3) ⁽²⁾	(186.0) ⁽²⁾
Cash flow from financing activities	1,065.4 ⁽¹⁾	364.9 ⁽¹⁾	(212.9) ⁽¹⁾	(197.1) ⁽²⁾	(408.5) ⁽²⁾	(14.5) ⁽²⁾
Net tangible assets/ (liabilities) per ordinary share (RM) ⁽¹⁾	(3.22)	5.71	7.68	9.94	8.93	10.84
Earnings/ (loss) per share (sen) ⁽¹⁾	(1,076.7)	(272.3)	83.0	226.4	380.6	190.9

Notes:

(1) Components of financial data derived from audited consolidated financial statements

(2) Audited

	As at or for the year ended 31 December					Compound Annual Growth Rate for the years 1997-2001
	1997	1998	1999	2000	2001	
Selected Unaudited Operating Data (Mobile Services):						
Number of mobile net subscribers (in thousands)						
Postpaid	344	527	623	790	1,036	31.7%
Prepaid	N/A ⁽¹⁾	N/A ⁽¹⁾	87	656	1,259	279.8% ⁽²⁾
ARPU (RM)						
Postpaid	190	195	187	182	165	(3.4%)
Prepaid	N/A ⁽¹⁾	N/A ⁽¹⁾	49	73	67	17.2% ⁽²⁾
Monthly MOU per subscriber (minutes)						
Postpaid	380	371	384	411	439	3.6%
Prepaid	N/A ⁽¹⁾	N/A ⁽¹⁾	106	186	161	22.9% ⁽²⁾
Average monthly churn rate (%)	2.2%	2.3%	3.3%	2.2%	1.6%	–
Average acquisition cost per gross subscriber additions (RM)						
	323	312	116	79	78	–

Notes:

(1) Not applicable since this revenue stream commenced only in 1999 when the *Hotlink* prepaid service was launched

(2) Compound annual growth rate for the years 1999-2001

11. SELECTED HISTORICAL AND PROFORMA FINANCIAL AND OPERATING DATA (Cont'd)

	For the year ended 31 December					For three months ended 31 March
	1997	1998	1999	2000	2001	2002
	RM	RM	RM	RM	RM	RM
	(in millions)					
EBITDA⁽¹⁾:						
Profit/(loss) after taxation	(1,095.6)	(322.4)	131.0	357.5	600.9	301.4
Taxation	<u>0.1</u>	<u>6.3</u>	<u>2.6</u>	<u>11.7</u>	<u>176.7</u>	<u>78.4</u>
Profit/(loss) before taxation	(1,095.5)	(316.1)	133.6	369.2	777.6	379.8
Interest income	(9.3)	(25.3)	(32.1)	(19.7)	(22.4)	(6.1)
Finance cost	138.0	311.2	115.7	92.3	67.9	12.0
Depreciation	236.9	295.1	291.3	416.1	399.7	100.9
Amortisation	30.8	—	—	—	—	—
Allowance for write down of identified network costs	<u>50.0</u>	<u>88.0</u>	<u>—</u>	<u>(15.3)</u>	<u>189.9</u>	<u>—</u>
EBITDA	<u>(649.1)</u>	<u>352.9</u>	<u>508.5</u>	<u>842.6</u>	<u>1,412.7</u>	<u>486.6</u>

Notes:

(1) EBITDA is unaudited and is shown for illustrative purposes only

The audited consolidated financial statements of Maxis were not subject to any audit qualification for the years ended 31 December 1997, 1998, 1999, 2000 and 2001, or for the three months ended 31 March 2002, and there were no exceptional items or extraordinary items, as defined by MAAS, recorded for such periods.

11.2 Unaudited Selected Proforma Financial Data

	For the year ended 31 December 1997		
	Maxis historical	Proforma adjustments	Proforma income statement ⁽¹⁾
	(RM in millions)		
Income Statement Data:			
Revenue	734.5	(122.6)	611.9
Interconnect expenses and direct cost of sales	<u>(217.8)</u>	<u>(5.6)</u>	<u>(223.4)</u>
Gross profit	516.7	(128.2)	388.5
Other income	9.2	(1.5)	7.7
Administrative expenses	(460.3)	41.5	(418.8)
Network operation costs	(395.7)	54.4	(341.3)
Other operating expenses	<u>(627.4)</u>	<u>75.0</u>	<u>(552.4)</u>
Loss from operations	(957.5)	41.2	(916.3)
Finance cost	<u>(138.0)</u>	<u>38.6</u>	<u>(99.4)</u>
Loss before taxation	(1,095.5)	79.8	(1,015.7)
Taxation	<u>(0.1)</u>	<u>—</u>	<u>(0.1)</u>
Loss after taxation	<u>(1,095.6)</u>	<u>79.8</u>	<u>(1,015.8)</u>

11. SELECTED HISTORICAL AND PROFORMA FINANCIAL AND OPERATING DATA (Cont'd)

	For the year ended 31 December 1998		
	Maxis historical	Proforma adjustments	Proforma income statement ⁽¹⁾
	(RM in millions)		
Revenue	1,225.9	(165.4)	1,060.5
Interconnect expenses and direct cost of sales	<u>(315.6)</u>	<u>(3.5)</u>	<u>(319.1)</u>
Gross profit	910.3	(168.9)	741.4
Other income	25.3	(1.4)	23.9
Administrative expenses	(581.9)	47.3	(534.6)
Network operation costs	(351.0)	37.0	(314.0)
Other operating expenses	<u>(7.6)</u>	<u>(3.9)</u>	<u>(11.5)</u>
Loss from operations	(4.9)	(89.9)	(94.8)
Finance cost	<u>(311.2)</u>	<u>35.2</u>	<u>(276.0)</u>
Loss before taxation	(316.1)	(54.7)	(370.8)
Taxation	<u>(6.3)</u>	<u>—</u>	<u>(6.3)</u>
Loss after taxation	<u>(322.4)</u>	<u>(54.7)</u>	<u>(377.1)</u>

Notes:

(1) Excludes Binariang Satellite Systems

11.3 Balance Sheet Data

Had the proforma adjustments deemed appropriate been incorporated on the basis as if Binariang Satellite Systems was never a subsidiary of Maxis Communications, the impact on the unaudited proforma consolidated balance sheet would have resulted in an increase in Maxis' shareholders' funds as at 31 December 1997 and 31 December 1998 by RM101.1 million and RM46.4 million, respectively.

This would have a cumulative effect on future shareholders' funds of RM46.4 million.

11.4 Description of Proforma Adjustments

The proforma adjustments deemed appropriate as at and for the years ended 31 December 1997 and 31 December 1998 were as follows:

- (i) To exclude Maxis' share of post acquisition results of Binariang Satellite Systems for the year ended 31 December 1997 and for the nine months ended 30 September 1998, previously accounted for in the audited consolidated financial statements of Maxis.
- (ii) To include the intercompany transactions between Maxis and Binariang Satellite Systems which were previously excluded on consolidating the financial statements of Maxis. The intercompany transactions would include transponder lease rentals from Binariang Satellite Systems to Maxis, share of common expenses charged by Maxis to Binariang Satellite Systems and management fees payable by Binariang Satellite Systems to Maxis.
- (iii) To exclude Maxis' gain arising from the disposal of Binariang Satellite Systems as at 30 September 1998.

11. SELECTED HISTORICAL AND PROFORMA FINANCIAL AND OPERATING DATA (Cont'd)

11.5 Segment Results

Maxis is organised into three main business segments:

- Mobile – supplies mobile communication services to businesses, individuals and to 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; and
- International gateway – provides an international gateway network which offers cross-border interconnect services through its operating entity Maxis International.

The business segments of the fixed line and internet and international gateway support the operations of the mobile business segment. Other operations of the Group which represent 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.

For the purposes of the discussion on the segment results, the representative segment results have been presented on an entity basis which is materially different from the Group presentation shown elsewhere in this Prospectus. The entity operating segment results are disclosed without eliminating intra Group transactions with a subsequent line to show the net elimination entries (see table below) to arrive at the total Group results.

	1997 ⁽¹⁾	For the year ended 31 December 1998 ⁽¹⁾	For the year ended 31 December 1999 ⁽¹⁾	For the year ended 31 December 2000 ⁽¹⁾	For the year ended 31 December 2001 ⁽¹⁾	For the three months ended 31 March 2002 ⁽²⁾
	RM	RM	RM	RM	RM	RM
	(in millions)					
Segment Results:						
Mobile ⁽³⁾	(67.6)	138.7	343.0	584.5	913.1	322.2
Fixed line and internet ⁽³⁾	(682.9)	(303.0)	(161.1)	(223.8)	(181.5)	53.4
International gateway ⁽³⁾	11.9	50.2	55.9	86.1	113.8	10.7
Other operations ⁽³⁾	(234.0)	40.4	(20.7)	(6.8)	(22.5)	(0.5)
Net eliminations	5.9	43.5	0.1	1.8	0.1	–
	<u>(966.7)</u>	<u>(30.2)</u>	<u>217.2</u>	<u>441.8</u>	<u>823.0</u>	<u>385.8</u>

Notes:

- (1) Derived from audited consolidated financial statements of Maxis and extended to comply with the additional disclosure requirements of the new standards issued by the new Malaysian Accounting Standards Board
- (2) Audited
- (3) Segment results are segment revenues less segment expenses and are represented by the respective segment's profit/(loss) from operations before interest income and interest expense (which includes intra-group transactions)

The segment results from other operations for 1997 and 1998 include the results of Binariang Satellite Systems, a wholly-owned subsidiary of Maxis Communications, which was disposed of in September 1998.

The primary contributor to Maxis' results since 1997 has been its mobile segment. The improvements in the results of the mobile segment from 1997 to 2001 was mainly due to the substantial growth in revenues from its growing postpaid subscriber base and its prepaid mobile services which was launched in October 1999 coupled with a significant reduction in finance costs following repayments of certain loans during later periods. From 1997 to 2001, Maxis' mobile segment net subscriber base increased from 157,607 to 2,294,989, an increase of 1,356 per cent. and its segment results increased from a loss of RM67.6 million in 1997 to a profit of RM913.1 million in 2001.

**11. SELECTED HISTORICAL AND PROFORMA FINANCIAL AND
OPERATING DATA (Cont'd)**

Maxis' fixed line and internet segment negatively affected Maxis' financial performance over the period from 1997 to 2001. This was predominantly due to economic conditions, delays in network roll out, low take up rates and competitive pressures from the incumbent operator resulting in limited revenues and high operating costs primarily from depreciation and finance charges. The fixed line and internet segment in 1997 was significantly affected by foreign exchange losses amounting to RM294.6 million arising from the translation of year end balances in borrowings and payables denominated in foreign currencies as well as an allowance made for the write down of identified network costs of RM50.0 million and the write down of inventories of RM22.0 million. The overall segment's results improved in 1998 despite further write down of identified network costs, primarily due to its reduced foreign exchange exposure as a consequence of the pegging of the Ringgit to the U.S. Dollar. Equal access was launched in 1999 and this improved the results of the segment. The fixed line and internet segment was reorganised in 2000 and 2001. Sales and marketing activities in respect of the equal access business were significantly reduced commencing July 2000 and domestic frame relay and CATV services were discontinued since May 2001. In addition, allowances were made for the write down of identified network costs amounting to RM189.9 million in 2001 to reflect the reduction in the level of cash flows expected from future operations in this segment.

Maxis' international gateway segment has also contributed to Maxis' revenue primarily due to the increasing interconnect revenues earned from other operators for inbound international calls.

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12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis with respect to the three years ended 31 December 2001 and the three months ended 31 March 2002 are based on, and should be read in conjunction with, the Accountants' Report, including Maxis' audited consolidated financial statements and related notes thereto, and Maxis' selected financial and operating data and related notes thereto, in each case as at and for the three years ended 31 December 2001 and the three months ended 31 March 2002.

The following discussion and analysis with respect to the two years ended 31 December 1998 are based on, and should be read in conjunction with, Maxis' unaudited proforma selected financial data and related notes thereto, as at and for the two years ended 31 December 1998. Such unaudited proforma selected financial data, and the following discussion and analysis with respect thereto, exclude Binariang Satellite Systems accounted for as a wholly-owned subsidiary of Maxis Communications up to 30 September 1998 and which Maxis Communications disposed of pursuant to an agreement dated 7 October 1998. Such unaudited proforma selected financial data therefore differ from the information presented in the Accountants' Report with respect to the two years ended 31 December 1998, and are for illustrative purposes only.

Maxis' financial statements as at and for the five years ended 31 December 2001 have been prepared and presented on a consolidated basis and in accordance with MAAS.

12.1 Introduction

Maxis is the leading^(a) mobile communications provider in Malaysia with approximately 2.3 million mobile net subscribers, representing approximately 31 per cent.^(b) of the estimated 7.5 million mobile net subscribers in Malaysia as at 31 December 2001. Since starting commercial operations in August 1995, Maxis has been the fastest growing mobile communications provider in Malaysia with the number of its mobile net subscribers increasing at a compound annual growth rate of 107 per cent. between 31 December 1995 and 2001, in excess of the compound annual industry growth rate within Malaysia of 43 per cent.^(c) for such period. In support of its mobile business, Maxis also operates an international gateway as well as a fixed line network which offers voice and data services over broadband infrastructure, using fibre optic, microwave and satellite technology.

After commencing commercial operations in late 1995, Maxis has, from the beginning of 1997, generated substantial growth in mobile subscribers and revenue. From 1 January 1997 to 31 December 2001, Maxis' mobile services net subscriber base increased from 157,607 to 2,294,989, an increase of 1,356.1 per cent. Over the same period, Maxis' revenue increased from RM611.9 million in 1997 to RM3,031.3 million in 2001, an increase of 395.4 per cent. Revenue from Maxis' mobile services, which has contributed a substantial majority of Maxis' revenue in recent years, grew from RM571.0 million in 1997, its second full year of commercial operations, to RM2,780.3 million in 2001, an increase of 386.9 per cent. Fixed line services, international gateway services and internet services generated combined revenue of RM251.0 million in 2001 representing approximately 8.3 per cent. of Maxis' total revenue in that year, compared to RM40.9 million in 1997 which represented approximately 6.7 per cent. of Maxis' total revenue that year.

In addition to achieving rapid growth in mobile subscribers and revenue, in 1998 Maxis' EBITDA turned positive with EBITDA of RM222.8 million, and its EBITDA has grown from a negative of RM660.0 million in 1997 to RM1,412.7 million in 2001.

The table below shows Maxis' revenue and the respective contributions to Maxis' revenue from its principal services for the years indicated, as well as Maxis' EBITDA and profit before taxation.

(a) Source: December 2001 subscribers by operator, Global Mobile newsletter (Volume 9, Number 4, 27 February 2002)

(b) Market share based on Maxis reported subscriber numbers and the Commission's estimate of Malaysian mobile subscribers as at 31 December 2001 (published in March 2002)

(c) Source: Industry growth rates based on the Commission's statistics as at 31 December 2001 (published in March 2002)

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

	For the year ended 31 December									
	1997 ⁽¹⁾		1998 ⁽¹⁾		1999		2000		2001	
	(RM in millions, except percentages)									
Revenue										
Mobile services	571.0	93.3%	960.6	90.6%	1,292.8	89.2%	1,954.8	88.6%	2,780.3	91.7%
Fixed line services	21.8	3.6%	54.4	5.1%	101.5	7.0%	150.0	6.8%	141.4	4.7%
International gateway services	19.1	3.1%	45.5	4.3%	54.5	3.8%	90.9	4.1%	100.0	3.3%
Internet services	N/A ⁽²⁾	–	N/A ⁽²⁾	–	N/A ⁽²⁾	–	10.1	0.5%	9.6	0.3%
Total	<u>611.9</u>	<u>100.0%</u>	<u>1,060.5</u>	<u>100.0%</u>	<u>1,448.8</u>	<u>100.0%</u>	<u>2,205.8</u>	<u>100.0%</u>	<u>3,031.3</u>	<u>100.0%</u>
EBITDA	(660.0)	–	222.8	–	508.5	–	842.6	–	1,412.7	–
Profit/(loss) before taxation	(1,015.7)	–	(370.8)	–	133.6	–	369.2	–	777.6	–

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

The primary contributor to Maxis' results since the beginning of 1997 has been its mobile services. Maxis' mobile services have grown significantly since commercial launch in late 1995, and as a result of their contribution, Group revenue and profit have improved substantially in each year.

Maxis' fixed line services have negatively affected Maxis' financial performance since 1997. This is predominantly due to the nature of the competition and extensive capital expenditure requirements of the fixed line market within Malaysia, which resulted in limited revenues and high operating costs from depreciation and finance charges. Consequently, Maxis has reorganised its fixed line services whereby it reduced significantly its sales and marketing activities in relation to the equal access business commencing July 2000 and since May 2001, has discontinued offering its domestic frame relay and cable television ("CATV") services. Furthermore, Maxis made an allowance for the write down of identified network costs of RM189.9 million for the year ended 2001.

Maxis' international gateway services have, to a much lesser extent than Maxis' mobile services, also contributed to Maxis' revenue primarily as a result of increasing interconnect revenue earned from other operators for inbound international calls.

12.2 Factors Affecting Maxis' Financial Condition and Results of Operations

Maxis' results of operations, like those of other telecommunications operators, are substantially dependent on the number of subscribers, the level of subscriber usage, the churn rate of subscribers, ARPU levels, the amount of capital expenditure and the costs of related financing, the level and structure of tariffs, interconnection arrangements and lease of transmission capacity. In addition, Maxis operates in a competitive and regulated environment. Its operations and financial performance are significantly affected by the Government's regulation of, and policies regarding, the telecommunications industry including in respect of tariff structure, terms for interconnection, and technology and equipment standards and investments (which have historically not included network roll out obligations, but have included, and are expected to continue to include, universal service obligations). Maxis' financial performance is affected by various other factors external to Maxis and the telecommunications industry, including economic and financial conditions in Malaysia. Refer to Sections 5 and 16 of this Prospectus.

During the five years ended 31 December 2001, Maxis' financial condition and results of operations were affected by a number of factors, including the principal factors set forth below.

12.2.1 Competition

The market for telecommunications services in Malaysia is highly competitive. Increasing competition in the Malaysian telecommunications industry has had, and is expected to continue to have, a significant impact on Maxis' financial condition and results of operations. Mobile service providers compete for subscribers in a number of different areas including the services and features offered, the technical quality of the wireless system, network coverage and capacity, customer service and price. In addition, the wireless communication industry in Malaysia is experiencing technological changes, evolving industry standards, liberalisation and changes in subscribers' preferences. Competition in the wireless telecommunications industry in Malaysia may increase as a result of industry consolidation, the entry of new competitors, foreign investment in existing competitors, and the development of new technologies, products and services.

Increased competition from existing and new operators has resulted in, and is expected to continue to result in, greater price competition, with operators lowering monthly access fees and tariffs, providing substantial handset subsidies and offering more attractive product and service packages, resulting in a higher churn rate, lower ARPU, slower growth in total subscribers and increased subscriber acquisition costs. As Maxis has historically not competed primarily on price and has priced its services at levels that are generally higher than those of its competitors, Maxis' direct participation in any such price competition could have a material adverse effect on Maxis' financial position and results of operations. In order to minimise the impact of increased competition on Maxis' financial position and results of operations, Maxis' key strategies have been, and will continue to be,

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

management of mobile subscriber churn and the maintenance of a low cost structure, as well as the continued focus on high-usage mobile subscribers through Maxis' branding and marketing strategies, and maintenance of a loyal customer base through superior customer service, loyalty programmes and high quality mobile service and coverage. Maxis believes that these strategies will continue to be effective, however, there can be no assurance that these or other strategies will prove effective in avoiding the adverse effects of greater price competition. Telekom Malaysia was reported to have direct and indirect interests of approximately 31.25 per cent. in TRI as at 7 May 2002. Telekom Malaysia has formally requested TRI to convene an extraordinary general meeting to remove certain of TRI's directors, and to appoint four directors nominated by Telekom Malaysia. TRI's board of directors has indicated that it intends to convene such a meeting. Telekom Malaysia has said it may consider exploring with TRI the feasibility of merging its mobile operations with those of Celcom or cooperating in some other manner, and this could potentially create a stronger competitor for Maxis.

12.2.2 Capital Expenditure

Maxis' telecommunications businesses are capital intensive in nature. In order to continue to be competitive and to provide services and technologies compatible with the more advanced telecommunications providers, Maxis plans to continue to expand and improve its telecommunications network, which will involve substantial capital expenditure. During the years ended 31 December 1997, 1998, 1999, 2000 and 2001, Maxis invested RM1,298.3 million, RM285.0 million, RM535.9 million, RM915.8 million and RM1,031.4 million, respectively, in projects related to the expansion and improvement of its telecommunications network and supporting systems infrastructure. Although aggregate capital expenditures were substantial in each year during this period, the nature of the capital expenditure changed significantly over this period, with investments in 1997 relating primarily to Maxis' fixed line network (primarily installation of its trunk network) and investments in subsequent years relating primarily to Maxis' mobile network (primarily installation of BTS sites and switches), consistent with Maxis' business strategy to increase its focus on mobile businesses. Refer to Section 12.8.2 of this Prospectus.

12.2.3 Tariffs

Rates and tariffs for mobile services were liberalised in Malaysia in August 2000 and as a result, mobile operators are currently free to set any rates for their services. This liberalisation has led to a more competitive pricing environment, with operators lowering monthly access fees for postpaid services and offering more attractive product and service packages, resulting in higher churn rate, lower ARPU, slower growth in total subscribers and increased subscriber acquisition costs. Despite the competitive environment, Maxis has been able to minimise the decline in postpaid ARPU (from RM187 in 1999 to RM165 in 2001), and reduce monthly average churn (from 3.3 per cent. in 1999 to 1.6 per cent. in 2001), by offering attractive promotions and retention programmes which reward rebates to subscribers based on loyalty, usage and prompt payment of bills. Maxis has decreased the average acquisition cost per mobile gross subscriber addition (from RM116 in 1999 to RM78 in 2001) largely due to the increase in prepaid customers.

Interconnection charges between operators in Malaysia are being charged on a cost based arrangement as opposed to the previous commercially negotiated revenue sharing arrangement. The Commission is currently conducting an industry-wide costing study and is seeking industry feedback in establishing a new interconnect framework. Maxis has historically benefited from favourable interconnection arrangements; however, Maxis is currently unable to determine the impact of such a change as the guidelines and formula for calculating the costs involved are still at an early stage of development.

Under the stipulated guidelines prior to 2002, all telecommunications operators in Malaysia are required to contribute to the funding of the Universal Service Obligation ("USO"). The Government announced that Telekom Malaysia, the incumbent service provider, would be the sole designated USO provider until 31 December 2001 and that the respective contributions of the other operators including Maxis would be recovered through 12 equal monthly payments payable directly to Telekom Malaysia. From 2002, the principle of "pay or play" applies so that operators which choose to provide

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

services to designated Universal Service Provision ("USP") areas will be compensated for losses incurred from a USP fund to which all operators will contribute. The amount payable to such fund by Maxis will be six per cent. of weighted designated revenues, less any allowable deductions, unless the Commission by written notification decides to reduce the contribution based on the Commission's assessment from time to time of the funds required to fulfil the universal service targets, the ability of the licensees to meet the obligation, the amount of moneys available in the USP Fund and such other matters as may be relevant. Refer to Sections 16.14 and 16.15 of this Prospectus.

12.2.4 Utilisation of Taxation Benefits

Maxis' effective tax rates for the three years ended 31 December 1997, 1998 and 2000 were lower than the statutory tax rate due to the utilisation of brought forward tax losses, capital and investment allowances and exemption on 70 per cent. of statutory income under the Approved Service Projects ("ASP") status. In addition, income tax on profits earned in 1999 was waived by the Government pursuant to the Income Tax (Amendment) Act, 1999.

In 2001, Maxis' effective tax rate increased substantially mainly due to the increase in the taxation charge for Maxis' mobile services and the absence of brought forward losses which were substantially utilised in 2000.

ASP status is granted to projects approved by the Minister of Finance that are undertaken by resident companies in the communications, utilities and transportation services sub-sectors. The incentives granted include an Investment Allowance of 60 per cent. of qualifying capital expenditure incurred for purposes of the ASP within a period of five years and these investment allowances can be used to shelter up to 70 per cent. of statutory income. For non-capital intensive projects, an alternative incentive in the form of exemption of up to 70 per cent. of statutory income for a period of five years is granted. The income sheltered can then be distributed as tax-exempt dividends to shareholders. Exemption from customs duty and sales tax on imported material and machinery are also granted under this status; however, applications for exemption are still required to be made on a yearly basis.

ASP status has been granted to Maxis' mobile, fixed line and international gateway services. The ASP incentive period for Maxis' mobile, fixed line and international gateway services expired on 30 June 2000, 31 December 2000 and 1 June 2001, respectively. After the expiry of the ASP periods, applications to extend the customs duty and sales tax exemption periods continue to be made on a yearly basis. The current exemption periods for Maxis Broadband and Maxis International will expire on 31 December 2002 while Maxis Mobile's exemption will expire on 29 June 2002.

Subject to the agreement of the tax authorities as at 31 December 2001, Maxis had unabsorbed tax losses of RM652.1 million, and available capital allowances and investment allowances of RM960.1 million and RM1,013.3 million, respectively, to be utilised against future taxable profits. These tax losses, capital allowances and investment allowances are mainly derived from Maxis' fixed line business. Since there is no group relief under the Malaysian income tax law, the above unabsorbed tax losses and allowances can only be utilised against future taxable profit of individual companies which have such unabsorbed losses and allowances.

Maxis has derived significant benefit as a result of its unabsorbed tax losses, capital allowances and investment allowances. However, Maxis expects that its effective tax rates will in the future exceed those it has experienced historically as its unabsorbed tax losses and allowances applicable to its mobile business have been substantially utilised.

12.2.5 Performance of the Malaysian Economy

Maxis' financial condition and results of operations have been, and are expected to continue to be, affected by the performance of the Malaysian economy. Beginning in the second half of 1997, the Asian economic crisis adversely affected the Malaysian economy. As a result, the rate of GDP growth for Malaysia declined by 7.4 per cent. in 1998 and the Ringgit depreciated from approximately RM2.5235 = U.S.\$1.00 on 30 June 1997 to a low of RM4.725 = U.S.\$1.00 on 7 January 1998 before

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

the Government imposed the RM/U.S.\$ fixed exchange rate at RM3.80 = U.S.\$1.00 in September 1998. The Asian economic crisis and its adverse consequences in Malaysia resulted in lower growth rates in the demand for Maxis' telecommunications services, significantly increased Maxis' costs of capital expenditures and related foreign denominated financing and increased Maxis' levels of doubtful debts.

Beginning in the second half of 1999 and continuing into 2000, the economic environment in Malaysia generally improved and Malaysian GDP grew at a rate of 6.1 per cent. in 1999 and 8.3 per cent. in 2000. However, a world economic slowdown, particularly affecting the manufactured technology sector which comprises a significant portion of Malaysia's exports, and heightened uncertainties following the events of 11 September 2001 caused Malaysia to experience a slowdown in economic growth in the latter part of 2001. For the full year 2001, Malaysian GDP recorded growth of 0.4 per cent.

As the growth of Maxis' business has to some extent been driven by the growing affluence of Malaysians generally, and by high-usage business customers and youth segments in particular, Maxis believes that these fluctuations in positive and negative economic conditions have had limited impact on Maxis' revenues over such periods. Maxis believes that its business and financial performance in the future will continue to be affected to some extent by economic conditions in Malaysia.

12.3 Results of Operations
12.3.1 Revenue Overview

Maxis' revenues have increased from RM611.9 million in 1997 to RM3,031.3 million in 2001, an increase of 395.4 per cent. Mobile services have been the principal contributor to Maxis' revenue, with relatively small contributions to revenue from fixed line services, international gateway services and internet services, which were launched in October 1999.

12.3.2 Discussion of Principal Components of Revenue

The principal components of Maxis' revenue for the five years ended 31 December 2001 are discussed below.

Mobile Services. Mobile services include revenue derived from airtime usage fees, fixed monthly access fees, one-time connection fees charged to new subscribers, roaming partners, interconnection revenue, value-added services and sales of prepaid starter packs. Airtime usage fees include charges for outgoing calls (including roaming Maxis subscribers) and purchase of airtime for outgoing calls in the case of prepaid subscriptions. Monthly access fees consist of a fixed amount charged to postpaid subscribers for maintaining access to Maxis' network. Revenue from roaming partners and interconnection includes amounts received from other operators for calls made by their subscribers using Maxis' networks and for calls from their networks terminating through Maxis' networks. Value-added services represent revenue from various calling features, including voice mail, caller line/number identification presentation ("CLIP"), caller line/number identification restriction ("CLIR"), call waiting, call forwarding and mobile fax and other data revenue. Maxis utilises different tariff plans for its postpaid and prepaid subscribers. Refer to Section 7.5.4 of this Prospectus.

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

The following table sets forth the principal components of Maxis' mobile services revenue, in Ringgit and also expressed as a percentage of total mobile services revenue, for the periods indicated.

	<u>1997</u>		<u>1998</u>		<u>1999</u>		<u>2000</u>		<u>2001</u>	
	(RM in millions, except percentages)									
Mobile Services Revenue										
Airtime usage fees	302.7	53.0%	494.7	51.5%	655.5	50.7%	1,063.9	54.4%	1,658.8	59.7%
Monthly access fees	156.3	27.4%	277.8	28.9%	370.8	28.7%	416.6	21.3%	460.0	16.5%
Connection fees.	12.2	2.1%	15.4	1.6%	17.1	1.3%	17.9	0.9%	21.3	0.8%
Roaming partners and interconnect revenue.	74.9	13.1%	120.6	12.6%	177.8	13.8%	299.2	15.3%	433.8	15.6%
Value-added services	24.9	4.4%	52.1	5.4%	64.8	5.0%	72.9	3.7%	103.6	3.7%
Sales of prepaid starter packs	<u>N/A⁽¹⁾</u>	<u>—</u>	<u>N/A⁽¹⁾</u>	<u>—</u>	<u>6.8</u>	<u>0.5%</u>	<u>84.3</u>	<u>4.4%</u>	<u>102.8</u>	<u>3.7%</u>
Total mobile services revenue	571.0	100.0%	960.6	100.0%	1,292.8	100.0%	1,954.8	100.0%	2,780.3	100.0%

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

The table below sets forth selected unaudited operating data with respect to Maxis' mobile services, including the number of Maxis' prepaid and postpaid subscribers, its average monthly ARPU levels for each, its MOU and its average monthly churn rates for the periods indicated.

	As at or for the year ended 31 December					Compound Annual Growth Rate for the years 1997-2001
	1997	1998	1999	2000	2001	
Selected operating data (Mobile Services):						
(Unaudited)						
Number of net subscribers (in thousands)						
Postpaid	344	527	623	790	1,036	31.7%
Prepaid	N/A ⁽¹⁾	N/A ⁽¹⁾	87	656	1,259	279.8% ⁽²⁾
Total	344	527	710	1,446	2,295	60.7%
Total MOU (in millions)	1,039	1,720	2,484	3,995	6,590	58.7%
Average monthly MOU (in thousands)	86,603	143,294	207,045	332,894	549,209	58.7%
Average monthly MOU (inbound and outbound) per subscriber	380	371	380	335	294	(6.2)%
Monthly ARPU (RM)						
Postpaid	190	195	187	182	165	(3.4)%
Prepaid	N/A ⁽¹⁾	N/A ⁽¹⁾	49	73	67	17.2% ⁽²⁾
Average monthly churn rate (%)	2.2%	2.3%	3.3%	2.2%	1.6%	-

Notes:

(1) Not applicable since this revenue stream commenced only in 1999 when the *Hotlink* prepaid service was launched

(2) Compound annual growth rate for the years 1999-2001

With rapid growth in its mobile subscriber base, Maxis' average monthly MOU (inbound and outbound) per mobile subscriber has decreased from 380 in 1997 to 294 in 2001. However, this decrease per subscriber has been more than offset by the increased number of subscribers and the resulting increase in total MOU, which have increased from 1,039.0 million minutes in 1997 to 6,590.5 million minutes in 2001, an increase of 534.3 per cent.

The increases in mobile subscribers and total MOU have also more than offset declines in monthly ARPU. These have declined at a compound annual rate of 3.4 per cent. between 31 December 1997 to 31 December 2001 for the postpaid market. This decline has largely been driven by increased competition, declining tariffs and greater penetration into lower usage subscriber segments. Maxis' postpaid strategy is focused on product innovation and differentiation, premium customer service and network coverage to retain its high quality customer base. ARPU levels in the prepaid market have increased from RM49 as at 31 December 1999 to RM67 as at 31 December 2001, primarily as a result of higher MOU and the ending of promotional pricing of prepaid starter packs when the service was launched in October 1999.

Average monthly churn rates have fallen from 2.2 per cent. in 1997 to 1.6 per cent. in 2001. Maxis has been successful in managing churn by focussing on subscriber retention through the implementation of various customer loyalty programmes, including offering discounts to long-term subscribers.

Fixed Line Services. Revenues from fixed line services consist of revenue from local, national and international direct dialling ("IDD") services provided to business and residential customers, which take the form of airtime usage and monthly access fees, equal access fees, interconnect revenues, connection fees for new subscribers, leased line rental, and other revenues which include revenues from very small aperture terminal ("VSAT"), data network services (including domestic frame relay) and CATV services. In July 2000, as part of Maxis' reorganisation of its fixed line services,

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Maxis significantly reduced its sales and marketing activities related to equal access services and, since May 2001, discontinued offering its domestic frame relay and CATV services.

The following table sets forth the principal components of fixed line services revenue, in Ringgit and also expressed as a percentage of total fixed line services revenue, for the periods indicated.

	<u>1997</u>		<u>For the year ended 31 December</u>								<u>2001</u>
			<u>1998</u>		<u>1999</u>		<u>2000</u>				
	(RM in millions, except percentages)										
Fixed line services revenue											
Usage and monthly access fees	17.2	78.9%	39.2	72.0%	50.9	50.2%	73.3	48.9%	77.8	55.0%	
Equal access	—	—	—	—	30.5	30.1%	45.4	30.3%	17.4	12.3%	
Connection fees	0.7	3.2%	0.7	1.3%	0.7	0.7%	0.6	0.4%	0.5	0.4%	
Interconnect revenue	1.2	5.5%	4.0	7.4%	6.2	6.1%	6.3	4.2%	9.7	6.9%	
Leased line rental	0.4	1.8%	3.3	6.1%	5.3	5.2%	11.0	7.3%	17.9	12.6%	
Other revenue	<u>2.3</u>	<u>10.6%</u>	<u>7.2</u>	<u>13.2%</u>	<u>7.9</u>	<u>7.7%</u>	<u>13.4</u>	<u>8.9%</u>	<u>18.1</u>	<u>12.8%</u>	
Total fixed line services revenue	21.8	100.0%	54.4	100.0%	101.5	100.0%	150.0	100.0%	141.4	100.0%	

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Interconnect Expenses. Interconnect expenses represent amounts paid to other operators for calls from Maxis' network to their networks and expenditures made pursuant to Maxis' Universal Service Obligations. The increase year on year in Maxis' interconnect expenses has been driven by the substantial growth in Maxis' subscriber base and increased MOU.

Other Direct Costs of Sales. Other direct costs of sales include leased line charges, roaming charges paid to other operators for calls made by Maxis' subscribers using their networks, licence fees, satellite transponder lease charges, costs of prepaid SIM cards, starter packs and top-up tickets, commissions paid to distributors for prepaid top-up tickets sold, content costs for internet data services and BTS site rentals and utilities. Other direct costs of sales have also increased year on year as a result of Maxis' larger subscriber base, increasing number of BTS sites commissioned resulting in increasing rentals and utilities and prepaid services related costs, particularly in 2000 and 2001 following the launch of prepaid services in October 1999.

Depreciation. Maxis' depreciation expense consists primarily of the depreciation of telecommunications network and equipment, which are depreciated over six to 10 years and non-telecommunications plant, property, (other than freehold land), and equipment, which are depreciated over a period ranging from five to 99 years. Telecommunications network and equipment mainly comprise BTS systems, switching and microwave transmission equipment and fibre and trunk networks, and amounted to RM3,993.5 million as at 31 December 2001. Depreciation of telecommunications network and equipment is accounted for within network operation costs, and depreciation of non-telecommunications plant, property and equipment is accounted for in administrative expenses. Total depreciation increased from 1997 to 2000, primarily due to the increased capital expenditure to build and enhance the telecommunications network. The total depreciation charge (before reclassification) for 2001 was RM589.6 million, primarily driven by increased capital expenditure. However, due to a reclassification of an amount of RM189.9 million from the depreciation charge to an allowance for write down of identified network costs (which is included in Other Network Operating Costs), the total depreciation charge was reduced from RM589.6 million to RM399.7 million. As a result, the 2001 depreciation charge was slightly lower than the charge in 2000.

Other Network Operation Costs. Other network operation costs comprise mainly foreign exchange translation differences, repairs and maintenance of telecommunications network assets, allowances for stock obsolescence and allowance for write down of identified network costs. Telecommunications network repairs and maintenance costs mainly comprise operational spares and extended warranty charges paid to extend warranty coverage of telecommunications equipment whose warranty periods have expired. Other network operation costs were higher in 1997 due to allowance made for the write down of identified network costs of RM50.0 million and the write down of inventories of RM22.0 million in the fixed line services. Although there were further write downs of identified network costs in 1998, the overall costs decreased due to significant increases in foreign exchange gains of RM37.2 million. In 1999, the decrease continued as there was minimal allowance made for the write down of identified network costs, although repairs and maintenance costs increased compared to previous years. The increase in 2000 was contributed mainly by higher repairs and maintenance costs due to an increase in extended warranty costs as equipment warranties expired in that year coupled with higher allowances for stock obsolescence of RM40.8 million. The significant increase in other network operation costs in 2001 was primarily due to the allowance made for the write down of identified network costs of RM189.9 million set off by lower extended warranty costs for BTS related equipment, as these were offered at no charge by a vendor.

Staff Related Costs. Staff related costs consist of salaries and wages, bonuses, allowances, benefits and contributions to the employees provident fund. Staff related costs increased in 1998 compared to 1997 primarily due to lower staff related costs being capitalised as part of fixed assets in 1998 as compared to 1997 and greater amounts paid as compensation in 1998 due to the retrenchment exercise carried out in that year. Staff related costs decreased slightly in 1999 compared to 1998, despite an increase in staff members, primarily due to a lower number of expatriate staff in 1999 as compared to 1998 as a result of the termination of the employment of a significant number of expatriate employees in 1998. In 2000 and 2001, staff related costs increased due to an increase in

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

staff numbers, particularly in network engineering, which was necessary to build and extend the network to serve a larger subscriber base.

Allowance for Doubtful Debts. Maxis' allowance for doubtful debts represents amounts provided for doubtful subscriber balances. A specific allowance is made if balances are identified to be doubtful in collection. In addition, a general allowance is also made based on doubtful debt allowance policies that depend on the age of outstanding subscriber balances. There was an increase in doubtful debt expense in 1998 and 1999 primarily due to the rapid increase in the postpaid subscriber base, as well as poor economic conditions during those years, which contributed to delayed payments or non-payments of subscriber balances. In 2000, allowances for doubtful debts decreased due to tighter credit control policies and the migration of low-end subscribers to prepaid services. The allowance for doubtful debts increased slightly in 2001 as a result of the larger subscriber base and the effects of unfavourable economic conditions in Malaysia.

Advertising, Marketing and Acquisition Costs. These costs comprise mainly press and media advertisements and production costs, dealers incentives and sales commissions, market research expenses and marketing expenses. Maxis' advertising, marketing and acquisition costs increased from 1997 to 2000 primarily due to the increased number of subscribers and the costs to build the *maxis* and *Hotlink* brands. Due to delays in the rollout of some new products in 2001, the associated advertising expenditure relating to those products was not incurred, thus contributing to the decrease in advertising and marketing costs in 2001.

Other Administrative Expenses. Other administrative expenses include professional fees, office rentals, contract services, software maintenance and licence fees, repairs and maintenance of non-telecommunications network assets, equipment, materials and supplies consumed, utilities, insurance, public relation expenses and other sundry expenses. Other administrative expenses increased in 1998 primarily due to increase in office rentals, contract services and software maintenance and licence fees. The decrease in 1999 was mainly due to lower software maintenance and licence fees and repairs and maintenance costs incurred. In 2000 and 2001, the increase was mainly due to increased costs in respect of contract services and equipment, materials and supplies consumed, higher professional fees, repairs and maintenance for non-telecommunications network assets and software maintenance and licence fees.

Other Operating Costs. Other operating costs in 1997 were mainly in respect of foreign exchange losses in relation to the translation of U.S. Dollar denominated loans. There have been no further exchange differences due to the repayment and restructuring of these loans since 1998. Other operating costs in 1999 and 2000 primarily consist of other professional fees, profits or losses on sale of plant, property and equipment. The costs continued to increase in 2001, mainly due to commissions paid to debt collection agencies, bank charges, penalties and fines, commissions paid to MASAs and rebates given to subscribers for prompt payments.

12.4 Recent Developments — Three months ended 31 March 2002

12.4.1 Revenues

Maxis' revenues for the three months ended 31 March 2002 totalled RM863.6 million. Maxis' mobile services revenue accounted for RM799.1 million or 92.5 per cent. of the first quarter's results comprising monthly access fees of RM115.4 million, usage fees of RM496.2 million, roaming revenues from roaming partner subscribers and interconnect revenues of RM125.7 million, revenues from connection fees and value-added services of RM32.4 million and sales of prepaid starter packs of RM29.4 million. Postpaid and prepaid net subscribers increased from 1,035,720 and 1,259,269 as at 31 December 2001 to 1,049,170 and 1,438,243, respectively, as at 31 March 2002. Postpaid ARPU level recorded a slight decrease of RM7 from an average in 2001 of RM165 to RM158 primarily as a result of higher rebates given to subscribers. For the three months ended 31 March 2002, Maxis recorded total MOUs of 1,870.0 million minutes.

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Maxis' fixed line services recorded revenues of RM33.3 million for the three months ended 31 March 2002 representing 3.9 per cent. of Maxis' revenues, comprising equal access revenues of RM2.0 million, airtime usage and monthly access fees of RM20.5 million, leased line revenue of RM3.6 million, interconnect revenue of RM2.8 million and other income of RM4.4 million.

Revenue from Maxis' internet services and international gateway services was RM2.4 million and RM28.8 million respectively.

12.4.2 Other Income

Other income amounted to RM6.2 million for the three months ended 31 March 2002 and consisted primarily of interest income earned from the placement of funds in fixed-term deposits.

12.4.3 Operating Costs

Maxis recorded operating costs of RM478.0 million for the three months ended 31 March 2002.

Interconnect expenses for the three months ended 31 March 2002 amounted to RM99.7 million. The amounts charged for three months ended 31 March 2002 comprised mainly of domestic interconnect costs of RM75.2 million and Universal Service Provision costs of RM24.5 million.

Other direct costs of sales amounted to RM108.4 million comprising prepaid costs RM49.8 million, roaming charges of RM21.0 million, BTS rental and electricity charges of RM16.5 million, lease line charges of RM6.7 million and other costs of RM14.4 million.

Depreciation expense amounted to RM100.9 million during the three months ended 31 March 2002.

Other network operation costs amounted to RM8.8 million. The three months ended 31 March 2002 costs, relative to prior periods were lower primarily due to the write back of an amount of RM12.7 million in respect of a litigation settlement which was lower than anticipated. This amount is non-recurring. The write back was offset by other cost components comprising mainly repairs and maintenance of RM15.8 million, allowance for inventories obsolescence of RM3.4 million and spares of RM2.7 million.

Staff related costs incurred for the three months ended 31 March 2002 amounted to RM45.6 million primarily due to a reversal of an overprovision in respect of staff incentive payments.

Allowance for doubtful debts amounted to RM20.2 million. Churn rate for three months ended 31 March 2002 was maintained at similar levels as 2001 at 1.6 per cent.

Advertising, marketing and acquisition costs incurred for the three months ended 31 March 2002 were RM22.0 million. Expenditures on advertising, marketing and acquisition are seasonal and are dependent on product and promotional roll out and the festive seasons, which resulted in a considerable reduction in advertising, marketing and acquisition costs for the three months ended 31 March 2002.

Other administrative expenses for three months ended 31 March 2002 amounted to RM71.3 million, comprising mainly professional fees, software maintenance, licence fees, rental of office buildings and equipment, power and utilities charges, insurance, contract services and office supplies.

Other operating costs for the three months ended 31 March 2002 amounted to RM1.1 million and were primarily due to rebates given to subscribers for prompt payment of accounts, commission charges by debt collection agency and payment agent.

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

12.4.4 EBITDA and EBITDA Margin

EBITDA for three months ended 31 March 2002 totalled RM486.6 million and the EBITDA margin was 56.3 per cent.

12.4.5 Profit from Operations

As a result of the foregoing factors, profit from operations for the three months ended 31 March 2002 amounted to RM391.8 million.

12.4.6 Finance Costs

Maxis' finance costs were RM12.0 million, reflecting the Maxis' mobile business fully repaying its outstanding debt in November 2001.

12.4.7 Profit Before Taxation

As a result of the foregoing factors, profit before taxation for the three months ended 31 March 2002 amounted to RM379.8 million.

12.4.8 Taxation

Taxation estimated and provided for during the three months ended 31 March 2002 amounted to RM78.4 million. The tax estimate was in respect of income earned by Maxis' mobile services (after the exemption of statutory income under the ASP status which was fully utilised in the three months ended 31 March 2002) and Maxis' international gateway services. No taxation was estimated for Maxis' fixed line business, as there was no taxable income for the three months ended 31 March 2002. Maxis' estimated effective tax rate for the first quarter of 20.6 per cent. is lower than the statutory tax rate of 28 per cent. due to the tax savings as a result of fully utilising brought forward investment allowances.

12.4.9 Profit After Taxation

As a result of the foregoing factors, Maxis' profit after taxation for the three months ended 31 March 2002 amounted to RM301.4 million.

12.4.10 Liquidity

Maxis had a cash flow surplus from operating activities of RM415.0 million and a cash flow deficit of RM186.0 million and RM14.6 million from investing and financing activities respectively for the three months ended 31 March 2002.

Maxis' total borrowings as at 31 March 2002 was RM457.9 million of which RM110.4 million was repayable within one year. Maxis had current assets of RM1,597.1 million which included unrestricted cash balances of RM1,008.9 million and RM2,510.7 million current liabilities of which RM94.9 million constituted equipment and service suppliers under deferred payment scheme.

On 13 May 2002, Maxis Mobile entered into a U.S.\$200 million and a RM640 million syndicated facility agreement with a syndicate of banks in which the U.S. Dollar syndicated facility is swapped with an equivalent Ringgit loan. This loan is to repay advances from Maxis Communications, pay for capital expenditures, increase working capital, purchase of certain redeemable preference shares and make certain investments in companies within the Group. In addition, on 13 May 2002, Maxis Communications also entered into a U.S.\$235 million term loan facility with a syndicate of banks for general corporate purposes. These loans contain a number of financial and other restrictive covenants and as a result may affect the ability of Maxis Mobile, Maxis Communications and its subsidiaries from obtaining future financing. Refer to Section 19.2 of this Prospectus.

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

12.5 2001 Compared to 2000**12.5.1 Revenue**

Maxis' revenue increased by RM825.5 million or 37.4 per cent., from RM2,205.8 million in 2000 to RM3,031.3 million in 2001.

The increase in revenue in 2001 was mainly due to increased revenue generated from Maxis' mobile services, which accounted for 91.7 per cent. of Maxis' revenue in 2001 and 88.6 per cent. in 2000. Revenue from mobile services increased from RM1,954.8 million in 2000 to RM2,780.3 million in 2001, representing an increase of RM825.5 million or 42.2 per cent. The increase in revenue from mobile services was primarily as a result of higher revenue from monthly access fees of RM43.4 million (an increase of 10.4 per cent.), usage fees of RM594.9 million (a 55.9 per cent. increase), higher roaming revenue from roaming partner subscribers and interconnect revenues of RM134.6 million (a 45.0 per cent. increase), higher revenue from connection fees and value-added services of RM34.1 million (a 37.6 per cent. increase) and higher sales of prepaid starter packs of RM18.5 million (a 21.9 per cent. increase). The increase in mobile services revenue was driven primarily by the growth in postpaid and prepaid subscribers. Postpaid and prepaid net subscribers increased from 789,741 and 655,712 as at 31 December 2000 to 1,035,720 and 1,259,269, respectively, as at 31 December 2001, representing an increase of 31.1 per cent. and 92.0 per cent., respectively.

Revenue from Maxis' fixed line services decreased slightly by RM8.6 million or 5.7 per cent., from RM150.0 million in 2000 to RM141.4 million in 2001. The decrease in revenue in 2001 was attributable mainly to a decrease in equal access revenues of RM28.0 million (a decrease of 61.7 per cent.) due to Maxis' strategy not to actively sell and market such services. This was partially offset by higher airtime usage and monthly access fees of RM4.5 million (an increase of 6.1 per cent.), leased line revenue of RM6.9 million (an increase of 62.7 per cent.), interconnect and other income of RM8.1 million (an increase of 41.1 per cent.).

Revenue from Maxis' international gateway services increased by RM9.1 million or 10.0 per cent., from RM90.9 million in 2000 to RM100.0 million in 2001 which was attributable mainly to increases in hubbing and domestic wholesale revenue.

Revenue from Maxis' internet services decreased marginally by RM0.5 million or 5.0 per cent. from RM10.1 million in 2000 to RM9.6 million in 2001. The decrease arose when the internet business model was changed in October 2001 from a free to surf model to a pay to surf model. This resulted in a significant decrease in subscribers which caused usage to drop thus reducing interconnect revenue.

12.5.2 Other Income

Other income decreased by RM3.7 million or 13.1 per cent., from RM28.3 million in 2000 to RM24.6 million in 2001, primarily as a result of a reduction in interest charged on rescheduled debts. The reduction was partially offset by increases in interest income earned from the placement of excess funds in fixed-term deposits.

12.5.3 Operating Costs

Maxis' operating costs increased by RM437.8 million or 24.7 per cent., from RM1,772.6 million in 2000 to RM2,210.4 million in 2001.

Interconnect expenses increased by RM89.9 million or 27.9 per cent., from RM322.2 million in 2000 to RM412.1 million in 2001. The increase was mainly due to the increase in the volume of outgoing traffic from Maxis to other operators as a result of the increased number of subscribers and increased MOU.

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Other direct costs of sales increased by RM114.8 million or 41.3 per cent., from RM278.2 million in 2000 to RM393.0 million in 2001. The increase was mainly due to increases in roaming charges, leased line charges, satellite transponder lease rentals, BTS rentals and utilities due to the increase in the number of BTS sites built and costs of prepaid SIM cards, starter packs and top-up tickets as a result of the increased number of subscribers.

Depreciation expense decreased by RM16.4 million or 4.0 per cent., from RM416.1 million in 2000 to RM399.7 million in 2001. The decrease was primarily due to the reclassification of an amount of RM189.9 million from depreciation to allowance for write down of identified network costs, thus reducing the total depreciation charge from RM589.6 million to RM399.7 million. As a result, the 2001 depreciation charge was lower than the charge for 2000.

Other network operation costs increased by RM102.7 million or 69.0 per cent., from RM148.9 million in 2000 to RM251.6 million in 2001. The primary cause of the increase was attributed to the allowance made for the write down of identified network costs of RM189.9 million set off by a decrease in telecommunication repairs and maintenance costs, particularly warranty cost as this cost was offered at no charge by a vendor.

Staff related costs increased by RM13.7 million or 8.0 per cent., from RM171.0 million in 2000 to RM184.7 million in 2001. The increase was mainly caused by increases in staff numbers as a result of the growth in activities as well as an average five per cent. increase in salaries.

Allowance for doubtful debts increased marginally by RM12.9 million or 18.6 per cent., from RM69.3 million in 2000 to RM82.2 million in 2001. The increase was primarily due to the larger subscriber base and the effects of unfavourable economic conditions.

Advertising, marketing and acquisition costs decreased by RM18.6 million or 9.6 per cent., from RM194.4 million in 2000 to RM175.8 million in 2001. Due to delays in the rollout of some new products during 2001, associated advertising expenditure relating to those products was not incurred thus contributing to the slight decrease in spending.

Other administrative expenses increased by RM131.4 million or 91.8 per cent., from RM143.2 million in 2000 to RM274.6 million in 2001. The increase was mainly due to increases in professional and consultancy fees incurred in respect of the proposed listing of Maxis Communications, software maintenance and licence fees. The increase was also due to a general increase in other administrative expenses comprising mainly of contracts services, rentals and repairs and maintenance costs, all of which increased due to the growth in activities during the year.

Other operating costs increased by RM7.4 million or 25.2 per cent., from RM29.3 million in 2000 to RM36.7 million in 2001. The increase was mainly due to commissions paid to debt collection agencies, bank charges, penalties and fines, commissions paid to MASAs and rebates given to subscribers for prompt payments.

12.5.4 EBITDA and EBITDA Margin

EBITDA improved by RM570.1 million or 67.7 per cent., from RM842.6 million in 2000 to RM1,412.7 million in 2001. EBITDA margin increased from 38.2 per cent. in 2000 to 46.6 per cent. in 2001. The improvement in EBITDA and EBITDA margin was mainly because the difference between revenues and operating costs was significantly larger in 2001 compared to 2000.

12.5.5 Profit From Operations

As a result of the foregoing factors, profit from operations increased by RM384.0 million or 83.2 per cent., from RM461.5 million in 2000 to RM845.5 million in 2001.

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

12.5.6 Finance Costs

Maxis' finance costs decreased by RM24.4 million or 26.4 per cent., from RM92.3 million in 2000 to RM67.9 million in 2001. The decrease was primarily a result of the scheduled reduction of interest bearing borrowings throughout the year with Maxis' mobile business fully settling its entire debt outstanding by November 2001.

12.5.7 Profit Before Taxation

As a result of the foregoing factors, profit before taxation increased by RM408.4 million or 110.6 per cent., from RM369.2 million in 2000 to RM777.6 million in 2001.

12.5.8 Taxation

Taxation increased by RM165.0 million or 1,410.3 per cent., from RM11.7 million in 2000 to RM176.7 million in 2001. The increase in tax charge was due to increases in corporate taxation as well as deferred taxation in the year.

The taxation in 2001 was in respect of income earned by Maxis' mobile services and Maxis' international gateway services (both after the exemption of 70 per cent. of statutory income under the ASP status) and on interest income of Maxis Communications. However, taxation in 2000 was in respect of income earned by Maxis' international gateway services (after the exemption of 70 per cent. of statutory income under the ASP status) and on interest income of Maxis Communications only. No taxation was provided for Maxis' mobile services for 2000 due to the utilisation of brought forward losses, brought forward capital allowances and investment allowances. No taxation was provided for Maxis' fixed line business as there was no tax chargeable income for either 2000 or 2001.

The increase in tax charges in 2001 was primarily due to Maxis' mobile services which comprises substantially all of Maxis' corporate tax and deferred taxation. The corporate tax in respect of Maxis mobile services was substantially higher in 2001 due to the absence of brought forward losses which were substantially utilised in 2000.

Subject to the agreement of the Malaysian tax authorities, Maxis' mobile business tax savings as a result of the above utilisation amounted to approximately RM114.5 million for 2000 and RM206.9 million for 2001. Maxis' effective tax rates for 2000 and 2001 were 3.2 per cent. and 22.7 per cent., respectively, as compared to the statutory tax rate of 28 per cent.

12.5.9 Profit After Taxation

As a result of the foregoing factors, profit after taxation improved by RM243.4 million or 68.1 per cent., from RM357.5 million in 2000 to RM600.9 million in 2001.

12.6 2000 Compared to 1999**12.6.1 Revenue**

Maxis' revenue increased by RM757.0 million or 52.3 per cent., from RM1,448.8 million in 1999 to RM2,205.8 million in 2000.

The increase in revenue was mainly due to increased revenue generated from Maxis' mobile services, which accounted for 88.6 per cent. of Maxis' revenue in 2000 and 89.2 per cent. in 1999. Revenue from mobile services increased from RM1,292.8 million in 1999 to RM1,954.8 million in 2000, representing an increase of RM662.0 million or 51.2 per cent. The increase in revenue from mobile services was primarily a result of higher revenue from monthly access fees of RM45.8 million (an increase of 12.4 per cent.), usage fees of RM408.4 million (a 62.3 per cent. increase), higher roaming revenue from roaming partner subscribers and interconnect revenues of RM121.4 million (a 68.3 per cent. increase), higher revenue from connection fees and value-added services of RM8.9 million (a

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

10.9 per cent. increase) and higher sales of prepaid starter packs of RM77.5 million (a 1,139.7 per cent. increase). The increase in sales of prepaid starter packs was due to a full year impact of such sales in 2000 compared to only three months in 1999 (following the launch of prepaid mobile services in October 1999). The increase in mobile services revenue was driven primarily by the growth in post-paid and prepaid subscribers. Postpaid and prepaid net subscribers increased from 622,777 and 87,303 as at 31 December 1999 to 789,741 and 655,712, respectively as at 31 December 2000, representing an increase of 26.8 per cent. and 651.1 per cent., respectively.

Revenue from Maxis' fixed line services grew by RM48.5 million or 47.8 per cent., from RM101.5 million in 1999 to RM150.0 million in 2000. The increase in revenue from 1999 to 2000 was attributable mainly to higher airtime usage and monthly access fees of RM22.4 million (an increase of 44.0 per cent.) due to the growth in the number of subscribers, particularly in housing development projects where Maxis is the provider of telecommunications services, equal access fees of RM14.9 million (an increase of 48.8 per cent.) and increases in leased line rentals and interconnect revenue of RM5.8 million (an increase of 50.4 per cent.).

Maxis' internet services launched its services in October 1999 with the introduction of its "surf for free" service. Revenue in 1999 consisted mainly of interconnect revenue which was insignificant as compared to 2000, during which year revenue increased to RM10.1 million.

Revenue from Maxis' international gateway services increased by RM36.4 million or 66.8 per cent., from RM54.5 million in 1999 to RM90.9 million in 2000. The increase in revenue from 1999 to 2000 was attributable mainly to increases in interconnect revenue on inbound traffic.

12.6.2 Other Income

Other income decreased by RM12.9 million or 31.3 per cent., from RM41.2 million in 1999 to RM28.3 million in 2000, primarily as a result of a reduction in funds placed with financial institutions in 2000.

12.6.3 Operating Costs

Maxis' operating costs increased by RM531.9 million or 42.9 per cent., from RM1,240.7 million in 1999 to RM1,772.6 million in 2000.

Interconnect expenses increased by RM112.2 million or 53.4 per cent., from RM210.0 million in 1999 to RM322.2 million in 2000. The increase was mainly due to the increase in the volume of outgoing traffic from Maxis to other operators as a result of the increased number of subscribers.

Other direct costs of sales increased by RM119.2 million or 74.9 per cent., from RM159.0 million in 1999 to RM278.2 million in 2000. The increase was mainly due to increases in roaming charges, leased line charges, satellite transponder lease rentals, costs of prepaid SIM cards, starter packs and top-up tickets and BTS rentals and utilities as a result of the increase in the number of BTS sites built.

Depreciation expense increased by RM124.8 million or 42.8 per cent. from RM291.3 million in 1999 to RM416.1 million in 2000. The increase was a result of more capital expenditure incurred during the year to build and enhance the telecommunications network infrastructure to support the growing subscriber base and the acceleration of depreciation of certain telecommunications equipment in order to write down the life of these assets.

Other network operation costs increased by RM89.4 million or 150.3 per cent., from RM59.5 million in 1999 to RM148.9 million in 2000. The primary cause of the increase was higher repairs and maintenance costs due to the increase in extended warranty costs as more equipment warranties expired in 2000, and allowances for stock obsolescence.

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Staff related costs increased by RM66.0 million or 62.9 per cent. from RM105.0 million in 1999 to RM171.0 million in 2000. The increase was due to increases in staff numbers particularly in network engineering to build and extend the network to serve the increasing subscriber base.

Allowance for doubtful debts decreased by RM48.7 million or 41.3 per cent. from RM118.0 million in 1999 to RM69.3 million in 2000. The decrease was due to tighter credit control policies being implemented and proactive steps being taken to migrate low ARPU postpaid subscribers to prepaid services.

Advertising, marketing and acquisition costs increased by RM44.5 million or 29.7 per cent. from RM149.9 million in 1999 to RM194.4 million in 2000. The increase was due to more advertisements rolled out in the press and media to further enhance and create awareness of Maxis' corporate brand as well as its prepaid *Hotlink* brand amongst the public in light of the competitive environment.

Other administrative expenses increased by RM11.6 million or 8.8 per cent., from RM131.6 million in 1999 to RM143.2 million in 2000. The increase was mainly due to increased levels of contract services and equipment, materials and supplies consumed, higher professional fees, repairs and maintenance for non-telecommunications network assets and software maintenance and licence fees, which were partially offset by lower rentals and utility charges.

Other operating costs increased by RM12.9 million or 78.7 per cent., from RM16.4 million in 1999 to RM29.3 million in 2000. The increase was due to commissions paid to debt collection agencies, bank charges, penalties and fines and allowance for write down of value of promissory notes.

12.6.4 EBITDA and EBITDA Margin

EBITDA improved by RM334.1 million or 65.7 per cent., from RM508.5 million in 1999 to RM842.6 million in 2000. EBITDA margin increased from 35.1 per cent. in 1999 to 38.2 per cent. in 2000.

12.6.5 Profit From Operations

As a result of the foregoing factors, profit from operations increased by RM212.2 million or 85.1 per cent., from RM249.3 million in 1999 to RM461.5 million in 2000.

12.6.6 Finance Costs

Maxis' finance costs decreased by RM23.4 million or 20.2 per cent., from RM115.7 million in 1999 to RM92.3 million in 2000. The decrease primarily resulted from the reduction of RM120.0 million in interest bearing bank borrowings as well as finance charges on restructuring of a term loan facility which were incurred in 1999 but not in 2000.

12.6.7 Profit Before Taxation

As a result of the foregoing factors, profit before taxation increased by RM235.6 million or 176.3 per cent., from RM133.6 million in 1999 to RM369.2 million in 2000.

12.6.8 Taxation

Taxation increased by RM9.1 million or 350.0 per cent., from RM2.6 million in 1999 to RM11.7 million in 2000. Taxation for 1999 was predominantly deferred taxation provided due to timing differences in Maxis' international gateway services. The increase in taxation arose primarily because there was no taxation on income earned in 1999 pursuant to the waiver granted under the Income Tax (Amendment) Act 1999.

The taxation in 2000 was in respect of income earned by Maxis' international gateway services with the exemption of 70 per cent. of statutory income under the ASP status, and tax on interest income of

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Maxis Communications. In addition, there was higher deferred taxation provided due to timing differences in Maxis' international gateway services. No taxation was provided for Maxis' mobile services for 2000 due to the utilisation of brought forward losses and brought forward capital allowance and investment allowances. No taxation was provided for Maxis' fixed line services as there was no tax chargeable income for 2000. Subject to the agreement by the tax authorities, Maxis' mobile services tax savings as a result of the above utilisation amounted to approximately RM114.5 million for 2000. Maxis' effective tax rates for 1999 and 2000 were 1.6 per cent. and 3.2 per cent., respectively, as compared to the statutory tax rate of 28 per cent.

12.6.9 Profit After Taxation

As a result of the foregoing factors, profit after taxation improved by RM226.5 million or 172.9 per cent., from RM131.0 million in 1999 to RM357.5 million in 2000.

12.7 1999 Compared to 1998

12.7.1 Revenue

Maxis' revenue increased by RM388.3 million or 36.6 per cent., from RM1,060.5 million in 1998 to RM1,448.8 million in 1999.

The increase in revenues was mainly due to increased revenues generated from Maxis' mobile services, which accounted for approximately 89.2 per cent. of Maxis' revenues in 1999 and 90.6 per cent. in 1998. Revenue from mobile services increased from RM960.6 million in 1998 to RM1,292.8 million in 1999, representing an increase of RM332.2 million or 34.6 per cent. The increase in mobile revenues was primarily due to higher revenue from monthly access and airtime usage fees of RM253.8 million (a 32.9 per cent. increase), higher roaming partners and interconnect revenue of RM57.2 million (a 47.4 per cent. increase), higher connection fees and value-added services of RM14.4 million (a 21.3 per cent. increase) and the sales of prepaid starter packs of RM6.8 million from the launch of prepaid mobile services in October 1999. The increase in mobile services revenue was driven primarily by the growth in postpaid and prepaid subscribers. Postpaid and prepaid net subscribers increased from 527,038 and nil as at 31 December 1998 to 622,777 and 87,303, respectively, as at 31 December 1999.

Revenues from Maxis' fixed line services grew by RM47.1 million or 86.6 per cent., from RM54.4 million in 1998 to RM101.5 million in 1999. The increase in revenue from 1998 to 1999 was attributable mainly to higher access and usage fees of RM11.7 million (a 29.8 per cent. increase) from both residential and corporate customers, and increases in leased line rental and interconnect revenue of RM4.2 million (a 57.5 per cent. increase). Maxis' fixed line services increased its POT lines from 19,680 as at 31 December 1998 to 28,967 as at 31 December 1999. In addition, equal access was launched in 1999 and within one year, Maxis' fixed line services gained 197,099 equal access subscribers and RM30.5 million of related revenue.

Revenue from Maxis' international gateway services increased by RM9.0 million or 19.8 per cent., from RM45.5 million in 1998 to RM54.5 million in 1999. The increase in revenue from 1998 to 1999 was attributable mainly to increases in interconnect revenue on inbound traffic.

12.7.2 Other Income

Other income increased by RM17.3 million or 72.4 per cent., from RM23.9 million in 1998 to RM41.2 million in 1999, primarily as a result of an increase in funds placed in financial institutions in 1999.

12.7.3 Operating Costs

Maxis' operating costs increased by RM61.5 million or 5.2 per cent., from RM1,179.2 million in 1998 to RM1,240.7 million in 1999.

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Interconnect expenses increased by RM36.2 million or 20.8 per cent., from RM173.8 million in 1998 to RM210.0 million in 1999. The increase was mainly due to increases in the volume of outgoing traffic from Maxis to other operators as a result of the increased number of subscribers.

Other direct costs of sales increased by RM13.7 million or 9.4 per cent., from RM145.3 million in 1998 to RM159.0 million in 1999. The increase was mainly due to increases in roaming charges, satellite transponder lease rentals, BTS rentals and utilities due to the increased number of BTS sites built and costs of prepaid SIM cards, starter packs and top-up tickets due to the launch of prepaid services in October 1999, which were partially offset by decreased lease line charges.

Depreciation expense increased by RM37.8 million or 14.9 per cent. from RM253.5 million in 1998 to RM291.3 million in 1999. The increase was a result of capital expenditure incurred during the year to build and enhance the telecommunications network infrastructure to support the growing subscriber base.

Other network operation costs decreased by RM40.0 million or 40.2 per cent., from RM99.5 million in 1998 to RM59.5 million in 1999. The primary cause of the decrease was a decrease in allowance made for the write down of identified network costs of RM88.0 million in Maxis' fixed line services which was made in 1998 with no similar allowance made in 1999, which decrease was partially offset by increases in repairs and maintenance and equipment, materials and supplies consumed.

Staff related costs decreased slightly by RM7.3 million or 6.5 per cent. from RM112.3 million in 1998 to RM105.0 million in 1999. There was a slight decrease in costs despite an increase in staff members primarily because there were a lower number of expatriate staff in 1999 as compared to 1998, as a result of the termination of a significant number of expatriate employees in 1998.

Allowance for doubtful debts increased by RM33.0 million or 38.8 per cent. from RM85.0 million in 1998 to RM118.0 million in 1999. The increase was due to the increase in the postpaid subscriber base and less stringent credit controls exercised in acquiring subscribers, and poor economic conditions during the period contributing to delayed payments or non-payments of subscriber balances.

Advertising, marketing and acquisition costs increased by RM33.8 million or 29.1 per cent. from RM116.1 million in 1998 to RM149.9 million in 1999. The increase was primarily due to more advertisements rolled out in the press and media to further enhance and create Maxis' corporate brand as well as new advertisements to launch the new *Hotlink* brand for prepaid services.

Other administrative expenses decreased by RM50.6 million or 27.8 per cent., from RM182.2 million in 1998 to RM131.6 million in 1999. The decrease was mainly due to decreases in repairs and maintenance of non-telecommunications network assets, software maintenance and licence fees and rentals, which were partially offset by increases in professional fees, contract services, utilities and equipment, materials and supplies consumed.

Other operating costs increased slightly by RM4.9 million or 42.6 per cent., from RM11.5 million in 1998 to RM16.4 million in 1999. The increase was primarily due to bank charges and commissions paid to debt collection agencies.

12.7.4 EBITDA and EBITDA Margin

EBITDA improved by RM285.7 million or 128.2 per cent., from RM222.8 million in 1998 to RM508.5 million in 1999. EBITDA margin increased from 21.0 per cent. in 1998 to 35.1 per cent. in 1999.

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

12.7.5 Profit From Operations

As a result of the foregoing factors, the results from operations improved by RM344.1 million, from a loss from operations of RM(94.8 million) in 1998 to a profit from operations of RM249.3 million in 1999.

12.7.6 Finance Costs

Maxis' finance costs decreased by RM160.3 million or 58.1 per cent., from RM276.0 million in 1998 to RM115.7 million in 1999. Financing costs were significantly reduced in 1999 due to the repayment in 1999 of existing loans using proceeds from equity funds invested by British Telecommunications, as well as the redemption in full in 1998 of U.S.\$150 million of the Company's outstanding zero coupon notes.

12.7.7 Profit Before Taxation

As a result of the foregoing factors, the profit before taxation improved by RM504.4 million, from a loss before taxation of RM(370.8 million) in 1998 to a profit before taxation of RM133.6 million in 1999.

12.7.8 Taxation

Taxation decreased by RM3.7 million or 58.7 per cent., from RM6.3 million in 1998 to RM2.6 million in 1999. The decrease in taxation arose primarily because there was no taxation on income earned in 1999 pursuant to the waiver granted under the Income Tax (Amendment) Act 1999. The taxation in 1998 was in respect of income earned by Maxis' international gateway services as well as deferred taxation due to timing differences while in 1999 the taxation was mainly in respect of deferred taxation due to timing differences. No taxation was provided for mobile services for 1998 due to the utilisation of brought forward capital allowances. Subject to the agreement by the tax authorities, Maxis' mobile services tax savings as a result of the above utilisation amounted to approximately RM15.6 million for 1998. There was no taxation for Maxis' fixed line services due to its tax loss position for 1998. Maxis' effective tax rate for 1999 was 1.6 per cent. as compared to the statutory tax rate of 28 per cent.

12.7.9 Profit After Taxation

As a result of the foregoing factors, the profit after taxation improved by RM508.1 million, from a loss after taxation of RM(377.1 million) in 1998 to a profit after taxation of RM131.0 million in 1999.

12.8 Liquidity, Capital Resources and Capital Expenditure**12.8.1 Liquidity and Capital Resources**

Maxis' principal sources of funds have been cash flows from operating activities, external borrowings and proceeds from share issuances.

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

The following table indicates Maxis' cash flows for the periods indicated.

	1997	For the year ended 31 December			
		1998	1999	2000	2001
		(RM in millions)			
Cash Flows					
Net cash flow from operating activities.....	195.2	486.7	703.7	1,040.7	1,654.2
Net cash flow from investing activities.....	(1,291.1)	(281.5)	(535.6)	(888.5)	(1,025.3)
Net cash flow from financing activities.....	1,107.5	439.2	(212.9)	(197.1)	(408.5)
Net increase/ (decrease) in cash and cash equivalents.....	11.6	644.4	(44.8)	(44.9)	220.4
Cash and cash equivalents at the beginning of the year.....	8.8	20.4	663.8	619.0	574.1
Total cash and cash equivalents at the end of the year.....	20.4	664.8	619.0	574.1	794.5

Cash flow from operating activities has increased significantly from RM195.2 million in 1997 to RM1,654.2 million in 2001 mainly as a result of the increasing profitability of Maxis, from a negative EBITDA of RM660.0 million in 1997 to a positive EBITDA of RM1,412.7 million in 2001.

The cash outflow from investing activities from 1997 to 2001 was primarily contributed by Maxis' need to expand its network. The large investment in 1997 was primarily due to the roll out of the fixed network (primarily installation of a trunk network) and investments in subsequent years related primarily to Maxis' mobile network (primarily installation of BTS sites and switches), consistent with Maxis' strategy to increase focus on its mobile business. Maxis' capital expenditures were RM1,298.3 million in 1997, RM285.0 million in 1998, RM535.9 million in 1999, RM915.8 million in 2000 and RM1,031.4 million in 2001.

The capital expenditure incurred in 1997 was financed mainly from net borrowings of RM905.9 million and proceeds from issuance of ordinary shares of RM273.7 million. In 1998, cash flow from financing activities was mainly from proceeds of the issuance of shares of RM1,563.2 million, which was utilised for the repayment of borrowings amounting to RM902.8 million and capital expenditure. Net cash outflow from financing activities in 1999 to 2001 were mainly due to repayment of borrowings in those years of RM250.4 million, RM119.9 million and RM361.5 million, respectively.

Maxis' borrowings include funds raised from bank loans and loans from non-bank entities. As at 31 December 2001, Maxis' total borrowings were RM482.8 million, all of which were denominated in Ringgit. Based on debt outstanding as at 31 December 2001, Maxis will have debt service obligations for term loans which are repayable within one year of approximately RM110.4 million through the period ending 31 December 2002. Refer to Section 19 of this Prospectus for a description of Maxis' loan agreements.

From 1 January 1997 until 31 December 2001, Maxis has received an aggregate of RM2,016.4 million from issuances of ordinary shares to its shareholders.

The following table sets forth Maxis' interest cover ratio and its gearing ratio for the periods indicated.

	For the year ended 31 December				
	1997	1998	1999	2000	2001
Interest cover ratio ⁽¹⁾	-	-	2.2	5.0	12.5
Gearing ratio ⁽²⁾	-	1.3	0.8	0.5	0.3

Notes:

(1) Interest cover ratio is defined as profit from operations divided by finance costs

(2) Gearing ratio is defined as total long-term and short-term debt divided by shareholders' equity

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

Maxis has experienced working capital deficits in the past because Maxis' funding options were limited and restricted. As a consequence, priority was given to settle critical capital expenditure over repayments of certain current liabilities. In addition, Maxis initiated an extended payment programme with selected vendors for extended credit terms and repayment schedules. As at 31 December 2001, Maxis had current assets of RM1,377.9 million, including unrestricted cash balances of RM794.5 million. Additionally, on such date, Maxis had total short-term working capital credit facilities of RM86.0 million with Malaysian commercial banks, out of which RM70.0 million can be used interchangeably among bankers acceptance, bank guarantee, shipping guarantee, trust receipts and letter of credit, which can be used to meet short-term liquidity requirements. Maxis had current liabilities of RM2,566.6 million as at 31 December 2001 of which RM107.8 million constitutes equipment and service suppliers under deferred payment schemes payable during the financial year. Maxis believes it has the ability to secure additional short-term financing from Malaysian commercial banks if the need arises.

Maxis' ability to raise additional funds through the issuance of further equity and debt securities in the future, in particular, long-term debt, is subject to a variety of factors including, among other things, economic and other conditions in Malaysia and internationally that may affect investor demand for securities of Maxis and other Malaysian entities, the liquidity of Malaysian capital markets, Maxis' results of operations and financial condition and the amount of capital that other Malaysian entities may seek to raise in the Malaysian and international capital markets.

12.8.2 Capital Expenditure

Maxis has invested in aggregate approximately RM1,298.3 million, RM285.0 million, RM535.9 million, RM915.8 million and RM1,031.4 million, in capital expenditure in 1997, 1998, 1999, 2000 and 2001, respectively, a substantial proportion of which has been applied to expand and improve its telecommunications network in order to meet the growing demand for telecommunications services in Malaysia. Maxis financed these capital expenditures primarily through equipment and suppliers under deferred payment schemes, external borrowings and issuances of shares in earlier years and cash flows from operations in later years. The composition of Maxis' aggregate capital expenditures over the five-year period ended 31 December 2001 is set forth below.

	For the year ended 31 December				
	1997	1998	1999	2000	2001
	(RM in millions)				
Capital Expenditures					
Mobile Services	594.1	195.7	434.6	691.5	688.1
Fixed Line Services	669.0	57.0	86.2	196.7	290.8
International Gateway Services	21.4	13.8	14.2	23.4	52.1
Others	13.8	18.5	0.9	4.2	0.4
Total	<u>1,298.3</u>	<u>285.0</u>	<u>535.9</u>	<u>915.8</u>	<u>1,031.4</u>

Maxis expects to continue to incur substantial capital expenditure, primarily to expand its existing mobile network, to broaden and develop new mobile services and to upgrade to new mobile technologies. Maxis' general policy with respect to its investments in new services and technologies is driven primarily by Maxis' projections with respect to the size of the market, the costs of delivery to market of the new services and technologies, and the profitability of the new services and technologies within a satisfactory period of time. Maxis will continue to evaluate new technical and commercial 3G networks in order to be in a position to offer new and creative communications solutions and multimedia services to its customers when market conditions make it commercially reasonable to do so. Maxis intends to apply for one block of 3G spectrum in accordance with the procedures and timetable as set out in the Applicant Information Package issued by the Commission on 28 February 2002. Maxis intends to offer 3G services although it has currently not finalised its plans or commitments for 3G networks and cannot at the present time predict the timing or amount of capital

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

expenditures required for 3G networks. Maxis expects that any launch of 3G networks would require a significant increase in capital expenditure.

12.8.3 Other Considerations

Maxis Communications has no plans at present to issue new shares or equity-related securities except for the Initial Public Offering and through employee incentive programmes, but will continue to evaluate its alternatives in light of market opportunities and may, from time to time, issue securities in connection with the acquisition of telecommunications-related interests. Maxis Communications and the Selling Shareholder have agreed not to issue or sell any ordinary shares for 180 days following the date of commencement of trading of the Shares on the KLSE. Refer to Section 23 of this Prospectus.

Maxis and Usaha Tegas have received indications of interest from other telecommunications companies with respect to possible strategic investments in Maxis Communications. Maxis and Usaha Tegas intend to consider such indications of interest, including any other proposals which may be received in the future.

In May 2001, Usaha Tegas made a non-binding offer to acquire MobileOne (Asia) Pte. Ltd. in Singapore, subject to a number of terms and conditions with a view to Maxis assuming ownership ultimately. Although negotiations did not materialise into an acquisition of MobileOne (Asia), Maxis will continue to evaluate and consider possible regional telecommunications opportunities.

12.9 Foreign Currency Exchange Rate Risk

Maxis' reporting and functional currency is the Ringgit. Since 2 September 1998, the Ringgit has been fixed at an exchange rate against the U.S. Dollar of U.S.\$1.00 to RM3.80. This has also led to the stabilisation of the foreign exchange rates of other currencies used by Maxis for capital purchases, further helping to reduce the impact of foreign exchange movements. While the Government has indicated that it has no intention of allowing the Ringgit to float against the U.S. Dollar or adjust the rate at which the Ringgit is fixed, Maxis can give no assurances that the Government will not adopt such a policy or, if adopted, what the effect would be on Maxis' business. Notwithstanding the Ringgit's fixed exchange rate, Maxis remains exposed to movements in other currencies, mainly the Euro.

Maxis' practice is to hedge all known foreign currency commitments up to six months forward with a value equivalent to RM50,000 or more (except for U.S. Dollars) as and when they arise, using simple forward contracts. Commitments up to approximately U.S.\$2 million per month for Maxis' mobile services are not hedged as it has a natural hedge from receivables denominated in U.S. Dollars from roaming proceeds.

12.10 Seasonality

Maxis does not experience significant fluctuations in its business due to seasonal factors, although usage has tended to decrease slightly during major holiday periods in Malaysia as a result of decreased business usage. Such holidays typically occur in the early part of the calendar year.

12.11 Inflation

Maxis does not believe that inflation has had a material impact on its business, financial condition or results of operations. If Malaysia were to experience significantly higher inflation, Maxis may not be able to fully offset such higher costs through rate increases. Maxis' failure or inability to do so could adversely affect its business, financial conditions and results of operations.

12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

12.12 Working Capital, Borrowings, Contingent Liabilities and Capital Commitments

12.12.1 Working Capital

The directors of the Company are of the opinion that, barring any unforeseen circumstances, after taking into consideration the net proceeds of the Initial Public Offering and banking facilities available, Maxis will have adequate liquidity and capital resources for its present requirements and its requirements for the year ending 31 December 2002.

12.12.2 Borrowings

As at 30 April 2002 (being the latest practicable date at which such amounts could be determined prior to the registration of this Prospectus), Maxis' total borrowings amounted to approximately RM456.8 million comprising:

	As at 30 April 2002	
	(Unaudited)	
	RM (in millions)	RM (in millions)
Long-term Borrowings		
<i>Interest Bearing</i>		
Term loans	334.6	
Hire purchase and finance lease	<u>2.4</u>	<u>337.0</u>
Short-term Borrowings		
<i>Interest Bearing</i>		
Term loans	110.4	
Hire purchase and finance lease	<u>9.4</u>	<u>119.8</u>
Total Borrowings		<u>456.8</u>

For further information on Maxis' borrowings refer to Section 19 and Section 28 of this Prospectus.

On 16 May 2002, an amount of RM1,060 million was drawn down from the syndicated multi-tranche term loan facility of US\$200 million and term loan of RM640 million. This would increase Maxis' total borrowings on a proforma basis from RM456.8 million to RM1,516.8 million.

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12. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Cont'd)

12.12.3 Contingent Liabilities

Details of the contingent liabilities of Maxis as at 30 April 2002 (being the latest practicable date at which such amounts could be determined prior to the registration of this Prospectus) for which no provision has been made in its financial statements are set forth below.

	<u>As at 30 April 2002</u> (Unaudited) (RM in millions)
Guarantees given by Maxis Communications to financial institutions for borrowing facilities granted to subsidiary companies	439.1
Indemnity given to financial institutions in respect of bank guarantees issued at the request of the Company and subsidiary companies:	
Custom duties	1.5
Others	<u>9.6</u>
	11.1
Guarantee to Telekom Malaysia in respect of services provided to Maxis Broadband and Maxis International	1.8
Proceedings against Maxis:	
Claim against Maxis Management Services by Krishnan Kanapathy ⁽¹⁾	1.0
Claim against Maxis Mobile by Dato' Shahrudin bin Ismail ⁽²⁾	20.0
Claim against Maxis Communications by Harike & Berkala Sdn. Bhd. ⁽³⁾	<u>0.5</u>
Total contingent liabilities	<u><u>473.5</u></u>

Notes:

- (1) Maxis Management Services has filed a claim against Krishnan Kanapathy for the recovery of security deposits. Krishnan Kanapathy has filed a counterclaim in the amount of RM974,200 for costs incurred and loss of earnings as a result of alleged non-performance of obligations by Maxis Management Services. A judgement was obtained in favour of Maxis Management Services in October 2001 and the defendant's counterclaim was dismissed. The defendant has filed an appeal. The matter relates to the rental of apartment units for Binariang Satellite Systems and Maxis believes that the claim is covered by way of an indemnity from Binariang Satellite Systems
- (2) Dato' Shahrudin bin Ismail has filed a claim against Maxis Mobile for the re-activation of his line and for damages in the amount of RM20 million plus interest and costs. Maxis Mobile has filed a counterclaim in the amount of RM14,127 for service charges due
- (3) Harike & Berkala Sdn. Bhd. has issued a demand notice against Maxis Communications in the amount of RM532,188 for a commission fee payable for debt collection and whose services were terminated by Maxis Communications. The parties are attempting to resolve the dispute by way of negotiation

12.12.4 Capital Commitments

The table below sets forth the capital commitments of Maxis as at 30 April 2002 (being the latest practicable date at which such amounts could be determined prior to the registration of this Prospectus):

	<u>As at 30 April 2002</u> (Unaudited) (RM in millions)
Commitments approved and contracted for	2,144.1
Commitments approved and not contracted for	<u>112.5</u>
Total capital commitments	<u><u>2,256.6</u></u>

13. FUTURE FINANCIAL INFORMATION

13.1 Consolidated profit forecast together with the assumptions thereon

13.1.1 The directors of Maxis Communications forecast that, barring unforeseen circumstances, the consolidated profit after taxation of Maxis for the year ending 31 December 2002 which includes the financial results for the three months ended 31 March 2002, will be as follows:

	<u>(RM in millions)</u>
Revenue	<u>3,625.9</u>
Consolidated profit before taxation	1,089.0
Less: Taxation	<u>(264.0)</u>
Consolidated profit after taxation	<u>825.0</u>
Basic earnings per ordinary share ⁽¹⁾	RM0.37
Net earnings per ordinary share on enlarged share capital ⁽²⁾	RM0.34
Prospective price-earnings multiple on weighted average basis	
– based on Retail Price of RM4.80(times)	12.97
– based on illustrative Institutional Price of RM5.33(times)	14.41

Notes:

(1) Based on the weighted average number of 2,237,239,905 ordinary shares of RM0.10 each in issue on the assumption that the Initial Public Offering will be completed by 30 June 2002

(2) Based on the enlarged share capital of 2,450,875,000 of RM0.10 each, assuming all ordinary shares were in issue as at 1 January 2002

The telecommunications industry is in a fast changing competitive market environment where changes to the principal bases and assumptions underlying the consolidated profit forecast, especially in technology, the market and regulations, may have a significant effect on the achievement of the consolidated profit forecast.

13.1.2 Principal bases and assumptions

The consolidated profit forecast of the Group for the year ending 31 December 2002 has been prepared based on the directors' assessment of the present economic and operating conditions, and a number of best estimate assumptions regarding future events and actions which, at the date the forecast was prepared, the directors expect to take place. These future events may or may not take place. The principal assumptions are set out below and the risk factors which may impact their achievement are set out in Sections 5.1 and 5.2 of this Prospectus.

A forecast, by its very nature, is subject to uncertainties and unexpected events, many of which may be outside the control of the Group and its directors. Also, events and circumstances often do not occur as anticipated, and therefore actual results are likely to differ from the forecast, and the differences may be material. Accordingly, the directors cannot and do not guarantee the achievement of the forecast.

The consolidated profit forecast has been prepared based on the following principal bases and assumptions and are presented on a basis consistent with the accounting policies adopted by the Group:

- 13.1.2.1 Issuance of 203,300 Redeemable Preference Shares ("RPS") of RM1.00 each at a premium of RM9,999 each by application of the share premium account on 6 May 2002.
- 13.1.2.2 Draw down of RM1,060 million being part of the syndicated multi-tranche term loan facility comprising a facility of U.S.\$200 million and term loan of RM640 million on terms and conditions as assumed in the forecast on 16 May 2002.

13. FUTURE FINANCIAL INFORMATION (Cont'd)

13.1.2.3 The following transactions 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 are expected to be completed by 30 June 2002:

- (i) 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;
- (ii) 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) 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;
- (iv) 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;
- (v) Proposed issuance of 410,875,000 new ordinary shares of RM0.10 each at an illustrative issue price of RM4.80 and RM5.33 per ordinary share for the Retail Offering and Institutional Offering, respectively ("Initial Public 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:

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

13.1.2.4 The gross proceeds of RM2,085.7 million from the Initial Public Offering will be utilised by the Group during the period of 24 months after the date of the Prospectus as follows:

	<u>(RM in millions)</u>	<u>(RM in millions)</u>
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>

13. FUTURE FINANCIAL INFORMATION (Cont'd)

- 13.1.2.5 There will be no material change to the overall Group structure and principal activities and services currently offered by the Group, which are telecommunications, internet and multimedia services.
- 13.1.2.6 There will be no significant change in prevailing political and economic conditions in Malaysia and elsewhere, especially those conditions that affect the telecommunications industry, which will adversely affect the activities or performance of the Group.
- 13.1.2.7 There will be no significant change in present legislation or government regulations, especially regulations of the telecommunications industry, which will adversely affect the activities or performance of the Group.
- 13.1.2.8 There will be no major industrial disputes or any abnormal circumstances or other force majeure events, both domestic and overseas that will adversely affect the activities or performance of the Group.
- 13.1.2.9 The potential effect on the activities or performance of the Group with the introduction of any new strategic partner/investor to the Group has not been incorporated in the forecast.
- 13.1.2.10 There will be no significant change in existing strategic, operating and accounting policies as well as composition of existing key management personnel of the Group, which will adversely affect the activities or performance of the Group.
- 13.1.2.11 There will be no significant change in present rates, bases of taxation and tax incentives as well as duties and levies applicable to the Group. The Group will continue to enjoy duty exemption for the purchase of telecommunications equipment and materials throughout the forecast period.
- 13.1.2.12 There will be no significant fluctuation in exchange rates of foreign currencies from prevailing rates against Ringgit Malaysia.
- 13.1.2.13 Inflation rate will remain at the present level.
- 13.1.2.14 Existing trading relationships with major suppliers will be maintained. There will be no limitation or delay in the supply of critical telecommunications equipment and materials by these suppliers that will significantly affect the activities or performance of the Group.
- 13.1.2.15 Existing financing facilities, which include the deferred payment schemes with suppliers for the purchase and/or installation of telecommunications equipment and materials, will continue to be made available to the Group at interest rates ranging between 6.2 per cent. to 10.5 per cent. per annum. The Group will also be able to obtain additional financing facilities as and when required at interest rates approximating those currently available to the Group.
- 13.1.2.16 Other than inflationary increases, there will be no significant change in administrative and overhead expenses, cost of materials, labour and other materials used in the operations and businesses of the Group. Repair and maintenance expenses for telecommunications equipment will increase in line with forecast levels.
- 13.1.2.17 The capital expenditure programme will be implemented, incurred and put into operations as planned and it is expected to provide sufficient capacity to support the forecast subscriber base. There will not be any material change in the cost and pricing structure of telecommunications equipment and materials from prevailing rates. There will be no other significant additions or disposals of property, plant and equipment other than those in the forecast.
- 13.1.2.18 Potential sites required for the planned construction of transmission facilities including base stations will be secured as planned.

13. FUTURE FINANCIAL INFORMATION (Cont'd)

- 13.1.2.19 There will be no significant change in technology applicable to the telecommunications, internet and multimedia businesses except those that have been incorporated in the forecast.
- 13.1.2.20 The Universal Service Provision (“USP”) cost could materially change from those assumed in the forecast as the contribution to the USP fund is subject to assessment from time to time by the Commission.
- 13.1.2.21 There will be no significant change in customer demand, selling prices, rebates and service product lines from those assumed in the forecast.
- 13.1.2.22 The Group will have adequate manpower resources to support its forecast growth in business.
- 13.1.2.23 All necessary approvals from the relevant authorities will be obtained without limitations as assumed in the forecast.
- 13.1.2.24 All the Group’s businesses will be adequately marketed, signposted, advertised and maintained to encourage maximum commercial usage.
- 13.1.2.25 All purchases procured and contracts and agreements entered into will be made based on terms and conditions similar to those assumed in the forecast.
- 13.1.2.26 The number of subscribers to be achieved by the Group will be in accordance with forecast levels.
- 13.1.2.27 The usage, traffic levels and subscribers’ call profile will be in accordance with forecast levels.
- 13.1.2.28 There will be no material change in tariffs, interconnect and international settlement rates and leased line charges from those assumed in the forecast.
- 13.1.2.29 There will be no major disruption in the operations of the telecommunications facilities nor will there be any other abnormal factors or deterioration in the telecommunications network quality, which will adversely affect the operations of the Group.
- 13.1.2.30 The monthly churn rate and average revenue per user will not change materially from those assumed in the forecast.
- 13.1.2.31 The financial effect of number portability has not been incorporated in the forecast.
- 13.1.2.32 The monthly access fees will not change significantly from those assumed in the forecast.
- 13.1.2.33 The financial effect of the Third Generation (“3G”) technology has not been incorporated in the forecast pending the finalisation of the allocation of 3G spectrum by the regulatory authorities.
- 13.1.2.34 Spectrum licence fees will remain at the present level.
- 13.1.2.35 Commission rates and handset subsidies granted to dealers will be at present forecast levels.
- 13.1.2.36 Surplus funds will be placed in term deposits and will earn interest at 4.0 per cent. per annum.
- 13.1.2.37 Other than the final dividend of RM738.4 million paid on 22 April 2002, there will be no dividend declared or paid in the forecast year.

Adopted and approved in accordance with a resolution of the Board of Directors dated 24 May 2002.

13. FUTURE FINANCIAL INFORMATION (Cont'd)**13.2 Dividend Forecast**

The declaration of interim dividends and the recommendation of final dividend is subject to the discretion of the Board of Directors and any final dividend for the year is subject to shareholders' approval. It is the Company's intention to pay dividends to shareholders in the future; however, such payments will depend upon a number of factors, including the Company's earnings, capital requirements, general financial condition and any other factors considered relevant by the Board of Directors. In addition, as a holding company, its income, and therefore its ability to pay dividends is dependent upon the dividends it receives from its subsidiaries and other factors deemed relevant by the Board of Directors of the Company. The Board of Directors of Maxis Communications has not forecast any dividends to be declared for the financial year ending 31 December 2002.

13.3 Sensitivity Analysis**13.3.1 Variations in Gross Additions**

Forecast for the financial year ending 31 December 2002			
	Revenue	EBITDA (RM in millions)	Profit after taxation
Higher 10%	3,728	1,672	838
Higher 5%	3,677	1,655	832
Base	3,626	1,639	825
Lower 5%	3,575	1,622	818
Lower 10%	3,523	1,605	812

The sensitivity analysis is prepared based on the forecast assumptions as set out in Section 13.1 of this Prospectus and assumes all other variables remain unchanged save for the 5 per cent. and 10 per cent. upward and downward variations in the gross additions of Maxis' mobile subscribers only.

13.3.2 Variations in Access Fees, Minutes of Use and SMS

Forecast for the financial year ending 31 December 2002			
	Revenue	EBITDA (RM in millions)	Profit after taxation
Higher 10%	3,940	1,779	928
Higher 5%	3,783	1,709	876
Base	3,626	1,639	825
Lower 5%	3,469	1,569	774
Lower 10%	3,312	1,498	722

The sensitivity analysis is prepared based on the forecast assumptions as set out in Section 13.1 of this Prospectus and assumes all other variables remain unchanged save for the 5 per cent. and 10 per cent. upward and downward variations in access fees, minutes of use and SMS of Maxis' mobile subscribers only.

13. FUTURE FINANCIAL INFORMATION (Cont'd)**13.3.3 Variations in capital expenditure per subscriber**

Forecast for the financial year ending 31 December 2002			
	Revenue	EBITDA (RM in millions)	Profit after taxation
Higher 10%	3,626	1,639	818
Higher 5%	3,626	1,639	822
Base	3,626	1,639	825
Lower 5%	3,626	1,639	828
Lower 10%	3,626	1,639	832

The sensitivity analysis is prepared based on the forecast assumptions as set out in Section 13.1 of this Prospectus and assumes all other variables remain unchanged save for the 5 per cent. and 10 per cent. upward and downward variations in capital expenditure per Maxis' mobile subscribers only.

13.4 Directors' Analysis and Commentary on the Consolidated Profit Forecast

For the year ending 31 December 2002, Maxis' revenue is expected to increase by 19.6 per cent. from RM3,031.3 million in the year ended 31 December 2001 to RM3,626 million.

The forecast increase in Maxis' revenue for 2002 is mainly attributable to the increase in revenues generated from its mobile services, which is expected to represent approximately 93.6 per cent. of Maxis' revenue. Maxis' revenue from mobile service is expected to increase from RM2,780.3 million in the year ended 31 December 2001 to RM3,395 million, mainly driven by the growth in the number of mobile subscribers.

For the year ending 31 December 2002, Maxis' profit before taxation is forecast to increase by 40.0 per cent. from RM777.6 million in the year ended 31 December 2001 to RM1,089.0 million, primarily as a result of higher revenues. Profit after taxation for the year ending 31 December 2002 is forecast to increase by 37.3 per cent. to RM825.0 million compared with RM600.9 million in the year ended 31 December 2001.

The Board of Maxis Communications confirms that the profit forecast of Maxis and the underlying bases and assumptions stated therein have been reviewed by the directors of Maxis Communications after due and careful enquiry, and that the directors of Maxis Communications, having taken into account the future prospects of the telecommunications industry in Malaysia, the future strategies of Maxis and its expected level of gearing, liquidity and working capital requirements, are of the opinion that the profit forecast is achievable under the prevailing business and economic environment.

Nevertheless, these bases and assumptions cover the future period for which there are inherent risks, and therefore, should be treated with caution. These bases and assumptions are subject to significant uncertainties and contingencies which are often outside the control of Maxis. Therefore, certain assumptions used in the preparation of the profit forecast may differ significantly from the actual situation after the date of this profit forecast.

13.5 Declarations on Financial Performance

Save as disclosed in this Prospectus, the financial conditions and operations of Maxis are not affected by any of the following as at 18 May 2002:

- (i) known trends, demands, commitments, events or uncertainties that have had or that Maxis reasonably expects to have a material favourable or unfavourable impact on the financial performance, position and operations of Maxis;

13. FUTURE FINANCIAL INFORMATION (Cont'd)

- (ii) material commitment for capital expenditure;
- (iii) unusual, infrequent events or transactions or any significant economic change that materially affected the financial performance, position and operations of Maxis; and
- (iv) known events, circumstances, trends, uncertainties and commitments that are reasonably likely to make the historical financial statements not indicative of future financial performance and position.

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13. FUTURE FINANCIAL INFORMATION (Cont'd)

13.6 Reporting Accountants' Letter on the Consolidated Profit Forecast



The Board of Directors
Maxis Communications Berhad
Level 18, Menara Maxis
Kuala Lumpur City Centre
Off Jalan Ampang
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/VUK/AK/LKW

MAXIS COMMUNICATIONS BERHAD
CONSOLIDATED PROFIT FORECAST
FOR THE YEAR ENDING 31 DECEMBER 2002

Dear Sirs,

- 1 We have reviewed the accounting policies and calculations for the consolidated profit forecast of Maxis Communications Berhad ('Maxis Communications') and its subsidiary companies ('Maxis'), for the year ending 31 December 2002, for which the Directors are solely responsible, as set out in Section 13.1 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 In our opinion, the consolidated profit forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors, as set out in the principal bases and assumptions of the consolidated profit forecast, and is presented on a basis consistent with the accounting policies adopted by Maxis.

Yours faithfully,

A stylized, handwritten signature of PricewaterhouseCoopers.

PRICEWATERHOUSECOOPERS
(No. AF: 1146)
Chartered Accountants

A handwritten signature of Uthaya Kumar.

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

13. FUTURE FINANCIAL INFORMATION (Cont'd)

13.7 Financial Effects of the Employee Share Option Scheme ("Scheme")

The Scheme is not expected to have any material effect on the earnings per share of Maxis for the financial year ending 31 December 2002, as the Options would not be exercisable until after 31 December 2002. Any potential effect on the earnings per share of Maxis in future would depend on the number of Options granted and exercised at any point in time as well as the price payable upon the exercise of the Options and the actual utilisation of the proceeds from exercise. For further information on the Scheme and the Options, refer to Section 22.1.3 of this Prospectus.

The Scheme is not expected to have any effect on the Net Tangible Assets per ordinary share, until such time as the Options granted under the Scheme are exercised. Any potential effect on the Net Tangible Assets of Maxis in future would depend on the number of Options granted and exercised at any point in time as well as the price payable upon exercise of the Options.

Barring unforeseen circumstances, prior to the listing of the ordinary shares of the Company on the Main Board of the KLSE, the Board of Directors of Maxis Communications propose to grant up to 36,000,000 Options to executive directors and employees of Maxis of which 5,104,000 Options is proposed to be granted to one (1) executive director and thirteen (13) members of Maxis' senior management. The exercise price for such Options relating to the 36,000,000 ordinary shares shall be the Final Retail Price.

For illustrative purposes only, assuming full exercise of the aforesaid Options as at 31 March 2002 and at an assumed exercise price of RM4.80 per ordinary share (being the Retail Price), the directors of Maxis Communications estimate that the proforma Net Tangible Assets per ordinary share of Maxis will increase from RM1.05 per ordinary share (upon completion of the Initial Public Offering) to RM1.11 per ordinary share.

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14. DIVIDENDS

The declaration of interim dividends and the recommendation of final dividend is subject to the discretion of the Board of Directors and any final dividend for the year is subject to shareholders' approval. It is the Company's intention to pay dividends to shareholders in the future; however, such payments will depend upon a number of factors, including the Company's earnings, capital requirements, general financial condition and any other factors considered relevant by the Board of Directors.

Dividends may only be paid out of distributable reserves and the amounts of dividends paid are subject to the availability of tax franking credits or tax-exempt income. Under Malaysian law, dividends are subject to Malaysian income tax (except dividends paid out of the tax-exempt account). The dividends are declared gross and paid net of such tax. Malaysia operates an imputation system of taxation where the corporate income tax paid by a company would be attributed to its shareholders. Dividends paid would be regarded as having incurred income tax at the prevailing tax rate of 28 per cent.

On 31 December 2001, the Company declared an interim net dividend of RM21.6 million. In addition, the shareholders of the Company at the Annual General Meeting of the Company on 18 April 2002 approved the payment of the final dividend, in respect of the financial year ended 31 December 2001 comprising a net dividend of RM202.5 million and a tax exempt dividend of RM535.9 million. The above dividends were paid on 31 December 2001 and 22 April 2002 for the benefit of the Selling Shareholder. The Company has never declared or paid any other cash dividend on its ordinary shares.

The Board of Directors of Maxis Communications has not forecast any dividends to be declared for the financial year ending 31 December 2002.

As the Company is a holding company, its income, and therefore its ability to pay dividends, is dependent upon the dividends it receives from its subsidiaries. The payment of dividends by the Company's subsidiaries will depend upon their operating results, financial condition, capital expenditure plans, availability of tax credits and other factors that their respective boards of directors deem relevant. In addition, covenants in the loan agreements for the Company's subsidiaries may limit their ability to declare or pay cash dividends. Refer to Section 19.2 of this Prospectus.

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